2017

Annual Report

Uniform Law Foundation

UNIFORM LAW
FOUNDATION

2017 Annual Report

Table of Contents:

Trustees and Mission Statement 2
Message from the Chairman 3
Donor Recognition Societies 4
Memorial and Tribute Gifts 9
Independent Auditors' Report 11
Financial Statements 12

TRUSTEES AND MISSION STATEMENT

Trustees

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 seventeen was a productive year for the Foundation. Our annual gala on the flight deck of the USS Midway reminded us of the sacrifices made by the brave men and women, including Uniform Law commissioners, who defended our nation's liberty during past wars. We recommitted ourselves to the Foundation's mission of strengthening the indispensable underpinning of our liberty: a strong and effective system of laws.

As we move closer toward reaching the 50 percent mark on the path to our goal of amassing $20 million in unrestricted funds by 2027, we encourage all of the Foundation's supporters to maintain their dedication and generosity.

Especially noteworthy is the launch this past year of the special purpose Consumer Participation Fund. Years ago, commentators observed that uniform law creation is most successful when all points of view are considered and voices representing all perspectives are heard. Because the Uniform Law Commission's time-proven method requires in-person drafting committee meetings, the fact is that many interest groups and advocates, especially those speaking on behalf of consumer interests, cannot afford the cost of traveling to ULC drafting committee meetings. Through the initiative of Commissioner Elizabeth Kent, the Foundation established a Consumer Participation Fund and anticipates awarding the first travel expense subsidies to consumer-oriented organizations and individuals before the end of 2018.

We are confident that, with the help of many, the Foundation will continue to fortify the Uniform Law Commission's valuable activities.

Howard J Swibel

Howard J. Swibel, *Chair*

Michael Houghton

Edwin Smith

Martha T. Starkey

Charles A. Trost

DONOR RECOGNITION SOCIETIES

Lifetime Fellows

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

Bruce A. Coggeshall
Jack Davies
Barry C. Hawkins
Michael Houghton
Gene N. Lebrun
Harry D. Leinenweber
Carl H. Lisman
Leon M. McCorkle, Jr.
Thomas J. McCracken
James C. McKay, Jr.
Fred H. Miller
Raymond P. Pepe
Carlyle C. Ring
Edwin E. Smith
Frederick P. Stamp, Jr.
Martha T. Starkey
Robert A. Stein
Howard J. Swibel
Harry L. Tindall
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
Mandel Foundation
Leon M. McCorkle, Jr.
James C. McKay, Jr.
Fred H. and Marcia Miller

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

REHNQUIST CIRCLE ($25,000 and above), continued

Brian Mitchell
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

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

Steve Wilborn

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

Jack Davies
Michael Houghton

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

Altria Group Inc.
Bruce A. and Phyllis Coggeshall
Collaborative Law Inst. of TX, Inc.
Barry C. Hawkins
Gene N. Lebrun
Harry D. Leinenweber
Thomas J. McCracken
Microsoft
Raymond P. Pepe
Rockefeller & Co., Inc
Richard E. Speidel
Howard J. Swibel
Harry L. Tindall

DONOR RECOGNITION SOCIETIES

2017 Annual Campaign Leadership Society

Includes all donors who made a contribution to the ULF in 2017.

Benefactor	**$2,500 and above**

CT Corporation—A Wolters Kluwer Business
Michael Houghton
Elizabeth Kent *
Carl H. Lisman and Debbie Smith
Motion Picture Association of America
Munger, Tolles & Olson LLP
Edwin E. and Katherine Smith *
Martha T. Starkey and Ron Schwier
Steve Wilborn

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

Turney P. Berry
Thomas J. Buiteweg
William W. Barrett
Marion W. and Dalinda Benfield
John P. Burton
Richard T. and Becky Cassidy
Stephen C. Cawood
Jack and Pat Davies
E. Edwin and Joyce Eck
Patty Gregory
Beverly Ludwig-Fisher
Jerry J. Guillot
Barry C. Hawkins *
Kentucky Bankers Association
James C. McKay, Jr.
Fred H. and Marcia Miller *
Nelson Mullins Riley & Scarborough, L.L.P.
Raymond P. Pepe
Frederick P. and Judy Stamp
Robert A. Stein
Sandra S. Stern
Craig Stowers

**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**

William R. Breetz *
Vincent P. Cardi
Terry J. Care
Bruce A. and Phyllis Coggeshall
Gail Hagerty and Dale Sandstrom
Gene N. and Pat Lebrun
Leonard J. Reese and Rebecca Yohe
V. Lowry Snow
James P. Spica
Candace Zierdt *

Friend	**$250 - $499**

Thomas C. Baxter
Carl S. and Andrea Bjerre
Lani L. Ewart
Patrick A. Guida
Harry J. Haynsworth
Richard C. Hite
Melissa Hortman
Paul M. Kurtz
Peter F. Langrock
Floyd M. Lewis
Leon M. McCorkle, Jr.
Donald E. Mielke
Benjamin Orzeske
Joanne Pepperl
Harvey S. and Susan Perlman
Mark H. and Cindy Ramsey *
Lane Shetterly
John J. Stieff
Russell G. Walker, Jr.

DONOR RECOGNITION SOCIETIES

Supporter **Up to $249**

Owen L. Anderson
Boris Auerbach and Kathleen Patchel
Deborah E. Behr
David D. Biklen *
Rex Blackburn *
Diane F. Boyer-Vine
K. King Burnett
Paul W. Chaiken
Robert H. Cornell
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Ellen F. Dyke
David M. English
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Michael B. and Terry Getty
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Lawrence R. Klemin
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Esson M. Miller, Jr.
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Keith A. Rowley
Byron D. Sher
Michael P. and Marilyn Sullivan
Ken H. Takayama
Michele L. Timmons
Charles A. Trost
Justin L. Vigdor
Mark Vucci
Lee and Anne Yeakel

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.

2017 Memorial and Tribute Gifts

In Memory of Esther Burnett
Owen L. Anderson
Boris Auerbach and Kathleen Patchel
David D. Biklen
Terry J. Care
Stephen C. Cawood
Robert H. Cornell
Jack Davies
Dale G. and Ramona Higer
Elizabeth Kent
Peter F. Langrock
Gene N. and Pat Lebrun
Fred H. and Marcia Miller
Robert A. Stein
Michael P. and Marilyn Sullivan
Charles A. Trost
Lee and Anne Yeakel

In Memory of Richard Ford
Michael B. and Terry Getty
Richard C. Hite
Thomas L. and Shelley Jones
Frederick P. Stamp, Jr. and Judy Stamp
Martha T. Starkey and Ron Schwier
Michael P. and Marilyn Sullivan

In Memory of Tom Foy
Richard B. Long

In Memory of Richard Gregerson
Patricia Brumfield Fry
Gail Hagerty and Dale Sandstrom
Gene N. and Pat Lebrun
Fred H. and Marcia Miller

In Memory of Charles Joiner
Patricia Brumfield Fry
Gail Hagerty and Dale Sandstrom
Donald E. Mielke
Fred H. and Marcia Miller
James P. Spica

In Memory of Tom Jones
Deborah E. Behr
Marion W. and Dalinda Benfield
K. King Burnett
Stephen C. Cawood
Robert H. Cornell
Gail Hagerty and Dale Sandstrom
Harry J. Haynsworth
Richard C. Hite
Peter F. Langrock
Gene N. and Pat Lebrun
Leon M. McCorkle
Robert L. McCurley
Donald E. Mielke
Fred H. and Marcia Miller
Frederick P. Stamp, Jr.
Martha T. Starkey and Ron Schwier
Robert A. Stein
Michael P. and Marilyn Sullivan

In Memory of Bill Kretschmar
K. King Burnett
Gail Hagerty and Dale Sandstrom
Lawrence R. Klemin
Gene N. and Pat Lebrun
Battle R. Robinson
Robert A. Stein

In Memory of Neal Ossen
Houston P. Lowry

2017 Memorial and Tribute Gifts

In Memory of Jan Pauls

Gail Hagerty and Dale Sandstrom
Richard C. Hite
Elizabeth Kent
Peter F. Langrock
Gene N. and Pat Lebrun
Battle R. Robinson

In Memory of Richard Wellman

Paul M. Kurtz

In Honor of Bill Breetz

Donald E. Mielke

In Honor of Richard and Becky Cassidy

Gail Hagerty

In Honor of Jack Davies

Donald E. Mielke

In Honor of John McClaugherty

Vincent P. Cardi

In Honor of Howard Swibel

Elizabeth Kent
Lee Yeakel

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, 2017 and 2016, 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 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 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, 2017 and 2016, 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, 2018

STATEMENTS OF FINANCIAL POSITION

December 31,		2017		2016
ASSETS				
Cash	$	**144,029**	$	239,306
Investments		**9,207,855**		7,580,524
Unconditional promises to give		**5,800**		3,925
Accrued interest receivable		**26,198**		26,348
Rent receivable		**53,894**		47,116
Prepaid expenses				4,000
Office condominium and improvements, net of accumulated depreciation of $645,633 in 2017 and $581,254 in 2016		**1,865,112**		1,929,491
Lease incentive, net		**73,027**		76,694
Total assets	**$**	**11,375,915**	$	9,907,404
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	$	**7,954**	$	8,352
Grants payable		**73,695**		89,479
Bond payable		**2,657,696**		2,653,527
Security deposit		**500,000**		500,000
Derivative liability - interest rate swap		**219,675**		294,976
Total liabilities		**3,459,020**		3,546,334
Net assets:				
Unrestricted		**7,883,104**		6,333,179
Temporarily restricted		**33,791**		27,891
Total net assets		**7,916,895**		6,361,070
Total liabilities and net assets	**$**	**11,375,915**	$	9,907,404

See notes to financial statements.

STATEMENTS OF ACTIVITIES

Years ended December 31,		2017		2016
Unrestricted net assets:				
Support and Revenue:				
Contributions	$	**65,444**	$	49,962
Benefit dinner, net of related costs of $85,737 in 2017 and $46,209 in 2016		**6,232**		7,066
Rental income		**280,950**		276,846
Interest and dividend income		**185,978**		154,530
Realized and unrealized net gain on investments		**1,439,618**		128,031
Fair value adjustment on interest rate swap agreement		**75,301**		66,725
Net assets released from restrictions		**17,500**		26,500
Total support and revenue		**2,071,023**		709,660
Expenses:				
Condominium association fees		**124,853**		110,668
Interest expense		**94,134**		93,676
Bond fees		**35,473**		35,545
Grants		**125,113**		120,001
General and administrative expenses		**57,479**		45,955
Depreciation and amortization		**68,548**		68,548
Annual meeting expenses		**15,498**		26,763
Total expenses		**521,098**		501,156
Increase in unrestricted net assets		**1,549,925**		208,504
Temporarily restricted net assets:				
Support:				
Contributions		**23,400**		14,000
Net assets released from restrictions:				
Support for annual meeting and benefit dinner		**(17,500)**		(26,500)
Increase (decrease) in temporarily restricted net assets		**5,900**		(12,500)
Increase in total net assets	**$**	**1,555,825**	$	196,004

See notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

	Unrestricted	Temporarily restricted	Total
Balances, January 1, 2016	$ 6,124,675	$ 40,391	$ 6,165,066
Increase (decrease) in net assets	208,504	(12,500)	196,004
Balances, December 31, 2016	**6,333,179**	**27,891**	**6,361,070**
Increase in net assets	**1,549,925**	**5,900**	**1,555,825**
Balances, December 31, 2017	**$ 7,883,104**	**$ 33,791**	**$ 7,916,895**

See notes to financial statements.

STATEMENTS OF CASH FLOWS

Years ended December 31,	2017	2016
Cash flows from operating activities:		
Increase in net assets	**$ 1,555,825**	$ 196,004
Adjustments to reconcile increase in total net assets to net cash provided by operating activities:		
Realized and unrealized net (gain) on investments	**(1,439,618)**	(128,031)
Amortization of bond premium	**17,691**	19,145
Depreciation	**64,379**	64,379
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	**(75,301)**	(66,725)
(Increase) decrease in operating assets:		
Unconditional promises to give	**(1,875)**	3,105
Accrued interest receivable	**150**	(3,076)
Due from related party		36,903
Rent receivable	**(6,778)**	(8,122)
Prepaid expenses	**4,000**	(4,000)
Increase (decrease) in operating liabilities:		
Accounts payable	**(398)**	(1,787)
Grants payable	**(15,784)**	33,529
Net cash provided by operating activities	**110,127**	149,160
Cash flows from investing activities:		
Proceeds from sale of investments	**2,762,454**	2,698,580
Purchases of investments	**(2,967,858)**	(2,923,194)
Net cash used in investing activities	**(205,404)**	(224,614)
Net change in cash	**(95,277)**	(75,454)
Cash, beginning of year	**239,306**	314,760
Cash, end of year	**$ 144,029**	$ 239,306
Supplemental disclosure of cash flow information:		
Interest paid during the year	**$ 94,134**	$ 93,676

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 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, 2017 and 2016.

Cash:
The Foundation maintains its cash in bank accounts which, at times, may exceed federally-insured limits. The Foundation did not have cash balances in excess of federally-insured limits at December 31, 2017 and 2016. Management believes that the Foundation is not exposed to any significant credit risk on cash.

Fair value measurements:
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.

2. Summary of significant accounting policies (continued)

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.

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 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, 2017 and 2016 are due within one year.

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, 2017 and 2016.

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.

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.

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.

3. 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, 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	**$ 9,427,530**	**$ 9,207,855**	**$ 219,675**
Nonrecurring fair value measurements:			
Liability:			
Bond payable	**$ 2,740,000**		**$ 2,740,000**

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of December 31, 2016:

December 31, 2016	Total	Level 1	Level 2
Recurring fair value measurements:			
Assets:			
Investments	$ 7,580,524	$ 7,580,524	
Liability:			
Interest rate swap derivative	294,976		$ 294,976
Total recurring fair value measurements	$ 7,875,500	$ 7,580,524	$ 294,976
Nonrecurring fair value measurements:			
Liability:			
Bond payable	$ 2,740,000		$ 2,740,000

3. 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 fair value of the bond payable approximates the carrying amount in the accompanying financial statements. The carrying value of the debt approximates the fair value based on current borrowing rates.

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.

4. 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.

4. Investments (continued)

Investments at December 31, 2017 and 2016 are summarized as follows:

December 31, 2017	**Cost**	**Fair value**	**Net unrealized gain (loss)**
Common stock	**$ 2,328,290**	**$ 4,367,744**	**$ 2,039,454**
Bonds and notes	**1,426,831**	**1,458,066**	**31,235**
Mutual funds	**2,068,996**	**2,620,642**	**551,646**
Preferred securities	**169,345**	**178,208**	**8,863**
Real estate investment trusts	**102,315**	**108,390**	**6,075**
U.S. Government agency securities	**331,729**	**332,356**	**627**
Certificates of deposit	**19,000**	**18,981**	**(19)**
Convertible securities	**100,711**	**100,988**	**277**
Money market funds	**22,480**	**22,480**	
Total investments	**$ 6,569,697**	**$ 9,207,855**	**$ 2,638,158**

December 31, 2016	Cost	Fair value	Net unrealized gain (loss)
Common stock	$ 2,019,637	$ 3,040,193	$ 1,020,556
Bonds and notes	1,548,162	1,547,518	(644)
Mutual funds	2,120,837	2,391,810	270,973
Preferred securities	187,892	186,039	(1,853)
Real estate investment trusts	101,155	100,682	(473)
U.S. Government agency securities	316,650	314,282	(2,368)
Total investments	$ 6,294,333	$ 7,580,524	$ 1,286,191

5. Unconditional promises to give

Unconditional promises to give at December 31, 2017 and 2016 are as follows:

December 31,	**2017**	2016
Receivable in less than one year	**$ 5,800**	$ 3,925

6. Grants

For the years ended December 31, 2017 and 2016, grants payable consisted of the following:

For the years ended December 31,		2017		2016
National Conference of Commissioners on Uniform State Laws:				
International Committee Consultant	**$**	**27,195**	$	25,654
Study and Monitoring Committee Reporter stipends		**36,500**		36,500
Document Scanning Project		**10,000**		
2017 Annual meeting				20,000
CARLA Conference Participation				4,825
Scholars Program				2,500
Total grants payable	**$**	**73,695**	$	89,479

For the years ended December 31, 2017 and 2016, grants authorized consisted of the following:

Years ended December 31,		2017		2016
National Conference of Commissioners on Uniform State Laws:				
Fellows Program	**$**	**78,934**	$	28,176
International Committee Consultant		**36,179**		50,000
Document Scanning Project		**10,000**		
Study and Monitoring Committee Reporter stipends				40,000
CARLA Conference Participation				4,825
Plain language text project for garnishment act				(3,000)
Total grants expense		**$ 125,113**	$	120,001

7. Temporarily restricted net assets

Temporarily restricted net assets at December 31, 2017 and 2016 are as follows:

December 31,		2017		2016
Annual meetings and benefit dinner	**$**	**15,500**	$	22,500
Commercial Finance Association to support drafting projects		**5,391**		5,391
Consumer participation fund		**12,900**		
Total temporarily restricted net assets	**$**	**33,791**	$	27,891

7. Temporarily restricted net assets (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose of donations during the years ended December 31, 2017 and 2016 as follows:

Years ended December 31,		**2017**		2016
Annual meeting and benefit dinner	**$**	**17,500**	$	26,500

8. 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, 2017 and 2016, there was no receivable balance on this line of credit.

During 2016, 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 22, 2016 through August 21, 2017. As of December 31, 2016, $28,176 had been awarded to the Conference. During 2017, an additional $52,663 was awarded to the Conference. The remaining amount of $19,161 was unused and expired at the end of the grant period.

During 2017, the Foundation made a conditional promise to give of $100,000 in connection with the Conference's renewal of its 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.

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, 2017 and 2016 was $280,950 and $276,846, 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.

8. Related party transactions (continued)

The future minimum rentals to be received are as follows:

Year ending December 31:		Amount
2018	$	282,925
2019		288,584
2020		294,356
2021		300,243
2022		306,248
Thereafter		5,367,005
Total	$	6,839,361

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, 2017 and 2016, the lease incentive amortization was $3,667.

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

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.

9. 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, 2017 and 2016, 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 at December 31, 2017 and 2016 is as follows:

December 31,	**2017**	2016
Bond payable	**$ 2,740,000**	$ 2,740,000
Less unamortized bond issuance costs	**86,306**	86,473
Bond payable, net	**$ 2,657,696**	$ 2,653,527

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 agreement at December 31, 2017 and 2016, was a negative cumulative fair value adjustment of $219,675 and $294,976, 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 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 (the 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 October 28, 2018 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.

10. 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.

11. Subsequent events

Management of the Foundation has reviewed and evaluated subsequent events from December 31, 2017, the financial statement date, through May 7, 2018, the date the financial statements were available to be issued.

UNIFORM LAW
FOUNDATION

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