

# **Nina Mason Pulliam Charitable Trust**

Accountants' Report and Financial Statements

December 31, 2009 and 2008

# Nina Mason Pulliam Charitable Trust

December 31, 2009 and 2008

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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, 2009 and 2008, 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, 2009 and 2008, and the changes in its 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 29, 2010

**Nina Mason Pulliam Charitable Trust**  
**Statements of Financial Position**  
**December 31, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 21,575,109	\$ 11,358,706
Accrued dividends and interest	308,633	395,930
Receivables - investments	2,007,858	13,571,313
Investments	302,809,180	258,441,142
Current excise tax - federal	127,658	255,680
Equipment and leasehold improvements - net	148,138	124,137
Other	380,517	304,445
Total assets	\$ 327,357,093	\$ 284,451,353
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 487,616	\$ 415,032
Deferred excise tax - federal	251,300	-
Grant and scholarship commitments	3,572,897	4,495,641
Total liabilities	4,311,813	4,910,673
<b>Net Assets</b> - unrestricted	323,045,280	279,540,680
Total liabilities and net assets	\$ 327,357,093	\$ 284,451,353

**Nina Mason Pulliam Charitable Trust**  
**Statements of Activities**  
**Years Ended December 31, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>Investment Income and Fees</b>		
Interest and dividends	\$ 2,216,380	\$ 3,039,593
Net realized gain (loss) on investments	(14,878,419)	1,294,540
Net unrealized gain (loss) on investments	75,335,399	(99,743,260)
Total investment income (loss)	62,673,360	(95,409,127)
Investment management fees and expenses	(1,680,890)	(1,828,760)
Net investment income (loss)	60,992,470	(97,237,887)
<b>Expenses</b>		
Employees' salaries and benefits	2,629,203	2,404,325
Trustees' fees	112,500	116,250
Legal and audit expense	108,935	71,368
Occupancy expense	307,495	350,556
Depreciation expense	47,973	47,693
Communications and consulting expenses	237,081	365,632
Other expenses	345,988	427,498
Total expenses	3,789,175	3,783,322
<b>Excess (Deficit) of Investment Income Over Expenses Before Grants and Scholarships and Excise Tax</b>	57,203,295	(101,021,209)
<b>Grants and Scholarships Approved</b>	13,390,053	14,693,253
<b>Federal Excise Tax (Benefit) Expense</b>	308,642	(307,329)
<b>Change in Unrestricted Net Assets</b>	43,504,600	(115,407,133)
<b>Unrestricted Net Assets, Beginning of Year</b>	279,540,680	394,947,813
<b>Unrestricted Net Assets, End of Year</b>	\$ 323,045,280	\$ 279,540,680

**Nina Mason Pulliam Charitable Trust**  
**Statements of Cash Flows**  
**Years Ended December 31, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>Operating Activities</b>		
Cash receipts from interest and dividends	\$ 2,303,677	\$ 3,482,022
Cash paid for grants and scholarships	(14,312,797)	(15,687,132)
Cash paid to employees for salaries and benefits	(2,591,608)	(2,524,375)
Cash paid to investment managers and advisors	(1,731,265)	(1,870,354)
Cash paid to vendors	(947,212)	(1,173,476)
Cash refunded (paid) for excise taxes	70,680	(350,000)
Cash paid for Trustee fees	(112,500)	(116,250)
Net cash used in operating activities	(17,321,025)	(18,239,565)
<b>Investing Activities</b>		
Purchase of equipment	(71,974)	(52,246)
Purchase of investments	(118,488,435)	(173,273,411)
Proceeds from sales and maturities of investments	146,097,837	200,715,835
Net cash provided by investing activities	27,537,428	27,390,178
<b>Net Increase in Cash and Cash Equivalents</b>	10,216,403	9,150,613
<b>Cash and Cash Equivalents, Beginning of Year</b>	11,358,706	2,208,093
<b>Cash and Cash Equivalents, End of Year</b>	\$ 21,575,109	\$ 11,358,706
<b>Reconciliation of Change in Net Assets to Net Cash Used in Operating Activities</b>		
Change in net assets	\$ 43,504,600	\$ (115,407,133)
Items not requiring (providing) cash		
Realized (gain) loss on sale of investments	14,878,419	(1,294,540)
Unrealized (gain) loss on investments	(75,335,399)	99,743,260
Deferred excise tax expense	251,300	(263,960)
Depreciation	47,973	47,693
Changes in		
Accrued dividends and interest	87,297	442,429
Other assets	(33,077)	(29,725)
Federal excise tax payable	128,022	(393,369)
Accounts payable and accrued expenses	72,584	(90,341)
Grant and scholarship commitments	(922,744)	(993,879)
Net cash used in operating activities	\$ (17,321,025)	\$ (18,239,565)

# **Nina Mason Pulliam Charitable Trust**

## **Notes to Financial Statements**

**December 31, 2009 and 2008**

### **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 higher of all of the Trust's net income or the distributable 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, 2009 and 2008, cash equivalents consisted primarily of money market funds.

Effective October 3, 2008, the FDIC's insurance limits increased to \$250,000. The increase in federally insured limits is currently set to expire December 31, 2013. At December 31, 2009, the Trust's interest-bearing cash accounts exceeded federally insured limits by approximately \$19,918,000.

# Nina Mason Pulliam Charitable Trust

## Notes to Financial Statements

December 31, 2009 and 2008

### **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 (benefits) result from the tax effects associated with unrealized appreciation (depreciation) on the Trust's investments.

The Trust is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2006.

Effective January 1, 2009, the Trust adopted the provisions of Financial Accounting Standards Board Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes-an Interpretation of FASB Statement No. 109*, which was subsequently incorporated into FASB Accounting Codification (ASC) Topic 740. The implementation of this standard had no significant impact on the Trust's financial statements.

# Nina Mason Pulliam Charitable Trust

## Notes to Financial Statements

December 31, 2009 and 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.

### ***Subsequent Events***

Subsequent events have been evaluated through June 29, 2010, which is the date the financial statements were available to be issued.

### ***Reclassifications***

Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 financial statement presentation. These reclassifications had no effect on the change in net assets.

## **Note 3: Federal Excise Taxes**

The Trust used a 1 percent and 2 percent Federal excise tax rate for the current and deferred tax provisions for the years ended December 31, 2009 and 2008, respectively. The Federal excise tax expense components are as follows:

	<u>2009</u>	<u>2008</u>
Current expense	\$ 57,342	\$ (43,369)
Deferred expense	<u>251,300</u>	<u>(263,960)</u>
Federal excise tax expense (benefit)	<u>\$ 308,642</u>	<u>\$ (307,329)</u>

# Nina Mason Pulliam Charitable Trust

## Notes to Financial Statements December 31, 2009 and 2008

### Note 4: Investments

As of December 31, 2009 and 2008, the investments of the Trust included:

	2009		2008	
	Market Value	Amortized Cost	Market Value	Amortized Cost
Domestic equities and equity funds	\$ 63,895,855	\$ 67,764,906	\$ 48,941,218	\$ 78,135,356
International equity funds and partnerships	71,920,598	76,693,148	60,595,173	94,169,416
Fixed income securities and funds	58,809,625	56,151,101	58,750,040	53,412,324
Alternative investments and hedge funds	64,345,263	64,272,076	65,777,289	78,535,731
Natural resources and commodities funds	28,243,835	29,564,811	14,118,484	22,161,214
Real estate investments	10,714,912	14,157,321	7,486,360	13,925,994
Other	4,879,092	5,660,499	2,772,578	3,292,024
	<u>\$ 302,809,180</u>	<u>\$ 314,263,862</u>	<u>\$ 258,441,142</u>	<u>\$ 343,632,059</u>

### 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

# **Nina Mason Pulliam Charitable Trust**

## **Notes to Financial Statements**

**December 31, 2009 and 2008**

Following is a description of the valuation methodologies 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***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include some domestic equities and equity funds, international equity funds and partnerships, fixed income securities and funds, natural resources and commodities funds and real estate investments. If quoted market prices are not available, then fair values are estimated by a third-party pricing service using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. For investments, other than alternative investments, the inputs used by the pricing service to determine fair value may include one, or a combination of, observable inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data market research publications and are classified within Level 2 of the valuation hierarchy. As a practical expedient, fair value of alternative investments 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. These Level 2 securities include some domestic equities and equity funds, international equity funds and partnerships, fixed income securities and funds, alternative investments and hedge funds natural resources and commodities funds and real estate investments. For alternative investments that do not have sufficient activity or liquidity within the fund, the net asset value (or its equivalent) provided by the fund is utilized, as a practical expedient, to determine fair value and are classified within Level 3 of the valuation hierarchy. These Level 3 securities include alternative investments and hedge funds and other investments.

# Nina Mason Pulliam Charitable Trust

## Notes to Financial Statements December 31, 2009 and 2008

The following table presents 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, 2009 and 2008:

	<b>2009</b>			
	<b>Fair Value Measurements Using</b>			
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Fair Value</b>
Investments				
Domestic equities and equity funds	\$ 25,251,346	\$ 38,644,509	\$ -	\$ 63,895,855
International equity funds and partnerships	15,441,268	56,479,330	-	71,920,598
Fixed income securities and funds	33,964,760	24,844,865	-	58,809,625
Alternative investments and hedge funds	-	60,370,057	3,975,206	64,345,263
Natural resources and commodities funds	7,681,264	20,562,571	-	28,243,835
Real estate investments	7,091,419	3,623,493	-	10,714,912
Other	-	-	4,879,092	4,879,092
	<u>\$ 89,430,057</u>	<u>\$ 204,524,825</u>	<u>\$ 8,854,298</u>	<u>\$ 302,809,180</u>

	<b>2008</b>			
	<b>Fair Value Measurements Using</b>			
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Fair Value</b>
Investments				
Domestic equities and equity funds	\$ 13,906,549	\$ 35,034,669	\$ -	\$ 48,941,218
International equity funds and partnerships	-	60,595,173	-	60,595,173
Fixed income securities and funds	41,433,537	17,316,503	-	58,750,040
Alternative investments and hedge funds	797,247	57,183,906	7,796,136	65,777,289
Natural resources and commodities funds	3,050,813	11,067,671	-	14,118,484
Real estate investments	4,683,811	2,802,549	-	7,486,360
Other	-	-	2,772,578	2,772,578
	<u>\$ 63,871,957</u>	<u>\$ 184,000,471</u>	<u>\$ 10,568,714</u>	<u>\$ 258,441,142</u>

# Nina Mason Pulliam Charitable Trust

## Notes to Financial Statements December 31, 2009 and 2008

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:

	<b>Alternative Investments and Hedge Funds</b>	<b>Other Investments</b>
Balance, January 1, 2008	\$ 5,043,695	\$ 187,838
Total realized and unrealized losses included in the change in net assets	(1,497,559)	(523,197)
Purchases, issuances and settlements	4,250,000	3,107,937
Balance, December 31, 2008	7,796,136	2,772,578
Total realized and unrealized gains (losses) included in the change in net assets	395,157	(289,681)
Purchases, issuances and settlements	(715,983)	2,396,195
Transfers out of Level 3	(3,500,104)	-
Balance, December 31, 2009	\$ 3,975,206	\$ 4,879,092
Total gains (losses) for the year included in change in net assets attributable to the change in unrealized losses related to investments still held at December 31, 2009	\$ 395,157	\$ (289,681)
Total losses for the year included in change in net assets attributable to the change in unrealized losses related to investments still held at December 31, 2008	\$ (1,497,559)	\$ (523,197)

# Nina Mason Pulliam Charitable Trust

## Notes to Financial Statements December 31, 2009 and 2008

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

	Fair Value	Unfunded Commitments	2009	
			Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments				
Domestic equity funds	\$ 38,644,509	\$ -	Quarterly, annually	30-60 days
International equity funds and partnerships	56,479,330	-	Monthly, quarterly	6-60 days
Fixed income securities and funds	24,844,865	-	Monthly, quarterly	10-60 days
Alternative investments and hedge funds	64,345,263	-	Quarterly, annually	30-90 days
Natural resources and commodities funds	20,562,571	-	Quarterly, annually	30-90 days
Real estate investments	3,623,493	-	Monthly, annually	5-60 days
Other	4,879,092	36,231,048	Not eligible	n/a
	<u>\$ 213,379,123</u>	<u>\$ 36,231,048</u>		

***Domestic equities and 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 comingled investment trusts and partnerships that invest in domestic and international fixed income securities. The fair values of the comingled investment trusts have been estimated using the net asset values per share values as reported by the trust administrators and for the partnership investments, the Trust's ownership interest in partners' capital as reported by the partnership administrators.

# Nina Mason Pulliam Charitable Trust

## Notes to Financial Statements

December 31, 2009 and 2008

*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. Hedge fund investments representing approximately 17 percent of the value of the investments in this category cannot be redeemed because the investments include restrictions that do not allow for redemption in the first 24 to 36 months after acquisition. The remaining restriction period for these hedge fund investments ranged from one to three months at December 31, 2009.

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 13 percent in long and short equities, 20 percent in long and short credits, 30 percent in distressed securities, 19 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. Although the initial investment restriction period for the absolute return fund investments ranged from two to three years, all 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.

*Real estate investments* include an investment in a comingled investment trust that invests in long only real estate focused 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.

*Other investments* include nonmarketable investment in private equity, venture capital, commodities partnerships, real estate and distressed debt. The fair values of the investments in this category have been estimated using the net asset value of the Trust's ownership interest in partners' capital. 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.

# Nina Mason Pulliam Charitable Trust

## Notes to Financial Statements December 31, 2009 and 2008

### 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 \$307,495 and \$350,556 for the years ended December 31, 2009 and 2008, respectively.

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

2010	\$	342,670
2011		177,480
2012		181,565
2013		186,220
2014		190,876
Future years		<u>1,024,211</u>
Total	\$	<u><u>2,103,022</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 \$195,608 in 2009 and \$187,443 in 2008.

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 \$33,351 in 2009 and \$31,950 in 2008.

# Nina Mason Pulliam Charitable Trust

## Notes to Financial Statements December 31, 2009 and 2008

### Note 8: Program Expenses

The components of program and support services expenses for the years ended December 31, 2009 and 2008, included:

	<u>2009</u>	<u>2008</u>
Direct philanthropy program expenses	\$ 14,870,952	\$ 16,096,474
General and administrative expenses	2,308,276	2,380,101
Investment management and excise tax expenses	<u>1,989,532</u>	<u>1,521,431</u>
	<u>\$ 19,168,760</u>	<u>\$ 19,998,006</u>

### Note 9: Grant and Scholarship Commitments

At December 31, 2009, grant and scholarship commitments are expected to be paid to qualifying organizations as follows:

2010	\$ 2,215,496
2011	799,630
2012	402,604
2013	204,891
2014	<u>67,149</u>
	3,689,770
Present value discount	<u>(116,873)</u>
Total	<u>\$ 3,572,897</u>

For the years ended December 31, 2009 and 2008, the total amount of grant expense for current and future years was \$13,390,053 and \$14,693,253, respectively. The discount rates used on grant commitments for the years 2010 through 2014 range from 2.76 percent to 5.50 percent.

# **Nina Mason Pulliam Charitable Trust**

## **Notes to Financial Statements December 31, 2009 and 2008**

### **Note 10: Significant Estimates and Concentrations**

#### ***Current Economic Conditions***

The current protracted economic decline continues to present not-for-profit organizations with difficult circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and constraints on liquidity. The financial statements have been prepared using values and information currently available to the Trust.

Current economic conditions have resulted in significant investment losses for the Trust. A continued significant decline in the fair value of the Trust's investments could have an adverse impact on future operating results.

In addition, given the volatility of current economic conditions, the values of assets recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact the Trust's ability to maintain sufficient liquidity.