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Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2011

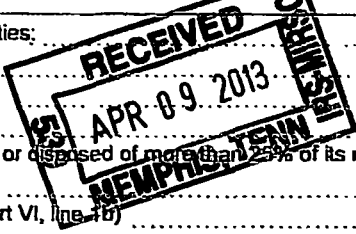
Open to Public Inspection

Department of the Treasury Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

Form 990 header section including: A For the 2011 calendar year, or tax year beginning and ending; B Check if applicable; C Name of organization: PROJECT FREEDOM, INC.; D Employer identification number: 22-2532804; E Telephone number: 609-448-2998; F Name and address of principal officer: TIMOTHY J. DOHERTY, 223 HUTCHINSON RD, ROBBINSVILLE NJ 08691; H(a) Is this a group return for affiliates? No; H(b) Are all affiliates included? No; I Tax-exempt status: 501(c)(3); J Website: WWW.PROJECTFREEDOM.ORG; K Form of organization: Corporation; L Year of formation: 1984; M State of legal domicile: NJ

Part I Summary table with columns for Prior Year and Current Year. Rows include: 1-6 Organization activities and governance; 7a-7b Revenue and taxable income; 8-19 Revenue and expenses; 20-22 Net assets or fund balances. Total revenue: 577,061; Total expenses: 879,417; Net assets: 2,949,013.



APR 16 2013

Part II Signature Block

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.

Signature of officer: TIMOTHY J. DOHERTY, EXEC. DIRECTOR

Preparer information: Preparer's name: ROBERT P GOLEJ; Firm's name: FALLON & LARSEN LLP; Firm's address: 1390 STATE ROUTE 36 STE 102, HAZLET, NJ 07730; Phone no.: 732-888-2070

May the IRS discuss this return with the preparer shown above? (see instructions) [X] Yes [] No. Form 990 (2011)

Handwritten notes: 0960, 665, SCANNED JUN 24 2013

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

1 Briefly describe the organization's mission

SEE SCHEDULE O

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

 Yes No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?

 Yes No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code:) (Expenses \$ **165,453** including grants of\$) (Revenue \$)
TO PROVIDE HOUSING THAT IS ACCESSIBLE TO LOW AND MODERATE INCOME PERSONS WITH DISABILITIES, OFFERING AN ENCOURAGING ENVIRONMENT THAT PROMOTES ACTIVITY.

4b (Code:) (Expenses \$ **19,759** including grants of\$) (Revenue \$)
PROVIDE HOUSING FACILITIES TO LOW AND MODERATE INCOME PERSONS WITH DISABILITIES.

4c (Code:) (Expenses \$ including grants of\$) (Revenue \$)
PROVIDE DAY PROGRAMS, RECREATION, AQUATICS PROGRAMS, AND OTHER BENEFICIAL ACTIVITIES TO PROMOTE EXERCISE FOR DISABLED PEOPLE.

4d Other program services (Describe in Schedule O)

(Expenses \$ including grants of\$) (Revenue \$)

4e Total program service expenses ► **185,212**

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?		X
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	X	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		X
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX		X
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII		X
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	X	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1		X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		X
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. 1a 0		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. 1b 0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return. 2a 37		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	X	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1 Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	X	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	X	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
d	If "Yes," indicate the number of Forms 8282 filed during the year. 7d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		X
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		X
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12. 10a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. 10b		
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders. 11a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them). 11b		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? 12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year. 12b		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans. 13b		
c	Enter the amount of reserves on hand. 13c		
14a	Did the organization receive any payments for indoor tanning services during the tax year? 14a		X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O. 14b		

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O		
	23		
b	Enter the number of voting members included in line 1a, above, who are independent		
	23		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?		X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		X
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	X	
b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
10b			
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
12c		X	
13	Did the organization have a written whistleblower policy?		X
14	Did the organization have a written document retention and destruction policy?		X
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	X	
b	Other officers or key employees of the organization	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		
16b			

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed **▶ NJ**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: **▶ TIMOTHY DOHERTY**
223 HUTCHINSON ROAD
ROBBINSVILLE NJ 08691

609-448-2998

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organizations compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) TIMOTHY J DOHERTY EXEC. DIR.	35.00	X		X			151,497	0	13,375	
(2) SEE ATTACHED BOARD OF TRUSTEES LIST	0.00	X					0	0	0	
(3) CARLA CAMPANELIA SECRETARY	10.00	X		X			0	0	0	
(4) ROBERT BUDA JR CHAIRMAN	10.00	X					0	0	0	
(5) C HERBERT SCHNEIDER VICE CHAIRMAN	10.00	X					0	0	0	
(6) ANTHONY TORRINGTON TREASURER	10.00	X		X			0	0	0	
(7)										
(8)										
(9)										
(10)										
(11)										
(12)										
(13)										
(14)										

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15)										
(16)										
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
1b Sub-total							151,497		13,375	
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)							151,497		13,375	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **▶ 1**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **▶ 0**

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	212,523				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	19,817				
	g Noncash contributions included in lines 1a-1f \$						
	h Total. Add lines 1a-1f		232,340				
Program Service Revenue	2a DEVELOPER FEE INCOME	Busn. Code	170,777	170,777			
	b RENTAL INCOME		39,533	39,533			
	c MANAGEMENT FEE INCOME		33,000	33,000			
	d ACTIVITIES FEE INCOME		1,300	1,300			
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f		244,610				
	3 Investment income (including dividends, interest, and other similar amounts)		-1,122	-1,122			
4 Income from investment of tax-exempt bond proceeds							
5 Royalties							
Other Revenue	6a Gross rents	(i) Real					
	b Less rental exps	(ii) Personal					
	c Rental inc or (loss)						
	d Net rental income or (loss)						
	7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
	b Less cost or other basis & sales exps						
	c Gain or (loss)						
	d Net gain or (loss)						
	8a Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	a	66,609				
	b Less direct expenses	b					
	c Net income or (loss) from fundraising events		66,609				
	9a Gross income from gaming activities See Part IV, line 19	a					
	b Less direct expenses	b					
	c Net income or (loss) from gaming activities						
10a Gross sales of inventory, less returns and allowances	a						
b Less cost of goods sold	b						
c Net income or (loss) from sales of inventory							
Miscellaneous Revenue		Busn. Code					
11a EXPENSE REIMBURSEMENTS			30,000		30,000		
b MISCELLANEOUS INCOME			1,348	1,348			
c TENANT MEMBERSHIPS, ASSOC DUE			1,293		1,293		
d All other revenue			1,983		1,983		
e Total. Add lines 11a-11d			34,624				
12 Total revenue. See instructions			577,061	244,836	0	33,276	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	150,705		150,705	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	345,109	17,255	327,854	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	51,410	2,570	48,840	
10 Payroll taxes	47,001	1,222	45,779	
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services See Part IV, line 7				
f Investment management fees				
g Other				
12 Advertising and promotion	4,838		4,838	
13 Office expenses	21,312		21,312	
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel	8,534		8,534	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	2,838		2,838	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	23,603		23,603	
23 Insurance	17,108	17,108		
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a SECURITY	96,484	96,484		
b DIRECT FUNDRAISING EXP	36,868			36,868
c REPAIRS AND MAINTENANCE	15,099	15,099		
d ACTIVITIES	13,899	13,899		
e All other expenses	44,609	21,575	23,034	
25 Total functional expenses. Add lines 1 through 24e	879,417	185,212	657,337	36,868
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year	
Assets	1	Cash—non-interest bearing	616,285	1	306,508
	2	Savings and temporary cash investments	296,125	2	280,921
	3	Pledges and grants receivable, net	9,688	3	9,698
	4	Accounts receivable, net	17,922	4	87,234
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges	134	9	9,300
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 620,376		
	b	Less accumulated depreciation	10b 378,914	10c	241,462
	11	Investments—publicly traded securities	3,649,874	11	3,664,330
	12	Investments—other securities See Part IV, line 11		12	
	13	Investments—program-related See Part IV, line 11	309,118	13	240,801
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11		15	
16	Total assets. Add lines 1 through 15 (must equal line 34)	5,163,248	16	4,840,254	
Liabilities	17	Accounts payable and accrued expenses	8,139	17	18,997
	18	Grants payable		18	
	19	Deferred revenue	17,581	19	16,571
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties	1,850,980	23	1,820,480
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	35,179	25	35,193
	26	Total liabilities. Add lines 17 through 25	1,911,879	26	1,891,241
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	3,251,369	27	2,949,013
	28	Temporarily restricted net assets		28	
	29	Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
33	Total net assets or fund balances	3,251,369	33	2,949,013	
34	Total liabilities and net assets/fund balances	5,163,248	34	4,840,254	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	577,061
2	Total expenses (must equal Part IX, column (A), line 25)	2	879,417
3	Revenue less expenses Subtract line 2 from line 1	3	-302,356
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	3,251,369
5	Other changes in net assets or fund balances (explain in Schedule O)	5	
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	2,949,013

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
2b	Were the organization's financial statements audited by an independent accountant?	X	
2c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	X	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2011

Open to Public Inspection

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization

PROJECT FREEDOM, INC.

Employer identification number

22-2532804

Part I Reason for Public Charity Status (All organizations must complete this part) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II)
- 8 A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2)**. (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety See **section 509(a)(4)**.
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h
 - a Type I b Type II c Type III—Functionally integrated d Type III—Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
 - (ii) A family member of a person described in (i) above?
 - (iii) A 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the US?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2011

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	417,623	412,698	344,601	271,362	232,340	1,678,624
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3	417,623	412,698	344,601	271,362	232,340	1,678,624
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						1,678,624

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4	417,623	412,698	344,601	271,362	232,340	1,678,624
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	78,887	70,089	50,292	48,263	52,195	299,726
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)	183,513	22,615	1,258,202	8,071	3,276	1,475,677
11 Total support. Add lines 7 through 10						3,454,027
12 Gross receipts from related activities, etc. (see instructions)					12	311,445
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f))	14	48.60%
15 Public support percentage from 2010 Schedule A, Part II, line 14	15	46.88%
16a 33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input checked="" type="checkbox"/>		
b 33 1/3% support test—2010. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support. (Add lines 9, 10c, 11, and 12)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ► <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2011 (line 10c column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	%

- 19a 33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ►
- b 33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ►
- 20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ►

Part IV Supplemental Information. Complete this part to provide the explanations required by Part II, line 10, Part II, line 17a or 17b; and Part-III, line 12. Also complete this part for any additional information. (See instructions)

PART II, LINE 10 - OTHER INCOME DETAIL

PROGRAM SERVICE REVENUE	\$	8,071
MISCELLANEOUS	\$	68,444
CONTRACT FEES	\$	52,404
DEVELOPER FEE	\$	766,000
FORGIVENESS OF DEBT	\$	541,250
ACTIVITIES FEE	\$	1,687
RENTAL INCOME	\$	34,545

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization

Employer identification number

PROJECT FREEDOM, INC.

22-2532804

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

- 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items
- b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items
- (i) Revenues included in Form 990, Part VIII, line 1 ▶ \$
- (ii) Assets included in Form 990, Part X ▶ \$
- 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items
- a Revenues included in Form 990, Part VIII, line 1 ▶ \$
- b Assets included in Form 990, Part X ▶ \$

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a** Public exhibition
- b** Scholarly research
- c** Preservation for future generations
- d** Loan or exchange programs
- e** Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIV and complete the following table

- c** Beginning balance
- d** Additions during the year
- e** Distributions during the year
- f** Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If "Yes," explain the arrangement in Part XIV

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a** Board designated or quasi-endowment %
- b** Permanent endowment %
- c** Temporarily restricted endowment %

The percentages in lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i)** unrelated organizations
- (ii)** related organizations

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

	Yes	No
3a(i)		
3a(ii)		
3b		

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings	453,183		276,063	177,120
c Leasehold improvements				
d Equipment	119,655		102,851	16,804
e Other	47,538			47,538
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c))				241,462

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12) ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15) ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) CURRENT PORTION OF LONG TERM DEBT	30,500
(3) SECURITY DEPOSITS	4,693
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25) ▶	35,193

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 through 8	9	
10	Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9	10	

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V line 4, Part X, line 2, Part XI, line 8; Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Part XIV Supplemental Information (continued)

**SCHEDULE G
(Form 990 or 990-EZ)**

Department of the Treasury
Internal Revenue Service

**Supplemental Information Regarding
Fundraising or Gaming Activities**

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a
▶ Attach to Form 990 or Form 990-EZ ▶ See separate instructions.

OMB No 1545-0047

2011

Open To Public
Inspection

Name of the organization

PROJECT FREEDOM, INC.

Employer identification number

22-2532804

Part I

Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- a** Mail solicitations
- b** Internet and email solicitations
- c** Phone solicitations
- d** In-person solicitations
- e** Solicitation of non-government grants
- f** Solicitation of government grants
- g** Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? Yes No

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

	(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
			Yes	No			
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
Total							

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events
		OTHER FUNDRAISE (event type)	(event type)	NONE (total number)	(add col (a) through col (c))
Revenue	1 Gross receipts	66,609			66,609
	2 Less: Charitable contributions				
	3 Gross income (line 1 minus line 2)	66,609			66,609
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses				
	10 Direct expense summary. Add lines 4 through 9 in column (d)				▶ ()
11 Net income summary. Combine line 3, column (d), and line 10				▶ 66,609	

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	<input type="checkbox"/> Yes % <input type="checkbox"/> No	<input type="checkbox"/> Yes % <input type="checkbox"/> No	<input type="checkbox"/> Yes % <input type="checkbox"/> No	
	7 Direct expense summary. Add lines 2 through 5 in column (d)				▶ ()
	8 Net gaming income summary. Combine line 1, column d, and line 7				▶ ()

9 Enter the state(s) in which the organization operates gaming activities

a Is the organization licensed to operate gaming activities in each of these states?

9a Yes No

b If "No," explain

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?

10a Yes No

b If "Yes," explain

- 11 Does the organization operate gaming activities with nonmembers? Yes No
- 12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? Yes No
- 13 Indicate the percentage of gaming activity operated in

a	The organization's facility		%
b	An outside facility		%
- 14 Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶

Address ▶

- 15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? Yes No
- b If "Yes," enter the amount of gaming revenue received by the organization ▶\$ and the amount of gaming revenue retained by the third party ▶\$
- c If "Yes," enter name and address of the third party

Name ▶

Address ▶

16 Gaming manager information.

Name ▶

Gaming manager compensation ▶\$

Description of services provided ▶

- Director/officer
- Employee
- Independent contractor

17 Mandatory distributions

- a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? Yes No
- b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶\$

Part IV Supplemental Information. Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

SCHEDULE J
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990,
Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

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Inspection

PROJECT FREEDOM, INC.

Employer identification number

22-2532804

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director. Explain in Part III

- | | |
|--|---|
| <input checked="" type="checkbox"/> Compensation committee | <input checked="" type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5–9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

- a** The organization?
- b** Any related organization?
- If "Yes" to line 5a or 5b, describe in Part III

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

- a** The organization?
- b** Any related organization?
- If "Yes" to line 6a or 6b, describe in Part III

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1a		
1b		
2		
3		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2011

Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

Must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the Schedule J, Part VII

For each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
	(i)	151,497	0	0	13,375	0	164,872	0
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
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	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

tion

ormation, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II.
tional information.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

2011

Open to Public
Inspection

PROJECT FREEDOM, INC.

Employer identification number

22-2532804

FORM 990 - ORGANIZATION'S MISSION OR MOST SIGNIFICANT ACTIVITIES

1. TO PROVIDE AN ENVIRONMENT WHERE THE PHYSICALLY DISABLED
HAVE THE OPPORTUNITY TO BE EMPLOYED AND HAVE A FAMILY,
CONTRIBUTE TO SOCIETY, AND HAVE LIFESTYLE CHOICES.

2. TO PROVIDE HOUSING THAT IS ACCESSIBLE TO LOW AND MODERATE
INCOME PERSONS WITH DISABILITIES.

FORM 990, PART VI, LINE 11B - ORGANIZATION'S PROCESS TO REVIEW FORM 990
FORM 990 IS PROVIDED TO THE ORGANIZATION'S GOVERNING BOARD FOR REVIEW BEFORE
FILING.

FORM 990, PART VI, LINE 12C - ENFORCEMENT OF CONFLICTS POLICY
THE ORGANIZATION ENFORCES ITS' CONFLICT OF INTEREST POLICY BY INTERNALLY
MONITORING RELATIONSHIPS BETWEEN ITS GOVERNING BODY, MEMBERS AND OTHERS.

FORM 990, PART VI, LINE 15A - COMPENSATION PROCESS FOR TOP OFFICIAL
COMPENSATION OF THE EXECUTIVE DIRECTOR IS SUBJECT TO THE REVIEW AND
APPROVAL OF THE ORGANIZATIONS' INDEPENDENT GOVERNING BOARD.

FORM 990, PART VI, LINE 15B - COMPENSATION PROCESS FOR OFFICERS
COMPENSATION OF OFFICERS IS SUBJECT TO THE REVIEW AND APPROVAL OF THE
ORGANIZATIONS' INDEPENDENT GOVERNING BOARD. NOTE THAT IN THE CURRENT YEAR
THE ONLY OFFICER RECEIVING COMPENSATION WAS THE EXECUTIVE DIRECTOR.

FORM 990, PART VI, LINE 19 - GOVERNING DOCUMENTS DISCLOSURE EXPLANATION

Name of the organization

PROJECT FREEDOM, INC.

Employer identification number

22-2532804

ANY DOCUMENTS WHICH ARE OPEN TO PUBLIC INSPECTION BY LAW CAN BE OBTAINED BY CONTACTING THE ORGANIZATION AND MAKING A FORMAL REQUEST.

For calendar year 2011, or tax year beginning , and ending

Name

Employer Identification Number

PROJECT FREEDOM, INC.

22-2532804

FORM 990, PART X, LINE 23 - ADDITIONAL INFORMATION

Name of lender	Relationship to disqualified person
(1) SEE ATTACHED SCHEDULE	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

Security provided by borrower	Purpose of loan
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year
(1)	1,850,980	1,820,480
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Totals	1,850,980	1,820,480

Tax-Exempt Interest on Investments

Description	Amount	Unrelated Business Code	Exclusion Code	Postal Code	Acquired after 6/30/75	InState Muni (\$ or %)
INTEREST INCOME	\$				14	
TOTAL	\$ 0					

Form 990, Part IX, Line 24e - All Other Expenses

<u>Total Expenses</u>	<u>Program Service</u>	<u>Management & General</u>	<u>Fund Raising</u>
\$ 8,838	\$ 8,035	\$ 803	\$
8,740		8,740	
6,340	6,340		
5,860	5,860		
5,481		5,481	
4,038		4,038	
3,657		3,657	
1,340	1,340		
315		315	
<u>\$ 44,609</u>	<u>\$ 21,575</u>	<u>\$ 23,034</u>	<u>\$ 0</u>

Federal Statements

Schedule A, Part II, Line 1(e)

<u>Description</u>	<u>Amount</u>
	\$ 194,438
	18,085
	19,817
	<u>\$ 232,340</u>

Schedule A, Part II, Line 10(e)

<u>Description</u>	<u>Amount</u>
DUE	\$ 537
	1,293
	942
	504
	<u>\$ 3,276</u>

Schedule A, Part II, Line 12

<u>Description</u>	<u>Amount</u>
	\$ 1,300
	39,533
	170,777
	33,000
3 AND TEMPORARY CASH INVESTMENTS	52,195
LP	-53,317
	1,348
	66,609
	<u>\$ 311,445</u>



INDEPENDENT AUDITOR'S REPORT

To The Board of Trustees
Project Freedom, Inc.:

We have audited the statements of financial position of Project Freedom, Inc. (the "Organization") as of December 31, 2011 and 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

The Organization has excluded from its financial statements the financial position and results of operations from its subsidiaries, Lawrence Freedom Properties, Inc., Trenton Freedom Properties, Inc., Hamilton Freedom Properties, Inc., Woodstown Freedom Properties, Inc. and Freedom I, LP, that in our opinion, should be included in order to conform with accounting principles generally accepted in the United States of America. If the operations were included in these financial statements, total assets would be increased by \$2,049,363 and \$2,172,635, respectively, total liabilities would be increased by \$1,754,866 and \$1,807,787, respectively, and the change in net assets would have decreased by \$55,450 and \$63,686, respectively, for the years ended December 31, 2011 and 2010.

In our opinion, except for the effects of not consolidating Lawrence Freedom Properties, Inc., Trenton Freedom Properties, Inc., Hamilton Freedom Properties, Inc., Woodstown Freedom Properties, Inc. and Freedom I, LP, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Project Freedom, Inc. as of December 31, 2011 and 2010 and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2011 on our consideration of Project Freedom, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the financial statements of Project Freedom, Inc. as a whole. The accompanying Schedule of Expenditures of State Awards is presented for the purposes of additional analysis as required by the State of New Jersey and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

May 14, 2012
Toms River, New Jersey

Fallon & Larsen LLP

PROJECT FREEDOM, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011 AND 2010

	ASSETS	
	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 592,122	\$ 917,089
Accounts receivable	87,234	17,922
Grants receivable	9,698	9,688
Prepaid expenses	9,300	134
Current portion of related party loans	<u>55,500</u>	<u>55,500</u>
Total current assets	<u>753,854</u>	<u>1,000,333</u>
Property and equipment:		
Land	47,538	47,538
Buildings	453,183	453,183
Equipment & furniture	<u>119,655</u>	<u>118,692</u>
	620,376	619,413
Less: accumulated depreciation	<u>(378,914)</u>	<u>(355,311)</u>
Net property and equipment	<u>241,462</u>	<u>264,102</u>
Other assets:		
Interest receivable	493,292	450,509
Related party loans, net of current portion	3,090,876	3,119,463
Investment in Freedom I, LP	240,801	309,118
Restricted cash	<u>19,969</u>	<u>19,723</u>
Total other assets	<u>3,844,938</u>	<u>3,898,813</u>
	<u>\$ 4,840,254</u>	<u>\$ 5,163,248</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 18,997	\$ 8,139
Deferred revenue	16,571	17,581
Security deposits payable	4,693	4,679
Current portion of long-term debt	<u>30,500</u>	<u>30,500</u>
Total current liabilities	70,761	60,899
Long-term debt, excluding current portion	1,820,480	1,850,980
Net assets:		
Unrestricted	<u>2,949,013</u>	<u>3,251,369</u>
	<u>\$ 4,840,254</u>	<u>\$ 5,163,248</u>

See accompanying notes to financial statements.

PROJECT FREEDOM, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
UNRESTRICTED NET ASSETS:		
Support and revenue:		
Activities fee	\$ 1,300	\$ 1,432
Management fee	33,000	-
Rental income	39,533	36,261
Developer fee income	170,777	267,926
Interest income	52,195	48,263
Other income	34,120	84,761
Grants	194,438	219,418
Contract fees	18,085	19,834
Direct public support	19,817	32,110
Fundraisers	<u>67,113</u>	<u>119,865</u>
 Total support and revenue	 <u>630,378</u>	 <u>829,870</u>
Expenses:		
Program services	184,713	198,812
Management and general	657,836	654,818
Fundraising	36,868	36,227
Loss on investment in Freedom I, LP	<u>53,317</u>	<u>60,392</u>
 Total expenses	 <u>932,734</u>	 <u>950,249</u>
 Increase (decrease) in unrestricted net assets	 (302,356)	 (120,379)
 Net assets, beginning of year	 <u>3,251,369</u>	 <u>3,371,748</u>
 Net assets, end of year	 <u>\$ 2,949,013</u>	 <u>\$ 3,251,369</u>

See accompanying notes to financial statements.

PROJECT FREEDOM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 27,361	\$ 519,863	\$ -	\$ 547,224
Payroll taxes	1,222	45,779	-	47,001
Fundraising	-	-	36,868	36,868
Depreciation	-	23,603	-	23,603
Insurance	17,108	-	-	17,108
Office expense	-	19,373	-	19,373
Repairs and maintenance	15,099	-	-	15,099
Service charges	-	4,038	-	4,038
Professional fees	-	8,740	-	8,740
Utilities	6,340	-	-	6,340
Vehicle usage	5,860	-	-	5,860
Activities	13,899	-	-	13,899
Telephone	-	5,481	-	5,481
Postage	-	1,939	-	1,939
Real estate taxes	1,340	-	-	1,340
Travel	-	8,534	-	8,534
Conferences and seminars	-	2,838	-	2,838
Dues and membership fees	-	3,657	-	3,657
Advertising	-	4,838	-	4,838
Licenses and fees	-	315	-	315
Security - DDD contract	96,484	-	-	96,484
Miscellaneous	-	8,838	-	8,838
	<u>\$ 184,713</u>	<u>\$ 657,836</u>	<u>\$ 36,868</u>	<u>\$ 879,417</u>

See accompanying notes to financial statements.

PROJECT FREEDOM, INC.
STATEMENT OF FUNCTIONAL EXPENSES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 27,632	\$ 525,004	\$ -	\$ 552,636
Payroll taxes	1,103	41,310	-	42,413
Fundraising	-	-	36,227	36,227
Depreciation	-	24,200	-	24,200
Insurance	16,652	-	-	16,652
Office expense	-	22,397	-	22,397
Repairs and maintenance	17,723	-	-	17,723
Service charges	-	3,229	-	3,229
Professional fees	-	8,789	-	8,789
Utilities	6,601	-	-	6,601
Vehicle usage	7,218	-	-	7,218
Activities	24,059	-	-	24,059
Telephone	-	5,554	-	5,554
Postage	-	2,256	-	2,256
Real estate taxes	1,340	-	-	1,340
Travel	-	4,588	-	4,588
Conferences and seminars	-	2,047	-	2,047
Dues and membership fees	-	2,503	-	2,503
Advertising	-	2,920	-	2,920
Licenses and fees	-	625	-	625
Security - DDD contract	96,484	-	-	96,484
Miscellaneous	-	9,396	-	9,396
	<u>\$ 198,812</u>	<u>\$ 654,818</u>	<u>\$ 36,227</u>	<u>\$ 889,857</u>

See accompanying notes to financial statements.

PROJECT FREEDOM, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Cash received from support and revenue	\$ 586,875	\$ 804,905
Interest received	9,166	4,576
Cash paid to suppliers and employees	<u>(933,132)</u>	<u>(913,233)</u>
Net cash provided (used) by operating activities	<u>(337,091)</u>	<u>(103,752)</u>
Cash Flows from Investing Activities:		
Development loans made to new projects	(66,913)	(119,406)
Repayment of development loans	-	520,526
Repayment of related party notes	95,500	30,500
Distributions from subsidiary	15,000	15,000
Purchase of equipment	<u>(963)</u>	<u>(17,466)</u>
Net cash provided (used) by investing activities	<u>42,624</u>	<u>429,154</u>
Cash Flows from Financing Activities:		
Principal payments on long-term debt	<u>(30,500)</u>	<u>(484,986)</u>
Net cash provided (used) by financing activities	<u>(30,500)</u>	<u>(484,986)</u>
Net increase (decrease) in cash	(324,967)	(159,584)
Cash and cash equivalents, beginning of year	<u>917,089</u>	<u>1,076,673</u>
Cash and cash equivalents, end of year	<u>\$ 592,122</u>	<u>\$ 917,089</u>
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets	\$ (302,356)	\$ (120,379)
Items which did not (provide) use cash:		
Depreciation expense	23,603	24,200
Loss on investment in Freedom I, LP	53,317	60,392
Interest earned on loans receivable	(42,783)	(43,414)
Interest earned on reserves	(246)	(273)
Working capital changes which provided (used) cash:		
Accounts receivable	(79,010)	(15,984)
Grants receivable	9,688	25,010
Prepaid expenses	(9,166)	171
Accounts payable	10,858	(47,747)
Deferred revenue	(1,010)	14,167
Security deposits payable	<u>14</u>	<u>105</u>
Net cash provided (used) by operating activities	<u>\$ (337,091)</u>	<u>\$ (103,752)</u>

See accompanying notes to financial statements.

PROJECT FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Project Freedom, Inc. (the "Organization") is a not-for-profit, tax-exempt organization that develops and operates residential housing for adults with disabilities. Project Freedom, Inc. operates a five unit "shared living" residence, an independent living center ("Westgate Manor") and a 30 unit adapted housing complex in Mercer County, New Jersey. The adapted housing complex is operated under a management contract with Freedom I, L.P., a limited partnership which is a subsidiary of Project Freedom, Inc. Project Freedom, Inc. also provides ancillary services to the physically disabled living in its complex as well as in the surrounding community.

Project Freedom, Inc.'s wholly owned subsidiary, Hamilton Freedom Properties, Inc. ("HFP") and National Equity Fund 1999 Series II Limited Partnership ("NEF") formed Project Freedom at Hamilton Urban Renewal, L.P., ("HUR") a New Jersey limited partnership, for the purpose of constructing and operating a rental housing project of 48 units for adults with disabilities in Hamilton Township, New Jersey. The housing project is eligible for low-income housing tax credits under the program described in Section 42 of the Internal Revenue Code. The partnership agreement recognizes HFP as the general partner with a 0.01% interest in the partnership's profits and losses.

Project Freedom, Inc.'s wholly owned subsidiary, Lawrence Freedom Properties, Inc. ("LFP") and Sovereign Bank formed Project Freedom at Lawrence Urban Renewal, L.P., ("LUR") a New Jersey limited partnership, for the purpose of constructing and operating a rental housing project of 54 units for adults with disabilities in Lawrence Township, New Jersey. The housing project is eligible for low-income housing tax credits under the program described in Section 42 of the Internal Revenue Code. The partnership agreement recognizes LFP as the general partner with a 1% interest in the partnership's profits and losses.

Project Freedom, Inc.'s wholly owned subsidiary, Trenton Freedom Properties, Inc. ("TFP") and PNC Bank formed Project Freedom at Trent Center Urban Renewal, L.P., ("TUR") a New Jersey limited partnership, for the purpose of constructing and operating a rental housing project of 52 units for adults with disabilities in Trenton, New Jersey. The housing project is eligible for low-income housing tax credits under the program described in Section 42 of the Internal Revenue Code. The partnership agreement recognizes TFP as the co-general partner with a .51% interest in the partnership's profits and losses. During fiscal year ended December 31, 2010, TFP has withdrawn from TUR.

Project Freedom, Inc.'s wholly owned subsidiary, Woodstown Freedom Properties, Inc. ("WFP") and National Equity Fund formed Project Freedom at Woodstown Urban Renewal, L.P., ("WUR") a New Jersey limited partnership, for the purpose of constructing and operating a rental housing project of 60 units for adults with disabilities in Trenton, New Jersey. Upon completion, the housing project will be eligible for low-income housing tax credits under the program described in Section 42 of the Internal Revenue Code. The partnership agreement recognizes WFP as the general partner with a .01% interest in the partnership's profits and losses.

PROJECT FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Principles of Accounting

The accounting policies of the Organization conform to the accounting principles generally accepted in the United States of America. The financial statements are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

C. Basis of Presentation

The Organization has adopted standards for external financial reporting by not-for-profit organizations which requires resources to be classified for accounting and reporting purposes into three net asset categories according to external (donor) imposed restrictions.

The Organization distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions. For the years ended December 31, 2011 and 2010 the Organization had net assets in only one of the net asset categories, as follows:

- Unrestricted net assets - Net assets that are not subject to donor imposed restrictions.

D. Cash and Cash Equivalents

Cash and cash equivalents consists of all cash balances and highly liquid investments with a maturity of three months or less at the time of purchase. The Organization places its temporary cash investments with high credit quality financial institutions. At December 31, 2011 investments did not exceed FDIC insurance limits.

E. Grants and Contributions

Contributions and certain grants and contracts awarded by agencies of the state and local governments for program services are recognized when the donor makes a promise to give to the Organization. Contributions restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the same 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 a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

F. Non-Interest Bearing Loans

Non-interest bearing loans are measured by the cash proceeds exchanged when no other right or privilege is given. As such, no interest is imputed on non-interest bearing loans.

**PROJECT FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property and Equipment

Land, building and improvements, and furniture and equipment are recorded at cost at the time of the purchase. Expenditures for repairs and maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterments are capitalized. Upon the sale or retirement of fixed assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Activities.

Depreciation is computed using the straight line method over the estimated useful lives of the related assets. The estimated useful lives of assets for depreciation purposes may be different than the actual economic useful lives of the assets.

	<u>Estimated Life</u>	<u>Method</u>
Land	-	None
Building and improvements	27.5-40	Straight-line
Furniture and equipment	5-10	Straight-line

H. Long-Lived Assets

The Organization evaluates the carrying value of long-lived assets. When indications of an impairment are present, the recoverability of the carrying value of the assets in question are assessed based on the future undiscounted cash flows expected to result from their use. If the carrying value cannot be recovered, impairment losses would be recognized to the extent the carrying value exceeds fair value.

I. Income Taxes

The Organization is a qualified tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

J. Functional Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

PROJECT FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2011 and 2010 the Organization had funds on deposit in checking, certificates of deposit and money market accounts. For the purposes of the Statements of Cash Flows, cash and cash equivalents consist of the following:

<u>Cash Category</u>	<u>2011</u>	<u>2010</u>
Cash	\$ 306,508	\$ 616,285
Certificates of deposit	280,921	296,125
Tenant security deposits	<u>4,693</u>	<u>4,679</u>
	<u>\$ 592,122</u>	<u>\$ 917,089</u>

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2011 and 2010 consist of \$87,234 and \$17,922, respectively, due from affiliated companies for reimbursement of payroll and related costs. Management considers the amounts fully collectible and, as such, no allowance for doubtful accounts is necessary.

NOTE 4. RELATED PARTY LOANS RECEIVABLE

The Organization is related to other entities through common control and ownership. At December 31, 2011 and 2010, related party loans receivable consisted of the following:

	<u>2011</u>	<u>2010</u>
First nonrecourse mortgage note from HUR dated October 14, 1999 in the amount of \$320,000 collateralized by HUR's investment in land and building. Under this note, \$10,000 is to be repaid in ten annual payments of principal only, beginning in 2002. The remaining principal is due in 30 years after the first payment date and accrues interest at a rate of 6.31% per annum.	\$ 220,000	\$ 230,000
Second nonrecourse mortgage note from HUR dated October 14, 1999 in the amount of \$240,000 collateralized by HUR's investment in land and building. Principal and interest accruing at a rate of 5.31% per annum are to be repaid after 30 years.	240,000	240,000

PROJECT FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 4. RELATED PARTY LOANS RECEIVABLE (continued)

	<u>2011</u>	<u>2010</u>
Third nonrecourse mortgage note from HUR dated July 25, 2000 in the amount of \$287,520 collateralized by HUR's investment in land and building. The note accrues interest at a rate of 5.4% per annum and matures in 30 years, or July 25, 2030.	\$ 287,520	\$ 287,520
Developer fee note in connection with the LUR project as provided in the Development Fee Agreement dated January 30, 2002, which commits LUR to a total fee of \$939,500. Principal payments are required to be made out of available cash flows as describe in the Partnership Agreement.	269,151	334,151
Nonrecourse mortgage note from LUR dated January 30, 2002 in the amount of \$150,000. The note is non-interest bearing and is due in full in thirty years, or January 30, 2032.	150,000	150,000
Nonrecourse mortgage note from LUR dated January 30, 2002 in the amount of \$323,460. The note is non-interest bearing and is due in full in thirty years, or January 30, 2032.	323,460	323,460
Nonrecourse mortgage note from LUR dated January 30, 2002 in the amount of \$897,000. The note is non-interest bearing and is due in full in thirty years, or January 30, 2032.	897,000	897,000
Nonrecourse mortgage note from LUR dated January 30, 2002 in the amount of \$205,000. The note is non-interest bearing and is due in ten annual payments of \$20,500 beginning in July 2008.	123,000	143,500
Development costs paid on behalf of future projects. Advances will be repaid upon project funding. Advances are unsecured and interest fee.	<u>636,245</u>	<u>569,332</u>
Total related party loans receivable	\$ 3,146,376	\$ 3,174,963
Less: current portion	<u>55,500</u>	<u>55,500</u>
Related party loans, less current portion	<u>\$ 3,090,876</u>	<u>\$ 3,119,463</u>

PROJECT FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 5. GRANTS RECEIVABLE

Grants receivable represent amounts earned but not yet received from various state and local governments as follows:

	<u>2011</u>	<u>2010</u>
Hamilton Township	\$ <u>9,698</u>	\$ <u>9,688</u>

NOTE 6. INTEREST RECEIVABLE

Accrued interest on related party loans are as follows:

	<u>2011</u>	<u>2010</u>
HUR Project nonrecourse loans	\$ <u>493,292</u>	\$ <u>450,509</u>

NOTE 7. RESTRICTED CASH

A cash reserve has been established by the Organization to cover operating deficits and replacement of project assets at the Westgate Manor property. As of December 31, 2011 and 2010, restricted cash amounted to \$19,969 and \$19,723, respectively.

NOTE 8. INVESTMENT IN FREEDOM I L.P.

The Organization has a 99.5% ownership interest in Freedom I, LP. The investment is accounted for under the equity method and at December 31, 2011 and 2010 is \$240,801 and \$309,118, respectively.

PFI Development LLC has a .5% ownership interest in Freedom I LP. PFI Development partnership is wholly owned by the Organization.

The limited partnership operates an apartment complex which provides low-income housing eligible for tax credits in accordance with Sections 42 and 47 of the Internal Revenue Code.

PROJECT FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 10. LONG-TERM DEBT

Long-term debt at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Note payable to Mercer County dated January 30, 2002 in the amount of \$1,102,000. \$897,000 bears no interest and is deferred for a period of thirty years. \$205,000 of this mortgage is due in ten annual payments of \$20,500 beginning in July 2005. Any outstanding amounts will be due and payable at the end of this term.	\$ 1,020,000	\$ 1,040,500
Mortgage payable to the County of Mercer under the HOME Investment Partnership Program in the original amount of \$320,000. The mortgage bears no interest. Ten annual principal payments of \$10,000 beginning August 20, 2001 are required by the mortgagor. The mortgage is collateralized by the assets of Project Freedom at Hamilton Urban Renewal.	220,000	230,000
Mortgage payable to First Washington State Bank in the original amount of \$287,520. Principal and interest is due July 25, 2030. The mortgage bears no interest and is collateralized by the the real property of the project.	287,520	287,520
Mortgage payable to the Federal Home Loan Bank of New York in the amount of \$287,520 per annum. Principal is due January 30, 2032. The mortgage bears no interest and is collateralized by the project's real estate.	<u>323,460</u>	<u>323,460</u>
Total long-term debt	\$ 1,850,980	\$ 1,881,480
Less: current portion of long-term debt	<u>30,500</u>	<u>30,500</u>
Long-term debt, excluding current portion	<u>\$ 1,820,480</u>	<u>\$ 1,850,980</u>

The maturities of long-term debt over the next several years are as follows:

December 31, 2012	\$	30,500
2013		30,500
2014		30,500
2015		30,500
2016		30,500
Thereafter		<u>1,698,480</u>
	<u>\$</u>	<u>1,850,980</u>

PROJECT FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 11. COMMITMENTS

As of December 31, 2001 Project Freedom, Inc. has arranged for subsidized financing of HUR's land acquisition and construction costs under applicable government programs for low-income housing and housing for the disabled. Project Freedom, Inc. is obligated to make payments to Mercer County, New Jersey under a mortgage note receivable in the amount of \$320,000 from HUR. On July 25, 2000, Project Freedom, Inc. also executed a promissory note in the amount of \$287,520 to First Washington State Bank under the Federal Home Loan Bank Affordable Housing Program, which is collateralized by the real estate property of HUR. Project Freedom, Inc. holds a related mortgage note receivable in this amount from HUR.

HUR is expected to grant Project Freedom, Inc. an option to purchase the Hamilton property at the end of the low-income housing tax compliance period at a price which would facilitate the purchase while protecting HUR's tax benefits in the project.

NOTE 12. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments. The Organization places its temporary cash investments with financial institutions and limits the amount of credit risk to any one financial institution.

NOTE 13. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, the Internal Revenue Service. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by a regulatory agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE 14. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Organization through May 14, 2012 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Project Freedom, Inc.:

We have audited the financial statements of Project Freedom, Inc. (the "Organization") as of and for the years ended December 31, 2011 and 2010, and have issued our report therein dated May 14, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Project Freedom, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Project Freedom, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management and the New Jersey State Department of Community Affairs and is not intended to be and should not be used by anyone other than these specified parties.

May 14, 2012
Toms River, New Jersey

Fallon & Larsen LLP

**PROJECT FREEDOM, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Grantor</u>	<u>Account Number</u>	<u>Contract Period</u>	<u>Total Expenditures</u>
<u>State of New Jersey</u>			
Division of Developmental Disabilities: Family Support/Home Assistance	100-054-7601-073	01/01/11-12/31/11	\$ <u>172,032</u>

PROJECT FREEDOM, INC.
2011 BOARD OF TRUSTEES DIRECTORY – As of December 13, 2011

<p>Robert Buda, Jr. (Victoria) Chairman 18 Cathy Drive Robbinsville, NJ 08691 609-443-3371 (W) 609-647-2000 (C) <u>rbuda@budaconsulting.com</u> <u>rjbuda@budaconsulting.com</u></p> <p>BL, B(C), E(C), F, FI, P, G</p>	<p>C. Herbert Schneider (Judy) Vice Chairman 57 Walters Road Robbinsville, NJ 08691 609-259-8886 (H) 732-364-0032 (W) 609-306-2323 (C) 732-364-0042 FAX <u>hschneider@firstcommercebank.com</u></p> <p>B, E, F, FI, P</p>	<p>Anthony Torrington (Lisa) Treasurer 26 Witmer Way Robbinsville, NJ 08691 609-448-1363 (H) 609-954-4085 (C) 732-516-4681 (W) 866-248-0997 (FAX) <u>Anthony.torrington@ey.com</u></p> <p>E, FI(C), P</p>	<p>Carla Campanella (Paul) Secretary PO Box 605 Allentown, NJ 08501 609-259-5294 (H) 609-259-5292 (W) 609-915-6114 (C) 609-259-5293 FAX <u>CCPC1@aol.com</u></p> <p>BL (C), E, P, AA(C), D</p>
<p>Jack Blair, Jr. (Kathleen) 2277 Route 33 - Ste. 404 Hamilton, NJ 08690 609-587-1600 x 115 (W) 609-409-2904 (H) 609-306-6457 (C) 609-587-1661 FAX <u>jblair@nottinghaminsurance.com</u></p> <p>F(C)</p>	<p>Florence E. Cohen (Harvey) 3 Stonelea Drive Princeton Jct., NJ 08550 609-799-0525 (H&FAX) 609-468-0737 (C) 239-436-1925 (Florida) <u>HHCFJEC@aol.com</u></p> <p>FI, P(C)</p>	<p>Scott Elliott 51 Perry Rd Lambertville, NJ 08530 609-581-4500 (W) 609-397-4692 (H) 908-625-9047 (C) 609-581-4555 FAX <u>Scott.Elliott@pcil.org</u></p> <p>B</p>	<p>Scott W. Ellis 765 Kuser Road – Apt # G-6 Hamilton, NJ 08619 (609) 941-7988 <u>Scott.Ellis@pcil.org</u></p> <p>A(C)</p>
<p>Bari Frydman 1125 Wilshire Drive Yardley, PA 19067 215-493-0128 (H) 609-468-0667 (C) 609-737-4001 Ext 1324 (W) <u>Barirob18@verizon.net</u></p>	<p>Stacey M. Geurds McCleese (Dean) 11 Patton Drive Ewing, NJ 08618 609-989-6325 (W) 609-306-8816 (C) <u>sgeurds@mercercounty.org</u></p> <p>AA</p>	<p>Barbara Goodman (Michael) 6 Allura Court Lawrenceville, NJ 08648 609-882-5344 (H) 609-987-8100 (W) <u>goodmbd@aol.com</u></p> <p>P, AA</p>	<p>Douglas C. Heppe (Jan) 28 Harker Road Chesterfield, NJ 08515 H 609-291-9311 C 908-975-5375 <u>dougheppe@msn.com</u></p> <p>F, G</p>
<p>Carol A. Holloway (Bob) 9 Eastbridge Dr. Robbinsville, NJ 08691 609-443-8760 (H) <u>golfandfish@optonline.net</u></p> <p>BL, M(C)</p>	<p>Lisa Killion-Smith (Patrick) 351 High Street Suite 103 Burlington, NJ 08016 609-747-7745 <u>lsmith@rilnj.org</u></p>	<p>Timothy J. Lutz (Hila) 311 East Sixth Street Florence, NJ 08518 609-499-4063 (H) 609-496-2951(C) <u>timlutz@verizon.net</u></p> <p>F, G(C)</p>	<p>Joan Martinez (Antonio) 59 Walters Road Robbinsville, NJ 08691 609-259-0201 (H) 609-731-1541 (C) <u>Joanmartinez1@verizon.net</u></p>

<p>Michael Mushak (Marge) 45 Longwood Drive Hamilton, NJ 08620 609-581-0702 (H) Mike804@Presto.com</p> <p>E, F, FI</p>	<p>Javier Robles 4 Rainford Road Edison, NJ 08820 732-603-9056 thisabled@gmail.com</p>	<p>Niel Siekerka (Michele) 16 Sara Drive Robbinsville, NJ 08691 H 609-371-1878 W 609-577-0715 nsiekerk@optonline.net</p>	<p>David S. Workman (Sandy) 132 Farnsworth Ave Bordentown, NJ 08505 609-291-8363 (W) 609-346-1481 (C) 609-291-5580 FAX Dave@ffadvisors.com</p> <p>F, FI</p>
<p>(C)- Chairperson A – Advocacy/Services BL – By-Laws and Nominating B – Business Workplan/Policies E – Executive F – Facilities FI – Finance M – Membership P – Personnel AA – Angel Award G – Golf D – Development (Fundraising/Public Relations)</p>			