Consolidated Financial Statements and
Supplementary Information Together with
Report of Independent Certified Public Accountants

DORIS DUKE CHARITABLE FOUNDATION AND RELATED ENTITIES

For the years ended December 31, 2011 and 2010

DORIS DUKE CHARITABLE FOUNDATION AND RELATED ENTITIES

TABLE OF CONTENTS

Grant Thornton

Audit • Tax • Advisory

Grant Thornton LLP
666 Third Avenue, 13th Floor
New York, NY 10017-4011

T 212.599.0100
F 212.370.4520
www.GrantThornton.com

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of the
Doris Duke Charitable Foundation:

We have audited the accompanying consolidating balance sheets of the Doris Duke Charitable Foundation and Related Entities, including Duke Farms Foundation, Doris Duke Foundation for Islamic Art, Doris Duke Management Foundation, and Doris Duke Foundation (collectively, the "Foundation") as of December 31, 2011 and 2010 and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Doris Duke Charitable Foundation and Related Entities as of December 31, 2011 and 2010 and the consolidated changes in their net assets and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as of and for the years ended December 31, 2011 and 2010 as a whole. The consolidating information included on schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

New York, New York
June 12, 2012

DORIS DUKE CHARITABLE FOUNDATION
AND RELATED ENTITIES
Consolidated Balance Sheets
As of December 31, 2011 and 2010

ASSETS	2011	2010
Cash and cash equivalents	$ 20,484,536	$ 15,710,634
Prepaid expenses, deferred charges and other receivables	2,111,505	1,338,394
Deposits held with bond trustee (Note 13)	15,704,419	31,669,020
Investments (Note 3)	1,529,989,653	1,613,455,188
Beneficial interest in trusts held by others	1,994,687	2,410,557
Personalty (Note 5)	395,032	395,232
Property and equipment, net (Notes 6 and 14)	119,461,993	105,565,898
Total assets	$ 1,690,141,825	$ 1,770,544,923
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 7,606,573	$ 7,422,499
Accrued interest payable	625,912	631,008
Grants payable, net (Note 8)	45,737,518	67,343,295
Deferred federal and state excise taxes payable (Note 9)	4,542,394	6,170,576
Post-retirement health benefit obligation (Note 7)	8,887,315	6,709,441
Interest rate swap agreement (Note 13)	6,503,399	657,476
Bonds payable (Note 13)	55,615,126	55,653,326
Total liabilities	129,518,237	144,587,621
COMMITMENTS (Note 11)		
NET ASSETS - unrestricted	1,560,623,588	1,625,957,302
Total liabilities and net assets	$ 1,690,141,825	$ 1,770,544,923

The accompanying notes are an integral part of these consolidated financial statements.

DORIS DUKE CHARITABLE FOUNDATION
AND RELATED ENTITIES
Consolidated Statements of Activities
For the years ended December 31, 2011 and 2010

	2011	2010
REVENUES		
Investment income:		
Dividends	$ 2,700,449	$ 5,274,209
Interest	13,036,947	12,740,009
	15,737,396	18,014,218
Less:		
Investment expenses	(5,589,979)	(6,292,855)
Provision for federal and state excise taxes (Note 9)	(860,854)	(292,281)
Net investment income	9,286,563	11,429,082
Change in value of beneficial interest in trusts held by others (Note 2)	(98,906)	6,288,256
Residual interest in Estate of Doris Duke (Note 4)	-	25,017
Other (losses)/revenues	(89,066)	132,092
Total revenues	9,098,591	17,874,447
EXPENSES		
Grants, net	40,747,863	51,744,586
Program	21,705,806	21,319,693
Administration	4,483,008	4,755,758
Total expenses	66,936,677	77,820,037
Decrease in net assets before investment (losses) gains and change in value of interest rate swap agreement	(57,838,086)	(59,945,590)
INVESTMENT ACTIVITY		
Net realized gains	74,401,725	33,976,332
Net unrealized (losses) gains (Note 9)	(76,051,430)	133,791,169
Net investment (losses) gains	(1,649,705)	167,767,501
Change in value of interest rate swap agreement (Note 13)	(5,845,923)	1,472,293
Change in net assets	(65,333,714)	109,294,204
Net assets - unrestricted, beginning of year	1,625,957,302	1,516,663,098
Net assets - unrestricted, end of year	$ 1,560,623,588	$ 1,625,957,302

The accompanying notes are an integral part of these consolidated financial statements.

DORIS DUKE CHARITABLE FOUNDATION
AND RELATED ENTITIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (65,333,714)	$ 109,294,204
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in value of interest rate swap agreement	5,845,923	(1,472,293)
Depreciation	2,560,835	2,729,786
Amortization of deferred bond issuance costs	21,447	21,477
Amortization of bond premium	(38,200)	(40,220)
Change in present value discount on grants payable	(946,735)	(932,711)
Discount allowance on grants payable	49,497	210,297
Gifted collectibles	-	500
Net proceeds from sales of personalty	-	12,380
Loss (gain) from disposition of personalty	200	(2,380)
Loss (gain) from disposition of property and equipment	146,208	(84,980)
Net realized and unrealized losses (gains) on investments	3,276,984	(170,489,596)
Change in value of beneficial interest in trusts held by others	98,906	(6,288,075)
Changes in assets and liabilities:		
Decrease (increase) in interest, dividends and other receivables	463,179	(123,344)
Decrease (increase) in due from brokers	57,655,131	(35,860,707)
(Increase) decrease in prepaid expenses, deferred charges and other receivables	(794,558)	316,410
Increase in receivable from the Estate of Doris Duke	-	(25,017)
(Decrease) increase in due to brokers	(22,051,412)	56,212,392
Increase (decrease) in accounts payable and accrued expenses	184,074	(303,754)
Decrease in accrued interest – bonds payable	(5,096)	(113,614)
Increase in post-retirement health benefit obligation	2,177,874	1,235,957
Decrease in grants payable	(20,708,539)	(11,674,563)
(Decrease) increase in deferred federal and state excise taxes payable	(1,628,182)	2,722,095
Net cash used in operating activities	(39,026,178)	(54,655,756)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,961,629,831)	(2,950,435,460)
Proceeds from sale of investments	3,005,751,484	2,977,040,513
Purchase of property and equipment	(17,323,690)	(20,965,432)
Proceeds from sale of property and equipment	720,552	2,718,496
Net cash provided by investing activities	27,518,515	8,358,117
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received from charitable remainder trusts	316,964	9,060,685
Amounts received from Estate of Doris Duke	-	2,484,447
Change in deposits held with bond trustee	15,964,601	18,684,120
Net cash provided by financing activities	16,281,565	30,229,252
Net increase (decrease) in cash and cash equivalents	4,773,902	(16,068,387)
Cash and cash equivalents, beginning of year	15,710,634	31,779,021
Cash and cash equivalents, end of year	$ 20,484,536	$ 15,710,634
Supplemental cash flow information:		
Cash paid for federal and state excise taxes	$ 634,500	$ 290,000
Cash paid for interest	$ 2,010,739	$ 2,038,906
Retainage for construction projects	$ 789,968	$ 1,079,724

The accompanying notes are an integral part of these consolidated financial statements.

1. DESCRIPTION OF ORGANIZATION AND RELATED ENTITIES

Doris Duke Charitable Foundation ("DDCF") is a private foundation established by the Last Will and Testament of Doris Duke in 1996. DDCF was formed as a trust under the laws of the State of New York and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the "Code") as an organization described in Section 501(c)(3). It is a private foundation within the meaning of Section 509(a) of the Code.

The mission of DDCF's grants program is to improve the quality of people's lives by nurturing the arts, protecting and restoring the environment, seeking cures for diseases, and helping to protect children from abuse and neglect. The mission and the strategy of DDCF are guided by Doris Duke's Last Will and Testament, which reflects the interests she pursued during her life. Doris Duke bequeathed DDCF significant resources to support those interests in addition to a legacy of properties and collections. Further, DDCF supports three operating foundations that own Doris Duke's properties in New Jersey, Hawaii, and Rhode Island, and a fourth that provides services to the other foundations.

The Doris Duke Foundation which was established in Delaware in 1934 by Doris Duke during her lifetime, the Doris Duke Charitable Foundation, and three operating foundations which were established through a Plan of Reorganization, effectuated in January 1999, are collectively referred to as the "Foundation." The following summarizes the entities which, in addition to DDCF, comprise the Foundation. All material inter-organizational balances and transactions have been eliminated in consolidation.

Duke Farms Foundation

Duke Farms Foundation ("DFF") was incorporated under the laws of the State of New York for the purpose of receiving title to real property located in Somerville, Hillsborough, Raritan, and Readington, New Jersey. The property comprises 2,700 acres, and includes designed landscapes, working farms, and supporting infrastructure. It is used for environmental, agricultural, and horticultural purposes. During 2006, the DFF Board of Directors approved a resolution to develop a master plan to fulfill DFF's mission of environmental stewardship. The thrust of this plan is leading to restoration of the property, consistent with sound environmental practices, as a resource for public education and enjoyment. The design process for the property and buildings was completed in 2009 and renovation of existing structures, for both public education and administrative use, commenced in 2009 and will be completed in the spring of 2012.

Duke Farms Foundation is exempt from federal income taxes under Section 501(a) of the Code as an organization described in Section 501(c)(3). It is a private foundation within the meaning of Section 509(a) of the Code and qualifies as a private operating foundation described in Section 4942(j)(3) of the Code.

Doris Duke Foundation for Islamic Art

Doris Duke Foundation for Islamic Art ("DDFIA") was incorporated under the laws of the State of New York for the purpose of receiving title to real property located in Honolulu, HI, which includes a collection of Islamic art. It is used to promote the study and understanding of Islamic art and culture. DDFIA also awards grants to promote the use of arts and media to improve Americans' understanding of Muslim societies.

DDFIA is exempt from federal income taxes under Section 501(a) of the Code as an organization described in Section 501(c)(3). It is a private foundation within the meaning of Section 509(a) of the Code and qualifies as a private operating foundation described in Section 4942(j)(3) of the Code.

Additionally, DDFIA was specifically prohibited in its charter from operating a museum. In order to carry out the purposes mandated for DDFIA, the kinds of educational and historic house activities to take place at the Hawaiian property, Shangri La, required the formation of a new entity under the jurisdiction of the Board of Regents of the State of New York. Accordingly, in 2002, a new entity named the Doris Duke Foundation for Islamic Art was chartered by the Board of Regents of the State of New York as a museum. The Board of Regents then approved the consolidation of the not-for-profit corporation known as Doris Duke Foundation for Islamic Art with the new organization by the same name, as chartered by the Board of Regents.

Doris Duke Management Foundation

Doris Duke Management Foundation ("DDMF") was incorporated under the laws of the State of New York for the purpose of creating a centralized source of personnel to provide various services, including management, clerical, financial, and operational services, to the Foundation. Doris Duke Management Foundation also serves as a centralized source of certain facilities and equipment, both shared and separate.

DDMF is exempt from federal income taxes under Section 501(a) of the Code as an organization described in Section 501(c)(3). It is a private foundation within the meaning of Section 509(a) of the Code and it qualifies as a private operating foundation described in Section 4942(j)(3) of the Code.

All appropriate expenses are assigned to each foundation pursuant to an Operating Agreement created at the inception of DDMF for the services performed by DDMF on their behalf.

Doris Duke Foundation

Doris Duke Foundation ("DDF") is a private grant-making entity, organized under the laws of the State of Delaware in 1934, exempt from federal income taxes under Section 501(a) of the Code as an organization described in Section 501(c)(3). It is a private foundation within the meaning of Section 509(a) of the Code. DDF owns the remaining Southeast Asian Art and Culture ("SEAAC") Foundation assets, with the intent to dispose. The SEAAC assets were transferred to DDF upon the dissolution of the SEAAC Foundation, effective December 31, 2002.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The Foundation's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed stipulations. At December 31, 2011 and 2010, the net assets of the Foundation were unrestricted in nature and represent resources that are not subject to donor-imposed stipulations, and are, therefore, available for the general operations of the Foundation.

In the event the Foundation receives contributions or other assets which are restricted in nature due to specific time or use restrictions, such resources would be classified as temporarily restricted or permanently restricted net assets accordingly, based on the nature of such restrictions. Temporarily restricted net assets represent net assets which are subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time. Permanently restricted net assets represent net assets that are subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or removed by actions of the Foundation.

Personalty

Personal property transferred to the Foundation from the Estate of Doris Duke was recorded at fair value based upon independent appraisals. Since an initial auction in 2004, the Foundation has examined its remaining personalty to determine which items would ultimately be gifted to other nonprofit organizations, kept as part of the Foundation's archives or sold. In 2010, a number of items of personalty were sold through auctions or gifted to various museums. The remaining items of personalty will continue to be examined for possible sale or additional gifting to other nonprofit organizations, or otherwise disposed. (See Note 5 for additional details.)

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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 and expenses during the reporting period. The most significant management estimates and assumptions relate to the valuation of non-marketable alternative investments; the determination of the Foundation's post-retirement health benefit obligation; the fair value assigned to its interest rate swap agreement; and its remainderman interest under split-interest agreements. Actual results could differ from those estimates.

Fair Value Measurements

The FASB issued ASC Topic 820 which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Assets and liabilities, subject to the standard, measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices available in active markets for identical assets or liabilities as of the measurement date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at that NAV at the date of the balance sheet or in the near term, which the Foundation has generally considered to be within 90 days.

Level 3 - Securities that have little to no pricing observability as of the measurement date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by an entity. The Foundation considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that instrument.

Valuation of Investments

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities, certain U.S. government and sovereign obligations, and certain money market securities. The Foundation does not adjust the quoted price for such instruments, even in situations where the Foundation holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include certain U.S. government and sovereign obligations, not included in Level 1, most government agency securities, investment-grade corporate bonds, certain mortgage products, certain bank loans and bridge loans, less liquid listed equities, state, municipal and provincial obligations, most physical commodities and certain loan commitments. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or nontransferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include private equity and real estate investments, certain bank loans and bridge loans, less liquid corporate debt securities (including distressed debt instruments), collateralized debt obligations, and less liquid mortgage securities (backed by either commercial or residential real estate). When observable prices are not available for these securities, the Foundation uses one or more valuation techniques (e.g., the market approach, the income approach or the cost approach) for which sufficient and reliable data is available. Within Level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted, as appropriate, for liquidity, credit, market and/or other risk factors.

The inputs used by the Foundation in estimating the value of Level 3 investments include the original transaction price, recent transactions for the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Foundation in the absence of market information. The fair value measurement of Level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the Foundation, due to the lack of observable inputs, may significantly impact the resulting fair value for such assets categorized as Level 3 and therefore the Foundation's changes in net assets.

Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents, equity and fixed-income securities and alternative investments. The Foundation maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The Foundation's cash accounts were placed with high credit quality financial institutions. The Foundation has not experienced, nor does it anticipate, any losses in such accounts. The Foundation has a significant investment in equities, bonds, and alternative investments, both marketable and non-marketable, and is therefore subject to concentrations of credit risk. Investment decisions are made by the DDCF Investment Committee of the Board of Trustees in conformity with the investment strategy approved by and under the direction of the Board of Trustees, in consultation with management and independent investment managers engaged by the Foundation.

Property and Equipment

Property and equipment are stated at cost, or at appraised values if received from the Estate of Doris Duke. Property and equipment are depreciated on the straight-line basis over the estimated useful lives of the respective assets, which range from 3 to 30 years. Leasehold improvements are amortized on the straight-line basis over the life of the lease or their estimated useful life, whichever is shorter. The Foundation capitalizes computers with a unit price of $5,000 or greater and property and equipment costing more than $2,500.

Beneficial Interest in Trusts Held by Others

In accordance with Doris Duke's Last Will and Testament, DDCF is the remainderman beneficiary of several split-interest agreements - specifically, irrevocable charitable remainder annuity trusts held by others. The Foundation initially valued these deferred gifts at the fair value of the underlying investments which are then actuarially discounted to reflect the Foundation's remainderman interest upon death of the respective life beneficiaries. Published IRS discount rates are employed to determine the net present value of both contributions and liabilities pertaining to these split-interest agreements. Annually, DDCF revalues its remainderman interest in these split-interest agreements and reflects this change in value in the consolidated statement of activities.

In February 2010, the death of a beneficiary of a significant charitable remainder annuity trust was reported to U.S. Trust, the trustee. The Foundation received a significant distribution of the fair value of the underlying investments in the annuity trust of $9,000,000 in June 2010, a distribution of $316,964 in February 2011, and a final distribution of $86,516 in January 2012.

The following table summarizes the changes in the Foundation's beneficial interest in trusts held by others for the years December 31, 2011 and 2010:

	2011	2010
Beginning of year	$ 2,410,557	$ 5,183,167
Distribution from trusts	(316,964)	(9,060,685)
Change in fair value	(98,906)	6,288,075
End of year	$ 1,994,687	$ 2,410,557

Grants

Grant awards by the Foundation to recipients are recorded as an expense and a liability when approved by the appropriate boards and the grantee has been selected and notified. Such grant commitments are often made to a recipient over multiple fiscal years and are therefore recognized and measured at the present value of the amounts to be paid. The present value discount is determined when the grant is initially recognized using an appropriate discount rate which is not subsequently revised. The Foundation amortizes grant discounts, which are recorded as additional grant expense, over the payment period of the respective grant using the effective interest method. Rescinded grants are recorded as a reduction to grant expense.

Functional Allocation of Expenses

The costs of operating the Foundation have been allocated among program-related and administrative expenses. Program-related expenses pertain principally to the general grant-making activities of the Foundation, such as reviewing proposals and awarding, monitoring, and evaluating grants. Administrative expenses include all other non-program related expenses of the Foundation.

Consolidated Statements of Cash Flows

For purposes of preparing the consolidated statement of cash flows, the Foundation considers investments with original maturities of three months or less at the time of purchase and all investments in money market funds, with immediate liquidity, to be cash equivalents. Short-term investments held by investment managers as part of the Foundation's long-term investment strategy are, however, classified as investments. At December 31, 2011 and 2010, the Foundation had $18,372,068 and $11,385,343, respectively, in money market funds which have been classified as cash equivalents.

Financial Instruments

The carrying amount of the Foundation's financial instruments approximate fair value.

3. INVESTMENTS

Investments at December 31, 2011 and 2010 consist of the following:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Equity investments	$ 322,905,102	$ 268,178,380	$ 312,780,474	$ 311,746,346
Marketable alternative investments	519,743,802	758,299,122	505,562,868	771,295,797
Non-marketable alternative investments	269,473,551	317,473,779	255,262,619	291,642,065
Fixed-income investments	213,215,878	212,370,418	221,452,301	229,036,126
Subtotal	1,325,338,333	1,556,321,699	1,295,058,262	1,603,720,334
Interest, dividends and other receivables, net	1,688,090	1,688,090	2,151,271	2,151,271
Due to brokers	(67,811,929)	(67,811,929)	(89,863,341)	(89,863,341)
Due from brokers	39,791,793	39,791,793	97,446,924	97,446,924
Total	$ 1,299,006,287	$ 1,529,989,653	$ 1,304,793,116	$ 1,613,455,188

Marketable and non-marketable alternative investments at December 31, 2011 and 2010 consist of the following:

	2011			2010		
	Number of Funds	Cost	Fair Value	Number of Funds	Cost	Fair Value
ALTERNATIVE INVESTMENT STRATEGY:						
Marketable alternative investments:						
Multi-Strategy	13	$ 245,762,538	$ 448,610,767	12	$ 238,183,106	$ 435,706,493
Equity Long/Short	15	199,886,490	225,961,219	15	215,340,892	275,032,140
Distressed/High Yield	5	74,094,774	83,727,136	3	50,984,880	60,331,696
Fund of Funds	-	-	-	1	1,053,990	225,468
Total marketable alternative investments	33	519,743,802	758,299,122	31	505,562,868	771,295,797
Non-marketable alternative investments:						
Fund of Funds	9	86,946,590	96,704,019	7	84,874,125	89,112,989
Buy-outs/Growth	12	79,454,899	102,176,194	14	77,741,848	101,783,602
Venture Capital	19	52,730,851	62,535,193	18	43,718,053	46,404,469
Distressed	4	17,940,416	19,629,269	4	20,333,544	20,867,940
Real Assets	10	32,400,795	36,429,104	4	28,595,049	33,473,065
Total non-marketable alternative investments	54	269,473,551	317,473,779	47	255,262,619	291,642,065
Total alternative investments	87	$ 789,217,353	$ 1,075,772,901	78	$ 760,825,487	$ 1,062,937,862

Equity investments include U.S. large and small-capitalization companies, real estate investment trusts, non-U.S. developed and emerging markets, and global equities (U.S. and non-U.S. developed market securities).

Fixed-income investments represent the broad U.S. bond market, including government, corporate, treasury, and mortgage-backed securities.

Cash and cash equivalents include short-term investments. Cash and cash equivalents held by investment managers, as part of the long-term investment strategy of the Foundation, have been classified into the investment categories in which they are intended to ultimately be invested in and amounted to $10,377,809 and $16,442,004 at December 31, 2011 and 2010, respectively.

Because of the uncertainty associated with the valuations of certain of the alternative investments, which are not readily marketable or do not have quoted market prices, the carrying values of such investments could differ had a ready market for such investments existed. Such difference could be material. The realization of the Foundation's investment in limited partnership interests is dependent upon the general partners' distributions and operating performance during the life of each partnership.

The following table summarizes investments within the fair value hierarchy as of December 31, 2011:

	Level 1	Level 2	Level 3	Total
Equity investments	$ 59,421,636	$ 208,756,744	$ -	$ 268,178,380
Marketable alternative investments	-	237,561,820	520,737,302	758,299,122
Non-marketable alternative investments	-	-	317,473,779	317,473,779
Fixed-income investments	-	212,370,418	-	212,370,418
	$ 59,421,636	$ 658,688,982	$ 838,211,081	$ 1,556,321,699

The following table summarizes investments within the fair value hierarchy as of December 31, 2010:

	Level 1	Level 2	Level 3	Total
Equity investments	$ 61,993,999	$ 249,752,347	$ -	$ 311,746,346
Marketable alternative investments	-	274,861,784	496,434,013	771,295,797
Non-marketable alternative investments	-	-	291,642,065	291,642,065
Fixed-income investments	-	229,036,126	-	229,036,126
	$ 61,993,999	$ 753,650,257	$ 788,076,078	$ 1,603,720,334

The following table summarizes the changes in fair values associated with Level 3 investments for the years ended December 31, 2011 and 2010:

	2011	2010
Balance, beginning of year	$ 788,076,078	$ 738,266,171
Sales	(95,345,169)	(72,722,103)
Purchases	131,874,221	29,660,132
Realized gains	19,536,383	2,662,251
Unrealized gains	28,122,788	90,209,627
Transfers out, net	(34,053,220)	-
Balance, end of year	$ 838,211,081	$ 788,076,078

During the year ended December 31, 2011, the Foundation transferred $36,555,173 from Level 3 to Level 2 due to the expiration of a lock-up period for one fund. Additionally, $2,501,953 was transferred from Level 2 to Level 3 due to the presence of illiquid positions. The Foundation's policy is to recognize transfers in and transfers out of Levels at the end of the reporting period.

All net realized and unrealized gains (losses) in the table above are reflected in the accompanying consolidated statements of activities.

The Foundation uses NAV, or its equivalent, to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists such investments by major category:

	Number of Funds	NAV in Funds	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions
Multi-Strategy	13	$ 448,610,767	N/A	N/A	N/A	Monthly to annually with 14 to 90 days notice	1 fund with a rolling two year lockup
Equity Long/Short	15	225,961,219	N/A	N/A	N/A	Monthly to quaterly with 30 to 90 days notice	3 funds with a rolling three year lockup
Distressed/High Yield	5	83,727,136	N/A	$ 9,000,000	N/A	Monthly to semi-annually with 60 to 90 days notice	1 fund limiting redemptions to 50% of remaining balance
Fund of Funds	9	96,704,019	Varying through 2020	31,600,000	Over the life of the fund	Illiquid, at the discretion of the General Partner	N/A
Buy-outs/Growth	12	102,176,194	Varying through 2041	19,800,000	Over the life of the fund	Illiquid, at the discretion of the General Partner	N/A
Venture Capital	19	62,535,193	Varying through 2021	19,200,000	Over the life of the fund	Illiquid, at the discretion of the General Partner	N/A
Distressed	4	19,629,269	Varying through 2018	1,400,000	Over the life of the fund	Illiquid, at the discretion of the General Partner	N/A
Real Assets	10	36,429,104	Varying through 2017	72,700,000	Over the life of the fund	Illiquid, at the discretion of the General Partner	N/A
	87	$ 1,075,772,901		$ 153,700,000			

4. DISTRIBUTION RECEIVABLE FROM THE ESTATE OF DORIS DUKE

In accordance with the provisions of the Last Will and Testament of Doris Duke, the Foundation was named as the beneficiary of (i) certain specific bequests and (ii) the balance of the estate after making certain specific gifts to named beneficiaries and paying the debts, claims, and expenses associated with the administration of the estate as well as all estate or death taxes.

In March and September 2010, the Foundation received final distributions from the Estate of Doris Duke of $2,459,430 and $25,017, respectively, in accordance with the Decree on Accounting approved by the Surrogate's Court dated January 12, 2010.

5. PERSONALTY

Doris Duke's personal assets, which were bequeathed to the Foundation, have been gradually sold through auctions held primarily in 2004 by Christie's. The total cumulative proceeds from the sales of such personalty in the 2004 auction approximated $34,000,000 and resulted in an approximate net gain of $19,000,000. In 2010, a number of personalty items were sold through auctions with total proceeds from such sales aggregating $12,380 and resulting in net gains of approximately $2,400. In 2011, there were no personalty items sold through auctions. During 2011 and 2010, the Foundation gifted personalty in the amount of $200 and $500, respectively, to a museum and a university. The remaining personalty held for sale or gift from the Estate of Doris Duke as of December 31, 2011 and 2010, totaled $395,032 and $395,232, respectively.

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at December 31, 2011 and 2010, consists of the following:

	2011	2010
Buildings and improvements	$ 31,112,691	$ 30,500,493
Furniture and equipment	11,762,696	13,316,984
Leasehold improvements	3,829,989	3,819,989
	46,705,376	47,637,466
Less: accumulated depreciation	(32,482,732)	(33,025,509)
	14,222,644	14,611,957
Land and improvements	105,239,349	90,953,941
	$ 119,461,993	$ 105,565,898

Depreciation expense for the years ended December 31, 2011 and 2010 totaled $2,560,835 and $2,729,786, respectively.

7. POST-RETIREMENT HEALTH BENEFIT OBLIGATION

The Foundation provides health benefits to all its full-time employees. Upon retirement, employees may be eligible for continuation of some of these benefits. Amounts are accrued for such benefits during the years in which employees provide services to the Foundation.

The actuarial present value of the benefit obligation and the amounts recognized in the accompanying consolidated balance sheets as of December 31, 2011 and 2010 are as follows:

	2011	2010
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 6,709,441	$ 5,473,484
Service cost	454,614	365,192
Interest cost	366,899	313,017
Plan participants' contributions	14,568	13,314
Amendments	-	419,754
Actuarial loss	1,529,794	296,740
Benefits paid	(188,001)	(172,060)
Benefit obligation, end of year	$ 8,887,315	$ 6,709,441
Change in plan assets:		
Fair value of plan assets, beginning of year	$ -	$ -
Employer contributions	173,433	158,746
Plan participants' contributions	14,568	13,314
Benefits paid	(188,001)	(172,060)
Fair value of plan assets, end of year	$ -	$ -
Components of accrued benefit cost:		
Funded status	$ (8,887,315)	$ (6,709,441)
Unamortized prior service cost	(466,818)	(502,310)
Unamortized actuarial net gain	(234,642)	(1,846,572)
Accrued benefit cost	$ (9,588,775)	$ (9,058,323)
Components of net periodic benefit cost:		
Service cost	$ 454,614	$ 365,192
Interest cost	366,899	313,017
Amortization of unrecognized prior service costs	(117,628)	(198,644)
Net periodic post-retirement benefit cost	$ 703,885	$ 479,565
Discount rate for benefit obligation, end of year	4.40%	5.54%
Discount rate for net periodic benefit cost, end of year	5.54%	5.96%

The Patient Protection and Affordable Care Act ("PPACA") was signed into law on March 23, 2010. On March 30, 2010, the Health Care and Education Reconciliation Act of 2010 ("HCERA"), which amends certain aspects of PPACA was signed into law. The new laws have a financial impact on employers who sponsor post-employment health care benefit. The impact of these laws on the Foundation is reflected above as an amendment in the post-retirement health benefit obligation as of December 31, 2011.

Future benefit payments to participants are expected to be paid as follows:

Year ending December 31:	**Amount**
2012	$ 195,561
2013	220,475
2014	233,898
2015	291,566
2016	308,985
2017 - 2021	2,165,318
	$ 3,415,803

	2011	**2010**
Assumed pre-65 medical trend rates at December 31:		
Health care cost trend rate assumed next year	9.25%	10.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%
Year rate reaches the ultimate trend rate	2019	2019
Assumed post-65 medical trend rates at December 31:		
Health care cost trend rate assumed next year	7.5%	8.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%
Year rate reaches the ultimate trend rate	2019	2019
Assumed prescription drug trend rates at December 31:		
Health care cost trend rate assumed next year	9.25%	10.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%
Year rate reaches the ultimate trend rate	2019	2019

The Foundation does not anticipate applying for the Medicare Part D prescription drug federal subsidy; therefore, the above disclosures do not reflect the impact of Medicare Part D. The Foundation's expense associated with this plan totaled $2,177,874 and $1,235,957 for 2011 and 2010, respectively.

	2011	2010
Amounts recognized in the consolidated balance sheets consist of:		
Accrued benefit liability	$ 8,887,315	$ 6,709,441
Unrestricted net assets	$ 701,460	$ 2,348,882
Amounts recognized in unrestricted net assets consist of:		
Prior service cost	$ 466,818	$ 502,310
Actuarial net gain	234,642	1,846,572
	$ 701,460	$ 2,348,882
Amounts expected to be amortized from unrestricted net assets next fiscal year:		
Prior service cost	$ 35,492	$ 35,492
Net actuarial gain	82,136	163,152
	$ 117,628	$ 198,644
Change in unamortized items:		
Prior service cost	$ -	$ 419,754
Actuarial loss	1,529,794	296,740
	$ 1,529,794	$ 716,494

The assumed health care trend rates have a significant effect on the amounts reported for health care plans. A one-percentage-point change in the health care cost trend rates would have the following effects:

	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on total of service and interest cost components	$ 171,055	$ (142,705)
Effect on post-retirement benefit obligation	$ 1,634,749	$ (1,387,750)
Expected effect in the unrestricted net assets next fiscal year:		
Transition obligation	$ -	
Prior service credit	(35,492)	
Net actuarial loss	-	

8. GRANTS PAYABLE, NET

The following summarizes the changes in grants payable during 2011 and 2010:

	2011	2010
Balance, beginning of year:		
DDCF	$ 68,243,138	$ 81,360,173
DDFIA	540,475	542,831
Present value discount	(1,440,318)	(2,162,732)
	67,343,295	79,740,272
Grants authorized:		
DDCF	$ 36,745,472	$ 49,872,917
DDF	1,520,000	-
DDFIA	2,140,000	1,503,522
Present value discount	(49,497)	(210,297)
	40,355,975	51,166,142
Deductions:		
Payments made:		
DDCF	(61,253,487)	(62,989,952)
DDF	(20,000)	-
DDFIA	(1,500,000)	(1,505,878)
Amortization of present value discount	946,735	932,711
	(61,826,752)	(63,563,119)
Net rescinded grants:		
DDCF	(135,000)	-
	(135,000)	-
Balance, end of year:		
DDCF	43,600,123	68,243,138
DDF	1,500,000	-
DDFIA	1,180,475	540,475
Present value discount	(543,080)	(1,440,318)
	$ 45,737,518	$ 67,343,295

The Foundation’s grant commitments at December 31, 2011 and 2010 were discounted to present value by applying interest rate factors of .39% and .9825 %, respectively.

In 2011 and 2010, grants in the amount of $419,847 and $354,267, respectively, were refunded/rescinded and netted with grants expense in the consolidated statements of activities.

As of December 31, 2011, the Foundation's Board of Trustees approved grants of $17,587,940 for which grantees had not been selected and notified. Accordingly, such grants are not accrued in the accompanying consolidated balance sheet as of December 31, 2011.

Grants authorized but unpaid at December 31, 2011 are payable as follows:

Year payable		Amount
2012	$	25,571,563
2013		15,247,058
2014		4,548,221
2015		758,973
2016		154,783
		46,280,598
Less: present value discount		(543,080)
	$	45,737,518

9. INCOME TAXES

DDCF, DFF, DDMF, DDFIA and DDF are organizations exempt from federal income taxation under §501(c)(3) of the Internal Revenue Code and are private foundations as described in §509(a). The Foundations, however, are generally subject to a federal excise tax of 2% on their net investment income under §4940(a) and to federal and state income tax on their unrelated business taxable income at regular corporate rates. Historically, DDMF, DFF and DDFIA have not generated net investment income and have not been subject to any excise taxes.

Section 4940(e) provides for a reduction of the federal excise tax to 1% if the foundations make sufficient qualifying distributions. Based on its actual cash spending, DDCF will not qualify for the reduced 1% tax in 2011. DDF will qualify for the reduced 1% tax; however, because its projected qualifying distributions marginally exceed the required threshold, DDF has opted to calculate its current tax provision at 2%. Accordingly, the Foundation has calculated a current federal excise tax provision of $1,834,500.

For the years ending December 31, 2011 and 2010, DDCF and DDF reported unrelated business income tax, for federal and state purposes, that is immaterial for financial statement reporting purposes as the Foundation has federal and state net operating losses that exceed its projected tax liability. Accordingly, these foundations are reporting a current unrelated business income tax ("UBIT") provision of $1,354.

The foundations are required to book a deferred income tax provision based on cumulative unrealized gains on investments. The deferred excise tax provision is calculated assuming a 2% excise tax rate and is based on projected gains that assume complete liquidation of all assets. The deferred federal excise tax liability at December 31, 2011 and 2010 was $4,542,394 and $6,170,576, respectively. The net change in unrealized gains and losses for the current period is $1,628,182; accordingly, the Foundations have recorded a deferred tax provision of $1,628,182.

The provision for current federal excise tax is comprised of the following:

	2011	2010
Current Federal Excise Tax	$ 1,836,706	$ 465,357
Federal Excise Tax Overpayments	(102,206)	(583,272)
UBIT Tax	1,354	2,281
	$ 1,735,854	$ (115,634)

DDCF has generated a net operating loss carryforward of approximately $2.5 million dollars. The projected deferred tax asset based on these net operating losses is approximately $875,000 which has been recorded in the accompanying financial statements. The Foundation anticipates utilizing these net operating losses within the next few years.

Accounting for uncertainty in income tax positions taken or expected to be taken in a tax return requires that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The Foundation determined that there are no uncertain tax positions within its financial statements.

The Foundations are exempt from federal income taxation by virtue of being an organization described in Section 501(c)(3) of the Internal Revenue Code. Nevertheless, the Foundations may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The tax years ending December 31, 2008, 2009, 2010 and 2011 are still open to audit for both federal and state purposes.

10. RELATED PARTY

Newport Restoration Foundation (“NRF”) was established as a not-for-profit foundation in 1968 in order to preserve and restore historic architecture of the eighteenth and early nineteenth centuries in Newport, RI. In accordance with the Last Will and Testament of Doris Duke, in 1999, NRF received certain real and personal property located in Newport, RI, known as Rough Point, and certain real property located in Middletown, Rhode Island, valued at Doris Duke’s date of death at approximately $22 million. Annually, DDCF’s Board of Trustees approves a grant to fund the operations of Rough Point. During 2011 and 2010, NRF was awarded $2,445,000 and $2,310,000, respectively, from DDCF. The Foundation shares no common board members with NFR.

The Doris Duke Monument Foundation (the “Monument Foundation”) was formed in 2010 under the auspices of the NRF, as an independent, private foundation with 501(c)(3) tax exempt status. It is administered in parallel with the NRF board and staff. The Monument Foundation will become a self-supporting friends’ organization which will oversee maintenance and administration for the park in the future. During 2011, the Monument Foundation was awarded $1,500,000 from DDF. The Foundation shares no common board members with the Monument Foundation.

11. LEASE COMMITMENT

DDMF leases its office space located on the 18th and 19th floors of 650 Fifth Avenue, New York, NY. The existing 19th floor lease agreement was amended in 2005 (the "2005 Amendment") to include the rental of a portion of the 18th floor and to extend the expiration date of the original lease for the 19th floor. The 2005 Amendment expires on June 30, 2016.

Certain of the Foundation's operating leases contain annual escalations. In accordance with US GAAP, rent expense is recognized on a straight-line basis, including future rent escalations, over the life of the lease rather than in accordance with the actual lease payments. Deferred rent expense represents the adjustment to future rents as a result of applying the straight-line method.

Future minimum rental commitments under this operating lease are as follows:

Year ending December 31:	Amount
2012	$ 797,909
2013	806,495
2014	806,495
2015	806,495
2016	403,247
	$ 3,620,641

Rent expense for 2011 and 2010 was approximately $746,000.

12. PENSION PLANS

DDMF sponsors a 401(a) profit sharing plan with a 401(k) feature. Employees may elect to have pretax employee contributions made to their accounts not to exceed federal allowable limits. The Foundation plans to make discretionary contributions to the 401(k) plan. Total pension expense under this 401(k) plan for 2011 and 2010 totaled $1,202,410 and $1,184,517, respectively. Participants are immediately vested in their employee contributed account balance and in the employer's contribution portion including all earnings thereon, if actively employed on December 31st. Effective January 1, 2010, the Foundation converted to a non-elective contribution safe harbor 401(k) plan design. Under this new design, participants are immediately vested in their employee contributed account balance and in the employer's contribution portion and all earnings thereon, regardless of whether the employee is actively employed on December 31st. Further, under the new plan design, the Foundation is required to make a contribution equal to at least 3% of compensation of all eligible non-highly compensated employees, and highly compensated employees if desired, regardless of whether an employee makes employee contributions.

DDMF also sponsors a Supplemental Employee Retirement Plan (the "Supplemental Plan") to provide certain employees of the Foundation with retirement benefits that are otherwise unavailable from the 401(k) qualified retirement plan established by DDMF. The Supplemental Plan is an unfunded (nonqualified) retirement plan which permits the employer to defer 15% of compensation, at the employees' direction, in excess of the Code's 401(a)(17) limitation for eligible employees. Pension expense relative to the Supplemental Plan was approximately $72,000 and $71,000 in 2011 and 2010, respectively. The annual limitation used in calculating the 2011 and 2010 pension expense was $245,000. As of December 31, 2011 and 2010, DDMF has accrued approximately $510,000 and $628,000, respectively, relating to the Supplemental Plan.

In 2006, DDMF adopted a 457(b) deferred compensation plan to provide certain employees of the Foundation with the benefit of additional tax-deferred retirement savings opportunities. The annual 457(b) deferral limitation for 2011 and 2010 was $16,500. This plan is entirely funded by employee salary deferrals.

13. BONDS PAYABLE

New Jersey Economic Development Authority, Economic Development Bonds (Duke Farms Foundation Project) – Series 2009A and 2009B.

On May 28, 2009, DFF borrowed $55,000,000, guaranteed by DDCF, to finance the renovation of numerous existing buildings, the acquisition of machinery and equipment and the construction of landscaping improvements, on approximately 500 acres of land, for a visitor orientation center, offices, greenhouses and related facilities to be used for ecological, agricultural and horticultural education, restoration, preservation and enjoyment, located in the municipality of Hillsborough, County of Somerset in the State of New Jersey.

The $30,000,000 Series 2009A bonds were initially issued at a daily rate of interest with a standby letter of credit from Northern Trust Bank providing a liquidity facility. The interest rate on the Series 2009A variable rate bonds ranged between 0.02% and 0.29% during fiscal 2011 and 0.05% and 0.36% during fiscal 2010. Concurrent with the issuance of the Series 2009A bonds, DFF entered into an interest rate swap agreement for the notional amount of $30,000,000 with Deutsche Bank in order to synthetically fix its variable rate issuance as a hedge against interest rate volatility. Under the terms of the agreement, DFF agreed to pay Deutsche Bank a fixed rate of interest equal to 2.665% on the Series 2009A bonds, and to receive from Deutsche Bank a payment equal to 68% of the 3-month LIBOR (.378% and .206% at December 31, 2011 and 2010, respectively). The interest rate received by DFF is reset on a daily basis. The swap agreement expires coincident with the maturity of the bonds on July 1, 2048.

The $25,000,000 Series 2009B bonds were issued at a 5.00% coupon rate priced at 102.789% to yield 4.84% on May 14, 2009. The Series 2009B bonds were issued at a premium of $697,250, resulting in net proceeds from the Series 2009A and 2009B bonds to DFF of $55,697,250. The bond premium is being amortized using the effective interest method over the term of the bonds. Amortization of the bond premium totaled $38,200 and $40,220 for the years ended December 31, 2011 and 2010, respectively.

In conjunction with the bond financing, DDCF received underlying ratings of “AAA” from Standard & Poor’s and “Aaa” from Moody’s.

The Foundation pays interest only on amounts borrowed until July 1, 2048, at which time the bonds are payable in full. During fiscal 2011, interest expense relating to Series 2009 A and B bonds, including interest rate swap payments, totaled $2,010,739, of which $1,563,255 (net of interest earned) was capitalized. During fiscal 2010, interest expense relating to the Series 2009 A and B bonds, including interest rate swap payments, totaled $2,038,906, of which $1,245,729 (net of interest earned) was capitalized.

As described above, DFF entered into an interest rate swap agreement relating to its variable rate bond issuance, wherein DFF agreed to pay the counterparty (Deutsche Bank) a fixed interest rate and the counterparty agreed to pay DFF a variable interest rate intended to approximate the variable rate on DFF's bonds. DFF's swap is considered a Level 2 financial instrument within the fair value hierarchy. The fair value of the swap, as described above, is based upon the expected future cash flows discounted at a current market rate.

As of and for the years ended December 31, 2011 and 2010, amounts included within the consolidated financial statements relating to interest rate swap agreements are as follows:

Fair Value at December 31, 2011	Fair Value at December 31, 2010	Consolidated Statements of Financial Postion Location	Change in Value of Interest Rate Swap Agreement for the year ended December 31, 2011	Change in Value of Interest Rate Swap Agreement for the year ended December 31, 2010	Consolidated Statements of Activities Location	Level within the Fair Value Hierarchy
$ 6,503,399	$ 657,476	Interest rate swap agreement (liabilities)	$ (5,845,923)	$ 1,472,293	Change in value of interest rate swap agreement	Level 2

Deposits held with bond trustee are invested in government fixed income securities, are recorded at fair value, and are classified as Level 1 within the fair value hierarchy at December 31, 2011 and 2010. The Foundation had no lifetime to date excess investment return, based on IRS arbitrage bond yield limitations, as of December 31, 2011.

14. SUBSEQUENT EVENTS

The Foundation evaluated its December 31, 2011 consolidated financial statements for subsequent events through June 12, 2012, the date the consolidated financial statements were issued.

SUPPLEMENTARY INFORMATION

SCHEDULE 1

DORIS DUKE CHARITABLE FOUNDATION AND RELATED ENTITIES

Consolidating Balance Sheet Information

As of December 31, 2011

ASSETS	Doris Duke Charitable Foundation	Doris Duke Foundation	Duke Farms Foundation	Doris Duke Management Foundation	Doris Duke Foundation for Islamic Art	Subtotal	Elimination Entries	Total
Cash and cash equivalents	$ 20,743,462	$ 9,697	$ (240,320)	$ (3,474)	$ (24,829)	$ 20,484,536	$ -	$ 20,484,536
Prepaid expenses, deferred charges and other receivables	907,084	-	1,060,914	219,356	1,245,263	3,432,617	(1,321,112)	2,111,505
Deposits held with bond trustee	-	-	15,704,419	-	-	15,704,419	-	15,704,419
Investments	1,524,811,989	5,151,210	26,454	-	-	1,529,989,653	-	1,529,989,653
Beneficial interest in trusts held by others	1,994,687	-	-	-	-	1,994,687	-	1,994,687
Due from related entities	26,266	-	259,972	6,309,015	-	6,595,253	(6,595,253)	-
Personalty	380,970	13,062	1,000	-	-	395,032	-	395,032
Property and equipment, net	-	-	85,918,165	1,432,466	32,111,362	119,461,993	-	119,461,993
Total assets	$ 1,548,864,458	$ 5,173,969	$ 102,730,604	$ 7,957,363	$ 33,331,796	$ 1,698,058,190	$ (7,916,365)	$ 1,690,141,825
LIABILITIES AND NET ASSETS								
LIABILITIES:								
Accounts payable and accrued expenses	$ 2,183,800	$ 41,452	$ 3,366,347	$ 1,745,178	$ 269,796	$ 7,606,573	$ -	$ 7,606,573
Accrued interest payable	-	-	625,912	-	-	625,912	-	625,912
Grants payable, net	44,239,457	1,640,637	-	-	1,178,536	47,058,630	(1,321,112)	45,737,518
Due to related entities	5,001,239	198,156	1,158,050	-	237,808	6,595,253	(6,595,253)	-
Deferred federal and state excise taxes payable	4,542,394	-	-	-	-	4,542,394	-	4,542,394
Post-retirement benefit obligation	-	-	4,660,391	2,532,472	1,694,452	8,887,315	-	8,887,315
Interest rate swap agreement	-	-	6,503,399	-	-	6,503,399	-	6,503,399
Bonds payable	-	-	55,615,126	-	-	55,615,126	-	55,615,126
Total liabilities	55,966,890	1,880,245	71,929,225	4,277,650	3,380,592	137,434,602	(7,916,365)	129,518,237
NET ASSETS - unrestricted	1,492,897,568	3,293,724	30,801,379	3,679,713	29,951,204	1,560,623,588	-	1,560,623,588
Total liabilities and net assets	$ 1,548,864,458	$ 5,173,969	$ 102,730,604	$ 7,957,363	$ 33,331,796	$ 1,698,058,190	$ (7,916,365)	$ 1,690,141,825

The accompanying consolidated financial statements and notes thereto are an integral part of this consolidating schedule.

SCHEDULE 2

DORIS DUKE CHARITABLE FOUNDATION AND RELATED ENTITIES
Consolidating Balance Sheet Information
As of December 31, 2010

ASSETS	Doris Duke Charitable Foundation	Doris Duke Foundation	Duke Farms Foundation	Doris Duke Management Foundation	Doris Duke Foundation for Islamic Art	Subtotal	Consolidating Entries	Total
Cash and cash equivalents	$ 15,595,355	$ 189,991	$ (34,243)	$ (25,056)	$ (15,413)	$ 15,710,634	$ -	$ 15,710,634
Prepaid expenses, deferred charges and other receivables	32,083	-	1,044,738	346,146	606,700	2,029,667	(691,273)	1,338,394
Deposits held with bond trustee	-	-	31,669,020	-	-	31,669,020	-	31,669,020
Investments	1,608,179,862	5,223,138	52,188	-	-	1,613,455,188	-	1,613,455,188
Beneficial interest in trusts held by others	2,410,557	-	-	-	-	2,410,557	-	2,410,557
Due from related entities	26,266	-	259,972	5,649,941	-	5,936,179	(5,936,179)	-
Personalty	380,970	13,262	1,000	-	-	395,232	-	395,232
Property and equipment, net	-	-	72,082,233	1,605,889	31,877,776	105,565,898	-	105,565,898
Total assets	$ 1,626,625,093	$ 5,426,391	$ 105,074,908	$ 7,576,920	$ 32,469,063	$ 1,777,172,375	$ (6,627,452)	$ 1,770,544,923
LIABILITIES AND NET ASSETS								
LIABILITIES								
Accounts payable and accrued expenses	$ 1,248,964	$ 32,646	$ 3,572,132	$ 2,120,008	$ 448,749	$ 7,422,499	$ -	$ 7,422,499
Accrued interest payable	-	-	631,008	-	-	631,008	-	631,008
Grants payable, net	67,349,055	150,798	-	-	534,715	68,034,568	(691,273)	67,343,295
Due to related entities	4,342,166	198,156	1,158,049	-	237,808	5,936,179	(5,936,179)	-
Deferred federal and state excise taxes payable	6,170,576	-	-	-	-	6,170,576	-	6,170,576
Post-retirement benefit obligation	-	-	3,689,995	1,777,199	1,242,247	6,709,441	-	6,709,441
Interest rate swap agreement	-	-	657,476	-	-	657,476		657,476
Bonds payable	-	-	55,653,326	-	-	55,653,326	-	55,653,326
Total liabilities	79,110,761	381,600	65,361,986	3,897,207	2,463,519	151,215,073	(6,627,452)	144,587,621
COMMITMENTS								
NET ASSETS - unrestricted	1,547,514,332	5,044,791	39,712,922	3,679,713	30,005,544	1,625,957,302	-	1,625,957,302
Total liabilities and net assets	$ 1,626,625,093	$ 5,426,391	$ 105,074,908	$ 7,576,920	$ 32,469,063	$ 1,777,172,375	$ (6,627,452)	$ 1,770,544,923

The accompanying consolidated financial statements and notes thereto are an integral part of this consolidating schedule.

DORIS DUKE CHARITABLE FOUNDATION AND RELATED ENTITIES

Consolidating Schedule of Activities Information

For the year ended December 31, 2011

	Doris Duke Charitable Foundation	Doris Duke Foundation	Duke Farms Foundation	Doris Duke Management Foundation	Doris Duke Foundation for Islamic Art	Subtotal	Consolidating Entries	Total
REVENUES								
Investment income:								
Dividends	$ 2,682,891	$ 17,558	$ -	$ -	$ -	$ 2,700,449	$ -	$ 2,700,449
Interest	12,579,795	9,660	447,484	8	-	13,036,947	-	13,036,947
DDCF-DDF Invest Inc Alloc	(37,011)	37,011	-	-	-	-	-	-
	15,225,675	64,229	447,484	8	-	15,737,396	-	15,737,396
Less:								
Investment expenses	(5,539,238)	(50,741)	-	-	-	(5,589,979)	-	(5,589,979)
Provision for federal and state excise taxes	(851,354)	(8,000)	(1,500)	-	-	(860,854)	-	(860,854)
Net investment income	8,835,083	5,488	445,984	8	-	9,286,563	-	9,286,563
Change in value of beneficial interest in trusts held by others and related distribution	(98,906)	-	-	-	-	(98,906)	-	(98,906)
Contributions from related organizations	-	-	8,628,761	-	7,169,920	15,798,681	(15,798,681)	-
Management fees	-	-	-	11,241,162	-	11,241,162	(11,241,162)	-
Other revenues	1,087	(200)	(106,292)	5	16,334	(89,066)	-	(89,066)
Total revenues	8,737,264	5,288	8,968,453	11,241,175	7,186,254	36,138,434	(27,039,843)	9,098,591
EXPENSES								
Grants, net	52,882,723	1,520,000	-	-	2,143,821	56,546,544	(15,798,681)	40,747,863
Program	765,013	70,759	10,006,180	6,758,167	4,105,687	21,705,806	-	21,705,806
Administration	-	-	-	4,483,008	-	4,483,008	-	4,483,008
Management fees	8,101,450	120,733	2,027,893	-	991,086	11,241,162	(11,241,162)	-
Total expenses	61,749,186	1,711,492	12,034,073	11,241,175	7,240,594	93,976,520	(27,039,843)	66,936,677
Decrease in net assets before investment gains and change in value of interest rate swap agreement	(53,011,922)	(1,706,204)	(3,065,620)	-	(54,340)	(57,838,086)	-	(57,838,086)
Investment gains (losses):								
Net realized gains	73,934,965	466,760	-	-	-	74,401,725	-	74,401,725
Net unrealized losses	(75,539,807)	(511,623)	-	-	-	(76,051,430)	-	(76,051,430)
Net investment gains (losses)	(1,604,842)	(44,863)	-	-	-	(1,649,705)	-	(1,649,705)
Unealized loss on interest rate swap agreement	-	-	(5,845,923)	-	-	(5,845,923)	-	(5,845,923)
Decrease in net assets	(54,616,764)	(1,751,067)	(8,911,543)	-	(54,340)	(65,333,714)	-	(65,333,714)
Net assets - unrestricted, beginning of year	1,547,514,332	5,044,791	39,712,922	3,679,713	30,005,544	1,625,957,302	-	1,625,957,302
Net assets - unrestricted, end of year	$ 1,492,897,568	$ 3,293,724	$ 30,801,379	$ 3,679,713	$ 29,951,204	$ 1,560,623,588	$ -	$ 1,560,623,588

The accompanying consolidated financial statements and notes thereto are an integral part of this consolidating schedule.

SCHEDULE 4

DORIS DUKE CHARITABLE FOUNDATION AND RELATED ENTITIES
Consolidating Schedule of Activities Information
For the year ended December 31, 2010

	Doris Duke Charitable Foundation	Doris Duke Foundation	Duke Farms Foundation	Doris Duke Management Foundation	Doris Duke Foundation for Islamic Art	Subtotal	Consolidating Entries	Total
REVENUES								
Investment income:								
Dividends	$ 5,190,889	$ 83,320	$ -	$ -	$ -	$ 5,274,209	$ -	$ 5,274,209
Interest	11,908,358	38,474	793,177	-	-	12,740,009	-	12,740,009
	17,099,247	121,794	793,177	-	-	18,014,218	-	18,014,218
Less:								
Investment expenses	(6,271,245)	(21,610)	-	-	-	(6,292,855)	-	(6,292,855)
(Provision for) federal and state excise taxes	(292,281)	-	-	-	-	(292,281)	-	(292,281)
Net investment income	10,535,721	100,184	793,177	-	-	11,429,082	-	11,429,082
Change in value of beneficial interest in trusts held by others and related distribution	6,288,256	-	-	-	-	6,288,256	-	6,288,256
Residual interest in Estate of Doris Duke	25,017	-	-	-	-	25,017	-	25,017
Contributions from related organizations	-	-	7,263,194	-	6,316,880	13,580,074	(13,580,074)	-
Management fees	-	-	-	11,844,704	-	11,844,704	(11,844,704)	-
Other revenues	1,358	12,382	104,637	-	13,715	132,092	-	132,092
Total revenues	16,850,352	112,566	8,161,008	11,844,704	6,330,595	43,299,225	(25,424,778)	17,874,447
EXPENSES								
Grants, net	63,832,774	-	-	-	1,491,886	65,324,660	(13,580,074)	51,744,586
Program	843,446	75,254	9,773,437	7,088,946	3,538,610	21,319,693	-	21,319,693
Administration	-	-	-	4,755,758	-	4,755,758	-	4,755,758
Management fees	8,633,624	131,078	2,010,156	-	1,069,846	11,844,704	(11,844,704)	-
Total expenses	73,309,844	206,332	11,783,593	11,844,704	6,100,342	103,244,815	(25,424,778)	77,820,037
Decrease in net assets before investment gains and change in value of interest rate swap agreement	(56,459,492)	(93,766)	(3,622,585)	-	230,253	(59,945,590)	-	(59,945,590)
Investment gains:								
Net realized gains	33,956,333	19,999	-	-	-	33,976,332	-	33,976,332
Net unrealized gains	133,382,666	408,503	-	-	-	133,791,169	-	133,791,169
Net investment gains	167,338,999	428,502	-	-	-	167,767,501	-	167,767,501
Change in value of interest rate swap agreement	-	-	1,472,293	-	-	1,472,293	-	1,472,293
Increase (decrease) in net assets	110,879,507	334,736	(2,150,292)	-	230,253	109,294,204	-	109,294,204
Net assets - unrestricted, beginning of year	1,436,634,825	4,710,055	41,863,214	3,679,713	29,775,291	1,516,663,098	-	1,516,663,098
Net assets - unrestricted, end of year	$ 1,547,514,332	$ 5,044,791	$ 39,712,922	$ 3,679,713	$ 30,005,544	$ 1,625,957,302	$ -	$ 1,625,957,302

The accompanying consolidated financial statements and notes thereto are an integral part of this consolidating schedule.