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, 2012 and 2011

DORIS DUKE CHARITABLE FOUNDATION AND RELATED ENTITIES

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated financial statements 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"), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of activities and cash flows, for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 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, 2012 and 2011, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the basic 2012 consolidated financial statements as a whole. The consolidating balance sheet information as of December 31, 2012 and 2011 on pages 26 and 27 and the consolidating schedule of activities information for the years ended December 31, 2012 and 2011 on pages 28 and 29 are presented for purposes of additional analysis and are not a required part of the basic 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 basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 18, 2013

DORIS DUKE CHARITABLE FOUNDATION AND RELATED ENTITIES
Consolidated Balance Sheets
As of December 31, 2012 and 2011

ASSETS	**2012**	**2011**
Cash and cash equivalents	$ 25,271,061	$ 20,484,536
Prepaid expenses, deferred charges and other receivables	2,148,065	2,111,505
Deposits held with bond trustee (Note 12)	6,001,082	15,704,419
Investments (Note 3)	1,594,769,475	1,529,989,653
Beneficial interest in trusts held by others (Note 2)	2,054,735	1,994,687
Personalty (Note 4)	395,032	395,032
Property and equipment, net (Note 5)	123,389,827	119,461,993
Total assets	$ 1,754,029,277	$ 1,690,141,825
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 4,817,927	$ 7,606,573
Accrued interest payable	627,525	625,912
Grants payable, net (Note 7)	52,497,918	45,737,518
Deferred federal and state excise taxes payable (Note 8)	6,400,971	4,542,394
Post-retirement health benefit obligation (Note 6)	8,138,120	8,887,315
Interest rate swap agreement (Note 12)	5,565,274	6,503,399
Bonds payable (Note 12)	55,578,844	55,615,126
Total liabilities	133,626,579	129,518,237
COMMITMENTS (Notes 3, 7 and 10)		
NET ASSETS - unrestricted	1,620,402,698	1,560,623,588
Total liabilities and net assets	$ 1,754,029,277	$ 1,690,141,825

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, 2012 and 2011

	2012	2011
REVENUES		
Investment income:		
Dividends	$ 4,282,674	$ 2,700,449
Interest	10,799,524	13,036,947
	15,082,198	15,737,396
Less:		
Investment expenses	(5,980,870)	(5,589,979)
Provision for federal and state excise taxes (Note 8)	(1,487,302)	(860,854)
Net investment income	7,614,026	9,286,563
Change in value of beneficial interest in trusts held by others (Note 2)	146,565	(98,906)
Other losses	(22,046)	(89,066)
Change in value of interest rate swap agreement (Note 12)	938,125	(5,845,923)
Total revenues	8,676,670	3,252,668
EXPENSES		
Grants, net (Note 7)	68,741,754	40,747,863
Program	22,901,613	21,705,806
Administration	4,723,876	4,483,008
Total expenses	96,367,243	66,936,677
Decrease in net assets before net investment gains (losses)	(87,690,573)	(63,684,009)
INVESTMENT ACTIVITY		
Net realized gains	48,992,834	74,401,725
Net unrealized gains (losses) (Note 8)	98,476,849	(76,051,430)
Net investment gains (losses)	147,469,683	(1,649,705)
Change in net assets	59,779,110	(65,333,714)
Net assets - unrestricted, beginning of year	1,560,623,588	1,625,957,302
Net assets - unrestricted, end of year	$ 1,620,402,698	$ 1,560,623,588

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, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 59,779,110	$ (65,333,714)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in value of interest rate swap agreement	(938,125)	5,845,923
Depreciation and amortization	3,802,522	2,560,835
Amortization of deferred bond issuance costs	21,447	21,447
Amortization of bond premium	(36,282)	(38,200)
Change in present value discount on grants payable	(54,823)	(946,735)
Discount allowance on grants payable	152,171	49,497
Loss from disposition of personalty	-	200
(Gain) loss from disposition of property and equipment	(91,085)	146,208
Net realized and unrealized (gains) losses on investments	(149,328,259)	3,276,984
Change in value of beneficial interest in trusts held by others	(146,565)	98,906
Changes in assets and liabilities:		
Decrease in interest, dividends and other receivables	550,916	463,179
(Increase) decrease in due from brokers	(87,084,351)	57,655,131
Increase in prepaid expenses, deferred charges and other receivables	(58,007)	(794,558)
Increase (decrease) in due to brokers	39,849,573	(22,051,412)
(Decrease) increase in accounts payable and accrued expenses	(729,567)	184,074
Decrease in accrued interest payable	1,613	(5,096)
(Decrease) increase in post-retirement health benefit obligation	(749,195)	2,177,874
Increase (decrease) in grants payable	6,663,052	(20,708,539)
Increase (decrease) in deferred federal and state excise taxes payable	1,858,577	(1,628,182)
Net cash used in operating activities	(126,537,278)	(39,026,178)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,091,248,301)	(2,961,629,831)
Proceeds from sale of investments	2,222,480,600	3,005,751,484
Purchase of property and equipment	(9,703,168)	(17,323,690)
Proceeds from sale of property and equipment	4,818	720,552
Net cash provided by investing activities	121,533,949	27,518,515
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received from charitable remainder trusts	86,517	316,964
Change in deposits held with bond trustee	9,703,337	15,964,601
Net cash provided by financing activities	9,789,854	16,281,565
Net increase in cash and cash equivalents	4,786,525	4,773,902
Cash and cash equivalents, beginning of year	20,484,536	15,710,634
Cash and cash equivalents, end of year	$ 25,271,061	$ 20,484,536
Supplemental cash flow information:		
Cash paid for federal and state excise taxes	$ 1,998,811	$ 634,500
Cash paid for interest	$ 2,003,391	$ 2,010,739
Retainage for construction projects	$ -	$ 789,968

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 former 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 plan lead to the 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 was 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.

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, 2012 and 2011, 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.

Use of Estimates

The preparation of consolidated 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 consolidated 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, commingled funds, 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 and related equipment with a unit price of $5,000 or greater and property and other 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 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 statements 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, 2012 and 2011:

	2012	2011
Beginning of year	$ 1,994,687	$ 2,410,557
Distribution from trusts	(86,517)	(316,964)
Change in fair value	146,565	(98,906)
End of year	$ 2,054,735	$ 1,994,687

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 statements 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, 2012 and 2011, the Foundation had $24,607,566 and $18,372,068, 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.

Subsequent Events

The Foundation evaluated its December 31, 2012 consolidated financial statements for subsequent events through June 18, 2013, the date the consolidated financial statements were issued.

3. INVESTMENTS

Investments at December 31, 2012 and 2011 consist of the following:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Equity investments	$ 45,125,318	$ 68,545,449	$ 77,970,554	$ 85,089,131
Commingled investments*	283,860,942	255,625,921	244,934,548	183,089,249
Marketable alternative investments	493,144,472	760,066,405	519,743,802	758,299,122
Non-exchange traded alternative investments	291,605,068	354,632,983	269,473,551	317,473,779
Fixed-income investments	129,363,069	135,546,901	213,215,878	212,370,418
Subtotal	1,243,098,869	1,574,417,659	1,325,338,333	1,556,321,699
Interest, dividends and other receivables, net	1,137,174	1,137,174	1,688,090	1,688,090
Due to brokers	(107,661,502)	(107,661,502)	(67,811,929)	(67,811,929)
Due from brokers	126,876,144	126,876,144	39,791,793	39,791,793
Total	$ 1,263,450,685	$ 1,594,769,475	$ 1,299,006,287	$ 1,529,989,653

*Commingled investments previously included in equity investments and fixed-income investments, have been shown separately in the chart above.

Marketable and non-exchange traded alternative investments at December 31, 2012 and 2011 consist of the following:

	2012			2011		
	Number of Funds	Cost	Fair Value	Number of Funds	Cost	Fair Value
ALTERNATIVE INVESTMENT STRATEGY:						
Marketable alternative investments:						
Multi-Strategy	13	$ 223,072,322	$ 431,409,793	13	$ 245,762,538	$ 448,610,767
Equity Long/Short	16	188,545,729	225,324,628	15	199,886,490	225,961,219
Distressed/High Yield	5	81,526,421	103,331,984	5	74,094,774	83,727,136
Total marketable alternative investments	34	493,144,472	760,066,405	33	519,743,802	758,299,122
Non-exchange traded alternative investments:						
Fund of Funds	9	84,644,445	91,361,903	9	86,946,590	96,704,019
Buy-outs/Growth	12	82,343,272	111,755,040	12	79,454,899	102,176,194
Venture Capital	24	59,206,516	77,036,961	19	52,730,851	62,535,193
Distressed	4	12,426,355	16,047,608	4	17,940,416	19,629,269
Real Assets	11	52,984,480	58,431,471	10	32,400,795	36,429,104
Total non-exchange traded alternative investments	60	291,605,068	354,632,983	54	269,473,551	317,473,779
Total alternative investments	94	$ 784,749,540	$ 1,114,699,388	87	$ 789,217,353	$ 1,075,772,901

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).

Commingled investments are funds whose underlying holdings include U.S. and non-U.S. publicly traded equities and publicly traded fixed income securities such as government bonds, corporate bonds, treasury bonds, and mortgage-backed securities. The liquidity of these funds range from daily to monthly.

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 and amounted to $13,790,591 and $10,377,809 at December 31, 2012 and 2011, respectively.

Because of the uncertainty associated with the valuations of certain 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, 2012:

	Level 1	Level 2	Level 3	Total
Equity investments	$ 68,497,451	$ 47,998	$ -	$ 68,545,449
Commingled investments	12,604,698	243,021,223	-	255,625,921
Marketable alternative investments	-	224,978,000	535,088,405	760,066,405
Non-exchange traded alternative investments	-	-	354,632,983	354,632,983
Fixed-income investments	-	135,546,901	-	135,546,901
	$ 81,102,149	$ 603,594,122	$ 889,721,388	$ 1,574,417,659

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	$ 25,667,495	$ -	$ 85,089,131
Commingled investments	-	183,089,249	-	183,089,249
Marketable alternative investments	-	237,561,820	520,737,302	758,299,122
Non-exchange traded 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 the changes in fair values associated with Level 3 investments for the years ended December 31, 2012 and 2011:

	2012	2011
Balance, beginning of year	$ 838,211,081	$ 788,076,078
Sales	(97,490,590)	(95,345,169)
Purchases	77,105,638	131,874,221
Realized gains	40,949,434	19,536,383
Unrealized gains	30,945,825	28,122,788
Transfers out, net	-	(34,053,220)
Balance, end of year	$ 889,721,388	$ 838,211,081

During the year ended December 31, 2012, there were no transfers among levels. 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 at December 31, 2012:

	Number of Funds	NAV in Funds	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions
Multi-Strategy	13	$ 431,409,793	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	16	225,324,628	N/A	$ 6,500,000	N/A	Monthly to quaterly with 30 to 90 days notice	3 funds with a rolling three year lockup
Distressed/High Yield	5	103,331,984	N/A	1,125,000	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	91,361,903	Varying through 2021	27,000,000	Over the life of the fund	Illiquid, at the discretion of the General Partner	Illiquid, at the discretion of the General Partner
Buy-outs/Growth	12	111,755,040	Varying through 2041	12,500,000	Over the life of the fund	Illiquid, at the discretion of the General Partner	Illiquid, at the discretion of the General Partner
Venture Capital	24	77,036,961	Varying through 2024	26,600,000	Over the life of the fund	Illiquid, at the discretion of the General Partner	Illiquid, at the discretion of the General Partner
Distressed	4	16,047,608	Varying through 2018	630,000	Over the life of the fund	Illiquid, at the discretion of the General Partner	Illiquid, at the discretion of the General Partner
Real Assets	11	58,431,471	Varying through 2017	47,900,000	Over the life of the fund	Illiquid, at the discretion of the General Partner	Illiquid, at the discretion of the General Partner
	94	$ 1,114,699,388		$ 122,255,000			

The following table lists such investments by major category at December 31, 2011:

	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	Illiquid, at the discretion of the General Partner
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	Illiquid, at the discretion of the General Partner
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	Illiquid, at the discretion of the General Partner
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	Illiquid, at the discretion of the General Partner
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	Illiquid, at the discretion of the General Partner
	87	$ 1,075,772,901		$ 153,700,000			

4. 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. In 2012, there were no personalty items sold through auctions. The remaining personalty held for sale or gift from the Estate of Doris Duke as of December 31, 2012 and 2011, totaled $395,032.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at December 31, 2012 and 2011, consists of the following:

	2012	2011
Buildings and improvements	$ 58,114,274	$ 29,977,616
Furniture and equipment	15,841,718	10,387,672
Leasehold improvements	3,826,856	3,829,989
	77,782,848	44,195,277
Less: accumulated depreciation and amortization	(34,112,686)	(32,482,732)
	43,670,162	11,712,545
Land and improvements	78,397,045	66,965,907
Construction in progress	1,322,620	40,783,541
	$ 123,389,827	$ 119,461,993

Depreciation and amortization expense for the years ended December 31, 2012 and 2011 totaled $3,802,522 and $2,560,835, respectively.

6. 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, 2012 and 2011, are as follows:

	2012	2011
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 8,887,315	$ 6,709,441
Service cost	473,803	454,614
Interest cost	292,060	366,899
Plan participants' contributions	19,411	14,568
Actuarial (gain) loss	(1,377,429)	1,529,794
Benefits paid	(157,040)	(188,001)
Benefit obligation, end of year	$ 8,138,120	$ 8,887,315
Change in plan assets:		
Fair value of plan assets, beginning of year	$ -	$ -
Employer contributions	137,629	173,433
Plan participants' contributions	19,411	14,568
Benefits paid	(157,040)	(188,001)
Fair value of plan assets, end of year	$ -	$ -
Components of accrued benefit cost:		
Funded status	$ (8,138,120)	$ (8,887,315)
Unamortized prior service cost	(431,326)	(466,818)
Unamortized actuarial net gain	(1,470,700)	(234,642)
Accrued benefit cost	$ (10,040,146)	$ (9,588,775)
Components of net periodic benefit cost:		
Service cost	$ 473,803	$ 454,614
Interest cost	292,060	366,899
Amortization of unrecognized prior service costs	(176,863)	(117,628)
Net periodic post-retirement benefit cost	$ 589,000	$ 703,885
Discount rate for benefit obligation, end of year	3.98%	4.40%
Discount rate for net periodic benefit cost, end of year	4.40%	5.54%

As of December 31, 2012, the mortality assumption has been updated to use the RP-2000 Mortality Table for annuitants and non-annuitants with projected mortality improvements using scale AA; specifically as outlined in IRC Regulation 1.43(h)(3)-1 for 2013 valuations. The static mortality tables are projected from the base table for the year 2000 through 2013 with further projection to reflect the approximate expected duration of liabilities, namely 7 years for annuitants and 15 years for non-annuitants.

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

Year ending December 31:	Amount
2013	$ 170,626
2014	191,214
2015	235,481
2016	241,160
2017	285,868
2018 - 2022	1,816,484
	$ 2,940,833

Expected employer contributions to post-retirement health benefit plans, net of employee contributions for fiscal year 2013 will total $170,626.

	2012	2011
Assumed pre-65 medical trend rates at December 31:		
Health care cost trend rate assumed next year	8.5%	9.25%
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	2021	2019
Assumed post-65 medical trend rates at December 31:		
Health care cost trend rate assumed next year	7.0%	7.5%
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	2021	2019
Assumed prescription drug trend rates at December 31:		
Health care cost trend rate assumed next year	7.5%	9.25%
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	2021	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 (benefit) associated with this plan totaled ($749,195) and $2,177,874 for 2012 and 2011, respectively.

	2012	2011
Amounts recognized in the consolidated balance sheets consist of:		
Accrued benefit liability	$ 8,138,120	$ 8,887,315
Unrestricted net assets	$ 1,902,026	$ 701,460
Amounts recognized in unrestricted net assets consist of:		
Prior service cost	$ 431,326	$ 466,818
Actuarial net gain	1,470,700	234,642
	$ 1,902,026	$ 701,460
Amounts expected to be amortized from unrestricted net assets next fiscal year:		
Prior service cost	$ 35,492	$ 35,492
Net actuarial gain	141,371	82,136
	$ 176,863	$ 117,628
Change in unamortized items:		
Prior service cost	$ -	$ -
Actuarial (gain) loss	(1,377,429)	1,529,794
	$ (1,377,429)	$ 1,529,794

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	$ 215,434	$ (158,974)
Effect on post-retirement benefit obligation	$ 1,720,533	$ (1,337,764)
Expected effect in the unrestricted net assets for fiscal year 2013:		
Transition obligation	$ -	
Prior service credit	$ (35,492)	
Net actuarial gain	$ (53,225)	

7. GRANTS PAYABLE, NET

The following summarizes the changes in grants payable during 2012 and 2011:

	2012	2011
Balance, beginning 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
Grants authorized:		
DDCF	60,881,597	36,745,472
DDF	5,775,000	1,520,000
DDFIA	2,558,200	2,140,000
Present value discount	(163,556)	(49,497)
	69,051,241	40,355,975
Deductions:		
Payments made:		
DDCF	(59,332,164)	(61,253,487)
DDF	(1,513,500)	(20,000)
DDFIA	(1,500,000)	(1,500,000)
Amortization of present value discount	54,823	946,735
	(62,290,841)	(61,826,752)
Net rescinded grants:		
DDCF	-	(135,000)
	-	(135,000)
Balance, end of year:		
DDCF	45,149,556	43,600,123
DDF	5,761,500	1,500,000
DDFIA	2,238,675	1,180,475
Present value discount	(651,813)	(543,080)
	$ 52,497,918	$ 45,737,518

The Foundation's grant commitments at December 31, 2012 and 2011 were discounted to present value by applying interest rate factors of .3725% and .39%, respectively.

In 2012 and 2011, grants in the amount of $364,310 and $419,847, respectively, were refunded/rescinded and netted with grants expense in the consolidated statements of activities.

As of December 31, 2012, the Foundation's Board of Trustees approved grants of $16,817,155 for which grantees had not yet been selected and notified. Accordingly, such grants have not been accrued in the accompanying consolidated balance sheet as of December 31, 2012.

Grants authorized but unpaid at December 31, 2012 are payable as follows:

Year payable		**Amount**
2013	$	30,961,051
2014		15,609,327
2015		4,274,861
2016		2,097,992
2017		206,500
		53,149,731
Less: present value discount		(651,813)
	$	52,497,918

8. INCOME TAXES

DDCF, DFF, DDMF, DDFIA and DDF are organizations exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and are private foundations as described in Section 509(a). The Foundation, however, is generally subject to a federal excise tax of 2% on its net investment income under Section 4940(a) and to federal and state income tax on its 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 Foundation makes sufficient qualifying distributions. Based on its actual cash spending, DDF will likely qualify for the reduced 1% tax in 2012; DDCF will likely not meet the required threshold and will pay an excise tax at the 2% rate in 2012. The Foundation has calculated a current federal excise tax provision of $1,487,302.

For the years ending December 31, 2012 and 2011, DDCF reported unrelated business income tax, for federal and state purposes, that is immaterial for financial statement reporting purposes as DDCF has federal and state net operating losses that exceed its projected tax liability. Accordingly, the Foundation is reporting a current unrelated business income tax provision of $599.

The Foundation is required to record 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, 2012 and 2011 was $6,400,971 and $4,542,394, respectively. The net change in unrealized gains and losses for 2012 is $1,858,577; accordingly, the Foundation has recorded an increase in its deferred liability of $1,858,577.

The provision for current federal excise tax consists of the following:

	2012	2011
Current federal excise tax	$ 1,487,302	$ 1,836,706
Federal excise tax overpayments	-	(102,206)
Unrelated business income tax	599	1,354
	$ 1,487,901	$ 1,735,854

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 consolidated financial statements. DDCF anticipates utilizing these net operating losses within the next few years.

ASC 740-10 clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This section provides 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 is exempt from federal income taxation by virtue of being organizations described in Section 501(c)(3) of the Internal Revenue Code. Nevertheless, the Foundation 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, 2009, 2010, 2011 and 2012 are still open to audit for both federal and state purposes. The Foundation has determined that there are no uncertain tax positions within its consolidated financial statements.

9. RELATED PARTIES

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 2012 and 2011, NRF was awarded $2,270,000 and $2,445,000, respectively, from DDCF. The Foundation shares no common board members with NRF and exerts no control over NRF’s operations.

The Doris Duke Monument Foundation (the “Monument Foundation”) was formed in 2010 under the auspices of NRF, as an independent, private foundation with 501(c)(3) tax exempt status. It is administered in parallel with 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 and exerts no control over its operations.

10. LEASE COMMITMENT

DDMF leases its office space located on the 18th and 19th floors of 650 Fifth Avenue, New York, NY. The previously 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 rentals 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
2013	$ 806,495
2014	806,495
2015	806,495
2016	403,247
	$ 2,822,732

Rent expense for 2012 and 2011 was approximately $746,000.

11. 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 2012 and 2011 totaled $1,217,047 and $1,202,410, 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 $100,350 and $72,000 in 2012 and 2011, respectively. The annual limitation used in calculating the 2012 and 2011 pension expense was $250,000 and $245,000. As of December 31, 2012 and 2011, DDMF has accrued approximately $452,570 and $510,000, 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 2012 and 2011 was $17,000 and $16,500, respectively. This plan is entirely funded by employee salary deferrals.

12. 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.

A portion of the total borrowings of $55,000,000, consisted of $30,000,000 Series 2009A bonds which 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 0.26% during fiscal 2012 and 0.02% and 0.29% during fiscal 2011. 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 (.210% and .378% at December 31, 2012 and 2011, 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. Payment on the Series 2009A bonds is due in full on July 1, 2048.

The balance of the total amount borrowed consisted of $25,000,000 Series 2009B bonds which 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 $36,282 and $38,200 for the years ended December 31, 2012 and 2011, respectively. Payment on the Series 2009B bonds is due in full on July 1, 2048.

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 2012, interest expense relating to the Series 2009 A and B bonds, including interest rate swap payments, totaled $2,003,391, of which $684,973 (net of interest earned) was capitalized. 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.

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, 2012 and 2011, amounts included within the consolidated financial statements relating to the interest rate swap agreement are as follows:

Fair Value at December 31, 2012	Fair Value at December 31, 2011	Consolidated Statements of Financial Postion Location	Change in Value of Interest Rate Swap Agreement for the year ended December 31, 2012	Change in Value of Interest Rate Swap Agreement for the year ended December 31, 2011	Consolidated Statements of Activities Location	Level within the Fair Value Hierarchy
$ 5,565,274	$ 6,503,399	Interest rate swap agreement (liabilities)	$ 938,125	$ (5,845,923)	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, 2012 and 2011. The Foundation had no lifetime to date excess investment return, based on IRS arbitrage bond yield limitations, as of December 31, 2011.

SUPPLEMENTARY INFORMATION

SCHEDULE 1

DORIS DUKE CHARITABLE FOUNDATION AND RELATED ENTITIES

Consolidating Balance Sheet Information

As of December 31, 2012

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	$ 25,618,611	$ 72,266	$ (247,722)	$ (126,353)	$ (45,741)	$ 25,271,061	$ -	$ 25,271,061
Prepaid expenses, deferred charges and other receivables	908,688	4,836,500	1,042,269	273,719	2,304,897	9,366,073	(7,218,008)	2,148,065
Deposits held with bond trustee	-	-	6,001,082	-	-	6,001,082	-	6,001,082
Investments	1,590,000,439	4,766,946	2,090	-	-	1,594,769,475	-	1,594,769,475
Beneficial interest in trusts held by others	2,054,735	-	-	-	-	2,054,735	-	2,054,735
Due from related entities	397,739	-	259,972	6,309,386	-	6,967,097	(6,967,097)	-
Personalty	380,970	13,062	1,000	-	-	395,032	-	395,032
Property and equipment, net	-	-	89,710,268	1,497,659	32,181,900	123,389,827	-	123,389,827
Total assets	$ 1,619,361,182	$ 9,688,774	$ 96,768,959	$ 7,954,411	$ 34,441,056	$ 1,768,214,382	$ (14,185,105)	$ 1,754,029,277
LIABILITIES AND NET ASSETS								
LIABILITIES:								
Accounts payable and accrued expenses	$ 2,033,199	$ 35,000	$ 994,428	$ 1,488,161	$ 267,139	$ 4,817,927	$ -	$ 4,817,927
Accrued interest payable	-	-	627,525	-	-	627,525	-	627,525
Grants payable, net	51,586,242	5,904,333	-	-	2,225,351	59,715,926	(7,218,008)	52,497,918
Due to related entities	5,001,239	198,526	1,158,050	371,474	237,808	6,967,097	(6,967,097)	-
Deferred federal and state excise taxes payable	6,400,971	-	-	-	-	6,400,971	-	6,400,971
Post-retirement health benefit obligation	-	-	4,223,012	2,415,063	1,500,045	8,138,120	-	8,138,120
Interest rate swap agreement	-	-	5,565,274	-	-	5,565,274	-	5,565,274
Bonds payable	-	-	55,578,844	-	-	55,578,844	-	55,578,844
Total liabilities	65,021,651	6,137,859	68,147,133	4,274,698	4,230,343	147,811,684	(14,185,105)	133,626,579
NET ASSETS - unrestricted	1,554,339,531	3,550,915	28,621,826	3,679,713	30,210,713	1,620,402,698	-	1,620,402,698
Total liabilities and net assets	$ 1,619,361,182	$ 9,688,774	$ 96,768,959	$ 7,954,411	$ 34,441,056	$ 1,768,214,382	$ (14,185,105)	$ 1,754,029,277

The accompanying report of independent certified public accountants, 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, 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 health 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 report of independent certified public accountants, consolidated financial statements and notes thereto are an integral part of this consolidating schedule.

SCHEDULE 3

DORIS DUKE CHARITABLE FOUNDATION AND RELATED ENTITIES
Consolidating Schedule of Activities Information
For the year ended December 31, 2012

	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	$ 4,282,674	$ -	$ -	$ -	$ -	$ 4,282,674	$ -	$ 4,282,674
Interest	10,720,761	-	78,737	26	-	10,799,524	-	10,799,524
DDCF-DDF investment income allocation	(47,589)	47,589	-	-	-	-	-	-
	14,955,846	47,589	78,737	26	-	15,082,198	-	15,082,198
Less:								
Investment expenses	(5,924,399)	(56,471)	-	-	-	(5,980,870)	-	(5,980,870)
Provision for federal and state excise taxes	(1,488,802)	-	1,500	-	-	(1,487,302)	-	(1,487,302)
Net investment income	7,542,645	(8,882)	80,237	26	-	7,614,026	-	7,614,026
Change in value of beneficial interest in trusts held by others and related distribution	146,565	-	-	-	-	146,565	-	146,565
Contributions from related entities	-	5,775,000	10,306,394	-	7,903,472	23,984,866	(23,984,866)	-
Management fees	-	-	-	11,156,841	-	11,156,841	(11,156,841)	-
Other (losses) / revenues	-	-	(56,035)	(26)	34,015	(22,046)	-	(22,046)
Change in value of interest rate swap agreement	-	-	938,125	-	-	938,125	-	938,125
Total revenues	7,689,210	5,766,118	11,268,721	11,156,841	7,937,487	43,818,377	(35,141,707)	8,676,670
EXPENSES								
Grants, net	84,404,805	5,775,000	-	-	2,546,815	92,726,620	(23,984,866)	68,741,754
Program	818,103	65,713	11,414,232	6,432,965	4,170,600	22,901,613	-	22,901,613
Administration	-	-	-	4,723,876	-	4,723,876	-	4,723,876
Management fees	8,039,043	123,193	2,034,042	-	960,563	11,156,841	(11,156,841)	-
Total expenses	93,261,951	5,963,906	13,448,274	11,156,841	7,677,978	131,508,950	(35,141,707)	96,367,243
Decrease in net assets before net investment gains	(85,572,741)	(197,788)	(2,179,553)	-	259,509	(87,690,573)	-	(87,690,573)
Investment gains:								
Net realized gains	48,835,503	157,331	-	-	-	48,992,834	-	48,992,834
Net unrealized gains	98,179,201	297,648	-	-	-	98,476,849	-	98,476,849
Net investment gains	147,014,704	454,979	-	-	-	147,469,683	-	147,469,683
Change in net assets	61,441,963	257,191	(2,179,553)	-	259,509	59,779,110	-	59,779,110
Net assets - unrestricted, beginning 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
Net assets - unrestricted, end of year	$ 1,554,339,531	$ 3,550,915	$ 28,621,826	$ 3,679,713	$ 30,210,713	$ 1,620,402,698	$ -	$ 1,620,402,698

The accompanying report of independent certified public accountants, 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 investment income allocation	(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 entities	-	-	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 / (losses)	1,087	(200)	(106,292)	5	16,334	(89,066)	-	(89,066)
Change in value of interest rate swap agreement	-	-	(5,845,923)	-	-	(5,845,923)	-	(5,845,923)
Total revenues	8,737,264	5,288	3,122,530	11,241,175	7,186,254	30,292,511	(27,039,843)	3,252,668
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 net investment gains/(losses)	(53,011,922)	(1,706,204)	(8,911,543)	-	(54,340)	(63,684,009)	-	(63,684,009)
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 losses	(1,604,842)	(44,863)	-	-	-	(1,649,705)	-	(1,649,705)
Change 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 report of independent certified public accountants, consolidated financial statements and notes thereto are an integral part of this consolidating schedule.