

**The G. Unger Vetlesen  
Foundation**

**Financial Statements and Supplemental Schedule  
December 31, 2005**

# The G. Unger Vetlesen Foundation

## Index

December 31, 2005

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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, 2005, 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, 2005, and its revenues collected, expenses paid, and change 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, 2005 and 2004 and for the year ended December 31, 2005 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*

May 15, 2006

**The G. Unger Vetlesen Foundation**  
**Statement of Assets and Net Assets Arising from Cash Transactions**  
**December 31, 2005**

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**Assets**

Cash and cash equivalents

JPMorgan Chase checking and money market accounts	\$ 301,978
Deutsche Bank checking and money market accounts	<u>4,419,671</u>
	4,721,649

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

Common stocks (market value \$91,056,638)	27,534,275
Debt securities (market value \$535,000)	<u>527,500</u>
Net assets (unrestricted)	<u>\$ 32,783,424</u>

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

**The G. Unger Vetlesen Foundation**  
**Statement of Revenues Collected, Expenses Paid and Change in Net Assets**  
**Year Ended December 31, 2005**

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	<b>Unrestricted</b>
<b>Revenues collected</b>	
Dividends	\$ 1,827,597
Interest	
Debt securities	2,300
Deutsche Bank money market account	244,021
JPMorgan Chase checking and money market accounts	823
Net realized gain on disposition of marketable securities	8,575,521
Total receipts	<u>10,650,262</u>
<b>Expenses paid</b>	
General and administrative expenses and taxes	833,575
Grants (Note 4)	4,010,809
Total disbursements	<u>4,844,384</u>
Change in net assets - excess of revenues collected over expenses paid	5,805,878
<b>Net assets</b>	
Beginning of year	<u>26,977,546</u>
End of year	<u>\$ 32,783,424</u>

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

# The G. Unger Vetlesen Foundation

## Notes to Financial Statements

### December 31, 2005

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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, 2005. Changes in market values of the marketable securities will affect future grants. At December 31, 2005, concentrations in marketable securities (5% or more of total market value of marketable securities) included the following common stock investments at quoted market values:

Exxon Mobil Corp.	\$ 16,318,845
Merck & Co.	4,771,500
Murphy Oil Corp.	30,774,300
	<u>\$ 51,864,645</u>

**The G. Unger Vetlesen Foundation**  
**Notes to Financial Statements**  
**December 31, 2005**

**4. Grants**

American Red Cross International Response Fund, for Tsunami relief	\$ 50,000
American Scandinavian Foundation, for general operating purposes	10,000
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, for general operating purposes	50,000
Columbia University Lamont-Doherty Earth Observation, \$500,000 for general operating purposes and \$200,000 for application to the programs at the Climate Center	700,000
Columbia University, Lamont-Doherty Earth Observatory, for the Vetlesen Award	14,296
Foundation Center, for membership	2,500
Marine Biological Laboratories, for Center for Comparative Molecular Biology and Evolution, Marine Resources Center and veterinary services at the Marine Resources Center	350,000
Massachusetts Institute of Technology, for MIT Joint Program on the Science and Policy of Global Change	100,000
Mystic Seaport, for general operating purposes	10,000
National Parks Conservation Association, for general operating purposes	25,000
Oceana, for Dirty Fishing program	25,000
Open Space Institute, for Hudson Valley programs	10,000
Oregon State University, College of Oceanic & Atmospheric Sciences, for general operating purposes	125,000
Organization for Tropical Studies, for general operating purposes	25,000
Peregrine Fund, for general operating purposes	10,000
Resources for the Future, for Climate Economics and Policy Program	50,000
Rutgers University, for Institute of Marine and Coastal Sciences, Vetlesen Fellowship	169,013
The Salvation Army, for Hurricane Katrina Disaster Relief Fund	100,000
Scenic Hudson, for Riverfront Communities Program and Ecological Restoration Initiatives	100,000
South Street Seaport Museum, for general operating purposes	10,000
University of California, San Diego, Scripps Institution of Oceanography, for Global Change Program	700,000
University of Florida, Whitney Laboratories, for building of the Center for Marine Studies	50,000
University of Miami, Rosenstiel School of Marine and Atmospheric Sciences, for climate studies	100,000
University of Rhode Island, Graduate School of Oceanography, for general operating purposes	100,000
University of Texas, Institute of Geophysics, for Antarctic aerogeophysical research project	100,000
University of Washington, College of Ocean and Fishery Sciences, for Center of Excellence	100,000
Wildlife Conservation Society, \$50,000 general operating purposes and \$25,000 for Marine Program	75,000
Woods Hole Oceanographic Institution, for general operating purposes	700,000
	<u>\$4,010,809</u>

**The G. Unger Vetlesen Foundation**  
**Notes to Financial Statements**  
**December 31, 2005**

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At December 31, 2005, the Foundation had commitments to make grants in future years, aggregating \$900,000, as follows:

<b>2006</b>	
Bermuda Biological Station for Research, for purchase and fitting of new vessel	\$ 100,000
Marine Biological Laboratories, for building campaign	100,000
Massachusetts Institute of Technology, for MIT Joint Program on the Science and Policy of Global Change	100,000
Scenic Hudson, for Riverfront Communities Program and Ecological Restoration Initiatives	100,000
	<u>400,000</u>
<b>2007</b>	
Marine Biological Laboratories, for building campaign	100,000
Scenic Hudson, for Riverfront Communities Program and Ecological Restoration Initiatives	100,000
	<u>200,000</u>
<b>2008</b>	
Marine Biological Laboratories, for building campaign	<u>100,000</u>
<b>2009</b>	
Marine Biological Laboratories, for building campaign	<u>100,000</u>
<b>2010</b>	
Marine Biological Laboratories, for building campaign	<u>100,000</u>
Total	<u>\$ 900,000</u>

**5. Related Party Transactions**

Individual members of the Foundation's Board of Directors serve on the boards of directors or similar boards of a number of its grantees, including the Marine Biological Laboratories, the Lamont-Doherty Earth Observatory, and the Wildlife Conservation Society. None of the directors receive any compensation for their services as such.

The G. Unger Vetlesen Foundation  
 Supplemental Schedule of Marketable Securities  
 December 31, 2005 and 2004 and Year Ended December 31, 2005

	Held at December 31, 2004		Additions		Sales and Other Dispositions				Held at December 31, 2005			
	Shares or Principal Amount	Book Basis	Shares or Principal Amount	Book Basis	Shares or Principal Amount	Book Basis	Proceeds	Gain/(Loss)	Shares or Principal Amount	Book Basis	Market Value	Dividends Received in 2005
<b>Common Stocks:</b>												
Adams Express Co.	26,829	\$ 235,467	1,329	\$ 16,725	-	\$ -	\$ -	\$ -	28,158	\$ 252,192	\$ 353,383	\$ 22,889 A
Amatek Inc.	-	-	25,000	984,668	-	-	-	-	25,000	984,668	1,063,500	3,000 B
Bank of America Corp.	52,000	1,970,800	-	-	-	-	-	-	52,000	1,970,800	2,399,800	98,800
BJ Services Co.	-	-	25,000	851,925	-	-	-	-	25,000	851,925	916,750	- C
Boston Properties Inc.	11,000	481,645	-	-	-	-	-	-	11,000	481,645	815,430	56,760
BP Amoco PLC	32,800	459,305	-	-	-	-	-	-	32,800	459,305	2,106,416	68,585
Bristol Myers Squibb Co.	15,000	715,500	-	-	-	-	-	-	15,000	715,500	344,700	16,800
Caremark Rx Inc.	-	-	33,000	1,718,003	-	-	-	-	33,000	1,718,003	1,709,070	- D
Celgene Corp.	-	-	33,000	1,342,583	-	-	-	-	33,000	1,342,583	2,138,400	- E
Citigroup Inc.	12,108	48,217	-	-	-	-	-	-	12,108	48,220	587,601	21,310
Cooper Cameron Corp.	-	-	24,000	858,180	-	-	-	-	24,000	858,180	993,600	- F
Deltic Timber Corp.	52,285	357,190	-	-	-	-	-	-	52,285	357,190	2,711,500	14,378
Exxon Mobil Corp.	347,526	1,325,152	-	-	57,000	217,347	3,394,984	3,177,636	290,526	1,107,805	16,318,845	369,790 G
Freeport-McMoran Copper & Gold Inc.	-	-	12,500	694,363	-	-	-	-	12,500	694,363	672,500	6,250 H
Gannett Inc.	15,000	1,210,050	-	-	15,000	1,210,050	-	-	-	-	-	16,500 I
Gardner Denver Inc.	11,559	3,393	-	-	-	-	-	-	11,559	3,393	569,859	-
General Dynamics Corp.	15,000	1,141,350	-	-	-	-	-	-	15,000	1,141,350	1,710,750	23,400
Gilead Sciences Inc.	-	-	28,000	1,466,119	-	-	-	-	28,000	1,466,119	1,471,960	- J
Goodrich Corp.	-	-	48,000	1,873,856	-	-	-	-	48,000	1,873,856	1,972,800	10,000 K
International Flavors and Fragrances	13,559	7,642	-	-	-	-	-	-	13,559	7,642	454,227	9,763
International Paper Co.	8,000	87,247	-	-	-	-	-	-	8,000	87,247	268,880	8,000
JPMorgan Chase & Co.	88,680	1,909,796	-	-	-	-	-	-	88,680	1,909,796	3,519,709	120,605
Merck & Co.	300,000	370,699	-	-	150,000	185,350	4,505,421	4,320,071	150,000	185,349	4,771,500	528,200 L
Microsoft	29,000	757,190	-	-	-	-	-	-	29,000	757,190	758,350	9,280
Monsanto Co.	25,000	914,250	10,000	588,377	-	-	-	-	35,000	1,502,627	2,713,550	17,000 M
Munphy Oil Corp.	300,000	2,298,181	285,000	-	15,000	114,909	1,498,492	1,383,583	570,000	2,183,272	30,774,300	259,875 N
Pfizer Inc.	35,000	1,438,850	-	-	-	-	-	-	35,000	1,438,850	816,200	26,600
Septracor Inc.	-	-	12,500	677,125	-	-	-	-	12,500	677,125	645,000	- O
SPX Corp.	57,168	381,486	-	-	-	-	-	-	57,168	381,486	2,616,579	57,168
St. Paul Travelers Cos. Inc.	691	3,273	-	-	-	-	-	-	691	3,273	30,867	629
Union Pac Corp.	-	-	30,000	1,973,322	-	-	-	-	30,000	1,973,322	2,415,300	24,000 P
United Technologies Corp.	21,600	100,000	21,600	-	-	-	-	-	43,200	100,000	2,415,312	38,016 Q
<b>Total Common Stocks</b>		<b>16,216,683</b>		<b>13,045,245</b>		<b>1,727,656</b>	<b>10,303,178</b>	<b>8,575,521</b>		<b>27,534,275</b>	<b>91,056,638</b>	<b>1,827,597</b>
<b>Debt Securities:</b>												
Liberty Media Corp. New 0.75%, 3/10/2023	-	-	500,000	527,500	-	-	-	-	500,000	527,500	535,000	2,300 R
<b>Total Debt Securities</b>				<b>527,500</b>						<b>527,500</b>	<b>535,000</b>	<b>2,300</b>
<b>Total Marketable Securities</b>	<b>\$</b>	<b>16,216,683</b>	<b>\$</b>	<b>13,572,745</b>	<b>\$</b>	<b>1,727,656</b>	<b>\$ 10,303,178</b>	<b>\$ 8,575,521</b>	<b>\$</b>	<b>28,061,775</b>	<b>\$ 91,591,638</b>	<b>\$ 1,829,897</b>

**The G. Unger Vetlesen Foundation**  
**Supplemental Schedule of Marketable Securities**  
**December 31, 2005 and 2004**

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- A Adams Express Co. - During 2005, dividends received totalled \$22,889. Of this amount, \$16,725 was reinvested and resulted in the purchase of an additional 1,329 shares.
- B Amatek Inc. - A total of 25,000 shares were purchased in August 2005 at a cost of \$984,668.
- C BJ Service Co. - A total of 25,000 shares were purchased in October 2005 at a cost of \$851,925.
- D Caremark Rx, Inc. - A total of 33,000 shares were purchased in December 2005 at a cost of \$1,718,003.
- E Celgene Corp. - A total 33,000 shares were purchased during April and October 2005 at an aggregate cost of \$1,342,583.
- F Cooper Cameron Corp. - A total of 12,000 shares were purchased during October 2005 at a cost of \$858,180. An additional 12,000 shares were received in a 2 for 1 stock split during December 2005.
- G Exxon Mobil Corp. - A total of 57,000 shares were sold during March and October at an aggregate gain of \$3,177,636.
- H Freeport-McMoran Copper & Gold, Inc. - A total of 12,500 shares were purchased in December 2005 at a cost of \$694,363.
- I Gannett Inc. - A total of 15,000 shares were sold during December 2005 for a loss of \$305,769.
- J Gilead Sciences, Inc. - A total of 28,000 shares were purchased in December 2005 at a cost of \$1,466,119.
- K Goodrich Corp. - A total of 48,000 shares were purchased during March and December 2005 at an aggregate cost of \$1,873,856.
- L Merck & Co. - A total of 150,000 shares were sold in December 2005 for a gain of \$4,320,071.
- M Monsanto Co. - A total of 10,000 shares were purchased in October 2005 at a cost of \$588,377.
- N Murphy Oil Corp. - A total of 15,000 shares were sold in March 2005 for a gain of \$1,383,583. Additionally, a total of 285,000 shares were received in a 2 for 1 stock split in June 2005.
- O Sepracor Inc. - A total of 12,500 shares were purchased in December 2005 at a cost of \$677,125.
- P Union Pac Corp. - A total of 30,000 shares were purchased in February and March at an aggregate cost of \$1,973,322.

**The G. Unger Vetlesen Foundation**  
**Supplemental Schedule of Marketable Securities**  
**December 31, 2005 and 2004**

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- Q United Technologies Corp. - A total of 21,600 shares were received in a 2 for 1 stock split in June 2005.
  
- R Liberty Media Corp. now .075% due March 10, 2003- Total principle amount of \$500,000 was purchased in July 2005 for a cost of \$527,500.