

# **The G. Unger Vetlesen Foundation**

**Financial Statements and Supplemental Schedule  
December 31, 2006**

# The G. Unger Vetlesen Foundation

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December 31, 2006

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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, 2006, 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 management. 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 management, 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, 2006, 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, 2006 and 2005 and for the year ended December 31, 2006 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 23, 2007

**The G. Unger Vetlesen Foundation**  
**Statement of Assets and Net Assets Arising from Cash Transactions**  
**December 31, 2006**

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**Assets**

Cash and cash equivalents (Note 2)

JPMorgan Chase checking and money market accounts \$ 308,012

Deutsche Bank checking and money market accounts 2,191,666

2,499,678

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

Common stocks (market value \$104,879,942) 29,865,104

Debt securities (market value \$633,750) 527,500

Net assets (unrestricted) \$ 32,892,282

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, 2006**

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	<b>Unrestricted</b>
<b>Revenues collected</b>	
Dividends	\$ 1,709,143
Interest	
Debt securities	9,635
Deutsche Bank money market account	244,362
JPMorgan Chase checking and money market accounts	833
Miscellaneous revenue	4,556
Net realized gain on disposition of marketable securities	<u>2,733,732</u>
Total receipts	<u>4,702,261</u>
<b>Expenses paid</b>	
Grants (Note 4)	4,047,500
General and administrative expenses and taxes	<u>545,906</u>
Total disbursements	<u>4,593,406</u>
Change in net assets - excess of revenues collected over expenses paid	108,855
<b>Net assets</b>	
Beginning of year	<u>32,783,427</u>
End of year	<u>\$ 32,892,282</u>

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

# The G. Unger Vetlesen Foundation

## Notes to Financial Statements

### December 31, 2006

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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, 2006. Changes in market values of the marketable securities will affect future grants. At December 31, 2006, 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.	\$ 19,197,807
Merck & Co.	6,540,000
Murphy Oil Corp.	28,984,500
	<u>\$ 54,722,307</u>

**The G. Unger Vetlesen Foundation**  
**Notes to Financial Statements**  
**December 31, 2006**

**4. Grants**

<b>Organization</b>	<b>Purpose</b>	<b>Amount (\$)</b>
<b>Grants paid in 2006</b>		
American-Scandinavian Foundation	General operating	\$ 10,000
Atlantic Salmon Federation	General operating	25,000
Bermuda Biological Station for Research	\$100,000 for purchase and fitting of new ship and \$100,000 for general operating	200,000
Black Rock Consortium	\$25,000 for general operating and \$25,000 for endowment	50,000
Cape Eleuthera School	General operating	50,000
Columbia University, Lamont-Doherty Earth Observatory	\$500,000 for general operating and \$200,000 for application to the programs at the Climate Center	700,000
Foundation Center	Membership	2,500
Marine Biological Laboratories	\$100,000 for building campaign and \$350,000 for Center for Comparative Molecular Biology and Evolution, Marine Resources Center and veterinary services at the Marine Resources Center	450,000
Massachusetts Institute of Technology	MIT Joint Program on the Science and Policy of Global Change	100,000
National Parks Conservation Association	General operating	25,000
Oceana	Dirty Fishing program	25,000
Open Space Institute	Hudson Valley programs	10,000
Oregon State University, College of Oceanic & Atmospheric Sciences	General operating	125,000
Organization for Tropical Studies	General operating	25,000
Peregrine Fund	General operating	15,000
Resources for the Future	Climate Economics and Policy Program	50,000
Scenic Hudson	Riverfront Communities Program and/or Ecological Restoration Initiatives	100,000
South Street Seaport Museum	General operating	10,000
University of California, San Diego, Scripps Institution of Oceanography	Global Change Program	700,000
University of Florida, Whitney Laboratories	General operating	50,000
University of Miami, Rosenstiel School of Marine and Atmospheric Science	Climate studies	100,000
University of Rhode Island, Graduate School of Oceanography	\$150,000 for high resolution gas chromatograph mass spectrometer and \$100,000 general operating	250,000
University of Texas, Institute for Geophysics	Antarctic aerogeophysical research project	100,000
University of Washington, College of Ocean and Fishery Sciences	Center of Excellence	100,000
Wildlife Conservation Society	\$50,000 general operating and \$25,000 Marine Program	75,000
Woods Hole Oceanographic Institution	General operating	700,000
Total grants		<u>\$ 4,047,500</u>

**The G. Unger Vetlesen Foundation**  
**Notes to Financial Statements**  
**December 31, 2006**

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At December 31, 2006, the Foundation had commitments to make future grants aggregating \$500,000, as follows:

<u>Organization</u>	<u>Purpose</u>	<u>Amount (\$)</u>
<b>Grants to be paid in 2007</b>		
Marine Biological Laboratories	Building campaign	\$ 100,000
Scenic Hudson	Riverfront Communities Program and/or Ecological Restoration Initiatives Initiatives	<u>100,000</u>
Total grants		<u>\$ 200,000</u>
<b>Grants to be paid in 2008</b>		
Marine Biological Laboratories	Building campaign	<u>100,000</u>
<b>Grant to be paid in 2009</b>		
Marine Biological Laboratories	Building campaign	<u>100,000</u>
<b>Grant to be paid in 2010</b>		
Marine Biological Laboratories	Building campaign	<u>100,000</u>
Total grants		<u>\$ 500,000</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**  
**Year Ended December 31, 2006**

Common Stocks:	Held at December 31, 2005		Additions		Sales and Other Dispositions			Held at December 31, 2006					
	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 12/31/2006	Dividends or Interest Received	
Adams Express Co.	28,158	\$ 252,192	1,331	\$ 18,478			\$	\$	29,489	\$ 270,670	\$ 409,012	\$ 6,653	<b>A</b>
Amatek Inc New Com	25,000	984,668							25,000	984,668	1,194,000	6,750	
Bank of America Corp.	52,000	1,970,800							52,000	1,970,800	2,776,280	110,240	
BJ SVCS Co Com.	25,000	851,925							25,000	851,925	733,000	5,000	
Boston Properties Inc. Com.	11,000	481,645					13,818		11,000	467,827	1,230,680	29,920	<b>B</b>
BP Amoco PLC	32,800	459,305							32,800	459,305	2,200,880	75,571	
Bristol Myers Squibb Co. Com.	15,000	715,500							15,000	715,500	394,800	16,800	
Caremark Rx Inc. Com.	33,000	1,718,003							33,000	1,718,003	1,884,630	6,600	
Celgene Corp Com.	33,000	1,342,583							66,000	1,342,583	3,796,980	-	<b>C</b>
Citigroup Inc.	12,108	48,220	12,000	562,009					24,108	610,229	1,342,816	41,372	
Cooper Cameron Corp. Com.	24,000	858,180	7,000	338,979					31,000	1,197,159	1,644,550	-	
Deltic Timber Corp.	52,285	357,190							52,285	357,190	2,916,457	15,686	
Electronic Arts Inc.	-	-	15,000	844,300					15,000	844,300	755,400	-	
Exxon Mobil Corp.	290,528	1,107,805			40,000	152,524	2,727,764	2,575,240	250,528	955,281	19,197,807	346,273	
Freeport-McMoran Copper & Gold Inc.	12,500	694,363							12,500	694,363	696,625	59,375	
Gannett Inc.	-	-							-	-	-	-	
Gardner Denver Machy	11,559	3,393							23,118	3,393	862,532	-	<b>D</b>
General Dynamics Corp. Com.	15,000	1,141,350							30,000	1,141,350	2,230,500	26,700	<b>E</b>
Gilead Sciences Inc. Com.	28,000	1,466,119							28,000	1,466,119	1,818,040	-	
Goodrich Corp. Com.	48,000	1,873,856							48,000	1,873,856	2,186,400	33,800	
International Flavors and Fragrances	13,559	7,642							13,559	7,642	666,560	12,034	
International Paper Co.	8,000	87,247							8,000	87,247	272,800	6,000	
JPMorgan Chase & Co.	88,680	1,909,796							88,680	1,909,796	4,283,244	120,605	
Merck & Co.	150,000	185,349							150,000	185,349	6,540,000	285,000	
Microsoft	29,000	757,190							29,000	757,190	865,940	10,730	
Monsanto Co. New	35,000	1,502,627							35,000	1,502,627	3,677,100	28,000	<b>F</b>
Murphy Oil Corp.	270,000	2,183,272							270,000	2,183,272	28,984,500	299,250	
Pfizer Inc. Com.	35,000	1,438,850							35,000	1,438,850	906,500	33,600	
Sepracor Inc. Com.	12,500	677,125							12,500	677,125	769,750	-	
SPX Corp. Com	57,168	381,486							57,168	381,486	3,496,395	57,168	
St. Jude Med. Inc.	-	-	25,000	833,875					25,000	833,875	914,000	-	
St. Paul Travelers Cos. Inc.	691	3,273							691	3,273	37,100	518	
Time Warner Inc.	-	-	30,000	596,781					30,000	596,781	653,400	1,650	
Union Pac Corp. Com.	30,000	1,973,322			10,000	697,252	854,181	156,929	20,000	1,276,070	1,840,400	30,000	
United Technologies Corp.	43,200	100,000							43,200	100,000	2,700,864	43,848	
<b>Total Common Stocks</b>		<b>27,534,276</b>		<b>3,194,422</b>		<b>863,594</b>	<b>3,581,945</b>	<b>2,732,169</b>		<b>29,865,104</b>	<b>104,879,942</b>	<b>1,709,143</b>	
<b>Debt Securities:</b>													
Liberty Media Corp.													
New 0.75%, 3/10/2023	500,000	527,500					-	-	500,000	527,500	633,750	9,635	<b>G</b>
<b>Total Debt Securities</b>		<b>527,500</b>		<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>		<b>527,500</b>	<b>633,750</b>	<b>9,635</b>	
<b>Total Marketable Securities</b>		<b>\$ 28,061,776</b>		<b>\$ 3,194,422</b>		<b>\$ 863,594</b>	<b>\$ 3,581,945</b>	<b>\$ 2,732,169</b>		<b>\$ 30,392,604</b>	<b>\$ 105,513,692</b>	<b>\$ 1,718,778</b>	

**The G. Unger Vetlesen Foundation**  
**Supplemental Schedule of Marketable Securities**  
**December 31, 2006**

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- A** Adams Express Co.- During 2006, dividends received totaled \$25,227. Of this amount \$18,478 was reinvested and resulted in the purchase of an additional 1,331 shares.
- B** Boston Properties Inc.- There was a tax basis adjustment on November 21, 2006 in the amount of \$13,818 for a 2005 return of capital per Deutsche Bank.
- C** Celgene Corp.- An additional 33,000 shares were received in a 2 for 1 stock split in February 2006
- D** Gardner Denver Machy - An additional 11,559 shares were received in a 2 for 1 stock split in June 2006.
- E** General Dynamics Corp. - An additional 15,000 shares were received in a 2 for 1 stock split in March 2006.
- F** Monsanto Co. - There was a 2 for 1 stock split in July 2006.
- G** Liberty Media Corp - There was a tax basis adjustment for OID (original issue discount) in the amount of \$15,380 which represented phantom income per Deutsche Bank.