

Nina Mason Pulliam Charitable Trust

Auditor's Report and Financial Statements

December 31, 2012 and 2011

Nina Mason Pulliam Charitable Trust

December 31, 2012 and 2011

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Independent Auditor's Report

Board of Trustees
Nina Mason Pulliam Charitable Trust
Indianapolis, Indiana

We have audited the accompanying financial statements of Nina Mason Pulliam Charitable Trust, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Indianapolis, Indiana
June 17, 2013

Nina Mason Pulliam Charitable Trust
Statements of Financial Position
December 31, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	\$ 16,622,527	\$ 11,371,957
Accrued dividends and interest	188,524	210,634
Receivables - investments	6,749,266	4,500,000
Investments	328,636,969	313,841,107
Equipment and leasehold improvements - net	120,322	138,881
Other	564,056	478,984
Total assets	\$ 352,881,664	\$ 330,541,563
Liabilities		
Accounts payable and accrued expenses	\$ 730,895	\$ 715,463
Deferred excise tax - federal	968,405	393,496
Grant and scholarship commitments	6,464,294	4,785,661
Total liabilities	8,163,594	5,894,620
Net Assets - unrestricted	344,718,070	324,646,943
Total liabilities and net assets	\$ 352,881,664	\$ 330,541,563

Nina Mason Pulliam Charitable Trust
Statements of Activities
Years Ended December 31, 2012 and 2011

	2012	2011
Investment Income and Fees		
Interest and dividends	\$ 2,484,290	\$ 2,247,044
Net realized and unrealized gains (losses) on investments	39,603,725	(7,213,662)
Total investment income (loss)	42,088,015	(4,966,618)
Investment management fees and expenses	(1,632,434)	(1,642,539)
Net investment income (loss)	40,455,581	(6,609,157)
Expenses		
Employees' salaries and benefits	2,831,459	2,686,910
Trustees' fees	157,500	113,750
Legal and audit expense	78,798	86,586
Occupancy expense	321,441	363,852
Depreciation expense	52,003	54,705
Communications and consulting expenses	161,368	249,127
Other expenses	437,641	378,372
Total expenses	4,040,210	3,933,302
Excess (Deficit) of Investment Income Over Expenses Before Grants and Scholarships and Excise Tax	36,415,371	(10,542,459)
Grants and Scholarships Approved	15,548,633	14,667,500
Federal Excise Tax Expense (Benefit)	795,611	(83,547)
Change in Unrestricted Net Assets	20,071,127	(25,126,412)
Unrestricted Net Assets, Beginning of Year	324,646,943	349,773,355
Unrestricted Net Assets, End of Year	\$ 344,718,070	\$ 324,646,943

Nina Mason Pulliam Charitable Trust
Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
Operating Activities		
Cash receipts from interest and dividends	\$ 2,506,400	\$ 2,412,361
Cash paid for grants and scholarships	(13,870,000)	(13,000,000)
Cash paid to employees for salaries and benefits	(2,780,719)	(2,679,880)
Cash paid to investment managers and advisors	(1,632,490)	(1,580,362)
Cash paid to vendors	(1,080,688)	(981,670)
Cash paid for excise taxes	(220,702)	(371,141)
Cash paid for Trustee fees	(157,500)	(113,750)
Net cash used in operating activities	(17,235,699)	(16,314,442)
Investing Activities		
Purchase of equipment	(33,444)	(79,445)
Purchase of investments	(92,720,593)	(67,304,542)
Proceeds from sales and maturities of investments	115,240,306	79,682,449
Net cash provided by investing activities	22,486,269	12,298,462
Net Increase (Decrease) in Cash and Cash Equivalents	5,250,570	(4,015,980)
Cash and Cash Equivalents, Beginning of Year	11,371,957	15,387,937
Cash and Cash Equivalents, End of Year	\$ 16,622,527	\$ 11,371,957
Reconciliation of Change in Net Assets to Net Cash Used in Operating Activities		
Change in net assets	\$ 20,071,127	\$ (25,126,412)
Items not requiring (providing) cash		
Realized and unrealized (gains) losses on investments	(39,603,725)	7,213,662
Deferred excise tax expense (benefit)	435,000	(412,600)
Depreciation	52,003	54,705
Changes in		
Accrued dividends and interest	22,110	165,317
Other assets	(46,188)	(22,579)
Federal excise tax payable	139,909	(42,088)
Accounts payable and accrued expenses	15,432	188,053
Grant and scholarship commitments	1,678,633	1,667,500
Net cash used in operating activities	\$ (17,235,699)	\$ (16,314,442)

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements

December 31, 2012 and 2011

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, 2012 and 2011, 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, 2012, the Trust's interest-bearing cash accounts exceeded federally insured limits by approximately \$15,425,000.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements

December 31, 2012 and 2011

Investments

Investments in marketable equity and fixed income securities with readily determinable market values are recorded at their fair value. The fair 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 2009.

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, 2012 and 2011

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's 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% for the years ended December 31, 2012 and 2011, respectively, and deferred taxes are provided for at 2% for both years. The following are the Federal excise tax components:

	2012	2011
Current expense	\$ 360,611	\$ 329,053
Deferred expense (benefit)	435,000	(412,600)
Federal excise tax expense (benefit)	\$ 795,611	\$ (83,547)

Note 4: Investments

As of December 31, 2012 and 2011, the investments of the Trust included:

	2012		2011	
	Fair Value	Amortized Cost	Fair Value	Amortized Cost
Domestic equities and equity funds	\$ 58,803,794	\$ 44,158,182	\$ 58,972,912	\$ 50,051,542
International equity funds and partnerships	79,289,003	60,839,530	66,881,537	64,975,048
Fixed income securities and funds	44,387,304	37,725,209	48,633,708	42,134,505
Alternative investments and hedge funds	80,456,959	70,571,092	81,542,132	78,714,011
Natural resources and commodities funds	21,663,282	20,852,034	24,191,937	22,822,940
Real estate investments	7,036,878	5,050,416	5,439,657	4,898,292
Nonmarketable alternative investment funds	36,999,749	30,938,747	28,179,224	24,787,744
	\$ 328,636,969	\$ 270,135,210	\$ 313,841,107	\$ 288,384,082

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2012 and 2011

Note 5: Disclosures About Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of 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 supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

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, 2012 and 2011:

	Fair Value Measurements Using			Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2012				
Investments				
Domestic equities and equity funds	\$ 28,407,167	\$ 30,396,627	\$ -	\$ 58,803,794
International equity funds and partnerships	22,266,848	57,022,155	-	79,289,003
Fixed income securities and funds	28,231,638	16,155,666	-	44,387,304
Alternative investments and hedge funds	-	80,336,233	120,726	80,456,959
Natural resources and commodities funds	7,566,942	14,096,340	-	21,663,282
Real estate investments	7,036,878	-	-	7,036,878
Nonmarketable alternative investment funds	-	1,323	36,998,426	36,999,749
	<u>\$ 93,509,473</u>	<u>\$ 198,008,344</u>	<u>\$ 37,119,152</u>	<u>\$ 328,636,969</u>

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2012 and 2011

	Fair Value Measurements Using			Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2011				
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
	\$ 91,874,683	\$ 193,613,334	\$ 28,353,090	\$ 313,841,107

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. There have been no significant changes in the valuation techniques during the year ended December 31, 2012. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Domestic Equities and Equity Funds: Domestic equities that the Trust owns are valued using quoted market prices in active markets and are classified within Level 1 of the valuation hierarchy. The Level 2 category includes domestic funds and partnerships whose net asset values (or its equivalent) are determined by the managers and that provide liquidity at December 31 or within 12 months after the reporting date.

International Equity Funds and Partnerships: International equity funds that have a quoted market price on active markets are classified within Level 1 of the valuation hierarchy. The Level 2 category includes international funds and partnerships whose net asset values (or its equivalent) are determined by the managers and that provide liquidity at December 31 or within 12 months after the reporting date.

Fixed Income Securities and Funds: Fixed income securities that the Trust owns are valued using quoted market prices in active markets and are classified within Level 1 of the valuation hierarchy. The Level 2 category includes domestic and international fixed income funds and partnerships whose net asset values (or its equivalent) are determined by the managers and that provide liquidity at December 31 or within 12 months after the reporting date.

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Alternative Investments and Hedge Funds: Alternative investment and hedge fund net asset values are determined by investment managers and fund administrators and are generally classified within Level 2 of the valuation hierarchy if the funds provide liquidity at December 31 or within 12 months after the reporting date. For alternative investments and hedge funds that do not have sufficient activity or liquidity within the fund, the Trust uses the net asset value provided by the fund and classifies them within Level 3 of the valuation hierarchy.

Natural Resources and Commodity Funds: Natural resource and commodity funds that have a quoted market price on active markets and are classified within Level 1 of the valuation hierarchy. The Level 2 category includes natural resource and commodity funds and partnerships whose net asset values (or its equivalent) are determined by the managers and that provide liquidity at December 31 or within 12 months after the reporting date.

Real Estate Investments: Real estate investments include REIT funds that have a quoted market price on active markets and are classified within Level 1 of the valuation hierarchy.

Nonmarketable Alternative Investment Funds: Alternative investment net asset values are determined by investment managers and are generally classified within Level 2 of the valuation hierarchy if the funds provide liquidity at December 31 or within 12 months after the reporting date. For alternative investments in funds and partnerships that do not have sufficient activity or liquidity within, the Trust uses the net asset value provided by the fund or partnership and classifies them within Level 3 of the valuation hierarchy.

Fair value measurements for Level 3 investments are the responsibility of the Trust's management. Management utilizes the valuations provided by fund managers to generate fair value estimates on a monthly or quarterly basis. Management challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2012 and 2011

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, 2011	\$ 840,663	\$ 14,579,033
Total realized and unrealized gains included in the change in net assets	(8,032)	2,333,182
Purchases and capital contributions	(394,805)	11,188,081
Sales and settlements	(185,032)	-
Balance, December 31, 2011	252,794	28,100,296
Total realized and unrealized gains (losses) included in the change in net assets	973	2,935,744
Purchases and capital contributions	-	8,524,255
Sales and settlements	(133,041)	(2,561,869)
Balance, December 31, 2012	\$ 120,726	\$ 36,998,426
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, 2012	\$ 29,200	\$ 2,746,105
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

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.

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Notes to Financial Statements December 31, 2012 and 2011

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.

	2012			
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments				
Domestic equity funds	\$ 30,396,627	\$ -	Quarterly, annually	30-60 days
International equity funds and partnerships	57,022,155	-	Monthly, quarterly	6-15 days
Fixed income securities and funds	16,155,666	-	Monthly	10 days
Alternative investments and hedge funds	80,456,959	4,000,000	Quarterly, annually	30-90 days
Natural resources and commodities funds	14,096,340	-	Quarterly, annually	30-90 days
Nonmarketable alternative investment funds	<u>36,999,749</u>	<u>28,386,931</u>	Not eligible	n/a
	<u>\$ 235,127,496</u>	<u>\$ 32,386,931</u>		

	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	<u>28,179,224</u>	<u>28,719,265</u>	Not eligible	n/a
	<u>\$ 221,966,424</u>	<u>\$ 32,719,265</u>		

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, 2012 and 2011

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 of approximately 18 percent in long and short equities, 18 percent in long and short credits, 35 percent in distressed securities, 10 percent in 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 funds 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 11 percent of the value of the investments cannot be redeemed for 12 to 24 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 cannot be redeemed from the partnerships but the Trust will receive distributions from each fund as they liquidate their underlying investments. It is estimated the funds will liquidate their investments over a 7 to 12 year timeframe. 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 \$321,912 and \$363,852 for the years ended December 31, 2012 and 2011, respectively.

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

2013	\$	296,617
2014		318,796
2015		332,213
2016		336,869
2017		345,029
Future years		991,407
Total	\$	<u>2,620,931</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 \$217,084 in 2012 and \$212,064 in 2011.

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 \$35,955 in 2012 and \$35,028 in 2011.

Note 8: Program Expenses

The components of program and support services expenses for the years ended December 31, 2012 and 2011, included:

	<u>2012</u>	<u>2011</u>
Direct philanthropy program expenses	\$ 17,138,745	\$ 16,192,578
General and administrative expenses	2,450,098	2,408,224
Investment management and excise tax expenses	2,428,045	1,558,992
	<u>\$ 22,016,888</u>	<u>\$ 20,159,794</u>

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements

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Note 9: Grant and Scholarship Commitments

At December 31, 2012, grant and scholarship commitments are expected to be paid to qualifying organizations as follows:

2013	\$	3,606,886
2014		2,200,542
2015		371,182
2016		200,000
2017		100,000
		<u>6,478,610</u>
Present value discount		<u>(14,316)</u>
Total	\$	<u><u>6,464,294</u></u>

For the years ended December 31, 2012 and 2011, the total amount of grant expense for current and future years was \$15,548,633 and \$14,667,500, respectively. The discount rates used on grant commitments for the years 2013 through 2017 range from 2.35 percent to 3.45 percent.