



Uniform Law  
Foundation  
Annual Report

2014

**UNIFORM LAW  
FOUNDATION**

**2014 Annual Report**

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# TRUSTEES AND MISSION STATEMENT

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## Trustees

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Carl H. Lisman, *Chair*

Michael Houghton

Edwin E. Smith

Martha T. Starkey

Howard J. Swibel

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## Mission Statement

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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

It has been 25 years since the Foundation was created to support the Uniform Law Commission's efforts to establish uniform laws in the United States and elsewhere throughout the world where uniformity is deemed useful.

Since then the ULF has provided approximately \$480,000 in grants to the ULC for, among others, study committee scholar stipends; support for drafting, enactment and education efforts; the ULC website; archival of ULC records; and the ULC history project.

The Foundation currently provides funding for the ULF Fellows Program and the annual meeting "app."

The successful Fellows program will continue due to the Foundation's commitment to reimburse the costs of two Fellows for the upcoming year. Fellows have the opportunity to work closely with Commissioners and the experienced ULC staff. In the process, they develop a sophisticated understanding of the state legislative process and an in-depth knowledge of significant areas of the law. One Fellow will concentrate on research related to proposals pending in the Scope and Program Committee. The other will provide assistance to legislative staff and drafting committees on current and emerging issues related to ULC's work. Fellows also have the ability to propose projects they believe would be valuable to ULC. Look for the fellows at the Williamsburg annual meeting.

The app -- for use on smart phones, tablets and computers -- was well received in Seattle as a way to provide easy access to meeting information. Changes are being programmed to make the Williamsburg meeting app even more user-friendly and useful.

Donations provide the resources that have made all of these projects possible. We appreciate the support of each and every donor. Thanks to all for another successful year. Your contributions are gratefully acknowledged in this annual report.

Sincerely,

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	Carlyle C. Ring, Jr.
Richard E. Ford	Howard T. Rosen
Michael Houghton	Hiroshi Sakai
Gene N. Lebrun	Edwin E. Smith
Harry D. Leinenweber	Frederick P. Stamp, Jr.
Carl H. Lisman	Martha T. Starkey
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James C. McKay, Jr.	Harry L. Tindall
Fred H. Miller	

### Distinguished Donor Society

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

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

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Carlyle C. Ring  
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Martha T. Starkey  
Robert A. Stein

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

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
Gene N. Lebrun	Harry L. Tindall
Harry D. Leinenweber	
Thomas J. McCracken	

## 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

## 2014 Annual Campaign Leadership Society

*Includes all donors who made a contribution to the ULF in 2014.*

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<b>Benefactor</b>	<b>\$2,500 and above</b>
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Amazon	Stoel Rives LLP
CT Corp. - A Wolters Kluwer Business	
Davis Wright Tremaine LLP	
Langrock Sperry & Wool, LLP	
Carl H. Lisman and Deborah Smith	
Brian Mitchell, Torchmark Corp.	
Motion Picture Association of America	
Edwin E. and Katharine T. Smith	
Martha T. Starkey and Ronald B. Schwier	

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<b>Patron</b>	<b>\$1,000 - \$2,499</b>
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William R. Breetz	Anita Ramasastry
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John P. (Jack) Burton	Judge and Mrs. Frederick P. Stamp, Jr.
Casner & Edwards, LLP	Robert A. Stein
Jack Davies	Sandra S. Stern
Jerry J. Guillot	Howard J. Swibel
Barry C. Hawkins	Wells Fargo & Co.
Michael and Leigh Houghton	
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Thomas J. McCracken, Jr.	
James C. McKay, Jr.	
Peden B. McLeod	
Donald E. Mielke	
Fred H. and Marcia Miller	
Raymond P. Pepe	

## DONOR RECOGNITION SOCIETIES

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<b>Fellow</b>	<b>\$500 - \$999</b>
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Terry J. Care	David S. Walker
Bruce A. and Phyllis Coggeshall	Russell G. Walker
Richard E. Ford	Harry M. Walsh
Gail Hagerty and Dale Sandstrom	
Elizabeth Kent	
Beverly Ludwig-Fisher	
Wm. T. (Bill) Robinson, III	
Thompson McMullan PC	
Harry L. Tindall	
Robert S. Toyofuku	

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<b>Friend</b>	<b>\$250 - \$499</b>
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David D. Biklen	Harvey S. and Susan Perlman
Lani L. Ewart	Jacob T. and Molly Rodenbiker
Henry D. Gabriel	Byron D. Sher
Norman L. Greene	Lane Shetterly
Harry J. Haynsworth, IV	John J. Stieff
Gene H. Hennig	Justin L. Vigdor
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John T. McGarvey	
Esson M. and Linda Miller, Jr.	

## DONOR RECOGNITION SOCIETIES

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**Supporter****Up to \$249**

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Deborah E. Behr	Carlyle C. Ring
Carl S. Bjerre	Michael P. and Marilyn Sullivan
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Mark H. and Cindi K. Ramsey	
Curtis R. Reitz and Judith Renzulli	

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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](mailto:jdimond@uniformlaws.org)) to report any discrepancies.



## 2014 MEMORIAL AND TRIBUTE GIFTS

### **In Memory of John Phillip Carroll**

Vincent Henderson  
Donald E. Mielke  
Martha T. Starkey and Ronald B. Schwier

### **In Memory of Stanley Fisher**

Beverly Ludwig-Fisher

### **In Memory of M. King Hill**

David D. Biklen  
William R. Breetz  
Patricia B. Fry  
Gail Hagerty and Dale Sandstrom  
Richard C. Hite  
Peter F. Langrock  
Gene N. and Pat Lebrun  
Fred H. and Marcia Miller  
Neal Ossen  
Carlyle C. Ring  
Judge and Mrs. Frederick P. Stamp, Jr.  
Michael P. and Marilyn Sullivan  
Robert S. Toyofuku

### **In Honor of Tom Jones**

Robert L. McCurley

### **In Memory of Charles Kepler**

Donald E. Mielke

### **In Honor of Richard Long**

Justin L. Vigdor

### **In Memory of Joseph Mazurek**

Donald E. Mielke

### **In Memory of John McClaugherty**

Richard E. Ford

### **In Memory of Elwaine Pomeroy**

Terry J. Care  
Harold E. Read Jr.  
William R. Breetz

### **In Memory of Harold E. Read, Jr.**

William R. Breetz

### **In Memory of Howard Rosen**

David D. Biklen  
Jack Davies  
Gail Hagerty and Dale Sandstrom  
M. King Hill  
Richard C. Hite  
Peter F. Langrock  
Gene and Pat Lebrun  
Donald E. Mielke  
Fred H. and Marcia Miller  
Neal Ossen  
Judge and Mrs. Frederick P. Stamp, Jr.

### **In Honor of Howard Swibel**

David D. Biklen  
Lee Yeakel

# 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, 2014 and 2013 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, 2014 and 2013 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 4, 2015

## STATEMENT OF FINANCIAL POSITION

December 31,	2014	2013
<b>ASSETS</b>		
Cash	\$ 231,299	\$ 113,364
Investments (Note 4)	7,347,109	7,237,386
Unconditional promises to give (Note 5)	15,110	29,171
Accrued interest receivable	18,235	17,368
Rent receivable	52,468	41,583
Prepaid expenses	2,400	8,969
Office condominium and improvements, net of accumulated depreciation of \$452,496 in 2014 and \$388,117 in 2013	2,058,249	2,122,628
Lease incentive, net (Note 8)	84,028	87,694
Bond issuance costs, net of accumulated amortization of \$30,252 in 2014 and \$26,083 in 2013	94,811	98,980
<b>Total assets</b>	<b>\$ 9,903,709</b>	<b>\$ 9,757,143</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 13,465	\$ 5,401
Grants payable (Note 6)	27,197	10,000
Bond payable (Note 9)	2,740,000	2,740,000
Security deposit	500,000	500,000
Due to related party (Note 8)	405	
Derivative liability - interest rate swap (Note 10)	383,463	320,131
<b>Total liabilities</b>	<b>3,664,530</b>	<b>3,575,532</b>
Net assets:		
Unrestricted	6,218,288	5,961,330
Temporarily restricted (Note 7)	20,891	220,281
<b>Total net assets</b>	<b>6,239,179</b>	<b>6,181,611</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,903,709</b>	<b>\$ 9,757,143</b>

*See notes to financial statements.*

## STATEMENT OF ACTIVITIES

Years ended December 31,	2014	2013
<b>UNRESTRICTED NET ASSETS:</b>		
<b>Support and Revenue:</b>		
Contributions	\$ 47,248	\$ 67,821
Benefit dinner, net of related costs of \$46,403 in 2014 and \$79,365 in 2013 (including net assets released from restriction of \$30,000 in 2013)	2,913	7,434
Boston UCC Fundraiser, net of related costs of \$15,123		31,682
Rental income	269,023	265,296
Interest and dividend income	142,524	146,530
Realized and unrealized net gain on investments	79,733	1,165,104
Fair value adjustment on interest rate swap agreement (Note 10)		218,885
Other income		1,909
Net assets released from restrictions	240,455	57,750
<b>Total support and revenue</b>	<b>781,896</b>	<b>1,962,411</b>
<b>Expenses:</b>		
Condominium association fees	99,766	109,513
Interest expense	90,556	98,638
Bond fees	28,460	28,464
Grants (Note 6)	79,270	20,000
General and administrative expenses	53,006	43,175
Depreciation and amortization	68,548	68,548
Annual meeting expenses	42,000	59,447
Fair value adjustment on interest rate swap agreement (Note 10)	63,332	
<b>Total expenses</b>	<b>524,938</b>	<b>427,785</b>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>256,958</b>	<b>1,534,626</b>

*See notes to financial statements.*

## STATEMENT OF ACTIVITIES, CONTINUED

Years ended December 31,	2014	2013
Temporarily restricted net assets (Note 7):		
Support:		
Contributions	\$ 31,500	\$ 12,500
Interest and dividend income	9,565	10,221
Net assets released from restrictions:		
Support for annual meeting and benefit dinner	(144,972)	(87,750)
Support for ULC activities and projects	(95,483)	
<b>Increase in temporarily restricted net assets</b>	<b>(199,390)</b>	<b>(65,029)</b>
<b>INCREASE IN TOTAL NET ASSETS</b>	<b>\$ 57,568</b>	<b>\$ 1,469,597</b>

## STATEMENT OF CHANGES IN NET ASSETS

	Unrestricted	Temporarily restricted	Total
Balances, December 31, 2012	\$ 4,246,704	\$ 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
<b>Balances, December 31, 2013</b>	<b>5,961,330</b>	<b>220,281</b>	<b>6,181,611</b>
Increase (decrease) in net assets during the year ended December 31, 2014	256,958	(199,390)	57,568
<b>Balances, December 31, 2014</b>	<b>\$ 6,218,288</b>	<b>\$ 20,891</b>	<b>\$ 6,239,179</b>

## STATEMENT OF CASH FLOWS

Years ended December 31,	2014	2013
<b>OPERATING ACTIVITIES:</b>		
Increase in total net assets	\$ 57,568	\$ 1,469,597
Adjustments to reconcile above to cash provided by operating activities:		
Realized and unrealized net gain on investments	(79,733)	(1,165,104)
Amortization of bond premium and discount	12,388	13,337
Depreciation	64,379	64,379
Amortization of lease incentive	3,666	3,667
Amortization of bond issuance costs	4,169	4,169
Fair value adjustment on interest rate swap agreement	63,332	(218,885)
(Increase) decrease in operating assets:		
Unconditional promises to give	14,061	7,085
Accrued interest receivable	(867)	1,321
Rent receivable	(10,885)	(13,134)
Prepaid expenses	6,569	8,324
Increase (decrease) in operating liabilities:		
Accounts payable	8,064	(2,574)
Grants payable	17,197	7,500
Due to related party	405	
<b>Cash provided by operating activities</b>	<b>160,313</b>	<b>179,682</b>
<b>INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	1,418,848	2,067,590
Purchases of investments	(1,461,226)	(2,221,207)
<b>Cash used in investing activities</b>	<b>(42,378)</b>	<b>(153,617)</b>
Increase in cash	117,935	26,065
Cash, beginning of year	113,364	87,299
Cash, end of year	\$ 231,299	\$ 113,364
Supplemental disclosure of cash flow information:		
Interest paid during the year	\$ 90,556	\$ 98,638

# 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, 2011.

## 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, 2014 and 2013.

### **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, 2014 and 2013. The Foundation has not experienced any losses in such accounts. Management believes that the Foundation is not exposed to any significant credit risk on cash.



## NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

#### **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.

#### **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, 2014 and 2013.

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

**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.

**Reclassifications:**

Certain amounts in the financial statements for the year ended December 31, 2013 have been reclassified to conform with the presentation for the year ended December 31, 2014.

**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.

**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.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

### 4. INVESTMENTS (continued)

Investments at December 31, 2014 and 2013 are summarized as follows:

December 31, 2014	Cost	Fair value	Net unrealized gain (loss)
<b>Domestic common stocks:</b>			
Consumer discretionary	\$ 137,204	\$ 268,149	\$ 130,945
Consumer staples	71,038	197,820	126,782
E-commerce	156,949	155,910	(1,039)
Engineering, construction	153,068	157,455	4,387
Financial	153,616	449,496	295,880
Health Care	374,018	559,985	185,697
Industrial goods	129,905	485,121	355,216
Information technology	159,075	347,267	188,192
Materials	60,035	121,139	61,104
Services	190,095	291,553	101,458
<b>Total domestic common stocks</b>	<b>1,585,003</b>	<b>3,033,895</b>	<b>1,448,892</b>
<b>Bonds and notes:</b>			
Domestic corporate bonds	1,197,864	1,193,968	(3,896)
International corporate bonds	145,054	136,603	(8,451)
U.S. government obligations	153,719	155,362	1,643
<b>Total bonds and notes</b>	<b>1,496,637</b>	<b>1,485,933</b>	<b>(10,704)</b>
<b>Mutual funds:</b>			
Domestic small-cap fund	\$ 231,322	\$ 372,518	\$ 141,196
Domestic REIT fund	78,411	97,265	18,854
Domestic mortgage fund	300,871	288,776	(12,095)
Domestic intermediate term bond fund	526,432	532,259	5,827
Domestic high yield fund	100,005	98,221	(1,784)
Domestic commodities fund	252,629	164,062	(88,567)
International equity fund	578,436	825,835	247,399
International REIT fund	51,556	53,542	1,986
<b>Total mutual funds</b>	<b>2,119,662</b>	<b>2,432,478</b>	<b>312,816</b>
<b>Certificates of deposit:</b>			
Domestic	75,431	75,383	(48)
<b>Preferred securities:</b>			
Financial	286,894	288,060	1,166
<b>U.S. Government agency securities:</b>			
Collateralized mortgage obligation	30,800	31,360	560
<b>TOTAL INVESTMENTS</b>	<b>\$ 5,594,427</b>	<b>\$ 7,347,109</b>	<b>\$ 1,752,682</b>

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

### 4. INVESTMENTS (continued)

December 31, 2013	Cost	Fair value	Net unrealized gain (loss)
<b>Domestic common stocks:</b>			
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
<b>Total domestic common stocks</b>	<b>1,581,775</b>	<b>2,983,310</b>	<b>1,401,535</b>
<b>Bonds and notes:</b>			
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)
<b>Total bonds and notes</b>	<b>1,476,031</b>	<b>1,470,579</b>	<b>(5,452)</b>
<b>Mutual funds:</b>			
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
<b>Total mutual funds</b>	<b>2,115,317</b>	<b>2,475,098</b>	<b>359,781</b>

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

### 4. INVESTMENTS (continued)

December 31, 2013	Cost	Fair value	Net unrealized gain (loss)
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)
<b>TOTAL INVESTMENTS</b>	<b>\$ 5,488,576</b>	<b>\$ 7,237,386</b>	<b>\$ 1,748,810</b>

### 5. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2014 and 2013 are as follows:

December 31,	2014	2013
Receivable in less than one year	\$ 14,260	\$ 27,321
Receivable in one to four years	850	1,850
<b>Total unconditional promises to give</b>	<b>\$ 15,110</b>	<b>\$ 29,171</b>

### 6. GRANTS

At December 31, 2014 and 2013, grants payable consisted of the following:

December 31,	2014	2013
National Conference of Commissioners on Uniform State Laws:		
2013 Annual Meeting	\$ 7,819	\$
2015 Annual Meeting Mobile application project	4,900	
Fellows Program	11,978	
Scholars Program	2,500	
University of Minnesota - Robert Stein Honorarium		10,000
<b>Total grants payable</b>	<b>\$ 27,197</b>	<b>\$ 10,000</b>

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

### 6. GRANTS (continued)

For the years ended December 31, 2014 and 2013, grants authorized consisted of the following:

Years ended December 31,	2014	2013
National Conference of Commissioners on Uniform State Laws:		
Archives project	\$ 10,000	\$ 10,000
2013 Annual Meeting	7,819	
2014 Annual Meeting mobile application project	4,900	
2014 Annual Meeting mobile application project	4,900	
Fellows Program	49,151	
Scholars Program	2,500	
University of Minnesota - Robert Stein Honorarium		10,000
<b>Total grants expense</b>	<b>\$ 79,270</b>	<b>\$ 20,000</b>

### 7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2014 and 2013 are as follows:

Years ended December 31,	2014	2013
Annual meetings	\$ 15,500	\$ 124,890
Commercial Finance Association to support drafting projects	5,391	5,391
Support of ULC activities and projects		90,000
<b>Total temporarily restricted net assets</b>	<b>\$ 20,891</b>	<b>\$ 220,281</b>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose of donations during the years ended December 31, 2014 and 2013 as follows:

Years ended December 31,	2014	2013
Annual meeting and benefit dinner	\$ 144,972	\$ 87,750
Support of ULC activities and projects	95,483	
<b>Net assets released from restriction</b>	<b>\$ 240,455</b>	<b>\$ 87,750</b>

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

### 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, 2014 and 2013, the available borrowing under this line of credit was \$250,000.

During 2014, the Foundation made a conditional promise to give of \$150,000 to the Conference in connection with a grant awarded to subsidize the Conference's fellows program. As of December 31, 2014, \$49,151 of the grant 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, 2014 and 2013 was \$269,023 and \$265,296, 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:

<b>Year ending December 31:</b>	<b>Amount</b>
2015	\$ 266,607
2016	271,939
2017	277,378
2018	282,925
2019	288,584
Thereafter	6,267,852
<b>Total</b>	<b>\$ 7,655,285</b>

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

### 8. RELATED PARTY TRANSACTIONS (continued)

As provided under the terms of the lease agreement, as an additional incentive to enter into the lease, the Foundation provided a furniture allowance to the Conference of \$170,000. All such costs in excess of the \$170,000 allowance are the responsibility of the Conference. As consideration for the Foundation providing the Conference a furniture allowance, the agreement provides for the Conference to pay certain fees and expenses incurred by the Foundation in financing the purchase of the office condominium. The fees paid by the Conference to the Foundation were \$60,000 which has been netted against the furniture allowance. The net allowance of \$110,000 is being amortized as a lease incentive using the straight-line method over the 30-year lease term as a reduction to rental income. The lease incentive amortization was \$3,666 and \$3,667 for the years ended December 31, 2014 and 2013, respectively.

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.

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, 2014 and 2013, 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 agreement at December 31, 2014 and 2013 was a negative cumulative fair value adjustment of \$383,463 and \$320,131, 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 (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 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 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, 2014, the financial statement date, through May 4, 2015, 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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