

Nina Mason Pulliam Charitable Trust

Independent Auditor's Report and Financial Statements

December 31, 2019 and 2018

Nina Mason Pulliam Charitable Trust

December 31, 2019 and 2018

Contents

Independent Auditor's Report.....	1
-----------------------------------	---

Financial Statements

Statements of Financial Position	3
Statements of Activities.....	4
Statements of Cash Flows	5
Notes to Financial Statements	6

Independent Auditor's Report

Board of Directors
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, 2019 and 2018, 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, 2019 and 2018, 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 29, 2020

Nina Mason Pulliam Charitable Trust
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 18,861,726	\$ 12,395,396
Receivables - investments	409,422	4,865,949
Investments	380,085,756	337,421,656
Equipment and leasehold improvements - net	461,958	67,088
Other	716,476	721,273
Total assets	\$ 400,535,338	\$ 355,471,362
Liabilities		
Accounts payable and accrued expenses	\$ 749,651	\$ 723,002
Deferred excise tax - federal	1,076,203	639,131
Grant and scholarship commitments	8,584,537	8,762,087
Total liabilities	10,410,391	10,124,220
Net Assets - without donor restrictions	390,124,947	345,347,142
Total liabilities and net assets	\$ 400,535,338	\$ 355,471,362

Nina Mason Pulliam Charitable Trust
Statements of Activities
Years Ended December 31, 2019 and 2018

	2019	2018
Investment Income and Fees		
Interest and dividends	\$ 1,132,529	\$ 1,152,480
Net realized and unrealized gains (losses) on investments	63,541,101	(6,373,533)
Total investment income	64,673,630	(5,221,053)
Investment management fees and expenses	(1,355,984)	(1,480,446)
Net investment income and fees	63,317,646	(6,701,499)
Expenses		
Employees' salaries and benefits	2,922,842	2,878,247
Trustees' fees	209,000	141,000
Legal and audit expense	54,792	77,031
Occupancy expense	362,748	368,819
Depreciation expense	34,758	33,141
Communications expenses	29,798	41,726
Other expenses	517,852	511,525
Total expenses	4,131,790	4,051,489
Excess (Deficit) of Investment Income Over Expenses Before Grants and Scholarships and Excise Tax	59,185,856	(10,752,988)
Grants, Scholarships and Direct Charitable Activities	13,670,979	12,342,218
Federal Excise Tax (Benefit) Expense	737,072	(412,122)
Change in Net Assets Without Donor Restrictions	44,777,805	(22,683,084)
Net Assets Without Donor Restrictions, Beginning of Year	345,347,142	368,030,226
Net Assets Without Donor Restrictions, End of Year	\$ 390,124,947	\$ 345,347,142

Nina Mason Pulliam Charitable Trust
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Operating Activities		
Cash receipts from interest and dividends	\$ 1,132,529	\$ 1,152,480
Cash paid for grants, scholarships and direct charitable activities	(13,848,529)	(16,488,886)
Cash paid to employees for salaries and benefits	(2,798,574)	(2,878,247)
Cash paid to investment managers and advisors	(1,481,984)	(1,348,193)
Cash paid to vendors	(1,107,453)	(912,998)
Cash paid for excise taxes	(300,000)	(425,000)
Cash paid for trustee fees	(209,000)	(141,000)
Net cash used in operating activities	(18,613,011)	(21,041,844)
Investing Activities		
Purchase of equipment	(191,948)	-
Purchase of investments	(37,477,436)	(75,102,387)
Proceeds from sales and maturities of investments	62,748,725	94,307,888
Net cash provided by investing activities	25,079,341	19,205,501
Net Increase (Decrease) in Cash and Cash Equivalents	6,466,330	(1,836,343)
Cash and Cash Equivalents, Beginning of Year	12,395,396	14,231,739
Cash and Cash Equivalents, End of Year	\$ 18,861,726	\$ 12,395,396

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2019 and 2018

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, at a minimum 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. The Trust also sponsors the Nina Mason Pulliam Legacy Scholars program, which provides post-secondary educational opportunities for individuals who would not normally receive traditional scholarships, and whose personal commitments and financial circumstances would preclude their attendance without substantial, long-term scholarship support. Nina Scholars are adults with dependents in their family unit; college-age youth and adults with physical disabilities; or students who have experienced foster care or have been disconnected from their parents or primary caregiver and are responsible for their own financial support.

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

Trust management has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities, in preparing these financial statements in conformity with accounting principles generally accepted in the United States of America. Estimates also affect the reported amounts of revenues, gains and losses, program grants and operating expenses 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, 2019 and 2018, cash equivalents consisted primarily of money market funds and bank certificates of deposit. For purposes of the statements of cash flows, uninvested cash and cash equivalents included in investments are not considered to be cash and cash equivalents.

The current FDIC insurance limit for cash accounts is \$250,000. At December 31, 2019, the Trust's interest-bearing cash accounts exceeded federally insured limits by approximately \$15 million.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements

December 31, 2019 and 2018

Investments

The Trust's long-term financial objectives are to preserve and enhance the inflation adjusted value of its assets and provide a relatively stable stream of earnings consistent with spending needs. The Trust's primary long-term absolute investment objective is to earn an average annual inflation adjusted total return of at least 5%, net of all investment management fees, operating expenses and taxes over long-term periods.

Investments are recorded at fair value in the accompanying financial statements. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date (that is, an exit price).

Fair value for Level 1 assets is determined based on quoted market prices in active markets for identical assets and liabilities. Where quoted market prices are not available, the Trust uses valuation techniques that place greater reliance on observable inputs and less reliance on unobservable inputs in determining fair value. Investments in commingled funds, trusts and limited partnerships (funds) are valued at net asset value per share (NAV) as provided by the funds' administrator or general partner. Where available, the Trust uses net assets from the funds' audited financial statements multiplied by the Trust's interest in the funds to record the fair value of its investments. Investments measured at NAV are not classified within the fair value hierarchy. The Trust's policy is to recognize transfers between levels, if any, at the end of each year.

The inputs used in valuing the Trust's investments are not necessarily an indication of investment risks. The Trust's investments are exposed to various risks, such as interest rate, credit, currency and overall market volatility risk. Due to these risks, it is possible that changes in the values of investments could occur in the near term and that such changes could materially affect the net assets recorded in the accompanying financial statements.

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

Excise and Income Taxes

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. Accordingly, the Trust is not subject to federal income tax, except to the extent that it has unrelated business taxable income. In the opinion of management, the Trust did not have material unrelated business taxable income in 2019 or 2018.

The Trust is subject to a private foundation federal excise tax of 1% or 2% 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.

In December 2019, the President signed Bill H.R. 1865 which simplifies the excise tax rate paid on net investment income. The Bill replaces the two-tiered excise tax rate convention (a 1% or 2% rate) with a flat rate of 1.39% for tax years beginning after December 31, 2019.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2019 and 2018

Equipment and Leasehold Improvements

The Trust records 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 not restricted and may be used at the discretion of the Trustees to support the Trust's purposes and operations.

Functional Allocation of Expenses

The costs of supporting programs and other activities have been summarized on a natural classification basis on the statement of activities. The functional expense footnote presents the natural classification detail of expenses by function. Certain costs have been allocated among philanthropy program and management and general expense categories based on time expended and other methods.

Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no effect on the change in net assets.

Subsequent Events

In January 2020, the World Health Organization declared a "Public Health Emergency of International Concern," due to the outbreak of a novel coronavirus (COVID-19). The world-wide spread has adversely impacted global commercial activity and contributed to significant declines in asset values and volatility in financial markets. The outbreak could have a continued material adverse impact on economic and financial market conditions. Given the volatility of this situation, the value of assets recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values.

The Trust has evaluated and disclosed, if any, subsequent events that occurred after December 31, 2019 and through June 29, 2020, which is the date the financial statements were available to be issued.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2019 and 2018

Note 3: Federal Excise Taxes

Current excise taxes are provided at 2% and 1% for the years ended December 31, 2019 and 2018, respectively. Deferred federal excise taxes are provided at 1.39% and 2% for the years ended December 31, 2019 and 2018. The following are the Federal excise tax components:

	<u>2019</u>	<u>2018</u>
Current expense	\$ 345,072	\$ 283,878
Deferred (benefit) expense	<u>392,000</u>	<u>(696,000)</u>
Federal excise tax (benefit) expense	<u>\$ 737,072</u>	<u>\$ (412,122)</u>

Note 4: Investments

As of December 31, 2019 and 2018, the investments of the Trust included:

	<u>2019</u>	<u>2018</u>
Domestic equity funds	\$ 51,145,203	\$ 42,144,088
International equity funds	60,605,329	57,179,895
Global equity funds	11,796,897	16,197,190
Fixed income securities and funds	56,783,857	52,745,541
Alternative investments and hedge funds	70,084,845	57,304,351
Natural resources and commodities funds	14,351,833	15,575,644
Nonmarketable alternative investment funds	<u>115,317,792</u>	<u>96,274,947</u>
	<u>\$ 380,085,756</u>	<u>\$ 337,421,656</u>

Note 5: Disclosures About Fair Value of Assets

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** Quoted market prices for similar assets and liabilities in an active market; quoted prices for identical or similar assets or liabilities in an inactive market and calculation techniques utilizing observable market inputs
- Level 3** Valuations derived from techniques in which one or more significant inputs are unobservable

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2019 and 2018

Recurring Measurements

Fair value of the Trust's investments has been determined using the valuation hierarchy at December 31, 2019 and 2018:

	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)	Investments Measured at NAV ^(A)	
December 31, 2019					
Investments					
Domestic equity funds	\$ 12,999,571	\$ -	\$ -	\$ 38,145,632	\$ 51,145,203
International equity funds	6,890,129	-	-	53,715,200	60,605,329
Global equity funds	-	-	-	11,796,897	11,796,897
Fixed income securities and funds	37,520,579	-	-	19,263,278	56,783,857
Alternative investments and hedge funds	3,814,443	-	-	66,270,402	70,084,845
Natural resources and commodities funds	4,158,507	-	-	10,193,326	14,351,833
Nonmarketable alternative investment funds	-	-	-	115,317,792	115,317,792
	<u>\$ 65,383,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,702,527</u>	<u>\$ 380,085,756</u>
December 31, 2018					
Investments					
Domestic equity funds	\$ 9,004,400	\$ -	\$ -	\$ 33,139,688	\$ 42,144,088
International equity funds	13,480,520	-	-	43,699,375	57,179,895
Global equity funds	-	-	-	16,197,190	16,197,190
Fixed income securities and funds	35,213,893	-	-	17,531,648	52,745,541
Alternative investments and hedge funds	3,178,161	-	-	54,126,190	57,304,351
Natural resources and commodities funds	3,593,071	-	-	11,982,573	15,575,644
Nonmarketable alternative investment funds	-	-	-	96,274,947	96,274,947
	<u>\$ 64,470,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,951,611</u>	<u>\$ 337,421,656</u>

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2019 and 2018

Following is a description of the valuation methodologies and inputs used for assets 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 pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2019.

Investments

Domestic Equity Funds: Investments include one publicly-traded mutual fund, one actively managed U.S. equity long/short commingled fund, and one actively managed commingled equity fund. The underlying assets of all commingled funds are marketable equity securities and the fair values are estimated using the net asset values (NAV) of the Trust's ownership interest in each fund. The publicly-traded mutual fund is included within Level 1 of the valuation hierarchy and commingled funds are included within the Investments Measured at NAV category of the valuation hierarchy.

International and Global Market Equities and Equity Funds: Investments include one publicly-traded mutual fund and six actively managed global/international commingled equity funds. The underlying assets of all commingled funds are marketable equity securities and the fair value of the commingled investment funds are estimated using the NAV of the Trust's ownership interest in each fund. The publicly-traded mutual fund is included within Level 1 of the valuation hierarchy and commingled funds are included within the Investments Measured at NAV category of the valuation hierarchy.

Fixed Income Securities and Funds: Investments include two passively managed separate accounts, one exchange-traded fixed income fund (ETF) and one commingled fixed income fund. Fixed income securities owned by the Trust are valued using quoted market prices in active markets and are classified within Level 1 of the valuation hierarchy. The ETF has a quoted market price on active market and is classified within Level 1 of the valuation hierarchy. The value of the commingled fixed income fund is estimated using the NAV of the Trust's ownership interest in the fund and is included within the Investments Measured at NAV category of the valuation hierarchy.

Alternative Investments and Hedge Funds: Investments include eight absolute return and eight long/short hedge funds. Absolute return funds include diversified, event arbitrage and distressed securities strategies that seek to diversify risk and reduce portfolio volatility. Managers of these funds have significant discretion to allocate resources among several strategies including event arbitrage, convertible bond arbitrage, special situations and distressed securities. Managers may have the flexibility to use limited leverage and to implement strategies on a U.S. or global basis. The absolute return funds' composite portfolio for this category includes investments in approximately 51% in long and short equities, 15% in long and short credits, 22% in distressed securities, 7% arbitrage investments, 4% global macro with the majority of the balance held in cash. The fair values have been estimated using the NAV per share as provided by the investment administrators.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements

December 31, 2019 and 2018

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 and can use limited leverage. The hedge funds fair values have been estimated using the NAV per share as provided by the investment administrators.

Although the initial liquidity restriction period for investments in this category ranged from one to three years, over 85% of these investments can be redeemed within the next twelve months.

Natural Resources and Commodities Funds: Investments include one exchange-traded global natural resource fund (ETF) and one commingled commodities fund. The commodities fund invests 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; 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 value of the commingled investment is estimated using the NAV of the Trust's ownership interest in each fund.

The ETF natural resource fund has a quoted market price on active markets and is classified within Level 1 of the valuation hierarchy. The Investments Measured at NAV category includes the commodities fund 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.

Nonmarketable Alternative Investment Funds: Investments include private equity, venture capital, commodities partnerships, real estate and distressed debt investments. These investments cannot be redeemed from the partnerships but the Trust will receive distributions from each fund as they liquidate their underlying investments. Investment managers estimate the funds will liquidate their investments over a 7 to 12 year timeframe from the initial closing date. Because it is improbable that any individual investment will be sold, the Trust has recorded each individual investment's estimate of fair value using the NAV of the Trust's ownership interest in the partnerships capital. However, the Trust may sell its interests in nonmarketable funds in a secondary market, but as of December 31, 2019, it has no plans to sell any nonmarketable alternative investments before they are liquidated. All nonmarketable alternative investment partnerships are included within the Investments Measured at NAV category of the valuation hierarchy.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2019 and 2018

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.

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
December 31, 2019				
Investments				
Domestic equity funds	\$ 38,145,632	\$ -	Quarterly, annually	30-60 days
International equity funds	53,715,200	-	Monthly, quarterly	6-15 days
Global equity funds	11,796,897	-	Monthly	6 days
Fixed income securities and funds	19,263,278	-	Monthly, quarterly	10-90 days
Alternative investments and hedge funds	66,270,402	-	Quarterly, annually	5-90 days
Natural resources and commodities funds	10,193,326	-	Monthly	5 days
Nonmarketable alternative investment funds	<u>115,317,792</u>	<u>49,600,000</u>	Not eligible	n/a
	<u>\$ 314,702,527</u>	<u>\$ 49,600,000</u>		
December 31, 2018				
Investments				
Domestic equity funds	\$ 33,139,688	\$ -	Quarterly, annually	30-60 days
International equity funds	43,699,375	-	Monthly, quarterly	6-15 days
Global equity funds	16,197,190	-	Monthly	6 days
Fixed income securities and funds	17,531,648	-	Monthly, quarterly	10-90 days
Alternative investments and hedge funds	54,126,190	-	Quarterly, annually	5-90 days
Natural resources and commodities funds	11,982,573	-	Monthly	5 days
Nonmarketable alternative investment funds	<u>96,274,947</u>	<u>43,850,000</u>	Not eligible	n/a
	<u>\$ 272,951,611</u>	<u>\$ 43,850,000</u>		

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 \$362,748 and \$368,819 for the years ended December 31, 2019 and 2018, respectively.

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

2020	\$ 238,599
2021	339,287
2022	201,375
2023	205,403
2024	209,430
Thereafter	<u>1,224,360</u>
Total	<u>\$ 2,418,454</u>

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2019 and 2018

Note 7: Employee Benefit Plans

The Trust provides a retirement benefit plan under Section 401(k) of the Internal Revenue Code (Code) that covers all participating employees. The Trust makes 7% 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 4% of an employee's discretionary contribution. Total Trust contributions to the plan were \$231,320 in 2019 and \$234,577 in 2018.

The Trust also provides a key employee wage deferral plan under Section 457(b) of the Code. Prior to 2015, the Trust made contributions to the plan based on the employee's position and a percentage of salary. Beginning in 2015, the Trust discontinued employer contributions to the plan but continues to accept key employee elective contributions.

Note 8: Functional Expenses

The components of program and support services expenses for the years ended December 31, 2019 and 2018, included:

	2019		
	Direct Philanthropy Program Expenses	General and Administrative Expenses	Total
Employees' salaries and benefits	\$ 1,995,059	\$ 927,783	\$ 2,922,842
Trustees' fees	104,500	104,500	209,000
Legal and audit expense	4,001	50,791	54,792
Occupancy expense	294,291	68,457	362,748
Depreciation expense	24,331	10,427	34,758
Communication expenses	29,798	-	29,798
Other expenses	353,760	164,092	517,852
	2,805,740	1,326,050	4,131,790
Grants, scholarships and direct charitable activities	13,670,979	-	13,670,979
	\$ 16,476,719	\$ 1,326,050	\$ 17,802,769

Nina Mason Pulliam Charitable Trust
Notes to Financial Statements
December 31, 2019 and 2018

	2018		
	Direct Philanthropy Program Expenses	General and Administrative Expenses	Total
Employees' salaries and benefits	\$ 1,928,631	\$ 949,616	\$ 2,878,247
Trustees' fees	70,500	70,500	141,000
Legal and audit expense	8,838	68,193	77,031
Occupancy expense	299,818	69,001	368,819
Depreciation expense	23,199	9,942	33,141
Communication expenses	41,726	-	41,726
Other expenses	360,268	151,257	511,525
	<u>2,732,980</u>	<u>1,318,509</u>	<u>4,051,489</u>
Grants, scholarships and direct charitable activities	12,342,218	-	12,342,218
	<u>\$ 15,075,198</u>	<u>\$ 1,318,509</u>	<u>\$ 16,393,707</u>

The schedule above does not include an allocation of federal excise tax (benefit)/expense, which totaled \$737,072 and \$(412,122) for the years ended December 31, 2019 and 2018 and would otherwise be classified as a general and administrative expense.

Note 9: Liquidity and Availability

Financial assets available for general expenditure within one year of December 31, 2019 and 2018, comprise the following:

	2019	2018
Cash and cash equivalents	\$ 18,861,726	\$ 12,395,396
Receivables - investments	409,422	4,865,949
Redeemable - investments	<u>264,767,964</u>	<u>241,146,709</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 284,039,112</u>	<u>\$ 258,408,054</u>

The Trust structures its financial assets to be available as its grants, general expenditures, liabilities and other obligations come due. To achieve this, the Trust forecasts its future cash flows and monitors its liquidity on a quarterly and annual basis. In addition, as part of its liquidity management, the Trust invests cash in excess of daily requirements in various short-term investments, including certificates of deposits and short-term treasury instruments.

The Trust's investment policy requires that at least 30% of total assets must be liquid within one month and the portfolio generally holds at least two years' worth of anticipated expenditures, including grant disbursements, in highly liquid U.S. Treasury securities and cash. During the years ended December 31, 2019 and 2018, the level of liquidity was managed within the policy requirements.

Nina Mason Pulliam Charitable Trust

Notes to Financial Statements December 31, 2019 and 2018

Note 10: Grant and Scholarship Commitments

At December 31, 2019, grant and scholarship commitments are expected to be paid to qualifying organizations as follows:

2020	\$ 5,646,258
2021	2,070,633
2022	679,246
2023	125,600
2024	<u>62,800</u>
Total	<u>\$ 8,584,537</u>