

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
TOGETHER WITH REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS

**THE G. UNGER VETLESEN FOUNDATION**

For the year ended December 31, 2007

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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, 2007, and the related statement of revenues collected, expenses paid, and change 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 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 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 financial statements, assessing the accounting principles used and significant estimates made by 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 B, 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, 2007, and its revenues collected, expenses paid, and change in net assets for the year then ended, on the basis of accounting described in Note B.

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, 2007 and 2006 and for the year ended December 31, 2007 has been prepared by management to present relevant financial information on the basis of cash receipts and disbursements as described in Note B and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

New York, New York  
June 9, 2008

The G. Unger Vetlesen Foundation

**STATEMENT OF ASSETS AND NET ASSETS ARISING FROM CASH TRANSACTIONS**

As of December 31, 2007

ASSETS

Cash and cash equivalents (Note B):	
JPMorgan Chase checking and money market accounts	\$ 213,672
Deutsche Bank checking and money market accounts	<u>1,689,519</u>
	<u>1,903,191</u>
Marketable securities, at book basis (Notes B and C):	
Common stocks (market value \$139,902,929)	<u>31,840,090</u>
Net assets (unrestricted)	<u>\$ 33,743,281</u>

*The accompanying notes are an integral part of this statement.*

The G. Unger Vetlesen Foundation

**STATEMENT OF REVENUES COLLECTED, EXPENSES PAID  
AND CHANGE IN NET ASSETS**

For the year ended December 31, 2007

Revenues collected:	
Dividends:	
Common stock	\$ 1,815,229
Interest:	
Deutsche Bank money market account	151,435
JP Morgan Chase checking and money market accounts	718
Original issue discount	89,934
REIT distributions	423
Net realized gain on sale of marketable securities	<u>3,992,061</u>
Total receipts	<u>6,049,800</u>
Expenses paid:	
Grants (Note D)	4,682,500
General and administrative expenses and taxes	<u>516,302</u>
Total disbursements	<u>5,198,802</u>
Change in net assets - excess of revenues collected over expenses paid	850,998
Net assets, beginning of year	<u>32,892,283</u>
Net assets, end of year	<u>\$33,743,281</u>

*The accompanying notes are an integral part of this statement.*

The G. Unger Vetlesen Foundation

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2007

**NOTE A - 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 securities transactions, reduced by related expenses.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. *Basis of Presentation*

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 accounting principles generally accepted in the United States of America, revenues and assets are accrued when earned and expenses and liabilities are recognized when the obligations are incurred. In addition, the Foundation reports marketable securities at cost rather than at market value. Under accounting principles generally accepted in the United States of America, marketable securities are reported at market value.

2. *Cash and Cash Equivalents*

Cash and cash equivalents consist of bank checking accounts and money market funds. The Foundation considers all highly liquid financial instruments, with original maturities of three months or less from the date of purchase, to be cash equivalents.

3. *Concentrations of Credit Risk*

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market, and credit. To minimize such risks, the Foundation has a diversified portfolio reviewed by independent investment managers in a variety of asset classes. The Foundation regularly evaluates its investments including performance thereof. Due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying financial statements can vary substantially from year to year.

The G. Unger Vetlesen Foundation

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2007

**NOTE B (continued)**

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 and, accordingly, the Foundation does not expect nonperformance.

**NOTE C - 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, 2007. Changes in market values of the marketable securities will affect future grants. At December 31, 2007, 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	\$ 21,597,980
Merck	8,716,500
Murphy Oil	<u>45,389,400</u>
	<u>\$ 75,703,880</u>

The G. Unger Vetlesen Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2007

NOTE D - GRANTS

Grants paid in 2007 were as follows:

<u>Organization</u>	<u>Purpose</u>	<u>Amount</u>
American-Scandinavian Foundation	General operating	\$ 10,000
Atlantic Salmon Federation	General operating	25,000
BIOS - Bermuda Institute for Ocean Sciences (formerly Bermuda Biological Station for Research)	\$100,000 for general purposes and \$100,000 for the purchase and fitting of the Institute's new vessel	200,000
Black Rock Consortium	General purposes	25,000
Cape Eleuthera School	General operating	50,000
Columbia University, Lamont- Doherty Earth Observatory	\$500,000 for general operating and \$200,000 for programs at the Climate Center	700,000
Foundation Center	Membership	2,500
Marine Biological Laboratories	\$350,000 for Center for Comparative Molecular Biology and Evolution, Marine Resources Center and veterinary services at the Marine Resources Center, \$100,000 for capital campaign and \$200,000 as prepayment of capital campaign grants for 2008 and 2009	650,000
Massachusetts Institute of Technology	Joint program on the science and policy of global climate change	100,000
National Parks Conservation Association	General operating	25,000
Oceana	"Dirty Fishing" campaign	25,000
Open Space Institute	Hudson Valley programs	10,000
Oregon State University, for College of Oceanic & Atmospheric Sciences	General operating	150,000

The G. Unger Vetlesen Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2007

NOTE D (continued)

<u>Organization</u>	<u>Purpose</u>	<u>Amount</u>
Organization for Tropical Studies	General operating	\$ 75,000
Peregrine Fund	General operating	25,000
Resources for the Future	Climate Economics and Policy Program	50,000
Sailors of the Sea	Documentary on ocean acidification	25,000
Scenic Hudson	Riverfront Communities Program and/or Ecological Restoration Initiatives	100,000
Scripps Institution of Oceanography	Global change program	700,000
South Street Seaport Museum	General operating	10,000
University of Miami, Rosenstiel School of Marine and Atmospheric Science	Climate studies	150,000
University of Rhode Island, Graduate School of Oceanography	\$150,000 for general purposes and \$100,000 for the 2008 URI Honors Colloquium on Global Environmental Change	250,000
University of Texas, Institute for Geophysics	Antarctic aerogeophysical research project	150,000
University of Washington, Center of Excellence at the College of Ocean and Fishery Sciences	\$150,000 for general purposes and \$25,000 for Dr. Laidre's work on Whales in Greenland	175,000
Whitney Laboratories	General purposes	50,000
Wildlife Conservation Society, for Bronx Zoo	\$50,000 for Global Marine Program, \$50,000 for the Veterinary Sciences Program and \$50,000 for the general purposes of the Bronx Zoo	150,000
Woods Hole Oceanographic Institution	General operating	700,000
Yale University, Department of Astronomy	Professor Sofia's research on solar variability and global temperature	100,000
Total grants		<u>\$4,682,500</u>

The G. Unger Vetlesen Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2007

NOTE D (continued)

At December 31, 2007, the Foundation had commitments to make future grants aggregating \$600,000, as follows:

Grants to be paid in 2008

<u>Organization</u>	<u>Purpose</u>	<u>Amount</u>
Massachusetts Institute of Technology Scenic Hudson	Joint program on the Science and Policy of Global Climate Change Riverfront Communities Program and/or Ecological Restoration Initiatives	\$ 100,000
Total Grants		<u>100,000</u> <u>\$ 200,000</u>

Grants to be paid in 2009

<u>Organization</u>	<u>Purpose</u>	<u>Amount</u>
Massachusetts Institute of Technology Scenic Hudson	Joint program on the Science and Policy of Global Climate Change Riverfront Communities Program and/or Ecological Restoration Initiatives	\$ 100,000
Total Grants		<u>100,000</u> <u>\$ 200,000</u>

Grants to be paid in 2010

<u>Organization</u>	<u>Purpose</u>	<u>Amount</u>
Marine Biological Laboratories Scenic Hudson	Building Campaign Riverfront Communities Program and/or Ecological Restoration Initiatives	\$ 100,000
Total Grants		<u>100,000</u> <u>\$ 200,000</u>

The G. Unger Vetlesen Foundation

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2007

**NOTE E - 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.

Supplemental Schedule of Marketable Securities

As of December 31, 2007 and 2006 and for the year ended December 31, 2007

	Held at December 31, 2006		Additions/Subtractions		Sales and Other Dispositions			Held at December 31, 2007		Dividends or Interest Received in		
	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 12/31/2007
<b>Common Stocks</b>												
Adams Express	29,489	\$ 270,670	-	-	29,489	\$ 270,670	\$ 433,609	\$ 162,939	-	\$ -	\$ -	4,420
Amtek	37,500	984,668	-	-	-	-	-	-	37,500	984,668	1,756,500	9,000
Bank of America	52,000	1,970,800	-	-	-	-	-	-	52,000	1,970,800	2,145,520	124,800
BJ Services	25,000	851,925	-	-	25,000	851,925	624,690	(227,235)	-	-	-	5,000
Boston Properties	11,000	467,827	-	-	-	-	-	-	11,000	467,827	1,009,910	89,030
BP	32,800	459,305	-	-	-	-	-	-	32,800	459,305	2,399,976	83,246
Bristol-Myers Squibb	15,000	715,500	-	-	-	-	-	-	15,000	715,500	397,800	16,800
Caremark Rx	33,000	1,718,003	-	-	33,000	1,718,003	2,053,078	335,075	-	-	-	3,300
Celgene	66,000	1,342,583	-	-	-	-	-	-	66,000	1,342,583	3,049,860	-
Citigroup	24,108	610,229	-	-	-	-	-	-	24,108	610,229	709,740	52,073
Cooper Cameron	31,000	1,197,159	-	-	-	-	-	-	31,000	1,197,159	2,984,060	-
Deltic Timber	52,285	357,190	-	-	-	-	-	-	52,285	357,190	2,692,155	15,685
Electronic Arts	15,000	844,300	-	-	-	-	-	-	15,000	844,300	876,150	-
Exxon Mobil	250,528	955,281	-	-	20,000	76,262	1,517,467	1,441,205	230,528	879,019	21,597,980	322,221
Freemore-McMoran Copper & Gold	12,500	694,363	-	-	-	-	-	-	12,500	694,363	1,280,500	15,625
Gardner Denver	23,118	3,393	-	-	-	-	-	-	23,118	3,393	762,894	-
General Dynamics	30,000	1,141,350	-	-	-	-	-	-	30,000	1,141,350	2,669,700	33,000
Gilead Sciences	28,000	1,466,119	-	-	-	-	-	-	28,000	1,466,119	2,576,560	-
Goodrich	48,000	1,873,856	-	-	-	-	-	-	48,000	1,873,856	3,389,280	38,400
International Flavors and Fragrances	13,559	7,642	-	-	-	-	-	-	13,559	7,642	652,595	11,661
International Paper	8,000	87,247	-	-	-	-	-	-	8,000	87,247	259,040	8,000
JPMorgan Chase	88,680	1,909,796	-	-	-	-	-	-	88,680	1,909,796	3,870,882	127,699
Merck	150,000	185,349	-	-	-	-	-	-	150,000	185,349	8,716,500	228,000
Microsoft	29,000	757,190	-	-	-	-	-	-	29,000	757,190	1,032,400	11,890
Monsanto	70,000	1,502,627	-	-	-	-	-	-	70,000	1,502,627	7,818,300	38,500
Murphy Oil	570,000	2,183,272	-	-	35,000	134,060	2,663,375	2,529,315	535,000	2,049,212	45,389,400	378,187
Pfizer	35,000	1,438,850	-	-	-	-	-	-	35,000	1,438,850	795,550	40,600
Sepracor	12,500	677,125	-	-	12,500	677,125	560,310	(116,815)	-	-	-	-
SPX	57,168	381,486	-	-	-	-	-	-	57,168	381,486	5,879,729	57,168
St. Jude Medical	25,000	833,875	-	-	-	-	-	-	25,000	833,875	1,016,000	-
St. Paul Travelers	691	3,273	-	-	691	3,273	34,524	31,251	-	-	-	580
Time Warner	30,000	596,781	-	-	30,000	596,781	514,491	(82,290)	-	-	-	7,050
Union Pacific	20,000	1,276,070	-	-	-	-	-	-	20,000	1,276,070	2,512,400	27,000
United Technologies	43,200	100,000	-	-	-	-	-	-	43,200	100,000	3,306,528	50,544
Joy Global	-	1,601,418	30,000	1,601,418	-	-	-	-	30,000	1,601,418	1,974,600	15,750
American Tower	-	816,377	20,000	816,377	-	-	-	-	20,000	816,377	852,000	-
American Express Scripts	-	2,066,427	25,000	2,066,427	-	-	-	-	25,000	2,066,427	3,650,000	-
Stentycle	-	1,314,985	25,000	1,314,985	-	-	-	-	25,000	1,314,985	1,485,000	-
Terex	-	503,878	6,000	503,878	-	-	-	-	6,000	503,878	393,420	-
<b>Total Common Stocks</b>		<b>\$29,865,104</b>		<b>\$6,303,085</b>		<b>\$4,328,099</b>	<b>\$8,401,544</b>	<b>\$4,073,445</b>		<b>\$31,840,090</b>	<b>\$139,902,929</b>	<b>\$1,815,229</b>

This schedule should be read in conjunction with the accompanying financial statements and notes thereto.

The G. Unger Vetlesen Foundation

Supplemental Schedule of Marketable Securities (continued)

As of December 31, 2007 and 2006 and for the year ended December 31, 2007

	Held at December 31, 2006		Additions/Subtractions			Sales and Other Dispositions			Held at December 31, 2007		Dividends or Interest Received in
	Shares or Principal Amount	Book Basis	Shares or Principal Amount	Book Basis	Proceeds	Gain (Loss)	Shares or Principal Amount	Book Basis	Market Value 12/31/2007		
<b>Debt Securities</b>											
Debt Securities:											
Liberty Media, 0.75%, 3/10/2023	500,000	\$ 527,500	-	\$ 78,884	\$ 606,384	\$ 525,000	\$ (81,384)	-	\$ -	\$ -	\$ 89,934
<b>Total Debt Securities</b>		<u>527,500</u>		<u>78,884</u>	<u>606,384</u>	<u>525,000</u>	<u>(81,384)</u>				<u>89,934</u>
<b>Total Marketable Securities</b>		<u>\$30,392,604</u>		<u>\$6,381,969</u>	<u>\$4,934,483</u>	<u>\$8,926,544</u>	<u>\$3,992,061</u>		<u>\$31,840,090</u>	<u>\$139,902,929</u>	<u>\$1,905,163</u>

This schedule should be read in conjunction with the accompanying financial statements and notes thereto.