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Form **990**
Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

OMB No 1545-0047

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

2013

Open to Public Inspection

Do not enter Social Security numbers on this form as it may be made public. By law, the IRS generally cannot redact the information on the form.
Information about Form 990 and its instructions is at www.irs.gov/form990

A For the 2013 calendar year, or tax year beginning 01-01-2013, 2013, and ending 12-31-2013

- B Check if applicable:
 - Address change
 - Name change
 - Initial return
 - Terminated
 - Amended return
 - 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 or town, state or province, country, and ZIP or foreign postal code
LAWRENCEVILLE, NJ 08648

D Employer identification number
22-2532804

E Telephone number
(609) 448-2998

G Gross receipts \$ 830,267

F Name and address of principal officer
TIMOTHY J DOHERTY
1 FREEDOM BLVD
LAWRENCEVILLE, NJ 08648

H(a) Is this a group return for subordinates? Yes No

H(b) Are all subordinates included? Yes No
If "No," attach a list (see instructions)

I Tax-exempt status 501(c)(3) 501(c) () (insert no) 4947(a)(1) or 527

J Website: WWW PROJECTFREEDOM ORG

H(c) Group exemption number

K Form of organization Corporation Trust Association 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
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

2 Check this box 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	22
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	18
5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	37
6 Total number of volunteers (estimate if necessary)	6	25
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	457,027	252,597
9 Program service revenue (Part VIII, line 2g)	889,791	441,749
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-35,811	7,831
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	146,776	128,090
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,457,783	830,267

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		0
14 Benefits paid to or for members (Part IX, column (A), line 4)		0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	631,046	752,957
16a Professional fundraising fees (Part IX, column (A), line 11e)		0
b Total fundraising expenses (Part IX, column (D), line 25) 49,267		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	326,841	355,944
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	957,887	1,108,901
19 Revenue less expenses Subtract line 18 from line 12	499,896	-278,634

	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	5,200,331	7,460,921
21 Total liabilities (Part X, line 26)	1,676,172	4,215,396
22 Net assets or fund balances Subtract line 21 from line 20	3,524,159	3,245,525

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
Date 2014-08-22

TIMOTHY J DOHERTY EXEC DIRECTOR
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name: RICHARD M LARSEN
Preparer's signature: [Signature]
Date: 2014-08-22
Check 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

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission

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

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 \$ 180,846 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 \$ including grants of \$) (Revenue \$)

4c (Code) (Expenses \$ 34,757 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 215,603

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)? <i>If "Yes," complete Schedule A</i> <input checked="" type="checkbox"/>	Yes	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? <input checked="" type="checkbox"/>	Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		No
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? <i>If "Yes," complete Schedule C, Part II</i>		No
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? <i>If "Yes," complete Schedule C, Part III</i>		No
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? <i>If "Yes," complete Schedule D, Part I</i> <input checked="" type="checkbox"/>		No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> <input checked="" type="checkbox"/>		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> <input checked="" type="checkbox"/>		No
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? <i>If "Yes," complete Schedule D, Part IV</i> <input checked="" type="checkbox"/>		No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> <input checked="" type="checkbox"/>		No
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? <i>If "Yes," complete Schedule D, Part VI</i> <input checked="" type="checkbox"/>	Yes	
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? <i>If "Yes," complete Schedule D, Part VII</i> <input checked="" type="checkbox"/>		No
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? <i>If "Yes," complete Schedule D, Part VIII</i> <input checked="" type="checkbox"/>		No
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? <i>If "Yes," complete Schedule D, Part IX</i> <input checked="" type="checkbox"/>		No
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>	Yes	
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)? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>	Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> <input checked="" type="checkbox"/>		No
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> <input checked="" type="checkbox"/>	Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		No
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? <i>If "Yes," complete Schedule F, Parts I and IV</i>		No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		No
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? <i>If "Yes," complete Schedule G, Part I (see instructions)</i> <input checked="" type="checkbox"/>		No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i> <input checked="" type="checkbox"/>	Yes	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i> <input checked="" type="checkbox"/>		No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		No
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)*

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
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? <i>If "Yes," complete Schedule J</i>	23	Yes	
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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
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? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	26		No
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? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
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? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34		No
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
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? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
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	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line 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).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, 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)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
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?		No
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).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
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?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		No
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 lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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?		No
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?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?		No
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?		No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	Yes	
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		No

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		No
10b	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?	Yes	
11b	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	Yes	
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?		No
14	Did the organization have a written document retention and destruction policy?		No
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?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	Yes	
	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?		No
16b	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?		

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 Form 1023 (or 1024 if applicable), 990, and 990-T (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 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			
1b	Sub-Total									
c	Total from continuation sheets to Part VII, Section A									
d	Total (add lines 1b and 1c)						175,058		6,642	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of 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? <i>If "Yes," complete Schedule J for such individual</i>		No
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? <i>If "Yes," complete Schedule J for such individual</i>	Yes	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		No

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 **▶**

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns 1a					
	b	Membership dues 1b					
	c	Fundraising events 1c					
	d	Related organizations 1d					
	e	Government grants (contributions) 1e	200,546				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	52,051				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f	252,597				
Program Service Revenue	2a	DEVELOPER FEE INCOME	177,489	177,489			
	b	MANAGEMENT FEE INCOME	169,205	169,205			
	c	PROGRAM NOTES - INTEREST	52,652	52,652			
	d	RENTAL INCOME	40,791	40,791			
	e	ACTIVITIES FEE INCOME	1,612	1,612			
	f	All other program service revenue					
	g	Total. Add lines 2a-2f	441,749				
			Business Code				
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	7,831	7,831			
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
	6a	Gross rents	(i) Real				
			(ii) Personal				
			b Less rental expenses				
			c Rental income or (loss)				
	d	Net rental income or (loss)					
	7a	Gross amount from sales of assets other than inventory	(i) Securities				
			(ii) Other				
			b Less cost or other basis and sales expenses				
			c Gain or (loss)				
	d	Net gain or (loss)					
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a	98,514			
			b Less direct expenses b				
			c Net income or (loss) from fundraising events	98,514			
	9a	Gross income from gaming activities See Part IV, line 19	a				
			b Less direct expenses b				
c Net income or (loss) from gaming activities							
10a	Gross sales of inventory, less returns and allowances	a					
		b Less cost of goods sold b					
		c Net income or (loss) from sales of inventory					
	Miscellaneous Revenue	Business Code					
11a	EXPENSE REIMBURSEMENTS		25,004		25,004		
b	TENANT MEMBERSHIPS, ASSOC DUE		2,494		2,494		
c	TENANT TRANSPORTATION		991		991		
d	All other revenue		1,087		1,087		
e	Total. Add lines 11a-11d		29,576				
12	Total revenue. See Instructions		830,267	449,580	29,576		

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 or note to any line 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 United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	161,260	8,053	153,207	
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.	539,076	28,227	510,849	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).				
9	Other employee benefits.				
10	Payroll taxes.	52,621	1,368	51,253	
11	Fees for services (non-employees)				
a	Management				
b	Legal	300		300	
c	Accounting	2,500		2,500	
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)	57,517		8,250	49,267
12	Advertising and promotion.	7,361		7,361	
13	Office expenses.	31,878		31,878	
14	Information technology.				
15	Royalties.				
16	Occupancy.				
17	Travel.	19,375		19,375	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	3,822		3,822	
20	Interest.				
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	25,104		25,104	
23	Insurance.	13,189	13,189		
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	104,005	104,005		
b	ACTIVITIES	28,121	28,121		
c	REPAIRS AND MAINTENANCE	17,815	17,815		
d	MISCELLANEOUS	11,572		11,572	
e	All other expenses	33,385	14,825	18,560	
25	Total functional expenses. Add lines 1 through 24e.	1,108,901	215,603	844,031	49,267
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 or note to any line in this Part X

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	660,929	1	346,075
	2 Savings and temporary cash investments	681,467	2	391,363
	3 Pledges and grants receivable, net	11,427	3	19,396
	4 Accounts receivable, net	75,556	4	76,287
	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	2,220	9	
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 623,250		
	b Less accumulated depreciation	10b 404,808	243,546	10c 218,442
	11 Investments—publicly traded securities	3,276,042	11	6,175,214
	12 Investments—other securities See Part IV, line 11		12	
	13 Investments—program-related See Part IV, line 11	249,144	13	234,144
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11		15	
16 Total assets. Add lines 1 through 15 (must equal line 34)	5,200,331	16	7,460,921	
Liabilities	17 Accounts payable and accrued expenses	46,622	17	36,443
	18 Grants payable		18	
	19 Deferred revenue	14,366	19	16,310
	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	1,610,480	23	4,155,660
	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	4,704	25	6,983
	26 Total liabilities. Add lines 17 through 25	1,676,172	26	4,215,396
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	3,524,159	27	3,245,525
	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	3,524,159	33	3,245,525	
34 Total liabilities and net assets/fund balances	5,200,331	34	7,460,921	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	830,267
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,108,901
3	Revenue less expenses Subtract line 2 from line 1	3	-278,634
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	3,524,159
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	3,245,525

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line 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		No
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	Yes	
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		No
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?		No
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 990EZ)

Public Charity Status and Public Support

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.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at**
www.irs.gov/form990.

2013

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 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	
Total									

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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	344,601	271,362	232,340	457,027	252,597	1,557,927
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	344,601	271,362	232,340	457,027	252,597	1,557,927
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						1,557,927

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4	344,601	271,362	232,340	457,027	252,597	1,557,927
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	50,292	48,263	52,195	16,096	7,831	174,677
9 Net income from unrelated business activities, whether or not the business is regularly carried on				29,000	24,004	53,004
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)	1,258,202	8,071	3,276	5,413	569,839	1,844,801
11 Total support (Add lines 7 through 10)						3,630,409
12 Gross receipts from related activities, etc (see instructions)					12	548,094
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 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 2013 (line 6, column (f) divided by line 11, column (f))	14	42.910 %
15 Public support percentage for 2012 Schedule A, Part II, line 14	15	52.610 %
16a 33 1/3% support test—2013. 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—2012. 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—2013. 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—2012. 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	

- 19a 33 1/3% support tests—2013.** 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—2012.** 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. 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).

Facts And Circumstances Test

Return Reference	Explanation
PART II, LINE 10	PROGRAM SERVICE REVENUE 458,509 MISCELLANEOUS 196,534 CONTRACT FEES 0 DEVELOPER FEE 612,276 FORGIVENESS OF DEBT 541,250 ACTIVITIES FEE 1,687 RENTAL INCOME 34,545

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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. Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

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.

Table with 3 columns: Line number, (a) Donor advised funds, (b) Funds and other accounts. Includes rows for total number at end of year, aggregate contributions, aggregate grants, aggregate value, and questions about donor advisement and grant fund usage.

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

Table with 3 columns: Line number, Description, and Held at the End of the Year (2a-2d). Includes questions about conservation easement purposes, monitoring, and expenses.

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.

Table with 3 columns: Line number, Description, and Amount. Includes questions about reporting art and historical treasures for public service and financial gain.

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

	Amount
1c Beginning balance	
1d Additions during the year	
1e Distributions during the year	
1f Ending balance	

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

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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		309,021	144,162
c Leasehold improvements				
d Equipment	122,529		95,787	26,742
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).)				218,442

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII Supplemental Information

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

Return Reference	Explanation
SCHEDULE D, PAGE 3, PART X	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, 2013 AND 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, 2013 AND 2012

SCHEDULE G (Form 990 or 990-EZ)

Supplemental Information Regarding Fundraising or Gaming Activities

OMB No 1545-0047

2013

Open to Public Inspection

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.

Information about Schedule G (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Department of the Treasury Internal Revenue Service

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

Table with 6 columns: (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. Includes a Total row at the bottom.

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

Does the organization operate gaming activities with nonmembers? Yes No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? Yes No

13 Indicate the percentage of gaming activity operated in

a The organization's facility	13a	%
b An outside facility	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 distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ _____

Part IV Supplemental Information. 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).

Return Reference	Explanation
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Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2013

Open to Public Inspection

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.**

▶ **Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.**

Department of the Treasury
Internal Revenue Service

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 idemnification 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 in 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 directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used 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 501(c)(3) and 501(c)(4) organizations only 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
1b		
2		
4a		No
4b		No
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
9		

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	(i)	161,260		13,798	6,642	181,700		
	(ii)							

Part III Supplemental Information

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.

Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

2013

Open to Public Inspection

Name of the organization
PROJECT FREEDOM INC

Employer identification number

22-2532804

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990 - ORGANIZATIONS MISSION	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, PAGE 1, PART I, LINE 6	VOLUNTEERS ASSIST IN FUNDRAISING ACTIVITIES AND PROVIDING SERVICES TO DISABLED POPULATION
FORM 990, PAGE 6, PART VI, LINE 11B	FORM 990 IS PROVIDED TO THE ORGANIZATION'S GOVENING BOARD FOR REVIEW BEFORE FILING
FORM 990, PAGE 6, PART VI, LINE 12C	THE ORGANIZATION ENFORCES ITS' CONFLICT OF INTEREST POLICY BY INTERNALLY MONITORING RELATIONSHIPS BETWEEN ITS GOVERNING BODY, MEMBERS AND OTHERS
FORM 990, PAGE 6, PART VI, LINE 15A	COMPENSATION OF THE EXECUTIVE DIRECTOR IS SUBJECT TO THE REVIEW AND APPROVAL OF THE ORGANIZATIONS' INDEPENDENT GOVERNING BOARD
FORM 990, PAGE 6, PART VI, LINE 15B	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, PAGE 6, PART VI, LINE 19	ANY DOCUMENTS WHICH ARE OPEN TO PUBLIC INSPECTION BY LAW CAN BE OBTAINED BY CONTACTING THE ORGANIZATION AND MAKING A FORMAL REQUEST

PROJECT FREEDOM, INC.
2013 BOARD OF TRUSTEES DIRECTORY – As of December 10, 2013

<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 <u>hschneider@firstcommercebank.com</u> 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) <u>4tlutz@gmail.com</u> 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) <u>Anthony.torrington@ev.com</u> 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 <u>CCPCI@aol.com</u> BL (C), E, P, AA(C), D</p>
<p>Jack Blair, Jr. (Kathleen) 2277 Route 33 - Ste 404 Hamilton, NJ 08690 609-587-1600 x 115 (W) 609-409-2904 (H) 609-306-6457 (C) 609-587-1661 FAX <u>jblair@nottinghaminsurance.com</u> F(C)</p>	<p>Robert Buda, Jr. (Victoria) 18 Cathy Drive Robbinsville, NJ 08691 609-443-3371 (W) 609-647-2000 (C) <u>rbuda@budaconsulting.com</u> <u>rbuda@budaconsulting.com</u> 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) <u>HHCFJEC@aol.com</u> FI, P</p>	<p>Scott Elliott 51 Perry Rd Lambertville, NJ 08530 609-581-4500 (W) 609-397-4692 (H) 908-625-9047 (C) 609-581-4555 FAX <u>Scott.Elliott@peil.org</u> A, B</p>
<p>Scott W. Ellis 765 Kuser Road – Apt # G-6 Hamilton, NJ 08619 (609) 941-7988 <u>Scott.Ellis@peil.org</u> A(C)</p>	<p>Hal English (Diane) 6107 Talbot Way Hamilton, NJ 08691 609-838-9090 (H) 609-577-9215 (C) <u>henglish@firstchoice-bank.com</u></p>		
<p>Douglas C. Heppe (Jan) 28 Haiker Road Chesterfield, NJ 08515 H 609-291-9311 C 908-975-5375 <u>dougheppe@msn.com</u> F, G</p>	<p>Carol A. Holloway (Bob) 9 Eastbridge Dr Robbinsville, NJ 08691 609-443-8760 (H) <u>golfandfish@optonline.net</u> BL, M(C)</p>	<p>Lisa Killion-Smith (Patrick) 351 High Street Suite 103 Burlington, NJ 08016 609-747-7745 <u>lsmith@11nj.org</u> A, B, P</p>	<p>Joan Martinez (Antonio) 59 Walters Road Robbinsville, NJ 08691 609-259-0201 (H) 609-731-1541 (C) <u>Joanmartinez1@verizon.net</u> AA</p>

<p>Karol Moss 2360 Highway 33, Suite 302 Robbinsville, NJ 08691 609-341-8293 (H) 908-423-3867 (W) 609-468-1763 (C) Kkmoss86@optonline.net</p>	<p>Michael Mushak (Marge) 45 Longwood Drive Hamilton, NJ 08620 609-581-0702 (H) 609-658-8960 (C) <u>Mike804@Presto.com</u></p> <p>E, F, FI</p>		<p>Daniel Surtz (Juliette) 20 Pickering Drive Robbinsville, NJ 08691 609-805-3156 (H) 609-896-5900 (W) <u>DSurtz@fusionemployerservices.com</u></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 <u>Dave@ffadvisors.com</u></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) <u>tdoherty@projectfreedom.org</u></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) <u>projectfreedom1@aol.com</u></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) <u>sschaefer@projectfreedom.org</u></p> <p>F, FI, G</p>
<p>Tracee Battis (Charles) 37 Barry Way Hamilton, NJ 08619 609-672-8519 (H) 609-672-8519 (C) <u>tbattis@projectfreedom.org</u></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: 1-917-962-0650

Conference Code: 457466

**PROJECT FREEDOM, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012**

PROJECT FREEDOM, INC. AND SUBSIDIARIES
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FOR THE YEARS ENDED DECEMBER 31, 2013 AND 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, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audits 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 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, 2013 and 2012 and the respective changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Project Freedom Inc. and Subsidiaries basic financial statements. The schedule of expenditures of state awards, as required by New Jersey Office of Management and Budget Circular 04-04 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying supplemental information is also not required parts of the financial statements and are presented for the purposes of additional analysis.

The schedule of expenditures of state awards and supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and supplemental information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

June 30, 2014
Toms River, New Jersey

Fallon & Larsen LLP

CONSOLIDATED FINANCIAL STATEMENTS

PROJECT FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013 AND 2012

ASSETS	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 798,549	\$ 1,388,181
Accounts receivable	90,912	69,188
Grants receivable	19,396	11,427
Prepaid expenses	-	2,220
Current portion of related party loans	<u>180,500</u>	<u>55,500</u>
Total current assets	<u>1,089,357</u>	<u>1,526,516</u>
Non-current assets		
Restricted cash	138,512	159,186
Interest receivable	558,478	505,826
Related party loans, net of current portion	5,411,294	2,690,043
Property and equipment, net	1,801,897	1,934,766
Investment in limited partnerships	55,217	55,260
Other assets	<u>3,830</u>	<u>4,592</u>
Total non-current assets	<u>7,969,228</u>	<u>5,349,673</u>
Total assets	<u>\$ 9,058,585</u>	<u>\$ 6,876,189</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 36,449	\$ 13,586
Accrued expenses	42,101	42,389
Grants received in advance	16,310	14,366
Security deposits payable	40,758	41,029
Line of credit	236,740	-
Current portion of long-term debt	<u>251,152</u>	<u>91,300</u>
Total current liabilities	<u>623,510</u>	<u>202,670</u>
Non-current liabilities		
Accrued interest	137,060	130,830
Long-term debt, excluding current portion	<u>5,124,059</u>	<u>3,042,021</u>
Total non-current liabilities	<u>5,261,119</u>	<u>3,172,851</u>
Total liabilities	<u>5,884,629</u>	<u>3,375,521</u>
Net assets		
Unrestricted	<u>3,173,956</u>	<u>3,500,668</u>
Total liabilities and net assets	<u>\$ 9,058,585</u>	<u>\$ 6,876,189</u>

See accompanying notes to financial statements

PROJECT FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS.		
Support and revenue		
Activities fee	\$ 1,612	\$ 1,606
Management fee	169,205	36,000
Rental income	386,829	397,257
Developer fee income	177,489	812,007
Interest income	61,288	18,802
Other income	16,928	70,175
County and state grants	200,546	422,928
Contract fees	-	12,501
Direct public support	52,051	21,598
Fundraiser's	<u>98,514</u>	<u>91,135</u>
Total support and revenue	<u>1,164,462</u>	<u>1,884,009</u>
Expenses		
Program services	215,603	193,349
Management and general	1,226,232	1,161,672
Fundraising	49,267	44,533
Loss on investment in limited partnerships	<u>72</u>	<u>1,496</u>
Total expenses	<u>1,491,174</u>	<u>1,401,050</u>
Increase (decrease) in unrestricted net assets	(326,712)	482,959
Net assets, beginning of year	<u>3,500,497</u>	<u>3,017,709</u>
Net assets, end of year	<u>\$ 3,173,785</u>	<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, 2013

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and</u> <u>General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 36,280	\$ 746,555	\$ -	\$ 782,835
Pay roll taxes	1,368	51,253	-	52,621
Fundraising	-	-	49,267	49,267
Management fee	-	14,500	-	14,500
Depreciation and amortization	-	170,828	-	170,828
Insurance	13,189	16,075	-	29,264
Office expense	-	29,884	-	29,884
Repairs and maintenance	17,815	42,402	-	60,217
Service charges	-	7,832	-	7,832
Professional fees	-	18,172	-	18,172
Utilities	6,849	35,762	-	42,611
Interest expense	-	27,470	-	27,470
Vehicle usage	6,636	-	-	6,636
Activities	28,121	-	-	28,121
Telephone	-	5,635	-	5,635
Postage	-	2,125	-	2,125
Real estate taxes	1,340	8,000	-	9,340
Travel	-	19,375	-	19,375
Conferences and seminars	-	3,822	-	3,822
Dues and membership fees	-	4,832	-	4,832
Advertising	-	8,159	-	8,159
Licenses and fees	-	2,414	-	2,414
Security - DDD contract	104,005	-	-	104,005
Miscellaneous	-	11,137	-	11,137
	<u>\$ 215,603</u>	<u>\$ 1,226,232</u>	<u>\$ 49,267</u>	<u>\$ 1,491,102</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
Pay roll 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 STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Cash received from support and revenue	\$ 1,097,782	\$ 1,895,971
Interest received	8,636	6,268
Interest paid	(21,240)	(36,306)
Cash paid to suppliers and employees	<u>(1,290,637)</u>	<u>(1,174,966)</u>
Net cash provided (used) by operating activities	<u>(205,459)</u>	<u>690,967</u>
Cash Flows from Investing Activities		
Development loans made to new projects	(612,840)	(394,103)
Repayment of development loans	-	744,353
Repayment of related party notes	95,500	65,500
Withdrawals from restricted cash accounts	20,674	-
Purchase of equipment	<u>(37,197)</u>	<u>(74,399)</u>
Net cash provided (used) by investing activities	<u>(533,863)</u>	<u>341,351</u>
Cash Flows from Financing Activities		
Proceeds from credit line	236,740	-
Principal payments on long-term debt	<u>(87,050)</u>	<u>(295,793)</u>
Net cash provided (used) by financing activities	<u>149,690</u>	<u>(295,793)</u>
Net increase (decrease) in cash	(589,632)	736,525
Cash and cash equivalents, beginning of year	<u>1,388,181</u>	<u>651,656</u>
Cash and cash equivalents, end of year	<u>\$ 798,549</u>	<u>\$ 1,388,181</u>
	<u>2013</u>	<u>2012</u>
A reconciliation of cash and cash equivalents to Statements of Net Assets is as follows		
Operations	\$ 757,792	\$ 1,347,152
Security deposits	<u>40,757</u>	<u>41,029</u>
	<u>\$ 798,549</u>	<u>\$ 1,388,181</u>

See accompanying notes to financial statements

PROJECT FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Reconciliation of change in net assets to net cash provided (used) by operating activities		
Change in net assets	\$ (326,712)	\$ 482,959
Items which did not (provide) use cash		
Depreciation and amortization	170,828	168,698
Loss on investment in limited partnerships	72	1,496
Interest earned on loans receivable	(52,652)	(12,534)
Interest accrued on non amortizing loan	6,230	6,230
Working capital changes which provided (used) cash		
Accounts receivable	904	19,789
Grants receivable	(7,969)	(1,729)
Prepaid expenses	2,220	7,080
Accounts payable	235	(13,365)
Accrued expenses	(288)	34,639
Grants received in advance	1,944	(2,205)
Security deposits payable	<u>(271)</u>	<u>(91)</u>
Net cash provided (used) by operating activities	<u>\$ (205,459)</u>	<u>\$ 690,967</u>
	<u>2013</u>	<u>2012</u>
A schedule of non-cash investing and financing is as follows		
Pass-through notes receivable and payable issued through third party for Hopewell project	<u>\$ 2,328,940</u>	<u>\$ -</u>

See accompanying notes to financial statements

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 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 YEARS ENDED DECEMBER 31, 2013 AND 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 NJ 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 general partners in limited partnerships that are under construction as of the financial statement date and have not commenced rental operations.

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, 2013 and 2012 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 YEARS ENDED DECEMBER 31, 2013 AND 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, 2013 and 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 YEARS ENDED DECEMBER 31, 2013 AND 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, 2013 and 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, 2013 and 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 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2013 and 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>	2013	2012
Operating	\$ 757,792	\$ 1,347,152
Tenant security deposits	<u>40,757</u>	<u>41,029</u>
	<u>\$ 798,549</u>	<u>\$ 1,388,181</u>

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2013 and 2012 totaled \$90,912 and \$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 at December 31, 2013 and 2012 represent amounts earned but not yet received from various state and local governments and totaled \$19,396 and \$11,427, respectively.

NOTE 5. RELATED PARTY LOANS RECEIVABLE

The Agency is related to other entities through common control and ownership. At December 31, 2013 and 2012, related party loans receivable consisted of the following:

	2013	2012
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	\$ 220,000

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 5. RELATED PARTY LOANS RECEIVABLE (continued)

	2013	2012
Second nonrecourse mortgage note from HUR dated October 14, 1999 in the amount of \$240,000 collateralized by HUR's investment in land and building Principal and interest accruing at a rate of 5 31% per annum are to be repaid after 30 years	\$ 240,000	\$ 240,000
Third nonrecourse mortgage note from HUR dated July 25, 2000 in the amount of \$287,520 collateralized by HUR's investment in land and building The note accrues interest at a rate of 5 4% per annum and matures in 30 years, or July 25, 2030	287,520	287,520
Developer fee note in connection with the LUR project as provided in the Development Fee Agreement dated January 30, 2002, which commits LUR to a total fee of \$939,500 Principal payments are required to be made out of available cash flows as describe in the Partnership Agreement	149,151	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	150,000
Nonrecourse mortgage note from LUR dated January 30, 2002 in the amount of \$323,460 The note is non-interest bearing and is due in full in thirty years, or January 30, 2032	323,460	323,460
Nonrecourse mortgage note from LUR dated January 30, 2002 in the amount of \$897,000 The note is non-interest bearing and is due in full in thirty years, or January 30, 2032	897,000	897,000
Nonrecourse mortgage note from LUR dated January 30, 2002 in the amount of \$205,000 The note is non-interest bearing and is due in ten annual payments of \$20,500 beginning in July 2008	82,000	102,500
Development costs paid on behalf of future projects Advances will be repaid upon project funding Advances are unsecured and interest fee	913,723	300,912

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 5. RELATED PARTY LOANS RECEIVABLE (continued)

	2013	2012
Nonrecourse loan from HOPE dated November 15, 2012 in the amount of \$150,000. The note accrues interest at 1% per annum and is due upon HOPE closing on a permanent loan with New Jersey Housing Mortgage Finance Agency which is expected in 2014	\$ 150,000	\$ -
Non-recourse loan from HOPE in the amount of \$1,440,000, of which \$978,940 has been drawn down. The note is non-interest bearing and is due in thirty (30) years (2043)	978,940	-
Non-recourse loan from HOPE in the amount of \$600,000, of which \$300,000 has been drawn down. The loan is non-interest bearing with ten annual payments of \$10,000 due on January 15th beginning one (1) year from initial occupancy with the remainder of principal deferred till 2043	300,000	-
Non-recourse loan from HOPE in the amount of \$1,000,000, of which \$900,000 has been drawn down. The note accrues interest at 1% per annum and is due in forty-five (45) years (2058)	<u>900,000</u>	<u>-</u>
Total related party loans receivable	\$ 5,591,794	\$ 2,745,543
Less: current portion	<u>180,500</u>	<u>55,500</u>
Related party loans, less current portion	<u>\$ 5,411,294</u>	<u>\$ 2,690,043</u>

NOTE 6. INTEREST RECEIVABLE

At December 31, 2013 and 2012 accrued interest on related party loans is as follows

Description	2013	2012
HUR Project nonrecourse loans	\$ 547,978	\$ 505,826
HOPE Project nonrecourse loans	<u>10,500</u>	<u>-</u>
Total	<u>\$ 558,478</u>	<u>\$ 505,826</u>

For the years ended December 31, 2013 and 2012, interest income on the aforementioned loans totaled \$52,652 and \$42,152, respectively

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 7. RESTRICTED CASH

A cash reserve has been established by the Agency to cover the replacement of project assets at the Westgate Manor and Robbinsville properties. As of December 31, 2013 and 2012 restricted cash amounted to the following:

<u>Property</u>	2013	2012
Westgate	\$ 20,231	\$ 19,969
Robbinsville	<u>118,281</u>	<u>139,217</u>
	<u>\$ 138,512</u>	<u>\$ 159,186</u>

NOTE 8. PROPERTY AND EQUIPMENT, NET

At December 31, 2013 and 2012, property and equipment consisted of the following:

	2013	2012
Land	\$ 47,539	\$ 47,539
Buildings and improvements	4,857,485	4,857,485
Furniture and equipment	<u>244,934</u>	<u>207,737</u>
	5,149,958	5,112,761
Less: accumulated depreciation	<u>(3,348,061)</u>	<u>(3,177,995)</u>
Fixed assets, net	<u>\$ 1,801,897</u>	<u>\$ 1,934,766</u>

For the years ended December 31, 2013 and 2012, depreciation expense amounted to \$170,066 and \$167,936, respectively.

NOTE 9. INVESTMENT IN LIMITED PARTNERSHIPS

The Agency has various ownership interests in low income housing tax credit limited partnerships. The investments are accounted for under the equity method and at December 31, 2013 and 2012 totaled \$55,217 and \$55,260, respectively. Loss on investment in limited partnerships totaled \$72 and \$1,496, respectively for the years ended December 31, 2013 and 2012.

<u>Limited Partnership</u>	2013	2012
Project Freedom at Lawrence Urban Renewal, L P	55,229	55,237
Project Freedom at Woodstown Urban Renewal, L P	<u>(12)</u>	<u>23</u>
Total	<u>\$ 55,217</u>	<u>\$ 55,260</u>

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 10. LONG-TERM DEBT

Long-term debt at December 31, 2013 and 2012 consisted of the following

	2013	2012
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.	\$ 979,000	\$ 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.	304,291	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 real property of the project.	287,520	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	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 \$137,060 and \$124,600, respectively at December 31, 2013 and 2012.	623,000	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.	529,000	529,000

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 10. LONG-TERM DEBT (continued)

Mortgage payable to Federal Home Loan Bank of New York in connection with the development of the Hopewell Project, in the original amount of \$1,440,000, of which \$978,940 has been drawn down. The mortgage bears no interest, is due in 2043 and is collateralized by the the real property of the project located in Hopewell, NJ	\$ 978,940	\$ -
Pre-development loan made by the Township of Hopewell to assist in the development of 72 affordable housing units located in Hopewell, NJ. The loan accrues interest at 1% per annum, is unsecured and payable upon the Hopewell Project receiving their permanent loan through NJHMFA, which is expected to be in 2014	150,000	-
Mortgage payable to the County of Mercer, State of New Jersey as part of their HOME Investment Partnership Program. The loan in the amount of \$600,000 of which \$300,000 has been drawn down, was made in connection with the development of the Hopewell Project. The loan is non-interest bearing with ten annual payments of \$10,000 due on January 15th beginning one (1) year from initial occupancy with the remainder of principal deferred till 2043	300,000	-
Mortgage payable to the Special Needs Trust Fund of the State of New Jersey in the amount of \$1,000,000 of which \$900,000 has been drawn down. The loan accrues interest at 1% per annum and is due in forty-five years (2058)	<u>900,000</u>	<u>-</u>
Total long-term debt	\$ 5,375,211	\$ 3,133,321
Less current portion of long-term debt	<u>251,152</u>	<u>91,300</u>
Long-term debt, excluding current portion	<u>\$ 5,124,059</u>	<u>\$ 3,042,021</u>

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

December 31, 2014	\$ 251,152
2015	120,396
2016	125,747
2017	100,516
2018	92,300
Thereafter	<u>4,685,100</u>
	<u>\$ 5,375,211</u>

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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, 2013 and 2012, amounts borrowed under the line of credit totaled \$236,740 and \$-, respectively.

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 years ended December 31, 2013 and 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.

As of December 31, 2013 Project Freedom, Inc. has arranged for subsidized financing of HOPE'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 \$600,000 from HOPE. Project Freedom, Inc. also executed a promissory note in the amount of \$978,940 to ROMA Bank under the Federal Home Loan Bank Affordable Housing Program, which is collateralized by the real estate property of HOPE. Project Freedom, Inc. holds a related mortgage note receivable in this amount from HOPE.

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

PROJECT FREEDOM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 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 plus \$40 for each new tenant interview. The management fee charged to operations for the years ended December 31, 2013 and 2012 amounted to \$14,500 and \$14,440 respectively.

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 thirty (30) unit housing complex and a five (5) unit shared living facility 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 30, 2014 (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, 2013, and have issued our report therein dated June 30, 2014. 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 of America and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey

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 30, 2014
Toms River, New Jersey

Fallon & Larsen LLP

**PROJECT FREEDOM, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<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	01/01/13-12/31/13	\$ <u>172,032</u>

SUPPLEMENTAL INFORMATION

PROJECT FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013

ASSETS

	<u>PFI</u>	<u>F1</u>	<u>GP's</u>	<u>ELIM</u>	<u>Total</u>
Current assets					
Cash and cash equivalents	\$ 742,149	\$ 56,400	\$ -	\$ -	\$ 798,549
Accounts receivable	76,287	3,311	-	11,314	90,912
Grants receivable	19,396	-	-	-	19,396
Current portion of related party loans	<u>180,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,500</u>
Total current assets	<u>1,018,332</u>	<u>59,711</u>	<u>-</u>	<u>11,314</u>	<u>1,089,357</u>
Non-current assets					
Restricted cash	20,231	118,281	-	-	138,512
Interest receivable	558,478	-	-	-	558,478
Related party loans, net of current	5,411,294	-	2,271	(2,271)	5,411,294
Property and equipment, net	218,442	1,583,455	-	-	1,801,897
Investment in limited partnerships	158,894	-	55,217	(158,894)	55,217
Investment in subsidiaries	75,250	-	-	(75,250)	-
Other assets	<u>-</u>	<u>3,830</u>	<u>-</u>	<u>-</u>	<u>3,830</u>
Total non-current assets	<u>6,442,589</u>	<u>1,705,566</u>	<u>57,488</u>	<u>(236,415)</u>	<u>7,969,228</u>
Total assets	<u>\$ 7,460,921</u>	<u>\$ 1,765,277</u>	<u>\$ 57,488</u>	<u>\$ (225,101)</u>	<u>\$ 9,058,585</u>

LIABILITIES AND NET ASSETS

Current liabilities					
Accounts payable	\$ 1,292	\$ 23,843	\$ -	\$ 11,314	\$ 36,449
Accrued expenses	35,151	6,950	-	-	42,101
Grants received in advance	16,310	-	-	-	16,310
Security deposits payable	4,712	36,046	-	-	40,758
Line of credit	236,740	-	-	-	236,740
Current portion of long-term debt	<u>180,500</u>	<u>70,652</u>	<u>-</u>	<u>-</u>	<u>251,152</u>
Total current liabilities	<u>474,705</u>	<u>137,491</u>	<u>-</u>	<u>11,314</u>	<u>623,510</u>
Non-current liabilities					
Accrued interest	-	137,060	-	-	137,060
Due to subsidiaries	2,271	-	-	(2,271)	-
Long-term debt, net of current portion	<u>3,738,420</u>	<u>1,385,639</u>	<u>-</u>	<u>-</u>	<u>5,124,059</u>
Total non-current liabilities	<u>3,740,691</u>	<u>1,522,699</u>	<u>-</u>	<u>(2,271)</u>	<u>5,261,119</u>
Total liabilities	<u>4,215,396</u>	<u>1,660,190</u>	<u>-</u>	<u>9,043</u>	<u>5,884,629</u>
Net assets					
Unrestricted	<u>3,245,525</u>	<u>105,087</u>	<u>57,488</u>	<u>(234,144)</u>	<u>3,173,956</u>
Total liabilities and net assets	<u>\$ 7,460,921</u>	<u>\$ 1,765,277</u>	<u>\$ 57,488</u>	<u>\$ (225,101)</u>	<u>\$ 9,058,585</u>

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

ASSETS

	<u>PFI</u>	<u>F1</u>	<u>GP's</u>	<u>ELIM</u>	<u>Total</u>
Current assets					
Cash and cash equivalents	\$ 1,347,100	\$ 41,081	\$ -	\$ -	\$ 1,388,181
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>42,226</u>	<u>-</u>	<u>(7,513)</u>	<u>1,526,516</u>
Non-current assets					
Restricted cash	19,969	139,217	-	-	159,186
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
Investment in subsidiaries	75,250	-	-	(75,250)	-
Other assets	<u>-</u>	<u>4,592</u>	<u>-</u>	<u>-</u>	<u>4,592</u>
Total non-current assets	<u>3,708,528</u>	<u>1,835,029</u>	<u>55,260</u>	<u>(249,144)</u>	<u>5,349,673</u>
Total assets	<u>\$ 5,200,331</u>	<u>\$ 1,877,255</u>	<u>\$ 55,260</u>	<u>\$ (256,657)</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>3,524,159</u>	<u>170,393</u>	<u>55,260</u>	<u>(249,144)</u>	<u>3,500,668</u>
Total liabilities and net assets	<u>\$ 5,200,331</u>	<u>\$ 1,877,255</u>	<u>\$ 55,260</u>	<u>\$ (256,657)</u>	<u>\$ 6,876,189</u>

PROJECT FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>PFI</u>	<u>F1</u>	<u>GP's</u>	<u>ELIM</u>	<u>Total</u>
UNRESTRICTED NET ASSETS					
Support and revenue					
Activities fee	\$ 1,612	\$ -	\$ -	\$ -	\$ 1,612
Management fee	169,205	-	-	-	169,205
Rental income	40,791	346,038	-	-	386,829
Developer fee income	177,489	-	-	-	177,489
Interest income	60,483	805	-	-	61,288
Other income	29,576	15,052	2,300	(30,000)	16,928
County and state grants	200,546	-	-	-	200,546
Contract fees	-	-	-	-	-
Direct public support	52,051	-	-	-	52,051
Fundraiser's	<u>98,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,514</u>
Total support and revenue	<u>830,267</u>	<u>361,895</u>	<u>2,300</u>	<u>(30,000)</u>	<u>1,164,462</u>
Expenses					
Program services	215,603	-	-	-	215,603
Management and general	844,031	427,201	-	(45,000)	1,226,232
Fundraising	49,267	-	-	-	49,267
Loss on investment in partnerships	<u>-</u>	<u>-</u>	<u>72</u>	<u>-</u>	<u>72</u>
Total expenses	<u>1,108,901</u>	<u>427,201</u>	<u>72</u>	<u>(45,000)</u>	<u>1,491,174</u>
Increase (decrease) in net assets	(278,634)	(65,306)	2,228	15,000	(326,712)
Net assets, beginning of year	<u>3,524,159</u>	<u>170,393</u>	<u>55,089</u>	<u>(249,144)</u>	<u>3,500,497</u>
Net assets, end of year	<u>\$ 3,245,525</u>	<u>\$ 105,087</u>	<u>\$ 57,317</u>	<u>\$(234,144)</u>	<u>\$ 3,173,785</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
Fundraiser's	<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>3,024,263</u>	<u>237,824</u>	<u>56,673</u>	<u>(301,051)</u>	<u>3,017,709</u>
Net assets, end of year	<u>\$ 3,524,159</u>	<u>\$ 170,393</u>	<u>\$ 55,260</u>	<u>\$(249,144)</u>	<u>\$ 3,500,668</u>