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, 2016 and 2015

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, 2016 and 2015, 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 Foundation'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 Foundation'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, 2016 and 2015, 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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet information as of December 31, 2016 and 2015 on pages 26 and 27, respectively, and the consolidating schedules of activities information for the years ended December 31, 2016 and 2015 on pages 28 and 29, respectively, are presented for purposes of additional analysis and are 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 audits 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. 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 16, 2017

DORIS DUKE CHARITABLE FOUNDATION AND RELATED ENTITIES
Consolidated Balance Sheets
As of December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 36,530,510	$ 31,776,077
Prepaid expenses, deferred charges and other receivables	1,257,521	2,395,155
Other assets	770,178	393,032
Deposits held with bond trustee (Note 11)	3,141,549	3,131,844
Investments (Note 3)	1,699,234,290	1,700,345,116
Beneficial interest in trusts held by others (Note 2)	2,795,934	2,672,715
Property and equipment, net (Note 4)	113,663,173	115,996,837
Total assets	$ 1,857,393,155	$ 1,856,710,776
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 5,489,679	$ 5,049,642
Accrued interest payable	639,495	625,279
Grants payable, net (Note 6)	80,989,605	66,018,843
Deferred federal and state excise taxes payable (Note 7)	10,098,465	9,933,915
Post-retirement health benefit obligation (Note 5)	10,030,357	10,468,628
Interest rate swap agreement (Note 11)	6,162,280	6,075,471
Bonds payable, net (Note 11)	55,451,044	55,480,569
Total liabilities	168,860,925	153,652,347
COMMITMENTS (Notes 3, 6 and 9)		
NET ASSETS - unrestricted	1,688,532,230	1,703,058,429
Total liabilities and net assets	$ 1,857,393,155	$ 1,856,710,776

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, 2016 and 2015

	2016	2015
REVENUES		
Investment income:		
Dividends	$ 3,833,602	$ 4,187,821
Interest	5,218,771	4,318,533
	9,052,373	8,506,354
Less:		
Investment expenses	(5,867,329)	(5,993,132)
Provision for federal and state excise taxes (Note 7)	(3,423,128)	(1,882,376)
Net investment (loss) income	(238,084)	630,846
Change in value of beneficial interest in trusts held by others (Note 2)	123,219	2,748
Other revenues	239,463	317,641
Change in value of interest rate swap agreement (Note 11)	(86,809)	(364,889)
Total revenues	37,789	586,346
EXPENSES		
Grants, net (Note 6)	87,241,393	79,708,372
Program	25,309,537	26,495,364
Administration	4,469,770	4,812,337
Total expenses	117,020,700	111,016,073
Decrease in net assets before net investment gains	(116,982,911)	(110,429,727)
INVESTMENT ACTIVITY		
Net realized gains	93,318,341	89,280,206
Net unrealized gains (losses)	9,138,371	(43,255,161)
Net investment gains	102,456,712	46,025,045
Change in net assets	(14,526,199)	(64,404,682)
Net assets - unrestricted, beginning of year	1,703,058,429	1,767,463,111
Net assets - unrestricted, end of year	$ 1,688,532,230	$ 1,703,058,429

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, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (14,526,199)	$ (64,404,682)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in value of interest rate swap agreement	86,809	364,889
Depreciation and amortization	5,034,483	5,095,867
Amortization of deferred bond issuance costs	21,446	21,446
Amortization of bond premium	(29,525)	(31,536)
Change in present value discount on grants payable	372,620	372,620
Discount allowance on grants payable	(1,022,065)	(1,022,065)
Non-cash contributions	-	7,050
Loss from disposition of property and equipment	245,921	216,837
Net realized and unrealized gains on investments	(102,621,262)	(45,147,320)
Change in value of beneficial interest in trusts held by others	(123,219)	(2,748)
Changes in assets and liabilities:		
Decrease (increase) in interest, dividends and other receivables	22,495	(318,169)
Decrease in due from brokers	1,070,559	4,811,906
Decrease (increase) in prepaid expenses, deferred charges and other receivables	1,153,908	(212,829)
Decrease in other assets	24,020	2,000
Increase (decrease) in due to brokers	4,028,366	(6,138,565)
Increase in accounts payable and accrued expenses	440,037	893,530
Increase (decrease) in accrued interest payable	14,216	(362)
(Decrease) increase in post-retirement health benefit obligation	(438,271)	596,895
Increase in grants payable	15,620,207	10,287,175
Increase (decrease) in deferred federal and state excise taxes payable	164,550	(877,725)
Net cash used in operating activities	(90,460,904)	(95,485,786)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(555,218,826)	(397,499,635)
Proceeds from sale of investments	653,428,328	480,578,486
Purchase of property and equipment	(2,964,240)	(4,807,275)
Proceeds from sale of property and equipment	17,500	4,500
Net cash provided by investing activities	95,262,762	78,276,076
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in deposits held with bond trustee	(47,425)	(1,416)
Net cash used in financing activities	(47,425)	(1,416)
Net increase (decrease) in cash and cash equivalents	4,754,433	(17,211,126)
Cash and cash equivalents, beginning of year	31,776,077	48,987,203
Cash and cash equivalents, end of year	$ 36,530,510	$ 31,776,077
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for federal and state excise taxes, net of refunds	$ 1,352,994	$ 1,937,078
Cash paid for interest	$ 1,998,632	$ 1,996,318

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). DDCF 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 promoting child well-being. The mission and 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.

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 led 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 was completed in the spring of 2012.

DFF 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 known as Shangri La, a former residence of Doris Duke which houses her collection of Islamic art. It is used to promote the study and understanding of Islamic arts and cultures. 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. Accordingly, carrying out the educational and historic house/museum activities mandated for DDFIA at Shangri La required the formation of a new entity under the jurisdiction of the Board of Regents of the State of New York. As a result, 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. DDMF 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"). All material inter-organizational balances and transactions have been eliminated in preparing the accompanying consolidated financial statements.

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, 2016 and 2015, the net assets of the Foundation were all 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-exchange traded 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 Financial Accounting Standards Board ("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.

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.

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.

In May 2015, the FASB issued Accounting Standards Update ("ASU") No. 2015-07, Fair Value Measurement (Topic 820): *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* (ASU 2015-07). The amendments within ASU 2015-07 remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value ("NAV") per share as a practical expedient. ASU 2015-07 is effective for non-public entities with fiscal years beginning after December 15, 2016, however, early adoption is permitted. The reporting entity is required upon adoption to apply the amendments retrospectively to all periods presented.

The Foundation early adopted ASU 2015-07 effective January 1, 2015 and has applied the amendments for all periods presented, as required by the ASU. The adoption of this new guidance by the Foundation only amended disclosure requirements and did not have an impact on the Foundation's consolidated financial statements for the periods presented.

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, which are not reported at NAV as of the measurement date, 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 certain assets categorized as Level 3 and therefore the Foundation's changes in net assets for the respective reporting period. As of December 31 2016 and 2015, all of the Foundation's Level 3 assets were reported at NAV.

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 with respect to 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 to which they pertain 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 its consolidated statement of activities.

The following table summarizes the changes in the Foundation's beneficial interest in trusts held by others for the years December 31, 2016 and 2015:

	2016	2015
Balance, beginning of year	$ 2,672,715	$ 2,669,967
Change in fair value of beneficial interest	123,219	2,748
Balance, end of year	$ 2,795,934	$ 2,672,715

Grants

Grant awards by the Foundation to recipients are recorded as an expense and a liability when approved by the appropriate board 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 and refunded 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 accompanying 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, 2016 and 2015, the Foundation had $34,937,924 and $30,107,462, 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, 2016 consolidated financial statements for subsequent events through June 16, 2017, the date the consolidated financial statements were issued. Except as noted below, the Foundation is not aware of any subsequent events, which would require recognition or disclosure in the accompanying consolidated financial statements.

Subsequent to year-end, the Foundation completed bond repurchase agreements to refinance its New Jersey Economic Development Authority Economic Development Refunding Bonds (Duke Farms Foundation

Project) Series 2009A and 2009B bonds. On January 19, 2017, the Series 2009B bonds were refinanced through a new issuance of approximately $24,840,000 of Series 2016 bonds bearing an interest rate of 4.073%, with a maturity date of July 1, 2046. On February 1, 2017, the Series 2009A bonds were refinanced through a new issuance of approximately $30,000,000 of Series 2017 bonds bearing an interest rate of 4.00%, with a maturity date of July 1, 2048.

3. INVESTMENTS

Investments at December 31, 2016 and 2015 consist of the following:

	2016		2015	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Equities	$ 37,772,219	$ 40,075,065	$ 38,035,485	$ 42,549,832
Commingled funds	324,035,657	341,452,745	300,685,383	295,928,426
Marketable alternative investments	442,103,326	825,372,016	487,384,246	867,369,513
Non-exchange traded alternative investments	318,164,915	419,800,372	313,148,642	429,169,956
Fixed-income	51,123,225	53,087,538	42,520,950	44,674,299
Subtotal	1,173,199,342	1,679,787,736	1,181,774,706	1,679,692,026
Interest, dividends and other receivables, net	862,167	862,167	884,662	884,662
Due to brokers	(9,071,393)	(9,071,393)	(5,043,028)	(5,043,028)
Due from brokers	3,740,897	3,740,897	4,811,366	4,811,456
Pending investment purchase*	-	-	20,000,000	20,000,000
Investment redemption receivable**	20,000,000	23,914,883	-	-
Total	$ 1,188,731,013	$ 1,699,234,290	$ 1,202,427,706	$ 1,700,345,116

* Amounts included above as pending investment purchases as of December 31, 2015 reflect cash disbursed to one investment fund that had not yet been credited to the Foundation's capital account as of December 31, 2015.

** Amounts included above as investment redemption receivable as of December 31, 2016 reflect one redemption request submitted by the Foundation relative to its investment funds, which remained outstanding as of December 31, 2016. This amount was collected in full during fiscal 2017.

Marketable and non-exchange traded alternative investments at December 31, 2016 and 2015 consist of the following:

	2016			2015		
	Number of Funds	Cost	Fair Value	Number of Funds	Cost	Fair Value
ALTERNATIVE INVESTMENT STRATEGY:						
Marketable alternative investments:						
Multi-Strategy	8	$ 130,295,367	$ 303,679,709	9	$ 144,879,666	$ 350,379,374
Equity Long/Short	13	214,450,915	384,053,961	14	245,349,764	390,931,290
Distressed/High Yield	7	97,357,044	137,638,346	7	97,154,816	126,058,849
Total marketable alternative investments	28	442,103,326	825,372,016	30	487,384,246	867,369,513
Non-exchange traded alternative investments:						
Fund of Funds	10	62,369,279	62,771,717	10	67,426,687	75,626,282
Buy-outs/Growth	16	68,709,351	107,103,073	19	72,995,462	115,480,606
Venture Capital	50	104,743,147	150,576,395	41	90,953,773	137,589,260
Distressed	3	1,349,303	2,324,954	3	1,717,415	2,902,425
Real Assets	19	80,993,835	97,024,233	18	80,055,305	97,571,383
Total non-exchange traded alternative investments	98	318,164,915	419,800,372	91	313,148,642	429,169,956
Total alternative investments	126	$ 760,268,241	$ 1,245,172,388	121	$ 800,532,888	$ 1,296,539,469

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 funds 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 $14,101,363 and $17,108,498 at 2016 and 2015, 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, 2016:

	Level 1	Level 2	Level 3	NAV	Total
Equities	$ 40,040,749	$ 34,316	$ -	$ -	$ 40,075,065
Commingled funds	-	-	-	341,452,745	341,452,745
Marketable alternative investments	-	-	-	825,372,016	825,372,016
Non-exchange traded alternative investments	-	-	-	419,800,372	419,800,372
Fixed-income	-	53,087,538	-	-	53,087,538
	$ 40,040,749	$ 53,121,854	$ -	$ 1,586,625,133	$ 1,679,787,736

The following table summarizes investments within the fair value hierarchy as of December 31, 2015:

	Level 1	Level 2	Level 3	NAV	Total
Equities	$ 42,515,052	$ 34,780	$ -	$ -	$ 42,549,832
Commingled funds	-	-	-	295,928,426	295,928,426
Marketable alternative investments	-	-	-	867,369,513	867,369,513
Non-exchange traded alternative investments	-	-	-	429,169,956	429,169,956
Fixed-income	-	44,674,299	-	-	44,674,299
	$ 42,515,052	$ 44,709,079	$ -	$ 1,592,467,895	$ 1,679,692,026

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 reported at fair value using NAV by major category at December 31, 2016:

	Number of Funds	NAV in Funds	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions
Commingled funds	15	$ 341,452,745	N/A	$ -	N/A	Monthly to annually with 30 to 90 days notice	No restrictions other than 1 fund with a rolling 1 year lockup
Multi-Strategy	8	303,679,709	N/A	-	N/A	Monthly to annually with 14 to 180 days notice	No restrictions other than 1 fund with a rolling 2 year lockup and 10% gate, 1 fund with a 33% gate and 1 fund with illiquid side pocket investments
Equity Long/Short	13	384,053,961	N/A	2,333,000	N/A	Monthly to annually with 30 to 90 days notice	No restrictions other than 1 fund with a 1 year lockup, 1 fund with a 50% gate and 1 fund with a 25% gate
Distressed/High Yield	7	137,638,346	N/A	2,001,000	N/A	Monthly to semi-annually with 60 to 90 days notice	No restrictions other than 1 fund with rolling 2 year lockup, 1 fund with a 50% gate, 1 fund with a 25% gate and 1 fund with a 25% gate per quarter
Fund of Funds	10	62,771,717	Varying through 2025	21,874,000	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	16	107,103,073	Varying through 2041	35,139,000	Over the life of the fund	Illiquid at the discretion of the General Partner	Illiquid at the discretion of the General Partner
Venture Capital	50	150,576,395	Varying through 2027	60,781,000	Over the life of the fund	Illiquid at the discretion of the General Partner	Illiquid at the discretion of the General Partner
Distressed	3	2,324,954	Varying through 2018	250,000	Over the life of the fund	Illiquid at the discretion of the General Partner	Illiquid at the discretion of the General Partner
Real Assets	19	97,024,233	Varying through 2026	50,099,000	Over the life of the fund	Illiquid at the discretion of the General Partner	Illiquid at the discretion of the General Partner
	141	$ 1,586,625,133		$ 172,477,000			

The following table lists such investments reported at fair value using NAV by major category at December 31, 2015:

	Number of Funds	NAV in Funds	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions
Commingled funds	14	$ 295,928,426	N/A	$ -	N/A	Monthly to annually with 30 to 90 days notice	No restrictions other than 1 fund with a rolling 1 year lockup
Multi-Strategy	9	350,379,374	N/A	-	N/A	Monthly to annually with 14 to 180 days notice	No restrictions other than 1 fund with a rolling 2 year lockup and 10% gate, 1 fund with a 33% gate and 1 fund with illiquid side pocket investments
Equity Long/Short	14	390,931,290	N/A	3,240,000	N/A	Monthly to annually with 30 to 90 days notice	No restrictions other than 1 fund with a 1 year lockup, 1 fund with a 50% gate and 1 fund with a 25% gate
Distressed/High Yield	7	126,058,849	N/A	3,345,000	N/A	Monthly to semi-annually with 60 to 90 days notice	No restrictions other than 1 fund with rolling 2 year lockup, 1 fund with a 50% gate, 1 fund with a 25% gate and 1 fund with a 25% gate per quarter
Fund of Funds	10	75,626,282	Varying through 2024	22,658,000	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	19	115,480,606	Varying through 2041	48,460,000	Over the life of the fund	Illiquid at the discretion of the General Partner	Illiquid at the discretion of the General Partner
Venture Capital	41	137,589,260	Varying through 2027	40,346,000	Over the life of the fund	Illiquid at the discretion of the General Partner	Illiquid at the discretion of the General Partner
Distressed	3	2,902,425	Varying through 2018	250,000	Over the life of the fund	Illiquid at the discretion of the General Partner	Illiquid at the discretion of the General Partner
Real Assets	18	97,571,383	Varying through 2025	64,011,000	Over the life of the fund	Illiquid at the discretion of the General Partner	Illiquid at the discretion of the General Partner
	135	$ 1,592,467,895		$ 182,310,000			

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at December 31, 2016 and 2015, consists of the following:

	2016	2015
Land improvements	$ 30,541,294	$ 29,992,895
Buildings and improvements	61,700,017	59,846,564
Furniture and equipment	14,785,911	14,200,348
Leasehold improvements	5,310,134	3,819,315
	112,337,356	107,859,122
Less: accumulated depreciation and amortization	(49,992,683)	(45,859,847)
	62,344,673	61,999,275
Land	49,010,680	49,010,680
Construction in progress	2,307,820	4,986,882
	$ 113,663,173	$ 115,996,837

Depreciation and amortization expense for the years ended 2016 and 2015 totals $5,034,483 and $5,095,867, respectively.

5. 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, 2016 and 2015, are as follows:

	2016	2015
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 10,468,628	$ 9,871,733
Service cost	407,251	621,068
Interest cost	379,377	385,429
Plan participants' contributions	30,903	42,365
Actuarial gain	(985,341)	(181,532)
Benefits paid	(270,461)	(270,435)
Benefit obligation, end of year	$ 10,030,357	$ 10,468,628
Change in plan assets:		
Fair value of plan assets, beginning of year	$ -	$ -
Employer contributions	239,558	228,070
Plan participants' contributions	30,903	42,365
Benefits paid	(270,461)	(270,435)
Fair value of plan assets, end of year	$ -	$ -
Components of accrued benefit cost:		
Funded status	$ (10,030,357)	$ (10,468,628)
Unamortized prior service credit	(289,358)	(324,850)
Unamortized net gain	(1,817,018)	(1,071,742)
Accrued benefit cost	$ (12,136,733)	$ (11,865,220)
Components of net periodic benefit cost:		
Service cost	$ 407,251	$ 621,068
Interest cost	379,377	385,429
Amortization of prior service credit	(35,492)	(35,492)
Amortization of net gain	(240,065)	-
Net periodic post-retirement benefit cost	$ 511,071	$ 971,005
Discount rate for benefit obligation, end of year	3.98%	4.12%
Discount rate for net periodic benefit cost, end of year	4.12%	3.95%

The mortality rates used for the December 31, 2016 disclosures are from the base RP-2015 Mortality Table for annuitants and non-annuitants with projected mortality improvements using scale MP-2015 on a generational basis.

Future benefit payments to participants, net of employee contributions, are expected to be paid as follows:

Year ending December 31:	**Amount**
2017	$ 292,877
2018	352,429
2019	410,979
2020	440,485
2021	535,744
2022-2026	3,280,038
	$ 5,312,552

Expected employer contributions to the post-retirement health benefit plan, net of employee contributions, for calendar year 2017 will total $292,877.

	2016	**2015**
Assumed pre-65 medical trend rates at December 31:		
Health care cost trend rate assumed next year	7.5%	7.8%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.9%	3.9%
Year rate reaches the ultimate trend rate	2075	2075
Assumed post-65 medical trend rates at December 31:		
Health care cost trend rate assumed next year	5.8%	6.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.9%	3.9%
Year rate reaches the ultimate trend rate	2075	2075
Assumed prescription drug trend rates at December 31:		
Health care cost trend rate assumed next year	10.5%	11.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.9%	3.9%
Year rate reaches the ultimate trend rate	2075	2075

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 (benefit) expense associated with this plan totaled ($438,271) and $596,895 for 2016 and 2015, respectively.

	2016	2015
Amounts recognized in the consolidated balance sheets consist of:		
Accrued benefit liability	$ 10,030,357	$ 10,468,628
Unrestricted net assets	$ 2,106,376	$ 1,396,592
Amounts recognized in unrestricted net assets consist of:		
Unamortized prior service credit	$ 289,358	$ 324,850
Unamortized actuarial net gain	1,817,018	1,071,742
	$ 2,106,376	$ 1,396,592
Amounts expected to be amortized from unrestricted net assets next fiscal year:		
Prior service credit	$ 35,492	$ 35,492
Net actuarial gain	240,065	-
	$ 275,557	$ 35,492
Change in unamortized items:		
Prior service credit	$ -	$ -
Actuarial gain	(985,341)	(181,532)
	$ (985,341)	$ (181,532)

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	$ 163,987	$ (127,826)
Effect on post-retirement benefit obligation	$ 1,693,001	$ (1,361,597)
Expected effect in the unrestricted net assets for calendar year 2017:		
Transition obligation	$ -	
Prior service credit	$ (35,492)	
Net actuarial gain	$ (152,852)	

6. GRANTS PAYABLE, NET

The following summarizes the changes in grants payable during 2016 and 2015:

	2016	2015
Balance, beginning of year:		
DDCF	$ 54,681,986	$ 46,725,002
DDF	11,657,688	10,121,767
DDFIA	1,409,350	615,080
Present value discount	(1,730,181)	(1,080,736)
	66,018,843	56,381,113
Grants authorized:		
DDCF	81,431,466	70,549,834
DDF	5,455,000	6,860,000
DDFIA	1,903,100	3,084,253
Present value discount	(1,401,422)	(1,022,065)
	87,388,144	79,472,022
Deductions:		
Payments made:		
DDCF	(64,661,556)	(62,592,850)
DDF	(5,548,250)	(5,324,079)
DDFIA	(2,250,000)	(2,289,983)
Amortization of present value discount	388,982	372,620
	(72,070,824)	(69,834,292)
Net Rescinded grants:		
DDCF	(346,558)	-
	(346,558)	-
Balance, end of year:		
DDCF	71,105,338	54,681,986
DDF	11,564,438	11,657,688
DDFIA	1,062,450	1,409,350
Present value discount	(2,742,621)	(1,730,181)
	$ 80,989,605	$ 66,018,843

The Foundation's grant commitments at December 31, 2016 and 2015 have been discounted to present value by applying interest rate factors of 1.8625% and 1.695%, respectively.

In 2016 and 2015, grants in the amount of $189,175 and $136,270, respectively, were refunded and netted with grants expense in the consolidated statements of activities. During 2016 and 2015, there were $346,558 and $0 of grants rescinded, respectively.

As of December 31, 2016, the Foundation's Board of Trustees approved certain grants totaling $25,830,360 for which grantees had not yet been selected and notified. Accordingly, such grants have not been accrued in the accompanying 2016 consolidated balance sheet.

Grants authorized but unpaid at December 31, 2016 are expected to be payable as follows:

2017	$ 41,520,672
2018	28,010,173
2019	10,266,411
2020	3,687,559
2021	247,411
	83,732,226
Less: present value discount	(2,742,621)
	$ 80,989,605

7. INCOME TAXES

Excise and income taxes consisted of the following activity:

	2016	2015
Current excise tax	$ 1,448,041	$ 1,618,427
Deferred excise tax liability (benefit)*	164,550	(877,725)
Federal and State income tax	941,988	23,198
	$ 2,554,579	$ 763,900

* DDCF's deferred excise tax liability of $164,550 is netted against its unrealized gains on the accompanying 2016 consolidated statement of activities.

Current excise taxes are computed at a 2% excise tax rate on DDCF's net investment income. Current federal and state income taxes are based on unrelated business income derived by the Foundation's pass-through investments. For the year ended December 31, 2016, DDCF is projecting that it will likely utilize its remaining net operating losses and be subject to federal and state unrelated business income tax of $941,988.

A deferred tax liability of $10,098,465 and $9,933,915, respectively, is reflected in the Foundation's December 31, 2016 consolidated balance sheet due to the unrealized appreciation of certain investments.

The Foundation follows guidance that 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 guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements 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 foundations 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); although, the foundations are subject to tax on income unrelated to their exempt purpose, unless that income is otherwise excluded by the Code. The foundations have processes presently in place to ensure the maintenance of their tax-exempt status; to identify and report unrelated income; to determine their filing and tax obligations in jurisdictions for which they have nexus; and to identify and evaluate other matters that may be considered tax positions. The foundations have determined that there are no material uncertain tax positions that require recognition or disclosure in the accompanying consolidated financial statements for the year ended December 31, 2016.

8. 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, Rhode Island, 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. In 2016, the tax-exempt status of NRF was changed from a private foundation to a public charity. Annually, DDCF's Board of Trustees approves a grant to fund the operations of Rough Point. During 2016 and 2015, NRF was awarded $2,937,000 and $2,625,000, respectively, from DDCF. The Foundation shares no common board members with NRF and exerts no control over NRF's operations.

9. LEASE COMMITMENTS

DDMF leases its office space located on the 18^{th} and 19^{th} floors of 650 Fifth Avenue, New York, New York. A new lease agreement dated December 31, 2014 was executed and commenced on January 1, 2015 for the same space. The term of the lease is ten years and eight months and expires on August 31, 2025. The lease includes a rent abatement and a landlord contribution for qualified renovation expenses.

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 and the landlord contribution for qualified renovation expenses, 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 operating leases are as follows:

2017	$ 1,097,140
2018	1,094,040
2019	1,094,040
2020	1,094,040
2021	1,154,508
2022 and thereafter	4,233,196
	$ 9,766,964

Rent expense for 2016 and 2015 approximated $998,000 and $955,000, respectively.

10. 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 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. The Foundation also makes discretionary contributions to the 401(k) plan, which is a non-elective contribution safe harbor 401(k) plan design. Total pension expense under this 401(k) plan for 2016 and 2015 totaled $1,380,245 and $1,324,689, respectively. Participants are immediately vested in their employee contributed account balance and in the employer's contribution portion and all earnings thereon.

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 $131,310 and $120,515 in 2016 and 2015, respectively. The annual limitation used in calculating the 2016 and 2015 pension expense was $265,000 each year. As of December 31, 2016 and 2015, DDMF accrued $1,044,837 and $849,884, 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 2016 and 2015 was $18,000 each year. This plan is entirely funded by employee salary deferrals. Plan assets and liabilities pertaining to the 457(b) plan, which are immaterial to the accompanying consolidated financial statements, have not been recognized.

11. BONDS PAYABLE, NET

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 $55,000,000 borrowings 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 0.01% and 0.82% during fiscal 2016 and 0.01% and 0.14% during fiscal 2015. 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 (0.665% and 0.367% at December 31, 2016 and 2015, 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 consists 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 $29,525 and $31,536 for the years ended December 31, 2016 and 2015, 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 2016, interest expense relating to Series 2009 A and B bonds, including interest rate swap payments, totaled $1,998,632. During fiscal 2015, interest expense relating to Series 2009 A and B bonds, including interest rate swap payments, totaled $1,996,318.

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, 2016 and 2015, amounts included within the consolidated financial statements relating to the interest rate swap agreement are as follows:

Fair Value at December 31, 2016	Fair Value at December 31, 2015	Consolidated Balance Sheet Location	Change in Value of Interest Rate Swap Agreement for the Year Ended December 31, 2016	Change in Value of Interest Rate Swap Agreement for the Year Ended December 31, 2015	Consolidated Statements of Activities Location	Level within the Fair Value Hierarchy
$ 6,162,280	$ 6,075,471	Interest rate swap agreement (liabilities)	$ (86,809)	$ (364,889)	Change in value of interest rate swap agreement	Level 2

Deposits held with bond trustee, totaling approximately $3,100,000, in each year, are invested in money market funds, are recorded at fair value, and are classified as Level 1 within the fair value hierarchy at December 31, 2016 and 2015. The Foundation had no lifetime to date excess investment return, based on IRS arbitrage bond yield limitations, as of April 30, 2014.

12. LINE OF CREDIT - PROGRAM-RELATED

On May 5, 2015, the Foundation signed a credit agreement extending a line of credit to The Nature Conservancy of up to a maximum principal amount of $20,000,000. This credit agreement qualifies as a program-related investment, as defined in Section 4944(C) of the Internal Revenue Code. The maturity date for this agreement is five years from its effective date (on or before May 5, 2020). In addition, on September 19, 2016, the Foundation signed a credit agreement with Social Finance CT Family Stability for loans up to $1,500,000 over 6 years. As of December 31, 2016, $199,300 was funded to The Nature Conservancy and $201,866 was funded to Social Finance CT Family Stability.

SUPPLEMENTARY INFORMATION

SCHEDULE 1

DORIS DUKE CHARITABLE FOUNDATION AND RELATED ENTITIES

Consolidating Balance Sheet Information

As of December 31, 2016

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	$ 36,650,191	$ 102,365	$ (202,502)	$ (30,796)	$ 11,252	$ 36,530,510	$ -	$ 36,530,510
Prepaid expenses, deferred charges and other receivables	83,640	11,849,439	923,030	230,422	1,131,438	14,217,969	(12,960,448)	1,257,521
Other assets	756,116	13,062	1,000	-	-	770,178	-	770,178
Deposits held with bond trustee	-	-	3,141,549	-	-	3,141,549	-	3,141,549
Investments	1,695,055,287	4,178,165	838	-	-	1,699,234,290	-	1,699,234,290
Beneficial interest in trusts held by others	2,795,934	-	-	-	-	2,795,934	-	2,795,934
Due from related entities	26,266	-	259,972	8,093,086	-	8,379,324	(8,379,324)	-
Property and equipment, net	-	-	79,347,908	1,930,281	32,384,984	113,663,173	-	113,663,173
Total assets	$ 1,735,367,434	$ 16,143,031	$ 83,471,795	$ 10,222,993	$ 33,527,674	$ 1,878,732,927	$ (21,339,772)	$ 1,857,393,155
LIABILITIES AND NET ASSETS								
LIABILITIES:								
Accounts payable and accrued expenses	$ 1,299,211	$ 53,104	$ 546,284	$ 3,278,526	$ 312,554	$ 5,489,679	$ -	$ 5,489,679
Accrued interest payable	-	-	639,495	-	-	639,495	-	639,495
Grants payable, net	81,695,086	11,219,444	-	-	1,035,523	93,950,053	(12,960,448)	80,989,605
Due to related entities	6,784,817	198,649	1,158,050	-	237,808	8,379,324	(8,379,324)	-
Deferred federal and state excise taxes payable	10,098,465	-	-	-	-	10,098,465	-	10,098,465
Post-retirement health benefit obligation	-	-	4,615,873	3,264,753	2,149,731	10,030,357	-	10,030,357
Interest rate swap agreement	-	-	6,162,280	-	-	6,162,280	-	6,162,280
Bonds payable, net	-	-	55,451,044	-	-	55,451,044	-	55,451,044
Total liabilities	99,877,579	11,471,197	68,573,026	6,543,279	3,735,616	190,200,697	(21,339,772)	168,860,925
NET ASSETS - unrestricted	1,635,489,855	4,671,834	14,898,769	3,679,714	29,792,058	1,688,532,230	-	1,688,532,230
Total liabilities and net assets	$ 1,735,367,434	$ 16,143,031	$ 83,471,795	$ 10,222,993	$ 33,527,674	$ 1,878,732,927	$ (21,339,772)	$ 1,857,393,155

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, 2015

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	$ 31,695,030	$ 193,128	$ (85,248)	$ (40,567)	$ 13,734	$ 31,776,077	$ -	$ 31,776,077
Prepaid expenses, deferred charges and other receivables	1,140,087	17,397,689	835,278	412,910	1,476,384	21,262,348	(18,867,193)	2,395,155
Other assets	378,970	13,062	1,000	-	-	393,032	-	393,032
Deposits held with bond trustee	-	-	3,131,844	-	-	3,131,844	-	3,131,844
Investments	1,696,245,952	4,098,700	464	-	-	1,700,345,116	-	1,700,345,116
Beneficial interest in trusts held by others	2,672,715	-	-	-	-	2,672,715	-	2,672,715
Due from related entities	26,265	-	259,972	7,747,232	-	8,033,469	(8,033,469)	-
Property and equipment, net	-	-	81,603,915	1,858,482	32,534,440	115,996,837	-	115,996,837
Total assets	$ 1,732,159,019	$ 21,702,579	$ 85,747,225	$ 9,978,057	$ 34,024,558	$ 1,883,611,438	$ (26,900,662)	$ 1,856,710,776
LIABILITIES AND NET ASSETS								
LIABILITIES:								
Accounts payable and accrued expenses	$ 1,030,919	$ 57,677	$ 773,962	$ 2,869,367	$ 317,717	$ 5,049,642	$ -	$ 5,049,642
Accrued interest payable	-	-	625,279	-	-	625,279	-	625,279
Grants payable, net	72,076,674	11,425,384	-	-	1,383,978	84,886,036	(18,867,193)	66,018,843
Due to related entities	6,439,415	198,197	1,158,048	-	237,809	8,033,469	(8,033,469)	-
Deferred federal and state excise taxes payable	9,933,915	-	-	-	-	9,933,915	-	9,933,915
Post-retirement health benefit obligation	-	-	4,807,421	3,428,976	2,232,231	10,468,628	-	10,468,628
Interest rate swap agreement	-	-	6,075,471	-	-	6,075,471	-	6,075,471
Bonds payable, net	-	-	55,480,569	-	-	55,480,569	-	55,480,569
Total liabilities	89,480,923	11,681,258	68,920,750	6,298,343	4,171,735	180,553,009	(26,900,662)	153,652,347
NET ASSETS - unrestricted	1,642,678,096	10,021,321	16,826,475	3,679,714	29,852,823	1,703,058,429	-	1,703,058,429
Total liabilities and net assets	$ 1,732,159,019	$ 21,702,579	$ 85,747,225	$ 9,978,057	$ 34,024,558	$ 1,883,611,438	$ (26,900,662)	$ 1,856,710,776

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, 2016

	Doris Duke Charitable Foundation	Doris Duke Foundation	Duke Farms Foundation	Doris Duke Management Foundation	Doris Duke Foundation for Islamic Art	Subtotal	Elimination Entries	Total
REVENUES								
Investment income:								
Dividends	$ 3,833,602	$ -	$ -	$ -	$ -	$ 3,833,602	$ -	$ 3,833,602
Interest	5,208,692	-	10,079	-	-	5,218,771	-	5,218,771
DDCF-DDF investment income allocation	(21,689)	21,689	-	-	-	-	-	-
	9,020,605	21,689	10,079	-	-	9,052,373	-	9,052,373
Less:								
Investment expenses	(5,840,398)	(26,931)	-	-	-	(5,867,329)	-	(5,867,329)
Provision for federal and state excise taxes	(3,423,128)	-	-	-	-	(3,423,128)	-	(3,423,128)
Net investment income	(242,921)	(5,242)	10,079	-	-	(238,084)	-	(238,084)
Change in value of beneficial interest in trusts held by others	123,219	-	-	-	-	123,219	-	123,219
Contributions from related entities	-	-	13,990,010	-	6,920,966	20,910,976	(20,910,976)	-
Management fees	-	-	-	10,556,783	-	10,556,783	(10,556,783)	-
Other revenues	(23,976)	-	246,793	-	16,646	239,463	-	239,463
Change in value of interest rate swap agreement	-	-	(86,809)	-	-	(86,809)	-	(86,809)
Total revenues	(143,678)	(5,242)	14,160,073	10,556,783	6,937,612	31,505,548	(31,467,759)	37,789
EXPENSES								
Grants, net	100,896,920	5,353,904	-	-	1,901,545	108,152,369	(20,910,976)	87,241,393
Program	649,798	176,490	14,183,237	6,087,013	4,212,999	25,309,537	-	25,309,537
Administration	-	-	-	4,469,770	-	4,469,770	-	4,469,770
Management fees	7,719,848	48,560	1,904,542	-	883,833	10,556,783	(10,556,783)	-
Total expenses	109,266,566	5,578,954	16,087,779	10,556,783	6,998,377	148,488,459	(31,467,759)	117,020,700
Decrease in net assets before net investment gains	(109,410,244)	(5,584,196)	(1,927,706)	-	(60,765)	(116,982,911)	-	(116,982,911)
Investment gains:								
Net realized gains	93,096,249	222,092	-	-	-	93,318,341	-	93,318,341
Net unrealized gains	9,125,754	12,617	-	-	-	9,138,371	-	9,138,371
Net investment gains	102,222,003	234,709	-	-	-	102,456,712	-	102,456,712
Change in net assets	(7,188,241)	(5,349,487)	(1,927,706)	-	(60,765)	(14,526,199)	-	(14,526,199)
Net assets - unrestricted, beginning of year	1,642,678,096	10,021,321	16,826,475	3,679,714	29,852,823	1,703,058,429	-	1,703,058,429
Net assets - unrestricted, end of year	$ 1,635,489,855	$ 4,671,834	$ 14,898,769	$ 3,679,714	$ 29,792,058	$ 1,688,532,230	$ -	$ 1,688,532,230

The accompanying report of independent certified public accountants, 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, 2015

	Doris Duke Charitable Foundation	Doris Duke Foundation	Duke Farms Foundation	Doris Duke Management Foundation	Doris Duke Foundation for Islamic Art	Subtotal	Elimination Entries	Total
REVENUES								
Investment income:								
Dividends	$ 4,187,821	$ -	$ -	$ -	$ -	$ 4,187,821	$ -	$ 4,187,821
Interest	4,316,686	-	1,847	-	-	4,318,533	-	4,318,533
DDCF-DDF investment income allocation	(20,110)	20,110	-	-	-	-	-	-
	8,484,397	20,110	1,847	-	-	8,506,354	-	8,506,354
Less:								
Investment expenses	(5,965,000)	(28,132)	-	-	-	(5,993,132)	-	(5,993,132)
Provision for federal and state excise taxes	(1,882,376)	-	-	-	-	(1,882,376)	-	(1,882,376)
Net investment income	637,021	(8,022)	1,847	-	-	630,846	-	630,846
Change in value of beneficial interest in trusts held by others	2,748	-	-	-	-	2,748	-	2,748
Contributions from related entities	-	5,500,000	14,659,473	-	8,808,024	28,967,497	(28,967,497)	-
Management fees	-	-	-	11,103,011	-	11,103,011	(11,103,011)	-
Other revenues	2,360	-	295,942	3,050	16,289	317,641	-	317,641
Change in value of interest rate swap agreement	-	-	(364,889)	-	-	(364,889)	-	(364,889)
Total revenues	642,129	5,491,978	14,592,373	11,106,061	8,824,313	40,656,854	(40,070,508)	586,346
EXPENSES								
Grants, net	98,950,577	6,695,737	-	-	3,029,555	108,675,869	(28,967,497)	79,708,372
Program	746,077	199,811	14,644,544	6,293,724	4,611,208	26,495,364	-	26,495,364
Administration	-	-	-	4,812,337	-	4,812,337	-	4,812,337
Management fees	8,057,123	60,154	2,086,028	-	899,706	11,103,011	(11,103,011)	-
Total expenses	107,753,777	6,955,702	16,730,572	11,106,061	8,540,469	151,086,581	(40,070,508)	111,016,073
Decrease in net assets before net investment gains	(107,111,648)	(1,463,724)	(2,138,199)	-	283,844	(110,429,727)	-	(110,429,727)
Investment gains:								
Net realized gains	89,069,515	210,691	-	-	-	89,280,206	-	89,280,206
Net unrealized losses	(43,153,465)	(101,696)	-	-	-	(43,255,161)	-	(43,255,161)
Net investment gains	45,916,050	108,995	-	-	-	46,025,045	-	46,025,045
Change in net assets	(61,195,598)	(1,354,729)	(2,138,199)	-	283,844	(64,404,682)	-	(64,404,682)
Net assets - unrestricted, beginning of year	1,703,873,694	11,376,050	18,964,674	3,679,714	29,568,979	1,767,463,111	-	1,767,463,111
Net assets - unrestricted, end of year	$ 1,642,678,096	$ 10,021,321	$ 16,826,475	$ 3,679,714	$ 29,852,823	$ 1,703,058,429	$ -	$ 1,703,058,429

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