

**Atlas Economic Research Foundation
dba Atlas Network**

**Financial Statements for the Years Ended December 31, 2014 and 2013
and Independent Auditors' Report
Dated May 8, 2015**

HENDERSHOT, BURKHARDT & ASSOCIATES
Certified Public Accountants
7525 Presidential Lane, Manassas VA 20109
TELEPHONE (703) 361-1592 FAX (703) 361-0836
E-MAIL: rick@hbacpas.com

**Atlas Economic Research Foundation
dba Atlas Network**

Table of Contents

Independent Auditors' Report	1-2
Statements of Financial Position	3
2014 Statement of Activities	4
2013 Statement of Activities	5
Statements of Cash Flows	6
2014 Statement of Functional Expenses	7
2013 Statement of Functional Expenses	8
Notes to the Financial Statements	9-12



Independent Auditors' Report

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

Audit Services:

Government Services
A-133 Audits
ERISA Audits
Not-For-Profits
Commercial Audits
Financial Reviews

Tax Services:

Tax Planning
Tax Preparation
Estates & Trusts
Offer-in-Compromise
Installment Agreements

Accounting Services:

Bookkeeping
Month-end Accounting
Compilations

Business Services:

Business Consulting
Business Plans

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, 2014 and 2013, 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, 2014 and 2013, 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
May 8, 2015

**Atlas Economic Research Foundation
dba Atlas Network
Statements of Financial Position
As of December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,315,618	\$ 856,257
Pledges Receivable	1,642,712	1,824,390
Accounts Receivable	29,547	35,545
Prepaid Expenses	<u>22,730</u>	<u>22,599</u>
Total Current Assets	3,010,607	2,738,791
Long Term Assets		
Investments	1,952,347	2,184,171
Furniture and Equipment, net	58,658	66,616
Pledges Receivable, non current	1,142,099	1,954,959
Deposits	<u>33,820</u>	<u>33,820</u>
Total Long Term Assets	<u>3,186,924</u>	<u>4,239,566</u>
TOTAL ASSETS	<u>\$ 6,197,531</u>	<u>\$ 6,978,357</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 152,555	\$ 126,839
Grants Payable	<u>32,304</u>	<u>70,000</u>
Total Current Liabilities	<u>184,859</u>	<u>196,839</u>
Total Liabilities	184,859	196,839
Net Assets		
Unrestricted		
General	712,211	601,157
Designated	<u>-</u>	<u>39,075</u>
Total Unrestricted	712,211	640,232
Temporarily Restricted	<u>5,300,461</u>	<u>6,141,286</u>
Total Net Assets	<u>6,012,672</u>	<u>6,781,518</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,197,531</u>	<u>\$ 6,978,357</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><u>\$ 712,211</u></u>	<u><u>\$ 5,300,461</u></u>	<u><u>\$ 6,012,672</u></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, 2013**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Totals</u>
REVENUE AND SUPPORT			
Contributions	\$ 5,773,813	\$ 5,056,294	\$ 10,830,107
Stock Donations	381,508	-	381,508
In-Kind Contributions	247,540	-	247,540
Unrealized Gain/(Loss) on Investments	160,389	-	160,389
Workshop, Program Fees, and Rental Income	53,993	-	53,993
Investment Income	46,227	-	46,227
Realized Gain/(Loss) on Investments	37,415	-	37,415
Miscellaneous Income	165	-	165
Net Assets Released from Restriction	<u>2,459,201</u>	<u>(2,459,201)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	9,160,251	2,597,093	11,757,344
EXPENSES			
Program Services	7,502,614	-	7,502,614
Management and General	423,885	-	423,885
Fundraising	<u>700,658</u>	<u>-</u>	<u>700,658</u>
TOTAL EXPENSES	<u>8,627,157</u>	<u>-</u>	<u>8,627,157</u>
Change in Net Assets	533,094	2,597,093	3,130,187
Net Assets, Beginning of Year	<u>107,138</u>	<u>3,544,193</u>	<u>3,651,331</u>
Net Assets, End of Year	<u><u>\$ 640,232</u></u>	<u><u>\$ 6,141,286</u></u>	<u><u>\$ 6,781,518</u></u>

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

Atlas Economic Research Foundation
dba Atlas Network
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (768,846)	\$ 3,130,187
Adjustments to reconcile Change in Net Assets to Net Cash provided by (used in) Operating Activities:		
Depreciation and Amortization	21,560	22,200
Stock Donations	(247,006)	(381,508)
Net Unrealized and Realized (Gains)/Losses	(44,316)	(160,522)
(Increase) decrease in Pledges Receivable	994,537	(2,574,076)
(Increase) decrease in Accounts Receivable	5,998	(11,191)
(Increase) decrease in Prepaid Expenses	(131)	(14,908)
(Increase) decrease in Deposits	-	15,310
Increase (decrease) in Grants Payable	(37,696)	(12,333)
Increase (decrease) in Accounts Payable	25,716	(79,865)
Increase (decrease) in Security Deposit	-	-
NET CASH PROVIDED BY/(USED BY) OPERATING ACTIVITIES	(50,184)	(66,706)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	929,877	920,937
Acquisition of Investments	(406,731)	(1,320,580)
Acquisition of Furniture and Equipment	(13,601)	(25,561)
NET CASH PROVIDED BY/(USED BY) INVESTING ACTIVITIES	509,545	(425,204)
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents	459,361	(491,910)
Cash and Cash Equivalents at Beginning of Year	<u>856,257</u>	<u>1,348,167</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,315,618</u>	<u>\$ 856,257</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>Unrestricted General</u>	<u>Temporarily Restricted</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
dba Atlas Network
Statement of Functional Expenses
For the Year Ended December 31, 2013**

	Unrestricted <u>General</u>	Temporarily <u>Restricted</u>	<u>Designated</u>	Total <u>Program Services</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Totals</u>
Fellowships and Grants	\$ 17,352	\$ 3,594,108	\$ 182,950	\$ 3,794,410	\$ -	\$ -	\$ 3,794,410
Salaries, Payroll Taxes, and Benefits	828,467	258,406	2,531	1,089,404	301,652	467,823	1,858,879
Conferences, Meetings, and Travel	693,187	430,072	383	1,123,642	1,254	35,374	1,160,270
Contract Labor	203,992	538,703	2,890	745,585	5,692	57,440	808,717
Occupancy	74,381	184,672	7,007	266,060	15,762	25,351	307,173
Printing and Reproduction	148,388	119,684	793	268,865	4,591	10,770	284,226
Postage and Shipping	9,160	23,785	1,464	34,409	927	40,615	75,951
Dues and Subscriptions	10,510	33,528	590	44,628	4,109	14,668	63,405
Professional Fees	870	6,165	-	7,035	39,301	7,169	53,505
Miscellaneous	8,677	4,718	-	13,395	30,294	2,955	46,644
Communications	9,917	26,194	984	37,095	2,075	3,435	42,605
Supplies	11,306	19,269	444	31,019	1,159	2,843	35,021
Website	4,137	23,215	410	27,762	867	1,458	30,087
Mailings	-	-	-	-	-	28,954	28,954
Depreciation	5,212	13,576	517	19,305	1,091	1,803	22,199
Insurance	-	-	-	-	15,111	-	15,111
Totals	<u>\$ 2,025,556</u>	<u>\$ 5,276,095</u>	<u>\$ 200,963</u>	<u>\$ 7,502,614</u>	<u>\$ 423,885</u>	<u>\$ 700,658</u>	<u>\$ 8,627,157</u>

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

Atlas Economic Research Foundation
dba Atlas Network
Notes To The Financial Statements
For the Years Ended December 31, 2014 and 2013

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.

Atlas Economic Research Foundation
 dba Atlas Network
 Notes To The Financial Statements
 For the Years Ended December 31, 2014 and 2013

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, 2014 or 2013.

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 \$21,560 and \$22,199 for the years ended December 31, 2014 and 2013, 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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Pledges Receivable (Less than one year)	\$1,692,713	\$1,824,390
Pledges Receivable (One to five years)	1,197,067	2,091,678
Less unamortized discounts of 4-6%	<u>(54,969)</u>	<u>(136,719)</u>
Net pledges receivable	<u>\$2,834,811</u>	<u>\$3,779,349</u>

Atlas Economic Research Foundation
 dba Atlas Network
 Notes To The Financial Statements
 For the Years Ended December 31, 2014 and 2013

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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Mutual Funds	\$1,818,121	\$2,088,236
Stocks	<u>134,226</u>	<u>95,935</u>
Total Investments	<u>\$1,952,347</u>	<u>\$2,184,171</u>

NOTE 5: FIXED ASSETS

A summary of fixed assets at December 31, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Furniture and Equipment	\$260,152	\$246,550
Software	<u>33,421</u>	<u>33,421</u>
	293,573	279,971
Accumulated Depreciation	<u>(234,915)</u>	<u>(213,355)</u>
Total	<u>\$ 58,658</u>	<u>\$ 66,616</u>

NOTE 6: MANAGEMENT DESIGNATED NET ASSETS

The Organization reports income as "designated" if it is allocated by management for specific programs or purposes, despite the absence of a legal restriction. Designated net assets total \$0 and \$39,075 at December 31, 2014 and 2013, respectively.

NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2014</u>	<u>2013</u>
Specific Program Support	\$ 5,267,551	\$ 5,901,849
Time Restricted Only	<u>32,910</u>	<u>239,437</u>
Total Temporarily Restricted Net Assets	<u>\$ 5,300,461</u>	<u>\$ 6,141,286</u>

Atlas Economic Research Foundation
dba Atlas Network
Notes To The Financial Statements
For the Years Ended December 31, 2014 and 2013

NOTE 8: NET ASSETS RELEASED FROM RESTRICTIONS

	<u>2014</u>	<u>2013</u>
Net Assets released by disbursing funds in accordance with the donor restrictions	\$ 4,304,305	\$ 2,172,439
Net Assets released from time restrictions	<u>239,437</u>	<u>286,762</u>
Total funds released from restrictions	<u>\$ 4,543,742</u>	<u>\$ 2,459,201</u>

NOTE 9: 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 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 10: 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 \$2,500 from the Organization in 2014 and 2013, 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 and grants totaling \$7,500 from the Organization in 2013.

NOTE 11: SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through May 8, 2015, the date on which the financial statements were available to be issued.