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Form **990-PF**Department of the Treasury
Internal Revenue Service**Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0052

2010**For calendar year 2010, or tax year beginning , and ending**

G Check all that apply ☐ Initial return ☐ Initial return of a former public charity ☐ Final return
☐ Amended return ☐ Address change ☐ Name change

| | | |
|--|------------|---|
| Name of foundation THE ATLANTIC FOUNDATION | | A Employer identification number 22-6054882 |
| Number and street (or P O box number if mail is not delivered to street address) 14 FAIRGROUNDS ROAD | Room/suite | B Telephone number (see page 10 of the instructions) (609) 689-1040 |
| City or town, state, and ZIP code HAMILTON NJ 08619 | | C If exemption application is pending, check here <input type="checkbox"/> |
| H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation | | D 1 Foreign organizations, check here <input type="checkbox"/> |
| I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 61,777,063 | | 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/> |
| J Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ | | E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> |
| (Part I, column (d) must be on cash basis) | | F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/> |

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions))

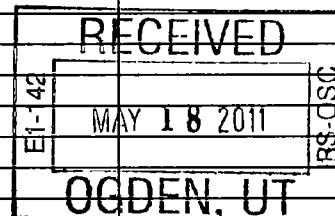
| | (a) Revenue and expenses per books | (b) Net investment income | (c) Adjusted net income | (d) Disbursements for charitable purposes (cash basis only) |
|--|------------------------------------|---------------------------|-------------------------|---|
| Revenue | | | | |
| 1 Contributions, gifts, grants, etc., received (attach schedule) | 5,100,000 | | | |
| 2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B | | | | |
| 3 Interest on savings and temporary cash investments | 0 | 0 | | |
| 4 Dividends and interest from securities | 579,274 | 579,274 | | |
| 5 a Gross rents | 66,350 | 66,350 | | |
| b Net rental income or (loss) | 66,350 | | | |
| 6 a Net gain or (loss) from sale of assets not on line 10 | -1,215,476 | | | |
| b Gross sales price for all assets on line 6a | 8,042,701 | | | |
| 7 Capital gain net income (from Part IV, line 2) | | 0 | | |
| 8 Net short-term capital gain | | | 0 | |
| 9 Income modifications | | | | |
| 10 a Gross sales less returns and allowances | 0 | | | |
| b Less Cost of goods sold | 0 | | | |
| c Gross profit or (loss) (attach schedule) | 0 | | | |
| 11 Other income (attach schedule) | 40,164 | 37,282 | 0 | |
| 12 Total. Add lines 1 through 11 | 4,570,312 | 682,906 | 0 | |
| Operating and Administrative Expenses | | | | |
| 13 Compensation of officers, directors, trustees, etc | 96,804 | 48,402 | | 48,402 |
| 14 Other employee salaries and wages | 456,915 | 182,766 | | 274,149 |
| 15 Pension plans, employee benefits | 210,205 | 84,082 | | 126,123 |
| 16 a Legal fees (attach schedule) | 900,196 | 65,490 | 0 | 834,706 |
| b Accounting fees (attach schedule) | 55,000 | 33,000 | 0 | 22,000 |
| c Other professional fees (attach schedule) | 118,176 | 57,184 | 0 | 60,992 |
| 17 Interest | 81,774 | 31,908 | | 49,866 |
| 18 Taxes (attach schedule) (see page 14 of the instructions) | 234 | 234 | 0 | 0 |
| 19 Depreciation (attach schedule) and depletion | 568,438 | 256,996 | 0 | |
| 20 Occupancy | 416,826 | 166,730 | | 250,095 |
| 21 Travel, conferences, and meetings | 9,152 | 3,661 | | 5,491 |
| 22 Printing and publications | | | | |
| 23 Other expenses (attach schedule) | 280,274 | 51,216 | 0 | 229,058 |
| 24 Total operating and administrative expenses. Add lines 13 through 23 | 3,193,994 | 981,669 | 0 | 1,900,882 |
| 25 Contributions, gifts, grants paid | 1,051,678 | | | 1,051,678 |
| 26 Total expenses and disbursements. Add lines 24 and 25 | 4,245,672 | 981,669 | 0 | 2,952,560 |
| 27 Subtract line 26 from line 12 | | | | |
| a Excess of revenue over expenses and disbursements | 324,640 | | | |
| b Net investment income (if negative, enter -0-) | | 0 | | |
| c Adjusted net income (if negative, enter -0-) | | | 0 | |

For Paperwork Reduction Act Notice, see page 30 of the instructions.

(HTA)

Form **990-PF** (2010)

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SCANNED MAY 19 2011

| Part II Balance Sheets | | Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions) | Beginning of year | End of year | |
|-----------------------------|------|--|-------------------|----------------|-----------------------|
| | | | (a) Book Value | (b) Book Value | (c) Fair Market Value |
| Assets | 1 | Cash—non-interest-bearing | | | |
| | 2 | Savings and temporary cash investments | 616,259 | 9,689,548 | 9,689,548 |
| | 3 | Accounts receivable ▶ 93,328 | | | |
| | | Less allowance for doubtful accounts ▶ 0 | 159,054 | 93,328 | 93,328 |
| | 4 | Pledges receivable ▶ 0 | | | |
| | | Less allowance for doubtful accounts ▶ 0 | 0 | 0 | 0 |
| | 5 | Grants receivable | | | |
| | 6 | Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions) | 0 | 0 | 0 |
| | 7 | Other notes and loans receivable (attach schedule) ▶ 350,000 | | | |
| | | Less allowance for doubtful accounts ▶ 0 | 575,000 | 350,000 | 350,000 |
| | 8 | Inventories for sale or use | | | |
| | 9 | Prepaid expenses and deferred charges | | | |
| | 10 a | Investments—U S and state government obligations (attach schedule) | 0 | 0 | 0 |
| | b | Investments—corporate stock (attach schedule) | 34,080,105 | 29,591,689 | 29,591,689 |
| | c | Investments—corporate bonds (attach schedule) | 3,856,536 | 4,110,525 | 4,110,525 |
| | 11 | Investments—land, buildings, and equipment basis ▶ 7,671,929 | | | |
| Liabilities | | Less accumulated depreciation (attach schedule) ▶ 2,717,095 | 5,174,690 | 4,954,834 | 4,954,834 |
| | 12 | Investments—mortgage loans | | | |
| | 13 | Investments—other (attach schedule) | 0 | 0 | 0 |
| | 14 | Land, buildings, and equipment basis ▶ 15,538,840 | | | |
| | | Less accumulated depreciation (attach schedule) ▶ 3,106,555 | 12,743,713 | 12,432,285 | 12,432,285 |
| | 15 | Other assets (describe ▶ See Attached Statement) | 617,146 | 554,854 | 554,854 |
| | 16 | Total assets (to be completed by all filers—see the instructions Also, see page 1, item I) | 57,822,503 | 61,777,063 | 61,777,063 |
| | 17 | Accounts payable and accrued expenses | 377,865 | 405,886 | |
| | 18 | Grants payable | | | |
| | 19 | Deferred revenue | | | |
| | 20 | Loans from officers, directors, trustees, and other disqualified persons | 0 | 0 | |
| | 21 | Mortgages and other notes payable (attach schedule) | 26,770,000 | 25,820,000 | |
| | 22 | Other liabilities (describe ▶ See Attached Statement) | 927 | 0 | |
| | 23 | Total liabilities (add lines 17 through 22) | 27,148,792 | 26,225,886 | |
| Net Assets or Fund Balances | | Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. ▶ <input checked="" type="checkbox"/> | | | |
| | 24 | Unrestricted | 30,529,467 | 35,551,177 | |
| | 25 | Temporarily restricted | | | |
| | 26 | Permanently restricted | | | |
| | | Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ <input type="checkbox"/> | | | |
| | 27 | Capital stock, trust principal, or current funds | | 0 | |
| | 28 | Paid-in or capital surplus, or land, bldg, and equipment fund | | | |
| | 29 | Retained earnings, accumulated income, endowment, or other funds | | | |
| | 30 | Total net assets or fund balances (see page 17 of the instructions) | 30,529,467 | 35,551,177 | |
| | 31 | Total liabilities and net assets/fund balances (see page 17 of the instructions) | 57,678,259 | 61,777,063 | |

Part III Analysis of Changes in Net Assets or Fund Balances

| | | | |
|---|--|---|------------|
| 1 | Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return) | 1 | 30,529,467 |
| 2 | Enter amount from Part I, line 27a | 2 | 324,640 |
| 3 | Other increases not included in line 2 (itemize) ▶ UNREALIZED APPRECIATION ON INVESTMENTS | 3 | 4,697,070 |
| 4 | Add lines 1, 2, and 3 | 4 | 35,551,177 |
| 5 | Decreases not included in line 2 (itemize) ▶ | 5 | 0 |
| 6 | Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30 | 6 | 35,551,177 |

Part IV Capital Gains and Losses for Tax on Investment Income

| (a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.) | (b) How acquired P—Purchase D—Donation | (c) Date acquired (mo., day, yr.) | (d) Date sold (mo., day, yr.) |
|---|--|--------------------------------------|----------------------------------|
| 1a See Attached Statement | | | |
| b | | | |
| c | | | |
| d | | | |
| e | | | |

| (e) Gross sales price | (f) Depreciation allowed (or allowable) | (g) Cost or other basis plus expense of sale | (h) Gain or (loss) (e) plus (f) minus (g) |
|-----------------------|--|---|--|
| a | 0 | 0 | 0 |
| b | 0 | 0 | 0 |
| c | 0 | 0 | 0 |
| d | 0 | 0 | 0 |
| e | 0 | 0 | 0 |

| Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69 | | | (i) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h)) |
|---|--------------------------------------|---|---|
| (i) FMV as of 12/31/69 | (j) Adjusted basis as of 12/31/69 | (k) Excess of col. (i) over col. (j), if any | |
| a | 0 | 0 | 0 |
| b | 0 | 0 | 0 |
| c | 0 | 0 | 0 |
| d | 0 | 0 | 0 |
| e | 0 | 0 | 0 |

| | | |
|---|----------|------------|
| 2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 } | 2 | -1,215,476 |
| 3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions) If (loss), enter -0- in Part I, line 8 } | 3 | 166,070 |

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No
 If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

| 1 Enter the appropriate amount in each column for each year; see page 18 of the instructions before making any entries | | | |
|--|--|--|---|
| (a) Base period years Calendar year (or tax year beginning in) | (b) Adjusted qualifying distributions | (c) Net value of noncharitable-use assets | (d) Distribution ratio (col. (b) divided by col. (c)) |
| 2009 | 1,919,957 | 29,785,340 | 0.064460 |
| 2008 | 3,690,501 | 48,494,372 | 0.076102 |
| 2007 | 2,603,586 | 59,508,622 | 0.043751 |
| 2006 | 2,606,239 | 44,020,829 | 0.059205 |
| 2005 | 2,356,999 | 39,831,783 | 0.059174 |
| 2 Total of line 1, column (d) | | 2 | 0.302692 |
| 3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years | | 3 | 0.060538 |
| 4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5 | | 4 | 34,252,179 |
| 5 Multiply line 4 by line 3 | | 5 | 2,073,558 |
| 6 Enter 1% of net investment income (1% of Part I, line 27b) | | 6 | 0 |
| 7 Add lines 5 and 6 | | 7 | 2,073,558 |
| 8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18 | | 8 | 2,989,713 |

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

| | | | |
|--|-----------|----|--------|
| 1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions) | | 1 | 0 |
| b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b | | | |
| c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b) | | | |
| 2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-) | | 2 | 0 |
| 3 Add lines 1 and 2 | | 3 | 0 |
| 4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-) | | 4 | |
| 5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0- | | 5 | 0 |
| 6 Credits/Payments | | | |
| a 2010 estimated tax payments and 2009 overpayment credited to 2010 | 6a 20,000 | | |
| b Exempt foreign organizations—tax withheld at source | 6b | | |
| c Tax paid with application for extension of time to file (Form 8868) | 6c 0 | | |
| d Backup withholding erroneously withheld | 6d | | |
| 7 Total credits and payments Add lines 6a through 6d | | 7 | 20,000 |
| 8 Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached | | 8 | 0 |
| 9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed | | 9 | 0 |
| 10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid | | 10 | 20,000 |
| 11 Enter the amount of line 10 to be Credited to 2011 estimated tax 20,000 Refunded | | 11 | 0 |

Part VII-A Statements Regarding Activities

| | Yes | No |
|---|-----|----|
| 1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign? | | X |
| b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities | | X |
| c Did the foundation file Form 1120-POL for this year? | | |
| d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation (2) On foundation managers | | |
| e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers | | |
| 2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities | | X |
| 3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes | | X |
| 4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year? | | X |
| b If "Yes," has it filed a tax return on Form 990-T for this year? | X | |
| 5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T | | X |
| 6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument? | X | |
| 7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV | X | |
| 8 a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) NJ | | |
| b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation | X | |
| 9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV on page 27)? If "Yes," complete Part XIV | | X |
| 10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses | | X |

Part VII-A Statements Regarding Activities (continued)

| | | | | |
|-----------|--|-----------|-----|----|
| 11 | At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions) | 11 | | X |
| 12 | Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008? | 12 | | X |
| 13 | Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ | 13 | X | |
| 14 | The books are in care of ▶ THE ATLANTIC FOUNDATION Telephone no ▶ (609) 689-1040 Located at ▶ 14 FAIRGROUNDS ROAD HAMILTON NJ US ZIP+4 ▶ 08619 | | | |
| 15 | Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the year ▶ 15 | | | |
| 16 | At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country ▶ | 16 | Yes | No |
| | | | | X |

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

| | | Yes | No |
|-----------|---|-----------|-----|
| 1a | During the year did the foundation (either directly or indirectly) | | |
| (1) | Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| (2) | Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| (3) | Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| (4) | Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | |
| (5) | Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| (6) | Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| b | If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/> | 1b | X |
| c | Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010? | 1c | X |
| 2 | Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)) | | |
| a | At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ▶ 20____, 20____, 20____, 20____ | | |
| b | Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see page 22 of the instructions) | 2b | N/A |
| c | If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20____, 20____, 20____, 20____ | | |
| 3a | Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| b | If "Yes," did it have excess business holdings in 2010 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010) | 3b | N/A |
| 4a | Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? | 4a | X |
| b | Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010? | 4b | X |

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions) ☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? ☐ **5b** N/A

Organizations relying on a current notice regarding disaster assistance check here ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945–5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** X

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? **7b**

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1 List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the instructions).**

| (a) Name and address | (b) Title, and average hours per week devoted to position | (c) Compensation (If not paid, enter -0-) | (d) Contributions to employee benefit plans and deferred compensation | (e) Expense account, other allowances |
|------------------------|---|---|---|---------------------------------------|
| See Attached Statement | | 0 | 0 | 0 |
| | 00 | 0 | 0 | 0 |
| | 00 | 0 | 0 | 0 |
| | 00 | 0 | 0 | 0 |
| | 00 | 0 | 0 | 0 |

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the instructions). If none, enter "NONE."

| (a) Name and address of each employee paid more than \$50,000 | (b) Title, and average hours per week devoted to position | (c) Compensation | (d) Contributions to employee benefit plans and deferred compensation | (e) Expense account, other allowances |
|--|---|------------------|---|---------------------------------------|
| Michael Unger 14 Fairgrounds Rd, Hamilton, NJ 08619 | CAO 40 00 | 117,231 | 7,804 | 0 |
| Craig Ingwer 14 Fairgrounds Rd, Hamilton, NJ 08619 | Controller 40 00 | 102,080 | 7,086 | 0 |
| Janet Appleton 14 Fairgrounds Rd, Hamilton, NJ 08619 | Executive Secretary 40 00 | 63,388 | 4,420 | 0 |
| Carmella Arnold 14 Fairgrounds Rd, Hamilton, NJ 08619 | Accountant 40.00 | 53,564 | 3,671 | 0 |
| Suzanne Brunnengraber 14 Fairgrounds Rd, Hamilton, NJ 08619 | Benefits Administrator 40.00 | 51,082 | 3,478 | 0 |
| Total number of other employees paid over \$50,000 | | | | |

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3 Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE."**

| (a) Name and address of each person paid more than \$50,000 | (b) Type of service | (c) Compensation |
|--|---------------------------|------------------|
| Pelletieri, Rabstein & Altman 100 Nassau Park Blvd., Suite 111, Princeton, NJ 08543 | Legal | 551,538 |
| Matthews & Co 270 Madison Ave, 16th Floor, New York, NY 10016 | Accounting and Consulting | 155,000 |
| Laura N. Solomon, P.C. 300 E. Lancaster Ave., Suite 106A, Wynnewood, PA 19096 | Legal | 255,770 |
| Greenberg Traurig LLP 200 Park Avenue, Florham Park, NJ 07932 | Legal | 68,725 |
| | | 0 |
| Total number of others receiving over \$50,000 for professional services | | 0 |

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

| | Expenses |
|---|----------|
| 1 Support of Grounds For Sculpture relating the operations of a sculpture park open to the public. Activities include public tours, membership and admission programs, various sculpture related events, children's programs, artists' lectures and viewing of artwork. | 712,327 |
| 2 Support of the Sculpture Foundation, a nonprofit organization formed for the purpose of enhancing public awareness pertaining to the appreciation of sculpture through the production of several exhibitions throughout the world and the acquisition of sculpture to display and educate the general public in the arts | 314,013 |
| 3 | |
| 4 | |

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

| Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2 | Amount |
|--|--------|
| 1 | |
| 2 | |
| All other program-related investments. See page 24 of the instructions | |
| 3 | 0 |
| Total. Add lines 1 through 3 | 0 |

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the instructions.)

| | | | |
|----------|--|-----------|------------|
| 1 | Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes | | |
| a | Average monthly fair market value of securities | 1a | 22,283,406 |
| b | Average of monthly cash balances | 1b | 6,181,287 |
| c | Fair market value of all other assets (see page 25 of the instructions) | 1c | 6,309,093 |
| d | Total (add lines 1a, b, and c) | 1d | 34,773,786 |
| e | Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) | 1e | |
| 2 | Acquisition indebtedness applicable to line 1 assets | 2 | |
| 3 | Subtract line 2 from line 1d | 3 | 34,773,786 |
| 4 | Cash deemed held for charitable activities. Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions) | 4 | 521,607 |
| 5 | Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4 | 5 | 34,252,179 |
| 6 | Minimum investment return. Enter 5% of line 5 | 6 | 1,712,609 |

Part XI Distributable Amount (see page 25 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part.)

| | | | |
|-----------|---|-----------|-----------|
| 1 | Minimum investment return from Part X, line 6 | 1 | 1,712,609 |
| 2a | Tax on investment income for 2010 from Part VI, line 5 | 2a | 0 |
| b | Income tax for 2010 (This does not include the tax from Part VI) | 2b | 0 |
| c | Add lines 2a and 2b | 2c | 0 |
| 3 | Distributable amount before adjustments. Subtract line 2c from line 1 | 3 | 1,712,609 |
| 4 | Recoveries of amounts treated as qualifying distributions | 4 | |
| 5 | Add lines 3 and 4 | 5 | 1,712,609 |
| 6 | Deduction from distributable amount (see page 25 of the instructions) | 6 | |
| 7 | Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1 | 7 | 1,712,609 |

Part XII Qualifying Distributions (see page 25 of the instructions)

| | | | |
|----------|---|-----------|-----------|
| 1 | Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes | | |
| a | Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26 | 1a | 2,952,560 |
| b | Program-related investments—total from Part IX-B | 1b | 0 |
| 2 | Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes | 2 | 37,153 |
| 3 | Amounts set aside for specific charitable projects that satisfy the | | |
| a | Suitability test (prior IRS approval required) | 3a | |
| b | Cash distribution test (attach the required schedule) | 3b | 0 |
| 4 | Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4 | 4 | 2,989,713 |
| 5 | Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 26 of the instructions) | 5 | 0 |
| 6 | Adjusted qualifying distributions. Subtract line 5 from line 4 | 6 | 2,989,713 |

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see page 26 of the instructions)

| | (a) Corpus | (b) Years prior to 2009 | (c) 2009 | (d) 2010 |
|---|---------------|----------------------------|-------------|-------------|
| 1 Distributable amount for 2010 from Part XI, line 7 | | | | 1,712,609 |
| 2 Undistributed income, if any, as of the end of 2010 | | | | |
| a Enter amount for 2009 only | | | 0 | |
| b Total for prior years 20____, 20____, 20____ | | 0 | | |
| 3 Excess distributions carryover, if any, to 2010 | | | | |
| a From 2005 | 367,021 | | | |
| b From 2006 | 427,721 | | | |
| c From 2007 | 0 | | | |
| d From 2008 | 1,281,538 | | | |
| e From 2009 | 436,898 | | | |
| f Total of lines 3a through e | 2,513,178 | | | |
| 4 Qualifying distributions for 2010 from Part XII, line 4 ► \$ 2,989,713 | | | | |
| a Applied to 2009, but not more than line 2a | | | 0 | |
| b Applied to undistributed income of prior years (Election required—see page 26 of the instructions) | | 0 | | |
| c Treated as distributions out of corpus (Election required—see page 26 of the instructions) | 0 | | | |
| d Applied to 2010 distributable amount | | | | 1,712,609 |
| e Remaining amount distributed out of corpus | 1,277,104 | | | |
| 5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a)) | 0 | | | 0 |
| 6 Enter the net total of each column as indicated below: | | | | |
| a Corpus Add lines 3f, 4c, and 4e Subtract line 5 | 3,790,282 | | | |
| b Prior years' undistributed income Subtract line 4b from line 2b | | 0 | | |
| c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed | | | | |
| d Subtract line 6c from line 6b Taxable amount—see page 27 of the instructions | | 0 | | |
| e Undistributed income for 2009 Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions | | | 0 | |
| f Undistributed income for 2010 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011 | | | | 0 |
| 7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions) | | | | |
| 8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see page 27 of the instructions) | 367,021 | | | |
| 9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a | 3,423,261 | | | |
| 10 Analysis of line 9 | | | | |
| a Excess from 2006 | 427,721 | | | |
| b Excess from 2007 | 0 | | | |
| c Excess from 2008 | 1,281,538 | | | |
| d Excess from 2009 | 436,898 | | | |
| e Excess from 2010 | 1,277,104 | | | |

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

| Recipient Name and address (home or business) | If recipient is an individual, show any relationship to any foundation manager or substantial contributor | Foundation status of recipient | Purpose of grant or contribution | Amount |
|--|--|---|---|--|
| a <i>Paid during the year</i> THE SCULPTURE FOUNDATION, INC 14 FAIRGROUNDS RD HAMILTON NJ 08619 THE PACIFIC FOUNDATION 40 ELIZABETH ST, #400 NEW YORK NY 10013 THE NATION INSTITUTE 116 EAST 16TH STREET, 8TH FLOOR NEW YORK NY 10003 THE WILLOW SCHOOL 1150 POTTERSVILLE ROAD GLADSTONE NJ 07934 COUNCIL OF NEW JERSEY GRANTMAKERS 101 WEST STATE STREET TRENTON NJ 08608 | | PRIVATE FOUNDATIO N PRIVATE FOUNDATIO N PRIVATE FOUNDATIO N PUBLIC CHARITY PUBLIC CHARITY | OPERATING GRANT CAPITAL GRANT OPERATING SUPPORT CAPITAL CAMPAIGN OPERTING GRANT | 1,000,000 11,178 15,000 25,000 500 |
| Total | | | 3a | 1,051,678 |
| b <i>Approved for future payment</i> | | | | |
| Total | | | 3b | 0 |

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

- | | | |
|---|--------------|----|
| <p>1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?</p> | Yes | No |
| <p>a Transfers from the reporting foundation to a noncharitable exempt organization of:</p> | | |
| <p>(1) Cash</p> | 1a(1) | X |
| <p>(2) Other assets</p> | 1a(2) | X |
| <p>b Other transactions:</p> | | |
| <p>(1) Sales of assets to a noncharitable exempt organization</p> | 1b(1) | X |
| <p>(2) Purchases of assets from a noncharitable exempt organization</p> | 1b(2) | X |
| <p>(3) Rental of facilities, equipment, or other assets</p> | 1b(3) | X |
| <p>(4) Reimbursement arrangements</p> | 1b(4) | X |
| <p>(5) Loans or loan guarantees</p> | 1b(5) | X |
| <p>(6) Performance of services or membership or fundraising solicitations</p> | 1b(6) | X |
| <p>c Sharing of facilities, equipment, mailing lists, other assets, or paid employees</p> | 1c | X |
| <p>d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received</p> | | |

[illegible]

- 2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☐ No
- b** If "Yes," complete the following schedule.

| (a) Name of organization | (b) Type of organization | (c) Description of relationship |
|--------------------------|--------------------------|---------------------------------|
| | | |
| | | |
| | | |
| | | |
| | | |

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.

Signature of officer or trustee

Date _____

Title

**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date _____

Check ☐ if
self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ►

| |
|----------|
| Phone no |
|----------|

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, 990-EZ, or 990-PF.

OMB No 1545-0047

2010

Name of the organization

Employer identification number

THE ATLANTIC FOUNDATION

22-6054882

Organization type (check one)

Filers of:

Section:

Form 990 or 990-EZ

☐ 501(c)() (enter number) organization

☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

☐ 527 political organization

Form 990-PF

☒ 501(c)(3) exempt private foundation

☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation

☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions

General Rule

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

- ☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year. . . . ▶ \$

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

| | |
|---|--|
| Name of organization THE ATLANTIC FOUNDATION | Employer identification number 22-6054882 |
|---|--|

Part I Contributors (see instructions)

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Aggregate contributions | (d) Type of contribution |
|------------|--|--------------------------------|--|
| 1 | The J. Seward Johnson 1963 Charitable Trust 443 Northfield Avenue West Orange NJ 07052 Foreign State or Province _____ Foreign Country _____ | \$ 3,600,000 | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution) |
| 2 | Johnson Art and Education Foundation 14 Fairgrounds Rd Hamilton NJ 08619 Foreign State or Province _____ Foreign Country _____ | \$ 1,500,000 | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution) |
| 3 | _____ _____ _____ Foreign State or Province _____ Foreign Country _____ | \$ 0 | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution) |
| 4 | _____ _____ _____ Foreign State or Province _____ Foreign Country _____ | \$ 0 | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution) |
| 5 | _____ _____ _____ Foreign State or Province _____ Foreign Country _____ | \$ 0 | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution) |
| 6 | _____ _____ _____ Foreign State or Province _____ Foreign Country _____ | \$ 0 | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution) |

Name of organization

THE ATLANTIC FOUNDATION

Employer identification number

22-6054882

Part II Noncash Property (see instructions)

| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (see instructions) | (d) Date received |
|---------------------------|--|--|----------------------|
| ----- | | \$0 | ----- |
| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (see instructions) | (d) Date received |
| ----- | | \$0 | ----- |
| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (see instructions) | (d) Date received |
| ----- | | \$0 | ----- |
| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (see instructions) | (d) Date received |
| ----- | | \$0 | ----- |
| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (see instructions) | (d) Date received |
| ----- | | \$0 | ----- |
| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (see instructions) | (d) Date received |
| ----- | | \$0 | ----- |
| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (see instructions) | (d) Date received |
| ----- | | \$0 | ----- |

| | |
|---|--|
| Name of organization THE ATLANTIC FOUNDATION | Employer identification number 22-6054882 |
|---|--|

Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry.
For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of \$1,000 or less for the year (Enter this information once. See instructions.) ► \$ 0

| (a) No. from Part I | (b) Purpose of gift | (c) Use of gift | (d) Description of how gift is held |
|---------------------------|---|-------------------------|--|
| ----- | ----- ----- ----- | ----- ----- ----- | ----- ----- ----- |
| | (e) Transfer of gift | | |
| | Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee |
| | ----- ----- ----- For Prov Country | | ----- ----- ----- |
| (a) No. from Part I | (b) Purpose of gift | (c) Use of gift | (d) Description of how gift is held |
| ----- | ----- ----- ----- | ----- ----- ----- | ----- ----- ----- |
| | (e) Transfer of gift | | |
| | Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee |
| | ----- ----- ----- For Prov Country | | ----- ----- ----- |
| (a) No. from Part I | (b) Purpose of gift | (c) Use of gift | (d) Description of how gift is held |
| ----- | ----- ----- ----- | ----- ----- ----- | ----- ----- ----- |
| | (e) Transfer of gift | | |
| | Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee |
| | ----- ----- ----- For Prov Country | | ----- ----- ----- |
| (a) No. from Part I | (b) Purpose of gift | (c) Use of gift | (d) Description of how gift is held |
| ----- | ----- ----- ----- | ----- ----- ----- | ----- ----- ----- |
| | (e) Transfer of gift | | |
| | Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee |
| | ----- ----- ----- For Prov Country | | ----- ----- ----- |

Line 6 (990-PF) - Gain/Loss from Sale of Assets Other Than Inventory

| Index | Check "X" if Sale of Security | Description | CUSIP # | Purchaser | Check "X" if Purchaser is a Business | Date Acquired | Acquisition Method | Date Sold | Totals | | | | |
|-------|-------------------------------|-----------------------------|----------------|-----------|--------------------------------------|---------------|--------------------|-----------|--------------------------|--------------------------------|------------------|--------------|------------------|
| | | | | | | | | | Gross Sales | Cost, Other Basis and Expenses | Net Gain or Loss | Depreciation | Net Gain or Loss |
| | | Long Term CG Distributions | Amount 116,833 | | | | | | 8,042,701 | 9,258,177 | -1,215,476 | | |
| | | Short Term CG Distributions | 22,879 | | | | | | 0 | 0 | 0 | | 0 |
| 1 | X | DRYSHIPS INC | | | | 4/9/2009 | P | 3/23/2010 | Gross Sales Price 63,044 | Cost or Other Basis 50,121 | | | 12,923 |
| 2 | X | SEMICONDUCTOR HOLDRS | | | | 5/21/2009 | P | 3/26/2010 | 429,703 | 299,435 | | | 130,268 |
| 3 | X | VANGUARD 500 INDEX FUND | | | | VARIOUS | P | 3/2/2010 | 150,000 | 138,014 | | | 11,986 |
| 4 | X | VANGUARD EXPLORER FUND | | | | VARIOUS | P | 3/2/2010 | 75,000 | 86,910 | | | -11,910 |
| 5 | X | VANGUARD INTL GROWTH F | | | | VARIOUS | P | 3/2/2010 | 700,000 | 887,490 | | | -187,490 |
| 6 | X | VANGUARD INTL VALUE FUN | | | | VARIOUS | P | 3/2/2010 | 900,000 | 1,129,579 | | | -229,579 |
| 7 | X | VANGUARD MID CAP FUND | | | | VARIOUS | P | 3/2/2010 | 400,000 | 389,963 | | | 10,037 |
| 8 | X | VANGUARD PRIMECAP FUND | | | | VARIOUS | P | 3/2/2010 | 3,000,000 | 3,503,157 | | | -503,157 |
| 9 | X | VANGUARD SMALL CAP INDE | | | | VARIOUS | P | 3/2/2010 | 425,000 | 355,207 | | | 69,793 |
| 10 | X | VANGUARD WINDSOR II FUN | | | | VARIOUS | P | 3/2/2010 | 1,400,000 | 1,950,696 | | | -550,696 |
| 11 | X | XINHUA HK CHINA | | | | 5/21/2009 | P | 6/3/2010 | 355,501 | 309,989 | | | 45,512 |
| 12 | X | RECOVERY STOCKS | | | | VARIOUS | | VARIOUS | 4,741 | | | | 4,741 |
| 13 | X | ZONE VENTURES | | | | VARIOUS | P | VARIOUS | | 157,616 | | | -157,616 |

Line 11 (990-PF) - Other Income

| | | 40,164 | 37,282 | 0 |
|----|-----------------|--------------------------------------|--------------------------|------------------------|
| | Description | Revenue and Expenses per Books | Net Investment Income | Adjusted Net Income |
| 1 | Equipment Lease | 35,000 | 35,000 | |
| 2 | Miscellaneous | 5,164 | 2,282 | |
| 3 | | | 0 | |
| 4 | | | 0 | |
| 5 | | | 0 | |
| 6 | | | 0 | |
| 7 | | | 0 | |
| 8 | | | 0 | |
| 9 | | | 0 | |
| 10 | | | 0 | |

Line 16a (990-PF) - Legal Fees

| | | 900,196 | 65,490 | 0 | 834,706 |
|----|---|--------------------------------------|--------------------------|------------------------|--|
| | Name of Organization or Person Providing Service | Revenue and Expenses per Books | Net Investment Income | Adjusted Net Income | Disbursements for Charitable Purposes (Cash Basis Only) |
| 1 | Laura N. Solomon, P.C. | 255,770 | 63,943 | | 191,827 |
| 2 | Patterson, Belknap, Webb & Tyler | 4,349 | 1,087 | | 3,262 |
| 3 | Pelletieri, Rabstein & Altman | 551,538 | | | 551,538 |
| 4 | Lowenstein Sandler PC | 1,840 | 460 | | 1,380 |
| 5 | Greenberg Traurig, LLP | 68,725 | | | 68,725 |
| 6 | Hartman Craven | -2,535 | | | -2,535 |
| 7 | Milbank, Tweed, Hadley & McCloy LLP | 20,509 | | | 20,509 |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |

Line 16b (990-PF) - Accounting Fees

| | | 55,000 | 33,000 | 0 | 22,000 |
|----|---|--------------------------------------|--------------------------|------------------------|--|
| | Name of Organization or Person Providing Service | Revenue and Expenses per Books | Net Investment Income | Adjusted Net Income | Disbursements for Charitable Purposes (Cash Basis Only) |
| 1 | Matthews & Co | 55,000 | 33,000 | | 22,000 |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |

Line 16c (990-PF) - Other Fees

| | | 118,176 | 57,184 | 0 | 60,992 |
|----|---|--------------------------------------|--------------------------|------------------------|--|
| | Name of Organization or Person Providing Service | Revenue and Expenses per Books | Net Investment Income | Adjusted Net Income | Disbursements for Charitable Purposes (Cash Basis Only) |
| 1 | Delaware Valley Payroll | 1,654 | 662 | | 992 |
| 2 | Matthews & Co | 100,000 | 40,000 | | 60,000 |
| 3 | Zone Ventures | 16,522 | 16,522 | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |

Line 18 (990-PF) - Taxes

| | | 234 | 234 | 0 | 0 |
|----|---|--------------------------------------|--------------------------|------------------------|---|
| | Description | Revenue and Expenses per Books | Net Investment Income | Adjusted Net Income | Disbursements for Charitable Purposes |
| 1 | Real estate tax not included in line 20 | | | | |
| 2 | Tax on investment income | 234 | 234 | | |
| 3 | Income tax | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |

Amount of depreciation included in cost of goods sold _____

Line 19 (990-PF) - Depreciation and Depletion

| | Description | Date Acquired | Method of Computation | Asset Life | Cost or Other Basis | Beginning Accumulated Depreciation | Revenue and Expenses per Books | Net Investment Income | Adjusted Net Income |
|----|-----------------------|------------------|--------------------------|---------------|------------------------|--|--------------------------------------|-----------------------------|---------------------------|
| 1 | See Attached Schedule | | | | | 697,338 | 568,438 | 256,996 | 0 |
| 2 | | | | | | 0 | | | |
| 3 | | | | | | 0 | | | |
| 4 | | | | | | 0 | | | |
| 5 | | | | | | 0 | | | |
| 6 | | | | | | 0 | | | |
| 7 | | | | | | 0 | | | |
| 8 | | | | | | 0 | | | |
| 9 | | | | | | 0 | | | |
| 10 | | | | | | 0 | | | |

Line 23 (990-PF) - Other Expenses

| | Description | Revenue and Expenses per Books | Net Investment Income | Adjusted Net Income | Disbursements for Charitable Purposes |
|----|--------------------------------------|--------------------------------------|--------------------------|------------------------|---|
| 1 | Amortization. See attached statement | 0 | 0 | 0 | 0 |
| 2 | Fund Raising | | | | |
| 3 | EDUCATION AND SEMINARS | 1,148 | 574 | | 574 |
| 4 | OFFICE EXPENSE | 20,541 | 10,271 | | 10,270 |
| 5 | BOND CARRYING COSTS | 28,664 | | | 28,664 |
| 6 | DIRECTOR FEES | 2,000 | 1,000 | | 1,000 |
| 7 | AUTO EXPENSE | 1,524 | 762 | | 762 |
| 8 | COMPUTER NETWORK | 65,555 | 32,778 | | 32,777 |
| 9 | BOOKS, DUES & SUBSCRIPTIONS | 6,768 | 3,384 | | 3,384 |
| 10 | BOND FEES | 149,181 | | | 149,181 |
| 11 | D & O INSURANCE | 4,893 | 2,447 | | 2,446 |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | | | | | |

Part II, Line 7 (990-PF) - Other Notes

| | Borrower's Name | Check "X" if Business | Check "X" if 501(c)(3) Org | Original Amount | Net Balance Due Beginning of Year | Balance Due End of Year | Allowance for Doubtful Accts End of Year | FMV of Other Notes | Security Provided |
|----|---------------------------|-----------------------|----------------------------|-----------------|-----------------------------------|-------------------------|--|--------------------|-------------------|
| 1 | GFSL, Inc | X | | 1,106,135 | 575,000 | 350,000 | | 350,000 | All Assets |
| 2 | Sculpture Foundation, Inc | X | X | 1,900,000 | 0 | | | | All Assets |
| 3 | Eyebeam Atelier | X | X | 550,000 | 0 | | | | Unsecured |
| 4 | | | | | 0 | | | | |
| 5 | | | | | 0 | | | | |
| 6 | | | | | 0 | | | | |
| 7 | | | | | 0 | | | | |
| 8 | | | | | 0 | | | | |
| 9 | | | | | 0 | | | | |
| 10 | | | | | 0 | | | | |

Part

| | Date of Note | Maturity Date | Repayment Terms | Interest Rate | Purpose of Loan | Consideration Description | Consideration FMV | Relationship |
|----|--------------|---------------|-----------------|---------------|--------------------------|--------------------------------------|-------------------|--------------|
| 1 | 9/30/1999 | Demand | | 6.00% | Working Capital, invento | | 775,000 | |
| 2 | 12/31/1995 | Demand | | | Capital Expenditures | Loan assumed by Sculpture Foundation | 0 | |
| 3 | 12/31/2000 | Demand | | 3.50% | Working Capital, Capita | | 0 | |
| 4 | | | | | | | | |
| 5 | | | | | | | | |
| 6 | | | | | | | | |
| 7 | | | | | | | | |
| 8 | | | | | | | | |
| 9 | | | | | | | | |
| 10 | | | | | | | | |

Part II, Line 10b (990-PF) - Investments - Corporate Stock

| | | 34,080,105 | 29,591,689 | 34,080,105 | 29,591,689 |
|----|-------------------------------|----------------------------|-------------|-------------|-------------|
| | | Book Value | Book Value | FMV | FMV |
| | | Beg of Year | End of Year | Beg of Year | End of Year |
| | Description | Num. Shares/ Face Value | | | |
| 1 | ZONE VENTURES FUND II | | 303,959 | 303,959 | 304,022 |
| 2 | VANGUARD S&P 500 INDEX | 622,780 | 701,079 | 701,079 | 622,780 |
| 3 | VANGUARD EXPLORER FUND | 4,884 | 332,962 | 332,962 | 331,351 |
| 4 | VANGUARD INTERNATIONAL GROWTH | 48,094 | 3,317,055 | 3,317,055 | 2,958,724 |
| 5 | VANGUARD INTERNATIONAL VALUE | 108,158 | 4,245,223 | 4,245,223 | 3,478,371 |
| 6 | VANGUARD MID CAP ADMIRAL | 54,833 | 1,670,248 | 1,670,248 | 1,595,080 |
| 7 | VANGUARD PRIME CAP ADMIRAL | 83,484 | 14,308,255 | 14,308,255 | 12,526,424 |
| 8 | VANGUARD SMALL CAP ADMIRAL | 58,558 | 1,858,747 | 1,858,747 | 1,834,615 |
| 9 | VANGUARD WINDSOR II ADMIRAL | 33,547 | 1,805,480 | 1,805,480 | 1,528,419 |
| 10 | VANGUARD WINDSOR FUND | 84,622 | 4,386,873 | 4,386,873 | 3,857,935 |
| 11 | DRYSHIPS, INC. | | 62,943 | 62,943 | |
| 12 | S & P HOMEBUILDERS ETF | 18,700 | 282,557 | 282,557 | 325,193 |
| 13 | SEMICONDUCTORS HOLDERS ETF | 5,000 | 424,384 | 424,384 | 162,650 |
| 14 | XINHUA TRUST ETF | | 380,340 | 380,340 | |
| 15 | SPDR SERIES TRUST | 2,500 | | | 66,125 |
| 16 | | | | | |
| 17 | | | | | |

Part II, Line 10c (990-PF) - Investments - Corporate Bonds

| | | 3,856,536 | | 4,110,525 | | 3,856,536 | | 4,110,525 | |
|----|--------------------------|--------------|--|-------------|--|--------------|--|-------------|--|
| | | Book Value | | Book Value | | FMV | | FMV | |
| | | Beg. of Year | | End of Year | | Beg. of Year | | End of Year | |
| | | Date | | | | | | | |
| | | Interest | | Maturity | | Rate | | Date | |
| | | Description | | | | | | | |
| 1 | VANGUARD LONG TERM BOND | | | | | | | | |
| 2 | VANGUARD SHORT TERM BOND | | | | | | | | |
| 3 | | | | | | | | | |
| 4 | | | | | | | | | |
| 5 | | | | | | | | | |
| 6 | | | | | | | | | |
| 7 | | | | | | | | | |
| 8 | | | | | | | | | |
| 9 | | | | | | | | | |
| 10 | | | | | | | | | |
| 11 | | | | | | | | | |
| 12 | | | | | | | | | |
| 13 | | | | | | | | | |
| 14 | | | | | | | | | |
| 15 | | | | | | | | | |
| 16 | | | | | | | | | |
| 17 | | | | | | | | | |

Part II, Line 11 (990-PF) - Investments - Land, Buildings, and Equipment

| | Item or Category | Cost or Other Basis | Accumulated Depreciation | Book Value Beg of Year | Book Value End of Year | FMV End of Year |
|----|-----------------------|------------------------|-----------------------------|---------------------------|---------------------------|--------------------|
| 1 | See Attached Schedule | 7,671,929 | 2,717,095 | 5,174,690 | 4,954,834 | 4,954,834 |
| 2 | | | | 0 | 0 | |
| 3 | | | | 0 | 0 | |
| 4 | | | | 0 | 0 | |
| 5 | | | | 0 | 0 | |
| 6 | | | | 0 | 0 | |
| 7 | | | | 0 | 0 | |
| 8 | | | | 0 | 0 | |
| 9 | | | | 0 | 0 | |
| 10 | | | | 0 | 0 | |
| 11 | | | | 0 | 0 | |
| 12 | | | | 0 | 0 | |
| 13 | | | | 0 | 0 | |
| 14 | | | | 0 | 0 | |
| 15 | | | | 0 | 0 | |
| 16 | | | | 0 | 0 | |
| 17 | | | | 0 | 0 | |

Part II, Line 14 (990-PF) - Land, Buildings, and Equipment

| | | 15,538,840 | 2,795,127 | 3,106,555 | 12,743,713 | 12,432,285 | 12,432,285 |
|----|-----------------------|------------------------|---|--|----------------------------|---------------------------|--------------------|
| | Item or Category | Cost or Other Basis | Accumulated Depreciation Beg. of Year | Accumulated Depreciation End of Year | Book Value Beg. of Year | Book Value End of Year | FMV End of Year |
| 1 | See Attached Schedule | 15,538,840 | 2,795,127 | 3,106,555 | 12,743,713 | 12,432,285 | 12,432,285 |
| 2 | | | | | 0 | 0 | |
| 3 | | | | | 0 | 0 | |
| 4 | | | | | 0 | 0 | |
| 5 | | | | | 0 | 0 | |
| 6 | | | | | 0 | 0 | |
| 7 | | | | | 0 | 0 | |
| 8 | | | | | 0 | 0 | |
| 9 | | | | | 0 | 0 | |
| 10 | | | | | 0 | 0 | |
| 11 | | | | | 0 | 0 | |
| 12 | | | | | 0 | 0 | |
| 13 | | | | | 0 | 0 | |
| 14 | | | | | 0 | 0 | |
| 15 | | | | | 0 | 0 | |
| 16 | | | | | 0 | 0 | |
| 17 | | | | | 0 | 0 | |

Part II, Line 15 (990-PF) - Other Assets

| | Description | 617,146 | 554,854 | 554,854 |
|----|----------------------|-------------------|----------------|-------------------|
| | | Beginning Balance | Ending Balance | Fair Market Value |
| 1 | BOND ISSUANCE COSTS | 544,577 | 515,913 | 515,913 |
| 2 | PREPAID EXP | 8,481 | 18,941 | 18,941 |
| 3 | PREPAID EXCISE TAXES | 64,088 | 20,000 | 20,000 |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |

Part II, Line 21 (990-PF) - Mortgages and Other Notes Payable

| | | | 27,675,000 | 26,770,000 | 25,820,000 | | |
|----|-----------------------------|-------|-----------------------|-----------------|-------------------------|-------------------------|-------------------|
| | Name of Lender | Title | Check "X" if Business | Original Amount | Balance Due Beg of Year | Balance Due End of Year | Security Provided |
| 1 | | | | | | | |
| 2 | Mercer County Improvement A | | | 21,545,000 | 21,545,000 | 21,545,000 | Collateral |
| 3 | Bank Of America | | | 6,130,000 | 5,225,000 | 4,275,000 | Collateral |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |

Part

| | Maturity Date | Repayment Terms | Interest Rate | Purpose of Loan | Description | Fair Market Value of Consideration | Relationship |
|----|---------------|-----------------|---------------|----------------------------|-------------|------------------------------------|--------------|
| 1 | | | | | | | |
| 2 | 9/30/2028 | Amortization | Variable | Refund Previous Bond Issue | | | |
| 3 | 11/30/2014 | Amortization | Variable | Collateral Loan | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |

Part II, Line 22 (990-PF) - Other Liabilities

| | | | 927 | 0 |
|----|---------------------|-------------------|----------------|---|
| | Description | Beginning Balance | Ending Balance | |
| 1 | Payroll Liabilities | 927 | | |
| 2 | Security Deposits | | | |
| 3 | Excise Tax Payable | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |

Part IV (990-PF) - Capital Gains and Losses for Tax on Investment Income

| | Kind(s) of Property Sold | CUSIP # | How Acquired | Date Acquired | Date Sold | Totals | | Gross Sales Price | Depreciation Allowed | Cost or Other Basis Plus Expense of Sale | Gain or Loss | F M V as of 12/31/69 | Adjusted Basis as of 12/31/69 | Excess of FMV Over Adj. Basis | Gains Minus Excess of FMV Over Adjusted Basis or Losses |
|----|-------------------------------|---------|--------------|---------------|-----------|----------------------------|-----------------------------|-------------------|----------------------|--|--------------|----------------------|-------------------------------|-------------------------------|---|
| | | | | | | Long Term CG Distributions | Short Term CG Distributions | | | | | | | | |
| | | | | | | 116,833 | 22,879 | | | | | | | | |
| 1 | DRYSHIPS INC | | P | 4/9/2009 | 3/23/2010 | | | 63,044 | 0 | 50,121 | 12,923 | | | 0 | -1,355,188 |
| 2 | SEMICONDUCTOR HOLDERS | | P | 5/21/2009 | 3/26/2010 | | | 429,703 | 0 | 299,435 | 130,268 | | | 0 | 12,923 |
| 3 | VANGUARD 500 INDEX FUND | | P | VARIOUS | 3/2/2010 | | | 150,000 | 0 | 138,014 | 11,986 | | | 0 | 130,268 |
| 4 | VANGUARD EXPLORER FUND | | P | VARIOUS | 3/2/2010 | | | 75,000 | 0 | 86,910 | -11,910 | | | 0 | 11,986 |
| 5 | VANGUARD INTL GROWTH FUND | | P | VARIOUS | 3/2/2010 | | | 700,000 | 0 | 887,490 | -187,490 | | | 0 | -11,910 |
| 6 | VANGUARD INTL VALUE FUND | | P | VARIOUS | 3/2/2010 | | | 900,000 | 0 | 1,129,579 | -229,579 | | | 0 | -187,490 |
| 7 | VANGUARD MID CAP FUND | | P | VARIOUS | 3/2/2010 | | | 400,000 | 0 | 389,963 | 10,037 | | | 0 | -229,579 |
| 8 | VANGUARD PRIMECAP FUND | | P | VARIOUS | 3/2/2010 | | | 3,000,000 | 0 | 3,503,157 | -503,157 | | | 0 | 10,037 |
| 9 | VANGUARD SMALL CAP INDEX FUND | | P | VARIOUS | 3/2/2010 | | | 425,000 | 0 | 355,207 | 69,793 | | | 0 | -503,157 |
| 10 | VANGUARD WINDSOR II FUND | | P | VARIOUS | 3/2/2010 | | | 1,400,000 | 0 | 1,950,696 | -550,696 | | | 0 | 69,793 |
| 11 | XINHUA HK CHINA | | P | 5/21/2009 | 6/3/2010 | | | 355,501 | 0 | 309,989 | 45,512 | | | 0 | -550,696 |
| 12 | RECOVERY STOCKS | | P | VARIOUS | VARIOUS | | | 4,741 | 0 | 0 | 4,741 | | | 0 | 45,512 |
| 13 | ZONE VENTURES | | P | VARIOUS | VARIOUS | | | 0 | 0 | 157,616 | -157,616 | | | 0 | 4,741 |
| | | | | | | | | | | | | | | | -157,616 |

Part VIII, Line 1 (990-PF) - Compensation of Officers, Directors, Trustees and Foundation Managers

| | Name | Check "X" if Business | Street | City | State | Zip Code | Foreign Country | Title | Average Hours |
|----|------------------------|--------------------------|-------------------|----------|-------|----------|--------------------|-----------|------------------|
| 1 | J Seward Johnson, Jr | | 14 Fairgrounds Rd | Hamilton | NJ | 08619 | | CEO | 25 |
| 2 | John S. Johnson III | | 14 Fairgrounds Rd | Hamilton | NJ | 08619 | | Secretary | 10 |
| 3 | Michael H. Greenleaf | | 14 Fairgrounds Rd | Hamilton | NJ | 08619 | | Treasurer | 15 |
| 4 | Carrie Rossip Malcolin | | 14 Fairgrounds Rd | Hamilton | NJ | 08619 | | Director | 1 |
| 5 | Lakshman Achuthan | | 14 Fairgrounds Rd | Hamilton | NJ | 08619 | | Director | 1 |
| 6 | Robert Campbell | | 14 fairgrounds Rd | Hamilton | NJ | 08619 | | Director | 1 |
| 7 | Garrett M. Heher | | 14 Fairgrounds Rd | Hamilton | NJ | 08619 | | Director | 1 |
| 8 | | | | | | | | | |
| 9 | | | | | | | | | |
| 10 | | | | | | | | | |

Part

| | 96,804 | 0 | 0 |
|----|--------------|----------|-----------------|
| | Compensation | Benefits | Expense Account |
| 1 | 50,127 | | |
| 2 | 6,908 | | |
| 3 | 39,769 | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |

Explanation

THE ATLANTIC FOUNDATION

Financial Statements and Schedules

December 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

THE ATLANTIC FOUNDATION
Financial Statements and Schedules
December 31, 2010 and 2009

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MATTHEWS & Co, LLP

Certified Public Accountants

270 Madison Avenue, 16th Floor
New York, NY 10016
Telephone (212) 293-5100
Fax (212) 293-5560

Independent Auditors' Report

To the Board of Trustees of
The Atlantic Foundation

We have audited the accompanying statements of financial position of The Atlantic Foundation (the "Foundation") as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets, and cash flows for the years 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Atlantic Foundation as of December 31, 2010 and 2009, and the changes in net assets and cash flows for the years then ended in conformity with auditing standards generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.

Matthews & Co. LLP

May 3, 2011

THE ATLANTIC FOUNDATION
Statements of Financial Position
December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|--|----------------------|----------------------|
| <u>Assets</u> | | |
| Cash (note 2) | \$ 9,689,548 | \$ 616,259 |
| Investments (note 3 & 4) | 33,702,214 | 37,936,640 |
| Receivables (note 5): | | |
| Notes and loans receivable, less allowance for uncollectible loans | 350,000 | 575,000 |
| Miscellaneous receivables | <u>93,328</u> | <u>159,054</u> |
| | 443,328 | 734,054 |
| Prepaid excise tax (note 8) | 20,000 | 64,088 |
| Other current assets | 18,941 | 8,481 |
| Property and equipment, less accumulated depreciation of \$5,823,650 and \$5,255,212 (note 6) | 17,387,119 | 17,774,160 |
| Bond issuance costs, net (note 7) | <u>515,913</u> | <u>544,577</u> |
| | <u>\$ 61,777,063</u> | <u>\$ 57,678,259</u> |
| <u>Liabilities and Net Assets</u> | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ <u>405,886</u> | \$ <u>378,792</u> |
| Total current liabilities | 405,886 | 378,792 |
| Long term loan payable (note 7) | 4,275,000 | 5,225,000 |
| Long term bond payable (note 7) | <u>21,545,000</u> | <u>21,545,000</u> |
| Total liabilities | <u>26,225,886</u> | <u>27,148,792</u> |
| Unrestricted net assets: | | |
| Operating | 18,164,058 | 12,755,307 |
| Net investment in property and equipment | <u>17,387,119</u> | <u>17,774,160</u> |
| Total net assets | <u>35,551,177</u> | <u>30,529,467</u> |
| | <u>\$ 61,777,063</u> | <u>\$ 57,678,259</u> |

See accompanying notes to financial statements.

THE ATLANTIC FOUNDATION
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|---|----------------------|----------------------|
| Revenues: | | |
| Net investment income: | | |
| Dividend and interest income | \$ 579,274 | \$ 735,584 |
| Net realized (loss) gain on investments | (1,215,477) | 486,075 |
| Unrealized gain on investments | 4,697,070 | 8,687,450 |
| Investment management fees | <u>(16,522)</u> | <u>(33,081)</u> |
| | 4,044,345 | 9,876,028 |
| Grants income | 5,100,000 | |
| Rental income | 101,350 | 98,054 |
| Miscellaneous income | <u>5,164</u> | <u>12,859</u> |
| Total revenues | <u>9,250,859</u> | <u>9,986,941</u> |
| Expenditures: | | |
| Gifts and grants made | 1,051,678 | 81,865 |
| Operating expenses: | | |
| Salaries and related costs | 763,924 | 706,671 |
| Interest expense | 81,774 | 85,113 |
| Auto expense | 1,475 | 3,952 |
| Bond issuance costs (note 7) | 177,845 | 181,002 |
| Consulting fees | 5,654 | 77,236 |
| Depreciation and amortization | 568,438 | 697,337 |
| Director's fees | 2,000 | 2,000 |
| Dues, subscriptions and education | 6,768 | 8,850 |
| Federal excise tax | 234 | 2,723 |
| Insurance | 67,594 | 65,102 |
| Meeting and travel expenses | 7,667 | 11,305 |
| Professional fees | 1,051,196 | 958,400 |
| Repairs and maintenance | 207,105 | 167,539 |
| Supplies and administrative expenses | 87,243 | 79,311 |
| Telephone | 16,410 | 24,220 |
| Utilities | <u>132,144</u> | <u>130,930</u> |
| Total expenditures | <u>4,229,149</u> | <u>3,283,556</u> |
| Change in net assets | 5,021,710 | 6,703,385 |
| Net assets at beginning of year | <u>30,529,467</u> | <u>23,826,082</u> |
| Net assets at end of year | <u>\$ 35,551,177</u> | <u>\$ 30,529,467</u> |

See accompanying notes to financial statements.

THE ATLANTIC FOUNDATION
Statements of Cash Flows
Years Ended December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|---|---------------------|-----------------------|
| Cash flows from operating activities: | | |
| Grants received | \$ 5,100,000 | \$ 178,963 |
| Investment income | 172,240 | 735,584 |
| Rental and miscellaneous income | 579,274 | (81,865) |
| Cash paid to grants | (1,051,678) | (711,183) |
| Cash paid to salaries and related cost | (747,318) | (1,813,557) |
| Cash paid to suppliers | <u>(1,788,851)</u> | <u>(1,692,058)</u> |
| Net cash provided by (used in) operating activities | <u>2,263,667</u> | <u>(1,692,058)</u> |
| Cash flows from investing activities: | | |
| Proceeds on sale of investments | 7,898,247 | 4,392,794 |
| Purchase of investments | (182,228) | (2,858,628) |
| Purchase of property and equipment | (181,397) | (9,061) |
| Repayment of loans made | <u>225,000</u> | <u>200,000</u> |
| Net cash provided by investing activities | <u>7,759,622</u> | <u>1,725,105</u> |
| Cash flows from financing activities: | | |
| Repayment of bond payable | <u>(950,000)</u> | <u>(905,000)</u> |
| Net cash (used in) provided by in financing activities | <u>(950,000)</u> | <u>(905,000)</u> |
| Increase (decrease) in cash | 9,073,289 | (871,953) |
| Cash at beginning of year | <u>616,259</u> | <u>1,488,212</u> |
| Cash at end of year | \$ <u>9,689,548</u> | \$ <u>616,259</u> |
| Change in net assets | \$ 5,021,710 | \$ 6,703,385 |
| Adjustments to reconcile changes in net assets to net cash used in operating activities: | | |
| Depreciation and amortization | 568,438 | 697,337 |
| Bond issuance costs | 28,664 | 28,664 |
| Net realized (loss) gain on investments | 1,215,477 | (486,075) |
| Unrealized gain on investments | (4,697,070) | (8,687,450) |
| (Increase) decrease in assets: | | |
| Miscellaneous receivables | 65,726 | 68,050 |
| Prepaid excise tax | 44,088 | (64,088) |
| Other current assets | (10,460) | (8,314) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | 27,094 | 64,569 |
| Accrued excise tax | <u>(8,136)</u> | <u>(8,136)</u> |
| Net cash provided by (used in) operating activities | \$ <u>2,263,667</u> | \$ <u>(1,692,058)</u> |

See accompanying notes to financial statements.

THE ATLANTIC FOUNDATION
Notes to Financial Statements
December 31, 2010 and 2009

1. Organization and Summary of Significant Accounting Policies

Organization

The Atlantic Foundation (the "Foundation") was incorporated under the laws of the State of New Jersey as a private foundation.

The Foundation was established for charitable, religious, scientific, literary or educational purposes either directly or by contributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivable, payable and other liabilities.

Estimates

The preparation of financial statements in conformity with United States Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Definition and Hierarchy

Fair value is defined as 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. The Foundation follows the provision for fair value measurements which establishes a fair value hierarchy that prioritizes and ranks the input in valuation techniques to measure fair value.

The fair value hierarchy used in measuring fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from source independent of the Foundation. Unobservable inputs reflect the Foundation's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy consists of:

- Level 1 - Quoted prices are available in active market for identical assets or liabilities as of the reporting date. The Foundation does not adjust the quoted price for these securities even in situations where the Foundation holds a large position and a sale could reasonably impact the quoted price.
- Level 2 - Observable market inputs, other than quoted prices within Level 1, for identical or similar assets or liabilities that are observable either directly or indirectly.

(Continued)

THE ATLANTIC FOUNDATION
Notes to Financial Statements

1. Continued

Fair Value Definition and Hierarchy, continued

Level 3 - Pricing inputs are unobservable and there is little, if any, market activity for the assets or liabilities. The inputs must be used to measure the fair value of an asset or liability when observable inputs are not available because there is little or no market activity for the asset or liability at the measurement date.

Investments

Investments consist principally of publicly traded debt and equity securities. Fair value of investments in securities is based on the last reported sales price at December 31, 2010.

Investment in a partnership is carried at estimated fair value as determined by the general partner after giving consideration to various financial data currently available.

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Reserve for uncollectible loans

Loans considered uncollectible are charged against the allowance account in the year they are deemed uncollectible.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method based on the assets estimated useful lives. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized.

Bond Issuance Costs

The bond issue was restructured in October 2008. Fees and expenses incurred directly in connection with the bond issue are deferred and amortized using the straight-line method over the term of the respective debt. Amortization expense amounted to \$28,664 for the years ended December 31, 2010 and 2009.

(Continued)

THE ATLANTIC FOUNDATION
Notes to Financial Statements

1. Continued

Net Asset Classifications

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted Net Assets, Temporarily Restricted Net Assets, and Permanently Restricted Net Assets. Net assets are defined as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired.

Temporarily Restricted net assets - subject to donor-imposed stipulations that may be fulfilled by actions of the Foundation to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted net assets - subject to donor-imposed stipulations that they be retained and invested permanently by the Foundation.

Changes in Financial Statement Presentation

Certain reclassifications have been made to the 2009 information for comparative purposes in order to conform to the 2010 presentation.

2. Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash accounts in a bank. At times, the balances in the account may be in excess of federally insured limits. At December 31, 2010, cash did not exceed federally insured limits. At December 31, 2009, cash exceeded federally insured limits by \$23,806.

3. Fair Value Measurements

The following fair value hierarchy table presents information about the Foundation's investments measured at fair value as of :

| | Quoted Prices in Active Market for Identical Assets Level 1 | Significant Unobservable Inputs Level 3 | Total |
|--------------------------|---|--|----------------------|
| <u>December 31, 2010</u> | | | |
| Fixed income - domestic | \$ 4,110,525 | \$ | \$ 4,110,525 |
| Equity - international | 6,437,095 | | 6,437,095 |
| Equity - domestic | 22,850,572 | | 22,850,572 |
| Private equity fund | | 304,022 | 304,022 |
| | <u>\$ 33,398,192</u> | <u>\$ 304,022</u> | <u>\$ 33,702,214</u> |

(Continued)

THE ATLANTIC FOUNDATION
Notes to Financial Statements

3. Continued

| | Quoted Prices in Active Market for Identical Assets Level 1 | Significant Unobservable Inputs Level 3 | Total |
|--------------------------|---|--|----------------------|
| <u>December 31, 2009</u> | | | |
| Fixed income - domestic | \$ 3,856,536 | \$ | \$ 3,856,536 |
| Equity - international | 7,562,278 | | 7,562,278 |
| Equity - domestic | 26,223,868 | | 26,223,868 |
| Private equity fund | | 303,958 | 303,958 |
| | <u>\$ 37,642,682</u> | <u>\$ 303,958</u> | <u>\$ 37,946,640</u> |

Fair value measurement using significant unobservable inputs, Level III to determine fair value for Private Equity Fund are as follows:

| | 2010 | 2009 |
|-----------------------------|-------------------|-------------------|
| Balance at January 1, | \$ 303,958 | \$ 349,339 |
| Investment loss, net | (16,339) | (32,713) |
| Realized (loss) gain, net | (147,028) | 22,512 |
| Unrealized gain (loss), net | 163,431 | (35,180) |
| Balance at December 31, | <u>\$ 304,022</u> | <u>\$ 303,958</u> |

4. Investments

Investments are stated at fair value and consist of the following:

| <u>December 31, 2010</u> | <u>Fair Value</u> | <u>Cost</u> |
|------------------------------|-----------------------|----------------------|
| Equity mutual funds | \$ 28,733,699 | \$ 28,601,548 |
| Bond mutual funds | 4,110,525 | 4,103,035 |
| Exchange trade funds | 553,968 | 408,347 |
| Private Equity Fund | 304,022 | 512,094 |
| | <u>\$ 33,702,214</u> | <u>\$ 33,625,024</u> |
| <u>December 31, 2009</u> | <u>Fair Value</u> | <u>Cost</u> |
| Equity mutual funds | \$ 32,635,922 | \$ 37,042,564 |
| Bond mutual funds | 3,856,536 | 3,957,154 |
| Stock | 1,150,224 | 881,343 |
| Private Equity Fund | 303,958 | 675,460 |
| | <u>\$ 37,946,640</u> | <u>\$ 42,556,521</u> |

(Continued)

THE ATLANTIC FOUNDATION
Notes to Financial Statements

5. Receivable

Notes and loans receivable consist principally of the following:

| | <u>2010</u> | <u>2009</u> |
|---|-------------------|-------------------|
| Related Parties: | | |
| The Sculpture Foundation, Inc. | | |
| 5% demand note. Interest charges for 2010 | | |
| and 2009 have been forgiven by the Foundation | \$ 1,700,000 | \$ 1,700,000 |
| Unrelated Parties: | | |
| Eyebeam Atelier | | |
| 3.5% promissory note unsecured. Interest charges | | |
| for 2010 and 2009 have been forgiven by the Foundation. | | |
| The note matures on August 1, 2013. | 550,000 | 550,000 |
| GFSL, Inc. at prime rate, secured | <u>350,000</u> | <u>575,000</u> |
| Total notes and loans receivable | 2,600,000 | 2,825,000 |
| Less allowance for uncollectible loans | <u>2,250,000</u> | <u>2,250,000</u> |
| | <u>\$ 350,000</u> | <u>\$ 575,000</u> |

Miscellaneous receivables consist of the following:

| | <u>2010</u> | <u>2009</u> |
|--------------------------------------|------------------|-------------------|
| Related Parties: | | |
| Digital Atelier | \$ | \$ 42,935 |
| The Sculpture Foundation, Inc | 78,604 | 9,267 |
| Johnson Art and Education Foundation | <u>11,880</u> | <u>97,508</u> |
| | 90,484 | 149,710 |
| Unrelated Party: | | |
| GFSL, Inc. | <u>2,844</u> | <u>9,344</u> |
| | <u>\$ 93,328</u> | <u>\$ 159,054</u> |

6. Property and Equipment

Property and equipment consists of the following:

| | <u>2010</u> | <u>2009</u> | <u>Estimated Useful Lives</u> |
|-------------------------------|----------------------|----------------------|-----------------------------------|
| Land and improvements | \$ 10,399,297 | \$ 10,399,296 | |
| Buildings and improvements | 10,830,152 | 10,830,152 | 20 years |
| Furniture and equipment | 1,874,230 | 1,799,924 | 3-10 years |
| Construction in progress | <u>107,090</u> | <u>23,029,372</u> | |
| | 23,210,769 | 23,029,372 | |
| Less accumulated depreciation | <u>(5,823,650)</u> | <u>(5,255,212)</u> | |
| | <u>\$ 17,387,119</u> | <u>\$ 17,774,160</u> | |

(Continued)

THE ATLANTIC FOUNDATION
Notes to Financial Statements

7. Long-Term Liabilities

The Foundation restructured its bond agreement (the "Restructured Agreement") with the Mercer County Improvement Authority (the "Authority") on October 2, 2008. Under the Restructured Agreement, the Authority issued a new Variable Rate Demand Obligations Series 2008 (the "Bonds") in the amount of \$21,545,000. The bonds are to be used in connection with specified purposes as described in the 1998 bond agreement. The variable rate bonds require monthly interest payments with an interest rate of 0.41% at December 31, 2010. The Foundation, may convert the bonds to a term rate or fixed rate instrument, after which, semi-annual interest payments will be required. In connection with the Restructured Agreement, the Authority also entered into a trust indenture with a bank to serve as trustee and tender agent. Interest is payable monthly to the trustee through 2028. The trust indenture is secured by a letter of credit and a liquidity facility issued by another bank in the face amount of the Bonds plus any unpaid interest. The liquidity facility contains restrictive covenants including a liquidity ratio. The Foundation pays fees for the liquidity facility and remarketing services related to the Bonds. The Revenue Refunding Bonds mature on September 1, 2028.

On October 2, 2008, Bank of America issued a commercial loan to the Foundation, which matures on November 1, 2014. At December 31, 2010, the loan balance is \$4,275,000. The commercial loan requires monthly interest payments with an interest rate of 0.61% at December 31, 2010. Interest is payable monthly to the trustee through 2014.

See footnote 1 (i) for related bond issuance cost disclosure.

8. Federal Excise Tax

The Atlantic Foundation is a private foundation and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. An excise tax of 2% of net investment income is imposed however. The Foundation must meet certain requirements to be subject to a Federal excise tax of 1% of net investment income which is determined on the accrual basis of accounting.

The following tabulation reflects such tax due for the years ended December 31, 2010 and 2009:

| | 2010 | 2009 |
|--|---------------------|-------------------|
| Total investment income - cash basis | \$ 682,906 | \$ 1,332,571 |
| Less allocation of expenses for preservation of assets and collection of income | <u>981,669</u> | <u>1,019,797</u> |
| Net investment income subject to Federal excise tax | <u>\$ (298,763)</u> | <u>\$ 312,774</u> |
| Federal excise tax | \$ | \$ 3,128 |
| Prior year (over) under accrual of tax | <u>234</u> | <u>(405)</u> |
| | <u>\$ 234</u> | <u>\$ 2,723</u> |

(Continued)

THE ATLANTIC FOUNDATION
Notes to Financial Statements

8. Continued

The Foundation is required by the Internal Revenue Code to distribute 5% of the average fair market value of its investment assets during the year or be subject to a tax of 15% of undistributed income. The distribution must be made by the end of the subsequent year.

The distribution requirements for 2010 and 2009, including excess distributions made, are as follows:

| | <u>2010</u> | <u>2009</u> |
|-------------------------------------|---------------------|---------------------|
| Qualifying distributions | \$ 2,989,713 | \$ 1,923,061 |
| Distribution requirements | <u>1,712,609</u> | <u>1,486,163</u> |
| | 1,277,104 | 436,898 |
| Excess distributions of prior years | 2,513,178 | 2,076,280 |
| Unapplied distribution carryover | <u>(367,021)</u> | <u> </u> |
| Excess distributions | <u>\$ 3,423,261</u> | <u>\$ 2,513,178</u> |

9. Subsequent Events

The Foundation is retiring a portion of the Mercer County Improvement Authority bond. In March 2011, the Foundation re-paid \$3,600,000 of the bond.

Management has evaluated and noted no subsequent events, except noted above, through May 3, 2011 the date which the financial statements were available for issue.

THE ATLANTIC FOUNDATION
Investments
December 31, 2010

| Description | Number of Shares Units or Par Value | Carrying Value | Fair Market Value |
|--|--|----------------------|----------------------|
| Equity mutual funds: | | | |
| Vanguard 500 Index Fund Admiral Shares | 6,509 | \$ 511,134 | \$ 622,780 |
| Vanguard Explorer Fund Admiral Shares | 4,884 | 311,552 | 331,351 |
| Vanguard International Growth Fund Admiral Shares | 48,094 | 3,212,371 | 2,958,724 |
| Vanguard International Value Fund | 108,158 | 4,001,150 | 3,478,371 |
| Vanguard Mid-Cap Index Fund Admiral Shares | 54,833 | 1,299,350 | 1,595,080 |
| Vanguard PrimeCap Fund Admiral Shares | 6,075,300 | 11,201,774 | 12,526,424 |
| Vanguard Small-Cap Index Fund Admiral Shares | 58,558 | 1,266,704 | 1,834,615 |
| Vanguard Windsor II Fund Admiral Shares | 118,170 | <u>6,797,513</u> | <u>5,386,354</u> |
| Total equity mutual funds | | <u>28,601,548</u> | <u>28,733,699</u> |
| Bond mutual funds: | | | |
| Vanguard Long-Term Investment Shares | 166,110 | 1,601,249 | 1,551,465 |
| Vanguard Short-Term Investment Shares | 2,152,327 | <u>2,501,786</u> | <u>2,559,060</u> |
| Total bond mutual funds | | <u>4,103,035</u> | <u>4,110,525</u> |
| Others: | | | |
| Zone Venture Fund II, L.P. | | 512,094 | 304,022 |
| Exchange Trade Funds | 26,200 | <u>408,347</u> | <u>553,968</u> |
| Total others | | <u>920,441</u> | <u>857,990</u> |
| Total investments | | <u>\$ 33,625,024</u> | <u>\$ 33,702,214</u> |

See accompanying auditors' report.

THE ATLANTIC FOUNDATION
Net Realized Loss on Investments
Year Ended December 31, 2010

| Description | Number of Shares Units or Par Value | Proceeds | Carrying Cost | Gain (Loss) |
|---------------------------------------|--|---------------------|---------------------|-----------------------|
| Equities: | | | | |
| Vanguard Explorer Fund | | | | |
| Admiral Shares | 1,363 | \$ 75,000 | \$ 86,910 | \$ (11,910) |
| Vanguard Small-Cap Index Fund | | | | |
| Admiral Shares | 16,422 | 425,000 | 355,207 | 69,793 |
| Vanguard International Growth Fund | | | | |
| Admiral Shares | 13,288 | 700,000 | 887,490 | (187,490) |
| Vanguard International Value Fund | 30,529 | 900,000 | 1,129,579 | (229,579) |
| Vanguard Mid-Cap Index Fund | | | | |
| Admiral Shares | 16,454 | 400,000 | 389,963 | 10,037 |
| Vanguard PRIMECAP Fund | | | | |
| Admiral Shares | 48,567 | 3,000,000 | 3,503,157 | (503,157) |
| Vanguard 500 Index Fund | | | | |
| Admiral Shares | 1,757 | 150,000 | 138,014 | 11,986 |
| Vanguard Windsor II Fund | | | | |
| Admiral Shares | 33,913 | 1,400,000 | 1,950,696 | (550,696) |
| Capital gain distributions: | | | | |
| Vanguard PRIMECAP Fund | | | | |
| Admiral Shares | | <u>127,704</u> | <u> </u> | <u>127,704</u> |
| Net realized loss on equities | | <u>7,177,704</u> | <u>8,441,016</u> | <u>(1,263,312)</u> |
| Capital gain distribution: | | | | |
| Vanguard Short - Term Admiral Shares | | <u>1,421</u> | <u> </u> | <u>1,421</u> |
| Net realized gain on bond mutual fund | | <u>1,421</u> | <u> </u> | <u>1,421</u> |
| Others: | | | | |
| Zone Venture Fund II, L.P. | | | 147,030 | (147,030) |
| Dryships Inc | 10,815 | 63,043 | 50,121 | 12,922 |
| Semiconductors Holders Trust | 15,200 | 429,703 | 299,435 | 130,268 |
| Xinhua HK China | 9,000 | 355,502 | 309,989 | 45,513 |
| Recovery stocks | | <u>4,741</u> | <u> </u> | <u>4,741</u> |
| Net realized loss on investments | | <u>\$ 8,032,114</u> | <u>\$ 9,247,591</u> | <u>\$ (1,215,477)</u> |

See accompanying auditors' report.

THE ATLANTIC FOUNDATION
Change in Net Unrealized Gain on Investments
Years Ended December 31, 2010 and 2009

| Description | Unrealized Gain (Loss) | |
|---|------------------------|---------------------|
| | 2010 | 2009 |
| Equity mutual funds: | | |
| Vanguard Mid-Cap Admiral Fund | \$ 295,730 | \$ |
| Vanguard S&P 500 Index Fund Signal Shares | | 51,930 |
| Vanguard 500 Index Fund Admiral Shares | 111,646 | |
| Vanguard Explorer Fund Admiral Shares | 19,799 | (65,499) |
| Vanguard International Growth Fund Admiral Shares | (253,647) | (782,807) |
| Vanguard International Value Fund | (522,780) | (885,506) |
| Vanguard Mid-Cap Index Fund Signal Shares | | (19,065) |
| Vanguard PrimeCap Fund Admiral Shares | 1,324,649 | (396,677) |
| Vanguard Small-Cap Index Fund Admiral Shares | 567,910 | |
| Vanguard Small-Cap Index Fund Signal Fund | | 236,836 |
| Vanguard Windsor II Fund Admiral Shares | (1,411,159) | (2,555,856) |
| Bond mutual funds: | | |
| Vanguard Long-Term Admiral Shares | (49,785) | (116,437) |
| Vanguard Short-Term Admiral Shares | 57,274 | 15,818 |
| Others: | | |
| Zone Venture Fund II, L.P. | (208,072) | (371,502) |
| Exchange Trade Funds | 145,622 | |
| Stocks | | <u>268,882</u> |
| Net unrealized gain (loss) on investments at end of year | 77,187 | (4,619,883) |
| Net unrealized (loss) on investments at beginning of year | <u>(4,619,883)</u> | <u>(13,307,332)</u> |
| Changes in net unrealized gain on investments | <u>\$ 4,697,070</u> | <u>\$ 8,687,449</u> |

See accompanying auditors' report.

THE ATLANTIC FOUNDATION
Gifts and Grants Made
Years Ended December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|-----------------------------------|---------------------|------------------|
| The Willow School | \$ 25,000 | \$ 25,000 |
| Grounds For Sculpture | | 11,865 |
| The Nation Institute | 15,000 | 15,000 |
| Kharme Choling | | 30,000 |
| Sculpture Foundation | 1,000,000 | |
| Council of New Jersey Grantmakers | 500 | |
| The Pacific Foundation | <u>11,178</u> | <u></u> |
| Total gifts and grants made | \$ <u>1,051,678</u> | \$ <u>81,865</u> |

See accompanying auditors' report.

THE ATLANTIC FOUNDATION
Fixed Assets
Years Ended December 31, 2010 and 2009

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Carrying Value</u> |
|---|----------------------|-------------------------------------|-----------------------------------|
| December 31, 2010: | | | |
| 14 Fairgrounds Road | \$ 10,830,153 | \$ 3,366,636 | \$ 7,463,517 |
| Furniture and Fixtures | 266,739 | 261,926 | 4,813 |
| Software and Hardware | 148,156 | 81,251 | 66,905 |
| Vehicles | 39,001 | 39,001 | |
| Furniture and Fixtures - 540 West 21st Street | 59,758 | 59,758 | |
| 540 West 21st Street | 7,806,387 | 328,916 | 7,477,471 |
| 60 Sculptors' Way | 2,700,000 | 325,587 | 2,374,413 |
| Equipment - Johnson Atelier | <u>1,360,575</u> | <u>1,360,575</u> | |
| | <u>\$ 23,210,769</u> | <u>\$ 5,823,650</u> | <u>\$ 17,387,119</u> |

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Carrying Value</u> |
|---|----------------------|-------------------------------------|-----------------------------------|
| December 31, 2009 | | | |
| 14 Fairgrounds Road | \$ 10,830,152 | \$ 3,068,277 | \$ 7,761,875 |
| Furniture and Fixtures | 266,739 | 259,233 | 7,506 |
| Software and Hardware | 73,851 | 63,554 | 10,297 |
| Vehicles | 39,001 | 39,001 | |
| Furniture and Fixtures - 540 West 21st Street | 59,758 | 59,758 | |
| 540 West 21st Street | 7,699,296 | 274,482 | 7,424,814 |
| 60 Sculptors' Way | 2,700,000 | 266,390 | 2,433,610 |
| Equipment - Johnson Atelier | <u>1,360,575</u> | <u>1,224,517</u> | <u>136,058</u> |
| | <u>\$ 23,029,372</u> | <u>\$ 5,255,212</u> | <u>\$ 17,774,160</u> |

See accompanying auditors' report.

FORM 990-PF 2010
THE ATLANTIC FOUNDATION- INVESTMENT
EIN 22-6054882

Part II, Line 11 Investments-land, buildings and equipment basis

| Description of Property | Date Acquired | Cost or Other Basis | Prior years' Depreciation | Depreciat Method | Years or % | Depreciation Expense | Accumulated Depreciation | Book Value | FMV |
|---------------------------------------|---------------|---------------------|---------------------------|------------------|------------|----------------------|--------------------------|------------------|------------------|
| Building -14 Fairgrounds Road | | | | | | | | | |
| ENGINEERING/CONSULTING | 6/30/1994 | 6,797 | 1,784 | SL | 40 | 170 | 1,954 | 4,843 | 4,843 |
| LANDSCAPING/IRRIGATION | 6/30/1994 | 12,273 | 4,296 | SL | 30 | 409 | 4,705 | 7,568 | 7,568 |
| LANDSCAPING/IRRIGATION | 6/30/1995 | 26,472 | 9,267 | SL | 30 | 883 | 10,150 | 16,322 | 16,322 |
| ENGINEERING/CONSULTING | 6/30/1995 | 132,291 | 34,728 | SL | 40 | 3,308 | 38,036 | 94,255 | 94,255 |
| Recy Wall | 6/30/1995 | 13,269 | 4,646 | SL | 40 | 443 | 5,089 | 8,180 | 8,180 |
| Lanning engineering | 6/30/1996 | 568 | 148 | SL | 40 | 14 | 162 | 406 | 406 |
| ARCHITECT, PERMITS, DRAWINGS/PLANS | 6/30/1996 | 56,317 | 14,784 | SL | 40 | 1,408 | 16,192 | 40,125 | 40,125 |
| PERMITS | 6/30/1997 | 2,851 | 751 | SL | 40 | 72 | 823 | 2,028 | 2,028 |
| CONSTRUCTION | 6/30/1997 | 328,401 | 86,205 | SL | 40 | 8,210 | 94,415 | 233,986 | 233,986 |
| DRAWINGS | 6/30/1997 | 2,756 | 724 | SL | 40 | 69 | 793 | 1,963 | 1,963 |
| PRE-CONSTRUCTION SERVICES - EA REEVES | 6/30/1997 | 7,246 | 1,901 | SL | 40 | 181 | 2,082 | 5,164 | 5,164 |
| CONSTRUCTION | 6/30/1998 | 2,043,569 | 536,435 | SL | 40 | 51,089 | 587,524 | 1,456,045 | 1,456,045 |
| ARCHITECT | 6/30/1998 | 51,329 | 13,472 | SL | 40 | 1,283 | 14,755 | 36,574 | 36,574 |
| painting of AF offices | 6/30/1998 | 796 | 280 | SL | 30 | 27 | 307 | 489 | 489 |
| landscaping/improvements | 6/30/1999 | 67,971 | 35,685 | SL | 20 | 3,399 | 39,084 | 28,887 | 28,887 |
| CONSTRUCTION | 6/30/1999 | 1,838,962 | 482,727 | SL | 40 | 45,974 | 528,701 | 1,310,261 | 1,310,261 |
| landscaping/improvements | 6/30/2000 | 16,573 | 7,872 | SL | 20 | 829 | 8,701 | 7,872 | 7,872 |
| Pavillion | 6/30/2000 | 440,576 | 209,275 | SL | 20 | 22,029 | 231,304 | 209,272 | 209,272 |
| CONSTRUCTION | 6/30/2000 | 366,057 | 89,167 | SL | 39 | 9,386 | 98,553 | 267,504 | 267,504 |
| | | 5,415,074 | 1,534,147 | | | 149,183 | 1,683,330 | 3,731,744 | 3,731,744 |

Furniture & Fixtures

| | | | | | | | | | |
|---------------------------------------|------------|-------|-------|----|---|---|-------|---|---|
| receptionists desk | 12/29/1998 | 1,251 | 1,251 | SL | 7 | - | 1,251 | - | - |
| wood blinds | 3/31/1999 | 4,070 | 4,070 | SL | 7 | - | 4,070 | - | - |
| multi-trainer equipment | 3/31/1999 | 1,751 | 1,751 | SL | 7 | - | 1,751 | - | - |
| reception desk | 3/31/1999 | 7,259 | 7,259 | SL | 7 | - | 7,259 | - | - |
| copier | 4/15/1999 | 4,044 | 4,044 | SL | 7 | - | 4,044 | - | - |
| 4 Olive Urns and 4 Sconces | 4/21/1999 | 3,801 | 3,801 | SL | 7 | - | 3,801 | - | - |
| file cabinets | 4/30/1999 | 925 | 925 | SL | 7 | - | 925 | - | - |
| Oriental rug and pillows | 6/5/1999 | 3,957 | 3,957 | SL | 7 | - | 3,957 | - | - |
| misc. office furnishings | 6/30/1999 | 2,585 | 2,585 | SL | 7 | - | 2,585 | - | - |
| reupholster chairs/couches | 6/30/1999 | 2,554 | 2,554 | SL | 7 | - | 2,554 | - | - |
| cell phones | 8/3/1999 | 428 | 428 | SL | 7 | - | 428 | - | - |
| 3 defibrillators | 10/14/1999 | 4,801 | 4,801 | SL | 7 | - | 4,801 | - | - |
| lighting | 3/17/2000 | 1,377 | 1,377 | SL | 7 | - | 1,377 | - | - |
| furniture - Atlantic Foundation lobby | 3/28/2000 | 7,380 | 7,380 | SL | 7 | - | 7,380 | - | - |
| chandelier - studio | 4/19/2000 | 823 | 823 | SL | 7 | - | 823 | - | - |
| Articulated Desk circa 1820-30 | 5/31/2000 | 9,000 | 9,000 | SL | 7 | - | 9,000 | - | - |

FORM 990-PF 2010
THE ATLANTIC FOUNDATION- INVESTMENT
EIN 22-6054882

Part II, Line 11 Investments-land, buildings and equipment basis

| Description of Property | Date Acquired | Cost or Other Basis | Prior Years' Depreciation | Depreciat Method | Years or % | Depreciation Expense | Accumulated Depreciation | Book Value | FMV |
|----------------------------|---------------|---------------------|---------------------------|------------------|------------|----------------------|--------------------------|--------------|--------------|
| feeder for copier | 6/30/2000 | 538 | 538 SL | | 7 | - | 538 | - | - |
| sofa and chairs | 7/5/2000 | 1,050 | 1,050 SL | | 7 | - | 1,050 | - | - |
| Piano - JSJ Studio | 7/6/2000 | 2,500 | 2,500 SL | | 7 | - | 2,500 | - | - |
| security cameras | 7/10/2000 | 698 | 698 SL | | 7 | - | 698 | - | - |
| gym equipment - weights | 8/14/2000 | 553 | 553 SL | | 7 | - | 553 | - | - |
| file cabinets | 9/8/2000 | 310 | 310 SL | | 7 | - | 310 | - | - |
| Oriental Rugs | 12/7/2000 | 15,000 | 15,000 SL | | 7 | - | 15,000 | - | - |
| lobby furnishings | 12/18/2000 | 4,666 | 4,666 SL | | 7 | - | 4,666 | - | - |
| Attic Shelving | 1/26/2001 | 395 | 395 SL | | 7 | - | 395 | - | - |
| AF reception furniture | 4/10/2001 | 223 | 223 SL | | 7 | - | 223 | - | - |
| bathroom rugs | 5/1/2001 | 3,400 | 3,400 SL | | 7 | - | 3,400 | - | - |
| Aquarium | 5/18/2001 | 24,584 | 24,584 SL | | 7 | - | 24,584 | - | - |
| AF reception area | 6/30/2001 | 2,404 | 2,404 SL | | 7 | - | 2,404 | - | - |
| 32" TV for conference room | 10/11/2001 | 402 | 402 SL | | 7 | - | 402 | - | - |
| AF Bathrooms | 11/14/2001 | 4,901 | 4,901 SL | | 7 | - | 4,901 | - | - |
| Canon Copier | 12/20/2001 | 4,750 | 4,751 SL | | 7 | - | 4,751 | (1) | (1) |
| fitness equipment | 3/7/2002 | 959 | 959 SL | | 7 | - | 959 | - | - |
| Office Furniture | 11/25/2002 | 1,649 | 1,649 SL | | 7 | - | 1,649 | - | - |
| Table | 8/30/2006 | 5,000 | 2,502 SL | | 7 | 715 | 3,217 | 1,783 | 1,783 |
| File Cabinets | 5/29/2007 | 520 | 260 SL | | 7 | 104 | 364 | 156 | 156 |
| File Cabinets | 7/27/2007 | 600 | 300 SL | | 7 | 120 | 420 | 180 | 180 |
| Canmera & Printer | 10/15/2007 | 1,335 | 1,113 SL | | 7 | 223 | 1,335 | (0) | (0) |
| File Cabinets | 10/15/2007 | 435 | 218 SL | | 7 | 87 | 305 | 130 | 130 |
| Fax Machine | 12/18/2007 | 495 | 248 SL | | 7 | 99 | 347 | 148 | 148 |
| | | 133,373 | 129,628 | | | 1,348 | 130,976 | 2,397 | 2,397 |

Software & Hardware

| | | | | | | | | | |
|----------------------------------|------------|-------|----------|--|---|---|-------|---|---|
| Microsoft Exchange | 1/3/2002 | 320 | 320 SL | | 3 | | 320 | - | - |
| Carmie's PC | 1/27/2002 | 830 | 830 SL | | 3 | | 830 | - | - |
| 3com switch | 4/15/2002 | 354 | 354 SL | | 3 | | 354 | - | - |
| Norton Antivirus - Corporate | 5/21/2002 | 604 | 604 SL | | 3 | | 604 | - | - |
| Lois & Janet's PC's | 7/24/2002 | 1,630 | 1,630 SL | | 3 | | 1,630 | - | - |
| LRH PC | 7/25/2002 | 809 | 809 SL | | 3 | | 809 | - | - |
| ARC Serve Backup software | 9/6/2002 | 278 | 278 SL | | 3 | | 278 | - | - |
| Cisco Router- Wireless System | 10/15/2002 | 4,374 | 4,374 SL | | 3 | | 4,374 | - | - |
| Flat Screen Monitor-HR | 10/23/2002 | 175 | 175 SL | | 3 | | 175 | - | - |
| HP Printer | 11/25/2002 | 424 | 424 SL | | 3 | - | 424 | - | - |
| PC for HR from NJBS | 3/19/2003 | 375 | 375 SL | | 3 | - | 375 | - | - |
| Quickbooks 2003 | 4/29/2003 | 360 | 360 SL | | 3 | - | 360 | - | - |
| Dell Server and related software | 7/15/2003 | 2,875 | 2,875 SL | | 3 | - | 2,875 | - | - |
| Toshiba Notebook PC | 4/9/2004 | 1,262 | 1,262 SL | | 3 | - | 1,262 | - | - |

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EIN 22-6054882

Part II, Line 11 Investments-land, buildings and equipment basis

| Description of Property | Date Acquired | Cost or Other Basis | Prior Years' Depreciation | Depreciation Method | Years or % | Depreciation Expense | Accumulated Depreciation | Book Value | FMV |
|------------------------------------|---------------|---------------------|---------------------------|---------------------|------------|----------------------|--------------------------|---------------|---------------|
| Network equipment | 5/10/2004 | 581 | 581 | SL | 3 | - | 581 | - | - |
| Dell Inspiron | 5/27/2004 | 1,380 | 1,380 | SL | 3 | - | 1,380 | - | - |
| Brightstor backup | 5/28/2004 | 944 | 944 | SL | 3 | - | 944 | - | - |
| Norton Antivirus | 6/1/2004 | 251 | 251 | SL | 3 | - | 251 | - | - |
| Fujitsu Notebook | 12/22/2004 | 1,132 | 1,132 | SL | 3 | - | 1,132 | - | - |
| HP PC File room | 1/21/2005 | 390 | 390 | SL | 3 | - | 390 | - | - |
| Dell Notebook | 5/4/2005 | 1,008 | 1,008 | SL | 3 | - | 1,008 | - | - |
| Dell Server and related software | 4/19/2005 | 2,921 | 2,920 | SL | 3 | - | 2,920 | 1 | 1 |
| Backup Drive | 3/15/2006 | 1,274 | 1,274 | SL | 3 | - | 1,274 | 0 | 0 |
| Dell Laptop | 5/16/2006 | 887 | 887 | SL | 3 | - | 887 | (0) | (0) |
| Notebooks | 6/5/2007 | 934 | 780 | SL | 3 | 156 | 936 | (1) | (1) |
| Notebooks | 6/5/2007 | 1,220 | 1,018 | SL | 3 | 204 | 1,221 | (1) | (1) |
| PC for HR from NJBS | 7/11/2007 | 215 | 178 | SL | 3 | 36 | 214 | 2 | 2 |
| HP Color Printers | 9/14/2007 | 391 | 325 | SL | 3 | 65 | 390 | 1 | 1 |
| Printer | 9/27/2007 | 537 | 448 | SL | 3 | 90 | 537 | (1) | (1) |
| Epson 4880 | 11/10/2007 | 463 | 385 | SL | 3 | 77 | 462 | 1 | 1 |
| Desktop Computer & Monitor | 12/31/2007 | 541 | 452 | SL | 3 | 91 | 543 | (1) | (1) |
| Server | 1/28/2008 | 647 | 324 | SL | 3 | 216 | 540 | 107 | 107 |
| External Hard Drive | 3/11/2008 | 98 | 48 | SL | 3 | 32 | 80 | 18 | 18 |
| Dell Service Contract | 5/6/2008 | 660 | 660 | SL | 1 | - | 660 | (0) | (0) |
| Anti Virus Contract | 5/19/2008 | 318 | 318 | SL | 1 | - | 318 | (0) | (0) |
| Memory Upgrade | 8/11/2008 | 61 | 30 | SL | 3 | 20 | 50 | 11 | 11 |
| Windows Server- Terminal Services | 8/31/2008 | 407 | 204 | SL | 3 | 136 | 340 | 67 | 67 |
| Wireless Adapter | 8/31/2008 | 80 | 39 | SL | 3 | 26 | 65 | 15 | 15 |
| Compaq Computer | 9/4/2009 | 783 | 131 | SL | 3 | 262 | 393 | 390 | 390 |
| Server Rack | 12/31/2009 | 3,748 | 625 | SL | 3 | 1,250 | 1,875 | 1,873 | 1,873 |
| Server Rack & Workstation Upgrades | 2/28/2010 | 14,671 | | SL | 3 | 2,445 | 2,445 | 12,225 | 12,225 |
| Network Upgrade | 3/31/2010 | 8,515 | | SL | 3 | 1,419 | 1,419 | 7,096 | 7,096 |
| Firewall Package, Dell Optiplex | 4/30/2010 | 3,097 | | SL | 3 | 516 | 516 | 2,580 | 2,580 |
| SSL Certificate and Battery | 5/19/2010 | 583 | | SL | 3 | 97 | 97 | 485 | 485 |
| ATF | 7/20/2010 | 3,002 | | SL | 3 | 500 | 500 | 2,502 | 2,502 |
| Cisco | 7/28/2010 | 3,636 | | SL | 3 | 606 | 606 | 3,030 | 3,030 |
| Engineering | 7/31/2010 | 1,313 | | SL | 3 | 219 | 219 | 1,094 | 1,094 |
| Engineering | 8/31/2010 | 553 | | SL | 3 | 92 | 92 | 460 | 460 |
| ProSupport | 10/6/2010 | 1,111 | | SL | 3 | 185 | 185 | 926 | 926 |
| Dell Optiplex | 10/31/2010 | 375 | | SL | 3 | 63 | 63 | 313 | 313 |
| Quickbooks Pro 2011 | 12/31/2010 | 300 | | SL | 3 | 50 | 50 | 250 | 250 |
| | | 73,694 | 31,401 | | | 8,851 | 40,252 | 33,443 | 33,443 |
| Lexus | 4/1/2004 | 19,501 | 19,500 | SL | 5 | - | 19,500 | 1 | 1 |

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EIN 22-6054882

Part II, Line 11 Investments-land, buildings and equipment basis

| Description of Property | Date Acquired | Cost or Other Basis | Prior years' Depreciation | Depreciat Method | Years or % | Depreciation Expense | Accumulated Depreciation | Book Value | FMV |
|----------------------------|------------------|------------------------|------------------------------|---------------------|---------------|-------------------------|-----------------------------|------------------|------------------|
| 60 Sculptors' Way | | | | | | | | | |
| Land | 1/1/2005 | 166,050 | | | | - | - | 166,050 | 166,050 |
| Building | 1/1/2005 | 1,183,950 | 133,196 | SL | 40 | 29,599 | 162,795 | 1,021,155 | 1,021,155 |
| Equipment | 1/1/2005 | 680,287 | 612,258 | SL | 5 | 68,029 | 680,287 | 1 | 1 |
| | | 2,030,287 | 745,454 | | | 97,628 | 843,082 | 1,187,206 | 1,187,206 |
| Totals | | 7,671,929 | 2,460,130 | | | 256,996 | 2,717,095 | 4,954,834 | 4,954,834 |

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THE ATLANTIC FOUNDATION- EXEMPT
EIN 22-6054882

990, Line 14 Part II - Land Buildings and Equipment

| Description of Property | Date Acquired | Cost or Other Basis | Deprec. Method | Years or % | Depreciation Expense | Accumulated Depreciation | Book Value | FMV |
|---------------------------------------|---------------|---------------------|----------------|------------|----------------------|--------------------------|------------------|------------------|
| Building -14 Fairgrounds Road | | | | | | | | |
| ENGINEERING/CONSULTING | 6/30/1994 | 6,796 | SL | 40 | 170 | 1,954 | 4,842 | 4,842 |
| LANDSCAPING/IRRIGATION | 6/30/1994 | 12,274 | SL | 30 | 409 | 4,705 | 7,569 | 7,569 |
| LANDSCAPING/IRRIGATION | 6/30/1995 | 26,472 | SL | 30 | 883 | 10,151 | 16,321 | 16,321 |
| ENGINEERING/CONSULTING | 6/30/1995 | 132,291 | SL | 40 | 3,308 | 38,038 | 94,253 | 94,253 |
| Recy Wall | 6/30/1995 | 13,270 | SL | 40 | 443 | 5,091 | 8,179 | 8,179 |
| Lanning engineering | 6/30/1996 | 568 | SL | 40 | 14 | 162 | 406 | 406 |
| ARCHITECT, PERMITS, DRAWINGS/PLANS | 6/30/1996 | 56,317 | SL | 40 | 1,408 | 16,192 | 40,125 | 40,125 |
| PERMITS | 6/30/1997 | 2,851 | SL | 40 | 72 | 825 | 2,026 | 2,026 |
| CONSTRUCTION | 6/30/1997 | 328,401 | SL | 40 | 8,210 | 94,415 | 233,986 | 233,986 |
| DRAWINGS | 6/30/1997 | 2,757 | SL | 40 | 69 | 793 | 1,964 | 1,964 |
| PRE-CONSTRUCTION SERVICES - EA REEVES | 6/30/1997 | 7,246 | SL | 40 | 181 | 2,082 | 5,164 | 5,164 |
| CONSTRUCTION | 6/30/1998 | 2,043,569 | SL | 40 | 51,089 | 587,525 | 1,456,044 | 1,456,044 |
| ARCHITECT | 6/30/1998 | 51,330 | SL | 40 | 1,283 | 14,756 | 36,574 | 36,574 |
| painting of AF offices | 6/30/1998 | 796 | SL | 30 | 27 | 308 | 488 | 488 |
| landscaping/improvements | 6/30/1999 | 67,971 | SL | 20 | 3,399 | 39,086 | 28,885 | 28,885 |
| CONSTRUCTION | 6/30/1999 | 1,838,962 | SL | 40 | 45,974 | 528,701 | 1,310,261 | 1,310,261 |
| landscaping/improvements | 6/30/2000 | 16,573 | SL | 20 | 829 | 8,703 | 7,870 | 7,870 |
| Pavillion | 6/30/2000 | 440,576 | SL | 20 | 22,029 | 231,304 | 209,272 | 209,272 |
| CONSTRUCTION | 6/30/2000 | 366,057 | SL | 39 | 9,386 | 98,554 | 267,503 | 267,503 |
| | | 5,415,077 | | | 149,183 | 1,683,345 | 3,731,732 | 3,731,732 |

Furniture & Fixtures

| | | | | | | | | |
|---------------------------------------|------------|-------|----|---|-----|-------|---|---|
| retired assets | | | | | | | | |
| receptionists desk | 12/29/1998 | 1,245 | SL | 7 | (4) | 1,245 | - | - |
| wood blinds | 3/31/1999 | 4,069 | SL | 7 | - | 4,067 | 2 | 2 |
| multi-trainer equipment | 3/31/1999 | 1,750 | SL | 7 | - | 1,750 | - | - |
| reception desk | 3/31/1999 | 7,258 | SL | 7 | - | 7,258 | - | - |
| copier | 4/15/1999 | 4,043 | SL | 7 | - | 4,042 | 1 | 1 |
| 4 Olive Urns and 4 Sconces | 4/21/1999 | 3,800 | SL | 7 | - | 3,800 | - | - |
| file cabinets | 4/30/1999 | 925 | SL | 7 | - | 924 | 1 | 1 |
| Oriental rug and pillows | 6/5/1999 | 3,957 | SL | 7 | - | 3,957 | - | - |
| misc. office furnishings | 6/30/1999 | 2,585 | SL | 7 | - | 2,585 | - | - |
| reupholster chairs/couches | 6/30/1999 | 2,554 | SL | 7 | - | 2,554 | - | - |
| cell phones | 8/3/1999 | 428 | SL | 7 | - | 428 | - | - |
| 3 defibrillators | 10/14/1999 | 4,801 | SL | 7 | - | 4,801 | - | - |
| lighting | 3/17/2000 | 1,377 | SL | 7 | - | 1,377 | - | - |
| furniture - Atlantic Foundation lobby | 3/28/2000 | 7,380 | SL | 7 | - | 7,380 | - | - |

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EIN 22-6054882

990, Line 14 Part II - Land Buildings and Equipment

| Description of Property | Date Acquired | Cost or Other Basis | Prior years' Depreciation | Deprec. Method | Years or % | Depreciation Expense | Accumulated Depreciation | Book Value | FMV |
|--------------------------------|---------------|---------------------|---------------------------|----------------|------------|----------------------|--------------------------|--------------|--------------|
| chandelier - studio | 4/19/2000 | 823 | 823 SL | SL | 7 | - | 823 | - | - |
| Articulated Desk circa 1820-30 | 5/31/2000 | 9,000 | 9,000 SL | SL | 7 | - | 9,000 | - | - |
| feeder for copier | 6/30/2000 | 538 | 538 SL | SL | 7 | - | 538 | - | - |
| sofa and chairs | 7/5/2000 | 1,050 | 1,050 SL | SL | 7 | - | 1,050 | - | - |
| Piano - JSJ Studio | 7/6/2000 | 2,500 | 2,500 SL | SL | 7 | - | 2,500 | - | - |
| security cameras | 7/10/2000 | 698 | 698 SL | SL | 7 | - | 698 | - | - |
| gym equipment - weights | 8/14/2000 | 553 | 553 SL | SL | 7 | - | 553 | - | - |
| file cabinets | 9/8/2000 | 310 | 310 SL | SL | 7 | - | 310 | - | - |
| Oriental Rugs | 12/7/2000 | 15,000 | 15,000 SL | SL | 7 | - | 15,000 | - | - |
| lobby furnishings | 12/18/2000 | 4,666 | 4,666 SL | SL | 7 | - | 4,666 | - | - |
| Attic Shelving | 1/26/2001 | 395 | 395 SL | SL | 7 | - | 395 | - | - |
| AF reception furniture | 4/10/2001 | 223 | 223 SL | SL | 7 | - | 223 | - | - |
| bathroom rugs | 5/1/2001 | 3,400 | 3,400 SL | SL | 7 | - | 3,400 | - | - |
| Aquarium | 5/18/2001 | 24,584 | 24,584 SL | SL | 7 | - | 24,584 | - | - |
| AF reception area | 6/30/2001 | 2,404 | 2,404 SL | SL | 7 | - | 2,404 | - | - |
| 32" TV for conference room | 10/11/2001 | 402 | 402 SL | SL | 7 | - | 402 | - | - |
| AF Bathrooms | 11/14/2001 | 4,901 | 4,901 SL | SL | 7 | - | 4,901 | - | - |
| Canon Copier | 12/20/2001 | 4,750 | 4,750 SL | SL | 7 | - | 4,750 | - | - |
| fitness equipment | 3/7/2002 | 959 | 959 SL | SL | 7 | - | 959 | - | - |
| Office Furniture | 11/25/2002 | 1,652 | 1,652 SL | SL | 7 | - | 1,652 | - | - |
| Table | 8/30/2006 | 5,000 | 2,499 SL | SL | 7 | 714 | 3,213 | 1,787 | 1,787 |
| File Cabinets | 5/29/2007 | 520 | 260 SL | SL | 7 | 104 | 364 | 156 | 156 |
| File Cabinets | 7/27/2007 | 600 | 300 SL | SL | 7 | 120 | 420 | 180 | 180 |
| Canamera & Printer | 10/15/2007 | 1,335 | 1,113 SL | SL | 7 | 223 | 1,335 | (0) | (0) |
| File Cabinets | 10/15/2007 | 435 | 218 SL | SL | 7 | 87 | 305 | 130 | 130 |
| Fax Machine | 12/18/2007 | 495 | 248 SL | SL | 7 | 99 | 347 | 148 | 148 |
| | | 133,365 | 129,617 | | | 1,343 | 130,959 | 2,406 | 2,406 |

Software & Hardware

| | | | | | | | | | |
|-------------------------------|------------|-------|----------|----|---|---|-------|-----|-----|
| Microsoft Exchange | 1/3/2002 | 319 | 319 SL | SL | 3 | - | 319 | - | - |
| Carmie's PC | 1/27/2002 | 829 | 830 SL | SL | 3 | - | 830 | (1) | (1) |
| 3com switch | 4/15/2002 | 353 | 354 SL | SL | 3 | - | 354 | (1) | (1) |
| Norton Antivirus - Corporate | 5/21/2002 | 603 | 604 SL | SL | 3 | - | 604 | (1) | (1) |
| Lois & Janet's PC's | 7/24/2002 | 1,629 | 1,630 SL | SL | 3 | - | 1,630 | (1) | (1) |
| LRH PC | 7/25/2002 | 809 | 809 SL | SL | 3 | - | 809 | - | - |
| ARC Serve Backup software | 9/6/2002 | 278 | 277 SL | SL | 3 | - | 277 | 1 | 1 |
| Cisco Router- Wireless System | 10/15/2002 | 4,374 | 4,373 SL | SL | 3 | - | 4,373 | 1 | 1 |
| Flat Screen Monitor-HR | 10/23/2002 | 175 | 174 SL | SL | 3 | - | 174 | 1 | 1 |

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990, Line 14 Part II - Land Buildings and Equipment

| Description of Property | Date Acquired | Cost or Other Basis | Prior years' Depreciation | Deprec. Method | Years or % | Depreciation Expense | Accumulated Depreciation | Book Value | FMV |
|------------------------------------|---------------|---------------------|---------------------------|----------------|------------|----------------------|--------------------------|------------|--------|
| HP Printer | 11/25/2002 | 424 | 424 | SL | 3 | - | 424 | - | - |
| PC for HR from NJBS | 3/19/2003 | 375 | 375 | SL | 3 | - | 375 | - | - |
| Quickbooks 2003 | 4/29/2003 | 360 | 360 | SL | 3 | - | 360 | - | - |
| Dell Server and related software | 7/15/2003 | 2,875 | 2,875 | SL | 3 | - | 2,875 | - | - |
| Toshiba Notebook PC | 4/9/2004 | 1,262 | 1,262 | SL | 3 | - | 1,262 | - | - |
| Network equipment | 5/10/2004 | 581 | 581 | SL | 3 | - | 581 | - | - |
| Dell Inspiron | 5/27/2004 | 1,380 | 1,380 | SL | 3 | - | 1,380 | - | - |
| Brightstor backup | 5/28/2004 | 944 | 944 | SL | 3 | - | 944 | - | - |
| Norton Antivirus | 6/1/2004 | 251 | 251 | SL | 3 | - | 251 | - | - |
| Fujitsu Notebook | 12/22/2004 | 1,132 | 1,132 | SL | 3 | - | 1,132 | - | - |
| HP PC File room | 1/21/2005 | 390 | 390 | SL | 3 | - | 390 | - | - |
| Dell Notebook | 5/4/2005 | 1,008 | 1,008 | SL | 3 | - | 1,008 | - | - |
| Dell Server and related software | 4/19/2005 | 2,921 | 2,921 | SL | 3 | - | 2,921 | - | - |
| Dell PC - CB | 11/25/2005 | 774 | 774 | SL | 3 | - | 774 | - | - |
| Backup Drive | 3/15/2006 | 1,274 | 1,274 | SL | 3 | - | 1,274 | 0 | 0 |
| Dell Laptop | 5/16/2006 | 887 | 887 | SL | 3 | - | 887 | (0) | (0) |
| Notebooks | 6/5/2007 | 934 | 780 | SL | 3 | 156 | 936 | (1) | (1) |
| Notebooks | 6/5/2007 | 1,220 | 1,016 | SL | 3 | 203 | 1,219 | 2 | 2 |
| PC for HR from NJBS | 7/11/2007 | 215 | 180 | SL | 3 | 36 | 216 | (1) | (1) |
| HP Color Printers | 9/14/2007 | 391 | 325 | SL | 3 | 65 | 390 | 1 | 1 |
| Printer | 9/27/2007 | 537 | 448 | SL | 3 | 90 | 537 | (1) | (1) |
| Epson 4880 | 11/10/2007 | 463 | 385 | SL | 3 | 77 | 462 | 1 | 1 |
| Desktop Computer & Monitor | 12/31/2007 | 541 | 452 | SL | 3 | 91 | 543 | (1) | (1) |
| Server | 1/28/2008 | 647 | 324 | SL | 3 | 216 | 540 | 107 | 107 |
| External Hard Drive | 3/11/2008 | 98 | 48 | SL | 3 | 32 | 80 | 18 | 18 |
| Dell Service Contract | 5/6/2008 | 660 | 660 | SL | 1 | - | 660 | - | - |
| Anti Virus Contract | 5/19/2008 | 318 | 318 | SL | 1 | - | 318 | (0) | (0) |
| Memory Upgrade | 8/11/2008 | 61 | 30 | SL | 3 | 20 | 50 | 11 | 11 |
| Windows Server- Terminal Services | 8/31/2008 | 407 | 204 | SL | 3 | 136 | 340 | 67 | 67 |
| Wireless Adapter | 8/31/2008 | 80 | 40 | SL | 3 | 27 | 67 | 13 | 13 |
| Compaq Computer | 9/4/2009 | 783 | 131 | SL | 3 | 262 | 393 | 390 | 390 |
| Server Rack | 12/31/2009 | 3,748 | 625 | SL | 3 | 1,250 | 1,875 | 1,873 | 1,873 |
| Server Rack & Workstation Upgrades | 2/28/2010 | 14,671 | | SL | 3 | 2,445 | 2,445 | 12,225 | 12,225 |
| Network Upgrade | 3/31/2010 | 8,515 | | SL | 3 | 1,419 | 1,419 | 7,096 | 7,096 |
| Firewall Package, Dell Optiplex | 4/30/2010 | 3,097 | | SL | 3 | 516 | 516 | 2,580 | 2,580 |
| SSL Certificate and Battery | 5/19/2010 | 583 | | SL | 3 | 97 | 97 | 485 | 485 |
| ATF | 7/20/2010 | 3,002 | | SL | 3 | 500 | 500 | 2,502 | 2,502 |
| Cisco | 7/28/2010 | 3,636 | | SL | 3 | 606 | 606 | 3,030 | 3,030 |
| Engineering | 7/31/2010 | 1,313 | | SL | 3 | 219 | 219 | 1,094 | 1,094 |

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EIN 22-6054882

990, Line 14 Part II - Land Buildings and Equipment

| Description of Property | Date Acquired | Cost or Other Basis | Prior years' Depreciation | Deprec. Method | Years or % | Depreciation Expense | Accumulated Depreciation | Book Value | FMV |
|-------------------------|---------------|---------------------|---------------------------|----------------|------------|----------------------|--------------------------|---------------|---------------|
| Engineering | 8/31/2010 | 553 | | SL | 3 | 92 | 92 | 460 | 460 |
| ProSupport | 10/6/2010 | 1,111 | | SL | 3 | 185 | 185 | 926 | 926 |
| Dell Optiplex | 10/31/2010 | 375 | | SL | 3 | 63 | 63 | 313 | 313 |
| Quickbooks Pro 2011 | 12/31/2010 | 300 | | SL | 3 | 50 | 50 | 250 | 250 |
| | | 74,463 | 32,173 | | | 8,852 | 41,025 | 33,439 | 33,439 |

| | | | | | | | | | |
|-------|----------|---------------|---------------|----|---|---|---------------|---|---|
| Lexus | 4/1/2004 | 19,501 | 19,501 | SL | 5 | - | 19,501 | - | - |
|-------|----------|---------------|---------------|----|---|---|---------------|---|---|

540 West 21st Street Property

| | | | | | | | | | |
|---------------------------------------|------------|------------------|----------------|----|----|---------------|----------------|------------------|------------------|
| Land - 540 W 21st Street | 1/1/2004 | 5,928,694 | | SL | 40 | 38,004 | - | 5,928,694 | 5,928,694 |
| Building & Improvements - 540 W. 21st | 1/1/2004 | 1,482,173 | 209,022 | SL | 40 | 11,968 | 247,026 | 1,235,147 | 1,235,147 |
| New Roof | 8/25/2005 | 179,527 | 53,856 | SL | 40 | 1,964 | 65,824 | 113,703 | 113,703 |
| Roof Construction | 2/7/2006 | 58,929 | 7,856 | SL | 40 | 2,006 | 9,820 | 49,109 | 49,109 |
| Roof Construction | 1/1/2008 | 40,073 | 3,009 | SL | 20 | 494 | 5,015 | 35,058 | 35,058 |
| New Construction | 10/15/2008 | 9,900 | 741 | SL | 20 | | 1,235 | 8,665 | 8,665 |
| Party Wall | 12/16/2010 | 107,091 | | SL | 20 | | | 107,091 | 107,091 |
| | | 7,806,387 | 274,484 | | | 54,436 | 328,920 | 7,477,467 | 7,477,467 |

Furniture & Fixtures - NY

| | | | | | | | | | |
|-----------------|------------|---------------|---------------|----|---|---|---------------|----------|----------|
| Waldner's | 5/4/1999 | 8,896 | 8,896 | SL | 7 | - | 8,896 | - | - |
| lighting design | 8/19/1999 | 33,422 | 33,422 | SL | 7 | - | 33,422 | - | - |
| Furniture | 12/30/1999 | 17,441 | 17,439 | SL | 7 | - | 17,439 | 2 | 2 |
| | | 59,759 | 59,757 | | | - | 59,757 | 2 | 2 |

60 Sculptors' Way

| | | | | | | | | | |
|-----------|----------|-------------------|------------------|----|----|----------------|------------------|-------------------|-------------------|
| Land | 1/1/2005 | 166,050 | | SL | 40 | 29,599 | - | 166,050 | 166,050 |
| Building | 1/1/2005 | 1,183,950 | 133,195 | SL | 5 | 68,029 | 162,794 | 1,021,156 | 1,021,156 |
| Equipment | 1/1/2005 | 680,287 | 612,261 | SL | | | 680,290 | (3) | (3) |
| | | 2,030,287 | 745,456 | | | 97,628 | 843,084 | 1,187,203 | 1,187,203 |
| | | 15,538,840 | 2,795,149 | | | 311,442 | 3,106,555 | 12,432,285 | 12,432,285 |