UNIFORM LAW FOUNDATION

UNIFORM LAW FOUNDATION
ANNUAL REPORT

2022

2022 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

My fellow Trustees and I look forward to gathering in Hawaii in July for the ULC Annual Meeting. We are happy to report that ULC law-making activities are in full stride, at pre-pandemic levels. Drafting committee Spring meetings were almost all *in-person*. The ULC has weathered this unprecedented storm, while continuing the vital work of drafting and enacting Uniform Acts.

While the ULC is charging forward at full force, the Foundation's investment assets have not yet fully recovered from the stock market volatility during the last two years. This is an especially appropriate time to contribute to the Foundation. We encourage everyone to consider a donation to the Foundation. Donated funds help the ULC continue its good work, without interruption, and with confidence.

We look forward to what lies ahead and wish you all continued health.

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.

Timothy J. Berg
Turney P. Berry
William R. Breetz
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Jack Burton
Terry J. Care
Jack Davies
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Peter F. Langrock
Gene N. Lebrun
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Fred H. Miller
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Frederick P. Stamp Jr.
Martha T. Starkey
Robert A. Stein
Sandra S. Stern
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Harry L. Tindall
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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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James C. McKay Jr.
Fred H. and Marcia Miller
Motion Picture Association of America
Pennsylvania Delegation
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.
Edwin E. Smith
Martha T. Starkey
Robert A. Stein
John J. Stieff
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DONOR RECOGNITION SOCIETIES

Distinguished Donor Society *continued*

REHNQUIST CIRCLE *continued*

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Robert A. Stein
Steve Wilborn
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DONOR RECOGNITION SOCIETIES

2022 Annual Campaign Leadership Society

Includes all donors who made a contribution to the ULF in 2022

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Thomson Reuters
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John P. Burton
Jack Davies
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Robert A. Stein
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Michael N. Tanoue
Harry L. Tindall

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William R. Breetz
David J. Clark
Kenneth D. Dean
Eckert Seamans Cherin & Mellot, LLC
Gail Hagerty
Harry J. Haynsworth IV
Gene N. Lebrun
Craig S. Long
Donald E. Mielke

**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

2022Annual Campaign Leadership Society

Includes all donors who made a contribution to the ULF in 2022

Friend **$250 - $499**

Marlin J. Appelwick
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Arthur H. Peterson
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Battle R. Robinson
Louise Ellen Teitz
Charles A. Trost
Russell G. Walker
Nora Winkelman

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 tcox@uniformlaws.org) to report any discrepancies.

2022 Memorial and Tribute Gifts

In Memory of Marion W. Benfield
Shelley Jones
Peter F. Langrock
Gene N. Lebrun
Donald E. Mielke
Fred H. Miller
Arthur H. Peterson
Charles A. Trost
Lee Yeakel

In Memory of Thomas P. Foy
Jack Burton

In Memory of Richard C. Hite
Peter F. Langrock
Gene N. Lebrun
Howard J. Swibel

In Memory of Thomas L. Jones
Robert McCurley

In Memory of Reed L. Martineau
Peter F. Langrock
Gene N. Lebrun

In Memory of Peden B. McLeod
Peter F. Langrock

In Memory of Carlyle C. Ring Jr.
Diane Carroll
Jane Ring

In Memory of Wayne Stehnejem
Patricia Brumfield Fry

In Memory of Craig Stowers
Lee Yeakel

THE UNIFORM LAW FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

THE UNIFORM LAW FOUNDATION

YEAR ENDED DECEMBER 31, 2022

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Independent Auditors' Report

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Opinion

We have audited the accompanying financial statements of The Uniform Law Foundation, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Uniform Law Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Uniform Law Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 Uniform Law 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 Uniform Law 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.

Ostrow Reisin Berk & Abrams, Ltd.

April 28, 2023

THE UNIFORM LAW FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2022	
ASSETS	
Cash	$ 276,972
Investments	11,660,560
Unconditional promises to give	20,745
Accrued interest receivable	32,752
Deferred rent receivable	138,600
Office condominium and improvements, net of accumulated depreciation of $967,528	1,543,216
Lease incentive, net	54,694
Total assets	$ 13,727,539
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable	$ 9,222
Deferred rental income	26,769
Grants payable	331,722
Bond payable, net	2,678,539
Security deposit	500,000
Total liabilities	3,546,252
Net assets:	
Without donor restrictions	10,066,911
With donor restrictions	114,376
Total net assets	10,181,287
Total liabilities and net assets	$ 13,727,539

See notes to financial statements.

THE UNIFORM LAW FOUNDATION

STATEMENT OF ACTIVITIES

Year ended December 31, 2022	Without donor restrictions	With donor restrictions	Total
Revenue:			
Contributions	$ 66,998	$ 36,400	$ 103,398
Benefit dinner, net of direct benefit to donors of $134,385	(22,430)		(22,430)
Lease revenue	346,841		346,841
Investment return, net	(4,839,997)		(4,839,997)
Fair value adjustment on interest rate swap agreement	35,623		35,623
Net assets released from restrictions	2,000	(2,000)	
Total revenue (loss)	(4,410,965)	34,400	(4,376,565)
Expenses:			
Program expenses:			
Annual meeting expenses	2,563		2,563
Condominium association fees	140,934		140,934
Interest expense	65,984		65,984
Bond fees	31,292		31,292
Depreciation	64,379		64,379
Total program expenses	305,152		305,152

See notes to financial statements.

THE UNIFORM LAW FOUNDATION

STATEMENT OF ACTIVITIES (CONTINUED)

Year ended December 31, 2022	Without donor restrictions	With donor restrictions	Total
Expenses: (continued)			
Management and general expense:			
Professional fees	$ 37,633		$ 37,633
Fundraising expenses:			
Office	3,799		3,799
Other fundraising expenses	102		102
Total fundraising expenses	3,901		3,901
Total expenses	346,686		346,686
Change in net assets	(4,757,651)	$ 34,400	(4,723,251)
Net assets, beginning of year	14,824,562	79,976	14,904,538
Net assets, end of year	$ 10,066,911	$ 114,376	$ 10,181,287

See notes to financial statements.

THE UNIFORM LAW FOUNDATION

STATEMENT OF CASH FLOWS

Year ended December 31, 2022	
Cash flows from operating activities:	
Change in net assets	$ (4,723,251)
Adjustments to reconcile change in net assets	
to net cash provided by operating activities:	
Realized and unrealized net loss on investments	4,967,208
Deferred rent receivable	(44,260)
Amortization of bond premium	18,367
Depreciation	64,379
Amortization of lease incentive	3,667
Amortization of bond issuance costs	4,169
Fair value adjustment on interest rate swap agreement	(35,623)
Increase in operating assets:	
Unconditional promises to give	(17,470)
Accrued interest receivable	(1,996)
Increase (decrease) in operating liabilities:	
Accounts payable	2,824
Deferred rental income	509
Grants payable	(28,341)
Net cash provided by operating activities	210,182
Cash flows from investing activities:	
Proceeds from sale of investments	1,688,024
Purchases of investments	(1,944,581)
Net cash used in investing activities	(256,557)
Net change in cash	(46,375)
Cash, beginning of year	323,347
Cash, end of year	$ 276,972
Supplemental disclosure of cash flow information:	
Interest paid during the year	$ 61,815

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 9). The Foundation is governed by the laws of the state of Illinois and is managed by a Board of Trustees.

The Foundation has received a determination letter from the Internal Revenue Service that it is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Contributions to the Foundation are deductible for income tax purposes within limitations of the law.

2. Summary of significant accounting policies

Recent accounting pronouncement:

Effective January 1, 2022, the Foundation adopted ASU 2016-02, *Leases (Topic 842)* using the modified retrospective transition method. This guidance requires the Foundation to determine whether a contract is a lease at the contract's inception. As a lessor, identified leases are subsequently measured, classified, and recognized at lease commencement as either a sales-type lease, a direct financing lease, or an operating lease. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The Foundation elected the package of practical expedients to not reassess: (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases and (3) initial direct costs for any existing leases. In addition, the Foundation elected to use hindsight to determine the lease terms of existing leases.

A lessor's accounting for operating leases under Topic 842 remains the same as under the extant accounting requirements in Topic 840. As a result, there were no adjustments required upon adoption of Topic 842.

Basis of accounting:

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

2. Summary of significant accounting policies (continued)

Basis of presentation:

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

> **Net assets without donor restrictions** - Net assets available to finance the general operations of the Foundation. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation and the environment in which it operates.
>
> **Net assets with donor restrictions** - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such that they will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that 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 statement 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.

2. Summary of significant accounting policies (continued)

Office condominium:

The office condominium is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the office condominium.

Amortization of lease incentives:

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

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, 2022, 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, 2022.

Deferred rent receivable:

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

2. Summary of significant accounting policies (continued)

Lease revenue:

The Foundation's lease revenue consists of lease revenue earned and recognized on a straight-line basis over the contractual terms of the operating lease agreement. The contract includes a single lease component – the right to use the condominium.

Grants to the Conference:

The Foundation recognizes grants to the Conference as expenses at the time at which the grants are authorized.

Bond issuance costs:

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

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.

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 April 28, 2023, the date the financial statements were available to be issued.

3. Liquidity and availability

December 31, 2022	
Financial assets at year-end:	
Cash	$ 276,972
Investments	11,660,560
Unconditional promises to give	20,745
Accrued interest receivable	32,752
Total financial assets	11,991,029
Less amounts not available to be used within one year:	
Bond sinking fund investments, internally designated	1,276,371
Net assets with donor restrictions	114,376
Board-designated net assets	50,000
Total amounts not available to be used within one year	1,440,747
Financial assets available to meet general expenditures within the next year	$ 10,550,282

Donations without donor restrictions, investment earnings, lease revenue 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 meetings 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 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 $612,000 for qualifying grants in 2023.

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

3. Liquidity and availability (continued)

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

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

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

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'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 $1,276,000 of investments for repayment of its outstanding bond obligation when it becomes due in July 2037.

5. 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, 2022:

December 31, 2022	Total	Level 1	Level 2
Recurring fair value measurements:			
Investments:			
Common stock	$ 8,486,100	$ 8,486,100	
Bonds and notes	1,787,004	1,787,004	
Mutual funds	474,655	474,655	
Preferred securities	133,813	133,813	
Convertible securities	166,495	166,495	
U.S. Government agency securities	123,633	123,633	
Municipal securities	101,997	101,997	
Real estate investment trusts	134,070	134,070	
Asset backed securities	112,053		$ 112,053
Money market funds	73,794		73,794
Exchange-traded funds	66,946	66,946	
Total recurring fair value measurements	$ 11,660,560	$ 11,474,713	$ 185,847

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

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.

6. Grants

Grants payable are as follows:

December 31, 2022		
National Conference of Commissioners		
on Uniform State Laws:		
Grant Writing Support Program	$	210,147
Document Scanning Project		76,575
Legislative Video Pilot Program		25,000
ULC Scope Coordinator		20,000
Total grants payable	$	331,722

No new grants were authorized to the Conference in 2022.

7. Net assets with donor restrictions

Net assets with donor restrictions are as follows:

December 31, 2022		
Purpose restricted:		
Annual meetings and benefit dinner	$	58,700
Consumer Participation Fund		50,165
Commercial Finance Association to support drafting projects		4,511
Legislative summit		1,000
Total net assets with donor restrictions	$	114,376

During the year ended December 31, 2022, net assets of $2,000 were released from donor restrictions by incurring expenses related to the annual meetings and benefit dinner, thereby satisfying the purpose restriction.

8. 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, 2022, the Foundation had matched $50,000.

9. Related party transactions

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

The Foundation 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, 2022, there was no receivable balance on this line of credit.

The Foundation leases its office condominium to the Conference. The lease is classified as an operating lease and is effective through November 30, 2037. The lease provides the Conference 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. The Foundation is responsible for condominium assessment fees and other related costs.

Total lease revenue consists of the following:

Year ended December 31, 2022	
Lease revenue relating to lease payments	$ 346,841

The following is the carrying amount of the underlying asset related to the operating lease:

December 31, 2022	
Office condominium and improvements	$ 2,510,744
Less accumulated depreciation	967,528
Total office condominium and improvements, net	$ 1,543,216

9. Related party transactions (continued)

The future minimum rentals to be received are as follows:

Year ending December 31:	Amount
2023	$ 312,372
2024	318,620
2025	324,992
2026	331,492
2027	338,122
Thereafter	3,741,409
Total	$ 5,367,007

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 lease revenue. For the year ended December 31, 2022, the lease incentive amortization was $3,667.

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

10. Bond payable

On July 1, 2007, the Illinois Finance Authority issued $2,740,000 Variable Rate Community Facility Revenue Bonds (The Uniform Law Foundation Project) Series 2007. The bond proceeds were issued to finance the costs of the acquisition, renovations and equipping of an approximately 9,381 square foot commercial office condominium in downtown Chicago.

The bond, which is due at maturity on July 1, 2037, bears interest at a weekly adjustable rate, payable monthly (3.76% at December 31, 2022). 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.

10. Bond payable (continued)

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 year ended December 31, 2022, the Foundation was in compliance with all covenants.

Under the terms of an amended guaranty agreement dated September 16, 2015, the Conference guaranteed 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. Effective September 7, 2022, the guaranty by the Conference of the indebtedness was cancelled.

Bond payable is as follows:

December 31, 2022	
Bond payable	$ 2,740,000
Less unamortized bond issuance costs	61,461
Bond payable, net	$ 2,678,539

11. Swap agreement and letter of credit

The Foundation is exposed to interest rate risk through the above borrowing activity. In order to minimize the effect of changes in interest rates, the Foundation was obligated under an interest rate swap agreement with PNC Bank under which the Foundation paid a fixed rate of 3.31% on a notional amount, which approximated the outstanding bond balance and received a return of 67% of the one month LIBOR rate on the same notional amount. This agreement terminated on May 31, 2022 and was not renewed.

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 was scheduled to expire in October 2022. In September 2022, the letter of credit was amended to extend the expiration to October 28, 2026. 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.

11. Swap agreement and letter of credit (continued)

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, leases, fixtures and personal property used in connection with the real estate.

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