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

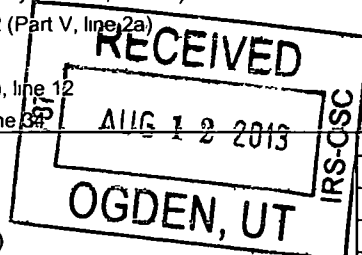
OMB No 1545-0047
2012
 Open to Public Inspection

A For the 2012 calendar year, or tax year beginning _____, **and ending** _____

B Check if applicable: <input checked="" type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization PROJECT FREEDOM, INC. Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite 1 FREEDOM BLVD. City, town or post office, state, and ZIP code LAWRENCEVILLE NJ 08648	D Employer identification number 22-2532804 E Telephone number 609-448-2998 G Gross receipts \$ 1,457,783
F Name and address of principal officer TIMOTHY J. DOHERTY 1 FREEDOM BLVD. LAWRENCEVILLE NJ 08648		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		H(c) Group exemption number ▶
J Website ▶ WWW.PROJECTFREEDOM.ORG		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1984 M State of legal domicile NJ

Part I Summary

1 Briefly describe the organization's mission or most significant activities SEE SCHEDULE O																																																										
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets																																																										
3 Number of voting members of the governing body (Part VI, line 1a)	3 23																																																									
4 Number of independent voting members of the governing body (Part VI, line 1b)	4 23																																																									
5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5 34																																																									
6 Total number of volunteers (estimate if necessary)	6 25																																																									
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a 0																																																									
7b Net unrelated business taxable income from Form 990-T, line 34	7b 0																																																									
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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. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer <i>Timothy J. Doherty</i> TIMOTHY J. DOHERTY Type or print name and title	Date EXEC. DIRECTOR
Paid Preparer Use Only	Print/Type preparer's name RICHARD M. LARSEN Preparer's signature <i>Richard M. Larsen</i> Date 08/02/13 Check <input type="checkbox"/> if self-employed PTIN P01233142	Firm's name ▶ FALLON & LARSEN LLP Firm's EIN ▶ 22-2981982 Firm's address ▶ 1390 STATE ROUTE 36 STE 102 HAZLET, NJ 07730 Phone no 732-888-2070

SCANNED AUG 28 2013

917 25

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 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 \$ **195,570** 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 \$ **30,953** 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 **226,523**

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, for escrow or custodial account liability, 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 and XII	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 and XII 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
24b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
24c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
24d 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
25b 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, highest 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)		
28a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
28b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
28c 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, or IV, and Part V, line 1	X	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	X	
35b If "Yes" to line 35a, 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-convertible 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 11b 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.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	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.		
2b	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
3b	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
4b	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
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5c	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 as charitable contributions?		X
6b	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).		
7a	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	
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	X	
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		X
7h	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.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	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.		
13b	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.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		X
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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

- 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**

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

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

- 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?
- 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**
- 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?

	Yes	No
10a		X
10b		
11a	X	
12a	X	
12b	X	
12c	X	
13		X
14		X
15a	X	
15b	X	
16a		X
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
 - Other (explain in Schedule O)
- 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 **STEVEN SCHAEFER** **1 FREEDOM BLVD**

LAWRENCEVILLE

NJ 08648

609-275-0078

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 (list any hours for related organizations below dotted line)	(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.	40.00 0.00	X		X				146,106	0	13,150
(2) SEE ATTACHED BOARD OF TRUSTEES LIST	0.00 0.00	X						0	0	0
(3) CARLA CAMPANELLA SECRETARY	10.00 0.00	X		X				0	0	0
(4) ROBERT BUDA JR CHAIRMAN	10.00 0.00	X						0	0	0
(5) C HERBERT SCHNEIDER VICE CHAIRMAN	10.00 0.00	X						0	0	0
(6) ANTHONY TORRINGTON TREASURER	10.00 0.00	X		X				0	0	0
(7)										
(8)										
(9)										
(10)										
(11)										

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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			
(12)										
(13)										
(14)										
(15)										
(16)										
(17)										
(18)										
(19)										
1b Sub-total							146,106		13,150	
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)							146,106		13,150	

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

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

			(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				
	1b	Membership dues				
	1c	Fundraising events				
	1d	Related organizations				
	1e	Government grants (contributions)	435,429			
	1f	All other contributions, gifts, grants, and similar amounts not included above	21,598			
	g	Noncash contributions included in lines 1a-1f	\$			
	h	Total. Add lines 1a-1f	▶	457,027		
	Program Service Revenue	Busn Code				
2a		DEVELOPER FEE INCOME	812,007	812,007		
b		RENTAL INCOME	40,178	40,178		
c		MANAGEMENT FEE INCOME	36,000	36,000		
d		ACTIVITIES FEE INCOME	1,606	1,606		
e						
f		All other program service revenue				
g		Total. Add lines 2a-2f	▶	889,791		
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	▶	-35,811	-35,811	
	4	Income from investment of tax-exempt bond proceeds	▶			
	5	Royalties	▶			
	6a	(i) Real				
		(ii) Personal				
	b	Less rental exps				
	c	Rental inc or (loss)				
	d	Net rental income or (loss)	▶			
	7a	(i) Securities				
		(ii) Other				
		b	Less cost or other basis & sales exps			
		c	Gain or (loss)			
	d	Net gain or (loss)	▶			
8a	a	Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	86,925			
	b	Less: direct expenses				
	c	Net income or (loss) from fundraising events	▶	86,925		
9a	a	Gross income from gaming activities See Part IV, line 19	4,210			
	b	Less: direct expenses				
	c	Net income or (loss) from gaming activities	▶	4,210	4,210	
10a	a	Gross sales of inventory, less returns and allowances				
	b	Less: cost of goods sold				
	c	Net income or (loss) from sales of inventory	▶			
Miscellaneous Revenue		Busn Code				
11a	EXPENSE REIMBURSEMENTS		30,000		30,000	
b	MISCELLANEOUS INCOME		20,228	20,228		
c	TENANT MEMBERSHIPS, ASSOC DUE		2,430		2,430	
d	All other revenue		2,983		2,983	
e	Total. Add lines 11a-11d	▶	55,641			
12	Total revenue. See instructions	▶	1,457,783	878,418	0	35,413

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)

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	146,106	14,611	131,495	
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	388,608	38,861	349,747	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	52,593	5,254	47,339	
10 Payroll taxes	43,739	4,374	39,365	
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	2,525		2,525	
12 Advertising and promotion	29,785	2,979	26,806	
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel	18,215		18,215	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	5,031		5,031	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	24,993		24,993	
23 Insurance	21,817	19,635	2,182	
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	88,964	88,964		
b ACTIVITIES	25,305	25,305		
c ANGEL DINNER EVENT COSTS	21,642			21,642
d GOLF OUTING EVENT COSTS	18,992			18,992
e All other expenses	69,572	26,540	39,133	3,899
25 Total functional expenses. Add lines 1 through 24e	957,887	226,523	686,831	44,533
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

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

		(A) Beginning of year		(B) End of year	
Assets	1	Cash—non-interest bearing	306,508	1	660,929
	2	Savings and temporary cash investments	280,921	2	681,467
	3	Pledges and grants receivable, net	9,698	3	11,427
	4	Accounts receivable, net	87,234	4	75,556
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6	Loans and other 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). Complete Part II of Schedule L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges	9,300	9	2,220
	10a	Land, buildings, and equipment cost or other basis. Complete Part VI of Schedule D	10a 623,250		
	b	Less accumulated depreciation	10b 379,704	10c 241,462	243,546
	11	Investments—publicly traded securities	3,664,330	11	3,276,042
	12	Investments—other securities See Part IV, line 11		12	
	13	Investments—program-related See Part IV, line 11	240,801	13	173,894
	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)	4,840,254	16	5,125,081	
Liabilities	17	Accounts payable and accrued expenses	18,997	17	46,622
	18	Grants payable		18	
	19	Deferred revenue	16,571	19	14,366
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other 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	1,820,480	23	1,589,980
	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	35,193	25	25,204
	26	Total liabilities. Add lines 17 through 25	1,891,241	26	1,676,172
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	2,949,013	27	3,448,909
	28	Temporarily restricted net assets		28	
	29	Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), 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	2,949,013	33	3,448,909	
34	Total liabilities and net assets/fund balances	4,840,254	34	5,125,081	

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	1,457,783
2	Total expenses (must equal Part IX, column (A), line 25)	2	957,887
3	Revenue less expenses. Subtract line 2 from line 1	3	499,896
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	2,949,013
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	3,448,909

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? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed 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		X
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both. <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	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	
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

2012

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—Non-functionally integrated
- 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 U S ?		(vii) Amount of monetary 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) 2012

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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	412,698	344,601	271,362	232,340	457,027	1,718,028
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	412,698	344,601	271,362	232,340	457,027	1,718,028
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						1,718,028

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4	412,698	344,601	271,362	232,340	457,027	1,718,028
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	70,089	50,292	48,263	52,195		220,839
9 Net income from unrelated business activities, whether or not the business is regularly carried on					29,000	29,000
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV.)	22,615	1,258,202	8,071	3,276	5,413	1,297,577
11 Total support. Add lines 7 through 10						3,265,444
12 Gross receipts from related activities, etc. (see instructions)					12	965,343
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 2012 (line 6, column (f) divided by line 11, column (f))	14	52.61%
15 Public support percentage from 2011 Schedule A, Part II, line 14	15	48.60%
16a 33 1/3% support test—2012. 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—2011. 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—2012. 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—2011. 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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

Section C. Computation of Public Support Percentage

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage for 2011 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests—2012. 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—2011. 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	\$	11,347
MISCELLANEOUS	\$	68,444
CONTRACT FEES	\$	22,615
DEVELOPER FEE	\$	612,276
FORGIVENESS OF DEBT	\$	541,250
ACTIVITIES FEE	\$	1,687
RENTAL INCOME	\$	34,545

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2012 the Agency 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>	
Operating	\$ 665,685
Certificates of deposit	820,684
Tenant security deposits	<u>41,029</u>
	<u>\$ 1,527,398</u>

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2012 totaled \$69,188 and consists primarily of amounts due from affiliated tax credit limited partnerships 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. GRANTS RECEIVABLE

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

\$ 9,698
<u>1,729</u>
<u>\$ 11,427</u>

NOTE 5. RELATED PARTY LOANS RECEIVABLE

The Agency is related to other entities through common control and ownership. At December 31, 2012, related party loans receivable consisted of the following:

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

**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

2012

Open to Public Inspection

Name of the organization

PROJECT FREEDOM, INC.

Employer identification number

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 XIII, 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 XIII, 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 XIII

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 XIII 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 XIII. Check here if the explanation has been provided in Part XIII

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

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

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

4 Describe in Part XIII 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		292,542	160,641
c Leasehold improvements				
d Equipment	122,529		87,162	35,367
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))				243,546

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	20,500
(3) SECURITY DEPOSITS	4,704
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.)	25,204

2. FIN 48 (ASC 740) Footnote. In Part XIII, 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). Check here if the text of the footnote has been provided in Part XIII

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

1	Total revenue, gains, and other support per audited financial statements		1	1,457,783
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 XIII.)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	1,457,783
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 XIII.)	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	1,457,783

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

1	Total expenses and losses per audited financial statements		1	957,887
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 XIII.)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	957,887
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 XIII.)	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	957,887

Part XIII 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, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART X - FIN 48 FOOTNOTE

THE AGENCY IS A NOT-FOR-PROFIT CORPORATION EXEMPT FROM INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE (IRC). AS SUCH, PFI IS NOT TAXED ON INCOME DERIVED FROM ITS EXEMPT FUNCTIONS. HOWEVER, THE PFI IS SUBJECT TO TAX ON UNRELATED BUSINESS INCOME, WHICH IS GENERATED FROM THE PFI'S INVESTMENT INCOME AND OTHER ACTIVITIES NOT RELATED TO THEIR STATED EXEMPT PURPOSES. PFI HAD NO SIGNIFICANT DEFERRED INCOME TAX ASSETS OR LIABILITIES AS OF DECEMBER 31, 2012.

THE AGENCY HAS EVALUATED ITS TAX POSITIONS FOR ALL OPEN TAX YEARS. CURRENTLY, THE TAX YEARS OPEN AND SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE ARE THE 2010, 2011 AND 2012 TAX YEARS. HOWEVER, THE AGENCY IS NOT CURRENTLY UNDER AUDIT NOR HAS THE AGENCY BEEN CONTACTED BY ANY JURISDICTION. BASED ON THE EVALUATION OF THE AGENCY'S TAX POSITIONS, MANAGEMENT BELIEVES ALL TAX POSITIONS TAKEN WOULD BE UPHELD UNDER

Part XIII Supplemental Information (continued)

EXAMINATION. THEREFORE, NO PROVISION FOR THE EFFECTS OF UNCERTAIN TAX POSITIONS HAVE BEEN RECORDED FOR THE FISCAL YEARS ENDED DECEMBER 31, 2012.

**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

2012

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	
		<u>ANGEL DINNER</u> (event type)	<u>GOLF OUTING</u> (event type)	<u>1</u> (total number)	(add col (a) through col (c))	
Revenue	1	Gross receipts	51,475	29,910	5,540	86,925
	2	Less Contributions				
	3	Gross income (line 1 minus line 2)	51,475	29,910	5,540	86,925
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					86,925

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?

Yes No

b If "No," explain:

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

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:

13a		%
13b		%
- 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

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

2012

**Open to Public
Inspection**

Name of the organization

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, but 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) 2012

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

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) 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.

	(A) Name and Title	(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				
1	TIMOTHY J DOHERTY EXEC. DIR.	146,106	0	0	13,150	0	159,256	0
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								

Part III Supplemental Information

Complete this part to provide the information, 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.
Also complete this part for any additional 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

2012

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 GOVENING 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.

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

PROJECT FREEDOM, INC.

Employer identification number
22-2532804

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(1)	(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)						
(2)						
(3)						
(4)						
(5)						

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(1)	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
							Yes	No
(1)								
(2)								
(3)								
(4)								
(5)								

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate alloc?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) FREEDOM 1, L.P. 1 FREEDOM BLVD. LAWRENCEVILLE NJ 08648 22-3178763	HOUSING	NJ		UNRELATED	386,613	1,877,255		X			X	100.00
(2)												
(3)												
(4)												

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) HAMILTON FREEDOM PROPERTIES, INC. 1 FREEDOM BLVD. LAWRENCEVILLE NJ 08648 22-3672626		NJ		C			100.000000		X
(2) LAWRENCE FREEDOM PROPERTIES, INC. 1 FREEDOM BLVD. LAWRENCEVILLE NJ 08648 22-3818410		NJ		C		55,244	100.000000		X
(3) TOMS RIVER FREEDOM PROPERTIES, INC. 1 FREEDOM BLVD. LAWRENCEVILLE NJ 08648 46-2164788		NJ		C					X
(4) WOODSTOWN FREEDOM PROPERTIES, INC. 1 FREEDOM BLVD. LAWRENCEVILLE NJ 08648 26-4309506		NJ		C		23	100.000000		X

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(1)	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate alloc?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
								Yes	No		Yes	No	
(1)													
(2)													
(3)													
(4)													

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(1)	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
									Yes	No
(1)	(1) WESTHAMPTON FREEDOM PROPERTIES, INC 1 FREEDOM BLVD. LAWRENCEVILLE NJ 08648 27-3282141		NJ		C			100.000000		X
(2)										
(3)										
(4)										

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	Yes	No
1a		X
1b		X
1c		X
1d		X
1e		X
1f		X
1g		X
1h		X
1i		X
1j		X
1k		X
1l		X
1m		X
1n		X
1o		X
1p		X
1q		X
1r		X
1s		X

	(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 37)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(1)	(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
					Yes	No			Yes	No		Yes	No	
(1)														
(2)														
(3)														
(4)														
(5)														
(6)														
(7)														
(8)														
(9)														
(10)														
(11)														

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

PROJECT FREEDOM, INC.
2012 BOARD OF TRUSTEES DIRECTORY – As of December 11, 2012

<p>C. Herbert Schneider (Judy) Chairman 57 Walters Road Robbinsville, NJ 08691 609-259-8886 (H) 732-364-0032 (W) 609-306-2323 (C) 732-364-0042 FAX hschneider@firstcommercebk.com m B, E(C), F, FI, P</p>	<p>Timothy J. Lutz (Hila) Vice Chairman 311 East Sixth Street Florence, NJ 08518 609-499-4063 (H) 609-496-2951(C) timlutz@verizon.net F, G(C), E, D, P(co-C)</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) Anthony.torrington@ey.com E, FI(C), P(co-C)</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 CCPC1@aol.com 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 jblair@nottinghamsurance.com F(C)</p>	<p>Robert Buda, Jr. (Victoria) 18 Cathy Drive Robbinsville, NJ 08691 609-443-3371 (W) 609-647-2000 (C) rbuda@budaconsulting.com rjbuda@budaconsulting.com BL, B(C), E, F, FI, P, G</p>	<p>Florence E. Cohen (Harvey) 3 Conifer Court Princeton, NJ 08540 609-454-3883 (H&FAX) 609-468-0737 (C) 239-436-1925 (Florida) HHCFJEC@aol.com FI</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 Scott.Elliott@pcil.org A, B</p>
<p>Scott W. Ellis 765 Kuser Road – Apt # G-6 Hamilton, NJ 08619 (609) 941-7988 Scott.Ellis@pcil.org A(C)</p>	<p>Hal English (Diane) 7 Millennium Court Trenton, NJ 08619 609-838-9090 (H) 609-577-9215 (C) henglish@firstchoice-bank.com</p>	<p>Bari Frydman 1125 Wilshire Drive Yardley, PA 19067 215-493-0128 (H) 609-468-0667 (C) 609-737-4001 Ext 1324 (W) Barirob18@verizon.net AA</p>	<p>Barbara Goodman (Michael) 6 Allura Court Lawrenceville, NJ 08648 609-882-5344 (H) 609-647-2549 (C) goodmbd@aol.com P, AA</p>
<p>Douglas C. Heppe (Jan) 28 Harker Road Chesterfield, NJ 08515 H 609-291-9311 C 908-975-5375 dougheppe@msn.com F, G</p>	<p>Carol A. Holloway (Bob) 9 Eastbridge Dr Robbinsville, NJ 08691 609-443-8760 (H) golfandfish@optonline.net BL, M(C)</p>	<p>Lisa Killion-Smith (Patrick) 351 High Street Suite 103 Burlington, NJ 08016 609-747-7745 lsmith@rilnj.org A, B, P</p>	

<p>Joan Martinez (Antonio) 59 Walters Road Robbinsville, NJ 08691 609-259-0201 (H) 609-731-1541 (C) Joanmartinez1@verizon.net</p> <p>AA</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>FI</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, G</p>	<p>Timothy J. Doherty (Marion) 20 Brandon Road Lawrenceville, NJ 08548 609-737-8538 (H) 609-448-5821 (F) 609-448-2998 (W) 609-731-8486 (C) tdoherty@projectfreedom.org</p> <p>E, F, FI, AA, G, D</p>	<p>Norman Smith (Shirley) 223 Hutchinson Road Apt. 14 Robbinsville, NJ 08691 609-448-2998 (W) 609-448-7293 (F) 609-902-2130 (C) projectfreedom1@aol.com</p> <p>A, BL, B, M, AA, D</p>	<p>Stephen J. Schaefer (Susan) 8 Kentsdale Drive Pennington, NJ 08534 609-818-1945 (H) 908-278-1332 (C) sschaefer@projectfreedom.org</p> <p>F,FI, G</p>
<p>Tracee Battis (Charles) 37 Barry Way Hamilton, NJ 08619 609-672-8519 (H) 609-672-8519 (C) tbattis@projectfreedom.org</p> <p>F, AA</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)

Call In Number: 866-247-4356
Participant Pin #: 999 22351

**PROJECT FREEDOM, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

PROJECT FREEDOM, INC. AND SUBSIDIARIES
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FOR THE YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Project Freedom, Inc. and Subsidiaries:

Report on the Financial Statements

We have audited the accompanying statements of financial position of Project Freedom, Inc. and Subsidiaries ("the Agency"), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

Managements's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Project Freedom, Inc. and Subsidiaries as of December 31, 2012 and the respective changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

June 14, 2013
Toms River, New Jersey

Fallon & Larsen LLP

FINANCIAL STATEMENTS

PROJECT FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012

ASSETS

Current assets:	
Cash and cash equivalents	\$ 1,527,398
Accounts receivable	69,188
Grants receivable	11,427
Prepaid expenses	2,220
Current portion of related party loans	<u>55,500</u>
Total current assets	<u>1,665,733</u>
Non-current assets:	
Restricted cash	19,969
Interest receivable	505,826
Related party loans, net of current portion	2,690,043
Property and equipment, net	1,934,766
Investment in limited partnerships	55,260
Other assets	<u>4,592</u>
Total non-current assets	<u>5,210,456</u>
Total assets	<u>\$ 6,876,189</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 13,586
Accrued expenses	42,389
Grants received in advance	14,366
Security deposits payable	41,029
Current portion of long-term debt	<u>91,300</u>
Total current liabilities	<u>202,670</u>
Non-current liabilities:	
Accrued interest	130,830
Long-term debt, excluding current portion	<u>3,042,021</u>
Total non-current liabilities	<u>3,172,851</u>
Total liabilities	<u>3,375,521</u>
Net assets:	
Unrestricted	<u>3,500,668</u>
Total liabilities and net assets	<u>\$ 6,876,189</u>

See accompanying notes to financial statements.

**PROJECT FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

UNRESTRICTED NET ASSETS:

Support and revenue:

Activities fee	\$ 1,606
Management fee	36,000
Rental income	397,257
Developer fee income	812,007
Interest income	18,802
Other income	70,175
County and state grants	422,928
Contract fees	12,501
Direct public support	21,598
Fundraisers	<u>91,135</u>

Total support and revenue	<u>1,884,009</u>
---------------------------	------------------

Expenses:

Program services	193,349
Management and general	1,161,672
Fundraising	44,533
Loss on investment in limited partnerships	<u>1,496</u>

Total expenses	<u>1,401,050</u>
----------------	------------------

Increase in unrestricted net assets	482,959
-------------------------------------	---------

Net assets, beginning of year	<u>3,017,709</u>
-------------------------------	------------------

Net assets, end of year	<u>\$ 3,500,668</u>
-------------------------	---------------------

See accompanying notes to financial statements

PROJECT FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 29,365	\$ 648,818	\$ -	\$ 678,183
Payroll taxes	1,137	42,602	-	43,739
Fundraising	-	-	44,533	44,533
Management fee	-	14,440	-	14,440
Depreciation and amortization	-	168,698	-	168,698
Insurance	21,817	30,468	-	52,285
Office expense	-	28,259	-	28,259
Repairs and maintenance	13,187	61,482	-	74,669
Service charges	-	14,068	-	14,068
Professional fees	-	15,391	-	15,391
Utilities	6,586	36,154	-	42,740
Interest expense	-	42,536	-	42,536
Vehicle usage	5,648	-	-	5,648
Activities	25,305	-	-	25,305
Telephone	-	6,182	-	6,182
Postage	-	2,255	-	2,255
Real estate taxes	1,340	8,000	-	9,340
Travel	-	18,215	-	18,215
Conferences and seminars	-	5,031	-	5,031
Dues and membership fees	-	3,835	-	3,835
Advertising	-	2,525	-	2,525
Licenses and fees	-	1,290	-	1,290
Security - DDD contract	88,964	-	-	88,964
Miscellaneous	-	11,423	-	11,423
	<u>\$ 193,349</u>	<u>\$ 1,161,672</u>	<u>\$ 44,533</u>	<u>\$ 1,399,554</u>

See accompanying notes to financial statements.

**PROJECT FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Cash Flows from Operating Activities:	
Cash received from support and revenue	\$ 1,895,971
Interest received	6,268
Interest paid	(36,306)
Cash paid to suppliers and employees	<u>(1,174,966)</u>
Net cash provided (used) by operating activities	<u>690,967</u>
Cash Flows from Investing Activities:	
Development loans made to new projects	(394,103)
Repayment of development loans	744,353
Repayment of related party notes	65,500
Purchase of equipment	<u>(74,399)</u>
Net cash provided (used) by investing activities	<u>341,351</u>
Cash Flows from Financing Activities:	
Principal payments on long-term debt	<u>(295,793)</u>
Net increase (decrease) in cash	736,525
Cash and cash equivalents, beginning of year	<u>790,873</u>
Cash and cash equivalents, end of year	<u>\$ 1,527,398</u>
Reconciliation of change in net assets to net cash provided (used) by operating activities:	
Change in net assets	\$ 482,959
Items which did not (provide) use cash:	
Depreciation and amortization	168,698
Loss on investment in limited partnerships	1,496
Interest earned on loans receivable	(12,534)
Interest accrued on non amortizing loan	6,230
Working capital changes which provided (used) cash:	
Accounts receivable	19,789
Grants receivable	(1,729)
Prepaid expenses	7,080
Accounts payable	(13,365)
Accrued expenses	34,639
Grants received in advance	(2,205)
Security deposits payable	<u>(91)</u>
Net cash provided (used) by operating activities	<u>\$ 690,967</u>

See accompanying notes to financial statements.

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Consolidation

These consolidated financial statements include the assets, liabilities, net assets and financial activities of Project Freedom, Inc. and its wholly owned subsidiaries ("the Agency"), Freedom I, L.P., Hamilton Freedom Properties, Inc., Lawrence Freedom Properties, Inc., Woodstown Freedom Properties, Inc., Hopewell Freedom Properties, Inc. (inactive), Westampton Freedom Properties, Inc. (inactive) and Toms River Freedom Properties, Inc. (inactive). All significant transactions and balances between the entities have been eliminated.

B. Organization

Project Freedom, Inc. ("PFI") is a not-for-profit, tax-exempt Agency 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 Robbinsville, New Jersey. The adapted housing complex is operated under a management contract with Freedom I, L.P. 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 subsidiary, Freedom I, L.P. ("F1") was formed as a limited partnership under the laws of the State of New Jersey on July 1, 1991, for the purpose of constructing and operating a rental housing project. The project consists of 30 units located in Robbinsville, New Jersey and is operating under the name of Project Freedom Apartments. On March 31, 2008, Project Freedom, Inc. purchased the limited partner's 99% interest in the partnership.

General Partners in Limited Partnerships ("GP's")

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, NJ. The housing project received 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, NJ. The housing project received 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 0.01% interest in the partnership's profits and losses.

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Organization (continued)

Project Freedom, Inc.'s wholly owned subsidiary, Hopewell Freedom Properties, Inc. ("HOPE") and NEF Assignment Corp. formed Project Freedom at Hopewell Urban Renewal, L.P., ("HOPE-UR") a New Jersey limited partnership, for the purpose of constructing and operating a rental housing project of 72 units for adults with disabilities in Hopewell Township, 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 HOPE as the general partner with a 0.01% interest in the partnership's profits and losses.

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 Woodstown, New Jersey. The housing project received 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 0.01% interest in the partnership's profits and losses.

Project Freedom, Inc.'s wholly owned subsidiaries Westampton Freedom Properties, Inc. and Toms River Freedom Properties, Inc. have been formed for the purpose of developing affordable housing for adults with disabilities in Westampton and Toms River, NJ. The companies are inactive as of the financial statement date.

C. Principles of Accounting

The accounting policies of the Agency 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.

D. Basis of Presentation

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

The Agency distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions. For the years ended December 31, 2012 and 2011 the Agency 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.

**PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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 Agency places its temporary cash investments with high credit quality financial institutions. At December 31, 2012 investments did not exceed FDIC insurance limits.

F. Grants and Contributions

Contributions and certain grants and contracts awarded by state and local governments for program services are recognized when the grantor makes a promise to give to the Agency. 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.

G. 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.

H. 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

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Long-Lived Assets

The Agency 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.

J. Income Taxes

The Agency is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). As such, PFI is not taxed on income derived from its exempt functions. However, the PFI is subject to tax on unrelated business income, which is generated from the PFI's investment income and other activities not related to their stated exempt purposes. PFI had no significant deferred income tax assets or liabilities as of December 31, 2012.

The Agency has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2010, 2011 and 2012 tax years. However, the Agency is not currently under audit nor has the Agency been contacted by any jurisdiction. Based on the evaluation of the Agency's tax positions, management believes all tax positions taken would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the fiscal years ended December 31, 2012.

K. 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.

L. Fair Value of Financial Instruments

Due to the short-term nature of cash and cash equivalents, accounts and grants receivable, accounts payable, accrued expenses security deposits and grants received in advance, their carrying values approximate their fair value. The fair value of long-term receivables are valued on management's assumptions of various risk factors. The fair value of investments in limited partnerships are determined based upon their underlying net asset value of the limited partnerships. The fair value of long-term debt is estimated based on quoted market prices for bonds or similar financial instruments.

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 5. RELATED PARTY LOANS RECEIVABLE (continued)

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

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

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. 224,151

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

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

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

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. 102,500

Development costs paid on behalf of future projects. Advances will be repaid upon project funding. Advances are unsecured and interest fee. 300,912

Total related party loans receivable \$ 2,745,543
Less: current portion 55,500

Related party loans, less current portion \$ 2,690,043

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 6. INTEREST RECEIVABLE

At December 31, 2012 accrued interest on related party loans are as follows:

HUR Project nonrecourse loans	\$ <u>505,826</u>
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NOTE 7. RESTRICTED CASH

A cash reserve has been established by the Agency to cover operating deficits and replacement of project assets at the Westgate Manor property. As of December 31, 2012 restricted cash amounted to \$19,969.

NOTE 8. PROPERTY AND EQUIPMENT, NET

At December 31, 2012, property and equipment consisted of the following:

Land	\$ 47,539
Buildings and improvements	4,857,485
Furniture and equipment	<u>207,737</u>
	5,112,761
Less: accumulated depreciation	<u>(3,177,995)</u>
Fixed assets, net	\$ <u>1,934,766</u>

For the year ended December 31, 2012, depreciation expense amounted to \$167,936.

NOTE 9. INVESTMENT IN LIMITED PARTNERSHIPS

The Agency has various ownership interests in limited partnerships. The investments are accounted for under the equity method and at December 31, 2012 totaled \$55,260. Loss on investment in limited partnerships totaled \$1,496 for the year ended December 31, 2012.

<u>Limited Partnership</u>	<u>Amount</u>
Project Freedom at Hamilton Urban Renewal, L.P.	\$ (7)
Project Freedom at Lawrence Urban Renewal, L.P.	55,244
Project Freedom at Woodstown Urban Renewal, L.P.	<u>23</u>
Total	\$ <u>55,260</u>

The limited partnerships operate affordable housing units which provide low-income housing eligible for tax credits in accordance with Sections 42 and 47 of the Internal Revenue Code.

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 10. LONG-TERM DEBT

Long-term debt at December 31, 2012 consisted of the following:

Mortgage 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.	\$ 999,500
Mortgage payable to a bank under the terms of a note dated January 31, 1992. The note bears interest at 6% per annum. Principal and interest are due in monthly installments of \$7,249 through 2017. The note is collateralized by a first deed of trust on the rental property with a net book value of approximately \$1.7 million at December 31, 2012.	370,841
Mortgage payable to Federal Home Loan Bank of New York in the original amount of \$287,520. Principal is due July 25, 2030. The mortgage bears no interest and is collateralized by the the real property of the project.	287,520
Mortgage payable to the Federal Home Loan Bank of New York in the amount of \$323,460 per annum. Principal is due January 30, 2032. The mortgage bears no interest and is collateralized by the project's real estate.	323,460
Mortgage payable to the New Jersey Department of Community Affairs under the terms of a 30-year note dated November 30, 1990. The original note was issued to the general partner of the partnership. In January 1993, the note was assumed by the partnership. The note bears interest at the rate of 1% per annum. All unpaid principal and interest are due at maturity if not otherwise paid. The note is collateralized by a second deed of trust on the rental property. Accrued interest on the loan totaled \$130,830 and \$124,600, respectively at December 31, 2012 and 2011	623,000
Mortgage payable to the State of New Jersey, Department of Human Services, Division of Developmental Disabilities ("DDD") commencing October 1, 1991. The loan is non-interest bearing with principal due at maturity which was in 2011. Because management will keep the property for a low income, special needs population, the maturity of the loan has been extended. The note is collateralized by a third deed of trust on the rental property.	<u>529,000</u>
Total long-term debt	\$ 3,133,321
Less: current portion of long-term debt	<u>91,300</u>
Long-term debt, excluding current portion	<u>\$ 3,042,021</u>

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

NOTE 10. LONG-TERM DEBT (continued)

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

December 31, 2013	\$	91,300
2014		104,882
2015		110,396
2016		115,747
2017		90,516
Thereafter		<u>2,620,480</u>
	\$	<u>3,133,321</u>

NOTE 11. LINE OF CREDIT

The Agency has an available revolving line of credit with a bank to borrow up to \$400,000. Interest only payments are due monthly at a rate determined by the Wall Street Journal Prime plus one-half (.50%) percent having a floor of four and one-quarter (4.25%) percent for the life of the loan. The loan is secured with a first mortgage lien on the real estate property located at 221 Hutchinson Road, Robbinsville, NJ. At December 31, 2012, amounts borrowed under the line of credit were nil.

NOTE 12. PAYMENT IN LIEU OF TAXES

Pursuant to an agreement with Robbinsville dated November 27, 1987, the Agency has received a real estate tax exemption.

In consideration of the exemption, the Agency is to make payments to Robbinsville representing an annual charge for municipal services at the rate of \$8,000 per year. During the year ended December 31, 2012, \$8,000 was paid and charged to operations.

NOTE 13. 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.

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 14. MANAGEMENT FEE

The Robbinsville property is managed by Campi Management Group, pursuant to the management agreement. The current management agreement provides for a fee of \$1,190 per month. The management fee charged to operations during 2012 was \$14,440.

NOTE 15. CONCENTRATION OF CREDIT RISK

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

The Agency operates a 30 unit housing complex in Robbinsville, New Jersey. While its credit risk for tenant accounts receivable is concentrated, those receivables are typically collected within 30 days and based on its assessment of current conditions, management believes realization losses on amounts outstanding at year end will be immaterial. Accordingly tenant accounts receivable are reported at the amount of principal outstanding.

NOTE 16. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Agency operates in a heavily regulated environment. The operations of the Agency 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 16. 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 Agency through June 14, 2013 (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. and Subsidiaries:

We have audited the financial statements of Project Freedom, Inc. and Subsidiaries (the "Agency") as of and for the year ended December 31, 2012, and have issued our report therein dated June 14, 2013. We conducted our audit 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

Management of the Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Agency'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 Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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. and Subsidiaries' 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 14, 2013
Toms River, New Jersey

Fallon & Larsen LLP

**PROJECT FREEDOM, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

<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	01/01/12-12/31/12	\$ <u>172,032</u>

SUPPLEMENTAL INFORMATION

PROJECT FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012

ASSETS

	PFI	F1	GP's	ELIM	Total
Current assets:					
Cash and cash equivalents	\$ 1,347,100	\$ 180,298	\$ -	\$ -	\$ 1,527,398
Accounts receivable	75,556	1,145	-	(7,513)	69,188
Grants receivable	11,427	-	-	-	11,427
Prepaid expenses	2,220	-	-	-	2,220
Current portion of related party loans	<u>55,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,500</u>
Total current assets	<u>1,491,803</u>	<u>181,443</u>	<u>-</u>	<u>(7,513)</u>	<u>1,665,733</u>
Non-current assets:					
Restricted cash	19,969	-	-	-	19,969
Interest receivable	505,826	-	-	-	505,826
Related party loans, net of current	2,690,043	-	-	-	2,690,043
Property and equipment, net	243,546	1,691,220	-	-	1,934,766
Investment in limited partnerships	173,894	-	55,260	(173,894)	55,260
Other assets	<u>-</u>	<u>4,592</u>	<u>-</u>	<u>-</u>	<u>4,592</u>
Total non-current assets	<u>3,633,278</u>	<u>1,695,812</u>	<u>55,260</u>	<u>(173,894)</u>	<u>5,210,456</u>
Total assets	<u>\$ 5,125,081</u>	<u>\$ 1,877,255</u>	<u>\$ 55,260</u>	<u>\$ (181,407)</u>	<u>\$ 6,876,189</u>

LIABILITIES AND NET ASSETS

Current liabilities:					
Accounts payable	\$ 11,183	\$ 9,916	\$ -	\$ (7,513)	\$ 13,586
Accrued expenses	35,439	6,950	-	-	42,389
Grants received in advance	14,366	-	-	-	14,366
Security deposits payable	4,704	36,325	-	-	41,029
Current portion of long-term debt	<u>20,500</u>	<u>70,800</u>	<u>-</u>	<u>-</u>	<u>91,300</u>
Total current liabilities	<u>86,192</u>	<u>123,991</u>	<u>-</u>	<u>(7,513)</u>	<u>202,670</u>
Non-current liabilities:					
Accrued interest	-	130,830	-	-	130,830
Long-term debt, net of current portion	<u>1,589,980</u>	<u>1,452,041</u>	<u>-</u>	<u>-</u>	<u>3,042,021</u>
Total non-current liabilities	<u>1,589,980</u>	<u>1,582,871</u>	<u>-</u>	<u>-</u>	<u>3,172,851</u>
Total liabilities	<u>1,676,172</u>	<u>1,706,862</u>	<u>-</u>	<u>(7,513)</u>	<u>3,375,521</u>
Net assets:					
Unrestricted	<u>3,448,909</u>	<u>170,393</u>	<u>55,260</u>	<u>(173,894)</u>	<u>3,500,668</u>
Total liabilities and net assets	<u>\$ 5,125,081</u>	<u>\$ 1,877,255</u>	<u>\$ 55,260</u>	<u>\$ (181,407)</u>	<u>\$ 6,876,189</u>

**PROJECT FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>PFI</u>	<u>F1</u>	<u>GP's</u>	<u>ELIM</u>	<u>Total</u>
UNRESTRICTED NET ASSETS:					
Support and revenue:					
Activities fee	\$ 1,606	\$ -	\$ -	\$ -	\$ 1,606
Management fee	36,000	-	-	-	36,000
Rental income	40,178	357,079	-	-	397,257
Developer fee income	812,007	-	-	-	812,007
Interest income	16,096	2,623	83	-	18,802
Other income	55,641	29,534	-	(15,000)	70,175
County and state grants	422,928	-	-	-	422,928
Contract fees	12,501	-	-	-	12,501
Direct public support	21,598	-	-	-	21,598
Fundraisers	<u>91,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,135</u>
 Total support and revenue	 <u>1,509,690</u>	 <u>389,236</u>	 <u>83</u>	 <u>(15,000)</u>	 <u>1,884,009</u>
Expenses:					
Program services	193,349	-	-	-	193,349
Management and general	720,005	456,667	-	(15,000)	1,161,672
Fundraising	44,533	-	-	-	44,533
Loss on investment in partnerships	<u>51,907</u>	<u>-</u>	<u>1,496</u>	<u>(51,907)</u>	<u>1,496</u>
 Total expenses	 <u>1,009,794</u>	 <u>456,667</u>	 <u>1,496</u>	 <u>(66,907)</u>	 <u>1,401,050</u>
 Increase (decrease) in net assets	 499,896	 (67,431)	 (1,413)	 51,907	 482,959
 Net assets, beginning of year	 <u>2,949,013</u>	 <u>237,824</u>	 <u>56,673</u>	 <u>(225,801)</u>	 <u>3,017,709</u>
 Net assets, end of year	 <u>\$ 3,448,909</u>	 <u>\$ 170,393</u>	 <u>\$ 55,260</u>	 <u>\$(173,894)</u>	 <u>\$ 3,500,668</u>