ANNUAL REPORT

2020

UNIFORM LAW FOUNDATION

2020 Annual Report

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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

By most indications, the worst of the pandemic is behind us. We look forward to gathering both in person and virtually in July for the ULC Annual Meeting. The resiliency and dedication of ULC's commissioners and staff are nothing short of amazing. Drafting of uniform acts has continued, as have all of ULC's ancillary functions.

Meanwhile, investment conditions generally have been favorable since last spring. The Foundation's unrestricted assets have gained steadily, and have surpassed $14 million, an increase of over 40 percent since the end of 2019. Our mission at ULF is to provide financial security and flexibility to ULC. With the help of the Foundation, ULC will maintain its capability to adapt to extraordinary conditions. While gridlock in Washington continues unabated, well-crafted state laws are needed even more.

Please join us in building a rock solid safety net for ULC, as well as the resources for ULC to expand and adjust to changing needs.

We pray that you remain safe and healthy.

Howard J Swibel

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.

Turney P. Berry
Thomas J. Buiteweg
Terry J. Care
Bruce A. Coggeshall
Jack Davies
Barry C. Hawkins
Michael Houghton
Peter F. Langrock
Gene N. Lebrun
Harry D. Leinenweber
Carl H. Lisman
Leon M. McCorkle Jr.
Thomas J. McCracken Jr.
James C. McKay Jr.
Fred H. Miller
Raymond P. Pepe
Carlyle C. Ring Jr.
Edwin E. and Katherine Smith
Frederick P. Stamp Jr.
Martha T. Starkey
Robert A. Stein
Sandra S. Stern
Craig Stowers
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.
Carl H. Lisman and Deb Smith
Leon M. McCorkle Jr.
James C. McKay Jr.
Fred H. and Marcia Miller
Carlyle C. Ring Jr.
Edwin E. and Katherine Smith
Frederick P. 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.
James C. McKay Jr.
Carlyle C. Ring Jr.
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)

Michael Houghton
Mandel Foundation

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

Jack Davies
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Craig Stowers
Harry L. Tindall

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

Turney P. Berry
Thomas J. Buiteweg
Terry J. Care
Bruce A. and Phyllis Coggeshall
Barry C. Hawkins
Peter F. Langrock
Gene N. Lebrun
Harry D. Leinenweber
Thomas J. McCracken Jr.
Raymond P. Pepe
Rockefeller & Co., Inc
Sandra S. Stern
Richard E. Speidel
Howard J. Swibel

DONOR RECOGNITION SOCIETIES

2020 Annual Campaign Leadership Society

Includes all donors who made a contribution to the ULF in 2020.

Benefactor	**$2,500 and above**
CUNA Mutual Group	Motion Picture Association, Inc.
Kikkoman Foods Foundation, Inc.	Edwin E. and Katherine Smith*
Carl H. Lisman and Deb Smith	Wisconsin Manufacturers & Commerce
Madison Gas and Electric Foundation, Inc.	Wisconsin Realtors Association

Patron	**$1,000 - $2,499**
Turney P. Berry	Fred H. and Marcia Miller
Jack Burton	David T. Prosser
Jack and Pat Davies	Frederick P. Jr. and Judy Stamp
Michael Houghton	Robert A. Stein
Hupy and Abraham, S.C.	Sandra S. Stern
Kwik Trip, Inc.	Harry L. Tindall
James C. McKay Jr.	

Fellow	**$500 - $999**
William R. Breetz	Lisa R. Jacobs
Terry J. Care	Gene N. and Pat Lebrun
Bruce A. and Phyllis Coggeshall	Donald E. Mielke
Gail Hagerty	Robert S. Toyofuku

**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

2020 Annual Campaign Leadership Society

Includes all donors who made a contribution to the ULF in 2020.

Friend	**$250 - $499**

Marlin J. Appelwick
Thomas C. Baxter
Paul W. Chaiken
Robert H. Cornell
Ellen F. Dyke
Patricia Brumfield Fry
Thomas S. Hemmendinger
Peter F. Langrock
Richard B. Long
Benjamin A. Orzeske
Arthur H. Peterson
Keith A. Rowley
Lane Shetterly
Deborah Smith
John J. Stieff

Supporter	**Up to $249**

Deborah E. Behr
Vincent C. DeLiberato, Jr.
Steven G. Frost
Thomas Geu
Norman L. Greene
Richard C. Hite
Garry W. Jenkins
Mary Jones
Elizabeth Kent*
Craig S. Long
Francis J. Pavetti
Raymond P. Pepe
Harvey S. and Susan Perlman
Martha T. Starkey
Ken H. Takayama
Louise Ellen Teitz
Michele L. Timmons
Justin L. Vigdor
James R. Wade
Lee 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.

2020 Memorial and Tribute Gifts

In Memory of Bruce A. Coggeshall

William R. Breetz
Paul W. Chaiken
Robert H. Cornell
Patricia Brumfield Fry
Peter F. Langrock
Gene N. and Pat Lebrun
Donald E. Mielke
Frederick P. and Judy Stamp

In Memory of M. Michael Cramer

Robert H. Cornell
Peter F. Langrock
Gene N. and Pat Lebrun
Arthur H. Peterson
Frederick P. and Judy Stamp

In Memory of Frank W. Daykin

Deborah E. Behr
Terry J. Care
Patricia Brumfield Fry
Gail Hagerty
Richard C. Hite
Elizabeth Kent
Peter F. Langrock
Gene N. and Pat Lebrun
Richard B. Long
Harvey S. and Susan Perlman
Arthur H. Peterson
Keith A. Rowley
Frederick P. and Judy Stamp
Martha T. Starkey

In Memory of Thomas P. Foy

John P. Burton

In Memory of Michael Getty

Robert H. Cornell
Patricia Brumfield Fry
Gail Hagerty
Michael Houghton
Elizabeth Kent
Peter F. Langrock
Gene N. and Pat Lebrun
Donald E. Mielke
Fred H. and Marcia Miller
Arthur H. Peterson
Frederick P. and Judy Stamp

In Memory of Joseph Rodgers

Patricia Brumfield Fry
Gail Hagerty
Gene N. and Pat Lebrun

In Memory of John Roney

Robert H. Cornell
Patricia Brumfield Fry

In Recognition of the Response to the Covid-19 Pandemic by Commissioners and Their Families

Deborah E. Behr

THE UNIFORM LAW FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

THE UNIFORM LAW FOUNDATION

YEARS ENDED DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, 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.

NBC Tower, Suite 1500 | 455 N. Cityfront Plaza Drive | Chicago, IL 60611-5313 | O 312.670.7444 | F 312.670.8301 | ORBA.COM

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, 2020 and 2019, 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 12, 2021

THE UNIFORM LAW FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31,		**2020**		2019
ASSETS				
Cash	**$**	**248,805**	$	215,076
Investments		**14,968,785**		10,926,405
Unconditional promises to give		**5,060**		4,775
Accrued interest receivable		**30,618**		30,694
Deferred rent receivable		**92,175**		88,785
Office condominium and improvements, net of accumulated depreciation of $838,770 in 2020 and $774,391 in 2019		**1,671,974**		1,736,354
Lease incentive, net		**62,028**		65,693
Total assets	**$**	**17,079,445**	$	13,067,782
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	**$**	**7,498**	$	7,498
Deferred rental income		**25,760**		25,271
Grants payable		**260,063**		360,025
Bond payable, net		**2,670,202**		2,666,033
Derivative liability - interest rate swap		**124,467**		148,417
Security deposit		**500,000**		500,000
Total liabilities		**3,587,990**		3,707,244
Net assets:				
Without donor restrictions		**13,358,348**		9,256,081
With donor restrictions		**133,107**		104,457
Total net assets		**13,491,455**		9,360,538
Total liabilities and net assets	**$**	**17,079,445**	$	13,067,782

See notes to financial statements.

THE UNIFORM LAW FOUNDATION

STATEMENTS OF ACTIVITIES

Years ended December 31,	2020			2019		
	Without donor restrictions	**With donor restrictions**	**Total**	Without donor restrictions	With donor restrictions	Total
Revenue:						
Contributions	**$ 34,000**	**$ 28,650**	**$ 62,650**	$ 58,990	$ 57,690	$ 116,680
Benefit dinner, net of related costs of $37,690 in 2019				32,182		32,182
Rental income	**294,078**		**294,078**	289,562		289,562
Investment return, net	**4,099,273**		**4,099,273**	2,531,848		2,531,848
Fair value adjustment on interest rate swap agreement	**23,950**		**23,950**	3,117		3,117
Grants withdrawn	**20,674**		**20,674**			
Other income				2,030		2,030
Net assets released from restrictions				30,552	(30,552)	
Total revenue	**4,471,975**	**28,650**	**4,500,625**	2,948,281	27,138	2,975,419
Expenses:						
Program expenses:						
Grants				383,465		383,465
Annual meeting expenses				30,252		30,252
Condominium association fees	**147,355**		**147,355**	139,060		139,060
Interest expense	**104,246**		**104,246**	95,665		95,665
Bond fees	**32,735**		**32,735**	32,667		32,667
Depreciation	**64,379**		**64,379**	64,379		64,379
Total program expenses	**348,715**		**348,715**	745,488		745,488

See notes to financial statements.

THE UNIFORM LAW FOUNDATION

STATEMENTS OF ACTIVITIES (CONTINUED)

Years ended December 31,	2020			2019		
	Without donor restrictions	**With donor restrictions**	**Total**	Without donor restrictions	With donor restrictions	Total
Expenses: (continued)						
Management and general expenses:						
Professional fees	**$ 16,605**		**$ 16,605**	$ 17,378		$ 17,378
Travel	**2,643**		**2,643**	3,201		3,201
Total management and general expenses	**19,248**		**19,248**	20,579		20,579
Fundraising expenses:						
Office	**1,745**		**1,745**	5,575		5,575
Other fundraising expenses				35		35
Total fundraising expenses	**1,745**		**1,745**	5,610		5,610
Total expenses	**369,708**		**369,708**	771,677		771,677
Change in net assets	**4,102,267**	**$ 28,650**	**4,130,917**	2,176,604	$ 27,138	2,203,742
Net assets, beginning of year	**9,256,081**	**104,457**	**9,360,538**	7,079,477	77,319	7,156,796
Net assets, end of year	**$ 13,358,348**	**$ 133,107**	**$ 13,491,455**	$ 9,256,081	$ 104,457	$ 9,360,538

See notes to financial statements.

THE UNIFORM LAW FOUNDATION

STATEMENTS OF CASH FLOWS

Years ended December 31,	2020	2019
Cash flows from operating activities:		
Change in net assets	**$ 4,130,917**	$ 2,203,742
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized net gain on investments	**(3,983,250)**	(2,288,296)
Deferred rent receivable	**(3,390)**	(4,644)
Amortization of bond premium	**15,245**	17,201
Depreciation	**64,379**	64,379
Amortization of lease incentive	**3,665**	3,667
Amortization of bond issuance costs	**4,169**	4,169
Fair value adjustment on interest rate swap agreement	**(23,950)**	(3,117)
(Increase) decrease in operating assets:		
Unconditional promises to give	**(285)**	(155)
Accrued interest receivable	**76**	(3,456)
Increase (decrease) in operating liabilities:		
Accounts payable		(26,207)
Grants payable	**(99,962)**	298,213
Deferred rental income	**489**	481
Net cash provided by operating activities	**108,103**	265,977
Cash flows from investing activities:		
Proceeds from sale of investments	**3,006,658**	3,951,253
Purchases of investments	**(3,081,032)**	(4,220,403)
Net cash used in investing activities	**(74,374)**	(269,150)
Net change in cash	**33,729**	(3,173)
Cash, beginning of year	**215,076**	218,249
Cash, end of year	**$ 248,805**	$ 215,076
Supplemental disclosure of cash flow information:		
Interest paid during the year	**$ 100,077**	$ 91,496

See 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 10). 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.

2. Summary of significant accounting policies (continued)

Basis of presentation: (continued)

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.

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.

2. Summary of significant accounting policies (continued)

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.

Promises to give:

Unconditional promises to give are recorded net of an allowance for doubtful accounts. Management provides for probable uncollectible accounts based on its assessment of the current status of individual accounts. An allowance for doubtful accounts is not provided as management believes all amounts are fully collectible. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. At December 31, 2020 and 2019, all unconditional promises to give are due within one year.

Conditional promises to give are not included as support until the conditions are substantially met. There were no conditional promises to give at December 31, 2020 and 2019.

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

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 recognizes grants to the National Conference of Commissioners on Uniform State Laws as expenses at the time at which the grants are authorized.

2. Summary of significant accounting policies (continued)

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.

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 accordance 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 through May 12, 2021, the date the financial statements were available to be issued.

3. COVID-19 impact

On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy.

The potential impact of the pandemic on the Foundation's financial and business activities may be felt for several years. The most significant financial activities of the Foundation result from donation and investment activities, neither of which saw a material negative impact in 2020. Diversification of the stock portfolio, with representation in technology, healthcare, retail, and financial companies, would likely prevent a significant loss if a particular segment suffers. The annual gala, held in conjunction with the Conference's annual meeting, was not held in 2020, nor will it be in 2021. Loss of this event does not have a large financial impact, just the opportunity to keep the Foundation in the minds of the gala's attendees.

3. COVID-19 impact (continued)

The Foundation's management believes that the ultimate impact of the COVID-19 pandemic on its operating results, cash flows, and financial condition is likely to be determined by factors which are uncertain, unpredictable, and outside of the Foundation's control. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially impact the Foundation's results.

4. Liquidity and availability

December 31,	**2020**	2019
Financial assets at year-end:		
Cash	**$ 248,805**	$ 215,076
Investments	**14,968,785**	10,926,405
Unconditional promises to give	**5,060**	4,775
Accrued interest receivable	**30,618**	30,694
Total financial assets	**15,253,268**	11,176,950
Less amounts not available to be used within one year:		
Bond sinking fund investments, internally designated	**1,329,280**	1,226,726
Net assets with donor restrictions	**133,107**	104,457
Board-designated net assets	**43,490**	38,340
Total amounts not available to be used within one year	**1,505,877**	1,369,523
Financial assets available to meet general expenditures within the next year	**$ 13,747,391**	$ 9,807,427

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.

4. Liquidity and availability (continued)

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 $490,500 for qualifying grants in 2021.

As described in Note 10, 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.

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.

Management monitors liquidity throughout the year through a monthly review of financial reports.

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's debt instruments bear interest at rates between 0.125% and 9.15% and mature at various dates through February 2050.

The Foundation has designated approximately $1,300,000 of investments for repayment of its outstanding bond obligation when it becomes due in July 2037.

6. 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, 2020:

December 31, 2020	Total	Level 1	Level 2
Recurring fair value measurements:			
Assets:			
Investments:			
Common stock	**$ 11,364,491**	**$ 11,364,491**	
Bonds and notes	**2,008,676**	**2,008,676**	
Mutual funds	**615,674**	**615,674**	
Preferred securities	**212,344**	**212,344**	
Convertible securities	**203,668**	**203,668**	
U.S. Government agency securities	**198,568**	**198,568**	
Municipal securities	**150,652**	**150,652**	
Real estate investment trusts	**129,637**	**129,637**	
Asset backed securities	**85,075**		**$ 85,075**
Total investments	**14,968,785**	**14,883,710**	**85,075**
Liability:			
Interest rate swap derivative	**(124,467)**		**(124,467)**
Total recurring fair value measurements	**$ 14,844,318**	**$ 14,883,710**	**$ (39,392)**

6. Fair value of financial instruments (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of December 31, 2019:

December 31, 2019	Total	Level 1	Level 2
Recurring fair value measurements:			
Assets:			
Investments:			
Common stock	$ 7,476,435	$ 7,476,435	
Bonds and notes	1,952,937	1,952,937	
Mutual funds	596,679	596,679	
Preferred securities	152,194	152,194	
Municipal securities	144,906	144,906	
U.S. Government agency securities	144,650	144,650	
Real estate investment trusts	133,993	133,993	
Convertible securities	113,628	113,628	
Asset backed securities	130,146		$ 130,146
Money market instruments	80,837		80,837
Total investments	10,926,405	10,715,422	210,983
Liability:			
Interest rate swap derivative	(148,417)		(148,417)
Total recurring fair value measurements	$ 10,777,988	$ 10,715,422	$ 62,566

6. 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 Level 1 investments is based on quoted prices in active markets.

The fair value of the money market instruments is estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable.

The fair value of asset backed securities is a model-derived valuation in which all significant inputs and significant value drivers are observable 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.

7. Grants

Grants payable are as follows:

December 31,	**2020**	2019
National Conference of Commissioners on Uniform State Laws:		
Grant Writing Support Program	**$ 210,147**	$ 282,952
International Committee Consultant		27,157
Legislative Video Pilot Program	**25,000**	25,000
ULC Scope Coordinator	**20,000**	20,000
Document Scanning Project	**4,916**	4,916
Total grants payable	**$ 260,063**	$ 360,025

Previously authorized grants of $20,674, for the International Committee Consultant, expired during the year ended December 31, 2020. No new grants were authorized during the year ended December 31, 2020.

Grants authorized during the year ended December 31, 2019 consisted of the following:

Year ended December 31, 2019	
National Conference of Commissioners on Uniform State Laws:	
Grant Writing Support Program	$ 300,000
International Committee Consultant	37,913
Legislative Video Pilot Program	25,000
ULC Scope Coordinator	20,000
Consumer Participation Fund	552
Total grants expense	$ 383,465

8. Net assets with donor restrictions

Net assets with donor restrictions are as follows:

December 31,	**2020**	2019
Purpose restricted:		
Annual meetings and benefit dinner	**$ 84,500**	$ 61,000
Consumer Participation Fund	**42,216**	37,066
Commercial Finance Association to support drafting projects	**5,391**	5,391
Legislative summit	**1,000**	1,000
Total net assets with donor restrictions	**$ 133,107**	$ 104,457

During the year ended December 31, 2019, net assets were released from donor restrictions by incurring expenses satisfying purpose restrictions as follows:

Year ended December 31, 2019	
Purpose restricted:	
Annual meetings and benefit dinner	$ 30,000
Consumer Participation Fund	552
Total net assets released from donor restrictions	$ 30,552

There were no net assets released from donor restrictions during year ended December 31, 2020.

9. Board-designated net assets

The Trustees of the Foundation have 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. At December 31, 2020 and 2019, the Foundation had matched $43,490 and $38,340, respectively.

10. 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 its bank. As of December 31, 2020 and 2019, there was no receivable balance on this line of credit.

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, 2020 and 2019 was approximately $294,000 and $290,000, 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
2021	$ 300,242
2022	306,248
2023	312,372
2024	318,620
2025	324,992
Thereafter	4,411,026
Total	$ 5,973,500

10. 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. 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 the years ended December 31, 2020 and 2019, the lease incentive amortization was $3,665 and $3,667, respectively.

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

11. 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 (0.13% at December 31, 2020). 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.

The Foundation has assigned and pledged the rents received to secure payment of the principal and interest on the bond. None of the Foundation's investment assets are pledged, which allows the Foundation to optimize its investment earnings without federal tax law limitations. 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, 2020 and 2019, 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.

11. Bond payable (continued)

Bond payable is as follows:

December 31,	**2020**	2019
Bond payable	**$ 2,740,000**	$ 2,740,000
Less unamortized bond issuance costs	**69,798**	73,967
Bond payable, net	**$ 2,670,202**	$ 2,666,033

12. 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, 2020 and 2019 was a negative cumulative fair value adjustment of $124,467 and $148,417, 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.

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.

The letter of credit is collateralized 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 FOUNDATION

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