

**Atlas Economic Research Foundation
dba Atlas Network**

**Financial Statements for the Years Ended December 31, 2015 and 2014
and Independent Auditors' Report
Dated June 16, 2016**

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**Atlas Economic Research Foundation
dba Atlas Network**

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Independent Auditors' Report

Members of the Board of Directors
Atlas Economic Research Foundation
dba Atlas Network
Washington, DC

We have audited the accompanying financial statements of Atlas Economic Research Foundation dba Atlas Network ("the Organization"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness

of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atlas Economic Research Foundation dba Atlas Network as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hendershot, Burkhardt & Associates Certified Public Accountants

Hendershot, Burkhardt & Associates

Certified Public Accountants

Manassas, Virginia

June 16, 2016

**Atlas Economic Research Foundation
dba Atlas Network
Statements of Financial Position
As of December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 884,529	\$ 1,315,618
Pledges Receivable	2,652,978	1,642,712
Accounts Receivable	30,045	29,547
Prepaid Expenses	18,588	22,730
Total Current Assets	<u>3,586,140</u>	<u>3,010,607</u>
Long Term Assets		
Investments	1,637,013	1,952,347
Furniture and Equipment, net	44,317	58,658
Pledges Receivable, non current	1,056,140	1,142,099
Deposits	33,820	33,820
Total Long Term Assets	<u>2,771,290</u>	<u>3,186,924</u>
TOTAL ASSETS	<u>\$ 6,357,430</u>	<u>\$ 6,197,531</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 103,115	\$ 152,555
Grants Payable	-	32,304
Total Current Liabilities	<u>103,115</u>	<u>184,859</u>
Total Liabilities	103,115	184,859
Net Assets		
Unrestricted	250,393	712,211
Temporarily Restricted	6,003,922	5,300,461
Total Net Assets	<u>6,254,315</u>	<u>6,012,672</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,357,430</u>	<u>\$ 6,197,531</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

**Atlas Economic Research Foundation
dba Atlas Network
Statement of Activities
For the Year Ended December 31, 2015**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Totals</u>
REVENUE AND SUPPORT			
Contributions	\$ 5,637,265	\$ 5,013,420	\$ 10,650,685
In-Kind Contributions	664,845	-	664,845
Investment Income	90,644	-	90,644
Registration Income	59,412	-	59,412
Stock Donations	17,570	-	17,570
Miscellaneous Income	5,324	-	5,324
Realized Gain/(Loss) on Investments	(24,044)	-	(24,044)
Unrealized Gain/(Loss) on Investments	(124,661)	-	(124,661)
Net Assets Released from Restriction	<u>4,309,959</u>	<u>(4,309,959)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	10,636,314	703,461	11,339,775
EXPENSES			
Program Services	9,597,039	-	9,597,039
Management and General	494,826	-	494,826
Fundraising	<u>1,006,267</u>	<u>-</u>	<u>1,006,267</u>
TOTAL EXPENSES	<u>11,098,132</u>	<u>-</u>	<u>11,098,132</u>
Change in Net Assets	(461,818)	703,461	241,643
Net Assets, Beginning of Year	<u>712,211</u>	<u>5,300,461</u>	<u>6,012,672</u>
Net Assets, End of Year	<u>\$ 250,393</u>	<u>\$ 6,003,922</u>	<u>\$ 6,254,315</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

**Atlas Economic Research Foundation
dba Atlas Network
Statement of Activities
For the Year Ended December 31, 2014**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Totals</u>
REVENUE AND SUPPORT			
Contributions	\$ 5,049,183	\$ 3,702,917	\$ 8,752,100
In-Kind Contributions	314,395	-	314,395
Stock Donations	247,006	-	247,006
Realized Gain/(Loss) on Investments	115,684	-	115,684
Investment Income	89,768	-	89,768
Workshop, Program Fees, and Rental Income	67,082	-	67,082
Miscellaneous Income	178	-	178
Unrealized Gain/(Loss) on Investments	(71,368)	-	(71,368)
Net Assets Released from Restriction	<u>4,543,742</u>	<u>(4,543,742)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	10,355,670	(840,825)	9,514,845
EXPENSES			
Program Services	9,098,881	-	9,098,881
Management and General	461,402	-	461,402
Fundraising	<u>723,408</u>	<u>-</u>	<u>723,408</u>
TOTAL EXPENSES	<u>10,283,691</u>	<u>-</u>	<u>10,283,691</u>
Change in Net Assets	71,979	(840,825)	(768,846)
Net Assets, Beginning of Year	<u>640,232</u>	<u>6,141,286</u>	<u>6,781,518</u>
Net Assets, End of Year	<u>\$ 712,211</u>	<u>\$ 5,300,461</u>	<u>\$ 6,012,672</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

Atlas Economic Research Foundation
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Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 241,643	\$ (768,846)
Adjustments to reconcile Change in Net Assets to Net Cash provided by (used in) Operating Activities:		
Depreciation and Amortization	20,934	21,560
Stock Donations	(17,570)	(247,006)
Net Unrealized and Realized (Gains)/Losses	148,704	(44,316)
(Increase) decrease in Pledges Receivable	(924,307)	994,537
(Increase) decrease in Accounts Receivable	(498)	5,998
(Increase) decrease in Prepaid Expenses	4,142	(131)
Increase (decrease) in Grants Payable	(32,304)	(37,696)
Increase (decrease) in Accounts Payable	<u>(49,440)</u>	<u>25,716</u>
NET CASH PROVIDED BY/(USED BY) OPERATING ACTIVITIES	(608,696)	(50,184)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	378,436	929,877
Acquisition of Investments	(194,236)	(406,731)
Acquisition of Furniture and Equipment	<u>(6,593)</u>	<u>(13,601)</u>
NET CASH PROVIDED BY/(USED BY) INVESTING ACTIVITIES	177,607	509,545
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(431,089)	459,361
Cash and Cash Equivalents at Beginning of Year	<u>1,315,618</u>	<u>856,257</u>
Cash and Cash Equivalents at End of Year	<u>\$ 884,529</u>	<u>\$ 1,315,618</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

**Atlas Economic Research Foundation
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Statement of Functional Expenses
For the Year Ended December 31, 2015**

	<u>General Programs</u>	<u>Restricted Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Fellowships and Grants	\$ 56,764	\$ 4,196,126	\$ 4,252,890	\$ -	\$ 495	\$ 4,253,385
Salaries, Payroll Taxes, and Benefits	1,378,042	399,020	1,777,062	291,750	580,883	2,649,695
Conferences, Meetings, and Travel	950,755	759,234	1,709,989	2,803	67,730	1,780,522
Contract Labor	154,828	605,663	760,491	-	72,735	833,226
Printing and Reproduction	223,206	325,257	548,463	20,816	187,971	757,250
Occupancy	91,348	175,467	266,815	13,109	26,536	306,460
Dues and Subscriptions	47,584	100,070	147,654	7,305	29,663	184,622
Professional Fees	150	7,394	7,544	82,672	11,618	101,834
Miscellaneous	13,780	24,451	38,231	55,295	305	93,831
Postage and Shipping	8,523	12,460	20,983	1,596	16,999	39,578
Supplies	8,833	18,954	27,787	1,468	3,480	32,735
Depreciation	5,555	12,548	18,103	933	1,898	20,934
Communications	4,431	11,506	15,937	719	1,462	18,118
Insurance	-	-	-	16,239	-	16,239
Website	888	4,202	5,090	121	4,492	9,703
Totals	<u>\$ 2,944,687</u>	<u>\$ 6,652,352</u>	<u>\$ 9,597,039</u>	<u>\$ 494,826</u>	<u>\$ 1,006,267</u>	<u>\$ 11,098,132</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

**Atlas Economic Research Foundation
dba Atlas Network
Statement of Functional Expenses
For the Year Ended December 31, 2014**

	<u>General Programs</u>	<u>Restricted Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Fellowships and Grants	\$ 11,881	\$ 4,342,902	\$ 4,354,783	\$ -	\$ -	\$ 4,354,783
Salaries, Payroll Taxes, and Benefits	1,161,457	348,353	1,509,810	318,503	491,658	2,319,971
Conferences, Meetings, and Travel	746,745	786,105	1,532,850	7,222	28,343	1,568,415
Contract Labor	235,644	600,971	836,615	-	58,000	894,615
Printing and Reproduction	207,026	95,642	302,668	940	62,562	366,170
Occupancy	73,580	185,616	259,196	12,922	20,314	292,432
Dues and Subscriptions	53,896	118,232	172,128	4,511	9,423	186,062
Miscellaneous	12,005	10,671	22,676	57,981	3,279	83,936
Professional Fees	551	6,791	7,342	41,021	12,238	60,601
Postage and Shipping	12,882	13,960	26,842	297	32,418	59,557
Communications	8,302	17,904	26,206	1,153	1,808	29,167
Supplies	8,062	14,731	22,793	944	1,492	25,229
Depreciation	5,322	13,753	19,075	968	1,517	21,560
Insurance	-	-	-	14,713	-	14,713
Website	1,369	4,528	5,897	227	356	6,480
Totals	<u>\$ 2,538,722</u>	<u>\$ 6,560,159</u>	<u>\$ 9,098,881</u>	<u>\$ 461,402</u>	<u>\$ 723,408</u>	<u>\$ 10,283,691</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

Atlas Economic Research Foundation
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Notes To The Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE 1: ORGANIZATION

The Atlas Economic Research Foundation (“the Organization”), also known as the Atlas Network, is a publicly supported, non- profit, educational organization established and incorporated in the State of Delaware in 1981.

The Organization works toward a vision of a free, prosperous, peaceful world where limited governments defend the rule of law, private property, and free markets. Its mission is to strengthen the worldwide freedom movement by cultivating a highly effective and expansive network that inspires and incentivizes all committed individuals and organizations to achieve lasting impact.

To pursue its mission, Atlas undertakes programs in four categories:

Outreach and Discovery: Spreading Atlas’s principles and finding future leaders in parts of the world where the ideas of liberty are in scarce supply.

Training: Providing practical instruction on best management practices and strategic thinking.

Grants and Awards: Providing critical seed funding to start-ups, and rewarding excellence among top think tanks.

Networking and Collaboration: Creating social capital, and using economies of scale, to advance the ideas of liberty.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Contributions - The Organization reports gifts of cash and other assets as restricted support if they are received with donor or time stipulations that limit the use of the donated assets. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When the donor or time restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization reports gifts of furniture and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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Notes To The Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (cont.)

Promises to Give - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. There were no allowances as of December 31, 2015 or 2014.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses.

Cash and Cash Equivalents - All highly liquid debt instruments purchased with maturity of three months or less are considered to be cash equivalents for purposes of the statement of cash flows.

Furniture, Equipment, and Leasehold Improvements - Current purchases of furniture and equipment in excess of \$500 are recorded at cost. Items of furniture and equipment that are donated are recorded at their fair market value. Depreciation is taken on a straight-line basis. Equipment is depreciated over three years and furniture over ten years. Depreciation expense amounted to \$20,934 and \$21,560 for the years ended December 31, 2015 and 2014, respectively.

Investments - The Organization reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

NOTE 3: PLEDGES RECEIVABLE

Pledges Receivable consist of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Pledges Receivable (Less than one year)	\$2,652,978	\$1,642,713
Pledges Receivable (One to five years)	1,110,789	1,197,067
Less unamortized discounts of 4-6%	<u>(54,649)</u>	<u>(54,969)</u>
Net pledges receivable	<u>\$3,709,118</u>	<u>\$2,834,811</u>

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Notes To The Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE 4: INVESTMENTS

Investments are carried at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Mutual Funds	\$1,559,595	\$1,818,121
Stocks	<u>77,418</u>	<u>134,226</u>
Total Investments	<u>\$1,637,013</u>	<u>\$1,952,347</u>

NOTE 5: FIXED ASSETS

A summary of fixed assets at December 31, 2015 and 2014 follows:

	<u>2015</u>	<u>2014</u>
Furniture and Equipment	\$266,745	\$260,152
Software	<u>33,421</u>	<u>33,421</u>
	300,166	293,573
Accumulated Depreciation	<u>(255,849)</u>	<u>(234,915)</u>
Total	<u>\$ 44,317</u>	<u>\$ 58,658</u>

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

The following temporarily restricted assets are available for the following purposes or periods:

	<u>2015</u>	<u>2014</u>
Specific Program Support	\$ 5,835,306	\$ 5,267,551
Time Restricted Only	<u>168,616</u>	<u>32,910</u>
Total Temporarily Restricted Net Assets	<u>\$ 6,003,922</u>	<u>\$ 5,300,461</u>

NOTE 7: NET ASSETS RELEASED FROM RESTRICTIONS

	<u>2015</u>	<u>2014</u>
Net Assets released by disbursing funds in accordance with the donor restrictions	\$ 4,277,049	\$ 4,304,305
Net Assets released from time restrictions	<u>32,910</u>	<u>239,437</u>
Total funds released from restrictions	<u>\$ 4,309,959</u>	<u>\$ 4,543,742</u>

NOTE 8: TAX STATUS AND CONTRIBUTIONS

The Organization is exempt from federal income tax for related purpose net income as described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to the Organization are deductible for federal income, estate, and gift tax purposes. In

Atlas Economic Research Foundation
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Notes To The Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE 8: TAX STATUS AND CONTRIBUTIONS (continued)

addition, the Organization has been classified by the Internal Revenue Service as a public charity and is not a private foundation.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

NOTE 9: RELATED PARTY TRANSACTIONS

The Organization's President is also the Chairman of the Board of Directors for a 501(c)(3) organization that received grants of \$5,000 and \$5,000 from the Organization in 2015 and 2014, respectively.

The Organization's CEO, President, and Executive Vice President sit on the board of a 501(c)(3) organization that received a payment of \$1,000 for goods and services in 2014.

NOTE 10: SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through June 16, 2016, the date on which the financial statements were available to be issued.