

Uniform Law Foundation

2013 Annual Report

**UNIFORM LAW
FOUNDATION**

2013 Annual Report

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TRUSTEES AND MISSION STATEMENT

Trustees

Carl H. Lisman, *Chair*

Michael Houghton

Edwin E. Smith

Martha 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

The Foundation was established in 1990 to support the work of the Uniform Law Commission relating to uniformity of law in the United States and elsewhere throughout the world where uniformity would be useful.

Through the years the Foundation has provided grants to the ULC for a variety of study, research and development, and educational purposes. This support has included funding for scholars for study and drafting committees, technological improvements such as the website and membership database, the History and Archives projects, and acquisition of the condominium unit to house the ULC office.

In February the Trustees approved two new initiatives, one of which will be of personal interest to all Commissioners and others who attend the 2014 annual meeting in Seattle. We have funded the mobile meeting “app” for use at the meeting. This “app,” for use on smart phones, tablets and computers, will provide easy access to information and updates relating to the meeting, including business and tour schedules, local information, maps and attendees. Greg Young, the ULC’s Information Systems and Website Manager, will be onsite to assist with access to the application.

Our other initiative was approval of funding for a ULC Fellows Program. Current thinking calls for two one-year fellowships. These positions will build the ULC’s intellectual capital by undertaking research projects to

support ULC’s mission. Examples of possible projects include: investigating legislative and judicial responses to specific uniform acts and recommending whether acts should be amended or revised; providing research on potential ULC projects; undertaking research to support the work of specific ULC committees, particularly, study and drafting committees; and providing research to support efforts to enact specific ULC uniform or model acts. Interviews are currently being conducted for appointments beginning in September 2014.

Your continuing support makes all of these projects happen. On behalf of the Trustees I thank you for another successful year. We appreciate the support of each and every donor and look forward to continued success in the coming years. Your contributions are gratefully acknowledged in this annual report.

Thanks.

A handwritten signature in black ink, consisting of several overlapping loops and lines, characteristic of a cursive or stylized signature.

Carl H. Lisman, Chair

Michael Houghton

Edwin Smith

Martha T. Starkey

Howard Swibel

DONOR RECOGNITION SOCIETIES

Lifetime Fellows

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

Jack Davies	Howard T. Rosen
Sally and Richard E. Ford	Hiroshi Sakai
Michael Houghton	Edwin E. Smith
Harry D. Leinenweber	Frederick P. Stamp, Jr.
Carl H. Lisman	Martha T. Starkey
Leon M. McCorkle, Jr.	Robert A. Stein
James C. McKay, Jr.	Howard J. Swibel
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
LexisNexis
Carl H. Lisman
Leon M. McCorkle, Jr.
Fred H. Miller
Motion Picture Society of America
Carlyle C. Ring
Edwin E. Smith
Frederick P. Stamp, Jr.
Martha T. Starkey
Robert A. Stein

LEWELLYN CIRCLE (\$20,000 - \$24,999)

Sally and Richard E. Ford
James C. McKay, Jr.
Howard T. Rosen

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

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

Jack Davies	Hiroshi Sakai
Michael Houghton	Howard J. Swibel
Harry D. Leinenweber	Harry L. Tindall
Microsoft Corporation	

LEGACY SOCIETY



UNIFORM LAW FOUNDATION

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

Edwin E. Smith

Martha T. Starkey

Robert A. Stein

John J. Stieff

Justin L. Vigdor

DONOR RECOGNITION SOCIETIES

2013 Annual Campaign Leadership Society

Includes all donors who made a contribution to the ULF in 2013.

Benefactor	\$2,500 and above
Bettelu Beverly	Goulston & Storrs
Bingham, McCutchen LLP	Carl H. Lisman
Brown Rudnick, LLP	Morgan, Lewis, Bockius LLP
Burns & Levinson LLP	Motion Picture Association of America
Phillip Carroll	Ropes & Gray LLP
CT Corp - A Wolters Kluwer Business	Edwin E. Smith
Jack Davies	Martha T. Starkey
Eastern Bank Charitable Foundation	Wilmer Cutler Pickering Hale and Dorr LLP
Goodwin Proctor LLP	

Patron	\$1,000 - \$2,499
Marlin J. Appelwick	James C. McKay, Jr.
Turney P. Berry	Peden B. McLeod
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Bruce A. Coggeshall	Mintz, Levin, Cohn Ferris, Glovsky & Popeo PC
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Hillis Clark Martin & Peterson P.S.	Proskauer Rose LLP
Holland & Knight LLP	Anita Ramasastry
Michael Houghton	William T. (Bill) Robinson
Harriet Lansing	Skadden, Arps, Slate, Meagher & Flom LLP
Leon M. McCorkle, Jr.	State Street Bank
Thomas J. McCracken, Jr.	Craig Stowers
	Sullivan & Worcester LLP

DONOR RECOGNITION SOCIETIES

Fellow

\$500 - \$999

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Thomas J. Buiteweg
Terry J. Care
Lani L. Ewart
Beverly Fisher
Sally and Richard E. Ford
Patty Gregory
Jerry J. Guillot
Gail Hagerty
Gene H. Hennig

Gene N. Lebrun
Debra H. Lehrmann
Richard B. Long
Mary B. Materson
Richard A. Sheils
Byron D. Sher
Lane Shetterly
Harry L. Tindall
David S. Walker

Friend

\$250 - \$499

David D. Biklen
Carl S. Bjerre
Tom Bolt
John P. Burton
Stephen C. Cawood
Joseph F. Finn
Brian K. Flowers
Norman L. Greene
Thomas T. Grimshaw
Harry J. Haynsworth, IV
William H. Henning
Dale G. Higer
Elizabeth Kent
Stanley C. Kent
JoAnn and Peter Langrock

Massachusetts Bar Association
John T. McGarvey
Morrissey, Wilson & Zafropoulos, LLP
Edward W. Mullins
Benjamin Orzeske
Francis J. Pavetti
Michael Ruberto
Susan Siebert
V. Lowry Snow
Joan and Frederick P. Stamp, Jr.
Swiggert & Agin LLC
Justin L. Vigdor
Russell G. Walker, Jr.
Elisa White

DONOR RECOGNITION SOCIETIES

Supporter

Up to \$249

H. W. Allen	John H. Langbein
Harriett Autrey	Herbert Lemelman
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James M. Bush	Sallie McClaugherty
William G. Callow	Stacey McCord
Vincent P. Cardi	Robert L. McCurley
Robert H. Cornell	Esson M. Miller
M. Michael Cramer	Paul Miller
Barrett Deacon	Gary Monserud
Dorine Deacon	Barry B. Nekritz
Vincent C. DeLiberato, Jr.	Donna Nyquist
Bitá Diomande	Neal Ossen
James W. Dodge	Arthur H. Peterson
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Ellen F. Dyke	Curtis R. Reitz and Judith Renzulli
Sidney S. Eagles	Carlyle C. Ring
David M. English	Battle R. Robinson
Steven G. Frost	Marcia Sterling
Patricia Brumfield Fry	Nathaniel Sterling
Michael B. Getty	John J. Stieff
Thomas E. Geu	Michael P. Sullivan
Jess O. Hale	Ken H. Takayama
Thomas S. Hemmendinger	M. Gay Taylor - Jones
Vincent Henderson	Samuel A. Thumma
Robert H. Henry	Michele L. Timmons
Michael G. Hillinger	Charles A. Trost
Richard C. Hite	Harry M. Walsh
Eric Houglund	Joe D. Woodward
Thomas L. Jones	Wright, Lindsey and Jennings LLP
Eileen B. Kelly	Lee Yeakel
Kay P. Kindred	Candace Zierdt
Paul M. Kurtz	

Note: every effort was made to accurately recognize all those who donated to the Uniform Law Foundation. Please contact Joleen Dimond (312-450-6607 or jdimond@uniformlaws.org) to report any discrepancies.

2013 MEMORIAL AND TRIBUTE GIFTS

In Memory of Jack Robert Beverly

Bettelu Beverly

In Memory of Jack Deacon

Marion W. Benfield

Tom Bolt and Jeni Smith

In Memory of Linda Evenchick

Michael B. Getty

In Memory of Patrick Guillot

David D. Bilken

Robert H. Cornell

Dorine Deacon

Gail Hagerty

Eric Houghland

Peter F. Langrock

Gene N. Lebrun

Richard B. Long

Fred H. Miller

Joan and Frederick Stamp, Jr.

Harry L. Tindall

Charles A. Trost

Lee Yeakel

In Memory of Charles Kepler

Carlyle C. Ring

In Memory of Morris Macey

Vincent P. Cardi

In Memory of Joseph Mazurek

Carlyle C. Ring

In Memory of John McClaugherty

Vincent P. Cardi

In Memory of John Phillip Carroll

H. W. Allen

Harriet Autry

Marion W. Benfield

David D. Bilken

K. King Burnett

James M. Bush

Terry J. Care

Robert H. Cornell

Barrett Deacon

Dorine Deacon

Richard E. Ford

Patricia Brumfield Fry

Michael B. Getty

Gail Hagerty

Richard C. Hite

Thomas L. Jones

Eileen B. Kelly

Elizabeth Kent

Peter F. Langrock

Pat and Gene N. Lebrun

Stephan A. Matthews

Stacey McCord

Sallie McClaugherty

Leon M. McCorkle, Jr.

Robert L. McCurley

Peden B. McLeod

Fred H. Miller

Neal Ossen

Arthur H. Peterson

Carlyle C. Ring

Battle R. Robinson

Joan and Frederick P. Stamp, Jr.

Nathaniel Sterling

Michael P. Sullivan

Charles A. Trost

Justin L. Vigdor

Elisa White

Joe D. Woodward

Wright, Lindsey and Jennings LLP

2013 MEMORIAL AND TRIBUTE GIFTS

In Memory of Orlan Prestegard

Patricia Brumfield Fry

Gail Hagerty

Paul M. Kurtz

Peter F. Langrock

Pat and Gene N. Lebrun

Arthur H. Peterson

Battle R. Robinson

In Memory of Robert Webster

Patricia Brumfield Fry

Gail Hagerty

Peter F. Langrock

Pat and Gene N. Lebrun

Fred H. Miller

INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Uniform Law Foundation
Chicago, Illinois

We have audited the accompanying financial statements of The Uniform Law Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2013 and 2012 and the related statements of activities, changes in net assets and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Ostrow Reisin Berk & Abrams, Ltd.
May 6, 2014

STATEMENT OF FINANCIAL POSITION

Years ended December 31,	2013	2012
ASSETS:		
Cash	\$ 113,364	\$ 87,299
Investments (Note 4)	7,237,386	5,932,002
Unconditional promises to give (Note 5)	29,171	36,256
Accrued interest receivable	17,368	18,689
Rent receivable	41,583	28,449
Prepaid expenses	8,969	17,293
Office condominium, and improvements, net of accumulated depreciation of \$388,117 in 2013 and \$323,738 in 2012	2,122,628	2,187,007
Lease incentive, net (Note 8)	87,694	91,361
Bond issuance costs, net of accumulated amortization of \$26,083 in 2013 and \$21,914 in 2012	98,980	103,149
Total assets	\$ 9,757,143	\$ 8,501,505
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 5,401	\$ 7,975
Grants payable (Note 6)	10,000	2,500
Bond payable (Note 9)	2,740,000	2,740,000
Security deposit	500,000	500,000
Derivative liability - interest rate swap (Note 10)	320,131	539,016
Total liabilities	3,575,532	3,789,491
Net assets:		
Unrestricted	5,961,330	4,426,704
Temporarily restricted (Note 7)	220,281	285,310
Total net assets:	6,181,611	4,712,014
TOTAL LIABILITIES AND NET ASSETS:	\$ 9,757,143	\$ 8,501,505

STATEMENT OF ACTIVITIES

Years ended December 31,	2013	2012
UNRESTRICTED NET ASSETS:		
Support and Revenue:		
Contributions	\$ 67,821	\$ 71,356
Benefit dinner, net of related costs of \$79,365 in 2013 and \$50,912 in 2012 (including \$30,000 in 2013 and \$9,000 in 2012)	7,434	8,723
Boston UCC Fundraiser, net of related costs of \$15,123	31,682	
Rental income	265,296	261,684
Interest and dividend income	146,530	154,005
Realized and unrealized net gain on investments	1,165,104	514,070
Fair value adjustment on interest rate swap agreement (Note 10)	218,885	
Other income	1,909	
Net assets released from restrictions	57,750	41,600
Total support and revenue	1,962,411	1,051,438
Expenses:		
Condominium expenses:		
Association fees	109,513	100,100
Interest expense	98,638	87,079
Bond fees	28,464	40,370
Grants (Note 6)	20,000	76,712
General and administrative expenses	43,175	75,859
Depreciation and amortization	68,548	68,547
Annual meeting expenses	59,447	42,049
Fair value adjustment on interest rate swap agreement (Note 10)		107,546
Total expenses	427,785	598,262
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	1,534,626	453,176

STATEMENT OF ACTIVITIES, CONTINUED

Years ended December 31,	2013	2012
Temporarily restricted net assets (Note 7):		
Support:		
Contributions	\$ 12,500	\$ 6,000
Interest and dividend income	10,221	11,616
Realized gain on investments		2,104
Net assets released from restrictions:		
Support for benefit dinner	(30,000)	(9,000)
Support for annual meeting	(57,750)	(41,600)
Increase (Decrease) in temporarily restricted assets	\$ (65,029)	(30,880)
INCREASE (DECREASE) IN TOTAL NET ASSETS:	\$ 1,469,597	\$ 422,296

STATEMENT OF CHANGES IN NET ASSETS

	Unrestricted	Temporarily restricted	Total
Balances, December 31, 2011	\$ 3,973,528	\$ 316,190	\$ 4,289,718
Increase (decrease) in net assets during the year ended December 31, 2012	453,176	(30,880)	422,296
BALANCES, DECEMBER 31, 2012	\$ 4,426,704	285,310	4,712,014
Increase (decrease) in net assets during the year ended December 31, 2013	1,534,626	(65,029)	1,469,597
BALANCES, DECEMBER 31, 2013	\$ 5,961,330	\$ 220,281	\$ 6,181,611

STATEMENT OF CASH FLOWS

Years ended December 31,	2013	2012
OPERATING ACTIVITIES:		
Increase in total net assets	\$ 1,469,597	\$ 422,296
Adjustments to reconcile above to cash provided by operating activities:		
Realized and unrealized net gain on investments	(1,165,104)	(516,174)
Amortization of bond premium and discount	13,337	4,461
Depreciation	64,379	64,378
Amortization of lease incentive	3,667	3,667
Amortization of bond issuance costs	4,169	4,169
Fair value adjustment on interest rate swap agreement	(218,885)	107,546
(Increase) decrease in operating assets:		
Unconditional promises to give	7,085	18,044
Accrued interest receivable	1,321	21,562
Rent receivable	(13,134)	(14,121)
Prepaid expenses	8,324	(15,000)
Increase (decrease) in operating liabilities:		
Accounts payable	(2,574)	6,980
Grants payable	7,500	(87,788)
Cash provided by operating activities	179,682	20,020
INVESTING ACTIVITIES:		
Proceeds from sale of investments	2,067,590	4,176,616
Purchases of investments	(2,221,207)	(4,229,373)
Cash used in investing activities	(153,617)	(52,757)

STATEMENT OF CASH FLOWS

Years ended December 31,	2013	2012
INCREASE IN CASH	\$ 26,065	\$ (32,737)
CASH, BEGINNING OF YEAR	87,299	120,036
CASH, END OF YEAR	\$ 113,364	\$ 87,299
Supplemental disclosure of cash flow information:		
Interest paid during the year	\$ 98,638	\$ 87,079

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 owns an office condominium in downtown Chicago. 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. The Foundation is no longer subject to federal income tax examinations by the Internal Revenue Service for years ended prior to December 31, 2010.

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, 2013 and 2012.

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. See Note 3 - fair value of financial instruments.

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (cont.)

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, 2013 and 2012.

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 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.

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 3.000% and 9.850% and mature at various dates through December 2049.

Investments at December 31, 2013 and 2012 are summarized as follows:

December 31, 2013	Cost	Fair value	Net unrealized gain (loss)
Domestic common stocks:			
Consumer discretionary	\$ 100,078	\$ 95,950	\$ (4,128)
Consumer staples	71,038	201,276	130,238
Engineering, construction	119,882	226,141	106,259
Financial	235,768	558,140	322,372
Health Care	234,671	332,505	97,834
Industrial goods	129,905	436,952	307,047
Information technology	159,075	298,005	138,930
Materials	60,035	121,578	61,543
Retail	61,304	68,928	7,624
Services	190,095	251,817	61,722
Technology	219,924	392,018	172,094
Total domestic common stocks	1,581,775	2,983,310	1,401,535
Bonds and notes:			
Domestic corporate bonds	1,097,273	1,087,212	(10,061)
International corporate bonds	134,983	144,878	9,895
U.S. government obligations	243,775	238,489	(5,286)
Total bonds and notes	1,476,660	1,470,579	(5,452)

NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS (cont.)

December 31, 2013	Cost	Fair value	Net unrealized gain (loss)
Mutual funds:			
Domestic small-cap fund	\$ 231,322	\$ 367,040	\$ 135,718
Domestic REIT fund	77,148	74,380	(2,768)
Domestic mortgage fund	300,871	281,642	(19,229)
Domestic intermediate term bond fund	526,432	517,190	(9,242)
Domestic high yield fund	100,005	101,779	1,774
Domestic commodities fund	252,629	201,637	(50,992)
International equity fund	578,436	882,622	304,186
International REIT fund	48,474	48,808	334
Total mutual funds	2,115,317	2,475,098	359,781
Certificates of deposit:			
Domestic	23,000	23,000	
Preferred securities:			
Financial	261,653	257,621	(4,032)
U.S. Government agency securities:			
Collateralized mortgage obligation	30,800	27,778	(3,022)
TOTAL INVESTMENTS	\$ 5,488,576	\$ 7,237,386	\$ 1,748,810
December 31, 2013			
	Cost	Fair value	Net unrealized gain (loss)
Domestic common stocks:			
Consumer staples	\$ 71,038	\$ 128,916	\$ 57,878
Engineering, construction	119,882	126,072	6,190
Financial	235,768	342,180	106,412
Health care	49,860	49,884	24
Industrial goods	283,367	438,691	155,324
Information technology	63,195	101,863	38,668
Materials	60,035	102,336	42,301
Retail	167,167	185,916	18,749
Services	90,499	93,554	3,055
Technology	149,085	288,022	138,937
Telecommunications	110,204	115,677	5,473
Total domestic common stocks	1,400,100	1,973,111	573,011

NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS (cont.)

December 31, 2012	Cost	Fair value	Net unrealized gain (loss)
Bonds and notes:			
Domestic corporate bonds	\$ 1,101,136	1,136,575	35,439
International corporate bonds	96,129	103,718	7,589
U.S. government obligations	193,395	195,002	1,607
Total bonds and notes	1,390,660	1,435,295	44,635
Mutual funds:			
Domestic small-cap fund	231,322	261,717	30,395
Domestic REIT fund	66,036	72,404	6,368
Domestic mortgage fund	300,871	297,771	(3,100)
Domestic intermediate term bond fund	526,432	535,176	8,744
Domestic high yield fund	100,005	101,423	1,418
Domestic commodities fund	252,629	243,304	(9,325)
International equity fund	578,436	689,810	111,374
International REIT fund	47,804	48,579	775
Total mutual funds	2,103,535	2,250,184	146,649
Certificates of deposit:			
Domestic	50,000	50,085	85
Preferred securities			
Financial	193,183	192,815	(368)
U.S. Government agency securities:			
Collateralized mortgage obligation	30,800	30,512	(288)
TOTAL INVESTMENTS	\$ 5,168,278	\$ 5,932,002	\$ 763,724

5. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2013 and 2012 are as follows:

December 31,	2013	2012
Receivable in less than one year	\$ 27,321	\$ 33,256
Receivable in one to four years	1,850	3,000
Total unconditional promises to give	\$ 29,171	\$ 36,256

NOTES TO FINANCIAL STATEMENTS

6. GRANTS

At December 31, 2013 and 2012, grants payable consisted of the following:

December 31,	2013	2012
National Conference of Commissioners on Uniform State Laws:		
Uniform Law Foundation Scholars Program		\$ 2,500
University of Minnesota - Robert Stein Honorarium	\$ 10,000	
Total grants payable	\$ 10,000	\$ 2,500

For the years ended December 31, 2013 and 2012, grants authorized consisted of the following:

Years ended December 31,	2013	2012
National Conference of Commissioners on Uniform State Laws:		
Archives project	\$ 10,000	\$ 9,212
History project		65,000
Scholars Program		2,500
University of Minnesota - Robert Stein Honorarium	10,000	
Total grants expense	\$ 20,000	\$ 76,712

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2013 and 2012 is as follows:

Years ended December 31,	2013	2012
Annual meetings	\$ 154,890	\$ 219,919
Commercial Finance Association to support drafting projects	5,391	5,391
Mandel Foundation grant to support ULC activities and projects	60,000	60,000
Total temporarily restricted net assets	\$ 220,281	\$ 285,310

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose of donations during the years ended December 31, 2013 and 2012, respectively, as follows:

Years ended December 31,	2013	2012
Annual meeting and benefit dinner	\$ 87,750	\$ 50,600

NOTES TO FINANCIAL STATEMENTS

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.

During 2012, the Foundation entered into an unsecured variable line of credit agreement with the Conference. Under the agreement the Conference may borrow from the Foundation, on a short-term basis, not to exceed 90 days, up to \$250,000, at the prevailing interest rate being charged to the Foundation by their bank. As of December 31, 2013 and 2012, the available borrowing under this line of credit was \$250,000.

The Foundation leases 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, 2013 and 2012 was \$265,296 and \$261,684, 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:

Year ending December 31:		Amount
2014	\$	261,379
2015		266,607
2016		271,939
2017		277,378
2018		282,925
Thereafter		6,556,436
Total	\$	7,916,664

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 \$3,667 for the years ended December 31, 2013 and 2012, respectively.

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

NOTES TO FINANCIAL STATEMENTS

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, PNC Capital Markets, LLC (PNC), 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 bond to be remarketed at par, plus accrued interest, on the first day of such weekly period. The interest rate on the bond 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 bond payable at any time.

The loan agreement requires the Foundation to comply with certain financial covenants. For the years ended December 31, 2013 and 2012, the Foundation was in compliance with all covenants.

Under the terms of a guarantee agreement dated June 28, 2012, the Conference guarantees the indebtedness of the Foundation to PNC arising out of or in connection with the Reimbursement Agreement between PNC and the Foundation dated June 28, 2012.

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 is obligated under an interest rate swap agreement with PNC Bank under which the Foundation agrees to pay a fixed rate of 3.31% 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 agreements at December 31, 2013 and 2012 was a negative cumulative fair value adjustment of \$320,131 and \$539,016, 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 in 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 by PNC 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 June 28, 2015 or other dates as provided under the terms of the letter of credit. The obligation of PNC 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

NOTES TO FINANCIAL STATEMENTS

10. SWAP AGREEMENT AND LETTER OF CREDIT (cont.)

Trustee's right to draw under the letter of credit is reinstated automatically.

The letter of credit is secured by a mortgage dated June 28, 2012. Under the terms of the mortgage between the Foundation and PNC Bank, the Foundation grants PNC 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.

11. SUBSEQUENT EVENTS

Management of the Foundation has reviewed and evaluated subsequent events from December 31, 2013, the financial statement date, through May 6, 2014, 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.

**UNIFORM LAW
FOUNDATION**

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