

# Annual Report

UNIFORM LAW FOUNDATION

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2021



# 2021 Annual Report

## **Table of Contents:**

Trustees and Mission Statement . . . . .	2
Message from the Chairman . . . . .	3
Donor Recognition Societies . . . . .	4
Memorial and Tribute Gifts . . . . .	8
Independent Auditors' Report . . . . .	9

# TRUSTEES AND MISSION STATEMENT

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## Trustees

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Howard J. Swibel, *Chair*

Michael Houghton

Edwin E. Smith

Martha T. Starkey

Charles A. Trost, *Emeritus*

Steve Wilborn

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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

My fellow Trustees and I look forward to ULC's upcoming Annual Meeting in Philadelphia in July. Despite lingering Covid challenges, ULC has kept its 'pedal to the metal,' studying, drafting and polishing proposed Uniform Acts.

Not surprisingly, the Foundation's unrestricted assets have been negatively impacted by the adverse stock market conditions. So this is an especially opportune time to donate to the Foundation. As is readily apparent, ULC continues to pursue its mission with vigor and confidence—as well as with peace of mind, knowing that the Foundation provides ULC with financial flexibility and stability.

We continue to pray for your safety and health.

A handwritten signature in black ink that reads "Howard J. Swibel". The signature is written in a cursive, flowing style.

Howard J. Swibel, *Chair*  
Michael Houghton  
Edwin Smith  
Martha T. Starkey  
Charles A. Trost, *Emeritus*  
Steve Wilborn

# DONOR RECOGNITION SOCIETIES

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## Lifetime Fellows

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

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

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## Distinguished Donor Society

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

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

Baxter Healthcare Corp.  
C.T. Corp. – A Wolters Kluwer Business  
LexisNexis  
Carl H. Lisman and Deb Smith  
Leon M. McCorkle Jr.  
James C. McKay Jr.  
Fred H. and Marcia Miller  
Motion Picture Association of America  
Carlyle C. Ring Jr.  
Edwin E. and Katherine Smith  
Frederick P. Jr. and Judy Stamp

## 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

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## **Distinguished Donor Society continued**

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### **REHNQUIST CIRCLE continued**

Martha T. Starkey and Ron Schwier  
Robert A. Stein  
Steve Wilborn  
Wisconsin Delegation

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

Michael Houghton  
Mandel Foundation

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

Jack Davies  
Barry C. Hawkins  
Elizabeth Kent  
Craig Stowers  
Harry L. Tindall  
Wyatt, Tarrant and Combs, LLP

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

AARP  
Altria Group Inc.  
Turney P. Berry  
Thomas J. Buiteweg  
Jack Burton  
Terry J. Care  
Bruce A. and Phyllis Coggeshall  
Collaborative Law Institute of Texas, Inc.  
Greater Madison Convention and Visitors Bureau  
Peter F. Langrock  
Gene N. Lebrun

Harry D. Leinenweber  
Thomas J. McCracken Jr.  
Microsoft  
Raymond P. Pepe  
Rockefeller and Co., Inc  
Sandra S. Stern  
Richard E. Speidel  
State Bar of Wisconsin  
Howard J. Swibel  
Thomson Reuters

# DONOR RECOGNITION SOCIETIES

## 2021 Annual Campaign Leadership Society

*Includes all donors who made a contribution to the ULF in 2021.*

<b>Benefactor</b>	<b>\$2,500 and above</b>
Greater Madison Convention & Visitors Bureau	Steve Wilborn
Motion Picture Association, Inc.	Wisconsin Delegation
Carl H. Lisman	
Deb Smith	
Edwin E. and Katherine Smith*	

  

<b>Patron</b>	<b>\$1,000 - \$2,499</b>
William Barrett	Barry Hawkins *
Thomas Buiteweg	Thomas Hemmendinger
Jack Burton	Michael Houghton
Richard Cassidy	Bill Leckerling
Paul Chaiken*	James C. McKay Jr.
Jack and Pat Davies	Fred H. and Marcia Miller
Steven Frost	Frederick P. and Judy Stamp
Jerry Guillot	Lee Yeakel

  

<b>Fellow</b>	<b>\$500 - \$999</b>
Gail Hagerty	Leon McCorkle Jr.
Bruce Lisman	David Prosser
Craig S. Long	Wells Fargo and Company.

*\*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

## 2021 Annual Campaign Leadership Society

*Includes all donors who made a contribution to the ULF in 2021*

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### Friend

**\$250 - \$499**

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Marlin J. Appelwick	Gene Lebrun
Thomas C. Baxter	Josh Lisman
Timothy Berg	Samuel Lisman
Vincent Cardi	Donald Mielke
Lani Ewart	Benjamin A. Orzeske
Patricia Brumfield Fry	Harvey Perlman
Norman L. Greene	Lane Shetterly
Harry Haynsworth	John Stieff
Peter F. Langrock	Michele L. Timmons

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### Supporter

**Up to \$249**

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Molly Ackerly	Robert McCurley
Deborah E. Behr	Susan Nichols
David Biklen*	Ann Park
Carl Bjerre	Arthur Peterson
Robert Botjer	Battle Robinson
Thomas Edmonds	Maggie Rosa
Nancy Felder	Aaron Smith
Adrienne Feldman Mittelman	Christopher Smith
Jess Hale	Dillon Smith
Robert Hayes	Michael Sullivan
Garry W. Jenkins	Ken H. Takayama
Elizabeth Kent*	Louise Ellen Teitz
Richard Long	Cinder Thrane

*Note: every effort was made to accurately recognize all those who donated to the Uniform Law Foundation. Please contact Trisha Farrell-Cox (312-450-6609 or [tc Cox@uniformlaws.org](mailto:tc Cox@uniformlaws.org)) to report any discrepancies.*



# 2021 MEMORIAL AND TRIBUTE GIFTS

**In Memory of Bruce A. Coggeshall**

Gail Hagerty

**In Memory of Michael Cramer**

Gail Hagerty

**In Memory of Neal Ossen**

David Biklen

**In Memory of Richard E. Ford**

Vincent Cardi

**In Memory of Thomas P. Foy**

Jack Burton

**In Memory of William C. Hillman**

Patricia Brumfield Fry

Gail Hagerty

Thomas Hemmendinger

Peter F. Langrock

Fred H. and Marcia Miller

**In Memory of Thomas L. Jones**

Robert McCurley

**In Memory of Norman Krivosh**

Gail Hagerty

Fred H. and Marcia Miller

**In Memory of Carlyle C. Ring Jr.**

Deborah E. Behr

Patricia Brumfield Fry

Gail Hagerty

Elizabeth Kent

Peter F. Langrock

Gene Lebrun

Richard Long

Leon M. McCorkle Jr.

Donald Mielke

Fred H. and Marcia Miller

Arthur Peterson

Battle Robinson

Frederick P. and Judy Stamp

**THE UNIFORM LAW FOUNDATION**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

# **THE UNIFORM LAW FOUNDATION**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

## CONTENTS

	Page
<b>Independent auditors' report</b>	1-2
<b>Financial statements:</b>	
Statements of financial position	3
Statements of activities	4-5
Statements of cash flows	6
Notes to financial statements	7-19



## **Independent Auditors' Report**

Board of Trustees  
The Uniform Law Foundation

### **Opinion**

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, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



May 31, 2022

# THE UNIFORM LAW FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

December 31,	2021	2020
<b>ASSETS</b>		
Cash	\$ 323,347	\$ 248,805
Investments	16,389,578	14,968,785
Unconditional promises to give	3,275	5,060
Accrued interest receivable	30,756	30,618
Deferred rent receivable	94,340	92,175
Office condominium and improvements, net of accumulated depreciation of \$903,149 in 2021 and \$838,770 in 2020	1,607,595	1,671,974
Lease incentive, net	58,361	62,028
<b>Total assets</b>	<b>\$ 18,507,252</b>	<b>\$ 17,079,445</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 6,398	\$ 7,498
Deferred rental income	26,260	25,760
Grants payable	360,063	260,063
Bond payable, net	2,674,370	2,670,202
Derivative liability - interest rate swap	35,623	124,467
Security deposit	500,000	500,000
<b>Total liabilities</b>	<b>3,602,714</b>	<b>3,587,990</b>
Net assets:		
Without donor restrictions	14,824,562	13,358,348
With donor restrictions	79,976	133,107
<b>Total net assets</b>	<b>14,904,538</b>	<b>13,491,455</b>
<b>Total liabilities and net assets</b>	<b>\$ 18,507,252</b>	<b>\$ 17,079,445</b>

See notes to financial statements.

**THE UNIFORM LAW FOUNDATION**

STATEMENTS OF ACTIVITIES

Years ended December 31,	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>Revenue:</b>						
Contributions	\$ 59,371	\$ 23,572	\$ 82,943	\$ 34,000	\$ 28,650	\$ 62,650
Rental income	298,741		298,741	294,078		294,078
Investment return, net	1,476,661		1,476,661	4,099,273		4,099,273
Fair value adjustment on interest rate swap agreement	88,844		88,844	23,950		23,950
Grants withdrawn				20,674		20,674
Net assets released from restrictions	76,703	(76,703)				
<b>Total revenue</b>	<b>2,000,320</b>	<b>(53,131)</b>	<b>1,947,189</b>	<b>4,471,975</b>	<b>28,650</b>	<b>4,500,625</b>
<b>Expenses:</b>						
<b>Program expenses:</b>						
Grants	100,881		100,881			
Annual meeting expenses	76,010		76,010			
Condominium association fees	145,316		145,316	147,355		147,355
Interest expense	95,331		95,331	104,246		104,246
Bond fees	32,668		32,668	32,735		32,735
Depreciation	64,379		64,379	64,379		64,379
<b>Total program expenses</b>	<b>514,585</b>		<b>514,585</b>	<b>348,715</b>		<b>348,715</b>

*See notes to financial statements.*

## THE UNIFORM LAW FOUNDATION

### STATEMENTS OF ACTIVITIES (CONTINUED)

Years ended December 31,	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Expenses: (continued)						
Management and general expenses:						
Professional fees	\$ 17,062		\$ 17,062	\$ 16,605		\$ 16,605
Bad debt expense	185		185			
Travel				2,643		2,643
Total management and general expenses	17,247		17,247	19,248		19,248
Fundraising expenses:						
Office	1,874		1,874	1,745		1,745
Other fundraising expenses	400		400			
Total fundraising expenses	2,274		2,274	1,745		1,745
Total expenses	534,106		534,106	369,708		369,708
Change in net assets	1,466,214	\$ (53,131)	1,413,083	4,102,267	\$ 28,650	4,130,917
Net assets, beginning of year	13,358,348	133,107	13,491,455	9,256,081	104,457	9,360,538
Net assets, end of year	\$ 14,824,562	\$ 79,976	\$ 14,904,538	\$ 13,358,348	\$ 133,107	\$ 13,491,455

*See notes to financial statements.*



## THE UNIFORM LAW FOUNDATION

### STATEMENTS OF CASH FLOWS

Years ended December 31,	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 1,413,083	\$ 4,130,917
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized net gain on investments	(1,365,063)	(3,983,250)
Deferred rent receivable	(2,165)	(3,390)
Amortization of bond premium	18,234	15,245
Depreciation	64,379	64,379
Amortization of lease incentive	3,667	3,665
Amortization of bond issuance costs	4,168	4,169
Fair value adjustment on interest rate swap agreement	(88,844)	(23,950)
(Increase) decrease in operating assets:		
Unconditional promises to give	1,785	(285)
Accrued interest receivable	(138)	76
Increase (decrease) in operating liabilities:		
Accounts payable	(1,100)	
Deferred rental income	500	489
Grants payable	100,000	(99,962)
Net cash provided by operating activities	148,506	108,103
Cash flows from investing activities:		
Proceeds from sale of investments	4,288,471	3,006,658
Purchases of investments	(4,362,435)	(3,081,032)
Net cash used in investing activities	(73,964)	(74,374)
Net change in cash	74,542	33,729
Cash, beginning of year	248,805	215,076
Cash, end of year	\$ 323,347	\$ 248,805
Supplemental disclosure of cash flow information:		
Interest paid during the year	\$ 91,162	\$ 100,077

*See notes to financial statements.*

# THE UNIFORM LAW FOUNDATION

## 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.

# THE UNIFORM LAW FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 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 the 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 the 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.

# **THE UNIFORM LAW FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **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 that 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, 2021 and 2020, 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, 2021 and 2020.

#### **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.

# **THE UNIFORM LAW FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **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 31, 2022, the date the financial statements were available to be issued.

As discussed in Note 12, the swap agreement expired on May 31, 2022 and was not renewed.

### **3. COVID-19 impact**

The COVID-19 pandemic has not had a significant impact on the Foundation's operations and financial position. The most significant financial activities of the Foundation result from donation and investment activities, neither of which saw a material negative impact in 2021 or 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. Potential longer term economic impacts resulting from the COVID-19 pandemic are unknown currently.

# THE UNIFORM LAW FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 4. Liquidity and availability

December 31,	2021	2020
Financial assets at year-end:		
Cash	\$ 323,347	\$ 248,805
Investments	16,389,578	14,968,785
Unconditional promises to give	3,275	5,060
Accrued interest receivable	30,756	30,618
<b>Total financial assets</b>	<b>16,746,956</b>	15,253,268
Less amounts not available to be used within one year:		
Bond sinking fund investments, internally designated	1,368,577	1,329,280
Net assets with donor restrictions	79,976	133,107
Board-designated net assets	50,000	43,490
<b>Total amounts not available to be used within one year</b>	<b>1,498,553</b>	1,505,877
Financial assets available to meet general expenditures within the next year	\$ 15,248,403	\$ 13,747,391

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

The Foundation was established for the purpose of making funds available for study, research and development, and educational efforts, carried out by, or in support of the activities of, the National Conference of Commissioners on Uniform State Laws (the Conference). Consequently, grants to the Conference are the primary operating expense of the Foundation. The Foundation's current policy is to limit grant authorizations in a year to 5% of the four-year average of unrestricted investment balances. That policy yields availability of up to \$575,000 for qualifying grants in 2022.

# **THE UNIFORM LAW FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **4. Liquidity and availability (continued)**

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 0.00% and 9.15% and mature at various dates through February 2049.

The Foundation has designated approximately \$1,368,000 of investments for repayment of its outstanding bond obligation when it becomes due in July 2037.

# THE UNIFORM LAW FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 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, 2021:

<b>December 31, 2021</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>
<b>Recurring fair value measurements:</b>			
<b>Assets:</b>			
<b>Investments:</b>			
Common stock	\$ 12,802,124	\$ 12,802,124	
Bonds and notes	1,949,607	1,949,607	
Mutual funds	606,149	606,149	
Preferred securities	215,636	215,636	
Convertible securities	186,138	186,138	
U.S. Government agency securities	245,569	245,569	
Municipal securities	133,792	133,792	
Real estate investment trusts	177,471	177,471	
Asset backed securities	48,217		\$ 48,217
Exchange-traded funds	24,875	24,875	
<b>Total investments</b>	<b>16,389,578</b>	<b>16,341,361</b>	<b>48,217</b>
<b>Liability:</b>			
Interest rate swap derivative	(35,623)		(35,623)
<b>Total recurring fair value measurements</b>	<b>\$ 16,353,955</b>	<b>\$ 16,341,361</b>	<b>\$ 12,594</b>



# THE UNIFORM LAW FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 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, 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
<b>Total investments</b>	<b>14,968,785</b>	<b>14,883,710</b>	<b>85,075</b>
Liability:			
Interest rate swap derivative	(124,467)		(124,467)
<b>Total recurring fair value measurements</b>	<b>\$ 14,844,318</b>	<b>\$ 14,883,710</b>	<b>\$ (39,392)</b>

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 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 UNIFORM LAW FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 6. Fair value of financial instruments (continued)

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,	2021	2020
National Conference of Commissioners on Uniform State Laws:		
Grant Writing Support Program	\$ 210,147	\$ 210,147
Document Scanning Project	104,916	4,916
Legislative Video Pilot Program	25,000	25,000
ULC Scope Coordinator	20,000	20,000
Total grants payable	\$ 360,063	\$ 260,063

During the year ended December 31, 2021, a grant of \$100,000, for the Document Scanning Project, was authorized to the National Conference of Commissioners on Uniform State Laws.

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.

# THE UNIFORM LAW FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 8. Net assets with donor restrictions

Net assets with donor restrictions are as follows:

December 31,	2021	2020
Purpose restricted:		
Annual meetings and benefit dinner	\$ 25,000	\$ 84,500
Consumer Participation Fund	49,465	42,216
Commercial Finance Association to support drafting projects	4,511	5,391
Legislative summit	1,000	1,000
Total net assets with donor restrictions	\$ 79,976	\$ 133,107

During the year ended December 31, 2021, net assets were released from donor restrictions by incurring expenses satisfying purpose restrictions as follows:

Year ended December 31, 2021	
Purpose restricted:	
Annual meetings and benefit dinner	\$ 75,822
Commercial Finance Association to support drafting projects	881
Total net assets released from donor restrictions	\$ 76,703

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, 2021 and 2020, the Foundation had matched \$50,000 and \$43,490, respectively.

# THE UNIFORM LAW FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 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, 2021 and 2020, 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 was approximately \$154,000 for each of the years ended December 31, 2021 and 2020. 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
2022	\$ 306,248
2023	312,372
2024	318,620
2025	324,992
2026	331,492
Thereafter	4,079,534
Total	\$ 5,673,258

# **THE UNIFORM LAW FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **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, 2021 and 2020, the lease incentive amortization was \$3,667 and \$3,665, 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 (0.14% at December 31, 2021). 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, 2021 and 2020, 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.

# THE UNIFORM LAW FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 11. Bond payable (continued)

Bond payable is as follows:

December 31,	2021	2020
Bond payable	\$ 2,740,000	\$ 2,740,000
Less unamortized bond issuance costs	65,630	69,798
Bond payable, net	\$ 2,674,370	\$ 2,670,202

### 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, 2021 and 2020 was a negative cumulative fair value adjustment of \$35,623 and \$124,467, 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.



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