

# **The G. Unger Vetlesen Foundation**

**Financial Statements and Supplemental Schedule  
December 31, 2004**

**The G. Unger Vetlesen Foundation**  
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**December 31, 2004**

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**Report of Independent Auditors**

To the Board of Directors of  
The G. Unger Vetlesen Foundation:

We have audited the accompanying statement of assets and net assets arising from cash transactions of The G. Unger Vetlesen Foundation (the "Foundation") as of December 31, 2004, and the related statement of revenues collected, expenses paid, and changes in net assets for the year then ended. These financial statements are the responsibility of the Foundation's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Foundation's Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets arising from cash transactions of The G. Unger Vetlesen Foundation at December 31, 2004, and its revenues collected, expenses paid, and changes in net assets for the year then ended, on the basis of accounting described in Note 2.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of marketable securities at December 31, 2004 and 2003 and for the year ended December 31, 2004 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in such schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements; and, in our opinion, except for the effects on the schedule, which has been prepared on the basis of cash receipts and disbursements as explained in the second preceding paragraph, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*PricewaterhouseCoopers LLP*

June 2, 2005

**The G. Unger Vetlesen Foundation**  
**Statement of Assets and Net Assets Arising from Cash Transactions**  
**December 31, 2004**

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**Assets**

Cash and cash equivalents

JPMorgan Chase checking and money market accounts	\$ 298,021
Deutsche Bank checking and money market accounts	10,462,839
	<u>10,760,860</u>

Marketable securities, at book basis (Notes 2 and 3)

Common stocks (market value \$75,443,865)	16,216,686
Net assets (unrestricted)	<u>\$ 26,977,546</u>

The accompanying notes are an integral part of the financial statements.

**The G. Unger Vetlesen Foundation**  
**Statement of Revenues Collected, Expenses Paid and Changes in Net Assets**  
**Year Ended December 31, 2004**

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	<b>Unrestricted</b>
<b>Revenues collected</b>	
Dividends	\$ 2,045,649
Interest	
Debt securities	29,092
Deutsche Bank money market account	30,411
JPMorgan Chase checking and money market accounts	861
Net realized gain on disposition of marketable securities	<u>10,526,880</u>
Total receipts	<u>12,632,893</u>
<b>Expenses paid</b>	
Grants (Note 4)	3,922,639
General and administrative expenses and taxes	<u>420,599</u>
Total disbursements	<u>4,343,238</u>
Change in net assets - excess of revenues collected over expenses paid	8,289,655
<b>Net assets</b>	
Beginning of year	<u>18,687,891</u>
End of year	<u>\$ 26,977,546</u>

The accompanying notes are an integral part of the financial statements.

**The G. Unger Vetlesen Foundation**  
**Notes to Financial Statements**  
**December 31, 2004**

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**1. Business and Tax Status**

The G. Unger Vetlesen Foundation (the "Foundation") was incorporated on March 7, 1955, under the laws of the State of New York, as a nonprofit membership corporation for voluntarily aiding and contributing to religious, charitable, scientific, literary and educational uses and purposes, in New York, elsewhere in the United States and throughout the world. The funds of the Foundation may be expended for the purposes and objectives stated.

The Foundation is a tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code, and, accordingly, is not subject to federal income tax. However, the Foundation is classified as a private foundation and, therefore, is subject to an annual federal excise tax not to exceed 2% on net investment income including dividends, interest and net realized gains on security transactions, reduced by related expenses.

**2. Summary of Significant Accounting Policies**

The financial statements and accounts of the Foundation are prepared on the cash receipts and disbursements basis; consequently, certain revenues, principally investment income, and related assets are recognized when received and expenses are recognized when paid. Under generally accepted accounting principles, revenues and assets are accrued when earned and expenses are recognized when the obligations are incurred. In addition, marketable securities are reported at cost rather than at market value. Under generally accepted accounting principles, marketable securities are reported at market value.

Cash and cash equivalents consist of bank checking accounts and money market funds. Cash in financial institutions at times may be in excess of the Federal Deposit Insurance Corporation insurance limit. Management of the Foundation does not consider any such amounts to be at risk.

**3. Marketable Securities**

The book basis of securities received from the Estate of George Unger Vetlesen and the Palaemona Lyster Smythe Trust is stated at market value as of dates received, May 11, 1959 and January 3, 1985, respectively. Securities purchased are stated at cost. The cost of securities sold is determined on the average-cost basis.

The market valuations of marketable securities are based on published closing prices on December 31, 2004. Changes in market values of the marketable securities will affect future grants. At December 31, 2004, concentrations in marketable securities included the following common stock investments at quoted market values:

Exxon Mobil	\$ 17,814,183
Merck & Co.	9,642,000
Murphy Oil	24,135,000
	<u>\$ 51,591,183</u>

**The G. Unger Vetlesen Foundation**  
**Notes to Financial Statements**  
**December 31, 2004**

**4. Grants**

American-Scandinavian Foundation, for general operating purposes	\$ 25,000
Atlantic Salmon Federation, for general operating purposes	25,000
Bermuda Biological Station for Research, for general operating purposes	100,000
Black Rock Consortium, for general operating purposes	25,000
Cape Eleuthera School (Island School), for general operating purposes	50,000
Columbia University, Lamont-Doherty Earth Observatory, for general operating purposes	500,000
Columbia University, Lamont-Doherty Earth Observatory, for Climate Center programs	200,000
Columbia University, the Trustees of, for Vetlesen Prize	240,139
Foundation Center, for membership	2,500
Marine Biological Laboratories, for general operating purposes of the Center for Comparative Molecular Biology and Evolution and the Marine Resources Center	350,000
MIT, for the MIT Joint Program on the Science and Policy of Global Change	100,000
National Parks Conservation Association, for general operating purposes	25,000
Oceana, for the Dirty Fishing Program	25,000
Open Space Institute, for Hudson Valley Program	10,000
Oregon State University, for general operating purposes of the College of Oceanic & Atmospheric Sciences	125,000
Peregrine Fund, for general operating purposes	10,000
Resources for the Future, for Climate Economics and Policy Program	50,000
Scenic Hudson, for "Reclaiming Westchester Waterfronts" program	100,000
Scripps Institution of Oceanographic, for Global Change Program	700,000
South Street Seaport Museum, for general operating purposes	10,000
University of Miami, for Climate Studies at the Rosenstiel School of Marine and Atmospheric Science	125,000
University of Rhode Island, for general operating purposes of the Graduate School of Oceanography	100,000
University of Texas Institute for Geophysics, for antarctic aerogeophysical research	100,000
University of Washington, for general operating purposes of the Center of Excellence at the College of Ocean and Fishery Sciences	100,000
Whitney Laboratories, towards the building of the Center for Marine Studies	50,000
Wildlife Conservation Society, \$25,000 for Marine Program and \$50,000 for general operating purposes of the Bronx Zoo	75,000
Woods Hole Oceanographic Institution, for general operating purposes	700,000
Total grants	<u>\$ 3,922,639</u>

At December 31, 2004, the Foundation had commitments to make grants in future years, aggregating \$710,000, as follows:

**2005**

Marine Biological Laboratories, for its building campaign	\$ 100,000
MIT, for MIT joint program on the Science and Policy of Global Change	100,000
Peregrine Fund, for general operating purposes	10,000
Subtotal	<u>210,000</u>

**2006**

Marine Biological Laboratories, for its building campaign	100,000
MIT, for MIT joint program on the Science and Policy of Global Change	100,000
Subtotal	<u>200,000</u>

**2007**

Marine Biological Laboratories, for its building campaign	<u>100,000</u>
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**2008**

Marine Biological Laboratories, for its building campaign	<u>100,000</u>
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**2009**

Marine Biological Laboratories, for its building campaign	<u>100,000</u>
	<u>\$ 710,000</u>



**The G. Unger Vetlesen Foundation**  
**Supplemental Schedule of Marketable Securities**  
**December 31, 2004 and 2003**

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- A Bank of America Corp. – Stock split in August 2004.
- B Gannett Inc. – A total of 15,000 shares were purchased in December 2004 at a cost of \$1,210,050.
- C General Dynamics Corp. – A total of 10,000 shares were sold at a gain of \$213,607 in July 2004.
- D International Flavors & Fragrances – A total of 7,000 shares were sold in November 2004 at a gain of \$283,517.
- E Merck & Co. – A total of 190,000 shares were sold in December 2004 at a gain of \$5,019,209.
- F Microsoft – A total of 29,000 shares were purchased in June 2004 at a cost of \$757,190.
- G Monsanto Co. – A total of 25,000 shares were purchased in July 2004 at a cost of \$914,250.
- H Murphy Oil Corp. – A total of 66,000 shares were sold in November 2004 and December 2004 at a gain of \$4,991,282.
- I Proctor & Gamble – A total of 7,000 shares were sold at a gain of \$154,225.
- J St. Paul Travelers Co. – On April 2, 2004, 691 shares were received in exchange for Travelers Property Casualty Corp. class A (523 shares) & B (1,074 shares) shares held. \$27 proceeds were received in lieu of fractional shares exchanged of Travelers Property Casualty Corp. Class A having a book basis of \$3 and \$19 proceeds were received in lieu of fractional shares exchanged of Travelers Property Casualty Corp. Class B having a book basis of \$2.
- K First Data Corp. Sr Convertible Contingent Debt 03/01/2008 – \$900,000 principal amount matured in March 2004 with a loss of \$135,000.
- L Federal National Mtg. Association 03/10/2004 – \$1,150,000 principal amount matured in March 2004 with no gain or loss.
- M Federal National Mtg. Association 09/08/2004 – Principal amount of \$1,150,000 was purchased in March 2004 at a cost of \$1,144,012 and matured in September 2004 with no gain or loss.
- N Federal National Mtg. Association 12/29/2004 – Total principal amount of \$2,000,000 was purchased in September 2004 at a cost of \$1,988,800 and matured in December 2004 with no gain or loss.