

2018

The background of the cover features a blurred photograph of a desk. In the foreground, a silver laptop is open, with a smartphone lying to its left. In the lower right, a dark-colored coffee cup is visible. The background is softly out of focus, showing more of the desk and possibly a window. The overall aesthetic is clean and professional.

Uniform Law Foundation ANNUAL REPORT

2018 Annual Report

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TRUSTEES AND MISSION STATEMENT

Trustees

Howard J. Swibel, *Chair*

Michael Houghton

Edwin E. Smith

Martha T. Starkey

Charles A. Trost, *Emeritus*

Steve Wilborn

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

Two thousand eighteen was a dramatic year for the Foundation. Our annual gala at Churchill Downs, home of the Kentucky Derby, reminded us of the competition the ULC faces in attracting the attention of policy makers and legislators for ULC projects. We reaffirmed our commitment to the Foundation's mission of protecting the essential backbone of our liberty: a strong and effective system of laws.

As we move closer to the \$10 million milestone on the way to gathering \$20 million in unrestricted funds by 2027, we encourage all of the Foundation's supporters to sustain their generosity.

We funded our first Consumer Participation grant this past year, enabling one of the ULC's drafting committees to benefit from the input of a major charitable organization which otherwise would have been left out. In addition, we helped the ULC create dynamic video shorts designed to animate some of our recent legislative products, and we were the primary funders of the ULC's new website, which is a crucial tool in showcasing the ULC's work.

We gratefully acknowledge the hundreds of donors who support the Foundation as we continue to equip the Uniform Law Commission to better fulfill its mission.

Howard J. Swibel, *Chair*



Michael Houghton

Edwin Smith

Martha T. Starkey

Charles A. Trost, *Emeritus*

Steve Wilborn

DONOR RECOGNITION SOCIETIES

Lifetime Fellows

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

Bruce A. Coggeshall	Fred H. Miller
Jack Davies	Raymond P. Pepe
Barry C. Hawkins	Carlyle C. Ring
Michael Houghton	Edwin E. Smith
Elizabeth Kent	Frederick P. Stamp, Jr.
Peter F. Langrock	Martha T. Starkey
Gene N. Lebrun	Robert A. Stein
Harry D. Leinenweber	Sandra S. Stern
Carl H. Lisman	Craig Stowers
Leon M. McCorkle, Jr.	Howard J. Swibel
Thomas J. McCracken	Harry L. Tindall
James C. McKay, Jr.	Steve Wilborn

Distinguished Donor Society

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

REHNQUIST CIRCLE (\$25,000 and above)

Baxter Healthcare Corp.
CT Corporation—A Wolters Kluwer Business
LexisNexis
Carl H. Lisman and Debbie Smith
Leon M. McCorkle, Jr.
James C. McKay, Jr.
Fred H. and Marcia Miller
Motion Picture Association of America
Carlyle C. Ring
Edwin E. and Katherine Smith
Frederick P. Stamp, Jr. and Judy Stamp
Martha T. Starkey and Ron Schwier
Robert A. Stein
Steve Wilborn

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

Elizabeth Kent

Richard B. Long

Leon M. McCorkle, Jr.

Carlyle C. Ring

Edwin E. Smith

Martha T. Starkey

Robert A. Stein

John J. Stieff

Justin L. Vigdor

Steve Wilborn

DONOR RECOGNITION SOCIETIES

Distinguished Donor Society continued

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

Mandel Foundation

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

Jack Davies

Michael Houghton

Craig Stowers

Wyatt, Tarrant and Combs, LLP

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

Altria Group Inc.

Bruce A. and Phyllis Coggeshall

Collaborative Law Institute of Texas

Barry C. Hawkins

Elizabeth Kent

Peter F. Langrock

Gene N. Lebrun

Harry D. Leinenweber

Thomas J. McCracken

Microsoft

Raymond P. Pepe

Rockefeller & Co., Inc

Richard E. Speidel

Sandra S. Stern

Howard J. Swibel

Harry L. Tindall

DONOR RECOGNITION SOCIETIES

2018 Annual Campaign Leadership Society

Includes all donors who made a contribution to the ULF in 2018.

Benefactor	\$2,500 and above
Beam Suntory	Republic Bank
Brown-Forman Corporation	Edwin E. and Katherine Smith*
CT Corporation—A Wolters Kluwer Business	Stoll Keenon Ogden PLLC
Forcht Bancorp, Inc.	Craig Stowers
Michael Houghton	Howard J. Swibel
Lisa R. Jacobs*	Terry L. Thurbon
Ron and Myrce Kent*	Steve Wilborn
Carl H. Lisman and Debbie Smith	Wyatt, Tarrant & Combs, LLP
Motion Picture Association of America	

Patron	\$1,000 - \$2,499
William R. Breetz*	MISSD
Thomas J. Buiteweg*	Raymond P. Pepe
Stephen C. Cawood	Frederick P. and Judy Stamp
Jack and Pat Davies	Martha T. Starkey and Ron Schwier
Jerry J. Guillot	Robert A. Stein
Barry C. Hawkins	Sandra S. Stern
James C. McKay*	Harry L. Tindall
Peden B. McLeod	Robert S. Toyofuku
Morgan & Pottinger, P.S.C.	Nora Winkelman

**Donation in whole or in part designated to the Consumer Participation Fund. The Fund is intended to bring more diverse views to the drafting process, beginning with the funding of consumer representative travel to drafting committee meetings.*

DONOR RECOGNITION SOCIETIES

Fellow

\$500 - \$999

Turney P. Berry

Jack Burton

Sidney S. Eagles

Thomas S. Hemmendinger

Liza Karsai*

Elizabeth Kent*

H. Lane Kneedler

Landrum and Shouse

Peter F. and Joann Langrock

Debra H. Lehrmann*

LG&E and KU Energy LLC

Fred H. and Marcia Miller

John Van Landingham

Friend

\$250 - \$499

Thomas C. Baxter

Les Case

Stephen Y. Chow

David M. English

Lani L. Ewart

Brian K. Flowers

Gail Hagerty and Dale Sandstrom

Harry J. Haynsworth

Kentucky League of Cities

Theodore C. Kramer

Gene N. and Pat Lebrun

Floyd M. Lewis*

Donald E. Mielke

Benjamin Orzeske

Frank E. Perez

Harvey S. and Susan Perlman

Gail Russell

Lane Shetterly

John J. Stieff

Frank Sullivan

Ken H. Takayama *

Russell G. Walker, Jr.

Steven L. Willborn

DONOR RECOGNITION SOCIETIES

Supporter**Up to \$249**

Richard Adams	Thomas L. and Shelley Jones
Deborah E. Behr	Lawrence R. Klemin
David D. Biklen*	Theodore C. Kramer
Rex Blackburn	Richard B. Long
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Paul W. Chaiken	Francis J. Pavetti
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Vincent C. DeLiberato	Arthur H. Peterson
Ellen F. Dyke	Leonard J. Reese and Rebecca Yohe*
Steven G. Frost	Michael P. and Marilyn Sullivan
Patricia Brumfield Fry	Louise Ellen Teitz
Michael B. and Terry Getty	Samuel A. Thumma
Thomas E. Geu	Michele L. Timmons
Norman L. Greene	Justin L. Vigdor
Thomas S. Hemmendinger	Mark Vucci
Dale G. and Ramona Higer*	Martha L. Walters*
Lyle Hillyard*	Candace M. Zierdt*
Ernest Hornsby	

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.

2018 MEMORIAL AND TRIBUTE GIFTS

In Memory of Esther Burnett

Martha T. Starkey and Ron Schwier

In Memory of Wiliam G. Callow

Deborah E. Behr
K. King Burnett
Robert H. Cornell
Patricia B. Fry
Gail Hagerty and Dale Sandstrom
Gene N. and Pat Lebrun
Fred H. and Marcia Miller
Arthur H. Peterson
Frederick P. and Judy Stamp
Martha T. Starkey and Ron Schwier
Michael P. and Marilyn Sullivan
Howard J. Swibel

In Memory of Alberto Ferrer

Gail Hagerty and Dale Sandstrom

In Memory of Thomas P. Foy

Richard B. Long

In Memory of Matt Hillyard

Shelley Jones

In Memory of William E. Kretschmar

Lawrence R. Klemin

In Memory of Neal Ossen

William R. Breetz

In Honor of Francisco L. Acevedo

K. King Burnett

In Honor of William R. Breetz

Ron and Myrce Kent

In Honor of Carl H. Lisman

Donald E. Mielke

In Honor of Richard B. Long

Justin L. Vigdor

In Honor of Howard J. Swibel

Donald E. Mielke

INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Uniform Law Foundation

We have audited the accompanying financial statements of The Uniform Law Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities 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 the 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.

Auditors' 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 misstatement.

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, 2018 and 2017, 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 7, 2019

STATEMENTS OF FINANCIAL POSITION

December 31,	2018	2017
ASSETS		
Cash	\$ 218,249	\$ 144,029
Investments	8,386,160	9,207,855
Unconditional promises to give	4,620	5,800
Accrued interest receivable	27,238	26,198
Deferred rent receivable	84,141	78,214
Office condominium and improvements, net of accumulated depreciation of \$710,012 in 2018 and \$645,633 in 2017	1,800,733	1,865,112
Lease incentive, net	69,360	73,027
Total assets	\$ 10,590,501	\$ 11,400,235
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 33,705	\$ 7,954
Deferred rental income	24,790	24,320
Grants payable	61,812	73,695
Bond payable, net	2,661,864	2,657,696
Derivative liability - interest rate swap	151,534	219,675
Security deposit	500,000	500,000
Total liabilities	3,433,705	3,483,340
Net assets:		
Without donor restrictions	7,079,477	7,883,104
With donor restrictions	77,319	33,791
Total net assets	7,156,796	7,916,895
Total liabilities and net assets	\$ 10,590,501	\$ 11,400,235

See notes to financial statements.

STATEMENTS OF ACTIVITIES

Years ended December 31,	2018			2017		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue:						
Contributions	\$ 52,680	\$ 81,700	\$ 134,380	\$ 65,444	\$ 23,400	\$ 88,844
Benefit dinner, net of related costs of \$54,028 in 2018 and 85,737 in 2017	27,867		27,867	6,232		6,232
Rental income	285,186		285,186	280,950		280,950
Investment return (loss), net	(588,484)		(588,484)	1,595,245		1,595,245
Fair value adjustment on interest rate swap agreement	68,141		68,141	75,301		75,301
Net assets released from restrictions	38,172	(38,172)		17,500	(17,500)	
Total revenue	(116,438)	43,528	(72,910)	2,040,672	5,900	2,046,572
Expenses:						
Program expenses:						
Grants	299,491		299,491	125,113		125,113
Annual meeting expenses	37,758		37,758	15,498		15,498
Condominium association fees	127,808		127,808	124,853		124,853
Interest expense	97,956		97,956	98,303		98,303
Bond fees	34,769		34,769	35,473		35,473
Depreciation	64,379		64,379	64,379		64,379
Total program expenses	662,161		662,161	463,619		463,619

See notes to financial statements.

STATEMENTS OF ACTIVITIES

Years ended December 31,	2018			2017		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Expenses: (continued)						
Management and general expenses:						
Professional fees	\$ 17,430		\$ 17,430	\$ 16,056		\$ 16,056
Travel	2,424		2,424	1,118		1,118
Total management and general expenses	19,854		19,584	17,174		17,174
Fundraising expenses:						
Office	5,022		5,022	5,293		5,293
Other fundraising expenses	152		152	4,661		4,661
Total fundraising expenses	5,174		5,174	9,954		9,954
Total expenses	687,189		687,189	490,747		490,747
Change in net assets	(803,627)	43,528	(760,099)	1,549,925	5,900	1,555,825
Net assets, beginning of year	7,883,104	33,791	7,916,895	6,333,179	27,891	6,361,070
Net assets, end of year	\$ 7,079,477	\$ 77,319	\$ 7,156,796	\$ 7,883,104	\$ 33,791	\$ 7,916,895

See notes to financial statements.

STATEMENTS OF CASH FLOWS

Years ended December 31,	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (760,099)	\$ 1,555,825
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized and unrealized net (gain) loss on investments	804,612	(1,439,618)
Deferred rent receivable	(5,927)	(7,240)
Amortization of bond premium	16,500	17,691
Depreciation	64,379	64,379
Amortization of lease incentive	3,667	3,667
Amortization of bond issuance costs	4,168	(4,169)
Fair value adjustment on interest rate swap agreement	(68,141)	(75,301)
(Increase) decrease in operating assets:		
Unconditional promises to give	1,180	(1,875)
Accrued interest receivable	(1,040)	150
Prepaid expenses		4,000
Increase (decrease) in operating liabilities:		
Accounts payable	25,751	(398)
Deferred rental income	470	462
Grants payable	(11,883)	(15,784)
Net cash provided by operating activities	73,637	110,127
Cash flows from investing activities:		
Proceeds from sale of investments	1,701,869	2,762,454
Purchases of investments	(1,701,286)	(2,967,858)
Net cash provided by (used in) investing activities	583	(205,404)
Net change in cash	74,220	(95,277)
Cash, beginning of year	144,029	239,306
Cash, end of year	\$ 218,249	\$ 144,029
Supplemental disclosure of cash flow information:		
Interest paid during the year	\$ 97,956	\$ 94,134

See notes to financial statements.

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 leases the condominium to the Conference under the terms of an operating lease (see Note 9). 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 in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available to finance the general operations of the Foundation. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation and the environment in which it operates.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such that they will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Fair value measurements:

The Foundation utilizes 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 the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Office condominium:

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 lease incentives:

Lease incentives are amortized using the straight-line method over the 30-year lease term as a reduction to rental income.

Unconditional promises to give:

Unconditional promises to give at December 31, 2018 and 2017 are due within one year.

Deferred rent receivable:

The Foundation records rental income on a straight-line basis over the life of the lease. The difference between rental income recorded and the amount received is charged to deferred rent receivable in the statements of financial position.

Contributions and contributed services:

Contributions received are recorded as without donor restriction or with donor restriction depending on the existence and/or nature.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

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.

Expense allocation:

The financial statements report expenses using the direct allocation method. There are no expenses that are indirectly allocated amongst the program or supporting functions.

Reclassification:

The statements of financial position, statements of activities and statements of cash flows have been reclassified in order to conform to the current year's presentation. The reclassifications had no effect on net assets or change in net assets as previously reported.

Bond issuance costs:

The Foundation includes unamortized bond issuance costs as a reduction of bond payable on the statements of financial position. Bond issuance costs are amortized to interest expense over the 30-year life of the bond.

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.

Subsequent events:

Management of the Foundation has reviewed and evaluated subsequent events from December 31, 2018, the financial statement date, through May 7, 2019, the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Liquidity and availability

December 31, 2018	
Financial assets at year-end:	
Cash	\$ 218,249
Investments	8,386,160
Unconditional promises to give	4,620
Accrued interest receivable	27,238
Total financial assets	8,636,267
Less amounts not available to be used within one year:	
Bond sinking fund investments, internally designated	1,086,922
Net assets with donor restrictions	77,319
Board-designated net assets	29,650
Total amounts not available to be used within one year	1,193,891
Financial assets available to meet general expenditures within the next year	\$ 7,442,376

Donations without donor restrictions, investment earnings, rental income and benefit ticket revenue are the primary sources of liquidity to meet cash needs for general expenditures. General expenditures include administrative and general expenses, condominium and related financing costs, fundraising expenses and grant commitments to be paid in the subsequent year. The Foundation also receives contributions with donor restrictions, primarily for the annual meeting and benefit dinner, and the Consumer Participation Fund.

The Foundation was established for the purpose of 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 (the Conference). Consequently, grants to the Conference are the primary operating expense of the Foundation. The Foundation's current policy is to limit grant authorizations in a year to 5% of the four-year average of unrestricted investment balances. That policy yields availability of up to \$365,000 for qualifying grants in 2019.

As described in Note 9, the Foundation owns an office condominium which it leases to the Conference. Rent payments received from the Conference cover the assessment fees and borrowing costs associated with the condominium. Although not required by a bond covenant, the Foundation has established a sinking fund earmarked for bond repayment.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Liquidity and availability (continued)

The Foundation manages its cash available to meet general expenditures utilizing the following guidelines and principles:

- Monitoring operating needs, while striving to maximize investment of available funds.
- Maintaining sufficient reserves to provide reasonable assurance that costs associated with its debt obligation and its mission will continue to be met.
- Operating within a prudent annual budget while also strategically planning for the future.

4. Fair value of financial instruments

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of December 31, 2018:

December 31, 2018	Total	Level 1	Level 2
Recurring fair value measurements:			
Assets:			
Investments	\$ 8,386,160	\$ 8,386,160	
Liability:			
Interest rate swap derivative	(151,534)		\$ (151,534)
Total recurring fair value measurements	\$ 8,234,626	\$ 8,386,160	\$ (151,534)

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of December 31, 2017:

December 31, 2017	Total	Level 1	Level 2
Recurring fair value measurements:			
Assets:			
Investments	\$ 9,207,855	\$ 9,207,855	
Liability:			
Interest rate swap derivative	(219,675)		\$ (219,675)
Total recurring fair value measurements	\$ 8,988,180	\$ 9,207,855	\$ (219,675)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Fair value of financial instruments (continued)

Following is a description of the valuation methodologies used for assets measured at fair value:

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

The interest rate swap derivative 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.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

5. Investments

Investments are reported in the statements of financial position at their fair value, with any realized and unrealized gains and losses reported in the statements of activities.

The Foundation has investments in domestic and foreign corporate debt instruments, real estate investment trusts, mutual funds and corporate stock. These investments are stated at fair value. The debt investments bear interest at rates between 1.875% and 9.375% and mature at various dates through February 2049.

Investments are summarized as follows:

December 31,	2018	2017
Common stock	\$ 4,061,634	\$ 4,367,744
Bonds and notes	1,366,959	1,458,066
Mutual funds	2,132,387	2,620,642
Preferred securities	236,588	178,208
Real estate investment trusts	102,575	108,390
U.S. Government agency securities	305,182	22,480
Certificates of deposit	61,992	332,356
Convertible securities	95,990	18,981
Money market funds	22,853	100,988
Total investments	\$ 8,386,160	\$ 9,207,855

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Grants

Grants payable are as follows:

December 31,	2018	2017
National Conference of Commissioners on Uniform State Laws:		
International Committee Consultant	\$ 28,219	\$ 27,195
Study and Monitoring Committee Reporter stipends	23,850	36,500
Document Scanning Project	4,916	10,000
Interim Executive Director expenses	3,652	
Legislative Video Pilot Program	1,175	
Total grants payable	\$ 61,812	\$ 73,695

Grants authorized consisted of the following:

Years ended December 31,	2018	2017
National Conference of Commissioners on Uniform State Laws:		
Website and AMS Project	\$ 155,000	
Fellows Program	52,301	\$ 78,934
International Committee Consultant	31,468	36,179
Legislative Video Pilot Program	30,000	
Interim Executive Director expenses	30,000	
Consumer Participation Fund	722	
Document Scanning Project		10,000
Total grants expense	\$ 299,491	\$ 125,113

7. Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purpose as follows:

December 31,	2018	2017
Purpose restricted:		
Annual meetings and benefit dinner	\$ 42,500	\$ 15,500
Commercial Finance Association to support drafting projects	5,391	5,391
Consumer Participation Fund	29,428	12,900
Total net assets with donor restrictions	\$ 77,319	\$ 33,791

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Net assets with donor restrictions (continued)

Net assets were released from donor restrictions by the passage of time or by incurring expenses satisfying purpose restrictions as follows:

Years ended December 31,	2018	2017
Purpose restricted:		
Annual meetings and benefit dinner	\$ 37,450	\$ 17,500
Consumer Participation Fund	722	
Total net assets released from donor restrictions	\$ 38,172	\$ 17,500

8. Board-designed net assets

During 2017, the Trustees of the Foundation earmarked up to \$50,000 as an internal match against donations received for the Consumer Participation Fund, which was established to support broader consumer participation in the drafting process as overseen by the Conference. As of December 31, 2018, the Foundation has matched \$29,650.

9. Related party transactions

General and administrative and fundraising costs are usually paid by the Conference, which is related through common management.

The Foundation generally reflects grants to the Conference as expenses at the time the grants are authorized.

The Foundation has 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, 2018 and 2017, there was no receivable balance on this line of credit.

During 2017, the Foundation made a conditional promise to give of \$100,000 in connection with the Conference's fellows program for the grant period from August 21, 2017 through August 20, 2018. As of December 31, 2017, \$26,271 had been awarded to the Conference. During 2018, an additional \$52,301 was awarded to the Conference. The remaining amount of \$21,428 was unused and expired at the end of the grant period.

The Foundation leases its office condominium to the Conference under an operating lease for a 30-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, 2018 and 2017 was \$285,186 and

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Related party transactions (continued)

\$280,950, 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
2019	\$ 288,584
2020	294,356
2021	300,243
2022	306,248
2023	312,372
Thereafter	5,054,638
Total	\$ 6,556,441

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. 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. For each of the years ended December 31, 2018 and 2017, the lease incentive amortization was \$3,667.

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

10. 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 (1.4% at December 31, 2018). 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

10. Bond payable (continued)

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, 2018 and 2017, the Foundation was in compliance with all covenants.

Under the terms of an amended guaranty agreement dated September 16, 2015, the Conference guarantees the indebtedness of the Foundation to PNC arising out of or in connection with an amended Reimbursement Agreement between PNC and the Foundation dated September 10, 2015.

Bond payable is as follows:

December 31,	2018	2017
Bond payable	\$ 2,740,000	\$ 2,740,000
Less unamortized bond issuance costs	78,136	82,304
Bond payable, net	\$ 2,661,864	\$ 2,657,696

11. 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 agreement at December 31, 2018 and 2017 was a negative cumulative fair value adjustment of \$151,534 and \$219,675, respectively, which was recorded as a liability in the statements of financial position and the related annual fair value adjustment on the interest rate swap agreement was reported in the statements of activities for the years then ended. Cash flows from the swap arrangement are classified as an operating activity in the statements of cash flows.

The Series 2007 bond issued through the Illinois Finance Authority is collateralized by an irrevocable letter of credit in the original stated amount of \$2,766,274, issued by PNC Bank. The trustee is Amalgamated Bank (the Trustee). This letter of credit collateralizes the payment, when due, of the principal and interest on the Series 2007 bond. The letter of credit will expire on the earliest of October 28, 2022 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 Trustee's right to draw under the letter of credit is reinstated automatically.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. Swap agreement and letter of credit (continued)

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.

**UNIFORM LAW
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