

Nina Mason Pulliam Charitable Trust

Accountants' Report and Financial Statements

December 31, 2011 and 2010

Nina Mason Pulliam Charitable Trust

December 31, 2011 and 2010

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Independent Accountants' Report

Board of Trustees
Nina Mason Pulliam Charitable Trust
Indianapolis, Indiana

We have audited the accompanying statements of financial position of Nina Mason Pulliam Charitable Trust (Trust) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nina Mason Pulliam Charitable Trust as of December 31, 2011 and 2010, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BKD, LLP

June 25, 2012

Nina Mason Pulliam Charitable Trust
Statements of Financial Position
December 31, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	\$ 11,371,957	\$ 15,387,937
Accrued dividends and interest	210,634	375,951
Receivables - investments	4,500,000	6,000,000
Investments	313,841,107	331,932,676
Equipment and leasehold improvements - net	138,881	114,141
Other	478,984	456,405
Total assets	\$ 330,541,563	\$ 354,267,110
Liabilities		
Accounts payable and accrued expenses	\$ 715,463	\$ 527,410
Deferred excise tax - federal	393,496	848,184
Grant and scholarship commitments	4,785,661	3,118,161
Total liabilities	5,894,620	4,493,755
Net Assets - unrestricted	324,646,943	349,773,355
Total liabilities and net assets	\$ 330,541,563	\$ 354,267,110

Nina Mason Pulliam Charitable Trust
Statements of Activities
Years Ended December 31, 2011 and 2010

	2011	2010
Investment Income and Fees		
Interest and dividends	\$ 2,247,044	\$ 2,322,925
Net realized and unrealized gains (losses) on investments	(7,213,662)	41,699,089
Total investment income (loss)	(4,966,618)	44,022,014
Investment management fees and expenses	(1,642,539)	(1,689,607)
Net investment income (loss)	(6,609,157)	42,332,407
Expenses		
Employees' salaries and benefits	2,686,910	2,611,653
Trustees' fees	113,750	113,750
Legal and audit expense	86,586	85,363
Occupancy expense	363,852	355,510
Depreciation expense	54,705	61,156
Communications and consulting expenses	249,127	167,135
Other expenses	378,372	374,518
Total expenses	3,933,302	3,769,085
Excess of Investment Income Over Expenses Before Grants and Scholarships and Excise Tax	(10,542,459)	38,563,322
Grants and Scholarships Approved	14,667,500	11,060,705
Federal Excise Tax Expense (Benefit)	(83,547)	774,542
Change in Unrestricted Net Assets	(25,126,412)	26,728,075
Unrestricted Net Assets, Beginning of Year	349,773,355	323,045,280
Unrestricted Net Assets, End of Year	\$ 324,646,943	\$ 349,773,355

Nina Mason Pulliam Charitable Trust
Statements of Cash Flows
Years Ended December 31, 2011 and 2010

	2011	2010
Operating Activities		
Cash receipts from interest and dividends	\$ 2,412,361	\$ 2,255,607
Cash paid for grants and scholarships	(13,000,000)	(11,515,441)
Cash paid to employees for salaries and benefits	(2,679,880)	(2,583,707)
Cash paid to investment managers and advisors	(1,580,362)	(1,743,661)
Cash paid to vendors	(981,670)	(961,201)
Cash paid for excise taxes	(371,141)	(50,000)
Cash paid for Trustee fees	(113,750)	(113,750)
Net cash used in operating activities	(16,314,442)	(14,712,153)
Investing Activities		
Purchase of equipment	(79,445)	(27,159)
Purchase of investments	(67,304,542)	(93,567,540)
Proceeds from sales and maturities of investments	79,682,449	102,119,680
Net cash provided by investing activities	12,298,462	8,524,981
Net Decrease in Cash and Cash Equivalents	(4,015,980)	(6,187,172)
Cash and Cash Equivalents, Beginning of Year	15,387,937	21,575,109
Cash and Cash Equivalents, End of Year	\$ 11,371,957	\$ 15,387,937
Reconciliation of Change in Net Assets to Net Cash Used in Operating Activities		
Change in net assets	\$ (25,126,412)	\$ 26,728,075
Items not requiring (providing) cash		
Realized and unrealized (gains) losses on investments	7,213,662	(41,699,089)
Deferred excise tax expense (benefit)	(412,600)	582,300
Depreciation	54,705	61,156
Changes in		
Accrued dividends and interest	165,317	(67,318)
Other assets	(22,579)	(44,577)
Federal excise tax payable	(42,088)	142,242
Accounts payable and accrued expenses	188,053	39,794
Grant and scholarship commitments	1,667,500	(454,736)
Net cash used in operating activities	\$ (16,314,442)	\$ (14,712,153)

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements

December 31, 2011 and 2010

Note 1: Organization

The Nina Mason Pulliam Charitable Trust (Trust) is a continuing trust established under the provisions of Article 5 of the Nina Mason Pulliam Revocable Trust Agreement. The term of the Trust shall be for 50 years after the date of death of Nina Mason Pulliam, which was March 26, 1997. During the Trust's term, the Trustees are directed to distribute annually the amount necessary to comply with federal tax laws from the Trust property to qualified organizations. Upon the expiration of the Trust term, the principal and remaining income shall be distributed to qualified organizations.

The Trust seeks to help people in need, especially women, children and families; to protect animals and nature; and to enrich community life through grantmaking in the metropolitan areas of Indianapolis, Indiana and Phoenix, Arizona. In 2001, the Trust implemented the Nina Mason Pulliam Legacy Scholars program, which seeks individuals 25 years and older who have dependents and share the goal of acquiring a college degree to enhance future opportunities for their families. Others assisted through this program include financially independent young adults seeking to enter college for the first time who have grown up in the child welfare system and college-age youth and adults with physical disabilities.

Note 2: Summary of Significant Accounting Policies

The Trust maintains its records on the accrual basis of accounting. The more significant accounting policies used by the Trust are as follows:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Trust considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2011 and 2010, cash equivalents consisted primarily of money market funds.

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. At December 31, 2011, the Trust's interest-bearing cash accounts exceeded federally insured limits by approximately \$10,900,000.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements

December 31, 2011 and 2010

Investments

Investments in marketable equity and fixed income securities with readily determinable market values are recorded at their publicly quoted market prices. The market values for alternative investments and hedge funds represent the Trust's pro-rata interest in the net assets of each investment and are based on financial information determined and reported by investment managers or on the basis of other information evaluated periodically by management. Alternative investments and hedge funds are not publicly traded on national security market exchanges, are generally illiquid and may be valued differently than if readily available markets existed for such investments. Because of the inherent uncertainties of valuation of alternative investments and hedge funds, the reported values of such investments may differ significantly from realizable values.

Investment income consists of the Trust's distributive share of any interest, dividends, and realized and unrealized gains and losses generated from the Trust's investments. Gains and losses attributable to the Trust's investments are realized and reported upon sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statements of activities.

Investment receivables represent distributions from fund managers that were in-transit at year end.

Federal Excise Tax

The Trust is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (Code) and a private foundation under Section 509 of the Code. As a result, the Trust has not provided for state or federal income taxes. The Trust is subject to a federal excise tax of 1 percent or 2 percent on net investment income, as defined by the Code, and has recorded excise tax liabilities in the financial statements. Deferred federal excise taxes result from the tax effects associated with unrealized appreciation on the Trust's investments.

Absent extenuating circumstances, the Trust should not be subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2008.

Equipment and Leasehold Improvements

The Trust carries equipment, leasehold improvements and automobiles at cost. Depreciation is computed using the straight-line method based upon the estimated useful lives that range from three to ten years.

Net Asset Classification

All net assets of the Trust are unrestricted and may be used at the discretion of the Trustees to support the Trust's purposes and operations.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2011 and 2010

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Accountants' Report, which is the date the financial statements were available to be issued.

Note 3: Federal Excise Taxes

The current provision for Federal excise taxes are provided at 2% and 1% for the years ended December 31, 2011 and 2010, respectively, and deferred taxes are provided for at 2% for both years. The following are the Federal excise tax components:

	<u>2011</u>	<u>2010</u>
Current expense	\$ 329,053	\$ 192,242
Deferred expense (benefit)	<u>(412,600)</u>	<u>582,300</u>
Federal excise tax expense (benefit)	<u>\$ (83,547)</u>	<u>\$ 774,542</u>

Note 4: Investments

As of December 31, 2011 and 2010, the investments of the Trust included:

	<u>2011</u>		<u>2010</u>	
	<u>Market Value</u>	<u>Amortized Cost</u>	<u>Market Value</u>	<u>Amortized Cost</u>
Domestic equities and equity funds	\$ 58,972,912	\$ 50,051,542	\$ 59,500,684	\$ 49,830,085
International equity funds and partnerships	66,881,537	64,975,048	75,985,191	67,814,251
Fixed income securities and funds	48,633,708	42,134,505	53,983,704	49,616,191
Alternative investments and hedge funds	81,542,132	78,714,011	83,279,135	76,799,416
Natural resources and commodities funds	24,191,937	22,822,940	36,943,031	29,536,005
Real estate investments	5,439,657	4,898,292	7,638,011	6,232,489
Nonmarketable alternative investment funds	<u>28,179,224</u>	<u>24,787,744</u>	<u>14,602,920</u>	<u>13,599,703</u>
	<u>\$ 313,841,107</u>	<u>\$ 288,384,082</u>	<u>\$ 331,932,676</u>	<u>\$ 293,428,140</u>

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements

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Note 5: Disclosures About Fair Value of Assets and Liabilities

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Investments

Domestic equities and equity funds: Where quoted market prices are available in an active market, domestic equities and equity funds are classified within Level 1 of the valuation hierarchy. The fair value of domestic equity funds that do not have a quoted market price is determined using the net asset value (or its equivalent) provided by the funds for those the Trust can redeem at the net asset value per share at December 31 or within a reasonable period of time. For domestic equity funds that do not have sufficient activity or liquidity within the fund, the Trust uses the net asset value (or its equivalent) provided by the fund to determine fair value and are classified within Level 3 of the valuation hierarchy.

International equity funds and partnerships: Where quoted market prices are available in an active market, international equity funds and partnerships are classified within Level 1 of the valuation hierarchy. The fair value of international equity funds and partnerships that do not have a quoted market price is determined using the net asset value (or its equivalent) provided by the funds for those the Trust can redeem at the net asset value per share at December 31 or within a reasonable period of time. For international equity funds and partnerships that do not have sufficient activity or liquidity within the fund, the Trust uses the net asset value (or its equivalent) provided by the fund is utilized to determine fair value and are classified within Level 3 of the valuation hierarchy.

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Notes to Financial Statements

December 31, 2011 and 2010

Fixed Income Securities and Funds: Where quoted market prices are available in an active market, fixed income securities and funds are classified within Level 1 of the valuation hierarchy. The fair value of fixed income funds that do not have a quoted market price is determined using the net asset value (or its equivalent) provided by the funds for those the Trust can redeem at the net asset value per share at December 31 or within a reasonable period of time. For fixed income funds that do not have sufficient activity or liquidity within the fund, the Trust uses the net asset value (or its equivalent) provided by the fund to determine fair value and are classified within Level 3 of the valuation hierarchy.

Alternative Investments and Hedge Funds: The fair value of alternative investments and hedge funds is determined using the net asset value (or its equivalent) provided by the funds for those the Trust can redeem at the net asset value per share at December 31 or within a reasonable period of time. For alternative investments and hedge funds that do not have sufficient activity or liquidity within the fund, the Trust uses the net asset value (or its equivalent) provided by the fund to determine fair value and are classified within Level 3 of the valuation hierarchy.

Natural Resources and Commodities Funds: Where quoted market prices are available in an active market, natural resources and commodities funds are classified within Level 1 of the valuation hierarchy. The fair value of natural resources and commodities funds that do not have a quoted market price is determined using the net asset value (or its equivalent) provided by the funds for those the Trust can redeem at the net asset value per share at December 31 or within a reasonable period of time. For natural resources and commodities funds that do not have sufficient activity or liquidity within the fund, the Trusts uses the net asset value (or its equivalent) provided by the fund to determine fair value and are classified within Level 3 of the valuation hierarchy.

Real Estate Investments: Where quoted market prices are available in an active market, real estate investments are classified within Level 1 of the valuation hierarchy. The fair value of real estate investments that do not have a quoted market price is determined using the net asset value (or its equivalent) provided by the funds for those the Trust can redeem at the net asset value per share at December 31 or within a reasonable period of time. For real estate investments that do not have sufficient activity or liquidity within the fund, the Trust uses the net asset value (or its equivalent) provided by the fund to determine fair value and are classified within Level 3 of the valuation hierarchy.

Nonmarketable Alternative Investment Funds: The fair value of alternative investments and hedge funds is determined using the net asset value (or its equivalent) provided by the funds for those the Trust can redeem at the net asset value per share at December 31 or within a reasonable period of time. For alternative investments and hedge funds that do not have sufficient activity or liquidity within the fund, the Trust uses the net asset value (or its equivalent) provided by the fund to determine fair value and are classified within Level 3 of the valuation hierarchy.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2011 and 2010

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2011 and 2010:

2011				
Fair Value Measurements Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Investments				
Domestic equities and equity funds	\$ 30,633,413	\$ 28,339,499	\$ -	\$ 58,972,912
International equity funds and partnerships	16,569,456	50,312,081	-	66,881,537
Fixed income securities and funds	31,651,540	16,982,168	-	48,633,708
Alternative investments and hedge funds	-	81,289,338	252,794	81,542,132
Natural resources and commodities funds	7,580,617	16,611,320	-	24,191,937
Real estate investments	5,439,657	-	-	5,439,657
Nonmarketable alternative investment funds	-	78,928	28,100,296	28,179,224
	<u>\$ 91,874,683</u>	<u>\$ 193,613,334</u>	<u>\$ 28,353,090</u>	<u>\$ 313,841,107</u>

2010				
Fair Value Measurements Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Investments				
Domestic equities and equity funds	\$ 32,468,744	\$ 27,031,940	\$ -	\$ 59,500,684
International equity funds and partnerships	17,591,764	58,393,427	-	75,985,191
Fixed income securities and funds	34,890,040	19,093,664	-	53,983,704
Alternative investments and hedge funds	-	82,438,472	840,663	83,279,135
Natural resources and commodities funds	12,199,407	24,743,624	-	36,943,031
Real estate investments	7,638,011	-	-	7,638,011
Nonmarketable alternative investment funds	-	23,887	14,579,033	14,602,920
	<u>\$ 104,787,966</u>	<u>\$ 211,725,014</u>	<u>\$ 15,419,696</u>	<u>\$ 331,932,676</u>

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2011 and 2010

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Alternative Investments and Hedge Funds	Nonmarketable Alternative Investment Funds
Balance, January 1, 2010	\$ 3,975,206	\$ 4,879,092
Total realized and unrealized gains included in the change in net assets	50,283	1,689,358
Purchases and capital contributions	-	8,010,583
Sales and settlements	(3,184,826)	-
Balance, December 31, 2010	840,663	14,579,033
Total realized and unrealized gains (losses) included in the change in net assets	(8,032)	2,333,182
Purchases and capital contributions	(394,805)	11,188,081
Transfers out of Level 3	(185,032)	-
Balance, December 31, 2011	\$ 252,794	\$ 28,100,296
Total gains for the year included in change in net assets attributable to the change in unrealized gains related to investments still held at December 31, 2011	\$ 55,646	\$ 2,333,182
Total gains for the year included in change in net assets attributable to the change in unrealized gains related to investments still held at December 31, 2010	\$ 687,695	\$ 1,689,358

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date. The Trust recognized transfers from Level 3 to Level 2 during 2011 as a result of the expiration of fund hold-back provisions.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2011 and 2010

The following tables present information regarding funds with fair value that is determined using the net asset value (or its equivalent) provided by the fund.

	2011			
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments				
Domestic equity funds	\$ 28,339,499	\$ -	Quarterly, annually	30-60 days
International equity funds and partnerships	50,312,081	-	Monthly, quarterly	6-15 days
Fixed income securities and funds	16,982,168	-	Monthly	10 days
Alternative investments and hedge funds	81,542,132	4,000,000	Quarterly, annually	30-90 days
Natural resources and commodities funds	16,611,320	-	Quarterly, annually	30-90 days
Nonmarketable alternative investment funds	28,179,224	28,719,265	Not eligible	n/a
	\$ 221,966,424	\$ 32,719,265		

	2010			
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments				
Domestic equity funds	\$ 27,031,940	\$ -	Quarterly, annually	30-60 days
International equity funds and partnerships	58,393,427	-	Monthly, quarterly	6-15 days
Fixed income securities and funds	19,093,664	-	Monthly	10 days
Alternative investments and hedge funds	83,279,135	4,000,000	Quarterly, annually	30-90 days
Natural resources and commodities funds	24,743,624	-	Quarterly, annually	30-90 days
Nonmarketable alternative investment funds	14,602,920	33,909,772	Not eligible	n/a
	\$ 227,144,710	\$ 37,909,772		

Domestic equity funds include investments in partnerships that invest primarily in long only U.S. common stocks. The fair values of the investments in this category have been estimated using the Trust's ownership interest in partners' capital as reported by the partnership administrators.

International equity funds and partnerships include investments in comingled investment trusts that invest in long only developed and emerging international common stocks. The fair values of the investments in this category have been estimated using the net asset values per share as reported by the trust administrators.

Fixed income securities and funds include investments in a comingled investment trust that invests in international fixed income securities. The fair value of the comingled investment trust has been estimated using the net asset value per share value as reported by the trust administrator.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements

December 31, 2011 and 2010

Alternative investments include hedge funds and absolute return funds. Hedge funds invest in both long and short strategies primarily in U.S. and global common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the hedge fund investments in this category have been estimated using the net asset value per share of the investments. Although the initial investment restriction period for investments in this category ranged from one to three years, over 90% of these investments can be redeemed within the next twelve months.

Absolute return funds included in the alternative investment category pursue multiple strategies to diversify risks and reduce volatility. The absolute return funds' composite portfolio for this category includes investments in approximately 17 percent in long and short equities, 20 percent in long and short credits, 29 percent in distressed securities, 9 percent arbitrage investments, with the majority of the balance held in cash. The fair values of the investments in this category have been estimated using the net asset value per share of the absolute return fund as provided by the investment administrators. The initial investment restriction period for the absolute return fund investments ranged from two to three years after acquisition and as of year end, approximately 10 percent of the value of the investments cannot be redeemed for 12 to 36 months. The remaining investments in this category can be redeemed within the next 12 months.

Natural resources and commodities funds include investments in comingled investment trusts and offshore corporations that primarily invest in a diversified portfolio of global natural resource securities, commodities, and other financial instruments primarily in the energy, precious metals and base metals, agriculture and food; forest products; and chemicals, plastics and industrial materials sectors. Certain managers also utilize exchange-traded, U.S. dollar-denominated futures and forward contracts to implement their investment strategy. The fair values of the investments in this category have been estimated using the net asset values per share as reported by the trust administrators.

Nonmarketable alternative investment funds include investments in private equity, venture capital, commodities partnerships, real estate and distressed debt. These investments can never be redeemed from the partnerships but distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next 7 to 12 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been estimated using the net asset value of the Trust's ownership interest in partners' capital.

Note 6: Operating Leases

The Trust has entered into noncancelable 10-year office space leases in Indianapolis, Indiana and Phoenix, Arizona. Both leases include provisions for inflationary rent increases and require the Trust to pay for its share of building operating costs above the base year amount. The Trust has the option to extend each lease for an additional five years beyond the expiration of the initial term. Rent expense for space in Indianapolis and Phoenix totaled \$363,852 and \$355,510 for the years ended December 31, 2011 and 2010, respectively.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2011 and 2010

Future minimum rents to be paid under these leases, excluding future escalation for rents, realizable taxes and building operating expenses, are:

2012	\$ 291,952
2013	296,617
2014	318,796
2015	332,213
2016	336,869
Future years	<u>1,336,435</u>
Total	<u><u>\$ 2,912,882</u></u>

Note 7: Employee Benefit Plans

The Trust maintains a wage deferral plan qualified under Section 401(k) of the Internal Revenue Code that covers all participating employees. The Trust makes seven percent contributions to each employee's 401(k) plan account based upon that employee's wages and provides matching funds on a dollar-for-dollar basis up to the first four percent of an employee's discretionary contribution. Total Trust contributions to the plan were \$212,064 in 2011 and \$199,450 in 2010.

In 2004, the Trust adopted a key employee wage deferral plan under Section 457(b) of the Internal Revenue Code. The Trust contributes to the plan based on the employee's position and a percentage of salary. Total Trust contributions to the plan were \$35,028 in 2011 and \$34,209 in 2010.

Note 8: Program Expenses

The components of program and support services expenses for the years ended December 31, 2011 and 2010, included:

	<u>2011</u>	<u>2010</u>
Direct philanthropy program expenses	\$ 16,192,578	\$ 12,544,426
General and administrative expenses	2,408,224	2,285,364
Investment management and excise tax expenses	<u>1,558,992</u>	<u>2,464,149</u>
	<u><u>\$ 20,159,794</u></u>	<u><u>\$ 17,293,939</u></u>

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2011 and 2010

Note 9: Grant and Scholarship Commitments

At December 31, 2011, grant and scholarship commitments are expected to be paid to qualifying organizations as follows:

2012	\$ 2,702,793
2013	1,216,970
2014	602,083
2015	200,000
2016	<u>100,000</u>
	4,821,846
Present value discount	<u>(36,185)</u>
Total	<u>\$ 4,785,661</u>

For the years ended December 31, 2011 and 2010, the total amount of grant expense for current and future years was \$14,667,500 and \$11,060,705, respectively. The discount rates used on grant commitments for the years 2012 through 2016 range from 2.35 percent to 5.50 percent.