Overlook Foundation

Financial Statements
and Independent Auditor's Report

June 30, 2015 and 2014

Overlook Foundation

Index

Independent Auditor's Report

The Board of Trustees
Overlook Foundation

We have audited the accompanying financial statements of Overlook Foundation, which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years 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 accounting principles generally accepted in the United States of America; this includes 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 audits. We conducted our audits 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 from 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 entity'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 entity'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 financial position of Overlook Foundation as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CohnReznick LLP

Roseland, New Jersey
November 10, 2015

OVERLOOK FOUNDATION

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,032,580	$ 4,105,618
Current portion of pledges receivable, net	1,055,147	1,292,883
Prepaid expenses and other current assets	110,331	404,039
Total current assets	7,198,058	5,802,540
Other assets:		
Gift annuity investments	1,996,397	1,988,825
Investments	70,363,952	70,289,887
Pledges receivable, less current portion, net	578,710	401,783
Due from charitable trusts	472,933	424,086
Vehicle held for future donation	141,480	141,480
Total assets	$80,751,530	$79,048,601
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 153,605	$ 225,695
Current portion of due to affiliate	3,476,865	2,705,067
Grant payable to affiliate	862,400	310,936
Grant payable to non-affiliate	50,000	50,000
Total current liabilities	4,542,870	3,291,698
Other liabilities:		
Gift annuity obligations	884,089	801,246
Due to affiliate, less current portion	4,836,455	5,513,064
Grant payable to affiliate, less current portion, net	-	932,809
Grant payable to non-affiliate, less current portion, net	140,082	183,653
Total liabilities	10,403,496	10,722,470
Net assets:		
Unrestricted	8,564,925	8,725,118
Temporarily restricted	33,379,245	32,390,560
Permanently restricted	28,403,864	27,210,453
Total net assets	70,348,034	68,326,131
Total liabilities and net assets	$80,751,530	$79,048,601

See accompanying notes

OVERLOOK FOUNDATION

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Changes in unrestricted net assets:		
Public support, investment income, and gains (losses):		
Public support	$ 1,480,857	$ 2,038,648
Interest and dividend income	510,167	473,700
Unrealized gains (losses)	(278,558)	2,687,580
Realized gains	653,701	570,023
Net assets released from restrictions	4,368,316	4,371,621
Total public support, investment income and gains (losses)	6,734,483	10,141,572
Expenses:		
Grants	4,166,155	4,741,710
Fundraising	2,365,084	2,145,091
Management and general	363,437	1,494,682
Total expenses	6,894,676	8,381,483
Change in unrestricted net assets	(160,193)	1,760,089
Changes in temporarily restricted net assets:		
Public support	3,703,155	2,855,693
Interest and dividend income	993,395	844,915
Unrealized gains (losses)	(665,985)	4,646,155
Realized gains	1,347,675	1,030,387
Present value adjustments	(21,239)	51,512
Net assets released from restrictions	(4,368,316)	(4,371,621)
Change in temporarily restricted net assets	988,685	5,057,041
Changes in permanently restricted net assets - public support	1,193,411	3,841,567
Change in Net Assets	2,021,903	10,658,697
Net Assets at Beginning of Year	68,326,131	57,667,434
Net Assets at End of Year	$ 70,348,034	$ 68,326,131

See accompanying notes

OVERLOOK FOUNDATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Operating Activities:		
Change in net assets	$ 2,021,903	$ 10,658,697
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized (gains)/losses on investments	944,543	(7,333,735)
Permanently restricted contributions	(1,193,411)	(3,841,567)
Realized gains on investments	(2,001,376)	(1,600,410)
Bad debt expense	10,873	65,309
Pledges receivable discount	(8,984)	3,562
Gift annuities discount	70,086	29,967
Charitable remainder trust discount	(48,847)	(70,784)
Donated vehicle		(141,480)
Changes in operating assets and liabilities:		
Pledges receivable	58,920	1,323,767
Prepaid expenses and other current assets	293,708	(154,549)
Accounts payable and accrued expenses	(72,090)	(27,077)
Grant payable to affiliate	(381,345)	(14,989)
Grant payable to non-affiliate	(43,571)	233,653
Net cash used in operating activities	(349,591)	(869,636)
Investing Activities:		
Proceeds from the sale of investments	20,000,458	12,459,029
Expenditures for investments	(19,025,262)	(15,142,888)
Due to affiliate	95,189	2,098,405
Net cash provided by (used in) investing activities	1,070,385	(585,454)
Financing Activities:		
Receipt of annuity obligations	12,757	85,913
Permanently restricted contributions	1,193,411	3,841,567
Net cash provided by financing activities	1,206,168	3,927,480
Net Increase in Cash and Cash Equivalents	1,926,962	2,472,390
Cash and Cash Equivalents at Beginning of Year	4,105,618	1,633,228
Cash and Cash Equivalents at End of Year	$ 6,032,580	$ 4,105,618

Supplemental Disclosure of Operating Activities:

During 2014, a vehicle with a fair value of $141,480 was contributed to the foundation. It is being held to be contributed for use in a community outreach program.

See accompanying notes

OVERLOOK FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. **Organization:**

Overlook Foundation (the "Foundation") is incorporated as a non-profit organization established in 1976 to conduct fundraising activities for the benefit of the Overlook Medical Center (the "Overlook Division"), located in Summit, New Jersey, a division of AHS Hospital Corporation (the "Hospital"). The monies raised by the Foundation are used to provide direct support to the Overlook Division of the Hospital and its related community to improve the health status of the community by delivering high-quality, cost-effective health care.

2. **Summary of Significant Accounting Policies:**

(a) *Basis of Accounting*

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. The Foundation classifies revenue, gains and losses into three net asset categories according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may, or will be, met by either actions of the Foundation, and/or, the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they must be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on the related investments for general or specific purposes.

(b) *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(c) *Concentrations of Credit Risk*

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, pledges receivable and investments. The Foundation maintains its cash and cash equivalents with a high-credit quality financial institution on a regular basis. At times during the years ended June 30, 2015, and 2014, the Foundation held cash in excess of Federally insured limits. The Foundation has not experienced any losses in such accounts, and it believes it is not exposed to any significant credit risk on cash and cash equivalents.

Continued

2. **Summary of Significant Accounting Policies:** (continued)

(c) *Concentrations of Credit-Risk* (continued)

The Foundation closely monitors its pledges with regard to collectability while maintaining allowances for potential losses. On a periodic basis, the Foundation evaluates its pledges receivable and establishes an allowance for doubtful accounts based on specific reviews of certain outstanding amounts and historical collection performance.

Concentrations of credit risk with respect to pledges receivable pertains to four pledges at June 30, 2015, and one pledge at June 30, 2014, that account for approximately 43% and 37%, respectively, of the pledges receivable on those dates.

Concentrations of credit risk with respect to investments pertains to three mutual fund investments, representing 38% and 42% of the total investments as of June 30, 2015, and 2014, respectively. The Foundation maintains its investments with investment advisors. The Foundation's investments, with the exception of cash, are currently held in accounts insured under the Securities Investment Protection Corporation ("SIPC").

(d) *Concentration of Support*

During the prior year, the Foundation had one contributor who accounted for 34% of contributions.

(e) *Cash and Cash Equivalents*

Cash and cash equivalents include money market accounts and highly liquid short-term investments purchased with maturities of three months or less and are maintained primarily with banks and investment advisors.

(f) *Pledges Receivable*

Pledges receivable are primarily unsecured and are received from individuals, trusts, and businesses. Pledges receivable and their related revenue are recorded at present value on the date of the unconditional promise to pay. The discounts and allowances on those amounts are computed using assumptions made by management regarding the market and ultimate collectability of the receivables.

(g) *Investments*

Investments in mutual funds, bond funds, fixed income and alternative investments are carried at fair value. Donated securities are recorded at fair value at date of receipt. Unrealized gains are included in the accompanying statements of activities. Related custodian fees of $93,860 and $56,107 were expensed for the years ended June 30, 2015, and 2014, respectively.

Continued

2. **Summary of Significant Accounting Policies:** (continued)

(h) *Donor Restricted Gifts*

Unconditional promises to give are reported at fair value at the day the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

(i) *Trusts*

The Foundation receives income from funds held in trust by others. Income is recognized upon receipt and is recorded in temporarily restricted net assets on the statements of activities. The Foundation is not a beneficiary of the principal of the trust. The trust, which is not controlled by the Foundation, is not reflected in the statements of financial position.

(j) *Gift Annuities*

Gift annuities consist of contributions received subject to annuity contracts under which the Foundation is obligated to make agreed-upon periodic payments during the lives of the donors or designated beneficiaries of the donors.

Upon the receipt of a gift annuity, the net present value of the actuarially determined annuity payable is recognized as a liability, and the remainder received in excess of this liability is recorded as contribution revenue. The liability for future payments is decreased by payments made to donors or to the designated beneficiaries. Annual adjustments are made based upon actuarial valuations of the obligations for future annuity payments and reflected in the statements of activities. As of June 30, 2015, and 2014, the gross gift value of these annuity contracts was $1,743,343 and $1,553,343, respectively.

The Foundation has $1,996,397 and $1,988,825 in cash and mutual funds representing the accumulation of contributions received and investment income earned subject to the annuity contracts as of June 30, 2015, and 2014, respectively. Included in these amounts for June 30, 2015, and 2014, are $214 and $3,316, respectively, in cash.

(k) *Grants*

Grants are recorded as an expense and accrued as a liability when approved by the Board of Trustees.

(l) *Donated Services*

The Foundation received donated facilities and services from the Hospital that are immaterial to the financial statements for the years ended June 30, 2015, and 2014.

Continued

2. **Summary of Significant Accounting Policies:** (continued)

(m) *Income Taxes*

The Foundation qualifies as a tax-exempt organization as defined under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for Federal or state income taxes has been recorded.

The Foundation has no unrecognized tax benefits at June 30, 2015, and 2014. The Foundation's Federal and state income tax returns prior to fiscal years 2012 and 2011, respectively, are closed and management continually evaluates changes in tax law and new authoritative rulings.

If applicable, the Foundation will recognize interest and penalties associated with tax matters as management and general charges and include accrued interest and penalties with accounts payable and accrued expenses in the statements of financial position. There were no interest or penalties paid for the years ended June 30, 2015, and 2014.

(n) *Functional Allocation of Expenses*

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities, which includes all expenses incurred for the year. Accordingly, certain costs have been allocated among the program and supporting services benefited, based on usage or other equitable bases established by management.

(o) *Reclassifications*

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

(p) *Subsequent Events*

Subsequent events have been evaluated through November 10, 2015, which is the date the financial statements were available to be issued.

3. **Due from Charitable Trust:**

In 2005, the Foundation received a retained life estate. The fair value of this life estate is $472,933 and $424,086 as of June 30, 2015, and 2014, respectively. During 2015 and 2014, the Foundation recorded income of $48,847 and expense of $70,785, respectively, in the statements of activities as present value adjustments relating to the retained life estate.

Continued

4. **Pledges Receivable:**

Pledges receivable, less an appropriate allowance for uncollectable items, are recorded at their estimated fair value with amounts due later than one year at the present value of estimated future cash flows using fair value interest rates ranging from 2% to 5% and are as follows:

	2015	2014
Pledges receivable in:		
Less than one year	$ 1,135,146	$ 1,296,110
One to five years	598,485	508,393
After five years	1,520,000	1,500,366
	3,253,631	3,304,869
Less:		
Unamortized discount value ranging from 2% to 5%	(39,774)	(30,790)
Allowance for doubtful pledges	(1,580,000)	(1,579,413)
Present value of pledges receivable	1,633,857	1,694,666
Less current portion	(1,055,147)	(1,292,883)
Long-term portion	$ 578,710	$ 401,783

5. **Investments:**

Investments at fair value consist of the following at June 30, 2015, and 2014:

	2015	2014
U.S. Treasury notes	$ 155,976	$ 161,651
Mutual funds	41,487,055	40,271,988
Bond funds	16,621,937	15,896,029
Preferred stock fund	1,103,536	528,847
Alternative investments	12,991,631	15,416,881
Totals	$ 72,360,135	$ 72,275,396

The Foundation received contributions for which the Overlook Division of the Hospital is the designated beneficiary. The Foundation has recorded these items as due to affiliate, and the assets received are included in the Foundation's investment portfolio. Interest and dividend income, realized and unrealized gains, and brokerage fees are allocated to the Overlook Division liability based on the ratio of the amounts due to affiliate to the total investments held.

Continued

5. **Investments:** (continued)

Investment income (loss) for the years ended June 30, 2015, and 2014, are as follows:

	2015	2014
Interest and dividend income	$ 1,503,562	$ 1,318,615
Realized gains, net	2,001,376	1,600,410
Unrealized gains (losses)	(944,543)	7,333,735
Investment income (loss)	$ 2,560,395	$ 10,252,760

6. **Fair Value Measurements:**

The Foundation values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy is established that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. The levels are described as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data are available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Foundation utilizes valuation techniques that 1) maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and 2) consider counterparty credit risk in its assessment of fair value.

Continued

6. **Fair Value Measurements:**

Financial assets carried at fair value at June 30, 2015, and 2014, are classified in the tables below in one of the three categories described above.

	2015			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds:				
Large cap - U.S.	$ 12,899,588			$ 12,899,588
Mid cap - U.S.	7,411,480			7,411,480
Small cap - U.S.	3,314,710			3,314,710
Large cap - International	12,955,211			12,955,211
Emerging market	2,909,883			2,909,883
Bond funds:				-
Investment grade taxable	11,639,308			11,639,308
Investment grade tax exempt	2,013,694			2,013,694
Global high yield taxable	2,968,935			2,968,935
Preferred stock fund	1,103,536			1,103,536
U.S. Treasury notes		$ 155,976		155,976
Alternative investments		3,057,521	$ 9,934,110	12,991,631
Subtotal	57,216,345	3,213,497	9,934,110	70,363,952
Investments - gift annuities:				
Mutual funds:				
Large cap - U.S.	1,996,183			1,996,183
Subtotal	1,996,183	-	-	1,996,183
Retained life estate		472,933		472,933
Total assets, at fair value	$ 59,212,528	$ 3,686,430	$ 9,934,110	$ 72,833,068

Continued

6. **Fair Value Measurements:** (continued)

	2014			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds:				
Large cap - U.S.	$ 15,634,367			$ 15,634,367
Mid cap - U.S.	6,820,910			6,820,910
Small cap - U.S.	3,182,695			3,182,695
Large cap - International	9,510,842			9,510,842
Emerging market	3,137,665			3,137,665
Bond funds:				
Corporate debt securities	10,018,943			10,018,943
Mortgage backed securities	1,821,652			1,821,652
Other fixed income securities	4,055,434			4,055,434
Preferred stock fund	528,847			528,847
U.S. Treasury notes		$ 161,651		161,651
Alternative investments		6,417,359	$ 8,999,522	15,416,881
Subtotal	54,711,355	6,579,010	8,999,522	70,289,887
Investments - gift annuities:				
Mutual funds:				
Large cap - U.S.	1,985,509			1,985,509
Subtotal	1,985,509	-	-	1,985,509
Retained life estate		424,086		424,086
Total assets, at fair value	$ 56,696,864	$ 7,003,096	$ 8,999,522	$ 72,699,482

Assets measured at fair value using significant unobservable inputs (Level 3 input) are as follows:

	Balance July 1, 2014	Purchases	Sales or Settlements	Realized Losses	Unrealized Gains	Transfers out of Level 3 Investments	Balance June 30, 2015
2015							
Alternative fund investments	$ 8,999,522	$ 1,846,834	$ (1,724,826)	$ (366,124)	$ 1,178,704	$ -	$ 9,934,110

	Balance July 1, 2013	Purchases	Sales or Settlements	Realized Losses	Unrealized Gains	Transfers out of Level 3 Investments	Balance June 30, 2014
2014							
Alternative fund investments	$ 12,216,994	$ 3,313,170	$ (1,394,495)	$ (4,921)	$ 1,286,133	$ (6,417,359)	$ 8,999,522

Continued

6. **Fair Value Measurements:** (continued)

The amount of total gains and losses for the years ended June 30, 2015, and 2014, included in unrestricted net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date amounted to $328,707 and $467,161, respectively.

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds, bond funds, and preferred stock funds: Valuations of mutual funds, bond funds and preferred stock funds are obtained from real-time quotes for transactions in active exchange markets involving identical assets (Level 1).

U.S. Treasury notes: Value based on a modeled bid evaluation pricing estimate for comparable instruments (Level 2).

Alternative investments: Such investments are valued utilizing the net asset value ("NAV") provided by the underlying private investment companies and/or their administrators (Level3).

Retained life estate: Investment is valued based upon current market values for similar assets discounted by applicable rates.

The Foundation uses the NAV to determine the fair value of all the underlying investments which (a) do not have readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments in other investment companies (in partnership format) by major category. There have been no changes in the methodologies used at June 30, 2015, and 2014.

Continued

Alternative Investments/Dates	Strategy	Value 6/30/2015	Value 6/30/2014	Commitment 6/30/2015	Redemption Terms	Redemption Restrictions
Angelo Gordon Growth Capital Partners (formerly known as Angelo Gordon Private Equity Partners IV and AIV) (12/2007)- private equity	Investment in distressed middle-market companies and out-of-mainstream deep-value opportunities.	$ 854,621	$ 906,886	$ 125,000	Investment term of 7 to 10 years from December 2008.	Payout after the closure of the fund. Payments may start in 2014 or sooner, according to the fund. In Fiscal 2014 the partnership asked for and was granted an extension of one year with a second-year option.
Angelo Gordon Net Lease Realty Fund III (4/2014)- private equity	Investment in single-tenant, commercial real estate, generally with less-than-investment grade tenants, either existing properties or build-to-suit. Purchase and lease-back situations with net leases of 15 years or more.	$ 293,103	$ 36,627	$ 710,000	No redemption of partnership interests until after the anticipated 11-year term of the partnership.	During four-year commitment period no distributions unless, at the discretion of the general partner, there is distribution of rental or investment income. After the commitment period, quarterly distributions of net cash flow from property and interim investments.
Angelo Gordon Europe Realty Fund III (4/2015) - private equity	The purchase of a range of sub-performing and distressed real estate and debt that fall along the value-add spectrum for the requisite business plan for each asset, with the focus on the U.K., France, Germany, and the Benelux countries. Purchase from owners who lack capital, patience, or expertise to manage cash flow.	$ 270,000	$ -	$ 1,230,000	Distributions during the commitment period only at the discretion of the general partner. Thereafter, net cash flow from investments and sales may be distributed if not needed for fees or investments.	Any distributions during the commitment period and any from cash flow thereafter may be recalled.

Continued

Alternative Investments/Dates	Strategy	Fair Value 6/30/2015	Fair Value 6/30/2014	Unfunded Commitment 6/30/2015	Redemption Terms	Redemption Restrictions
Pine Grove Offshore Fund (12/2010 and 10/2011) - liquid hedge fund	A combination of hedged credit, long-short equity, distressed equity, convertible arbitrage, event-driven investment, and multi-strategy investment.	$ 3,057,521	$ 2,345,450	N/A	N/A	Quarterly redemption with 100-day notice. Retiring shareholders will generally receive 90% of redemption price no later than 30 days following the date of redemption, with the balance paid promptly after the completion of the audit of the fund for the fiscal year in which the redemption was made.
GS Anchorage Illiquid Opportunities Access Fund (1/2010) - private equity	Investment in illiquid credit, distressed debt and asset markets of Europe and North America, including use of leverage.	$ 227,362	$ 613,959	$ 90,695	Payments upon dissolution of the fund or one year after the liquidation of all assets, at the general partner's discretion.	The fund's general partner may dissolve the fund at its discretion but no later than 15 years after the closing in 2014.
GS Anchorage Illiquid Opportunities IV Access Fund (1/2014) - private equity	Long-term investment exploiting dislocations in credit and asset markets of Europe, North America, Australia, and New Zealand, especially in small to medium-sized opportunities. Also in cash and derivative instruments that are structured products linked to corporate and asset-backed credit risk.	$ 1,469,641	$ 316,217	$ 587,405	Payments upon dissolution of the fund or before then at the general partner's discretion, typically at the end of a quarter after receiving distributions from the master fund in which it has invested.	Fund terminates five years after the end of the investment period, with two additional, 12-month options possible.

Continued

Alternative Investments/Dates	Strategy	Fair Value 6/30/2015	Fair Value 6/30/2014	Unfunded Commitment 6/30/2015	Redemption Terms	Redemption Restrictions
GS Mt. Kellett Capital Partners Offshore (8/2008) - private equity	Investment in debt and equity of public and private firms with tangible assets; bank loans and bonds; distressed investments, activist control positions in firms; stressed portfolios in North America, Europe, and Asia.	$ 458,488	$ 788,656	$ 53,653	Term of the fund at the discretion of the general partner. Target is seven years.	Distribution within one year after the liquidation of all assets at the discretion of the general partner.
GS Princeton Fund (1/2011 and 10/2011) - liquid hedge fund	Employs equity long/short, relative value, event-driven, and tactical trading strategies.	$ -	$ 4,071,909	N/A	N/A	In June 2014 Overlook Foundation served notice to liquidate this position and liquidated it completely in fiscal 2015.
GS Private Equity Co - Investment Partners Offshore (12/2014) - private equity	Long-term compounded returns through 20 to 30 investments in companies, alongside other managers, primarily in middle-market buyout transactions but also possible in distressed and growth companies in North America and Western Europe.	$ 78,764	$ -	$ 1,296,236	Term of the fund at the discretion of the general partner. After return of principal limited partners will receive preferred return of 8% per year, compounded annually.	Final redemption upon closure of the fund.
GS Private Equity Partners IX Offshore (9/2011 secondary purchase of position) - private equity	Multi-strategy (turn-around, venture capital, large and middle-market buyouts and industry-focused), direct and indirect equity investments in North America and Europe.	$ 666,095	$ 822,549	$ 123,124	Through the later of December 16, 2016, or one year after the liquidation of the fund holdings.	Redemption upon fund closure.

Continued

Alternative Investments/Dates	Strategy	Fair Value 6/30/2015	Fair Value 6/30/2014	Unfunded Commitment 6/30/2015	Redemption Terms	Redemption Restrictions
GS Perry Private Opportunities Fund (4/2012 secondary purchase of position) - private equity	Less liquid opportunities within special situations (growth financing, restructuring), including portions of opportunities that their related hedge fund cannot own, joint government ventures, energy.	$ 281,260	$ 499,413	$ 406,977	Distribution within one year after the liquidation of all assets at the discretion of the general partner.	Redemption upon fund closure.
GS Energy Private Equity Managers Energy (Concentrated) Fund (7/2012 secondary purchase of position) - private equity	Pooled or direct investments in oil, gas, and coal exploration; pipelines, refining facilities; and energy/power distribution and transmission.	$ 329,509	$ 565,184	$ 25,573	Fund to close later of December 16, 2016, or one year after the liquidation of the fund's investments.	Distribution within one year of the close of the fund or at the partner's discretion.
GS Mezzanine Partners 2006 Offshore (7/2013 secondary purchase of position) - private equity	Current returns and long-term capital appreciation through investment in mezzanine securities, principally fixed income securities such as debt and preferred stock, that may also include an equity component such as warrants, options, common stock or a convertible feature.	$ 310,805	$ 475,851	$ 100,002	Term of the fund is 10 years after the commitment period with a possible one-year extension at the general partner's discretion or closure on the 15th anniversary of the fund.	Amount and timing of distributions are at the sole discretion of the general partner, except that net proceeds from investment dispositions will be distributed as soon as is practical after receipt by the partnership.

Continued

Alternative Investments/Dates	Strategy	Fair Value 6/30/2015	Fair Value 6/30/2014	Unfunded Commitment 6/30/2015	Redemption Terms	Redemption Restrictions
Olympus Partners Growth Fund VI (2/2014) - private equity	Control middle-market leveraged buyouts or minority ownership financing in fundamentally sound businesses with potential for growth or operational improvement.	$ 114,572	$ 53,456	$ 876,881	Distribution at the close of the fund or sooner, at the discretion of the general partner. Four-year commitment period, with 10-year fee period and expected life of the fund.	Amount and timing of distributions are at the sole discretion of the general partner.
P.L. Capital Group Financial Edge Fund (9/2012 and 9/2013) - liquid private equity	Long-term appreciation by investing in securities of banking and financial services and becoming activist owners in those firms to improve value.	$ 4,200,336	$ 3,541,170	N/A	Distribution at the discretion of the general partner but generally upon the owner's redemption of holdings in the fund.	Withdrawals permitted only one year after investment plus 60-days' notice. No fixed date for the termination of the partnership.
Excelsior Realty (10/2010 bequest) - limited partnership	Long-term capital gains through real estate holdings.	$ 379,554	$ 379,554	N/A	Annual payment of prorated share of income.	General partner has stated that it is selling all holdings. An offer has been received on properties.
	TOTAL	**$ 12,991,631**	**$ 15,416,881**	**$ 5,625,546**		

Continued

6. **Fair Value Measurements:** (continued)

The preceding methods may produce a fair-value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments in alternative investments with a fair value of $6,417,359 were transferred from Level 3 alternative investments to Level 2 alterative investments as better information became available regarding frequency and redemption notice.

Transfers are measured at fair value on the date the transfer takes place. The Foundation recognizes transfers between levels in the fair-value hierarchy at the end of the reporting period.

7. **Related Party Transactions:**

The changes in due to affiliate as of June 30, 2015, and 2014, are as follows:

	2015	2014
Opening balance	$ 8,218,131	$ 6,119,726
Change in grants on behalf of Overlook Division	95,189	2,098,405
Totals	8,313,320	8,218,131
Less current portion	(3,476,865)	(2,705,067)
Long-term portion	$ 4,836,455	$ 5,513,064

The Foundation reimburses the Overlook Division on a monthly basis for operating costs paid by the Hospital on its behalf. These costs include payroll and employee fringe benefits, office equipment charges, and office supplies. As of June 30, 2015, and 2014, the Foundation owed $136,474 and $135,872, respectively, to the Hospital for the above costs, which are included in accounts payable and accrued expenses on the accompanying statements of financial position.

The grant payable to affiliate is summarized as follows:

	2015	2014
Grant payable in:		
Less than one year	$ 862,400	$ 310,936
One to five years	-	982,664
	862,400	1,293,600
Less unamortized discount value at 2.5%	-	(49,855)
Less current portion	(862,400)	(310,936)
	$ -	$ 932,809

Continued

7. **Related Party Transactions:** (continued)

This grant represents funds granted to Perioperative Services Department for the operating room project.

8. **Grant payable to non-affiliate:**

This grant represents funds granted to an outside organization to fund the construction of a new first aid squad building. The grant payable is due as follows:

	2015	2014
Less than one year	$ 50,000	$ 50,000
One to five years	150,000	200,000
Total	200,000	250,000
Less unamortized discount at 3.5%	(9,918)	(16,347)
Less current portion	(50,000)	(50,000)
	$ 140,082	$ 183,653

9. **Temporarily Restricted Net Assets:**

Temporarily restricted net assets are available for the following purposes:

	2015	2014
Research	$ 774,280	$ 863,490
Scholarship and education	5,779,084	5,450,111
Construction and equipment	6,541,170	5,593,657
Program support services	19,589,175	19,812,020
Family service association	695,536	671,282
	$ 33,379,245	$ 32,390,560

The restrictions primarily indicate that the contributions be used to support specific programs of the Overlook Division of the Hospital.

10. **Endowment:**

The Foundation's endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the New Jersey Uniform Prudent Management of Institutional Funds Act ("NJUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

Continued

10. **Endowment:** (continued)

The accumulation of interest income, realized gains and losses and unrealized gains and losses are recorded as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by NJUPMIFA.

In accordance with the standard of prudence described by NJUPMIFA, the Foundation adopted an endowment spending rate which is approved annually by the Foundation's Board of Trustees. The spending rate is determined by the balance in the endowments, plus the balance of the associated temporarily restricted net assets, net of outstanding pledges, multiplied by the approved spending rate. The spending rate adopted for fiscal year 2015 was 4.25% and for fiscal 2014 was 4%.

In accordance with NJUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Foundation and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Foundation.
7. The investment policies of the Foundation.

Endowment net asset composition by type of fund and changes in endowment net assets as of and for the year ended June 30, 2015 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 18,884,200	$ 28,403,864	$ 47,288,064

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 18,520,316	$ 27,210,453	$ 45,730,769
Investment return - net appreciation	671,476		671,476
Investment income	931,142		931,142
Contributions	4,618	1,193,411	1,198,029
Appropriation of endowment assets for expenditure	(1,243,352)		(1,243,352)
Endowment net assets, end of year	$ 18,884,200	$ 28,403,864	$ 47,288,064

Continued

10. **Endowment:** (continued)

Endowment net asset composition by type of fund and changes in endowment net assets as of and for the year ended June 30, 2014 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 18,520,316	$ 27,210,453	$ 45,730,769
Endowment net assets, beginning of year	$ 13,070,274	$ 23,368,886	$ 36,439,160
Investment return - net appreciation	5,453,512		5,453,512
Investment income	789,037		789,037
Contributions	5,901	3,841,567	3,847,468
Appropriation of endowment assets for expenditure	(798,408)		(798,408)
Endowment net assets, end of year	$ 18,520,316	$ 27,210,453	$ 45,730,769

Spending policy and how the Investment Objectives Relate to Spending Policy

The Foundation has an annual endowment spending policy that is specifically designed to assist in funding annual programming objectives and to preserve the value of the investment portfolio over time. In establishing this policy, the Foundation considers the long-term expected return of its endowment.

Accordingly, over the long term the Foundation expects the current spending policy to allow its endowment to grow and maintain its value to support operations in the future. To meet these objectives, the Foundation utilizes a total return investment approach that emphasizes total return, consisting of investment income and realized and unrealized gains or losses and, accordingly, invests in mutual funds, bond funds, a preferred stock fund, U.S. Treasury notes, and private equities.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the gift donated to the permanent endowment. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets. These deficiencies result from prolonged unfavorable market fluctuations that continued to erode the accumulated gains of the permanently restricted endowments as well as continued appropriation for certain programs that was deemed prudent by the Foundation's Board of Trustees.

Continued

10. **Endowment:** (continued)

Subsequent gains that restore the fair value of the assets of the endowment funds to the required level stipulated by donors will be classified initially as increases in unrestricted net assets to the extent that shortfalls were charged to that fund and then to temporarily restricted net assets. At June 30, 2015, and 2014, there was no individual endowment fund within the permanently restricted net asset category with a fair value less than its historical corpus value.

11. **Pension Plan:**

Employees of the Foundation are salaried employees of the Hospital and participate in the Employees' Cash Balance Plan of Atlantic Health System, Inc. (the "Plan"). The Plan is a non-contributory defined benefit plan. There is no method of determining the present value of the Foundation employees' pension benefits because of multiple entities in the Plan. The Hospital bills the Foundation a percentage of total Foundation salaries to cover pension costs and other fringe benefits and does not break out pension costs separately. Management receives and reviews a copy of the Hospital's pension plan on an annual basis.

Effective January 1, 2014, the cash balance pension plan has been frozen to new employees hired after December 15, 2013. All employees hired after December 15, 2013 are eligible to participate in the Atlantic Health System 403B Defined Contribution Plan through voluntary paycheck contributions. In order to become a participant the employee must have satisfied the attainment of age 21 and completed one year of service. However, the employee may contribute starting on the date of hire as deferred contributions. Atlantic Health System will match the employees' contributions 100 percent up to a maximum of 1 to 3 percent of compensation depending on years of service. In addition, Atlantic Health makes a fixed non-elective contribution to each eligible participant equal to 2 percent of compensation to the participants employed at the end of the year.

Concluded