

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	December 31,	
	2005	2004
<b>REVENUES</b>		
Dividends	\$ 138,122	\$ 206,309
Interest	153,399	370,757
Limited partnership – net income	1,215,906	2,022,963
Limited partnership – unrelated business taxable income	-	70,924
Other income	7,000	3,758
Net realized gains on investments	5,312,351	7,280,102
Total revenue	6,826,778	9,954,813
<b>EXPENSES AND CHANGES IN NET ASSETS</b>		
Investment related expenses:		
Expenses incurred in the production of income	384,839	391,529
Federal excise tax	64,349	189,847
Unrelated business income taxes	-	16,892
Sub-total	449,188	598,268
Balance of revenue	6,377,590	9,356,545
Qualifying distributions and balance of depreciation:		
Grants	4,510,950	4,269,100
General and administrative expenses	675,646	603,447
Allocated expenses for direct charitable activities	106,874	125,855
Balance of depreciation	35,654	33,066
Sub-total	5,329,124	5,031,468
Net increase before unrealized appreciation of investments	1,048,466	4,325,077
(Decrease) increase in unrealized appreciation of investments	(333,259)	1,718,898
Increase in net assets for the year	715,207	6,043,975
Net assets at beginning of year	117,617,101	111,573,126
Net assets at end of year (excluding grant commitments outstanding)	\$118,332,308	\$117,617,101

**Note:**

Grants outstanding 2005 - \$1,245,000  
Grants outstanding 2004 - \$1,075,000

## STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash	\$ 633,903	\$ 415,280
Prepaid expenses and other assets	25,756	20,561
Prepaid federal excise tax	40,651	-
Prepaid unrelated business tax	17,500	-
Investments at market values:		
Cash and cash equivalents	5,339,947	3,938,397
Bonds, notes and treasury bills	22,407,641	28,022,230
Stocks	24,829,667	26,660,033
Private investment funds	47,930,299	43,041,200
Mutual funds	15,644,658	15,050,050
Fixed assets - net of depreciation	<u>1,462,286</u>	<u>523,570</u>
Total assets	<u>\$ 118,332,308</u>	<u>\$ 117,671,321</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Accrued federal excise tax	\$ -	\$ 45,769
Accrued unrelated business income taxes	-	8,451
Grant commitments outstanding	<u>1,245,000</u>	<u>1,075,000</u>
Total liabilities	1,245,000	1,129,220
Net assets (uncommitted)	<u>117,087,308</u>	<u>116,542,101</u>
Total liabilities and net assets	<u>\$ 118,332,308</u>	<u>\$ 117,671,321</u>

### NOTES

The Foundation maintains its accounts on the cash basis of accounting, with the exception of accrual of federal excise tax and unrelated business income taxes.

The financial information shown in this report has been summarized by the Foundation from its financial records. Audited financial statements of The Hyde and Watson Foundation are available for inspection at 31-F Mountain Boulevard, Warren, New Jersey 07059.

**The Hyde and Watson Foundation  
31-F Mountain Boulevard  
Warren, NJ 07059**

<b>GRANTS SUMMARY 2005</b>	<b>TOTALS</b>	<b>NO. OF GRANTS</b>
Beginning Balance 2005	\$1,075,000.00	14
New Allocated 2005	\$4,714,550.00	293
Amount Paid	\$4,517,950.00	304
Ending Balance	\$1,245,000.00	15