

Financial Statements and Supplementary
Information Together with
Report of Independent Certified Public Accountants

THE G. UNGER VETLESEN FOUNDATION

For the year ended December 31, 2014

THE G. UNGER VETLESEN FOUNDATION

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the financial statements

We have audited the accompanying financial statements of The G. Unger Vetlesen Foundation (the "Foundation"), which comprise of the statement of assets and net assets arising from cash transactions as of December 31, 2014, and the related statement of cash receipts, disbursements and change in net assets for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 as of December 31, 2014, and its cash receipts, disbursements and change in net assets for the year then ended in accordance with the basis of accounting described in Note 2.

Basis of accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedule of Marketable Securities as of December 31, 2014 and 2013 and for the year ended December 31, 2014 on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

New York, New York
June 23, 2015

THE G. UNGER VETLESEN FOUNDATION
Statement of Assets and Net Assets Arising from Cash Transactions
As of December 31, 2014

ASSETS

Cash and cash equivalents:

JPMorgan Chase checking account	\$ 146,549
Deutsche Bank checking and money market accounts	<u>2,666,709</u>
	<u>2,813,258</u>

Marketable securities, at cost (Note 3):

Common stocks (market value \$152,548,816)	<u>50,941,797</u>
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Net assets - unrestricted	<u>\$ 53,755,055</u>
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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, 2014

CASH RECEIPTS

Dividends:

Common stock \$ 2,157,672

Interest:

Deutsche Bank money market account 846

JPMorgan Chase checking account 13

Net realized gain on sale of marketable securities 8,727,556

Total receipts 10,886,087

CASH DISBURSEMENTS

Grants (Note 4) 6,572,500

General and administrative expenses and taxes 820,202

Total disbursements 7,392,702

Change in net assets - excess of cash receipts over disbursements 3,493,385

Net assets, beginning of year 50,261,670

Net assets, end of year \$ 53,755,055

The accompanying notes are an integral part of this statement.

THE G. UNGER VETLESEN FOUNDATION
Notes to Financial Statements
December 31, 2014

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 securities transactions, reduced by related expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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 or managed 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.

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.

THE G. UNGER VETLESEN FOUNDATION
Notes to Financial Statements
December 31, 2014

3. MARKETABLE SECURITIES

Marketable securities are carried at cost in the accompanying financial statements. The cost basis of securities received from the Estate of Georg Unger Vetlesen and the Palaemona Lyster Smythe Trust was determined based upon the related market values as of the 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, 2014. Changes in market values of the marketable securities will affect future grants. At December 31, 2014, concentrations in marketable securities (5% or more of total market value of marketable securities) included the following common stock investments at quoted market values:

Celgene Corp.	\$ 13,423,200
Express Scripts Holding Co.	8,467,000
Exxon Mobil Corp.	9,802,104
Merck & Co. Inc.	8,518,500
Murphy Oil Corp.	17,934,600
Union Pacific Corp.	9,530,400
	<u>\$ 67,675,804</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. This guidance establishes a framework for measuring fair value, expands disclosures about fair value measurements and provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The guidance also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date. Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. The type of investments in Level 1 include listed equities held in the name of the Foundation, and exclude listed equities and other securities held indirectly through commingled funds.
- Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies. Also included in Level 2 are investments using a net asset value (“NAV”) per share, or its equivalent, that may be redeemed at NAV at the statement of financial position date or in the near term, which the Foundation has determined to be within ninety days.

THE G. UNGER VETLESEN FOUNDATION
Notes to Financial Statements
December 31, 2014

Level 3 - Pricing inputs are unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the assets or liabilities. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV at the statement of financial position date or in the near term or for which redemption at NAV is uncertain due to lock-up periods or other investment restrictions.

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, 2014, all of the Foundation's investments were Level 1.

4. GRANTS

Grants paid in 2014 were as follows:

Organization	Purpose	Amount
American-Scandinavian Foundation	General purposes	\$ 25,000
Atlantic Salmon Federation	General purposes	25,000
BIOS - Bermuda Institute for Ocean Sciences (formerly Bermuda Biological Station for Research)	General purposes	150,000
Black Rock Consortium	General purposes	50,000
Cape Eleuthera School	General purposes	50,000
Carnegie Observatories	Giant Magellan Telescope Project	375,000
Chesapeake Bay Foundation	\$25,000 for general purposes and \$50,000 for oyster restoration program	75,000
Colorado State University, Department of Atmospheric Science	Research on Global Temperature and Atlantic Hurricanes	100,000
Columbia University, Lamont-Doherty Earth Observatory	\$400,000 for general purposes, \$200,000 for the programs of the Climate Center and \$250,000 for Vetlesen Prize	850,000
Connecticut Fund for the Environment	Save the Sound Program	50,000
Consortium for Ocean Leadership	National Ocean Science Bowl	75,000
Doctors Without Borders	International medical relief programs	50,000
Foundation Center	Membership	2,500

THE G. UNGER VETLESEN FOUNDATION
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Organization	Purpose	Amount
Gulf of Maine Research Institute	Fishing gear technologist position	\$ 75,000
International Yacht Restoration School	General purposes	25,000
Marine Biological Laboratories	General purposes of the Bay Paul Center	350,000
Massachusetts Institute of Technology	Joint Program on the Science and Policy of Global Change	100,000
National Parks Conservation Association	General purposes	25,000
North Atlantic Salmon Fund	General purposes	25,000
Open Space Institute	Hudson Valley programs	10,000
Oregon State University, College of Oceanic & Atmospheric Sciences	General purposes	250,000
Organization for Tropical Studies	General purposes	75,000
Peregrine Fund	General purposes	100,000
Provincetown Center for Coastal Studies	Marine Animal Entanglement Response program	10,000
Resources for the Future	Climate Economics and Policy Program	50,000
Rutgers University, Institute of Marine and Coastal Sciences	General purposes	50,000
Scenic Hudson	Riverfront Communities Program and/or Ecological Restoration Initiatives	75,000
University of British Columbia	\$50,000 for research on oceanic dead zones and \$50,000 for research on impact of climate change and fisheries on Salmon	100,000
University of California, Scripps Institution of Oceanography	Global Change Program	600,000
University of Florida, Whitney Laboratory	General purposes	75,000
University of Miami, Rosenstiel School of Marine and Atmospheric Science	Climate studies at the Rosenstiel School of Marine and Atmospheric Sciences	250,000
University of Rhode Island, Graduate School of Oceanography	\$250,000 for general purposes and \$200,000 for the recruitment of Dr. Melissa Omand	450,000
University of Texas, Institute for Geophysics	Antarctic aerogeophysical research project	250,000
University of Virginia, Department of Environmental and Civil Engineering	Research on wastewater treatment and algae cultivation	50,000
University of Washington, College of the Environment	\$250,000 for the general purposes of the School of Oceanography and \$25,000 for Dr. Laidre's work on whales in Greenland	275,000
Webb Institute	General purposes	50,000
Wildlife Conservation Society	\$50,000 for the Global Health Program, \$50,000 for Marine Conservation Programs, \$50,000 for general purposes, \$75,00 for Molecular Program and \$500,000 for NY seascape whale project	725,000
Woods Hole Oceanographic Institution	General purposes	600,000
Yellowstone Park Foundation	General purposes	50,000
TOTAL GRANTS		<u>\$ 6,572,500</u>

THE G. UNGER VETLESEN FOUNDATION
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At December 31, 2014, the Foundation had a commitment to make grants of \$375,000 each year from 2015 to 2016 to the Carnegie Observatories for the Giant Magellan Telescope Project.

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

6. SUBSEQUENT EVENTS

The Foundation evaluated its December 31, 2014 financial statements for subsequent events through June 23, 2015, 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 financial statements.

SUPPLEMENTARY INFORMATION

THE G. UNGER VETLESEN FOUNDATION
Supplemental Schedule of Marketable Securities
As of December 31, 2014 and 2013 and for the year ended December 31, 2014

Common Stocks	Held at December 31, 2013		Additions		Sales and Other Dispositions				Held at December 31, 2014			
	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 12/31/2014	Dividends Received in 2014
American Tower Corp. CL A REIT	40,000	\$ 1,696,777	-	\$ -	-	\$ -	\$ -	\$ -	40,000	\$ 1,696,777	\$ 3,954,000	\$ 40,800
Ametek Inc.	118,125	1,608,102	-	-	-	-	-	-	118,125	1,608,102	6,216,919	38,981
BP Amoco PLC ADR	22,800	319,273	-	-	-	-	-	-	22,800	319,273	869,136	53,352
Bank of America Corp.	52,000	1,970,800	-	-	-	-	-	-	52,000	1,970,800	930,280	6,240
Beam, Inc.	38,000	2,400,239	-	-	38,000	2,400,239	3,162,820	762,581	-	-	-	4,275
Boeing Company	-	-	15,000	2,053,898	-	-	-	-	15,000	2,053,898	1,949,700	40,150
Bristol Meyers Squibb Co.	-	-	20,000	1,002,400	-	-	-	-	20,000	1,002,400	1,180,600	14,400
Celgene Corp.	126,000	1,342,583	-	-	6,000	156,565	935,642	779,077	120,000	1,186,018	13,423,200	-
Citigroup Inc.	2,410	609,854	-	-	-	-	-	-	2,410	609,854	130,405	96
Continental Resources Inc.	36,000	1,314,180	-	-	-	-	-	-	36,000	1,314,180	1,380,960	-
Cooper Co.	16,000	2,135,750	-	-	-	-	-	-	16,000	2,135,750	2,593,440	960
Deltic Timber Corp.	52,285	357,190	-	-	-	-	-	-	52,285	357,190	3,576,294	20,915
Edwards Life Sciences Corp.	60,000	1,302,997	-	-	60,000	1,302,997	4,624,968	3,321,971	-	-	-	-
EOG Res Inc.	20,000	974,847	-	-	-	-	-	-	20,000	974,847	1,841,400	10,225
Express Scripts Holding Co.	100,000	2,066,428	-	-	-	-	-	-	100,000	2,066,428	8,467,000	-
Exxon Mobil Corp.	106,026	404,288	-	-	-	-	-	-	106,026	404,288	9,802,104	286,270
Foster Wheeler AG	20,000	1,297,004	-	-	20,000	1,297,004	605,177	(691,827)	-	-	-	-
Freeport-McMoRan Copper & Gold	25,000	694,363	-	-	-	-	-	-	25,000	694,363	584,000	31,250
Gilead Sciences Inc.	112,000	1,466,119	-	-	37,000	484,343	2,755,487	2,271,144	75,000	981,776	7,069,500	-
Hillshire Brands Co.	30,000	965,871	-	-	30,000	965,871	1,882,673	916,802	-	-	-	15,750
International Flavors & Fragrances	13,559	7,642	-	-	-	-	-	-	13,559	7,642	1,374,340	22,237
JP Morgan Chase & Co.	88,680	1,909,796	-	-	-	-	-	-	88,680	1,909,796	5,549,594	138,341
LyondellBasell Industries	15,000	913,613	15,000	1,362,150	-	-	-	-	30,000	2,275,763	2,381,700	72,000
McKesson Corp.	25,000	2,955,875	-	-	-	-	-	-	25,000	2,955,875	5,189,500	24,000
Medtronic Inc.	25,000	1,333,375	-	-	25,000	1,333,375	1,456,008	122,633	-	-	-	14,000
Merck & Co. Inc.	150,000	185,350	-	-	-	-	-	-	150,000	185,350	8,518,500	264,000
Microsoft Corp.	29,000	757,190	-	-	-	-	-	-	29,000	757,190	1,347,050	33,350
Monsanto Co.	60,000	1,208,438	-	-	-	-	-	-	60,000	1,208,438	7,168,200	106,800
Murphy Oil Corp.	380,000	1,255,752	-	-	25,000	82,615	1,327,790	1,245,175	355,000	1,173,137	17,934,600	503,500
Omnicare Inc.	-	-	22,000	1,546,173	-	-	-	-	22,000	1,546,173	1,604,460	4,840
Owens Illinois Inc.	20,000	662,730	-	-	-	-	-	-	20,000	662,730	539,800	-
Parker Hannifin Corp.	25,000	2,488,518	-	-	-	-	-	-	25,000	2,488,518	3,223,750	51,750
Pfizer Inc.	34,408	1,414,512	70,000	2,185,750	-	-	-	-	104,408	3,600,262	3,252,309	90,384
Roper Industries Inc.	22,000	2,566,434	12,000	1,676,785	-	-	-	-	34,000	4,243,219	5,315,900	24,800
SPX Corp.	57,168	381,486	-	-	-	-	-	-	57,168	381,486	4,911,875	78,606
Stericycle Inc.	25,000	1,314,985	-	-	-	-	-	-	25,000	1,314,985	3,277,000	-
Thermo Fisher Scientific, Inc.	30,000	2,195,094	10,000	1,165,109	-	-	-	-	40,000	3,360,203	5,011,600	21,000
Union Pacific Corp.	80,000	1,276,070	-	-	-	-	-	-	80,000	1,276,070	9,530,400	144,400
Whitewave Foods Co.	-	-	70,000	2,219,016	-	-	-	-	70,000	2,219,016	2,449,300	-
Total marketable securities		\$ 45,753,525		\$ 13,211,281		\$ 8,023,009	\$ 16,750,565	\$ 8,727,556		\$ 50,941,797	\$ 152,548,816	\$ 2,157,672

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