

# **Atlas Economic Research Foundation**

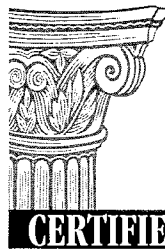
**Financial Statements for the Years Ended December 31, 2013 and 2012  
and Independent Auditors' Report  
Dated June 20, 2014**

**HENDERSHOT, BURKHARDT & ASSOCIATES**  
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# ATLAS ECONOMIC RESEARCH FOUNDATION

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**Hendershot  
Burkhardt  
& Associates**

**CERTIFIED PUBLIC ACCOUNTANTS**

### **Independent Auditors' Report**

Members of the Board of Directors  
Atlas Economic Research Foundation  
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 ("the Organization"), which comprise the statements of financial position as of December 31, 2013 and 2012, 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 as of December 31, 2013 and 2012, 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, CPAs

Hendershot, Burkhardt & Associates, CPAs

Manassas, Virginia

June 20, 2014

**ATLAS ECONOMIC RESEARCH FOUNDATION**  
**Statements of Financial Position**  
**As of December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 856,257	\$ 1,348,167
Pledges Receivable	1,824,390	907,041
Accounts Receivable	35,545	24,354
Prepaid Expenses	<u>22,599</u>	<u>7,691</u>
Total Current Assets	2,738,791	2,287,253
Long Term Assets		
Investments	2,184,171	1,242,498
Furniture and Equipment, net	66,616	63,255
Pledges Receivable, non current	1,954,959	298,232
Deposits	<u>33,820</u>	<u>49,130</u>
Total Long Term Assets	<u>4,239,566</u>	<u>1,653,115</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 6,978,357</u></b>	<b><u>\$ 3,940,368</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 126,839	\$ 206,704
Grants Payable	<u>70,000</u>	<u>82,333</u>
Total Current Liabilities	<u>196,839</u>	<u>289,037</u>
Total Liabilities	196,839	289,037
Net Assets		
Unrestricted		
General	601,157	87,442
Designated	<u>39,075</u>	<u>19,696</u>
Total Unrestricted	640,232	107,138
Temporarily Restricted	<u>6,141,286</u>	<u>3,544,193</u>
Total Net Assets	<u>6,781,518</u>	<u>3,651,331</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 6,978,357</u></b>	<b><u>\$ 3,940,368</u></b>

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

**ATLAS ECONOMIC RESEARCH FOUNDATION**

**Statement of Activities**

**For the Year Ended December 31, 2013**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Totals</u>
<b>REVENUE AND SUPPORT</b>			
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>
<b>TOTAL REVENUE AND SUPPORT</b>	<b>9,160,251</b>	<b>2,597,093</b>	<b>11,757,344</b>
<b>EXPENSES</b>			
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>
<b>TOTAL EXPENSES</b>	<b><u>8,627,157</u></b>	<b><u>-</u></b>	<b><u>8,627,157</u></b>
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>\$ 640,232</u>	<u>\$ 6,141,286</u>	<u>\$ 6,781,518</u>

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

**ATLAS ECONOMIC RESEARCH FOUNDATION**

**Statement of Activities**

**For the Year Ended December 31, 2012**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Totals</u>
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 5,792,079	\$ 2,402,440	\$ 8,194,519
In-Kind Contributions	214,478	-	214,478
Workshop, Program Fees, and Rental Income	140,208	-	140,208
Unrealized Gain/(Loss) on Investments	122,684	-	122,684
Investment Income	53,606	-	53,606
Stock Donations	31,687	-	31,687
Miscellaneous Income	13,592	-	13,592
Realized Gain/(Loss) on Investments	3,224	-	3,224
Net Assets Released from Restriction	<u>1,766,161</u>	<u>(1,766,161)</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<b>8,137,719</b>	<b>636,279</b>	<b>8,773,998</b>
<b>EXPENSES</b>			
Program Services	7,216,914	-	7,216,914
Management and General	395,785	-	395,785
Fundraising	<u>540,790</u>	<u>-</u>	<u>540,790</u>
<b>TOTAL EXPENSES</b>	<b><u>8,153,489</u></b>	<b><u>-</u></b>	<b><u>8,153,489</u></b>
Change in Net Assets	(15,770)	636,279	620,509
Net Assets, Beginning of Year	<u>122,908</u>	<u>2,907,914</u>	<u>3,030,822</u>
Net Assets, End of Year	<u>\$ 107,138</u>	<u>\$ 3,544,193</u>	<u>\$ 3,651,331</u>

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

**ATLAS ECONOMIC RESEARCH FOUNDATION**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 3,130,187	\$ 620,509
Adjustments to reconcile Change in Net Assets to Net Cash provided by (used in) Operating Activities:		
Depreciation and Amortization	22,200	27,440
Stock Donations	(381,508)	(31,687)
Net Unrealized and Realized (Gains)/Losses	(160,522)	(122,684)
(Increase) decrease in Pledges Receivable	(2,574,076)	(318,108)
(Increase) decrease in Accounts Receivable	(11,191)	1,831
(Increase) decrease in Prepaid Expenses	(14,908)	40,027
(Increase) decrease in Deposits	15,310	(8,899)
Increase (decrease) in Grants Payable	(12,333)	22,333
Increase (decrease) in Accounts Payable	(79,865)	(21,546)
Increase (decrease) in Security Deposit	<u>-</u>	<u>(18,970)</u>
<b>NET CASH PROVIDED BY/(USED BY) OPERATING ACTIVITIES</b>	<b>(66,706)</b>	<b>190,246</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of Investments	920,937	988,788
Acquisition of Investments	(1,320,580)	(549,168)
Acquisition of Furniture and Equipment	<u>(25,561)</u>	<u>(15,427)</u>
<b>NET CASH PROVIDED BY/(USED BY) INVESTING ACTIVITIES</b>	<b>(425,204)</b>	<b>424,193</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(491,910)	614,439
Cash and Cash Equivalents at Beginning of Year	<u>1,348,167</u>	<u>733,728</u>
Cash and Cash Equivalents at End of Year	<u>\$ 856,257</u>	<u>\$ 1,348,167</u>

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



**ATLAS ECONOMIC RESEARCH FOUNDATION**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2013**

	Unrestricted General	Temporarily Restricted	Designated	Total Program Services	Management and General	Fundraising	Totals
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
<b>Totals</b>	<b>\$ 2,025,556</b>	<b>\$ 5,276,095</b>	<b>\$ 200,963</b>	<b>\$ 7,502,614</b>	<b>\$ 423,885</b>	<b>\$ 700,658</b>	<b>\$ 8,627,157</b>

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

**ATLAS ECONOMIC RESEARCH FOUNDATION**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2012**

	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	\$ 89,814	\$ 3,035,306	\$ 395,464	\$ 3,520,584	\$ -	\$ -	\$ 3,520,584
Salaries, Payroll Taxes, and Benefits	784,011	111,459	202,724	1,098,194	260,693	324,928	1,683,815
Conferences, Meetings, and Travel	764,841	330,184	19,723	1,114,748	4,421	33,050	1,152,219
Contract Labor	133,325	302,660	218,829	654,814	19,720	61,554	736,088
Occupancy	94,020	181,905	41,031	316,956	17,339	25,562	359,857
Printing and Reproduction	161,834	73,688	11,878	247,400	2,116	27,654	277,170
Dues and Subscriptions	43,868	31,356	10,448	85,672	2,538	9,419	97,629
Postage and Shipping	6,456	15,127	9,648	31,231	972	34,055	66,258
Miscellaneous	13,729	1,970	1,868	17,567	32,382	6,177	56,126
Professional Fees	8,379	-	-	8,379	36,667	10,945	55,991
Communications	9,902	16,580	11,475	37,957	3,258	2,250	43,465
Supplies	17,486	14,699	5,114	37,299	1,395	2,169	40,863
Depreciation	7,200	13,937	3,151	24,288	1,332	1,820	27,440
Website	4,672	12,326	4,827	21,825	864	1,207	23,896
Insurance	-	-	-	-	12,088	-	12,088
<b>Totals</b>	<u>\$ 2,139,537</u>	<u>\$ 4,141,197</u>	<u>\$ 936,180</u>	<u>\$ 7,216,914</u>	<u>\$ 395,785</u>	<u>\$ 540,790</u>	<u>\$ 8,153,489</u>

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

ATLAS ECONOMIC RESEARCH FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2013 and 2012

**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 identifying, training, and supporting individuals with the potential to found and develop effective independent organizations that promote the Atlas vision in every country.

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  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2013 and 2012

**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, 2013 or 2012.

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 \$22,199 and \$27,440 for the years ended December 31, 2013 and 2012, 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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Pledges Receivable (Less than one year)	\$1,824,390	\$ 907,041
Pledges Receivable (One to five years)	2,091,678	315,000
Less unamortized discounts of 4-6%	<u>(136,719)</u>	<u>(16,768)</u>
Net pledges receivable	<u>\$3,779,349</u>	<u>\$1,205,273</u>

ATLAS ECONOMIC RESEARCH FOUNDATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Years Ended December 31, 2013 and 2012

**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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Mutual Funds	\$2,088,236	\$1,212,744
Stocks	95,935	0
Bond	<u>0</u>	<u>29,754</u>
Total Investments	<u>\$2,184,171</u>	<u>\$1,242,498</u>

**NOTE 5: FIXED ASSETS**

A summary of fixed assets at December 31, 2013 and 2012 follows:

	<u>2013</u>	<u>2012</u>
Furniture and Equipment	\$246,550	\$220,989
Software	<u>33,421</u>	<u>33,421</u>
	279,971	254,410
Accumulated Depreciation	<u>(213,355)</u>	<u>(191,155)</u>
Total	<u>\$ 66,616</u>	<u>\$ 63,255</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 \$39,075 and \$19,696 at December 31, 2013 and 2012, respectively.

**NOTE 7: TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2013</u>	<u>2012</u>
Specific Program Support	\$ 5,901,849	\$ 3,257,431
Time Restricted Only	<u>239,437</u>	<u>286,762</u>
Total Temporarily Restricted Net Assets	<u>\$ 6,141,286</u>	<u>\$ 3,544,193</u>

ATLAS ECONOMIC RESEARCH FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2013 and 2012

**NOTE 8: NET ASSETS RELEASED FROM RESTRICTIONS**

	<u>2013</u>	<u>2012</u>
Net Assets released by disbursing funds in accordance with the donor restrictions	\$ 2,172,439	\$ 1,766,161
Net Assets released from time restrictions	<u>286,762</u>	<u>0</u>
Total funds released from restrictions	<u>\$ 2,459,201</u>	<u>\$ 1,766,161</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 11: 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 \$2,500 and \$19,198 from the Organization in 2013 and 2012, respectively.

The Organization's CEO, President, and Executive Vice President sit on the board of a 501(c)(3) organization that received grants of \$7,500 and \$500 from the Organization in 2013 and 2012, respectively. Of the amounts granted in 2013, \$5,000 was payable at year end.

**NOTE 12: SUBSEQUENT EVENTS**

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through June 20, 2014, the date on which the financial statements were available to be issued.