

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, 2007 and 2006

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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 balance sheets of the Doris Duke Charitable Foundation and related entities (collectively, the "Foundation") as of December 31, 2007 and 2006 and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Doris Duke Charitable Foundation and related entities as of December 31, 2007 and 2006 and the consolidated changes in their net assets and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note G to the consolidated financial statements, the Foundation adopted the provisions of Financial Accounting Standards Board Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," as of December 31, 2007.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information included on schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

GRANT THORNTON LLP

New York, New York
August 18, 2008

Doris Duke Charitable Foundation and Related Entities

CONSOLIDATED BALANCE SHEETS

As of December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 11,966,960	\$ 10,425,154
Prepaid expenses and other receivables	856,230	954,306
Investments (Note C)	2,016,412,916	1,893,063,456
Beneficial interest in trusts held by others	9,664,116	10,681,320
Collectibles (Note E)	10,805,307	11,233,087
Property and equipment, net (Note F)	<u>84,473,106</u>	<u>84,200,422</u>
Total assets	<u>\$2,134,178,635</u>	<u>\$2,010,557,745</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,364,284	\$ 6,280,824
Grants payable, net (Note H)	75,550,373	45,338,691
Postretirement benefit obligation (Note G)	3,654,873	7,428,165
Deferred federal and state excise taxes payable (Note I)	<u>4,218,701</u>	<u>7,823,702</u>
Total liabilities	88,788,231	66,871,382
Net assets - unrestricted	<u>2,045,390,404</u>	<u>1,943,686,363</u>
Total liabilities and net assets	<u>\$2,134,178,635</u>	<u>\$2,010,557,745</u>

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

Doris Duke Charitable Foundation and Related Entities

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended December 31, 2007 and 2006

	2007	2006
Revenues:		
Investment income:		
Dividends	\$ 16,429,640	\$ 15,840,906
Interest	<u>8,613,281</u>	<u>8,569,531</u>
	25,042,921	24,410,437
Less:		
Investment expenses	(5,039,868)	(5,687,439)
Provision for federal and state taxes (Note I)	<u>(1,252,313)</u>	<u>(3,578,326)</u>
Net investment income	18,750,740	15,144,672
Change in value of beneficial interest in trusts held by others	1,109,020	2,053,941
Income distribution from the Estate of Doris Duke (Note D)	520,000	-
Other revenues	<u>760,814</u>	<u>1,068,245</u>
Total revenues	<u>21,140,574</u>	<u>18,266,858</u>
Expenses:		
Grants	107,925,298	47,227,532
Program	22,539,677	20,438,582
Administration	<u>5,862,133</u>	<u>5,990,571</u>
Total expenses	<u>136,327,108</u>	<u>73,656,685</u>
Decrease in net assets before investment gains and effect of adoption of SFAS No. 158 recognition provisions	<u>(115,186,534)</u>	<u>(55,389,827)</u>
Investment gains:		
Net realized gains	177,594,079	165,345,112
Net unrealized gains (Note I)	<u>34,507,026</u>	<u>76,557,568</u>
Net investment gains	<u>212,101,105</u>	<u>241,902,680</u>
Effect of adoption of SFAS No. 158 recognition provisions (Note G)	<u>4,789,470</u>	<u>-</u>
Increase in net assets	101,704,041	186,512,853
Net assets - unrestricted, beginning of year	<u>1,943,686,363</u>	<u>1,757,173,510</u>
Net assets - unrestricted, end of year	<u>\$2,045,390,404</u>	<u>\$ 1,943,686,363</u>

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

Doris Duke Charitable Foundation and Related Entities

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Increase in net assets	\$ 101,704,041	\$ 186,512,853
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Effect of adoption of SFAS No. 158	(4,789,470)	-
Depreciation and amortization	3,011,746	2,754,702
Amortization of present value discount on grants payable	1,624,984	1,624,971
Discount allowance on grants payable	(1,994,249)	(1,059,220)
Amount received from a charitable remainder trust in excess of receivable	(69,844)	-
Income distribution from the Estate of Doris Duke	(520,000)	-
Gifted collectibles	337,850	328,500
Net proceeds from sales of collectibles	89,930	94,889
Net realized and unrealized gains on investments	(208,496,104)	(243,692,349)
Change in value of beneficial interest in trusts held by others	(1,039,175)	(2,053,941)
Change in deferred federal and state excise taxes payable	(3,605,001)	1,789,669
Increase in assets and liabilities:		
Decrease in interest, dividend and other receivables	213,722	133,052
(Increase) decrease in due from brokers	(26,647,858)	169,353,898
Decrease (increase) in prepaid expenses	98,076	(237,418)
Increase (decrease) in due to brokers	3,289,862	(144,696,940)
Decrease in accounts payable and accrued expenses	(916,540)	(14,331)
Increase in postretirement benefit obligation	1,016,178	941,672
Increase (decrease) in grants payable	<u>30,580,948</u>	<u>(11,101,913)</u>
Net cash used in operating activities	<u>(106,110,904)</u>	<u>(39,321,906)</u>
Cash flows from investing activities:		
Purchase of investments	(1,250,475,833)	(2,068,597,548)
Proceeds from sale of investments	1,358,766,750	2,104,598,721
Purchase of property and equipment	<u>(3,284,430)</u>	<u>(3,704,871)</u>
Net cash provided by investing activities	<u>105,006,487</u>	<u>32,296,302</u>
Cash flows from financing activities:		
Amounts received from charitable remainder trusts	2,126,223	-
Amounts received from the Estate of Doris Duke	<u>520,000</u>	<u>-</u>
Net cash provided by financing activities	<u>2,646,223</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,541,806	(7,025,604)
Cash and cash equivalents, beginning of year	<u>10,425,154</u>	<u>17,450,758</u>
Cash and cash equivalents, end of year	<u>\$ 11,966,960</u>	<u>\$ 10,425,154</u>
Supplemental cash flow information:		
Cash paid for federal and state excise taxes	<u>\$ 3,748,408</u>	<u>\$ 5,041,173</u>

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

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE A - DESCRIPTION OF ORGANIZATION AND RELATED ENTITIES

Doris Duke Charitable Foundation (“DDCF”) is a private foundation that was 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. In addition, DDCF supports three operating foundations that manage Doris Duke’s properties in New Jersey, Hawaii, and Rhode Island. 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.

DDCF’s Board of Trustees controls one Delaware foundation which was established by Doris Duke during her lifetime and three operating foundations which were established through a Plan of Reorganization, effectuated in January 1999 (collectively, the “Foundation”). The following summarizes the entities comprising the Foundation. All material interorganizational balances and transactions have been eliminated in consolidation.

Duke Farms Foundation

Duke Farms Foundation 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 a 700-acre park, a working farm, and display gardens. It is used for environmental, agricultural, and horticultural purposes. During 2006, the Foundation’s Board of Trustees approved a resolution for design and study costs based on a refined mission of environmental stewardship for Duke Farms. The thrust of this plan will lead to the ecological restoration of the property, consistent with sound environmental practices. The design process for the property and buildings will take place during 2008 and renovation of existing structures for both public education and administrative use will begin in 2009.

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 Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE A (continued)

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, Hawaii, which includes a collection of Islamic art. It is used to promote the study and understanding of Middle Eastern art and culture.

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 DDCF and the foundations it controls. 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 tax 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 operating foundation pursuant to an Operating Agreement created at the inception of DDMF for the services performed by DDMF on their behalf.

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE A (continued)

Doris Duke Foundation

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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

1. 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.

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, 2007 and 2006, 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.

2. Collectibles

Collectibles consisting of personal property transferred to the Foundation from the Estate of Doris Duke were recorded at fair value based upon appraisals. In 2007, the Foundation examined its remaining collectibles to determine which items will be gifted to other non-profit organizations, kept as part of the Foundation’s archives or sold. As a result, certain collectibles were gifted to various museums in 2007. In 2008, the remaining collectibles will continue to be examined for possible sale at an auction or additional gifting to other non-profit organizations.

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE B (continued)

3. Use of Estimates

The presentation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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 postretirement benefits obligation; and its remainderman interest under split-interest agreements. Actual results could differ from those estimates.

4. Investments

The Foundation reports all investments in equity securities with readily determinable fair values and all investments in debt securities at fair value.

Marketable securities are reported on the basis of quoted market values as reported on the last business day of the fiscal year by the securities exchanges. Realized gains and losses on investments are calculated based on the first-in, first-out method.

Investments in limited partnership interests, alternative investments and certain derivative securities are based upon published current market prices when available. In the absence of readily ascertainable market values, the fair values of these financial instruments are based on estimates and assumptions determined by the respective general partners or managers. The Foundation believes that such valuations are reasonable and appropriate.

5. 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 limited partnership and similar interests. 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 significant investments in equities, bonds, limited partnerships, and alternative investments, both marketable and non-marketable, and is therefore subject to concentrations of credit risk. Investment decisions are made by the Foundation's Investment Committee of the Board of Trustees in consultation with management and independent investment managers engaged by the Foundation.

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE B (continued)

6. Property and Equipment

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

7. Beneficial Interest in Trusts Held by Others

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

8. Grants

Grant awards by the Foundation to recipients are recorded as an expense and a liability when approved by the Board of Trustees. Such grant commitments are typically made to a recipient over several 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 and 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.

9. 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.

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE B (continued)

10. Consolidated Statements of Cash Flows

For purposes of the consolidated statements of cash flows, the Foundation considers investments with maturities of three months or less at time of purchase and 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, 2007 and 2006, the Foundation had \$7,533,086 and \$7,149,160, respectively, in money market funds which have been classified as cash equivalents.

11. Financial Instruments

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

NOTE C - INVESTMENTS

Investments at December 31, 2007 and 2006 consisted of the following:

	2007		2006	
	Cost	Fair Value	Cost	Fair Value
Equity investments	\$ 673,007,211	\$ 757,211,431	\$ 667,011,700	\$ 819,605,536
Marketable alternative investments	566,119,454	859,404,424	554,817,364	769,625,770
Non-marketable alternative investments	183,315,231	221,480,195	130,276,284	153,397,619
Fixed income investments	<u>175,202,022</u>	<u>181,747,398</u>	<u>176,065,076</u>	<u>177,009,334</u>
Subtotal	1,597,643,918	2,019,843,448	1,528,170,424	1,919,638,259
Interest, dividend and other receivables	1,694,144	1,694,144	1,907,869	1,907,869
Due to brokers	(43,917,870)	(43,917,870)	(40,628,008)	(40,628,008)
Due from brokers	<u>38,793,194</u>	<u>38,793,194</u>	<u>12,145,336</u>	<u>12,145,336</u>
Total	<u>\$ 1,594,213,386</u>	<u>\$ 2,016,412,916</u>	<u>\$ 1,501,595,621</u>	<u>\$ 1,893,063,456</u>

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE C (continued)

Marketable and non-marketable alternative investments at December 31, 2007 and 2006 consisted of the following:

	2007			2006		
	Number of Funds	Cost	Fair Value	Number of Funds	Cost	Fair Value
Alternative investment strategy:						
Marketable alternative investments:						
Multi-Strategy	9	\$ 202,730,145	\$ 344,966,913	9	\$ 247,417,094	\$ 368,929,651
Equity Long/Short	18	297,384,558	438,080,374	12	241,400,270	329,773,367
Distressed/High Yield	2	40,000,000	47,118,876	2	40,000,000	44,411,478
Fund of Funds	<u>1</u>	<u>26,004,751</u>	<u>29,238,261</u>	<u>1</u>	<u>26,000,000</u>	<u>26,511,274</u>
Total marketable alternative investments	<u>30</u>	<u>566,119,454</u>	<u>859,404,424</u>	<u>24</u>	<u>554,817,364</u>	<u>769,625,770</u>
Non-marketable alternative investments:						
Fund of Funds	6	62,580,214	70,658,678	6	49,905,675	52,829,308
Buy-outs/Growth	12	61,564,863	89,380,087	7	36,262,242	55,365,630
Venture Capital	12	16,461,926	16,871,868	9	6,980,799	6,611,441
Distressed	3	15,668,896	16,383,829	2	10,500,000	10,830,444
Real Assets (Timber)	<u>3</u>	<u>27,039,332</u>	<u>28,185,733</u>	<u>3</u>	<u>26,627,568</u>	<u>27,760,796</u>
Total non-marketable investments	<u>36</u>	<u>183,315,231</u>	<u>221,480,195</u>	<u>27</u>	<u>130,276,284</u>	<u>153,397,619</u>
Total alternative investments	<u>66</u>	<u>\$ 749,434,685</u>	<u>\$1,080,884,619</u>	<u>51</u>	<u>\$ 685,093,648</u>	<u>\$ 923,023,389</u>

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

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

Cash and cash equivalents include short-term investments. Cash and cash equivalents held by investment managers, as part of the long-term investment strategy of the Foundation, have been classified into the investment categories and amounted to \$12,233,290 and \$18,081,233 at December 31, 2007 and 2006, respectively.

Because of the uncertainty associated with the valuations of certain of the limited partnership interests and 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 these limited partnership interests is dependent upon the general partner's distributions and operating performance during the life of each partnership.

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE D - INCOME DISTRIBUTION FROM THE ESTATE OF DORIS DUKE

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

During 2007, the Foundation received an income distribution from the Estate of Doris Duke totaling \$520,000. During 2006, the Foundation did not receive an income distribution from the Estate of Doris Duke.

NOTE E - SALE OF COLLECTIBLES

The Doris Duke Collection of personal assets, which was bequeathed to the Foundation, has been gradually sold through auctions held primarily in 2004 by Christie's. The total cumulative proceeds from the sales of collectibles approximate \$34,000,000 and have resulted in an approximate net gain of \$19,000,000. During 2007 and 2006, the Foundation gifted collectibles in the amount of \$337,850 and \$328,500, respectively, to museums. The remaining assets from the Estate of Doris Duke as of December 31, 2007 and 2006, totaled \$10,805,307 and \$11,233,087, respectively, and are reflected as collectibles in the accompanying consolidated balance sheets of which \$2,182,080 and \$2,609,861, respectively, is held for sale or gift and \$8,623,227 and \$8,623,226, respectively, is held for exhibition at DDFIA.

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at December 31, 2007 and 2006, consisted of the following:

	<u>2007</u>	<u>2006</u>
Buildings and improvements	\$ 40,070,755	\$ 38,167,225
Furniture and equipment	13,286,991	12,702,323
Leasehold improvements	<u>3,815,489</u>	<u>3,769,005</u>
	57,173,235	54,638,553
Less: Accumulated depreciation and amortization	<u>(25,023,009)</u>	<u>(22,011,263)</u>
	32,150,226	32,627,290
Land	<u>52,322,880</u>	<u>51,573,132</u>
	<u>\$ 84,473,106</u>	<u>\$ 84,200,422</u>

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE G - ACCRUED POSTRETIREMENT BENEFIT OBLIGATION

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 158 ("SFAS No. 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." The new statement revises the reporting and certain required disclosures for pension and other postretirement plans. SFAS No. 158 required the Foundation to recognize the funded status of its postretirement health plan in its consolidated balance sheets as of December 31, 2007.

Plan in its 2007 consolidated financial statements. The following table details the incremental effect of applying the recognition provisions of SFAS No. 158 for the postretirement plan:

	Before Application of SFAS No. 158	SFAS No. 158 Adjustment	After Application of SFAS No. 158
Accrued Benefit Liability	<u>\$8,444,343</u>	<u>\$(4,789,470)</u>	<u>\$3,654,873</u>

The Foundation provides health benefits to substantially all of its employees. Upon retirement, employees may be eligible for continuation 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 amount recognized in the consolidated balance sheets as of December 31, 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 5,903,555	\$ 10,061,537
Service cost	577,246	526,739
Interest cost	346,980	306,997
Plan participants' contributions	4,373	4,566
Amendments	(2,019,828)	-
Actuarial (gain) loss	(1,031,533)	(4,866,055)
Benefits paid	<u>(125,920)</u>	<u>(130,229)</u>
Benefit obligation, end of year	<u>\$ 3,654,873</u>	<u>\$ 5,903,555</u>

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE G (continued)

	<u>2007</u>	<u>2006</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	\$ -	\$ -
Employer contributions	121,547	125,663
Plan participants' contributions	4,373	4,566
Benefits paid	<u>(125,920)</u>	<u>(130,229)</u>
Fair value of plan assets, end of year	<u>\$ -</u>	<u>\$ -</u>
Components of accrued benefit cost:		
Funded status	\$ (3,654,873)	\$ (5,903,555)
Unamortized prior service cost	(1,117,358)	1,253,748
Unamortized actuarial net (gain) loss	<u>(3,672,112)</u>	<u>(2,778,358)</u>
Accrued benefit cost	<u>\$ (8,444,343)</u>	<u>\$ (7,428,165)</u>
Components of net periodic benefit cost:		
Service cost	\$ 577,246	\$ 526,739
Interest cost	346,980	306,997
Amortization of unrecognized prior service costs	<u>213,499</u>	<u>233,599</u>
Net periodic postretirement benefit cost	<u>\$ 1,137,725</u>	<u>\$ 1,067,335</u>
Discount rate for benefit obligation, end of year	6.54%	5.90%
Discount rate for net periodic benefit cost, end of year	5.90%	5.51%

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

<u>Year ending December 31:</u>	<u>Amount</u>
2008	\$ 122,482
2009	146,220
2010	175,131
2011	170,717
2012	180,665
2013-2017	<u>1,285,762</u>
	<u>\$ 2,080,977</u>

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE G (continued)

	<u>2007</u>	<u>2006</u>
Assumed Pre-65 medical trend rates at December 31:		
Health care cost trend rate assumed next year	8.5%	9.5%
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	2014	2014
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	2012	2012
Assumed prescription drug trend rates at December 31:		
Health care cost trend rate assumed next year	11.0%	12.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%
Year rate reaches the ultimate trend rate	2014	2014

The Foundation does not anticipate applying for the Medicare Part D prescription drug federal subsidy; therefore, the above disclosure does not reflect the impact of Medicare Part D. The Foundation's expense associated with this plan totaled \$1,016,178 and \$941,672 for 2007 and 2006, respectively.

	<u>2007</u>	<u>2006</u>
Amounts recognized in the consolidated balance sheets consist of:		
Accrued benefit liability	\$ 3,654,873	\$ 7,428,165
Amounts recognized in unrestricted net assets consist of:		
Prior service costs	\$ 1,117,358	\$ -
Actuarial net gain	<u>3,672,112</u>	<u>-</u>
	<u>\$ 4,789,470</u>	<u>\$ -</u>
Expected effect in the unrestricted net assets next fiscal year:		
Prior service cost	\$ 79,901	\$ -
Net actuarial gain	<u>226,994</u>	<u>-</u>
	<u>\$ 306,895</u>	<u>\$ -</u>

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE G (continued)

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	\$ 186,195	\$ (156,346)
Effect on postretirement benefit obligation	\$ 598,230	\$ (513,290)

NOTE H - GRANTS PAYABLE, NET

The following summarizes the changes in grants payable during 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Balance, beginning of year:		
DDCF	\$ 47,358,579	\$ 58,404,092
DDFIA	343,600	400,000
Present value discount	<u>(2,363,488)</u>	<u>(2,929,239)</u>
	<u>45,338,691</u>	<u>55,874,853</u>
Additions:		
Grants authorized:		
DDCF	108,180,464	46,503,590
DDF	-	12,000
DDFIA	2,576,471	605,921
Present value discount	<u>(1,994,249)</u>	<u>(1,059,220)</u>
	<u>108,762,686</u>	<u>46,062,291</u>
Deductions:		
Payments made:		
DDCF	(77,766,675)	(57,441,103)
DDF	-	(12,000)
DDFIA	(1,500,000)	(662,321)
Amortization of present value discount	<u>1,624,984</u>	<u>1,624,971</u>
	<u>(77,641,691)</u>	<u>(56,490,453)</u>

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE H (continued)

	<u>2007</u>	<u>2006</u>
Net rescinded grants:		
DDCF	\$ (909,313)	\$ (108,000)
	<u>(909,313)</u>	<u>(108,000)</u>
Balance, end of year:		
DDCF	76,863,055	47,358,579
DDFIA	1,420,071	343,600
Present value discount	<u>(2,732,753)</u>	<u>(2,363,488)</u>
	<u>\$ 75,550,373</u>	<u>\$ 45,338,691</u>

The Foundation's grant commitments at December 31, 2007 and 2006 were discounted to present value by applying interest rate factors of 3.228% and 4.815%, respectively.

In 2007 and 2006, grants in the amount of \$1,337,371 and \$351,730, respectively, were refunded and netted with grants expense in the consolidated statements of activities. In 2007 and 2006, included in net rescinded grants is \$215,688 and \$0, respectively, of grants returned to DDCF that will be transferred to new grantees.

Grants authorized but unpaid at December 31, 2007 are payable as follows:

<u>Year payable</u>	<u>Amount</u>
2008	\$ 41,317,456
2009	28,829,585
2010	8,088,585
2011	-
2012	<u>47,500</u>
	78,283,126
Less: Present value discount	<u>(2,732,753)</u>
	<u>\$ 75,550,373</u>

NOTE I - TAXES

DDCF and DDF are normally subject to a 2% federal excise tax on their net investment income, as defined, for tax purposes. However, the tax is reduced to 1% if certain conditions are met. DDCF and DDF made estimated payments at the 2% rate for 2007 and 2006. DDCF qualified for the 1% federal excise tax for 2006 and as a result received a refund of \$2,355,756. In addition, the Foundation is also

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE I (continued)

subject to unrelated business income taxes on certain of its investment earnings. The Foundation incurred unrelated business income tax expense of \$660 in 2007 and a credit of \$320,677 in 2006.

Deferred taxes principally arise from differences between the cost and fair value of investments. Since the qualification for the 1% tax is not determinable until the fiscal year in which net gains are realized, the deferred tax liability represents 2% of unrealized gains on investments. However, based on projected cash spending primarily due to new initiatives, the Foundation expects to pay a 1% tax rate for 2007 and for future years. The deferred tax liability was therefore adjusted in 2007 for the 1% tax rate and a reduction in deferred taxes of \$3,605,001 was recorded.

The accompanying consolidated financial statements reflect provisions for current and deferred federal and state excise taxes and unrelated business income as follows:

	<u>2007</u>	<u>2006</u>
Current federal and state excise taxes	\$ 3,607,409	\$ 3,899,003
Federal excise tax refund for 2006	(2,355,756)	-
Provision (credit) for unrelated business income taxes	<u>660</u>	<u>(320,677)</u>
Total current provision for taxes	<u>\$ 1,252,313</u>	<u>\$ 3,578,326</u>
Deferred federal and state excise taxes payable	<u>\$ 4,218,701</u>	<u>\$ 7,823,702</u>

In addition, the Code requires that certain minimum distributions be made in accordance with a specified formula. These amounts are required to be distributed by the end of the next calendar year. At December 31, 2007 and 2006, the Foundation had minimum distribution requirements of approximately \$95,000,000 and \$85,000,000, respectively. Management plans to satisfy these grant distribution requirements principally through grant disbursements.

NOTE J - RELATED PARTY

Newport Restoration Foundation (“NRF”) was established as a not-for-profit foundation in 1968 in order to preserve and restore historic architecture of the eighteenth and early nineteenth centuries in Newport, Rhode Island. NRF currently owns 75 properties (not including Rough Point), of which 72 are historic homes rented to the general public. NRF and the Foundation have one trustee in common. In addition, 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

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE J (continued)

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 2007 and 2006, NRF was awarded \$2,388,750 and \$2,275,000, respectively, from DDCF.

NOTE K - LEASE COMMITMENT

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

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

Future minimum rental commitments under these operating leases are as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2008	\$ 568,135
2009	734,577
2010	734,577
2011	754,980
2012	797,909
2013 - 2016	<u>2,822,730</u>
	<u>\$ 6,412,908</u>

Rent expense for 2007 and 2006 totaled approximately \$549,000 and \$553,000, respectively.

NOTE L - PENSION PLANS

DDCF sponsors a 401(a) profit sharing plan with a 401(k) feature. Eligible employees may elect to have pretax contributions made to their participant accounts not to exceed federal allowable limits. The Foundation plans to make discretionary contributions to the 401(k) plan. Total pension expense under this

Doris Duke Charitable Foundation and Related Entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2007 and 2006

NOTE L (continued)

401(k) plan for 2007 and 2006 was \$1,246,621 and \$1,124,012, respectively. Participants are immediately vested in their account balance including the employer's contribution portion and all earnings thereon.

DDCF 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 DDCF. 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 \$90,000 and \$54,000 in 2007 and 2006, respectively. The annual limitation used in calculating the 2007 and 2006 pension expense was \$225,000 and \$220,000, respectively.

In 2006, DDCF 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 in 2007 was \$15,500.

SUPPLEMENTARY INFORMATION

Doris Duke Charitable Foundation and Related Entities

CONSOLIDATING BALANCE SHEET INFORMATION

As of December 31, 2007

<u>ASSETS</u>	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	\$ 12,263,565	\$ 236,128	\$ (234,954)	\$ (281,334)	\$ (16,445)	\$ 11,966,960	\$ -	\$ 11,966,960
Prepaid expenses and other receivables	305,282	-	252,981	540,792	1,500,716	2,599,771	(1,743,541)	856,230
Investments	2,009,938,630	6,474,286	-	-	-	2,016,412,916	-	2,016,412,916
Beneficial interest in trusts held by others	9,664,116	-	-	-	-	9,664,116	-	9,664,116
Due from related entities	1,889,992	326,656	1,257,141	6,198,332	9,266	9,681,387	(9,681,387)	-
Collectibles	1,835,798	284,482	61,800	-	8,623,227	10,805,307	-	10,805,307
Property and equipment, net	-	-	49,862,203	3,281,704	31,329,199	84,473,106	-	84,473,106
Total assets	<u>\$ 2,035,897,383</u>	<u>\$ 7,321,552</u>	<u>\$ 51,199,171</u>	<u>\$ 9,739,494</u>	<u>\$ 41,445,963</u>	<u>\$ 2,145,603,563</u>	<u>\$ (11,424,928)</u>	<u>\$ 2,134,178,635</u>
<u>LIABILITIES AND NET ASSETS</u>								
Liabilities:								
Accounts payable and accrued expenses	\$ 1,495,823	\$ 28,823	\$ 1,142,055	\$ 2,281,651	\$ 415,932	\$ 5,364,284	\$ -	\$ 5,364,284
Due to related entities	3,629,519	526,463	2,155,219	3,123,112	247,074	9,681,387	(9,681,387)	-
Grants payable, net	75,587,735	323,470	-	-	1,382,709	77,293,914	(1,743,541)	75,550,373
Postretirement benefit obligation	-	-	2,280,074	655,017	719,782	3,654,873	-	3,654,873
Deferred federal and state excise taxes payable	4,218,701	-	-	-	-	4,218,701	-	4,218,701
Total liabilities	84,931,778	878,756	5,577,348	6,059,780	2,765,497	100,213,159	(11,424,928)	88,788,231
Net assets - unrestricted	1,950,965,605	6,442,796	45,621,823	3,679,714	38,680,466	2,045,390,404	-	2,045,390,404
Total liabilities and net assets	<u>\$ 2,035,897,383</u>	<u>\$ 7,321,552</u>	<u>\$ 51,199,171</u>	<u>\$ 9,739,494</u>	<u>\$ 41,445,963</u>	<u>\$ 2,145,603,563</u>	<u>\$ (11,424,928)</u>	<u>\$ 2,134,178,635</u>

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

Doris Duke Charitable Foundation and Related Entities

CONSOLIDATING BALANCE SHEET INFORMATION

As of December 31, 2006

<u>ASSETS</u>	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	\$ 10,242,820	\$ 346,259	\$ (54,664)	\$ (64,898)	\$ (44,363)	\$ 10,425,154	\$ -	\$ 10,425,154
Prepaid expenses and other receivables	476,184	1,297	223,601	288,855	409,138	1,399,075	(444,769)	954,306
Investments	1,887,018,287	6,045,169	-	-	-	1,893,063,456	-	1,893,063,456
Beneficial interest in trusts held by others	10,681,320	-	-	-	-	10,681,320	-	10,681,320
Due from related entities	1,506,831	326,528	1,257,141	6,196,553	9,266	9,296,319	(9,296,319)	-
Collectibles	2,243,386	287,482	78,993	-	8,623,226	11,233,087	-	11,233,087
Property and equipment, net	-	-	49,332,495	3,722,893	31,145,034	84,200,422	-	84,200,422
Total assets	<u>\$ 1,912,168,828</u>	<u>\$ 7,006,735</u>	<u>\$ 50,837,566</u>	<u>\$ 10,143,403</u>	<u>\$ 40,142,301</u>	<u>\$ 2,020,298,833</u>	<u>\$ (9,741,088)</u>	<u>\$ 2,010,557,745</u>
<u>LIABILITIES AND NET ASSETS</u>								
Liabilities:								
Accounts payable and accrued expenses	\$ 2,543,734	\$ 10,426	\$ 1,200,062	\$ 2,238,050	\$ 288,552	\$ 6,280,824	\$ -	\$ 6,280,824
Due to related entities	3,629,391	524,684	2,155,219	2,739,951	247,074	9,296,319	(9,296,319)	-
Grants payable, net	45,338,691	101,169	-	-	343,600	45,783,460	(444,769)	45,338,691
Postretirement benefit obligation	-	-	4,450,498	1,485,688	1,491,979	7,428,165	-	7,428,165
Deferred federal and state excise taxes payable	7,823,702	-	-	-	-	7,823,702	-	7,823,702
Total liabilities	59,335,518	636,279	7,805,779	6,463,689	2,371,205	76,612,470	(9,741,088)	66,871,382
Net assets - unrestricted	1,852,833,310	6,370,456	43,031,787	3,679,714	37,771,096	1,943,686,363	-	1,943,686,363
Total liabilities and net assets	<u>\$ 1,912,168,828</u>	<u>\$ 7,006,735</u>	<u>\$ 50,837,566</u>	<u>\$ 10,143,403</u>	<u>\$ 40,142,301</u>	<u>\$ 2,020,298,833</u>	<u>\$ (9,741,088)</u>	<u>\$ 2,010,557,745</u>

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

Doris Duke Charitable Foundation and Related Entities

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the year ended December 31, 2007

	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	\$ 16,319,190	\$ 110,450	\$ -	\$ -	\$ -	\$ 16,429,640	\$ -	\$ 16,429,640
Interest	8,548,774	64,470	28	9	-	8,613,281	-	8,613,281
	24,867,964	174,920	28	9	-	25,042,921	-	25,042,921
Less:								
Investment expenses	(5,034,082)	(5,576)	-	(180)	(30)	(5,039,868)	-	(5,039,868)
Provision for federal and state taxes	(1,242,810)	(9,500)	(1)	(2)	-	(1,252,313)	-	(1,252,313)
Net investment income (loss)	18,591,072	159,844	27	(173)	(30)	18,750,740	-	18,750,740
Change in value of beneficial interest in trusts held by others	1,109,020	-	-	-	-	1,109,020	-	1,109,020
Contributions from related organizations	-	-	11,761,776	-	6,767,540	18,529,316	(18,529,316)	-
Management fees	-	-	-	11,848,256	-	11,848,256	(11,848,256)	-
Income distribution from the Estate of Doris Duke	520,000	-	-	-	-	520,000	-	520,000
Other revenues	(71,230)	-	799,694	173	32,177	760,814	-	760,814
Total revenues	20,148,862	159,844	12,561,497	11,848,256	6,799,687	51,518,146	(30,377,572)	21,140,574
Expenses:								
Grants	123,915,505	-	-	-	2,539,109	126,454,614	(18,529,316)	107,925,298
Program	1,385,163	135,513	10,815,335	6,844,480	3,359,186	22,539,677	-	22,539,677
Administration	-	-	-	5,862,133	-	5,862,133	-	5,862,133
Management fees	8,549,419	219,576	2,144,012	-	935,249	11,848,256	(11,848,256)	-
Total expenses	133,850,087	355,089	12,959,347	12,706,613	6,833,544	166,704,680	(30,377,572)	136,327,108
Decrease in net assets before investment gains and effect of adoption of SFAS No. 158 recognition provisions	(113,701,225)	(195,245)	(397,850)	(858,357)	(33,857)	(115,186,534)	-	(115,186,534)
Investment gains:								
Net realized gains	177,371,688	222,391	-	-	-	177,594,079	-	177,594,079
Net unrealized gains	34,461,832	45,194	-	-	-	34,507,026	-	34,507,026
Net investment gains	211,833,520	267,585	-	-	-	212,101,105	-	212,101,105
Effect of adoption of SFAS No. 158 recognition provisions	-	-	2,987,886	858,357	943,227	4,789,470	-	4,789,470
Increase in net assets	98,132,295	72,340	2,590,036	-	909,370	101,704,041	-	101,704,041
Net assets - unrestricted, beginning of year	1,852,833,310	6,370,456	43,031,787	3,679,714	37,771,096	1,943,686,363	-	1,943,686,363
Net assets - unrestricted, end of year	\$ 1,950,965,605	\$ 6,442,796	\$ 45,621,823	\$ 3,679,714	\$ 38,680,466	\$ 2,045,390,404	\$ -	\$ 2,045,390,404

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

Doris Duke Charitable Foundation and Related Entities

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the year ended December 31, 2006

	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	\$ 15,744,285	\$ 96,621	\$ -	\$ -	\$ -	\$ 15,840,906	\$ -	\$ 15,840,906
Interest	8,479,573	89,775	33	150	-	8,569,531	-	8,569,531
	<u>24,223,858</u>	<u>186,396</u>	<u>33</u>	<u>150</u>	<u>-</u>	<u>24,410,437</u>	<u>-</u>	<u>24,410,437</u>
Less:								
Investment expenses	(5,683,108)	(4,091)	(170)	(61)	(9)	(5,687,439)	-	(5,687,439)
Provision for federal and state taxes	(3,566,399)	(11,927)	-	-	-	(3,578,326)	-	(3,578,326)
Net investment income (loss)	<u>14,974,351</u>	<u>170,378</u>	<u>(137)</u>	<u>89</u>	<u>(9)</u>	<u>15,144,672</u>	<u>-</u>	<u>15,144,672</u>
Change in value of beneficial interest in trusts held by others	2,053,941	-	-	-	500,000	2,553,941	(500,000)	2,053,941
Contributions from related organizations	-	-	10,616,060	-	4,900,155	15,516,215	(15,516,215)	-
Management fees	-	-	-	11,698,440	-	11,698,440	(11,698,440)	-
Other revenues	9,262	-	1,035,027	-	23,956	1,068,245	-	1,068,245
Total revenues	<u>17,037,554</u>	<u>170,378</u>	<u>11,650,950</u>	<u>11,698,529</u>	<u>5,424,102</u>	<u>45,981,513</u>	<u>(27,714,655)</u>	<u>18,266,858</u>
Expenses:								
Grants	62,125,826	12,000	-	-	605,921	62,743,747	(15,516,215)	47,227,532
Program	1,793,032	342,225	9,820,214	5,707,958	3,275,153	20,938,582	(500,000)	20,438,582
Administration	-	-	-	5,990,571	-	5,990,571	-	5,990,571
Management fees	8,057,535	98,582	2,550,709	-	991,614	11,698,440	(11,698,440)	-
Total expenses	<u>71,976,393</u>	<u>452,807</u>	<u>12,370,923</u>	<u>11,698,529</u>	<u>4,872,688</u>	<u>101,371,340</u>	<u>(27,714,655)</u>	<u>73,656,685</u>
(Decrease) increase in net assets before investment gains	<u>(54,938,839)</u>	<u>(282,429)</u>	<u>(719,973)</u>	<u>-</u>	<u>551,414</u>	<u>(55,389,827)</u>	<u>-</u>	<u>(55,389,827)</u>
Investment gains:								
Net realized gains	165,054,983	290,129	-	-	-	165,345,112	-	165,345,112
Net unrealized gains	76,275,438	282,130	-	-	-	76,557,568	-	76,557,568
Net investment gains	<u>241,330,421</u>	<u>572,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,902,680</u>	<u>-</u>	<u>241,902,680</u>
Increase (decrease) in net assets	<u>186,391,582</u>	<u>289,830</u>	<u>(719,973)</u>	<u>-</u>	<u>551,414</u>	<u>186,512,853</u>	<u>-</u>	<u>186,512,853</u>
Net assets - unrestricted, beginning of year	<u>1,666,441,728</u>	<u>6,080,626</u>	<u>43,751,760</u>	<u>3,679,714</u>	<u>37,219,682</u>	<u>1,757,173,510</u>	<u>-</u>	<u>1,757,173,510</u>
Net assets - unrestricted, end of year	<u>\$ 1,852,833,310</u>	<u>\$ 6,370,456</u>	<u>\$ 43,031,787</u>	<u>\$ 3,679,714</u>	<u>\$ 37,771,096</u>	<u>\$ 1,943,686,363</u>	<u>\$ -</u>	<u>\$ 1,943,686,363</u>

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