

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

THE G. UNGER VETLESEN FOUNDATION

For the year ended December 31, 2009

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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, 2009, and the related statement of cash receipts, disbursements 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, 2009, and its cash receipts, disbursements 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, 2009 and 2008 and for the year ended December 31, 2009 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. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*GRANT THORNTON LLP*

New York, New York  
May 25, 2010

The G. Unger Vetlesen Foundation

STATEMENT OF ASSETS AND NET ASSETS ARISING FROM CASH TRANSACTIONS

As of December 31, 2009

ASSETS

Cash and cash equivalents:

JPMorgan Chase checking account	\$ 92,320
Deutsche Bank checking and money market accounts	<u>481,642</u>
	<u>573,962</u>

Marketable securities, at cost basis (Note C):

Common stocks (market value \$101,399,193)	<u>44,474,601</u>
	<u>44,474,601</u>

Net assets - unrestricted \$ 45,048,563

The accompanying notes are an integral part of this statement.

The G. Unger Vetlesen Foundation

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGE IN NET ASSETS

For the year ended December 31, 2009

Cash receipts:	
Dividends:	
Common stock	\$ 1,522,904
Interest:	
Deutsche Bank money market account	23,348
Deutsche Bank debt securities	1,149
JPMorgan Chase checking account	13
Other income	<u>91,913</u>
Total receipts	<u>1,639,327</u>
Cash disbursements:	
Grants (Note D)	5,743,008
General and administrative expenses and taxes	<u>471,168</u>
Total disbursements	<u>6,214,176</u>
Change in net assets - excess of disbursements over cash receipts	(4,574,849)
Net assets, beginning of year	<u>49,623,412</u>
Net assets, end of year	<u>\$ 45,048,563</u>

The accompanying notes are an integral part of this statement.

The G. Unger Vetlesen Foundation  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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 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 ("US GAAP"); consequently, certain revenues, principally investment income, and related assets are recognized when received and expenses are recognized when paid. Under US GAAP, 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 US GAAP, 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.

The G. Unger Vetlesen Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2009

NOTE B (continued)

3. Concentrations of Credit Risk

Cash and 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 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.

4. Financial Statement Presentation

All assets and income are unrestricted as they are neither permanently nor temporarily restricted by donor-imposed restrictions, and, therefore, are available for general operations of the Foundation.

5. FASB Accounting Standards Codification

The issuance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (the "Codification") on July 1, 2009 (effective for interim or annual reporting periods ending after September 15, 2009), changed the way that US GAAP are referenced. Beginning on that date, the Codification officially became the single source of authoritative nongovernmental US GAAP. The switch affects the way companies refer to US GAAP in financial statements and in their accounting policies. All existing standards that were used to create the Codification became superseded. Instead, references to standards will consist solely of the number used in the Codification's structural organization.

Consistent with the effective date of the Codification, financial statements for periods ending after September 15, 2009, refers to the Codification structure, not pre-Codification historical US GAAP.

The G. Unger Vetlesen Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2009

NOTE C - MARKETABLE SECURITIES

Marketable securities are carried at cost in the accompanying financial statements. The cost basis of securities received from the Estate of George Unger Vetlesen and the Palaemona Lyster Smythe Trust was determined based upon the related market values as of dates received, May 11, 1959 and January 3, 1985, respectively. The cost of securities sold is determined on the first-in, first-out-cost basis.

The market values of marketable securities are based on published closing prices on December 31, 2009. Changes in market values of the marketable securities will affect future grants. At December 31, 2009, 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	\$ 8,559,618
Merck & Company	5,481,000
Murphy Oil	<u>21,138,000</u>
	<u>\$ 35,178,618</u>

Since the financial statements of the Foundation are prepared on the basis of cash receipts and disbursements and therefore marketable securities recorded at cost rather than at fair market value, the Foundation has not applied the guidance relating to "Fair Value Measurements," to its financial statements, however, this guidance is still relevant for disclosure purposes. The guidance was effective in 2008 and defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The guidance maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable in the market.

Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

The G. Unger Vetlesen Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2009

NOTE C (continued)

Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Foundation. The Foundation considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that instrument.

As of December 31, 2009, all the Foundation's investments were Level 1.

NOTE D - GRANTS

Grants paid in 2009 were as follows:

Organization	Purpose	Amount
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)	General operating	100,000
Black Rock Consortium	General operating	50,000
Cape Eleuthera School	General operating	50,000
Chesapeake Bay Foundation	General purposes	25,000
Columbia University, Lamont-Doherty Earth Observatory	\$7,008 for Vetlesen Prize, \$500,000 for general operating and \$200,000 for programs at the Climate Center	707,008
Connecticut Fund for the Environment	Save the Sound Program	50,000
Foundation Center	Membership	2,500
International Yacht Restoration School	General Purposes	25,000

The G. Unger Vetlesen Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2009

NOTE D (continued)

Organization	Purpose	Amount
Marine Biological Laboratories	\$350,000 for Center for Comparative Molecular Biology and Evolution, Marine Resources Center and veterinary services at the Marine Resources Center and \$250,000 for the recruitment of Dr. Sheri Simmons	\$ 600,000
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	200,000
Organization for Tropical Studies	General operating	75,000
Peregrine Fund	General operating	35,000
Resources for the Future	Climate Economics and Policy Program	50,000
St. George School	Design and engineering costs for new science facility	100,000
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 at the Rosenstiel School of Marine and Atmospheric Science	200,000
University of Rhode Island, Graduate School of Oceanography	\$200,000 for general purposes and \$100,000 for the 2010 URI Honors Colloquium on Global Environmental Change	300,000
University of the South Pacific	Prof. Nunn’s research on how global change affects Oceanic Islands	93,500
University of Texas, Institute for Geophysics	Antarctic aerogeophysical research project	200,000
University of Virginia, Department of Environmental and Civil Engineering	Research relating to the assessment of pharmaceutical compounds in US waste waters	50,000
University of Washington, Center of Excellence at the College of Ocean and Fishery Sciences	\$200,000 for general purposes and \$25,000 for Dr. Laidre’s work on whales in Greenland	225,000
Whitney Laboratories	General purposes	50,000

The G. Unger Vetlesen Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2009

NOTE D (continued)

Organization	Purpose	Amount
Wildlife Conservation Society, for Bronx Zoo	\$50,000 for Global Health Program, \$50,000 for Marine Conservation Program, \$50,000 for the general purposes and \$500,000 for predevelopmental costs of the renovations to the New York Aquarium	\$ 650,000
Woods Hole Oceanographic Institution	General operating	700,000
Yale University, Department of Astronomy	Professor Sofia's research on solar variability and global temperature	<u>200,000</u>
Total grants		<u>\$5,743,008</u>

At December 31, 2009, the Foundation had commitments to make future grants aggregating \$450,000, as follows:

Grants to be paid in 2010

Organization	Purpose	Amount
Marine Biological Laboratories Scenic Hudson	Recruitment of Dr. Sheri Simmons Riverfront Communities Program and/or Ecological Restoration Initiatives	\$ 250,000 100,000
Yale University, Department of Astronomy	Prof. Sofia's research on solar variability and global temperature	<u>100,000</u>
Total grants		<u>\$ 450,000</u>

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 and the Wildlife Conservation Society. None of the directors receive any compensation for their services as such.

The G. Unger Vetlesen Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2009

NOTE F - SUBSEQUENT EVENTS

In May 2009, the FASB issued new guidance to incorporate the accounting and disclosure requirements for subsequent events into US GAAP. The guidance introduces new terminology, defines a date through which management must evaluate subsequent events, and lists the circumstances under which an entity must recognize and disclose events or transactions occurring after the statement of assets and net assets arising from cash transactions position date. The Foundation adopted this guidance as of December 31, 2009, which was the required effective date.

The Foundation evaluated its December 31, 2009 financial statements for subsequent events through May 25, 2010, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements.

The G. Unger Vetlesen Foundation

SUPPLEMENTAL SCHEDULE OF MARKETABLE SECURITIES

As of December 31, 2009 and 2008 and for the year ended December 31, 2009

Common stocks	Held at December 31, 2008		Additions/subtractions		Sales and other dispositions				Held at December 31, 2009			
	Shares or principal amount	Cost basis	Shares or principal amount	Cost basis	Shares or principal amount	Cost basis	Proceeds	Gain (loss)	Shares or principal amount	Cost basis	Market value 12/31/2009	Dividends or interest received in 2009
American Tower	40,000	\$ 1,696,777	-	\$ -	-	\$ -	\$ -	\$ -	40,000	\$ 1,696,777	\$ 1,728,400	\$ -
Ametek	52,500	1,608,103	-	-	-	-	-	-	52,500	1,608,103	2,007,600	12,600
BP Amoco PLC ADR	32,800	459,305	-	-	-	-	-	-	32,800	459,305	1,901,416	110,208
Bank of America	52,000	1,970,800	-	-	-	-	-	-	52,000	1,970,800	783,120	2,080
Bristol-Meyers Squibb	15,000	715,500	-	-	-	-	-	-	15,000	715,500	378,750	18,600
Cameron International	50,000	906,605	-	-	-	-	-	-	50,000	906,605	2,090,000	-
Celene	30,000	1,146,591	-	-	-	-	-	-	30,000	1,146,591	963,000	4,800
Celgene	66,000	1,342,583	-	-	-	-	-	-	66,000	1,342,583	3,674,880	-
Citigroup	24,108	610,229	-	-	-	-	-	-	24,108	610,229	79,798	241
Deltic Timber	52,285	357,190	-	-	-	-	-	-	52,285	357,190	2,414,521	15,686
Edwards Life Sciences	50,000	2,184,391	-	-	-	-	-	-	50,000	2,184,391	4,342,500	-
Electronic Arts	15,000	844,300	-	-	-	-	844,300	-	15,000	844,300	266,250	-
Express Scripts	50,000	2,066,427	-	-	-	-	-	-	50,000	2,066,427	4,321,000	-
Exxon Mobil	125,526	478,644	-	-	-	-	-	-	125,526	478,644	8,559,618	208,373
Foster Wheeler	20,000	1,297,004	-	-	-	-	-	-	20,000	1,297,004	588,800	-
Freepart-McMoran Cooper & Gold	12,500	694,363	-	-	-	-	-	-	12,500	694,363	1,003,625	-
Gardner Denver	23,118	3,393	-	-	-	-	3,393	-	23,118	3,393	983,671	1,156
General Dynamics	30,000	1,141,350	-	-	-	-	-	-	30,000	1,141,350	2,045,100	44,700
Gilead Sciences	56,000	1,466,119	-	-	-	-	-	-	56,000	1,466,119	2,423,120	-
Goodrich	48,000	1,873,856	-	-	-	-	-	-	48,000	1,873,856	3,084,000	48,000
International Flavors & Fragrances	13,559	7,642	-	-	-	-	-	-	13,559	7,642	557,817	13,559
JP Morgan Chase & Company	88,680	1,909,796	-	-	-	-	-	-	88,680	1,909,796	3,695,296	47,000
Joy Global	30,000	1,601,418	-	-	-	-	-	-	30,000	1,601,418	1,547,100	21,000
Medtronic	25,000	1,333,375	-	-	-	-	-	-	25,000	1,333,375	1,099,500	19,625
Merck & Company	150,000	185,349	-	-	-	-	-	-	150,000	185,349	5,481,000	228,000
Microsoft	29,000	757,190	-	-	-	-	-	-	29,000	757,190	883,920	15,080
Monsanto	60,000	1,208,438	-	-	-	-	-	-	60,000	1,208,438	4,905,000	62,100
Mosaic	-	-	11,000	522,119	-	-	-	-	11,000	522,119	657,030	15,400
Murphy Oil	390,000	1,493,818	-	-	-	-	-	-	390,000	1,493,818	21,138,000	390,000
Pfizer	35,000	1,438,850	-	-	-	-	-	-	35,000	1,438,850	636,650	28,000
Qualcom	60,000	2,684,070	-	-	-	-	-	-	60,000	2,684,070	2,775,600	49,800
SPX	57,168	381,486	-	-	-	-	-	-	57,168	381,486	3,127,090	57,168
St. Jude Medical	50,000	1,878,655	-	-	-	-	-	-	50,000	1,878,655	1,839,000	-
Stericycle	25,000	1,314,985	-	-	-	-	-	-	25,000	1,314,985	1,379,250	-
Terex	6,000	503,878	-	-	-	-	-	-	6,000	503,878	118,860	-
Union Pacific	40,000	1,276,070	-	-	-	-	-	-	40,000	1,276,070	2,556,000	43,200
United Technologies	43,200	100,000	-	-	-	-	-	-	43,200	100,000	2,998,511	66,528
Zimmer	40,000	3,013,932	-	-	-	-	-	-	40,000	3,013,932	2,364,400	-
Total common stocks		<u>43,952,482</u>		<u>522,119</u>					<u>44,474,601</u>	<u>101,399,193</u>	<u>1,522,904</u>	

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, 2009 and 2008 and for the year ended December 31, 2009

Debt securities	Held at December 31, 2008		Additions/subtractions		Sales and other dispositions			Held at December 31, 2009				
	Shares or principal amount	Cost basis	Shares or principal amount	Cost basis	Shares or principal amount	Cost basis	Proceeds	Gain (loss)	Shares or principal amount	Cost basis	Market value 12/31/2009	Dividends or interest received in
Debt securities:												
US Treasury Bills	1,000,000	\$ 998,851	\$ -	\$ -	\$ 1,000,000	\$ 998,851	\$ 998,851	\$ -	\$ -	\$ -	\$ -	\$ 1,149
Total debt securities		<u>998,851</u>		<u>-</u>		<u>998,851</u>	<u>998,851</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>1,149</u>
Total marketable securities		<u>\$ 44,951,333</u>		<u>\$ 522,119</u>		<u>\$ 998,851</u>	<u>\$ 998,851</u>	<u>\$ -</u>		<u>\$ 44,474,601</u>	<u>\$101,399,193</u>	<u>\$1,524,053</u>

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