

**Atlas Economic Research Foundation
dba Atlas Network**

**Financial Statements for the Years Ended December 31, 2016 and 2015
and Independent Auditors' Report
Dated November 16, 2017**

**HENDERSHOT, BURKHARDT & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
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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

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, 2016 and 2015, 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, 2016 and 2015, 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.

David C. Burkhardt, CPA for

Hendershot, Burkhardt & Associates, Certified Public Accountants, PC
Manassas, Virginia
November 16, 2017

Atlas Economic Research Foundation
dba Atlas Network
Statements of Financial Position
As of December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,638,888	\$ 884,529
Pledges Receivable	3,550,912	2,652,978
Accounts Receivable	16,793	30,045
Prepaid Expenses	14,112	18,588
Total Current Assets	<u>5,220,705</u>	<u>3,586,140</u>
Long Term Assets		
Investments	801,213	1,637,013
Furniture and Equipment, net	32,573	44,317
Pledges Receivable, non current, net	2,309,889	1,056,140
Deposits	23,779	33,820
Total Long Term Assets	<u>3,167,454</u>	<u>2,771,290</u>
TOTAL ASSETS	<u><u>\$ 8,388,159</u></u>	<u><u>\$ 6,357,430</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Grants Payable	\$ 259,764	\$ -
Accounts Payable	45,291	103,115
Payroll Liabilities	68,785	-
Total Current Liabilities	<u>373,840</u>	<u>103,115</u>
Total Liabilities	373,840	103,115
Net Assets		
Unrestricted	414,461	250,393
Temporarily Restricted	7,599,858	6,003,922
Total Net Assets	<u>8,014,319</u>	<u>6,254,315</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 8,388,159</u></u>	<u><u>\$ 6,357,430</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, 2016**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Totals</u>
REVENUE AND SUPPORT			
Contributions	\$ 7,068,707	\$ 6,990,451	\$ 14,059,158
Registration Income	627,811	-	627,811
In-Kind Contributions	596,976	-	596,976
Miscellaneous Income	39,683	-	39,683
Realized Gain/(Loss) on Investments	35,585	-	35,585
Investment Income	8,578	-	8,578
Stock Donations	3,012	-	3,012
Unrealized Gain/(Loss) on Investments	(32,671)	-	(32,671)
Net Assets Released from Restriction	<u>5,394,515</u>	<u>(5,394,515)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	13,742,196	1,595,936	15,338,132
EXPENSES			
Program Services	11,951,172	-	11,951,172
Management and General	521,911	-	521,911
Fundraising	<u>1,105,045</u>	<u>-</u>	<u>1,105,045</u>
TOTAL EXPENSES	<u>13,578,128</u>	<u>-</u>	<u>13,578,128</u>
Change in Net Assets	164,068	1,595,936	1,760,004
Net Assets, Beginning of Year	<u>250,393</u>	<u>6,003,922</u>	<u>6,254,315</u>
Net Assets, End of Year	<u>\$ 414,461</u>	<u>\$ 7,599,858</u>	<u>\$ 8,014,319</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><u>\$ 250,393</u></u>	<u><u>\$ 6,003,922</u></u>	<u><u>\$ 6,254,315</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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,760,004	\$ 241,643
Adjustments to reconcile Change in Net Assets to Net Cash provided by (used in) Operating Activities:		
Depreciation and Amortization	18,964	20,934
Stock Donations	(3,012)	(17,570)
Net Unrealized and Realized (Gains)/Losses	(2,914)	148,704
(Increase) decrease in Pledges Receivable	(2,151,683)	(924,307)
(Increase) decrease in Accounts Receivable	13,252	(498)
(Increase) decrease in Prepaid Expenses	4,476	4,142
(Increase) decrease in Deposits	10,041	-
Increase (decrease) in Accounts Payable	(57,824)	(49,440)
Increase (decrease) in Payroll Liabilities	68,785	-
Increase (decrease) in Grants Payable	<u>259,764</u>	<u>(32,304)</u>
NET CASH PROVIDED BY/(USED BY) OPERATING ACTIVITIES	(80,147)	(608,696)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	2,701,527	378,436
Acquisition of Investments	(1,859,801)	(194,236)
Disposal of Furniture and Equipment	1,858	-
Acquisition of Furniture and Equipment	<u>(9,078)</u>	<u>(6,593)</u>
NET CASH PROVIDED BY/(USED BY) INVESTING ACTIVITIES	834,506	177,607
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	754,359	(431,089)
Cash and Cash Equivalents at Beginning of Year	<u>884,529</u>	<u>1,315,618</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,638,888</u>	<u>\$ 884,529</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, 2016**

	<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	\$ 10,000	\$ 5,424,801	\$ 5,434,801	\$ -	\$ -	\$ 5,434,801
Conferences, Meetings, and Travel	511,490	1,903,098	2,414,588	5,355	59,559	2,479,502
Salaries, Payroll Taxes, and Benefits	1,648,163	405,200	2,053,363	292,873	613,316	2,959,552
Professional Fees	126,693	816,742	943,435	80,987	93,973	1,118,395
Advertising	91,972	335,200	427,172	16,057	39,282	482,511
Printing and Reproduction	34,964	90,882	125,846	264	192,138	318,248
Occupancy	58,557	234,899	293,456	10,218	27,353	331,027
Computer Services	23,915	63,334	87,249	2,543	13,599	103,391
Postage and Shipping	8,312	15,536	23,848	247	57,757	81,852
Marketing Costs	13,768	63,806	77,574	719	465	78,758
Bank Service Charges	-	-	-	56,870	-	56,870
Bad Debt Expense	-	-	-	39,957	-	39,957
Depreciation	3,615	13,174	16,789	631	1,544	18,964
Equipment and Supplies	3,218	12,080	15,298	812	1,486	17,596
Insurance	-	-	-	13,313	-	13,313
Communications	3,281	10,489	13,770	494	1,210	15,474
Dues and Subscriptions	7,320	3,072	10,392	-	2,930	13,322
Miscellaneous	4,749	4,047	8,796	478	206	9,480
Website	1,176	3,619	4,795	93	227	5,115
Totals	<u>\$ 2,551,193</u>	<u>\$ 9,399,979</u>	<u>\$ 11,951,172</u>	<u>\$ 521,911</u>	<u>\$ 1,105,045</u>	<u>\$ 13,578,128</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
Notes To The Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE 1: ORGANIZATION

The Atlas Economic Research Foundation (“the Organization”), also known as the Atlas Network, is a publicly supported, non-profit, educational foundation established and incorporated in 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 Network’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
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 Notes To The Financial Statements
 For the Years Ended December 31, 2016 and 2015

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, 2016 or 2015.

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 original maturities 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 \$18,964 and \$20,934 for the years ended December 31, 2016 and 2015, 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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Pledges Receivable (Less than one year)	\$3,550,912	\$2,652,978
Pledges Receivable (One to five years)	2,372,089	1,110,789
Less unamortized discounts	<u>(62,200)</u>	<u>(54,649)</u>
Net pledges receivable	<u>\$5,860,801</u>	<u>\$3,709,118</u>

Atlas Economic Research Foundation
 dba Atlas Network
 Notes To The Financial Statements
 For the Years Ended December 31, 2016 and 2015

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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Certificates of Deposit	\$ 799,682	\$ -
Mutual Funds	1,531	1,559,595
Stocks	<u>-</u>	<u>77,418</u>
Total Investments	<u>\$ 801,213</u>	<u>\$1,637,013</u>

NOTE 5: FIXED ASSETS

A summary of fixed assets at December 31, 2016 and 2015 follows:

	<u>2016</u>	<u>2015</u>
Furniture and Equipment	\$273,964	\$266,745
Software	<u>33,421</u>	<u>33,421</u>
	307,385	300,166
Accumulated Depreciation	<u>(274,812)</u>	<u>(255,849)</u>
Total	<u>\$ 32,573</u>	<u>\$ 44,317</u>

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2015</u>
Specific Program Support	\$ 7,599,858	\$ 5,835,306
Time Restricted Only	<u>-</u>	<u>168,616</u>
Total Temporarily Restricted Net Assets	<u>\$ 7,599,858</u>	<u>\$ 6,003,922</u>

NOTE 7: NET ASSETS RELEASED FROM RESTRICTIONS

	<u>2016</u>	<u>2015</u>
Net Assets released by disbursing funds in accordance with the donor restrictions	\$ 5,225,899	\$ 4,277,049
Net Assets released from time restrictions	<u>168,616</u>	<u>32,910</u>
Total funds released from restrictions	<u>\$ 5,394,515</u>	<u>\$ 4,309,959</u>

Atlas Economic Research Foundation
dba Atlas Network
Notes To The Financial Statements
For the Years Ended December 31, 2016 and 2015

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 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 2016 and 2015, respectively.

NOTE 10: SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through November 16, 2017, the date on which the financial statements were available to be issued.