



1 I. INTRODUCTION

2 FreedomWorks for America ("FWFA"), an independent expenditure-only political  
3 committee affiliated with a group of organizations collectively known as Freedom Works,  
4 accepted 20 contributions totaling more than \$12 million in the weeks before the 2012 election  
5 from a newly-formed corporation, Specialty Investment Group, Inc. ("SIG"), and its subsidiary,  
6 Kingston Pike Development, LLC ("KPD"). Both entities have since dissolved. The Complaint,  
7 as amended,<sup>1</sup> alleges that: (1) Richard Stephenson, a FreedomWorks Director, and others  
8 contributed to FWFA in the names of SIG and KPD in violation of 2 U.S.C. § 441f;  
9 (2) FreedomWorks Executive Vice President Adam Brandon violated 2 U.S.C. § 441f by  
10 arranging the contributions; (3) through the actions of Stephenson and Brandon, FWFA  
11 knowingly accepted the contributions in violation of 2 U.S.C. § 441f; (4) SIG, KPD, and William  
12 Rose, the person who formed and operated SIG and KPD, violated 2 U.S.C. § 441f by allowing  
13 SIG and KPD's names to be used for the contributions; and (5) SIG and KPD failed to organize,  
14 register, and report as political committees in violation of 2 U.S.C. §§ 432, 433, and 434.

15 More specifically, the Complaint alleges that at an August 2012 FreedomWorks "retreat"  
16 in Jackson Hole, Wyoming, Stephenson pledged to contribute \$10-12 million to FreedomWorks  
17 and dictated how that money should be spent, that Brandon worked with Stephenson's family to  
18 arrange the contributions, and that these contributions were later disclosed by FWFA in the

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<sup>1</sup> The Complainants submitted additional allegations in an Amendment to Complaint. The Amended Complaint added Richard Stephenson, Adam Brandon, and FreedomWorks as Respondents and included a news article as supporting evidence. The Office of Complaints Examination and Legal Administration ("CELA") notified the Complainants that this new submission should be sworn to and notarized per 11 C.F.R. § 114.4(b)(2). Complainants subsequently re-submitted the Amendment with the requested attestation. All Respondents were provided a copy of the Complaint and the Amendment to the Complaint. All Respondents but William Rose, SIG, and KPD responded to the Amended Complaint. CELA contacted counsel for Rose, SIG, and KPD who confirmed that they did not intend to respond to the Amended Complaint because the Amended Complaint did not affect their original Response.

1 names of SIG and KPD.<sup>2</sup> Less than two months after the FreedomWorks retreat, Rose  
2 incorporated SIG and KPD and within days began making what would become 20 contributions  
3 totaling approximately \$12 million to FWFA.<sup>3</sup> These payments were in various amounts and  
4 irregularly timed, including four days on which multiple contributions were made.<sup>4</sup>

5 Respondents contend that: (a) the alleged facts are insufficient to warrant a reason to  
6 believe finding; (b) the Complaint is legally deficient, principally because it is not based on  
7 personal knowledge and relies on news articles citing unnamed sources; and (c) SIG and KPD  
8 lawfully made the contributions and are not political committees. Rose asserted through counsel  
9 that he made the contributions on behalf of SIG and KPD. FWFA, Stephenson, and Brandon did  
10 not deny the allegations or provide any supporting evidence, instead relying exclusively on  
11 arguments about the sufficiency of the Complaint.

12 Publicly-available FreedomWorks documents tend to corroborate the allegations: they  
13 indicate that an unnamed donor pledged to contribute \$10 million to FreedomWorks at a donor  
14 retreat held in August 2012 in Jackson Hole, Wyoming. Further, Rose acknowledged publicly  
15 that SIG was funded by "private capital" in part for "political purposes," and stated that SIG's  
16 business was a "secret."<sup>5</sup> Because the Complaint's allegations, if true, establish violations of the

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<sup>2</sup> Amended Compl. at 2-3.

<sup>3</sup> Compl. at 4.

<sup>4</sup> FWFA Amended Pre-General Report at 145-147 (June 10, 2013); FWFA Amended Post-General Report at 96, 168-171 (May 21, 2013).

<sup>5</sup> The FreedomWorks document, included as Attachment 1 to this Report, is a compilation of documents prepared in connection with its Winter 2012 Board of Directors Meeting ("FreedomWorks Board Book"). *See* Attach. 1 (*Winter 2012 Board of Director's Meeting*, FREEDOMWORKS & FREEDOMWORKS FOUNDATION, available at <http://s3.documentcloud.org/documents/550014/freedomworks-board-book-winter-2012.pdf> (last visited Oct. 18, 2013)). Rose's press release, issued on November 3, 2012, responds to media inquiries about the contributions addressed in this Report and is included as Attachment 2 to this report. *See* Attach. 2 (William S. Rose, PRESS RELEASE (Nov. 3, 2012), available at <http://s3.documentcloud.org/documents/502074/press-release-from-william-rose-on-freedomworks.pdf>). We located both documents in the course of online searches for public background information about Respondents. In its Response to the Complaint, FreedomWorks requested an opportunity to

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1 Act, are corroborated by credible evidence, and have not been refuted, we recommend that the  
2 Commission find reason to believe that Respondents violated 2 U.S.C. § 441f. We further  
3 recommend that the Commission take no action at this time as to the allegation that SIG and  
4 KPD failed to organize, register, and report as political committees because the resolution of this  
5 allegation may depend on the disposition of the Section 441f allegation.

6 **II. FACTUAL BACKGROUND**

7 **A. Respondents**

8 "FreedomWorks" consists of three separate entities: the FreedomWorks for America  
9 political committee ("FWFA"), FreedomWorks, Inc. ("FWI"), and the FreedomWorks  
10 Foundation, Inc. ("FWF").<sup>6</sup> These entities appear to operate under a common FreedomWorks  
11 brand with common officers and directors.<sup>7</sup> FWFA, the FreedomWorks entity that is a  
12 respondent in this matter, registered with the Commission as an independent expenditure-only  
13 political committee in July 2011.<sup>8</sup> In calendar year 2012, FWFA received \$20,804,645.39 in  
14 contributions and spent a total of \$19,403,203.41 on independent expenditures.<sup>9</sup> Additionally,

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review and respond to any additional information beyond that contained in the Complaint. FreedomWorks Resp. at 1, MUR 6711 (Feb. 14, 2013). We have not provided these statements to the Respondents, as they constitute the Respondents' own statements about the events at issue in this matter.

<sup>6</sup> FWI also has a separate segregated fund, FreedomWorks Inc Political Action Committee. See FreedomWorks, Inc., Political Action Committee Statement of Organization (Dec. 3, 2012).

<sup>7</sup> Attach. 1 at 4-5 (FreedomWorks Board Book containing virtually identical minutes of the FreedomWorks, Inc., and FreedomWorks Foundation, Inc., August 16, 2012, boards of directors meetings indicating substantial common officers and directors).

<sup>8</sup> FWFA, Statement of Organization (July 15, 2011). FreedomWorks states that it was founded in 1984, *About Freedomworks*, FREEDOMWORKS FOR AMERICA, <http://www.freedomworks.org/about/about-freedomworks> (last visited Oct. 18, 2013).

<sup>9</sup> FWFA Amended 2012 Year-End Report at 3-4 (May 21, 2013).

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1 FWI raised approximately \$14.2 million and FWF raised approximately \$7.1 million in 2012.<sup>10</sup>  
2 FWFA reported receiving 216 contributions in 2011 and 2012 from "FreedomWorks" totaling  
3 \$2,656,494.<sup>11</sup>

4 Respondent Richard J. Stephenson is on the FreedomWorks board of directors and  
5 "heads the Cancer Treatment Centers of America as well as several other health care, finance,  
6 and real estate companies."<sup>12</sup> Respondent Adam Brandon is FreedomWorks' Executive Vice  
7 President.<sup>13</sup>

8 Respondent William S. Rose incorporated SIG on Sept. 26, 2012, and formed KPD on  
9 September 27, 2012, under Tennessee law.<sup>14</sup> The Tennessee Secretary of State administratively  
10 dissolved both entities on August 13, 2013.<sup>15</sup> Rose identified himself as an attorney, developer,  
11 investor, broker, and consultant who has been involved in real estate matters for over thirty years  
12 and who, as a bankruptcy attorney, represented clients in bankruptcy courts around the country.<sup>16</sup>

<sup>10</sup> Attach. 1 at 32 (Mem. from David Kirby, FreedomWorks Vice President of Development and Terry Kibbe, FreedomWorks Senior Advisor, to Matte Kibbe, FreedomWorks President Re Development Report at 2 (Dec. 17, 2012)) (the "Development Report").

<sup>11</sup> Attach. 3 (summary of contributions from "FreedomWorks" to FWFA disclosed by FWFA in its disclosure reports).

<sup>12</sup> *About Freedomworks: Board of Directors*, FREEDOMWORKS FOR AM., <http://www.freedomworks.org/about/board-of-directors> (last visited Sept. 4, 2013).

<sup>13</sup> *About FreedomWorks: Staff*, FREEDOMWORKS FOR AM., <http://www.freedomworks.org/about/staff> (last visited Sept. 4, 2013).

<sup>14</sup> Compl. at 4 (Dec. 20, 2012).

<sup>15</sup> See *Business Entity Detail*, TENNESSEE SEC'Y OF STATE, <https://tnbear.tn.gov/Ecommerce/FilingDetail.aspx?CN=129038118147035173181038045017208017164239078150> (Specialty Investment Group, Inc.) (last visited Nov. 15, 2013); *id.*, <https://tnbear.tn.gov/Ecommerce/FilingDetail.aspx?CN=074025029030067228119145205236088145196224219162> (Kingston Pike Development, LLC) (last visited Nov. 15, 2013). The Tennessee Secretary of State may dissolve a corporation for a number of reasons, including the failure to file an annual report. "An administratively dissolved corporation continues its corporate existence but may not carry on any business except that which is necessary to liquidate its business, close operations, and notify claimants." See *Corporations FAQs*, TENNESSEE SEC'Y OF STATE, [http://tn.gov/sos/bus\\_svc/corpFAQs.htm](http://tn.gov/sos/bus_svc/corpFAQs.htm) (last visited Nov. 15, 2013).

<sup>16</sup> See Rose Resp. at 2 (Feb. 25, 2013).

1 Rose and SIG shared the same address.<sup>17</sup> Rose was the CEO, President, General Counsel, and  
2 Chairman of the Board of Directors of SIG, and he was the sole manager and General Counsel of  
3 KPD.<sup>18</sup>

4 **B. Respondents Allegedly Made or Received Contributions in the Name of**  
5 **Another in Violation of 2 U.S.C. § 441f**

6 1. Stephenson Allegedly Pledged \$10-12 Million at FreedomWorks's August  
7 2012 Retreat in Jackson Hole, Wyoming

8 According to the Complaint, current and former employees with knowledge of the  
9 donations stated that the money for these contributions came from Stephenson and his family.  
10 Brandon told colleagues starting in August 2012 that Stephenson would be giving between \$10  
11 million and \$12 million to FWFA, and Brandon met repeatedly with members of Stephenson's  
12 family to arrange these donations.<sup>19</sup> The Complaint further alleges that, at an August 2012  
13 FreedomWorks retreat in Jackson Hole, Wyoming, "a [FreedomWorks] budget was being  
14 prepared in anticipation of a large influx of money" and "Stephenson dictated some of the terms  
15 of how the money would be spent[.]"<sup>20</sup>

16 A package of FreedomWorks documents prepared for its Winter 2012 Board of  
17 Directors' meeting corroborates that FreedomWorks held a donor retreat in Jackson Hole,  
18 Wyoming, in August 2012 at which it "received an extraordinarily generous \$10 million

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<sup>17</sup> Compl. at 3.

<sup>18</sup> Rose Resp. at 2.

<sup>19</sup> Amended Compl. at 3 (Apr. 24, 2013) (quoting Amy Gardner, *FreedomWorks Tea Party Group Nearly Falls Apart in Fight Between Old and New Guard*, WASH. POST, Dec. 25, 2012).

<sup>20</sup> *Id.* The donation allegedly was arranged to go to FWFA. One person who attended the FreedomWorks August retreat reportedly stated, "[t]here is no doubt that Dick Stephenson arranged for that money to come to the super PAC . . . . I can assure you that everyone around the office knew about it." *Id.*

1 matching challenge grant, which inspired other investors to step up as well."<sup>21</sup> This pledged \$10  
2 million matching challenge grant corresponds with the \$10-12 million that Stephenson allegedly  
3 contributed to FWFA. Minutes of meetings included in the FreedomWorks Board Book also  
4 indicate that financial plans were discussed at the Wyoming donor retreat, supporting the  
5 allegation that a budget was being prepared in anticipation of a large donation.<sup>22</sup>

6 2. SIG and KPD Contributions to FWFA Closely Match the Contributions  
7 that Stephenson Allegedly Had Pledged at the Retreat

8 SIG and KPD, formed by Rose only weeks before the 2012 election, on September 26  
9 and 27, 2012, respectively, made twenty contributions to FWFA, totaling \$12,075,000, between  
10 October 1 and November 1, 2012. Of those, FWFA disclosed receiving seventeen contributions  
11 totaling \$10,575,000 from SIG and three contributions totaling \$1,500,000 from KPD.<sup>23</sup>  
12 According to its disclosures, on several dates FWFA received multiple contributions in varying  
13 amounts in the names of SIG and KPD, as described in Table 1:<sup>24</sup>

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<sup>21</sup> See Attach. 1 at 32 (the Development Report at 2). The Development Report, however, does not specify for which of the three FreedomWorks entities the money was pledged.

<sup>22</sup> Attach. 1 at 4-5.

<sup>23</sup> Compl. at 4.

<sup>24</sup> FWFA Amended Pre-General Report at 145-147 (June 10, 2013); FWFA Amended Post-General Report at 96, 168-171 (May 21, 2013).

1 Table 1. — Contributions to FWFA in the Name of SIG or KPD by Date and Amount

Date	Contributions	Date	Contributions
10/01/12	\$550,000 [SIG]	10/25/12	\$250,000 [KPD]
10/03/12	\$850,000 [SIG]	10/26/12	\$350,000 [SIG] \$650,000 [SIG] \$750,000 [KPD]
10/09/12	\$1,250,000 [SIG] \$125,000 [SIG] \$150,000 [SIG]	10/29/12	\$300,000 [SIG]
10/11/12	\$1,500,000 [SIG]	10/30/12	\$1,000,000 [SIG] \$500,000 [KPD]
10/23/12	\$300,000 [SIG] \$400,000 [SIG] \$600,000 [SIG] \$800,000 [SIG]	11/01/12	\$500,000 [SIG]
10/24/12	\$400,000 [SIG]		
<b>TOTAL</b>	<b>\$12,075,000</b>		

2  
3 FWFA did not report receiving any contributions from Stephenson. Moreover, other than  
4 the 20 contributions that are the subject of this Complaint, no federal political committee has  
5 disclosed receiving any contributions from Rose, SIG, or KPD.

6 3. Rose Acknowledges that He Formed SIG, in Part, for "Political Purposes"

7 On November 3, 2012, Rose issued a press release in response to press inquiries  
8 regarding "Specialty Group, Inc.'s" contributions to FWFA.<sup>25</sup> Rose described his personal  
9 political views on several issues to explain "why Specialty Group [] donated its money in a  
10 particular legal fashion."<sup>26</sup> Although Rose asserted that SIG is a legitimate real estate  
11 development business,<sup>27</sup> he also described SIG as "a private corporation which uses private

<sup>25</sup> Attach. 2 at 1. "Specialty Group, Inc." refers to SIG. See Rose Resp. at 1 n.1.

<sup>26</sup> Attach. 2. at 5.

<sup>27</sup> *Id.* at 1-2.

1 capital for lawful business, social, and *political purposes*.”<sup>28</sup> Rose further asserted that “[t]he  
2 business of Specialty Group” is a “family secret.”<sup>29</sup>

3 4. Rose Acknowledges that SIG and KPD’s Contributions Were Funded with  
4 “Private Capital”

5 With regard to the alleged 441f violation, the Rose, SIG, and KPD Response  
6 (collectively, “Rose Response”), asserts without elaboration that “SIG and KPD made the  
7 [c]ontributions and, in conformity with the law, disclosed their names as the business entities  
8 that made the [c]ontributions.”<sup>30</sup> Rose characterized the contributions as “properly and timely  
9 reported in FEC filings[.]”<sup>31</sup> The Rose Press Release states that SIG “uses private capital for  
10 lawful business, social, and political purposes, as specifically addressed by” the *Citizens United*  
11 and *Speechnow.org* cases.<sup>32</sup> The Rose Response similarly states that SIG and KPD were  
12 financed with “private capital to engage in the real estate business” and that he made the  
13 contributions “on behalf of SIG and KPD” to FWFA.<sup>33</sup> But the Rose Press Release and  
14 Response do not identify the source of the “private capital” used for the twenty contributions to  
15 FWFA, deny that the funds originated with Stephenson or others as the Complaint alleges, state  
16 what, if anything, the sources of the capital received in exchange for their funds, otherwise  
17 explain the nature of the transactions, or state who — him or the source that provided SIG and  
18 KPD those funds — decided that the funds would be contributed to FWFA.

<sup>28</sup> *Id.* at 5 (emphasis added).

<sup>29</sup> *Id.* at 6.

<sup>30</sup> *See* Rose Resp. at 3.

<sup>31</sup> *Id.*

<sup>32</sup> Attach. 2 at 5 (referring to *Citizens United v. FEC*, 130 S. Ct. 876 (2010) and *SpeechNow.org v. FEC*, 599 F.3d 686 (D.C. Cir. 2010)).

<sup>33</sup> Rose Resp. at 3.

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1 As to the allegation that SIG and KPD are unregistered political committees, the Rose  
2 Response contends that SIG and KPD do not meet the definition of a political committee because  
3 their major purpose is “to engage in real estate investments, not to secure the election or  
4 nomination of any federal candidate,” neither business is under the control of any candidate, and  
5 neither business “accepted any contributions.”<sup>34</sup> Rose asserts that, since their formation, SIG and  
6 its several subsidiaries have “purchased, offered to purchase, and/or negotiated real estate  
7 investments valued at over \$50 million.”<sup>35</sup> The Rose Response includes a summary of 19 real  
8 estate activities assertedly undertaken by SIG and its subsidiaries.<sup>36</sup> Few of those asserted  
9 activities appear to include completed transactions, however, and the Tennessee Secretary of  
10 State administratively dissolved SIG and KPD on August 13, 2013. The Rose Response did not  
11 repeat the claim Rose made in his earlier press release that he formed SIG — to an unstated  
12 extent — for “political purposes.”

13 5. FWFA, Stephenson, and Brandon Declined to Respond to the Substance  
14 of the Allegations and Dispute the Validity of the Complaint and the  
15 Sufficiency of the Alleged Facts

16 In separate Responses, FreedomWorks, Stephenson, and Brandon each declined to  
17 respond to the substance of the allegations. They each argued that the Complaint was legally  
18 deficient and that the alleged facts were insufficient to support a finding that there is reason to  
19 believe that they violated the Act.

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<sup>34</sup> *Id.* at 3-4.

<sup>35</sup> *See* Rose Resp. at 3.

<sup>36</sup> *Id.*, App. A.

1 III. LEGAL ANALYSIS

2 A. There is Reason To Believe that SIG and KPD Were Not the True Sources of  
3 the Contributions to FWFA  
4

5 1. Respondents Violated Section 441f if SIG and KPD Were Not the True  
6 Sources of the Contributions to FWFA

7 The Act prohibits a person from making a contribution in the name of another or  
8 knowingly permitting his or her name to be used to effect such a contribution.<sup>37</sup> That prohibition  
9 extends to knowingly permitting one's name to be used to effect the making of a contribution in  
10 the name of another or, under the Commission's implementing regulation, to knowingly helping  
11 or assisting "any person in making a contribution in the name of another."<sup>38</sup> The Act also  
12 prohibits a person from knowingly accepting a contribution made by one person in the name of  
13 another person.<sup>39</sup> The term "person" for purposes of the Act and Commission regulations  
14 includes partnerships, corporations, and other organizations.<sup>40</sup>

15 Commission regulations provide illustrative examples of activities that would constitute a  
16 violation of the Act by making a contribution in the name of another:

- 17 (i) Giving money or anything of value, all or part of which was  
18 provided to the contributor by another person (the true  
19 contributor) without disclosing the source of money or the thing  
20 of value to the recipient candidate or committee at the time the  
21 contribution is made, or  
22  
23 (ii) Making a contribution of money or anything of value and  
24 attributing as the source of the money or thing of value another  
25 person when in fact the contributor is the source.<sup>41</sup>

37 2 U.S.C. § 441f.

38 *Id.*; 11 C.F.R. § 110.4(b)(iii).

39 2 U.S.C. § 441f.

40 2 U.S.C. § 431(11); 11 C.F.R. § 100.10.

41 11 C.F.R. § 110.4(b)(2)(i)-(ii).

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2           The Act and Commission regulations thus focus on the “true” source responsible for  
3 making the contribution. The determination of the true source of the contribution turns on  
4 consideration of who “exercise[d] direction or control” over the funds distributed to the  
5 recipient.<sup>42</sup>

6           Requiring contributions to be made in one’s own name, rather than in the name of  
7 another or through an intermediary, promotes full disclosure of the actual source of political  
8 contributions.<sup>43</sup> Given this important governmental interest in full and accurate disclosure, “it is  
9 implausible that Congress, in seeking to promote transparency, would have understood the  
10 relevant contributor to be the intermediary who merely transmitted the campaign gift.”<sup>44</sup>  
11 Consequently, courts have flatly rejected the argument that “only the person who actually  
12 transmits funds to a campaign makes the contribution. . . .”<sup>45</sup> Rather, to determine the true  
13 source of a contribution, “we consider the giver to be the *source* of the gift, not any intermediary  
14 who simply conveys the gift from the donor to the donee.”<sup>46</sup>

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<sup>42</sup> *United States v. O'Donnell*, 608 F.3d 546, 550 n.2 (9th Cir. 2010) (an intermediary who serves a “ministerial role” should not be viewed as the source of a contribution unless “an intermediary *exercises direction or control* over a gift . . . .”) (citing 11 C.F.R. § 110.6(d)) (emphasis added).

<sup>43</sup> *O'Donnell*, 608 F.3d at 553 (“[T]he congressional purpose behind § 441f — to ensure the *complete and accurate disclosure* of the contributors who finance federal elections — is plain.”) (emphasis added); *Mariani v. United States*, 212 F.3d 761, 775 (3d Cir. 2000) (rejecting constitutional challenge to section 441f in light of compelling governmental interest in disclosure).

<sup>44</sup> *O'Donnell*, 608 F.3d at 554; *see also Citizens United v. FEC*, 130 S. Ct. 876, 914-16 (2010) (“The First Amendment protects political speech; and disclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages.”); *Doe v. Reed*, 130 S. Ct. 2811, 2820 (2010) (“Public disclosure also promotes transparency and accountability in the electoral process to an extent other measures cannot.”).

<sup>45</sup> *United States v. Boender*, 649 F.3d 650, 660 (7th Cir. 2011).

<sup>46</sup> *Id.* (citing *O'Donnell*, 608 F.3d at 550) (emphasis added).

1           The law is thus clear: if the true sources of the contributions made nominally by SIG and  
2 KPD were Stephenson and others, such that SIG and KPD served merely as intermediaries that  
3 concealed the identity of the true donors, Respondents violated section 441f.

4           2.     There Is Reason To Believe that Stephenson and Others Were the True  
5                    Sources of the Contributions that FWFA Received in the Names of SIG  
6                    and KPD

7  
8           The Complaint here asserts specific factual allegations that, if proven true, establish that  
9 Respondents violated the Act, credible evidence in the current record corroborates those  
10 allegations, and the Respondents have not refuted them.<sup>47</sup> We therefore conclude that the  
11 Commission should find that there is reason to believe that Respondents violated 2 U.S.C.  
12 § 441f.

13           FWFA disclosed receiving approximately \$12 million in contributions from SIG and  
14 KPD. According to the Complaint, however, Stephenson, a FreedomWorks director, and others  
15 are the true source of these contributions to FWFA, while SIG and KPD allegedly acted as straw  
16 donors for the contributions. Stephenson allegedly pledged to make \$10 to \$12 million in  
17 contributions to FWFA at the August 2012 FreedomWorks retreat, several weeks before SIG and  
18 KPD were formed. And Brandon, a FreedomWorks executive vice president, allegedly helped  
19 arrange these contributions to be made to FWFA. Allegedly, FreedomWorks considered how to  
20 spend the contributions months before it received them, and Stephenson dictated how his alleged

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<sup>47</sup> 11 C.F.R. § 111.4(d)(3) (the complaint should recite “facts which describe a violation of a statute or regulation over which the Commission has jurisdiction”); *see also* Statement of Policy Regarding Commission Action in Matters at the Initial Stages in the Enforcement Process, 72 Fed. Reg. 12,545 (Mar. 16, 2007) (explaining that a “reason to believe” finding is appropriate when “a complaint credibly alleges that a significant violation may have occurred”); Statement of Reasons, Comm’rs David M. Mason, Karl J. Sandstrom, Bradley A. Smith, and Scott E. Thomas at 1, 3, MUR 4960 (Hillary Rodham Clinton for U.S. Senate Exploratory Committee, Inc.) (concluding that a reason to believe finding is appropriate “only if the Complaint sets forth sufficient specific facts, which, if proven true, would constitute a violation of the FECA,” while purely speculative allegations, especially those that are directly refuted, are insufficient to find reason to believe).

1 contributions should be spent. These allegations, if true, would establish that Respondents  
2 violated the Act as alleged.

3 Here those allegations are supported by reported statements of three current and former  
4 FreedomWorks employees,<sup>48</sup> as well as FreedomWorks' own documents that acknowledge that  
5 an unnamed donor pledged to donate \$10 million to FreedomWorks at the August 2012 retreat,  
6 which inspired other donors to contribute.<sup>49</sup> Other than the contributions in the names of SIG  
7 and KPD, no other contributions to FWFA match the alleged contributions or the contributions  
8 indicated in the FreedomWorks documents.

9 Further, SIG and KPD were established shortly before the 2012 election and were  
10 dissolved less than one year later.<sup>50</sup> FWFA also reported receiving the first contribution from  
11 SIG only six days after SIG was incorporated, and all 20 contributions (each ranging from  
12 \$125,000 to \$1.5 million) were reportedly received in the final weeks of the 2012 election —  
13 between October 1 and November 1, 2012.<sup>51</sup> On four occasions, FWFA reported receiving  
14 multiple contributions from SIG, KPD, or both on the same day.<sup>52</sup> And SIG and KPD made no  
15 other contributions before or since these contributions. In sum, credible evidence supports the

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<sup>48</sup> See Amend. Compl., Attach. The article on which these allegations are based also describes an internal dispute at FreedomWorks in Fall 2012 regarding the direction of the organization. Given the preliminary stage of this proceeding and the corroborating additional information in the current record, we see no basis to reject the allegations based on the existence of this dispute for purposes of assessing whether there is reason to believe, and Respondents have not contended that the internal dispute is connected to the allegations.

<sup>49</sup> Attach. 1 at 32.

<sup>50</sup> See *Business Entity Detail*, TENNESSEE SEC'Y OF STATE, <https://tnbear.tn.gov/Ecommerce/FilingDetail.aspx?CN=129038118147035173181038045017208017164239078150> (Specialty Investment Group, Inc.) (last visited Nov. 15, 2013); *id.*, <https://tnbear.tn.gov/Ecommerce/FilingDetail.aspx?CN=074025029030067228119145205236088145196224219162> (Kingston Pike Development, LLC) (last visited Nov. 15, 2013).

<sup>51</sup> FWFA Amended Pre-General Report at 145-47 (June 10, 2013); FWFA Amended Post-General Report at 96, 168-71 (May 21, 2013).

<sup>52</sup> See Table 1, *supra*.

1 allegation that SIG and KPD served as straw donors for the contributions of Stephenson and  
2 others to FWFA.<sup>53</sup>

3 Neither Stephenson, Brandon, nor FreedomWorks deny these allegations, much less  
4 refute them.<sup>54</sup> Although the Rose Response addresses the allegations, it also does not refute  
5 them. Rose asserts that Rose made the contributions to FWFA on behalf of SIG and KPD and  
6 claims that SIG and KPD properly disclosed themselves as the sources of the contributions, but  
7 he provides no support for those unsworn contentions.<sup>55</sup> Moreover, that SIG or KPD may have  
8 transmitted the money to FWFA — that is, “made” the contribution in the literal sense — does  
9 not refute the allegation that SIG and KPD were merely intermediaries for the contributions of  
10 others.<sup>56</sup> The Rose Response does not explain whether he, SIG, or KPD exercised any direction  
11 or control over the contributions. He further acknowledges that SIG and KPD received “private  
12 capital” to fund their activities and once stated that the entities were formed in part for “political  
13 purposes.”<sup>57</sup>

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<sup>53</sup> The contributions at issue also appear to be incongruent with other contributions reportedly received by FWFA and other FreedomWorks entities. According to the FreedomWorks Development Report, FreedomWorks received only 1% of its contributions in 2012 from corporate solicitations. Attach. A at 32. The SIG and KPD contributions, on the other hand, represent nearly 62.9% of contributions received by FWFA (\$12,075,000 out of \$19,196,933 as of the date of the Report) and 30% of total contributions received by all related FreedomWorks entities in 2012 (\$12,075,000 out of \$40,662,092). *See id.*

<sup>54</sup> As FreedomWorks correctly notes, Respondents do not have the burden to disprove the allegations against them, FreedomWorks Resp. at 2, nor are Respondents required to respond to the allegations against them. *FEC Guidebook for Complainants and Respondents on the FEC Enforcement Process* at 10 (May 2012). The Commission must nevertheless evaluate a Complaint's allegations and make its findings based on the available evidence, however, and “[t]he response is the respondent's opportunity to demonstrate to the Commission why the Commission should not pursue an enforcement action[.]” *Id.* The Commission will consider whether a Respondent's response refutes a Complaint's allegation when determining whether to find that there is reason to believe that Respondent violated the Act.

<sup>55</sup> Rose Resp. at 3.

<sup>56</sup> *See O'Donnell*, 608 F.3d at 554; *Boender*, 649 F.3d at 660.

<sup>57</sup> Attach. 2 at 5.



1 knowledge of the complainants.<sup>61</sup> Under the Act, “[t]he Commission may not conduct any  
2 investigation or take any other action under this section solely on the basis of a complaint of a  
3 person whose identity is not disclosed to the Commission.”<sup>62</sup> Commission regulations further  
4 specify, in relevant part, that a complaint must identify the complainants, be sworn and signed,  
5 and that the allegations in a complaint “not based upon personal knowledge” should identify the  
6 source of the information that “gives rise to the complainant’s belief in the truth of such  
7 statements.”<sup>63</sup> Thus, neither the Act nor Commission regulations require the Complaint to be  
8 based upon personal knowledge.

9 In this matter, the Complaint discloses the identity of the complainants, is sworn and  
10 signed, and identifies the sources of information that gives rise to the complainants’ belief in the  
11 allegations. The Complaint therefore complies with the requirements of the Act and the  
12 Commission’s regulations and, as noted above, alleges unrefuted facts that, if true, establish a  
13 violation of the Act. Although the Complaint partly relies on press articles quoting unnamed  
14 current and former FreedomWorks employees, that fact “does not in and of itself render the  
15 complaint insufficient on its face.”<sup>64</sup>

16

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<sup>61</sup> See FreedomWorks Resp. to the Amended Compl. at 2; Stephenson Resp. at 2-3; Brandon Resp. at 2, 5-6. The Respondents also argue that the Complaint is conclusory, vague, speculative, or unsupported by the evidence. As we concluded above, however, the Complaint includes specific facts that, if proven true, would constitute a violation of the Act.

<sup>62</sup> 2 U.S.C. § 437g(a)(1).

<sup>63</sup> 11 C.F.R. § 111.4(b), (d).

<sup>64</sup> See Factual and Legal Analysis at 8 n.5, MUR 6278 (Weiser); MUR 6023 (McCain/Loeffler Group) (same).

1                   4.     Conclusion

2                   Accordingly, we recommend that the Commission find that there is reason to believe that  
3 William S. Rose, Specialty Investment Group, Inc., Kingston Pike Development, LLC,  
4 FreedomWorks for America, Richard J. Stephenson, and Adam Brandon violated 2 U.S.C.  
5 § 441f.

6                   **B.     The Commission Should Take No Action at this Time Concerning the**  
7                   **Allegation that SIG and KPD Failed to Register as Political Committees**

8                   The Complaint alleges that SIG and KPD failed to organize, register, and report as  
9 political committees.<sup>65</sup> The Act and Commission regulations define a “political committee” as  
10 “any committee, association, or other group of persons which receives contributions aggregating  
11 in excess of \$1,000 during a calendar year or which makes expenditures aggregating in excess of  
12 \$1,000 during a calendar year.”<sup>66</sup> In *Buckley v. Valeo*, 424 U.S. 1 (1976), the Supreme Court  
13 held that defining political committee status “only in terms of the annual amount of  
14 ‘contributions’ and ‘expenditures’” might be overbroad, reaching “groups engaged purely in  
15 issue discussion.”<sup>67</sup> To cure that infirmity, the Court concluded that the term “political  
16 committee” “need only encompass organizations that are under the control of a candidate or the  
17 major purpose of which is the nomination or election of a candidate.”<sup>68</sup> Accordingly, under the  
18 statute as thus construed, an organization that is not controlled by a candidate must register as a  
19 political committee only if it crosses the \$1,000 threshold and has as its “major purpose” the  
20 nomination or election of federal candidates.  
21

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<sup>65</sup> Compl. at 2, 9.

<sup>66</sup> 2 U.S.C. § 431(4)(A); 11 C.F.R. § 100.5.

<sup>67</sup> *Buckley*, 424 U.S. at 79.

<sup>68</sup> *Id.*

1           Rose denies that SIG and KPD received “contributions” but rather contends that they are  
2 funded by “private capital.” Rose also contends, however, that SIG and KPD indeed made  
3 approximately \$12 million in contributions to FWFA using that “private capital.” If true, these  
4 contributions well exceed the \$1,000 statutory threshold for establishing political committee  
5 status.

6           Allegedly, SIG and KPD were not the “true” contributors, but rather acted as mere  
7 intermediaries for the alleged contributions of other persons — the sources of SIG and KPD’s  
8 “private capital.” The Commission does not treat contributions transmitted through an  
9 intermediary as contributions accepted or made by the intermediary unless the intermediary  
10 exercises direction or control over the contributions.<sup>69</sup> Because the facts are disputed as to who  
11 directed that these funds were to be contributed to FWFA, it is also unclear whether SIG and  
12 KPD have in fact accepted or made more than \$1,000 in contributions.

13           Unless and until the Commission develops further evidence regarding the Respondents’  
14 alleged violation of Section 441f, we recommend that the Commission take no action at this time  
15 as to the allegation that SIG and KPD violated 2 U.S.C. §§ 432, 433, and 434.

## 16 **V. INVESTIGATION**

17           The goal of an investigation into the allegations here would be to determine whether SIG  
18 and KPD were the true sources of the contributions reported in their names and, if not, to identify  
19 the true source and determine whether FreedomWorks for America was aware that it was  
20 receiving contributions in the names of others. We will therefore seek to trace the origin of the  
21 funds that SIG and KPD contributed to FWFA and obtain testimony from the Respondents about  
22 those contributions. Although we will seek to conduct our inquiry through voluntary means, we

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<sup>69</sup> 11 C.F.R. 110.6(d); *see also* Advisory Op. 1996-18 (Int’l Assoc. of Fire Fighters) (concluding that a conduit was not a political committee).

1 recommend that the Commission authorize the use of compulsory process. As is our routine  
2 practice, we will circulate in advance any formal discovery requests (that is, subpoenas for  
3 documents or depositions, interrogatories, requests for admissions) for the Commission's  
4 consideration.

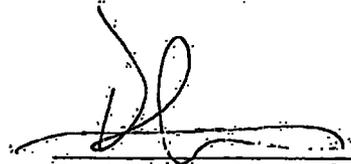
5 **VI. RECOMMENDATIONS**

- 6 1. Find reason to believe that William S. Rose, Jr. violated 2 U.S.C. § 441f;  
7 2. Find reason to believe that Specialty Investment Group, Inc., violated 2 U.S.C.  
8 § 441f;  
9 3. Find reason to believe that Kingston Pike Development, LLC, violated 2 U.S.C.  
10 § 441f;  
11 4. Find reason to believe that FreedomWorks for America violated 2 U.S.C. § 441f;  
12 5. Find reason to believe that Richard J. Stephenson violated 2 U.S.C. § 441f;  
13 6. Find reason to believe that Adam Brandon violated 2 U.S.C. § 441f;  
14 7. Take no action at this time as to the allegation that Specialty Investment Group, Inc.,  
15 and Kingston Pike Development, LLC, violated 2 U.S.C. §§ 432, 433, and 434 by  
16 failing to register as political committees.  
17 8. Approve the attached Factual and Legal Analyses;

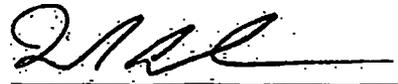
1           9. Authorize the use of compulsory process; and

2           10. Approve the appropriate letters.

3  
4   Date: 6/6/14

  
Daniel A. Petalas  
Associate General Counsel

  
Mark D. Shonkwiler  
Assistant General Counsel

  
Michael A. Columbo  
Attorney

17  
18   Attachments

- 19  
20   1. FreedomWorks Winter 2012 Board of Director's Meeting Board Book  
21   2. Rose Press Release  
22   3. List of FreedomWorks contributions to FWFA

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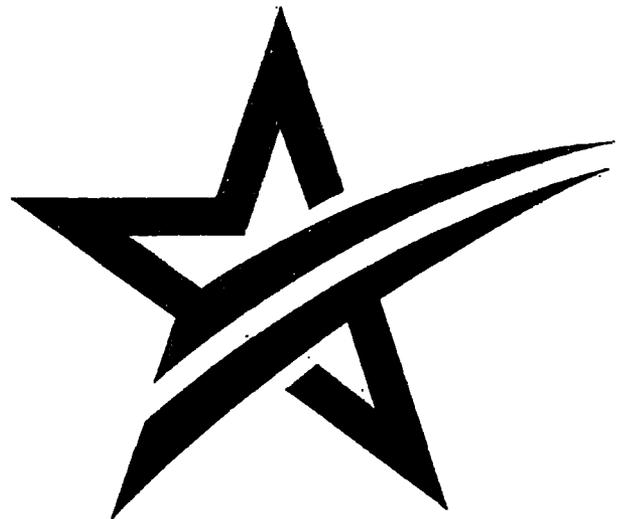
*FreedomWorks & FreedomWorks Foundation*

**WINTER 2012**

**BOARD OF  
DIRECTOR'S  
MEETING**

December 19, 2012

Washington, DC



1100440001

110047M0000

1	2012 Board Meeting Agenda
2	August 2012 Board Meeting Minutes
3	President's Report
4	Finance
5	Consolidated Income Statement
6	Consolidated Balance Sheet
7	Development
8	Community Building
9	Online
10	Communications
11	
12	
13	
14	
15	



FreedomWorks & FreedomWorks Foundation  
Winter Board of Directors Meeting

## BOARD MEETING AGENDA

Sands Capital Management | 1101 Wilson Blvd. | Suite 2300 | Arlington, VA 22209

- |         |                                  |
|---------|----------------------------------|
| 2:30 PM | Business Meeting Called to Order |
|         | Approval of Minutes              |
| 2:45 PM | Update Bylaws                    |
| 4:15 PM | 2012 in Review                   |
| 4:45 PM | Going forward to 2013            |
| 5:15PM  | Business Meeting Adjourns        |

MINUTES  
OF  
BOARD OF DIRECTORS MEETING  
OF  
FREEDOMWORKS, INC.

A meeting of the Board of Directors of FreedomWorks, Inc., was held at the Snake River Resort & Spa in Teton Village, Wyoming on August 16, 2012.

Present were FreedomWorks, Inc., Board Chairman Dick Arney and Board Members Tom Knudsen, Mary Albaugh, Jim Burnley (by phone), Dick Stephenson, and Matt Kibbe.

Also present were C. Boyden Gray (by phone), Rob Lansing, Ted Abram (by phone), Frank Sands, Wayne Brough, Lucas Blanchard, Annie Holsonback, Chris Stephenson, Susan Arney, David Kirby, Terry Kibbe, Adam Brandon, and Alan Dye.

President Matt Kibbe announced the presence of a quorum and the meeting was called to order at 12:05 p.m.

The minutes from the FreedomWorks, Inc., February 22, 2012 meeting were approved. (Frank Sands offered the motion, Rob Lansing seconded).

New business was discussed.

As mandated by law, there was a request for board members to sign the Governance and Ethics policy.

A motion was offered by Tom Knudsen and seconded by Frank Sands to elect Lucas Blanchard as Treasurer.

Adam Brandon presented a report on potential changes to the 401(k) program.

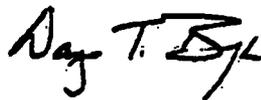
Matt Kibbe presented the president's report, which provided an overview of the Restore Liberty project.

Lucas Blanchard presented the financial overview.

David Kirby presented the development report.

There being no further business, the meeting was adjourned at 2:15 p.m.

Respectfully submitted,



Wayne T. Brough

MINUTES  
OF  
BOARD OF DIRECTORS MEETING  
OF  
FREEDOMWORKS FOUNDATION, INC.

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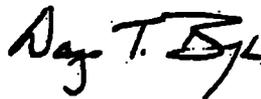
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Respectfully submitted,



Wayne T. Brough

TO: FreedomWorks Board of Directors

FROM: Matt Kibbe  
President and CEO

RE: President's Report

DATE: December 17, 2012

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Here in our nation's capital, December's drama feels a lot like a community theater's amateur mash-up of a Shakespearian tragedy and *Groundhog Day*. *Groundhog Day*, because in this great Bill Murray movie, he woke up every morning and relived—with growing frustration—the same day, over and over again. Shakespeare, because you know things won't end well.

In the "real" world of Washington politics, everyone is in full panic mode over the "fiscal cliff," this year's version of last year's debate over raising the debt ceiling. I debated this on C-SPAN's *Washington Journal* Sunday. The spending cliff is an automatic sequester of \$900 billion over the next 10 years, promised by last year's Super Committee in exchange for another increase in the amount the U.S. Treasury is allowed to borrow. The tax cliff sunsets Bush-era tax rates on December 31st, and taxes revert to the higher Clinton-era rates set in 1993. Neither of these events comes as a surprise to anyone that has paid attention.

But still, it is a crisis. Here is the political establishment's logic: "If we don't get a bipartisan deal that raises taxes and cuts spending, taxes will automatically go up and spending will automatically be cut." Let me restate this political dilemma, lest their logic eludes you: "If we don't get Republicans to raise taxes and 'cut' spending," howl the Democrats and the media, "we will automatically raise taxes and 'cut' spending!"

Now you can start to panic.

If you are reading this, you already appreciate the absurdity of our political theater. You are already aware of the fact that our federal government had long ago launched off a fiscal cliff—the American economy fully suspended in thin air, *Thelma and Louise* style—with its annual deficits of up to \$1.3 trillion and over \$16 trillion in national debt. Our suicidal spending and borrowing habits have been monetized with an unprecedented expansion of money and cheap credit by the Federal Reserve, in an attempt to create enough of an updraft to keep that ragtop Thunderbird suspended for as long as possible.

But the moment of reckoning is inevitable, like the laws of gravity. If real factors—like tax rates, unfunded liabilities, debt-to-GDP ratios, and the trashing of our standard of value—actually matter, no bipartisan deal is going to paper over reality. As F.A. Hayek might say, reality will eventually trump animal spirits and political spin, regardless of headlines in the *New York Times*.

"Bipartisan" is such a curious word. Among the political *cognoscenti*, it is uttered with an almost mystical sense of reverence. In mainstream media, it implies a level of seriousness in public policy seemingly unconnected to the content of the policies themselves. A "bipartisan" budget deal is more valued than actually balancing the budget. It's all about the process itself, not the substance of the issues debated in the process. Here's a quote from the Speaker of the House:

"It just comes down to one simple thing. They have described a precipice. We are on the brink of doing something that might pull us back from that precipice. I think we have a responsibility. We have worked in a bipartisan way."

Is this John Boehner defending the need for a bipartisan deal that raises new revenue? No, this

argument comes from September 29, 2008, as Speaker Nancy Pelosi defended a \$700 billion bailout of bad banks. Moments later, the American people defeated that bill by inundating both Democrats and Republicans in the U.S. House of Representatives with an avalanche of calls. For one day, at least, crony capitalism and the bipartisanship that never, ever solves problems was defeated by a spontaneous shareholder uprising that turned out to be the very first national Tea Party protest.

I remember a day when the House and Senate passed Budget Resolutions, the annual budget blueprint for the expenditures of the federal government, by the statutory deadline of April 15th. I remember a day when all thirteen appropriations bills were passed through the regular order of the legislative process, and reconciled within the limits set by the Budget Resolution before the beginning of the new fiscal year on October 1st. I remember when tax rates were permanent and tax-writing committees were not able to annually shake down special interests for "extenders" of special favors carved out of the tax code. I remember a day when December was the quietest month in Washington, because Congress and their staff had gone home until January.

But those days seem like a fairy tale, like the two miles I walked to school every morning as a kid. The Senate Democrats don't even bother to pass a budget anymore. Everything is a crisis, as our politicians run right up to the edge of catastrophic deadlines on debt ceilings and government shutdowns and fiscal cliffs.

What if this permanent crisis was designed to grow government?

Why does it seem like We The People are suffering the same crises over and over again in a bad mash-up of *Groundhog Day* and Shakespearian tragedy? Maybe this bipartisanship thing isn't nearly all it's advertised to be? Maybe bipartisan deals are just another form of insider collusion, a conspiracy of interests intended to screw over customers and shareholders alike? Consider the legal definition:

"Collusion occurs when two persons or representatives of an entity or organization make an agreement to deceive or mislead another. Such agreements are usually secretive, and involve fraud or gaining an unfair advantage over a third party, competitors, consumers or others with whom they are negotiating. The collusion, therefore, makes the bargaining process inherently unfair. Collusion can involve price or wage fixing, kickbacks, or misrepresenting the independence of the relationship between the colluding parties."

Does any of this sound familiar? Is it possible that the real battle is not between Republicans and Democrats, but rather us versus the Washington insiders that meet in secret to gain an unfair advantage, fix wages, secure kickbacks, and deceive the American shareholders?

The answer has to be "yes," and knowing all of this at the end of 2012 informs the path forward for freedom in America.

### The Election

The *Los Angeles Times* asked, just six days after the election, "Has America gone from center-right to center libertarian?" The answer, I think, is: *we always have been*.

Harvard historian Bernard Bailyn describes the subterranean homespun values that emerged, from the bottom up, in 1760's America in his definitive book on the subject, *The Ideological Origins of the American Revolution*. It was the beautiful chaos of anti-authoritarian republicanism, Adam Smith's *Theory of Moral Sentiments*, and libertarian populism which held that anyone could make it in America—and that everyone had a right to, regardless of who they knew inside the halls of power.

"The details of this new world were not yet clearly depicted; but faith ran high that a better world than any that had ever been known could be built where authority was distrusted and held in constant scrutiny; where the status of men flowed from their achievements and from their personal qualities, not from distinctions ascribed to them at birth; and where the use of power over the lives of men was jealously guarded and severely restricted. It was only where there was this defiance, this refusal to truckle, this distrust of all authority, political or social, that institutions would express human aspirations, not crush them."

With a few variations, Bailyn might well be describing a roadmap back to electoral success for Republicans. Freedom is in our genes. It's what defines America, and always has. Two and a half centuries later, this sacred fire of liberty still burns, but you won't find it at the top of a political ticket. We will have to search elsewhere.

We need younger, more diverse, more substantive voices for freedom in America. We need a new generation—freed of the political establishment's baggage—that can convey the values of liberty, economic opportunity, and self-determination to independent-minded voters, young voters, Hispanic and black voters. We need to build a freedom-based populism that rejects crony capitalism and the insiders that collude against the freedoms of the rest of us. And we need to draw a line in the sand between the limited role for government and politics, and the personal values that govern our conduct as individuals. We expect our politicians to balance the budget, and that may well be expecting too much. Do we really want them to codify a moral code, and impose it, from the top down? No, our moral values come from America, from the bottom-up, not Washington, D.C.

We need to be separate and distinct from the D.C. power brokers and political consultants who do the same things over and over, while expecting different results. Republicans have now run an old white guy from the Republican establishment three times in my adult life—Bob Dole, John McCain, Mitt Romney—and are still somehow surprised by the results.

Was Mitt Romney an authentic critic of ObamaCare, the defining, winning issue of the 2010 elections? Of course not. Our best issues, the only differences between us and them that actually mattered, were swept under the table. Fewer showed up to vote, with nothing substantive to vote for. If you showed up anyway, if you stood in line to vote in 2012, you were likely voting against someone, not voting for an articulated economic agenda or a positive alternative to big government and economic decline. The 2010 election had very few personality-driven races but plenty of vivid choices between big and small government. By contrast, 2012 was a beauty contest, and the old white guy—an unfairly-redefined caricature from Bain who drove with the family dog on the roof—lost.

FreedomWorks for America set out to win despite what we saw as weakness at the top of the Republican ticket. We wanted to drive up-ballot voting based on Senate candidates that would motivate people to show up despite ambivalence about the presidential candidates. In terms of wins and losses, this strategy didn't work well, and our goal of taking the Senate didn't work at all. We take our lumps with humility.

Todd Akin, the eventual Republican candidate from Missouri, allowed Democrats to change the narrative with his offensive comments about "legitimate rape," and simultaneously lost at least two seats we could have won. Indiana's Richard Mourdock would later step on that easy-to-spot landmine and lose a seat he had in the bag.

But don't let anyone tell you that the Tea Party lost the Senate. Todd Akin was at one point the establishment favorite who won because two Tea Party-backed challengers split the primary vote. FreedomWorks endorsed John Brunner in the Missouri Senate primary, but he lost to Akin by a few slim points.

More telling was the underperformance of establishment-blessed Republicans like Heather Wilson in New Mexico, Tommy Thompson in Wisconsin, and Denny Rehberg in Montana. Comparing their vote performance with the top of the ticket in their state, they did worse than Tea Party favorites like Josh Mandel in Ohio, Connie Mack in Florida, and even Tom Smith in Pennsylvania. Indeed, establishment-pick Rehberg even underperformed Richard Mourdock, self-inflicted wound and all.

After the dust settled on November 6th, it became easier to see some upside to the downside losses. The historic gains in 2010 were essentially locked in, and although the Republican majority surrendered seven net seats (gained during the midterm elections), fiscal conservatives enjoyed a net gain in the House. Of the 75 candidates we endorsed, 65 won. The five we lost were replaced with eight new gains, for a net increase of three fiscal conservatives. Gains made by freedom-friendly conservatives will qualitatively buck-up the Republican majority's fiscal *bona fides* in the 113th Congress.

Despite our disappointments in the Senate battlegrounds, the Freedom Caucus added new names—Ted Cruz and Jeff Flake—to the ranks of free-market conservatives in the Senate. Both men will stand strong beside fiscally-conservative colleagues like Mike Lee, Rand Paul, Ron Johnson, Pat Toomey, Marco Rubio, and others. There has never been a block of votes quite like this in the history of our country. Expect them to lead accordingly.

### **Building to Win**

The big difference between us and other SuperPACs is our commitment to building a machine that outlives any election, won or lost. Our money was spent on the ground, serving the needs of any citizen who wanted to mobilize others to vote. As a result, in our first responsibility—to build community—FreedomWorks has had its best year ever, building what I believe is the largest community for individual freedom ever assembled. Allow me a moment to summarize some top-line successes:

1. Our community is massive. Our Facebook page will soon pass four million fans. According to the charity news report *Xperdon*, that makes FreedomWorks the most popular non-profit on social media. "FreedomWorks, a non-profit org that promotes economic freedom, including voluntary charity giving, and campaigns for a smaller state has continued its astonishing social media success on Facebook.... The latest surge of popularity on social media confirms the non-profit organization as one of the most significant campaigning organizations in America today." Since this article was written, we have added 400,000 new fans.
2. OhMyGov.com ranks FreedomWorks as "#1 Media Power Rank" among PACs in terms of social media growth and mention metrics, beating out American Crossroads, Club for Growth, Priorities USA, and House Majority PAC.
3. Add to this the 2.1 million members that have opted into our email list, and you start to get a sense for the size of what we have built. Now that even Karl Rove is acknowledging that the future is all about grassroots organization and the need for a "50 state strategy," we are uniquely positioned to be that community.
4. FreedomWorks has already put into place a commercial-class customer service database infrastructure that allows for exactly the type of "mass customization" and personalized communication strategies that the Obama campaign successfully employed.
5. The size and scope of our network of investors is equally impressive. So far this year, we have raised over \$41 million. We now have roughly 85,000 individual donors. Corporate gifts now represent just 1 percent of total giving. This broad-based community of

philosophically-motivated donors is the foundation for continued institutional strength and growth, a foundation that cannot be peeled off by angry politicians who believe that we work for them, not vice versa.

6. Our super PAC is fundamentally different from others in its bottom-up approach to fundraising. According to *Open Secrets*, a left-leaning political spending watchdog, FreedomWorks for America is "an anomaly among super PACs in its emphasis on small-donor funding. In September, unitemized contributions, or those of \$200 or less, made up 47 percent of contributions to the super PAC, exceeding its 35 percent average for the year... FreedomWorks' network of small donors is all the more impressive when compared to other major super PACs' fundraising statistics. None of the other active super PACs raising much more money this election cycle comes close to having as large a share of funds from unitemized contributions."
7. We have evolved beyond massive protests into more organized events that build sustainable communities of freedom-loving activists. Our 16,000-person event in Dallas spawned a quickly-assembled tour of the country. FreePAC Cincinnati, Orlando, Phoenix, Chicago, and Columbus attracted an amazing 36,000 paying, ticketed attendees, and another 92,000 viewers online. In 2013, the FreePAC franchise—think "Principled Action Community"—will expand to include more allied organizations. These are big tent events for constitutional conservatives, libertarians, and unaffiliated parents who just want to be left free to raise and educate their children without federal meddling; black Baptist preachers; Ayn Rand disciples; tattooed Ron Paul Millennials; and grandparents worried about the burden of unfunded liabilities on their grandkids.
8. Of course, the Election results from November 6th overshadow everything else, and it is appropriate to embark on a clinical assessment of what we need to do better; what needs to be completely reconsidered; and how we pivot, evolve, and continue to grow the constituency for freedom, fiscal responsibility, and limited government in America.

I have said all along that FreedomWorks is not a political organization. We are a community-building and educational organization that functions as a service center for our customers. Our super PAC serves as one product line for activists who wish to work on campaigns and elections. But our core business is the values, ideas, and issues—educating people about them, building the means of conveying them, and connecting people to them, and to each other.

Many of our top institutional priorities for 2013 were already scratched out on the chalk board in the early planning phases of 2012. While we anticipated many of the challenges and opportunities that we currently face, there is still plenty to do. Here are a few headlines:

- **Mass Customization:** As I've written, much has been made of the Obama campaign's advances in personalized targeting of potential voters online. With a \$100 million, four-year head start, Obama recruited a dream team of data engineers from Facebook, Twitter, and Google. The result—what the Democrats called "Project Narwhal"—signaled a seismic shift in campaign mechanics. This should sound familiar. FreedomWorks has invested significant resources to do much the same within our own community. The basic infrastructure is already in place, and we are out in front of the non-profit competition. However, we have only begun to scratch the surface of what can be accomplished. As we continue to construct our community framework, the upside potential transcends a one-off data mining exercise. Rather, the digital profile of our community will resonate and grow with every engagement, event, and campaign, allowing mass customization to treat our customers like individuals.

- **The Freedom Agenda:** What are the ideas and messages that form a positive, compelling case for freedom? How do we get issue-based independents to show up for something? Can liberty, personal responsibility, and doing things for yourself be the new "cool"? We want to embark on a fundamental rebranding exercise for the Freedom Agenda and the Freedom Movement. This includes comprehensive polling, messaging, crowd-sourcing of opinions and ideas, and lots and lots of micro-targeted testing online.
- **Candidate Recruitment:** In 2010, we chose sides in some important elections when we saw compelling candidates, like Marco Rubio. In 2012, we thoroughly vetted dozens of candidates and conducted extensive opposition research, identifying a number of compelling stars that few gave a chance, like Ted Cruz in Texas. In 2013, we need to proactively find the best candidates and recruit them to run. We also need to work more closely with allied PACs to avoid splitting our coalition (two splits ended up costing us Senate pickups in Wisconsin and Missouri). All of this proactive information collecting is also a valuable service to our millions of activists and our 50,000 individual political donors.
- **New Markets:** As I have pointed out, our community has already repopulated the Republican party with a rainbow of young, principled men and women of various colors, demographics, and personal stories; people with names like Mia Love, Ted Cruz, Tim Scott, Raul Labrador, Justin Amash, and Marco Rubio. We didn't set out to meet some politically correct distribution based on a federally-imposed formula, but the fact is that the freedom movement is no longer the sole providence of old white men. The biggest opportunity is with "Ron Paul Millennials," young people who have already demonstrated an interest in showing up for libertarian values. We have big plans this year to bring more young people into our networks. Indeed, FreePAC is in many ways specifically designed to appeal to a younger audience. We put a lot of young, engaging, rising stars on our stage. As for Blacks and Hispanics, the success of our Black & White tour starring Deneen Borelli is just the beginning. Next up is Black & Brown, adding in FreedomWorks' Ana Puig, who emigrated from Brazil seeking freedom that wasn't available to her there.
- **Service:** Our core business is still serving the community we are building. Providing the best customer service—the best support, information, tools, events, and reasons to act—is the key to our ability to lead in the very disintermediated world we live in. People have infinite choices online, and big institutions have no particular advantage in such a brutally competitive world. But that's the very reason the opportunity is so compelling. Freedom can win in this decentralized playing field.
- **Early and Cheap:** We have managed to be first-to-market in a number of innovations over the past five years, in large part because of your willingness to invest the start-up capital that built the systems of the future. The size and sophistication of our community would not have been possible otherwise. The big difference between FreedomWorks and the Obama campaign, or the Republican Party, or an army of political consultants, is that asset, that community. Identifying the challenges and opportunities early, and building to win now, means that we can compete with our well-financed competitors at pennies on the dollar.

### Constant Change Is Here To Stay

I have been an integral part of FreedomWorks since 1996 and have seen many changes, and generations come and go. Dick Arney's recent resignation from FreedomWorks was, for me, one of the most difficult to absorb. There was a time when he was a father figure to me, and we collaborated on things like our bestselling book *Give Us Liberty*. This particular change has been painful. But we respect his desires and wish him all the best in his future endeavors. We also

thank him for his years of dedicated service to this organization and the broader freedom community.

Unfortunately, what I had hoped to be a quiet and focused transition has instead attracted quite a bit of media attention.

Parlor intrigue aside, what's most important is the future of our great nation, conceived in liberty. FreedomWorks remains singularly committed to continuing to build the freedom community and our shared mission to defend individual liberty, fiscal responsibility, and constitutionally-limited government.

Now is no time to let the political establishment try to reassert the old rules of citizen engagement where they dictate, from the top down, when and where our voices will be heard.

Now it's out with the old rules and in with the new. The old rules stated a candidate couldn't win without big money from established special interests. The old rules said you couldn't win without name-ID and a thumbs-up from party heavyweights and political elites here in Washington, D.C.

The old rules said that annual budget crises would allow the insiders to grow government unabated.

The old rules told us to fall in line when it was Republicans that were driving the growth of government.

With your support, we've thrown out the old rules.

Time and again, our community has upset politically-connected candidates with deep pockets where victory once seemed impossible. This primary season, energized citizenries took over the political process. Freedom moved on foot as they assembled in the streets. They mobilized online to prove social media impressions, banner ads, and online videos can trump outmoded election-day tactics. They took it to the polls.

The impact of this change will only accelerate. The individual's ability to dismantle centralized structures in the era of America's knowledge economy will continue to grow.

Freedom is trending, thanks to your willingness to keep up the fight.

Why would we stop now?



**TO:** Matt Kibbe, President and CEO  
**FROM:** Lucas Blanchard  
Director of Operations and Treasurer  
**RE:** Finance Report  
**DATE:** December 17, 2012

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Despite electoral disappointments, FreedomWorks has had an epic year! Changes abound in the Operations department as we continue to focus on process improvements and building efficiencies for our ever-growing staff, main offices, and temporary field offices. We are truly positioning ourselves for leadership in 2013.

Since our last meeting, the Operations department has revised FreedomWorks' Personnel Manual with multiple policy updates and additions, and we are beginning the implementation of a state-of-the-art automated accounts payable system (AnyBill) that will help remove the potential for human error when paying vendors. AnyBill will allow staff to virtually receive, code, and approve invoices, which will assist with reporting and coding mistakes. This new system will be revolutionary—a true timesaver, with added benefit for each staff member.

As you are aware, FreedomWorks acquired and renovated new office space across the hall from our main suite earlier this year. Since our last meeting, we approved the build-out of a dedicated studio space for our Production department, providing acoustical tiles for soundproofing, lighting, and new camera and computer equipment. This new studio will allow FreedomWorks to create, edit, and release professional video content as required. Additionally, this new, professional studio space sparked the interest of Glenn Beck's TheBlaze website and television network, and we are currently finalizing the terms of a sublease to house their Washington news bureau. In this agreement, the Blaze will acquire 1396 square feet of our additional suite and share the use of our studio, which will prove convenient for our partnership with the Blaze Action Center, powered by FreedomWorks.

Detailed information, and corresponding attachments, pertaining to the financial position of FreedomWorks' entities as of September 30, 2012, is as follows:

**September 2012 Consolidated Entity Income Statement and Preliminary Year End Forecast**

- As of the September 2012 income statement, we have raised \$22,289,446 in contributions, \$1,804,204 in direct mail revenue, \$1,215,077 in FWFA direct mail revenue, and \$273,631 in miscellaneous revenue for a year-to-date total revenue of \$25,582,358.
- We have incurred \$22,543,317 in expenses resulting in a year-to-date (as of 9/30/12) net surplus of \$3,039,041.
- We are currently projecting total consolidated 2012 revenues that include major donor revenue, direct mail revenue, FWFA direct mail revenue, and miscellaneous income in the amount of \$42,300,714. This is a 39 percent increase over the approved 2012 high budget and a 52 percent increase over 2011 actual revenue.
- We are projecting total consolidated expenses this year of \$40,294,309.
- Projected revenue versus expenses for 2012 could result in an estimated \$2,006,406 net surplus at year-end.
- September 2012 detailed income statements for separate entities are included for review.

**September 2012 Consolidated Balance Sheet**

- The Consolidated Balance Sheet shows comparative numbers from September 2011, Year End 2011, and September 2012 actuals.
- Total assets as of September 2012 are \$18,404,592, compared to September 2011 assets totaling \$5,412,932, and 2011 year-end assets totaling \$14,141,182. Total assets include cash & cash equivalents, accounts receivable, investments, prepaid expenses and long-term assets. This is an increase of 71 percent over last year at this time, and an increase of 23 percent over year-end 2011 assets.
- Total liabilities as of September 2012 are \$2,475,967, compared to September 2011 liabilities totaling \$377,956 and 2011 year-end liabilities totaling \$1,251,596.
- September 2012 detailed balance sheets for separate entities are included for review.

**Planning for 2013 Budget**

The 2013 Draft Consolidated Budget is a work in process. In preparation for budget season, we have provided budget templates to all senior staff to assist in the creation of robust and detailed budgets at the department level. We plan to finalize for the High and Low budget for board approval in January 2013.

For 2013, very early estimates anticipate a Low budget of \$25,000,000 and a High budget of \$30,000,000. The High budget will consist of current programs as well as programs and projects that we look to have fully funded prior to their execution. Based on early estimates, the development team projects we can raise at least the Low budget for next year.

The budget includes the following major programs and projects planned for 2013:

- Major Donor DVD Project
- Glenn Beck Radio Ads
- Glenn Beck TV (GBTV)
- TheBlaze Action Center
- Youth/Minority Outreach
- FreePAC 2013 (six regional events)
- Substantial FreedomConnector Upgrades
- 4th Annual Blog-Con
- Bloggers & Blogger Outreach
- Development Publications & Mailings
- Activist Fly-Ins (quarterly)
- FreedomWorks University
- Legislative Entrepreneur Events
- Online Marketing
- FreedomConnector International
- FreedomConnector Mobile App
- Upgrading Campaign Technology
- Hill Briefings (retreat, meetings, breakfasts)
- Rush Limbaugh Contract

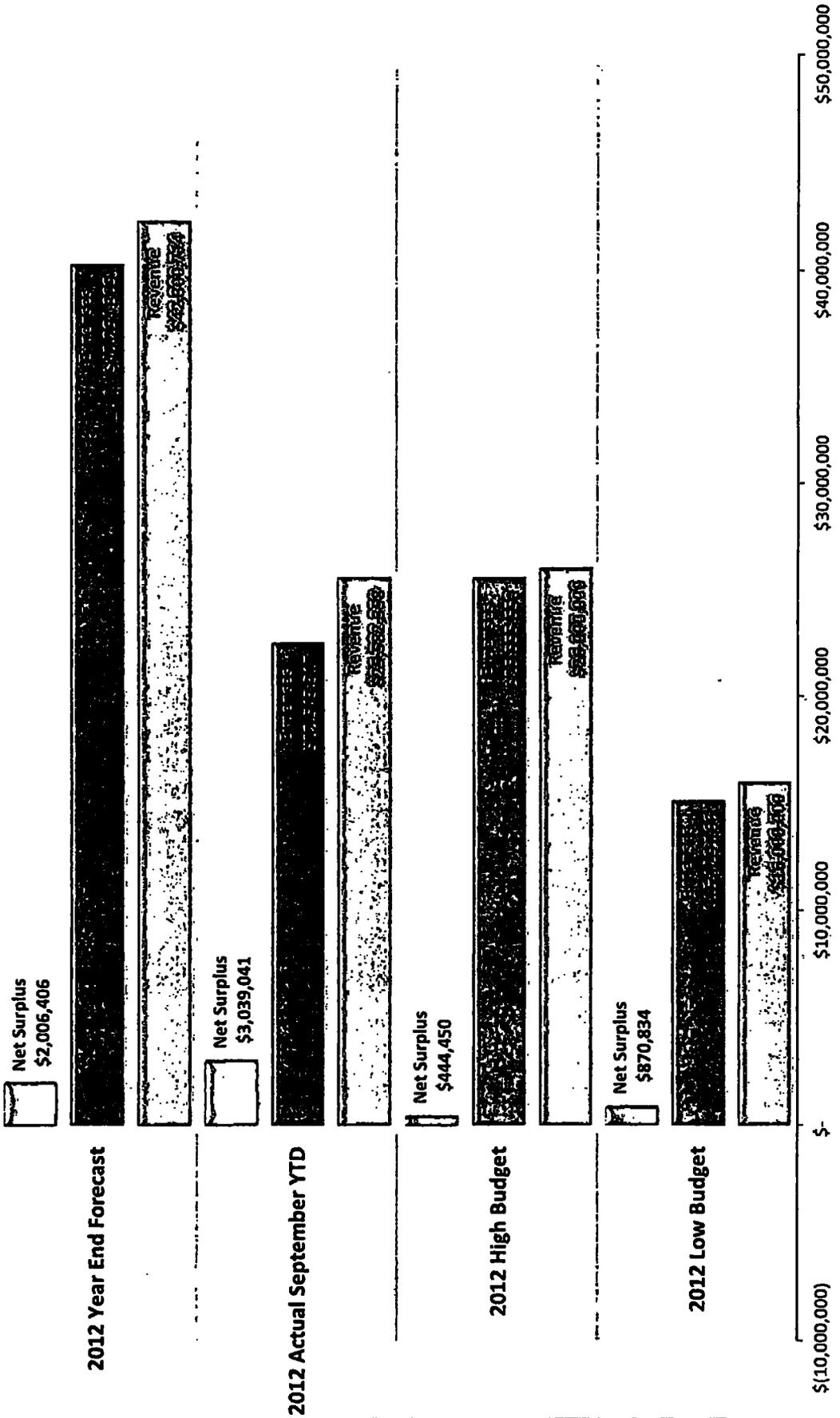
**FreedomWorks Consolidated Entity**  
**Income Statement Comparative and Year End Forecast**  
 Compiled November 7, 2012

	2011 Actuals	2012 Low Budget	2012 High Budget	2012 Actual September YTD	2012 Year End Forecast
<b>Revenues</b>					
Contributions	19,038,932	12,272,527	18,771,991	22,289,446	38,460,334
Direct Mail Revenue	1,879,878	3,727,473	7,228,009	3,019,281	3,566,749
<b>Total Contributions</b>	<b>20,918,810</b>	<b>16,000,000</b>	<b>26,000,000</b>	<b>25,308,727</b>	<b>42,027,083</b>
Miscellaneous Income	(424,258)			273,631	273,631
<b>Total Revenue</b>	<b>20,494,552</b>	<b>16,000,000</b>	<b>26,000,000</b>	<b>25,582,358</b>	<b>42,300,714</b>
<b>Expenses</b>					
Salaries and Benefits	3,841,871	4,475,470	5,012,270	3,294,478	5,072,789
Grants and Contributions	112,590	100,000	220,000	80,500	90,000
Advertising & Promotion	2,453,192	1,964,500	3,927,000	4,819,640	10,477,798
Print Advertising	118,098		725,000	1,043,143	2,025,000
Novelties	160,096	88,500	317,179	234,608	273,198
Dues	75,987	57,500	67,000	42,199	64,696
Equipment Rent & Maintenance	35,865	43,000	43,000	36,440	49,919
Non-Capital Expenses	32,833	15,000	15,000	96,434	96,434
Insurance	54,956	77,500	82,500	52,453	75,066
Rentals	58,720	15,500	15,500	323,639	464,465
Photography	102,426		12,000	232,564	261,660
Postage	733,303	1,773,637	3,783,615	1,143,902	1,199,614
Printing	626,870	1,760,937	3,540,915	927,926	3,271,253
Training & Staff Development	6,048		21,000	6,194	10,290
Professional Fees: Fundraising	114,293	202,000	302,000	281,035	298,035
Professional Fees: Administration	500,089	1,192,001	1,359,201	1,016,593	1,124,392
Professional Fees: Cons. & Other	1,515,275	726,000	1,636,000	4,721,557	10,278,223
Professional Fees: Legal	344,970	314,000	436,500	247,828	331,714
Publication Costs	207,730	2,500	262,500	135,473	149,676
Rent & Utilities	451,069	402,000	402,000	390,962	565,500
Subscriptions	42,645	19,500	39,500	69,046	86,550
Supplies	94,172	70,250	190,250	63,609	122,104
Telecommunications	465,789	317,000	317,000	733,380	937,820
Travel	1,068,113	810,500	1,390,500	1,176,948	1,481,073
Meetings	362,645	284,500	343,500	985,032	997,242
Depreciation	233,604	289,333	455,000	235,379	323,670
Miscellaneous	96,975	129,038	279,620	152,355	166,128
<b>Total Expenses</b>	<b>13,910,224</b>	<b>25,329,166</b>	<b>25,555,550</b>	<b>22,543,317</b>	<b>40,294,309</b>
<b>Net Surplus (Loss)</b>	<b>6,584,328</b>	<b>-9,329,166</b>	<b>444,450</b>	<b>3,039,041</b>	<b>2,006,405</b>

Unaudited, for internal use only

# Income Statement Comparative & Preliminary Year-End Forecast

Net Surplus/(Loss) Total Expenses Total Revenue



FreedomWorks, Inc.  
FreedomWorks Consolidated Entity  
Income Statement  
For the Nine Months Ended September 30, 2012

Revenues	2011	2012	January	February	March	April	May	June	July	August	September	2012	Total	Budget	Remaining/(Over Budget)
	Total	Budget	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Total		
Contributions	\$19,952,127	\$18,771,991	\$375,667	\$1,768,544	\$631,210	\$2,236,220	\$738,732	\$1,586,334	\$697,295	\$6,817,910	\$7,437,534	\$22,289,446	\$22,289,446		(\$3,517,455)
non-FWFA Direct Mail Revenue	1,879,878	3,727,473	108,594	387,272	108,446	218,797	266,832	129,631	137,033	118,423	329,176	1,804,204	1,804,204		\$1,923,269
FWFA Direct Mail Revenue	0	3,500,536	10,262	113,612	118,037	14,176	31,929	152,873	186,236	315,036	270,916	1,215,077	1,215,077		\$2,285,459
Total Contributions	21,832,005	26,000,000	494,523	2,269,428	857,693	2,469,193	1,037,493	1,868,838	1,022,564	7,251,369	8,037,626	25,308,727	25,308,727		691,273
Expenses															
Salaries and Benefits	3,841,871	5,012,270	351,151	330,014	309,998	330,426	334,695	381,505	366,165	353,926	536,595	3,294,478	3,294,478		1,717,792
Grants and Contributions	1,025,785	220,000	70	9,542	2,201	4,973	9,310	1,022	19,882	4,700	44,735	96,434	96,434		(58,934)
Advertising & Promotion	2,453,192	3,817,000	303,103	265,838	553,718	654,504	335,281	707,580	532,775	589,326	877,515	4,819,640	4,819,640		(1,002,640)
Print Advertising	118,098	725,000	52,002	37,808	22,527	77,247	131,834	131,834	47,185	226,546	422,614	1,043,143	1,043,143		(318,143)
Novelties	160,096	317,179	(2,103)	44,560	7,541	5,350	13,237	-41,764	7,098	3,774	118,388	234,808	234,808		82,571
Dues	75,987	67,000	1,886	10,210	12,397	633	6,249	973	8,683	278	890	42,199	42,199		24,801
Equipment Rent & Maintenance	35,865	43,000	7,833	879	5,002	4,818	1,038	8,600	(20,749)	39,489	(10,471)	36,440	36,440		6,560
Non-Capital Expenses	32,833	37,500	70	9,542	2,201	4,973	9,310	1,022	19,882	4,700	44,735	96,434	96,434		(58,934)
Insurance	54,956	60,000	4,791	7,834	5,208	7,400	6,150	6,150	6,068	4,369	4,484	52,453	52,453		7,547
Rentals	58,720	118,000	2,935	2,570	8,613	2,179	53,659	92,397	4,131	107,211	49,944	323,639	323,639		(205,639)
Photography	102,426	12,000	455	47,850	18,945	11,500	7,680	44,400	14,181	76,782	44,000	232,564	232,564		(220,564)
Postage	733,303	3,743,615	19,765	54,749	95,351	37,376	156,495	42,716	200,235	31,126	506,089	1,143,902	1,143,902		2,598,713
Printing	626,870	3,540,915	774	18,543	658,542	122,372	151,006	241,620	(242,973)	193,276	(215,234)	927,326	927,326		2,612,988
Training & Staff Development	6,048	21,000	3,995	900	250	900	250	900	250	1,049	1,049	6,194	6,194		14,806
Professional Fees: Fundraising	114,293	302,000	153,144	(153,144)	153,439	3,185	3,185	1,894	25,902	19,418	77,197	281,035	281,035		20,964
Professional Fees:															
Administration	500,089	654,701	22,228	126,720	211,718	86,055	149,169	115,557	60,442	104,220	140,214	1,016,593	1,016,593		(361,391)
Professional Fees: Cons. & Other	1,515,275	2,348,000	91,813	150,326	472,522	215,523	364,846	131,392	349,341	344,241	2,601,553	4,721,557	4,721,557		(2,374,056)
Professional Fees: Legal	344,970	436,500	(7,550)	29,163	10,333	6,823	59,377	67,311	1,569	4,374	76,028	247,828	247,828		188,673
Publication Costs	207,730	262,500	4,200	16,565	9,333	14,011	69,894	9,950	26,291	9,950	26,291	135,473	135,473		127,027
Rent & Utilities	451,069	402,000	35,648	66,085	20,038	32,606	34,151	35,722	55,376	52,624	58,712	390,962	390,962		11,036
Subscriptions	42,645	39,500	20,935	1,999	477	1,033	1,543	34,288	1,205	1,643	5,923	69,046	69,046		(29,544)
Supplies	94,172	90,250	1,150	4,768	10,462	5,111	5,927	6,134	5,372	10,154	14,531	63,609	63,609		26,641
Telecommunications	465,789	317,000	23,872	76,189	51,087	92,354	117,179	83,229	192,122	67,215	30,133	733,380	733,380		(416,380)
Travel	1,068,113	1,390,500	34,827	111,432	97,480	70,019	88,666	137,095	166,687	93,771	376,971	1,176,948	1,176,948		213,532
Meetings	362,645	843,500	7,417	26,651	32,278	11,979	28,962	32,439	633,287	208,563	3,458	965,032	965,032		(141,532)
Depreciation	233,604	455,000	20,691	28,211	28,048	28,048	28,048	28,789	15,590	22,079	35,877	235,379	235,379		219,621
Miscellaneous	36,975	279,620	6,663	416,246	(393,618)	14,682	10,573	8,093	11,141	19,609	58,969	152,355	152,355		127,265
Total Expenses	14,823,419	25,555,550	1,157,700	1,736,588	2,410,635	1,769,025	2,052,634	2,368,173	2,560,609	2,552,723	5,924,237	22,543,317	22,543,317		3,012,234
Operating Profit (Loss)	7,008,586	(444,450)	(663,177)	532,840	(1,552,942)	700,168	(1,026,141)	(699,335)	(1,536,045)	4,698,646	2,113,389	2,765,410	2,765,410		(2,320,961)
Misc Income (Expense)	(424,257)		9	9	417	19	28,023	5,404	0	0	239,750	273,631	273,631		(273,631)
Net Profit (Loss)	6,584,329	(444,450)	(663,168)	532,849	(1,552,525)	700,187	(998,118)	(693,931)	(1,536,045)	4,698,646	2,353,139	3,039,041	3,039,041		(2,594,591)

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Freedomworks, Inc.  
Income Statement  
For the Nine Months Ended September 30, 2012

	2011 Total	2012 Budget	2012												Total	Budget Remaining
			January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	Total				
<b>Revenues</b>																
Contributions	\$8,706,924	\$7,885,996	\$66,805	\$113,810	\$398,689	\$1,109,370	\$134,965	\$1,126,294	\$633,997	\$4,749,808	\$2,624,018	\$10,757,756	\$10,757,756	(\$2,871,760)		
Direct Mail Revenue	1,324,132	1,863,737	75,703	356,138	97,158	175,421	197,360	96,964	(55,304)	675,789	594,213	2,213,438	2,213,438	(349,701)		
Total Contributions	10,041,056	9,749,733	142,508	469,948	495,847	1,284,791	332,325	1,223,258	378,693	5,425,597	3,218,229	12,971,194	12,971,194	(3,221,461)		
<b>Expenses</b>																
Salaries and Benefits	1,920,864	2,732,970	212,086	195,502	161,492	180,175	181,678	227,964	251,449	172,744	251,275	1,835,365	1,835,365	897,605		
Grants and Contributions	900,040	170,000							30,000	30,000		30,000	30,000	140,000		
Advertising & Promotion	755,541	1,458,500	23,143	186,583	356,073	535,182	90,038	648,605	472,831	559,261	293,825	3,165,601	3,165,601	(1,707,101)		
Print Advertising	44,151	25,000	2,970	3,461	10,985	2,345	41,566	17,940	935	2,926	78,128	78,128	78,128	(53,128)		
Novelties	85,622	158,590	6,087	8,542	4,431	2,130	34,058	2,098	2,098	104,197	161,543	161,543	161,543	(2,953)		
Dues	49,680	33,500	1,056	1,428	1,328	360	664	380	3,076	(38)	542	8,797	8,797	24,703		
Equipment Rent & Maintenance	18,421	21,500	4,115	492	2,850	2,879	658	5,285	(17,304)	19,007	(4,227)	13,756	13,756	7,744		
Non-Capital Expenses	18,005	18,750	70	9,022	1,483	3,342	4,316	1,445	14,175	2,447	18,312	54,613	54,613	(35,863)		
Insurance	40,227	30,000	3,534	5,378	4,602	4,703	4,660	4,843	7,526	4,843	(4,841)	29,367	29,367	633		
Rentals	34,536	59,000	1,463	709	5,967	726	22,846	64,340	2,571	104,892	35,727	239,242	239,242	(180,242)		
Photography	28,235	6,000	455	3,750	6,848	3,750	3,930	17,670	4,980	4,484	16,726	62,572	62,572	(56,572)		
Postage	505,376	936,818	14,670	10,159	18,040	10,368	72,207	11,470	122,955	241,646	505,082	431,736	431,736	459,812		
Printing	414,076	880,468	129	925	596,210	65,368	64,412	179,096	(300,642)	210,764	(395,605)	420,656	420,656			
Training & Staff Development	2,640	10,500				250				1,049		1,299	1,299	9,201		
Professional Fees: Fundraising	66,454	151,000			295		3,185		9,744		40,598	53,823	53,823	97,177		
Administration	266,568	427,600	12,636	58,044	99,824	43,280	93,556	33,360	36,459	44,959	45,018	467,138	467,138	(39,538)		
Professional Fees: Cons. & Other	768,377	1,140,400	41,721	34,174	189,427	98,642	80,477	87,657	132,799	104,563	290,668	1,120,128	1,120,128	20,272		
Professional Fees: Legal	302,856	230,750	550	6,043	896	1,060	34,719	37,423	13,398	8,552	31,987	134,626	134,626	96,124		
Publication Costs	99,557	131,250	600	7,132	2,687	7,157	(10,523)	52,470	52,470	14,197	34,197	73,720	73,720	57,530		
Rent & Utilities	228,452	201,000	20,902	40,611	12,150	18,448	21,717	22,806	39,644	33,733	37,485	247,484	247,484	(46,494)		
Subscriptions	16,567	19,750	288	597	3	188	640	387	387	570	1,927	4,986	4,986	14,764		
Supplies	48,315	45,125	212	3,235	6,342	2,999	3,561	3,742	3,702	4,117	5,260	33,171	33,171	11,954		
Telecommunications	305,146	158,500	11,402	19,281	18,862	20,971	35,549	20,646	24,388	15,812	15,559	182,470	182,470	(23,970)		
Travel	470,718	495,250	11,305	54,712	56,097	31,778	65,724	49,862	33,852	35,434	267,917	606,682	606,682	(111,432)		
Meetings	157,357	421,750	3,548	13,772	15,986	5,144	7,788	583,827	201,815	(197,705)	639,480	639,480	639,480	(217,730)		
Depreciation	137,151	227,500	11,784	16,643	18,071	15,111	22,849	20,103	11,794	31,463	18,083	145,900	145,900	81,600		
Miscellaneous	37,756	114,519	8,266	423,669	(398,596)	(5,531)	1,108	5,338	7,352	60,074	61,504	163,189	163,189	(48,664)		
Total Expenses	7,712,688	10,305,990	392,992	1,103,864	1,191,713	1,041,349	864,784	1,486,502	1,571,888	1,631,682	1,194,049	10,478,822	10,478,822	(172,832)		
<b>Operating Profit (Loss)</b>	2,328,368	(556,257)	(250,484)	(633,916)	(695,866)	243,442	(532,459)	(263,244)	(1,193,195)	3,793,915	2,024,180	2,492,372	2,492,372	(3,048,629)		
<b>Misc. Income/(Expense)</b>	52,917		5	6	239	11	(96)	(3,357)	1,732	246,061		251,336	251,336	(251,336)		
<b>Net Profit (Loss)</b>	2,381,285	(556,257)	(250,479)	(633,910)	(695,627)	243,453	(532,555)	(259,887)	(1,191,463)	3,793,915	2,270,241	2,743,708	2,743,708	(3,299,965)		

FreedomWorks Foundation  
Income Statement  
For the Nine Months Ended September 30, 2012

	2011 Total	2012 Budget	2012									Total	Budget Remaining	
			January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual			
<b>Revenues</b>														
Contributions	\$8,977,904	\$7,885,996	\$38,609	\$1,448,843	\$152,516	\$950,109	\$582,904	\$346,695	\$196,791	\$723,936	\$1,734,456	\$5,954,859	\$1,931,137	
Direct Mail Revenue	545,746	1,863,737	32,891	31,134	11,288	43,377	69,473	32,667	(24,807)	114,599	78,030	388,652	1,475,085	
<b>Total Contributions</b>	<b>9,523,650</b>	<b>9,749,733</b>	<b>71,500</b>	<b>1,479,977</b>	<b>163,804</b>	<b>993,486</b>	<b>432,377</b>	<b>379,362</b>	<b>171,984</b>	<b>838,535</b>	<b>1,812,486</b>	<b>6,343,511</b>	<b>3,406,222</b>	
<b>Expenses</b>														
Salaries and Benefits	1,921,007	2,279,300	139,067	134,513	148,506	150,251	153,017	153,542	113,715	181,182	285,320	1,559,113	820,187	
Grants and Contributions	112,550	50,000	5,000	5,000	3,000	3,000	3,000	3,000	35,000	856	24,303	43,000	7,000	
Advertising & Promotion	1,625,536	1,458,500	274,655	7,140	1,030	25,306	28,072	28,072	1,884	278	255,769	596,017	862,483	
Print Advertising	3,025	25,000	282	246	5,972	1,904	1,904	1,904	2,181	98	2,663	11,441	13,559	
Novelties	71,001	158,590	(8,190)	31,578	3,110	1,250	2,393	2,393	2,014	2,014	3,685	35,839	122,751	
Dues	26,282	33,500	830	8,782	11,069	273	4,919	593	5,606	316	348	32,736	764	
Equipment Rent & Maintenance	17,444	21,500	3,718	388	2,152	1,940	340	3,315	(3,446)	20,482	(6,245)	22,684	(1,164)	
Non-Capital Expenses	14,828	18,750	718	520	718	1,631	2,950	(423)	5,707	856	24,303	36,282	(17,512)	
Insurance	14,729	30,000	1,256	2,456	1,245	2,798	1,447	1,447	1,843	1,843	9,325	23,086	6,914	
Rentals	15,809	59,000	1,472	872	993	858	1,247	2,560	1,410	744	5,292	15,448	43,552	
Photography	48,166	6,000	(98)	16,250	4,098	3,750	3,750	26,730	4,721	6,049	7,170	72,518	(66,518)	
Postage	198,166	956,818	(98)	9,100	6,945	21,314	8,690	1,872	35,422	1,872	47,768	133,448	803,370	
Printing	198,021	880,468	473	962	4,508	4,318	8,377	5,566	6,461	3,328	19,763	53,755	826,713	
Training & Staff Development	3,408	10,500			3,995	900						4,895	5,605	
Professional Fees: Fundraising	44,019	151,000										12,800	138,200	
Professional Fees: Administration	228,415	227,100	9,592	46,288	79,759	42,777	41,794	50,840	23,751	46,759	55,796	397,357	16,993	
Professional Fees: Cons. & Other	652,657	1,140,400	49,092	55,292	257,847	47,147	189,667	8,364	63,745	154,618	100,013	925,786	27,364	
Professional Fees: Legal	26,961	105,750		15,000	664	695	22,749	20,118	(5,829)	338	40,232	93,966	11,784	
Professional Fees: Board of Directors														
Publication Costs	108,173	131,250	3,600	9,433	6,646		6,853	(7,452)				19,080	112,170	
Rent & Utilities	222,617	201,000	14,747	25,474	7,888	14,158	12,434	12,916	15,733	17,892	20,228	141,470	59,530	
Subscriptions	26,078	19,750	20,646	1,402	474	845	903	33,901	817	1,058	3,996	64,043	(44,293)	
Supplies	45,857	45,125	937	1,533	4,092	2,112	2,207	2,364	1,647	4,645	5,274	24,812	20,313	
Telecommunications	160,086	158,500	9,742	18,162	12,509	10,374	11,843	12,573	12,519	11,304	13,952	112,978	45,522	
Travel	596,733	495,250	23,522	54,691	39,375	38,240	81,415	131,629	131,629	56,176	107,432	555,192	(59,942)	
Meetings	205,288	421,750	3,623	12,481	16,251	6,463	3,300	22,737	16,179	6,748	194,929	282,710	139,040	
Depreciation	106,453	227,500	8,907	11,568	9,977	12,937	5,199	8,686	3,796	10,616	17,794	89,479	138,021	
Miscellaneous	36,227	114,519	(3,113)	(7,991)	2,219	14,747	1,652	(2,660)	(232)	(48,446)	(59,209)	(103,034)	217,553	
<b>Total Expenses</b>	<b>6,729,536</b>	<b>9,406,820</b>	<b>554,740</b>	<b>461,140</b>	<b>632,042</b>	<b>386,206</b>	<b>523,619</b>	<b>476,330</b>	<b>473,641</b>	<b>480,770</b>	<b>1,168,398</b>	<b>5,156,681</b>	<b>4,249,939</b>	
<b>Operating Profit (Loss)</b>	<b>-2,794,114</b>	<b>362,913</b>	<b>(483,240)</b>	<b>1,018,837</b>	<b>(468,238)</b>	<b>607,280</b>	<b>(91,242)</b>	<b>(96,968)</b>	<b>(301,657)</b>	<b>357,765</b>	<b>644,088</b>	<b>1,186,630</b>	<b>(843,717)</b>	
<b>Misc Income (Expense)</b>	<b>(677,177)</b>			4	177	7	28,118	2,046	(1,752)	(6,312)		22,293	(22,293)	
<b>Net Profit (Loss)</b>	<b>-2,316,937</b>	<b>342,913</b>	<b>(483,236)</b>	<b>1,018,841</b>	<b>(468,061)</b>	<b>607,287</b>	<b>(63,124)</b>	<b>(94,922)</b>	<b>(303,409)</b>	<b>357,765</b>	<b>637,776</b>	<b>1,208,923</b>	<b>(866,010)</b>	

FreedomWorks PAC  
Income Statement  
For the Nine Months Ended September 30, 2012

	2011 Total	2012 Budget	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	2012 Total	Budget Remaining
<b>Revenues</b>													
Contributions	56,229		\$1,000	\$50		\$399		\$1,429		\$585	\$1,205	\$5,668	(\$5,668)
Total Contributions	56,229		2,000	50		399		1,429		585	1,205	5,668	(5,668)
<b>Expenses</b>													
Grants and Contributions							2,900				5,000	7,500	(7,500)
Dues	25												
Postage	395										712	712	(712)
Printing	4,116		172	83		162		110			1,082	1,609	(1,609)
Professional Fees, Cons. & Other	500									15		15	(15)
Subscriptions	24			777				219			12	1,007	(1,007)
Travel			246	398		210						855	(855)
Meetings			338	224	154	153	274	177		2,198	(1,586)	1,932	(1,932)
Miscellaneous	4,054												
Total Expenses	9,114		756	1,482	154	525	2,774	506		2,213	5,220	13,630	(13,630)
Operating Profit (Loss)	(2,885)		1,244	(1,432)	(154)	(126)	(2,774)	923		(1,628)	(4,015)	(7,962)	7,962
Net Profit (Loss)	(2,885)		1,244	(1,432)	(154)	(126)	(2,774)	923		(1,628)	(4,015)	(7,962)	7,962

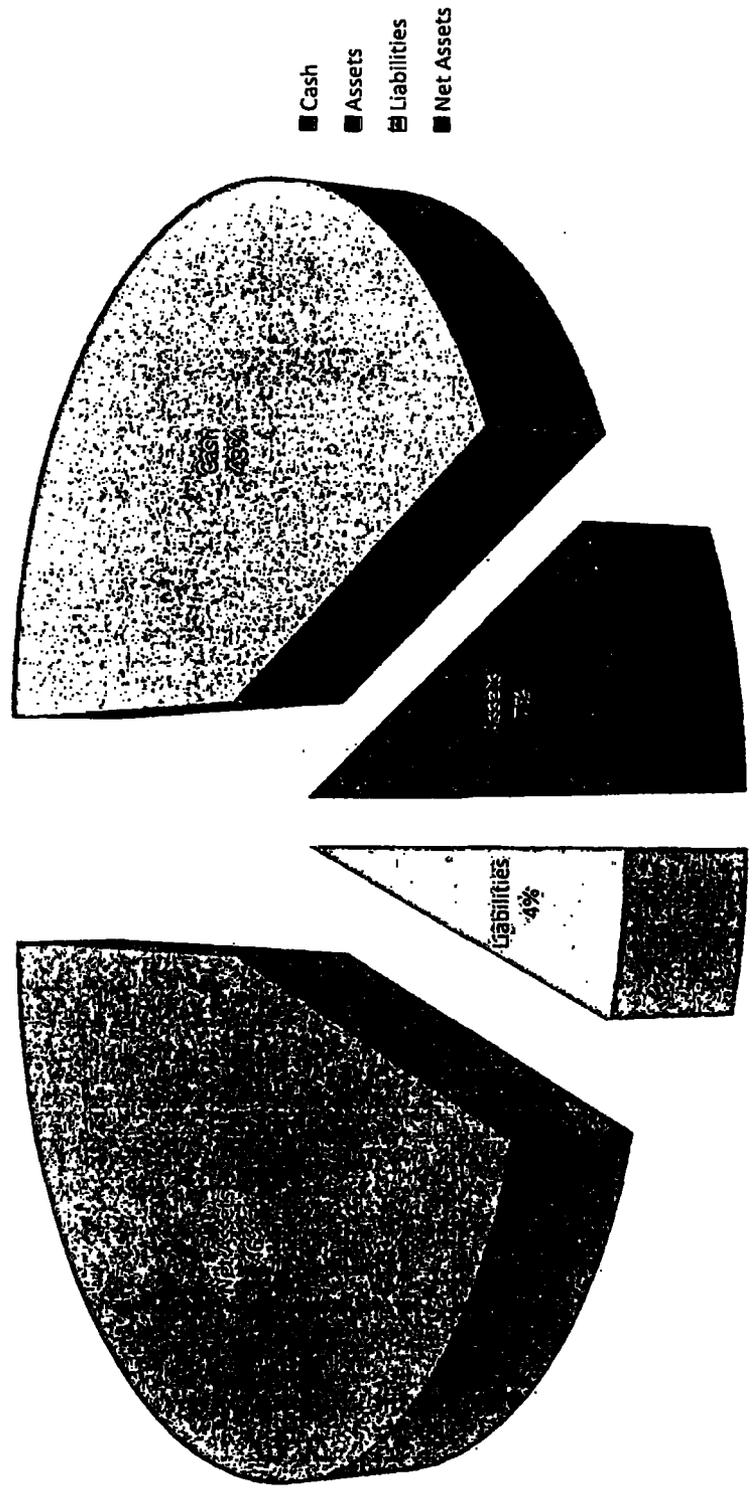
FreedomWorks for America  
Income Statement  
For the Nine Months Ended September 30, 2012

	2011 Total	2012 Budget	January	February	March	April	May	June	July	August	September	2012 Total	Budget Remaining
			Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual		
<b>Revenues</b>													
Contributions	\$2,261,070	\$3,000,000	\$278,516	\$319,453	\$198,041	\$190,518	\$272,792	(\$610,706)	\$906,492	\$986,652	\$796,302	\$3,338,060	(\$338,060)
Direct Mail Revenue	3,500,536	3,500,536	278,516	319,453	198,041	190,518	272,792	875,495	(434,506)	986,652	2,209,404	2,650,293	850,243
<b>Total Contributions</b>	<b>2,261,070</b>	<b>6,500,536</b>	<b>278,516</b>	<b>319,453</b>	<b>198,041</b>	<b>190,518</b>	<b>272,792</b>	<b>264,789</b>	<b>471,986</b>	<b>986,652</b>	<b>3,005,706</b>	<b>5,988,353</b>	<b>512,183</b>
<b>Expenses</b>													
Advertising & Promotion	72,115	900,000	5,324	72,115	196,615	94,017	243,339	30,903	56,000	29,787	327,922	1,058,022	(158,022)
Print Advertising	70,921	675,000	48,750	34,102	8,570	20,016	35,681	118,914	45,004	235,513	417,025	953,574	(278,574)
Novelties	3,672			4,440		4,100	11,107	5,313		1,760	10,506	37,226	(37,226)
Dues							666					666	(666)
Non-Capital Expenses	8,375						2,043			1,386	2,120	5,559	(5,559)
Rentals	26,025						29,565	25,497	150	1,574	8,925	68,949	(68,949)
Photography	28,367						4,000		4,500	237	52,887	97,474	(97,474)
Postage	10,656	1,869,978	5,193	35,491	70,366	24,573	62,975	22,633	41,781	25,686	215,963	504,660	1,365,318
Printing	3,820	1,779,978	153,144	(153,144)	153,144	52,523	78,218	56,849	51,209	(20,816)	159,575	451,907	1,328,071
Professional Fees: Fundraising								1,894	16,158	39,418	23,799	214,413	(214,413)
Professional Fees:													
Administration	93,741	67,200	1,000	22,388	32,134	14,019	31,356	31,356	(767)	13,571	39,399	151,598	(151,598)
Professional Fees: Cons. & Other	15,154	100,000	(8,100)	60,859	25,248	69,733	94,702	35,371	93,297	85,060	2,210,871	2,676,143	(2,608,943)
Professional Fees: Legal				8,100	8,773	5,068	1,910	10,191	(6,000)	(4,515)	3,809	19,234	80,766
Publication Costs								3,205	17,425	9,950	12,094	42,673	(42,673)
Rent & Utilities										1,000	1,000	2,000	(2,000)
Supplies	557		2,728	38,746	19,717	61,009	69,786	50,010	23	1,392	3,997	5,626	(5,626)
Telecommunications	639	400,000		1,252	2,007		229	5,723	1,084	40,099	622	437,932	(437,932)
Travel										2,161	1,610	14,066	(14,066)
Meetings											6,234	61,988	(61,988)
Miscellaneous	20,496	50,582	1,172	344	2,604	5,314	7,534	5,238	4,022	5,782	58,243	90,252	(39,670)
<b>Total Expenses</b>	<b>355,338</b>	<b>5,842,738</b>	<b>209,211</b>	<b>170,107</b>	<b>586,773</b>	<b>340,948</b>	<b>672,450</b>	<b>405,040</b>	<b>514,882</b>	<b>438,055</b>	<b>3,556,551</b>	<b>6,893,962</b>	<b>(3,051,224)</b>
<b>Operating Profit (Loss)</b>	<b>1,905,732</b>	<b>657,798</b>	<b>69,305</b>	<b>149,346</b>	<b>(388,682)</b>	<b>(150,430)</b>	<b>(399,658)</b>	<b>(140,251)</b>	<b>(42,996)</b>	<b>\$48,597</b>	<b>(550,845)</b>	<b>(905,609)</b>	<b>1,563,407</b>
<b>Net Profit (Loss)</b>	<b>1,905,732</b>	<b>657,798</b>	<b>69,305</b>	<b>149,346</b>	<b>(388,682)</b>	<b>(150,430)</b>	<b>(399,658)</b>	<b>(140,251)</b>	<b>(42,996)</b>	<b>\$48,597</b>	<b>(550,845)</b>	<b>(905,609)</b>	<b>1,563,407</b>

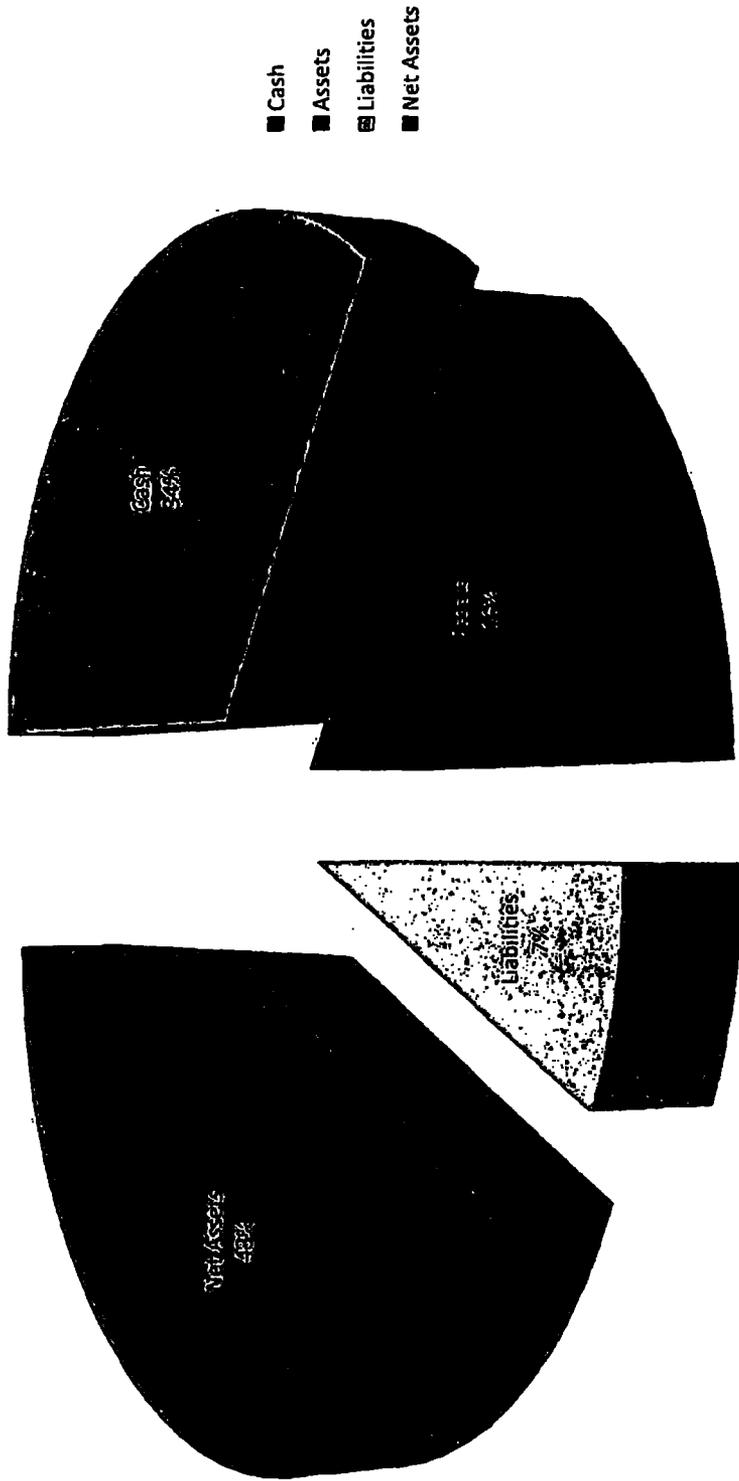




### Balance Sheet Assets Year-End 2011



### Balance Sheet Assets as of September 30, 2012



FreedomWorks, Inc  
Balance Sheet

FreedomWorks Consolidated Entity  
For the Nine Months Ended September 30, 2012

	2011 Actual	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Actual	Jun Actual	Jul Actual	Aug Actual	Sep Actual
<b>Assets</b>										
<b>Current Assets</b>										
Cash	\$12,101,047	\$11,188,461	\$11,872,740	\$10,412,513	\$10,627,463	\$6,661,265	\$5,212,349	\$4,480,540	\$9,237,266	\$12,586,794
Investments	30,550	12	12	12	12	2,500,012	2,500,012	2,500,012	2,500,012	2,500,012
Privately Held Investments	408,604	408,604	408,604	408,604	408,604	436,565	436,565	436,565	436,565	430,253
Accounts Receivable	160,804	84,783	82,115	19,218	8,636	11,676	1,012,547	12,176	12,120	104,204
Intercompany Balances				(4,500)	(4,500)					
Prepaid Runaway Slave Theater Funding	359,834	674,063	151,384	203,662	219,927	500,000	500,000	500,000	500,000	500,000
Prepays and Other Assets						629,955	624,670	370,945	184,560	560,334
<b>Current Assets</b>	<b>13,060,839</b>	<b>12,355,923</b>	<b>12,514,855</b>	<b>11,039,509</b>	<b>11,760,143</b>	<b>10,739,472</b>	<b>10,286,143</b>	<b>8,300,238</b>	<b>12,870,523</b>	<b>16,681,598</b>
<b>Long-Term Assets</b>										
Property and Equipment	1,080,343	1,124,652	1,133,941	1,107,913	1,079,866	1,055,243	1,431,447	1,577,528	1,662,264	1,722,995
Total Property and Equipment	1,080,343	1,124,652	1,133,941	1,107,913	1,079,866	1,055,243	1,431,447	1,577,528	1,662,264	1,722,995
<b>Total Assets</b>	<b>\$14,141,182</b>	<b>\$13,480,575</b>	<b>\$13,648,796</b>	<b>\$12,147,422</b>	<b>\$12,840,008</b>	<b>\$11,794,716</b>	<b>\$11,717,590</b>	<b>\$9,877,766</b>	<b>\$14,532,787</b>	<b>\$18,404,592</b>
<b>Liabilities &amp; Net Worth</b>										
<b>Current Liabilities</b>										
Accounts Payable	\$611,076	\$453,377	\$76,583	\$185,004	\$178,715	\$153,331	\$588,114	\$283,285	\$261,253	\$1,686,285
Accrued Exp and Other Liabilities	245,184	376,979	360,252	339,471	342,430	324,472	310,470	317,571	299,198	396,355
Capital Lease Obligation	53,737	51,147	48,983	46,806	44,165	41,959	39,813	37,195	35,021	32,833
Deferred Rent	341,600	372,654	403,709	369,396	367,767	366,137	364,508	362,879	361,832	360,494
<b>Current Liabilities</b>	<b>1,251,597</b>	<b>1,254,157</b>	<b>889,527</b>	<b>940,676</b>	<b>933,076</b>	<b>885,900</b>	<b>1,302,905</b>	<b>1,000,930</b>	<b>957,304</b>	<b>2,475,967</b>
<b>Net Worth</b>										
Net Assets	6,299,922	12,889,585	12,889,585	12,889,585	12,889,585	12,889,585	12,889,585	12,889,585	12,889,585	12,889,585
Net Income (Loss)	(6,589,663)	(663,167)	(130,316)	(1,682,839)	(982,653)	(1,980,769)	(2,474,900)	(4,012,749)	685,898	3,039,040
<b>Total Liabilities and Net Worth</b>	<b>\$14,141,182</b>	<b>\$13,480,575</b>	<b>\$13,648,796</b>	<b>\$12,147,422</b>	<b>\$12,840,008</b>	<b>\$11,794,716</b>	<b>\$11,717,590</b>	<b>\$9,877,766</b>	<b>\$14,532,787</b>	<b>\$18,404,592</b>

FreedomWorks, Inc  
Balance Sheet

For the Nine Months Ended September 30, 2012

	2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
	Actual									
<b>Assets</b>										
<b>Current Assets</b>										
Cash	\$4,123,668	\$3,057,817	\$3,354,976	\$3,373,519	\$4,325,403	\$1,726,545	\$1,843,407	\$1,542,906	\$4,897,866	\$5,735,008
Investments	5	5	5	5	5	5	5	5	5	5
Accounts Receivable	80,804	4,783	2,115	1,718	3,636	6,676	1,007,547	6,676	7,120	104,204
Intercompany Balances	1,451,635	1,899,701	1,219,651	543,748	(194,751)	229,964	(1,122,284)	(1,160,593)	(661,197)	745,337
Prepays and Other Assets	353,084	667,313	143,634	202,412	219,927	629,955	623,665	342,317	125,932	182,700
<b>Current Assets</b>	<b>6,009,197</b>	<b>5,619,620</b>	<b>4,720,381</b>	<b>4,121,402</b>	<b>4,354,221</b>	<b>3,843,145</b>	<b>3,602,341</b>	<b>1,981,311</b>	<b>5,619,726</b>	<b>8,017,255</b>
<b>Long-Term Assets</b>										
Property and Equipment	1,080,343	1,124,652	1,133,941	1,107,913	1,079,866	1,055,243	1,431,447	1,577,528	1,662,264	1,722,995
Total Property and Equipment	1,080,343	1,124,652	1,133,941	1,107,913	1,079,866	1,055,243	1,431,447	1,577,528	1,662,264	1,722,995
<b>Total Assets</b>	<b>\$7,089,540</b>	<b>\$6,744,272</b>	<b>\$5,854,322</b>	<b>\$5,229,315</b>	<b>\$5,434,087</b>	<b>\$4,898,388</b>	<b>\$5,033,787</b>	<b>\$3,558,839</b>	<b>\$7,281,990</b>	<b>\$9,740,249</b>
<b>Liabilities &amp; Net Worth</b>										
<b>Current Liabilities</b>										
Accounts Payable	\$547,424	\$292,376	\$24,171	\$152,062	\$114,691	\$133,341	\$546,405	\$260,043	\$210,876	\$305,263
Accrued Exp and Other Liabilities	245,184	376,979	360,252	339,471	342,430	324,472	310,470	317,571	299,198	396,355
Capital Lease Obligation	53,737	51,147	48,983	46,806	44,165	41,959	39,813	37,195	35,021	32,833
Deferred Rent	341,600	372,654	403,709	369,396	367,767	366,137	364,508	362,879	361,832	360,494
<b>Current Liabilities</b>	<b>1,187,945</b>	<b>1,093,157</b>	<b>837,115</b>	<b>907,735</b>	<b>869,052</b>	<b>865,910</b>	<b>1,261,196</b>	<b>977,688</b>	<b>906,927</b>	<b>1,094,946</b>
<b>Net Worth</b>										
Net Assets	3,520,309	5,901,595	5,901,595	5,901,595	5,901,595	5,901,595	5,901,595	5,901,595	5,901,595	5,901,595
Net Income (Loss)	2,381,285	(250,479)	(894,387)	(1,580,014)	(1,336,561)	(1,869,116)	(2,129,003)	(3,320,444)	473,469	2,743,709
<b>Total Liabilities and Net Worth</b>	<b>\$7,089,540</b>	<b>\$6,744,272</b>	<b>\$5,854,322</b>	<b>\$5,229,315</b>	<b>\$5,434,087</b>	<b>\$4,898,388</b>	<b>\$5,033,787</b>	<b>\$3,558,839</b>	<b>\$7,281,990</b>	<b>\$9,740,249</b>

FreedomWorks Foundation  
Balance Sheet

For the Nine Months Ended September 30, 2012

	2011 Actual	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Actual	Jun Actual	Jul Actual	Aug Actual	Sep Actual
<b>Assets</b>										
<b>Current Assets</b>										
Cash	\$5,884,064	\$5,869,493	\$6,218,286	\$5,144,122	\$4,530,260	\$3,591,926	\$2,137,760	\$1,670,243	\$2,718,399	\$4,446,288
Investments	30,545	6	6	6	6	1,250,007	1,250,007	1,250,007	1,250,007	1,250,007
Privately Held Investments	408,604	408,604	408,604	408,604	408,604	436,565	436,565	436,565	436,565	430,253
Accounts Receivable	79,500	79,500	79,500	17,000	5,000	5,000	5,000	5,500	5,000	5,000
Intercompany Balances	(1,450,809)	(1,888,936)	(1,218,885)	(550,282)	184,117	(218,635)	1,140,614	1,304,219	614,330	(467,387)
Prepaid Runaway Slave Theater Funding					500,000	500,000	500,000	500,000	500,000	500,000
Prepays and Other Assets	1,250	1,250	1,250	1,250						2,917
<b>Current Assets</b>	4,953,154	4,469,918	5,488,761	5,020,701	5,627,987	5,564,863	5,469,945	5,166,534	5,524,300	6,162,077
<b>Long-Term Assets</b>										
Total Assets	\$4,953,154	\$4,469,918	\$5,488,761	\$5,020,701	\$5,627,987	\$5,564,863	\$5,469,945	\$5,166,534	\$5,524,300	\$6,162,077
<b>Liabilities &amp; Net Worth</b>										
<b>Current Liabilities</b>										
Net Worth										
Net Assets	2,636,216	4,953,154	4,953,154	4,953,154	4,953,154	4,953,154	4,953,154	4,953,154	4,953,154	4,953,154
Net Income (Loss)	2,316,938	(483,236)	535,607	67,547	674,834	611,710	516,792	213,380	571,147	1,208,923
<b>Total Liabilities and Net Worth</b>	\$4,953,154	\$4,469,918	\$5,488,761	\$5,020,701	\$5,627,987	\$5,564,863	\$5,469,945	\$5,166,534	\$5,524,300	\$6,162,077

FreedomWorks PAC  
Balance Sheet  
For the Nine Months Ended September 30, 2012

	2011 Actual	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Actual	Jun Actual	Jul Actual	Aug Actual	Sep Actual
<b>Assets</b>										
<b>Current Assets</b>										
Cash	\$118,717	\$119,961	\$118,529	\$118,360	\$118,234	\$115,460	\$116,383	\$116,383	\$114,770	\$110,755
Current Assets	118,717	119,961	118,529	118,360	118,234	115,460	116,383	116,383	114,770	110,755
<b>Long-Term Assets</b>										
Total Assets	\$118,717	\$119,961	\$118,529	\$118,360	\$118,234	\$115,460	\$116,383	\$116,383	\$114,770	\$110,755
<b>Liabilities &amp; Net Worth</b>										
<b>Current Liabilities</b>										
Accounts Payable					(\$15)	(\$15)	(\$15)	(\$15)		(\$15)
Current Liabilities		(15)	(15)	(15)	(15)	(15)	(15)	(15)		(15)
<b>Net Worth</b>										
Net Assets	121,602	118,717	118,717	118,717	118,717	118,717	118,717	118,717	118,717	118,717
Net Income (Loss)	(2,885)	1,244	(188)	(342)	(468)	(3,242)	(2,319)	(2,319)	(3,947)	(7,962)
Total Liabilities and Net Worth	\$118,717	\$119,961	\$118,529	\$118,360	\$118,234	\$115,460	\$116,383	\$116,383	\$114,770	\$110,755

FreedomWorks for America  
Balance Sheet

For the Nine Months Ended September 30, 2012

	2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
	Actual									
<b>Assets</b>										
<b>Current Assets</b>										
Cash	\$1,963,839	\$2,130,432	\$2,170,191	\$1,765,753	\$1,642,807	\$1,216,579	\$1,104,045	\$1,140,254	\$1,495,477	\$2,284,005
Accounts Receivable	500	500	500	500						
Intercompany Balances	(456)	(396)	(396)	2,404	6,504	(10,959)	(17,960)	(143,256)	47,238	(277,580)
Prepays and Other Assets	5,500	5,500	6,500				1,005	28,628	58,628	374,718
<b>Current Assets</b>	<b>1,969,384</b>	<b>2,136,037</b>	<b>2,176,795</b>	<b>1,768,658</b>	<b>1,649,311</b>	<b>1,205,620</b>	<b>1,087,090</b>	<b>1,025,626</b>	<b>1,601,343</b>	<b>2,381,144</b>
<b>Long-Term Assets</b>										
Total Assets	\$1,969,384	\$2,136,037	\$2,176,795	\$1,768,658	\$1,649,311	\$1,205,620	\$1,087,090	\$1,025,626	\$1,601,343	\$2,381,144
<b>Liabilities &amp; Net Worth</b>										
<b>Current Liabilities</b>										
Accounts Payable	\$63,652	\$161,001	\$52,412	\$32,956	\$64,039	\$20,005	\$41,724	\$23,257	\$50,377	\$1,381,021
Current Liabilities	63,652	161,001	52,412	32,956	64,039	20,005	41,724	23,257	50,377	1,381,021
<b>Net Worth</b>										
Net Assets	1,905,731	1,905,731	1,905,731	1,905,731	1,905,731	1,905,731	1,905,731	1,905,731	1,905,731	1,905,731
Net Income (Loss)	1,905,731	69,305	218,652	(170,030)	(320,459)	(720,117)	(860,366)	(903,362)	(354,766)	(905,609)
<b>Total Liabilities and Net Worth</b>	<b>\$1,969,384</b>	<b>\$2,136,037</b>	<b>\$2,176,795</b>	<b>\$1,768,658</b>	<b>\$1,649,311</b>	<b>\$1,205,620</b>	<b>\$1,087,090</b>	<b>\$1,025,626</b>	<b>\$1,601,343</b>	<b>\$2,381,144</b>



**TO:** Matt Kibbe, President  
**FROM:** David Kirby, Vice President of Development  
Terry Kibbe, Senior Advisor  
**RE:** Development Report  
**DATE:** December 17, 2012

All year, FreedomWorks supporters have told us that our country is headed in the wrong direction and that they believe FreedomWorks can make a difference. Because of this, our fundraising efforts have seen tremendous success again. FreedomWorks has raised \$40,668,410 year-to-date, and we project to close the year at \$42.3 million—double our 2011 revenue.

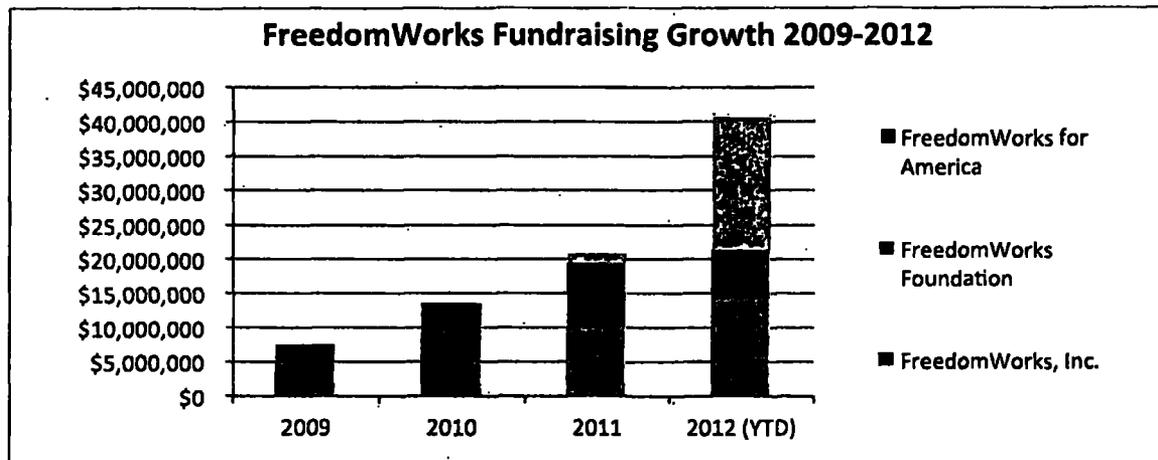
Our extraordinary investors put their money on the table to give us the best shot of victory. And, after a disappointing Election night, they did something every bit as extraordinary and meaningful: they sent us words of thanks, encouragement, and resolve.

"We wanted to thank you for your most exceptional efforts. I think that during the past few years, you have shown real judgment in selecting and supporting truly outstanding candidates. Most have won; some have lost. Certainly, yesterday Freedom lost a great battle—but not the war."

"Our individual liberties have taken a real blow over the past four years- and it was keenly felt last night. Let's hope conservatives can organize effectively and rise to the challenges ahead quickly."

"Are you guys ok? I'm praying for our nation this morning... The temptation is to want to be angry... [but] I commit to doubling down on my efforts to preserve, restore, and fight for freedom every step of the way. We know that freedom works. And we know that freedom works hard; that freedom fights; that freedom is costly."

We've accomplished so much, but clearly, our work is not done. So we continue.



**Fundraising Growth 2009-2012**

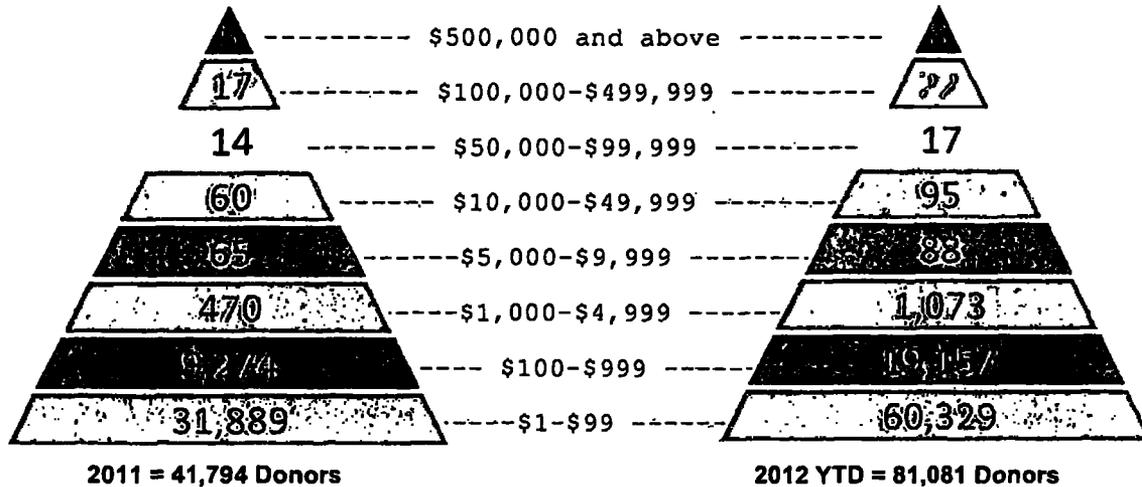
	2009	2010	2011	2012 (YTD)
FreedomWorks, Inc.	\$3,579,269	\$9,128,652	\$9,991,964	\$14,287,973
FreedomWorks Foundation	\$3,931,825	\$4,485,499	\$9,523,649	\$7,177,187
FreedomWorks for America	-	-	\$1,361,145	\$19,196,933
<b>Total</b>	<b>\$7,511,094</b>	<b>\$13,614,151</b>	<b>\$20,876,758</b>	<b>\$40,662,092</b>

- Of the year-to-date funds raised, roughly \$33 million is from major gifts and \$7.6 million is a result of our membership marketing efforts (which will be addressed in the next report).
- Major gift support broke down by 94% from individual solicitations, 5% from foundation proposals, and 1% from corporate appeals. This year continued our trend of relying less and less on corporate support.
- FreedomWorks Foundation's revenue is down compared to last year, as donors steered election year investments towards our C4 and super PAC.

**Donor Growth**

Not only has our total revenue doubled this year, but just as importantly, our total number of donors has nearly doubled as well.

In 2012, we have grown to 81,081 donors from 41,794 in 2011, with growth across all categories. Particularly encouraging is the more than twofold growth in the mid-tier \$1,000-\$4,999 category, a weak spot from 2011 that we focused on this year.



**Jackson Hole Investor Retreat**

Our 2<sup>nd</sup> Annual "Restore Liberty" donor retreat was a tremendous success, despite the challenges that we faced with the hotel. Our attendance more than doubled, to 110 guests. As a result of the retreat, FreedomWorks received an extraordinarily generous \$10 million matching challenge grant, which inspired other investors to step up as well. Special thanks to Frank and Marjorie Sands for hosting our opening dinner.

We have signed a contract with the St. Regis in Aspen, Colorado, for next years' retreat to be held from August 8<sup>th</sup> - 11<sup>th</sup>.

1-904-741-0011

### Major Donor Stories

- When told about the \$10 million match, a New York donor exclaimed "what great news," and renewed his support of \$1,000,000, describing his gift as "a vote of confidence."
- A supporter from Stuart, Florida, increased his giving from \$150,000 last year to \$1,350,000 this year, including \$500,000 to FWFA.
- A supporter from Bellevue, Washington, quadrupled his giving to \$200,000. When a reporter called to ask him why, he explained, "I believe right now more than ever in my life, and I just turned 70, that my freedoms and liberties are being threatened by a government that doesn't seem to believe the same sorts of things that I believe the Constitution says."
- A supporter from New Hope, Pennsylvania, more than doubled his support to \$240,000 this year.

### Outsider's Report

This year, the development team took a page from the grassroots strategy book, aiming to be a "service center" for our investor community. Through our new publication, the *Outsider's Report*, we've worked to deliver better access to FreedomWorks' endorsements, research, and political strategy. The effort has paid dividends.

- A supporter in Orlando, Florida, read the *Outsider's Report* and called to make a \$5,000 gift to FreedomWorks for America. His last gift was in 1996.
- A supporter in Costa Mesa, California, read the *Outsider's Report* and called to ask where his money "could have the greatest impact." He chose to pledge \$5,000 to FreedomWorks for America. His last gift was in 2000.
- Supporters are sharing the *Outsider's Report* widely. For instance, a businessman in Tucson, Arizona, forwarded our report on Arizona FreePAC to his personal friends, with 40 additional opens.

### Upgrades to the Team

To keep pace with our growth, we've also upgraded our team:

- Caitlyn Korb is our new investor relations director, joining us from Cato and ALEC. Caitlyn will focus on building relationships with our mid-tier donors.
- Parissa Sedghi and Emilia Huneke-Bergquist received promotions this year. Parissa is now our development manager. Emilia is our special events manager.
- Sarah Rosler is our new research assistant, focusing on the hundreds of new \$500+ donors.
- We've also hired a database consultant to help us upgrade our data management systems, reporting, and tracking.

### Challenges

Not surprisingly, this dramatic growth has led to challenges within our small department.

- We failed to meet our 2012 goal for outreach to new foundations, in part due to the time and effort invested in keeping up with our individual donors. However, we have prepared a large list of foundations and their specific interest areas, and the addition of our new staff writer should help in this critical area moving forward.

- Another area for improvement is keeping up with research and timely thank you calls. To give you a sense of the volume, we had over 600 *new* \$500+ donors in the month of October, making it very hard to keep up. However, our new research and investor relations staff, and better systems, should help ease the backlog.

Fortunately, we have succeeded in using the election year to build a larger, stronger, and more committed base of donors to help us meet our challenges moving forward. There is also the possibility of raising super PAC dollars in the early part of 2013, as we prepare for the 2014 midterm primaries and elections.

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**TO:** Matt Kibbe, President  
**FROM:** Andrew Smith, Vice President of Member Marketing and Development  
**RE:** Community Building  
**DATE:** December 17, 2012

**Building to Win**

By all accounts, 2012 was a watershed year for FreedomWorks and our growing community of freedom-loving activists, which now stands at nearly 2.1 million excluding our Facebook Fan base and Twitter followers which accounts for an additional 3.6 million. With few exceptions, we have met if not surpassed our lofty 2012 goals.

Core Programs	2012 Projections	YTD Results
FreedomWorks Facebook Fan Acquisition	3.5 million new fans	4 million new fans
Kibbe Facebook Fan Acquisitions	100,000 new fans	380,000+ new fans
Email Acquisitions	500,000 new members	955,512 new members
Membership Fundraising	\$6 million	\$7.6 million+

Given our investments in human capital and our core member marketing and development programs, we are well positioned to continue to set—and achieve—ambitious goals well into the future and currently project the following for 2013.

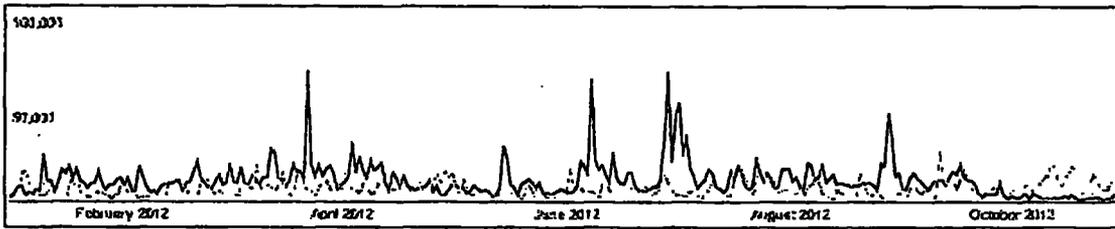
Core Programs	2013 Projections
FreedomWorks Facebook Fan Acquisition	2.5 million new fans
Kibbe Facebook Fan Acquisitions	300,000 new fans
Email Acquisitions	981,476 new members
Membership Fundraising	\$8.2 million

**Year-to-Date Online Growth**

This year on FreedomWorks.org, visitors came from all over the world—15,204 cities in 203 countries and territories. Our traffic came from the following sources:

- 30% came directly to FreedomWorks.org
- 52% came from referring sites
- 18% came from search engines

The chart below shows our web traffic on FreedomWorks.org in 2011 (orange) and 2012 (blue) from Jan 1–Oct 31:



Overall, we saw an 83% increase in unique visitors to FreedomWorks.org. We also saw a 60% increase in visits and a 14% increase in pageviews.

Per Month	Unique Visitors	Visits	Pageviews
1/1-10/31 2011	159,434	223,784	518,848
1/1-10/31 2012	291,135	358,279	589,722

Our web properties go far beyond FreedomWorks.org and many time-sensitive microsites and include: FreedomConnector (Connect.FreedomWorks.org); FreedomWorks for America (FreedomWorksforAmerica.org); FreedomWorks PAC (Pac.FreedomWorks.org); Live Events (Live.FreedomWorks.org); and Congressional Scorecards (Congress.FreedomWorks.org).

Traffic on these sites is substantial. The data below is from Jan 1–Oct 31 2012:

Per Month	Unique Visitors	Visits	Pageviews
FreedomWorks	291,135	358,279	589,722
FreedomConnector	69,432	144,020	716,595
FWFA	44,763	56,385	110,776
FW PAC	382	426	811
Live Events	60,008	73,912	111,640
Congressional Scorecards	22,940	26,653	62,253
<b>TOTAL</b>	<b>488,660</b>	<b>659,675</b>	<b>1,591,797</b>

See attached addendum for an overview of several of these and other key properties including: FreedomConnector, Live Events, Congressional Scorecards, Legislator Profiles, FreedomWorks' Action Center, The Blaze Action Center, and FreedomWorks' Online Store.

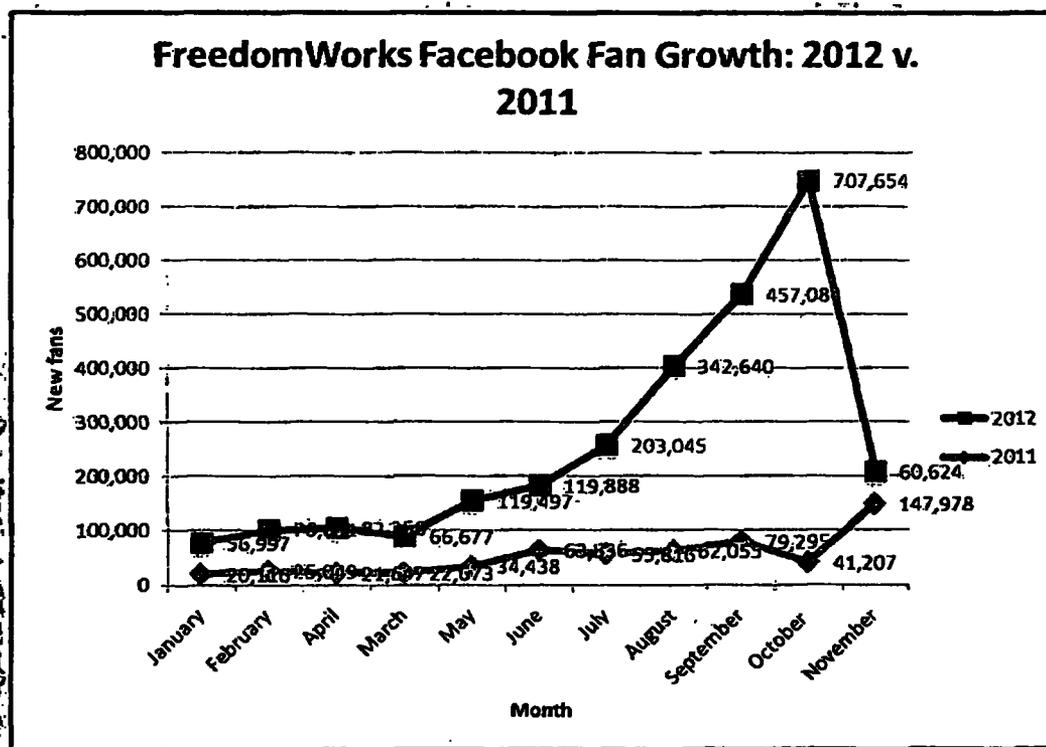
#### Year-to-Date Social Media Growth

Even by our standards, our social media growth has been nothing short of outstanding. Xperdon, a British news outlet which tracks charities, recently reported that FreedomWorks not only dominates political space, but has become the "most popular non-profit on social media, overtaking Invisible Children." Their report continues:

"FreedomWorks is picking up tens of thousands of new social media followers each day. The FreedomWorks non-profit's social media success is backed up by a loyal grass-roots following mainly across the USA, and is all about grass-roots community debate about the role of government, and encouraging healthy debate that questions the ideologies of the dominating monolithic parties... The latest surge of popularity on social media confirms the non-profit organisation as one of the most significant campaigning organisations in America today."

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Since our last report, our Facebook page has grown by 1,670,270 fans; nearly doubling our total fans reported previously, 1.9 million. On the aggregate, FreedomWorks' Facebook Community is now 2.3 million+ larger than Americans for Prosperity, 2.1 million+ more than Tea Party Patriots, 2.9 million+ more than the Campaign for Liberty, and 2.6 million+ more than American Majority, and 1.1 million+ bigger than the Republican Party. This amazing new growth allows us to reach over 15 million people weekly and through the friends of FreedomWorks fans we can reach over 185 million Facebook users. And we have done all of this with a cost-per-fan of just \$0.27.



Our Twitter page has grown by 18,569 followers from our previous total of 61,208 followers, for a total follower count of 79,777. Our page is widely seen as a thought-leader in political news and opinion shaping on social media. A loyal group of bloggers, who post to FreedomWorks.org, have greatly improved both the quality and breadth of our political reporting.

#### Year-to-Date Fundraising Growth

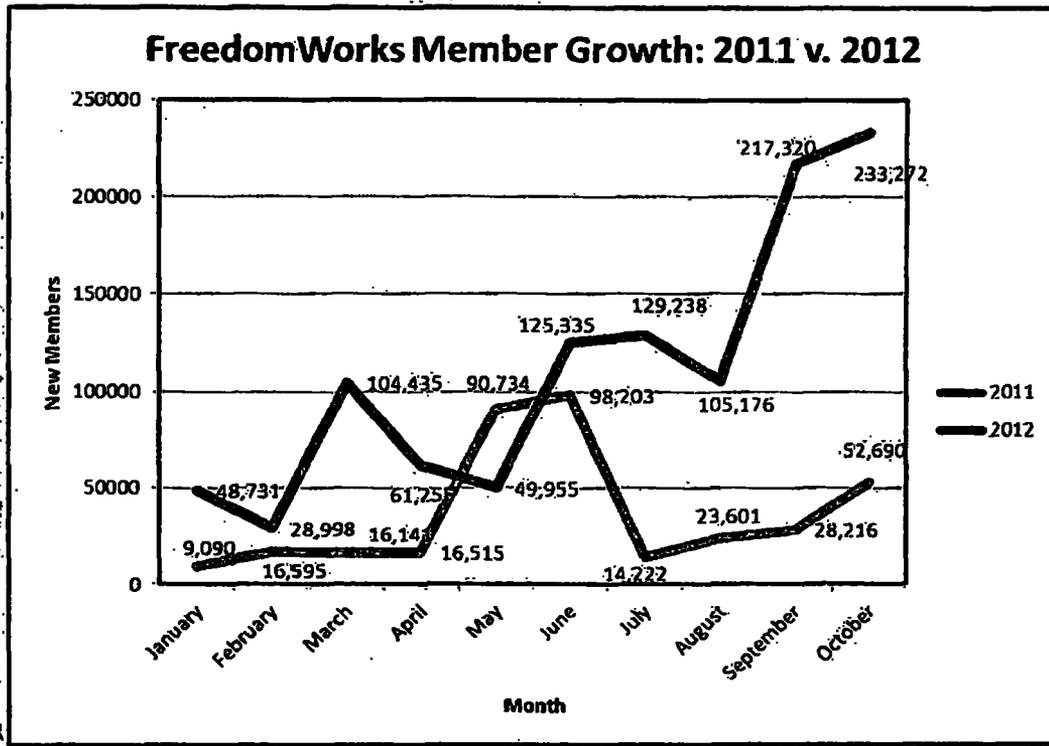
This quarter we've had a massive surge in membership giving, driven by increased awareness surrounding the election cycle and the unprecedented performance of our Moneybomb fundraising campaign. With this success, we're pleased to report we have surpassed our initial goal of raising \$6 million this year in the Membership department. The breakdown is in the graph below:

Revenue Source	Money Raised	Number of Donors	Avg. Gift
Direct Mail	\$3,289,544.03	15,337	\$147.94
Online	\$3,008,347.89	44,013	\$52.08





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Our continued success in growing the freedom community can be attributed to the success of numerous online campaigns—in particular, our Fire Obama Moneybomb fundraising campaign, our Declare Independence from ObamaCare acquisition campaign, and our micro-targeted Senate race marketing campaigns. Our Moneybomb raised over \$1.9 million from over 37,000 donors, while the other two campaigns acquired 100,686 new members (7,848, and 92,838 respectively).

**Summary and 2013 Outlook**

2012 has indeed been a break out year for FreedomWorks. By providing members and activists with opportunities to become and stay involved, we have managed to continue growing a stronger and more active community while at the same time ensuring a stable and growing funding source for the institution.

The key for 2013 will be retaining and renewing our base of new and pre-existing donors and either transitioning FreedomWorks for America donors to FreedomWorks and FreedomWorks Foundation donors or otherwise getting them to renew ahead of the 2014 mid-term elections. Simultaneously, we must nurture our existing member and activist relationships and deepen their fidelity to FreedomWorks and the greater cause for Freedom.

To help accomplish these tasks in 2013, our membership marketing and fundraising department will focus more intensely on personalized marketing engagements, whereby we fulfill the demonstrated needs and desires of our donors, members, and activists while simultaneously opening new channels through which they can engage with FreedomWorks' core programs and the community at large.

The challenges and opportunities are significant, but our commitment is even more resolute in demonstrating that this movement for freedom isn't "going away." Rather, it is just now beginning to realize its true potential as a catalyst for lower taxes, less government and more freedom.

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**TO:** Matt Kibbe, President and CEO  
**FROM:** Kara Pally  
 Director of Web and Technology  
**RE:** Online Growth and Web Development Update  
**DATE:** December 17, 2012

This year on FreedomWorks.org, visitors came from all over the world—15,204 cities in 203 countries and territories. More specifically, our traffic came from the following sources:

- 30% came directly to FreedomWorks.org
- 52% came from referring sites
- 18% came from search engines

Overall, we saw an 83 percent increase in unique visitors to FreedomWorks.org. We also saw a 60 percent increase in total visits and a 14 percent increase in pageviews.

(per month)	Unique Visitors	Visits	Pageviews
1/1-10/31, 2011	159,434	223,784	518,848
1/1-10/31, 2012	291,135	358,279	589,722

But our web properties go far beyond FreedomWorks.org. In addition to many time-sensitive microsites, our core websites include:

- FreedomWorks – [www.FreedomWorks.org](http://www.FreedomWorks.org)
- FreedomConnector – [Connect.FreedomWorks.org](http://Connect.FreedomWorks.org)
- FreedomWorks for America – [www.FreedomWorksForAmerica.org](http://www.FreedomWorksForAmerica.org)
- FreedomWorks PAC – [PAC.FreedomWorks.org](http://PAC.FreedomWorks.org)
- Live Events – [Live.FreedomWorks.org](http://Live.FreedomWorks.org)
- Congressional Scorecards – [Congress.FreedomWorks.org](http://Congress.FreedomWorks.org)

The traffic on these sites is also substantial. The chart below represents monthly data from January 1<sup>st</sup> through October 31<sup>st</sup>, 2012:

(per month)	Unique Visitors	Visits	Pageviews
FreedomWorks	291,135	358,279	589,722
FreedomConnector	69,432	144,020	716,595
FWFA	44,763	56,385	110,776
FW PAC	382	426	811
Live Events	60,008	73,912	111,640
Congressional Scorecards	22,940	26,653	62,253
<b>TOTAL</b>	<b>488,660</b>	<b>659,675</b>	<b>1,591,797</b>

FreedomConnector continues to be the largest online network for Tea Party activists. The community is thriving with:

- 214,002 total users
- 18,126 events posted in 2012
- 6,825 active groups

In 2012, visitors to FreedomConnector came from 12,079 cities across 171 countries and territories worldwide. Domestically, visitors came from 9,431 cities across all 50 states.

The average visit duration for FreedomConnector is 7:25 minutes, which is significantly higher than our other websites. By comparison, FreedomWorks.org's average visit duration is 1:08

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minutes. FreedomWorksForAmerica.org's is 1:30. This means our members are spending more time on FreedomConnector, and consuming more content.

This content ranges from discussions and social connections to news and blog posts. From January 1<sup>st</sup> through October 31<sup>st</sup>, 2012 there were:

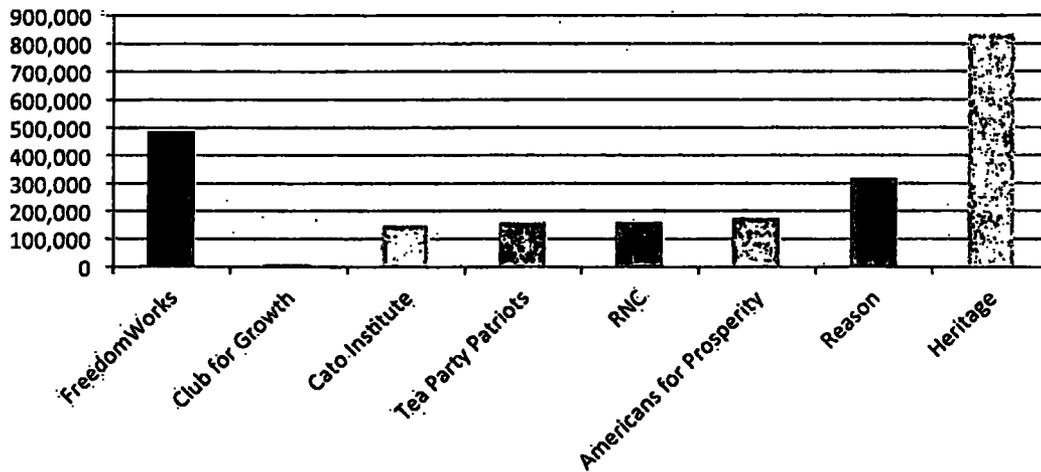
- 17,468 Daily News stories posted
- 65,372 votes in national polls
- 504,037 discussions or comments posted

We project FreedomConnector will continue to grow in membership by at least 5,000 users per month through the end of the year.

**How we compare**

FreedomWorks' web traffic is significantly higher than most of our competitors. Similar organizations like Americans for Prosperity have vastly fewer unique visitors to their website each month. Statistics in the charts below are pulled from [www.compete.com](http://www.compete.com). The most recent data available data is from January 2012 through September 2012.

(per month)	URL	Unique Visitors
FreedomWorks	core websites listed above	488,660
Club for Growth	<a href="http://www.clubforgrowth.org">www.clubforgrowth.org</a>	11,729
Cato Institute	<a href="http://www.cato.org">www.cato.org</a>	152,309
Tea Party Patriots	<a href="http://www.teapartypatriots.org">www.teapartypatriots.org</a>	161,566
RNC	<a href="http://www.gop.com">www.gop.com</a>	162,601
Americans for Prosperity	<a href="http://www.americansforprosperity.org">www.americansforprosperity.org</a>	176,179
Reason	<a href="http://www.reason.com">www.reason.com</a>	319,355
Heritage:	<a href="http://www.heritage.org">www.heritage.org</a>	832,685



11/09/2012 10:01 AM

### Live Events

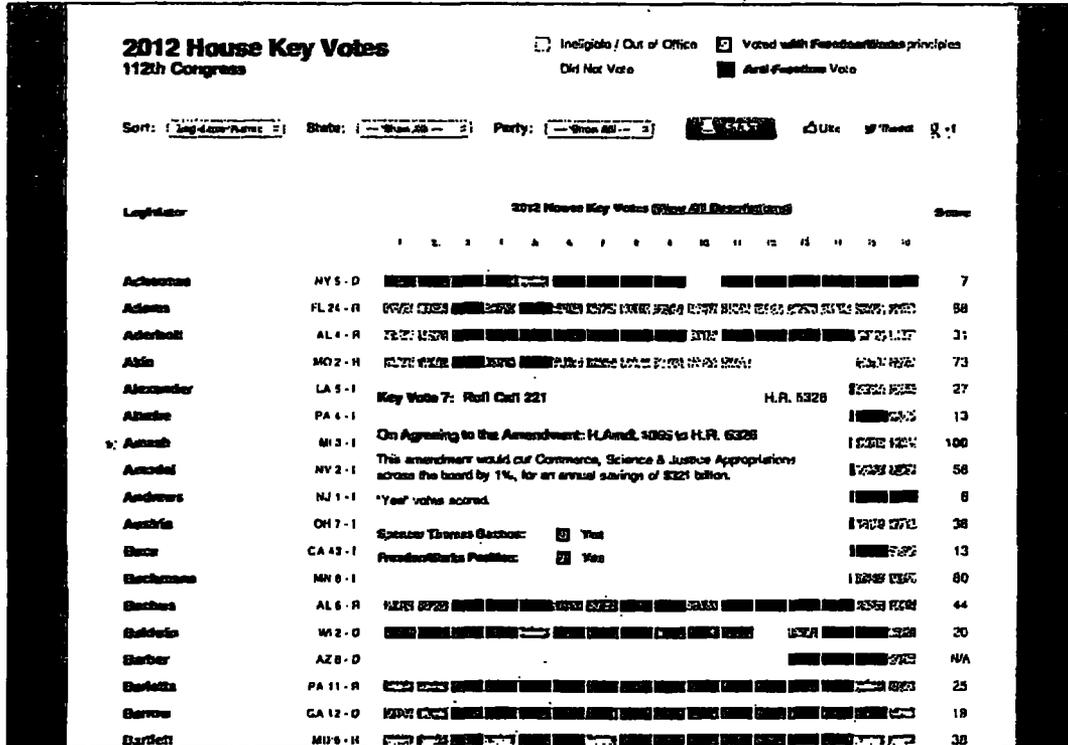
FreedomConnector's Live Events module was completed in July 2012. It enables us to hold live video events online and engage our members with real-time chat, including a "promoted" chat area where moderators can promote chats (or tweets from Twitter) and take questions from the audience. Leveraging live stream services like Ustream, the Live Events platform also features a live opinion poll where users can adjust an "opinion bar" to reflect their like or dislike of the video content. An aggregate of the full audience's mood is displayed to the left of the opinion bar.

Live Events has had an incredible response. We have used it for dozens of events, from Matt Kibbe's debate with Michael Grunwald to our massive FreePAC events around the country, which garnered over 20,000 views to the Live Events page for FreePAC Dallas alone. Since its launch, the Live Events site has received 221,737 visits, 180,024 unique visitors, and 334,920 pageviews. We've also repurposed the live chat feature for FreedomConnector to create a chatroom that is always available independent of Live Events.

The screenshot shows the FreedomConnector Live Events interface. At the top left is the FreedomConnector logo. In the center is a banner for 'FREE PAC' with the tagline 'RESTORE FREEDOM'. On the top right, there are links for 'FreedomWorks Staff | Admin | Logout' and social media icons for Like, L, W, T, and R. Below the banner is a video player showing a dark scene with a star logo in the bottom right corner. Below the video player, it says '4078 current / 18993 total views'. To the right of the video player is a 'Live Opinion Poll' section with a line graph and a 'Neutral' button. Below the poll is a 'Chat (2,181 Online)' section with a 'Send' button. At the bottom left is a 'Promoted' chat area with a text input field and a 'Send' button. The chat area contains several messages from users, including 'Jerry Manning 193009', 'Hardy-KuLetic White Matters to the Nation I get 17 min. After debate with Glenn Beck', 'Kim Moore-Norris WE HAVE THE POWER!', 'Brian Newton when I see Anthony Green I think of Glenn', 'Jeff Helzer Bye Bye NSA!', 'Tammy Smith The IC's do not rule!', 'Laura Speaks You're welcome to join us!', and 'Lee Rader 2012'.

**Congressional Scorecard**

FreedomWorks' online Congressional Scorecard was launched in September 2012. This new tool helps users hold members of Congress accountable by tracking their votes on key issues for economic freedom. Users can view key votes going back to 2005 and see a "lifetime score" for each legislator. This interactive website also gives users "at-a-glance" information about the members of Congress as well as the bills they voted on. The platform pulls data directly from GovTrack.us for accuracy. Since its launch, the Congressional Scorecard site has received 39,980 visits, 34,410 unique visitors, and 93,379 pageviews.



## Legislator Profiles

We are in the final stages of building FreedomConnector's Legislator Profiles, which are scheduled to launch early November 2012. These Legislator Profiles will integrate features of the Congressional Scorecard site into the FreedomConnector platform, and will offer members of Congress a means of communicating directly with their constituents.

Profiles will be automatically created for all members of Congress and will feature that member's voting record and lifetime score (pulled from the Congressional Scorecard). Legislators will have an opportunity to take ownership of their profile to communicate directly with users by participating in discussions and posting new legislation they've proposed.

Users visiting a Legislator Profile will find news and discussions related to that representative, as well as their voting record and proposed legislation.

The screenshot shows a web browser window displaying the FreedomConnector website. The page is for a legislator profile, identified as Charles W. Bowdoin. The layout includes a navigation bar at the top with the FreedomConnector logo and user account options. The main content area is divided into several sections:

- Profile Header:** Shows the name "Charles W. Bowdoin" and a "Voting Record" badge.
- Profile Image:** A small portrait of the legislator.
- Current Office:** "H.R. 7th District | 2005 - Present".
- Latest Bills:** A list of bills, including "H.R. 1822 - Industrial Farming Act of 2011" and "H.R. 3 - Commercial Fishery Streamlining Act".
- Latest News:** A list of news items, such as "Retired Athlete Party Cancels Commemoration Due To Lack of Funding" and "Iran's Supreme Leader Protests U.S. 'Occupied Movement'".
- Discussions:** A section titled "Keep the Dems off balance" and "Military Vs Defense Spending".
- Voting Record:** A section showing a "Lifetime Score" of 79% and a list of recent votes, including "17: On Floor - H.R. 1822 - Industrial Farming Act".

### Community Issues and Demand It

The Community Issues module on FreedomConnector is scheduled to launch December 2012. This new feature allows users to suggest and vote on issues that are important to them. Issues are organized by popularity as well as geographically, giving a birds-eye view of issues that prevail nationwide, as well as in local communities. News, events, and other content across the site will be tagged with these issues, enabling users to find relevant information with ease.

We are also repurposing this tool to build *Demand It*, where users can request that FreedomWorks come to their area for training or other activities. Users can vote on locations that have been requested, or request a new one, with the most popular requests rising to the top. This bottom-up approach will help FreedomWorks spend resources more effectively by visiting locations with the greatest demand.





### **FreedomConnector International**

The scope of FreedomConnector International has shifted since its inception. The original idea was to build several country-specific social networking websites, centered on the international freedom movement. However, after meeting with the international groups that will be using these sites at our FreePAC event in Dallas, TX in July 2012, we discovered that a better way of organizing international freedom fighters is possible.

At FreePAC we met with approximately 15 members of international activist groups from Japan, Israel, Italy, and more. Our take-away was that the groups are very excited to use new technology to build their online communities and create issue awareness. As could be expected, they all have very different ideas of what the actual website functionality should look like for their country. A one-size-fits-all model is not attractive to them.

We introduced the concept of issue sites—with similar functionality to what we'd proposed for country sites. Issue sites will allow users to post news articles, discussions, and events related to a particular issue set. The idea was very well received among all international groups. Issue sites solve a few key problems:

- Issue sites are open to all countries, vastly expanding the online community and opening the door to anyone who has an interest.
- Issue sites naturally limit the discussion to particular issue sets, avoiding off-topic posts.
- There is a lower barrier of entry for issue sites. The incentive to participate is based on connecting with others on issues that people are passionate about, as opposed to connecting with others more generally on a social network.

Issue sites will be deployed as the first step in the FreedomConnector International project. The plan is to build an online international community centered on issues that appeal to multiple countries. As the online community grows, we will quickly learn which countries are using the site most and would benefit from a country-specific site. At that point we will already have the technology built to launch country sites as needed.

The difference between issue sites and country sites is minimal. Both support news, discussions, events, user profiles, and connections with other users. We've been developing the technology for both. The main thing that's changed is the addition of the issue sites concept and the decision to deploy those sites first. It's simply a different way to frame the same types of content.





**TO:** Matt Kibbe, President and CEO  
**FROM:** Jackie Bodnar  
Director of Communications  
**RE:** Communications Report  
**DATE:** December 17, 2012

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### **Earned Media**

In a media year heavily dominated by the 2012 election cycle, FreedomWorks was able to cement its presence as a decentralized "Get Out The Vote" machine, while also earning consistent press coverage on broader institutional topics, ranging from minority outreach to success in online fundraising.

The media was especially keen on following FreedomWorks' innovation and leadership on the creation of the 2012 Freedom Platform, efforts to fight Obama's war on coal, unprecedented online fundraising success and social media community building, international and minority outreach, FreedomWorks PAC endorsements, and Get Out The Vote (GOTV) efforts by FreedomWorks for America, the organization's super PAC.

Since the start of the year, FreedomWorks brought in over 1,533 print and blog mentions in prestigious national media outlets, including *The New York Times*, *The Wall Street Journal*, *Financial Times*, *Los Angeles Times*, *Washington Post*, *Newsweek*, *TIME*, *Real Clear Politics*, *US News & World Report*, *Red State*, *Roll Call*, Reuters, Associated Press, *The Hill*, CNN, *Newsmax*, *The Daily Caller*, Fox News, and many more.

This total rivals the entire amount of print and blog coverage in 2011, without even including the anticipated media coverage coming out of Election Night and the lame duck congressional battles this winter.

FreedomWorks was mentioned approximately 1,156 times on television programs nationwide since last October, with 119 staff appearances on shows including the *American Morning* (CNN), *Happening Now* (FNC), *Fox and Friends* (FNC), *On the Record with Greta Van Susteren* (FNC) *Hardball with Chris Matthews* (MSNBC), *Real News* (TheBlaze), *Wilko* (TheBlaze), and *Squawk Box* (CNBC), to name a few.

FreedomWorks also carries a large presence on both national and state talk radio with an impressive 552 interviews featuring FreedomWorks staff since the beginning of the year—an average of about 55 interviews per month across the country.

FreedomWorks set the tone of the media narrative in 2012, driving three major themes in several stories throughout the year. The first theme emphasized the importance of taking back the Senate, where the real legislative agenda is determined. Matt Kibbe explained this reasoning well in a three-part series for the Daily Caller in October:

"If you put all your faith in one politician, you will always be disappointed. This is especially true if he or she holds a position in government with no legislative authority. The only sure path toward paying off the national debt and restoring economic confidence nationwide extends beyond simply taking back the White House. Republicans need to elect bold fiscal conservatives to the House and Senate who will drive the legislative agenda with the responsible budget solutions and pro-growth reforms necessary to get Americans back to work."

The second major theme of the year contrasted the value of a strong grassroots ground game with expensive television advertising in political campaign strategy. Kibbe explains this point in another part of his featured Daily Caller series:

"The decentralized, bottom-up model of the Tea Party movement is confounding the old-school opinion makers, who still measure political solvency by the 'old criteria,' such as the amounts of money raised for advertising, connections to power players inside the Beltway, and name identification. The political playing field has been flipped onto its head in recent years, and the rules for political campaigning have been rewritten. The new criteria: the set of principles a candidate believes in, how consistently he or she adheres to them, and the level of grassroots energy on the ground.

Tea Party activists, and others who sympathize with their limited-government ideals, are putting principle over political party at the ballot box this year. They are educating and informing citizens, examining candidates' voting records, and demanding more than a stale career politician handpicked by party leadership."

The third overarching media theme throughout the year has been the uncertain future of the Tea Party movement after the 2012 Election. FreedomWorks' strategic media objective for the remainder of the year is to transition the institution's brand away from the dated "Tea Party" identity, and towards the larger freedom movement that it represents.

Matt Kibbe alludes to the eventual shift to a larger "principled action community" in a September column on TheBlaze.com titled, "Freedom Hits the Road":

"If you thought the absence of a big taxpayer march on Washington this September 12th was evidence of the death of the Tea Party movement, you're going to want to think again. The Tea Party is not gathering on a national stage to commiserate like it used to. Instead, communities of like-minded individuals are gathering at the state and local levels, focusing their efforts toward a common vision that will survive far beyond the 2012 election cycle.

...FreePAC Ohio is not a political action conference; it's a principled action community. It's an opportunity for individuals in the greater Ohio area who believe in the values of freedom to get connected with each other, educate themselves, and most importantly, to share that gained knowledge with their neighbors to recruit and continue building the limited-government community."

Pop culture phenomenon and trends come and go, but the ideas of freedom and individual liberty are evergreen. It's important to make sure that FreedomWorks evolves to meet the needs of its membership in a way that keeps it relevant in the news cycle as well.

**PRESS RELEASE - FOR IMMEDIATE RELEASE**

**NOVEMBER 3, 2012**

My name is William Rose. I am a resident of Knoxville, Tennessee. I write to address various media reports and inquiries related to Specialty Group, Inc. and its recent contributions to FreedomWorks of America, Inc.

Since the Specialty Group contributions were properly and timely reported in FEC filings, various news organizations and "watchdog" groups have repeatedly visited my home, knocking on the door, and have contacted my sister in Georgia, my ex-wife and her husband, one of my bankers, my future office landlord, and even a former high-profile client. I have received numerous unsolicited phone calls, e-mails and texts.

I am the CEO, President and General Counsel of Specialty Group. I am also a member of the Board of Directors. Specialty Group is not, as has been insinuated in the media, a "shadowy" entity or an "unregistered" (and therefore, unlawful) political action committee. Specialty Group is a Tennessee corporation formed to buy, sell, develop and invest in a variety of real estate ventures and investments. Although the entity was only recently formed, Specialty Group is developing land that my family has owned for over 50 years and pursuing investment opportunities that I've worked on for the past several years. Specialty Group's business plan includes bankruptcy and reorganization

transactions, much like those that I have been involved in since the late 1970's.

Without belaboring current tax and economic policies, I do feel that the Democratic policies of big government, higher taxes and more government regulations will greatly and negatively impact the success of Specialty Group in the future, if Mr. Obama is re-elected and his policies continue.

Politically, I am a disappointed, yet staunchly patriotic, Baby Boomer. While I concede that reasonable citizens can disagree on taxes, foreign policy, health care, economic policy and a host of social issues, I see no room for disagreement when American lives are lost and our Federal government fails to treat both the families of lost American heroes and the American public with transparency, honesty and candor.

On December 14, 2010, United States Border Patrol Agent Brian Terry was killed in southern Arizona, 11 miles from the Mexican border. Since his death and the unraveling of "Operation Fast and Furious," the current administration has done everything in its power to frustrate and obfuscate the truth, ranging from claims of "executive privilege," to Attorney General Holder's refusal to comply with a lawful Congressional subpoena, resulting in a contempt finding on June 28, 2012. The President, Vice President and Attorney General are all lawyers who have seemingly ignored the legal mandate of Congress. Considering President Obama's campaign promises of "change" and "transparency," I find this political debacle to be both a shameful denigration

of Mr. Terry's memory and sacrifice, and a tarnish on this great Nation's honor. Mr. Terry's family and America deserve to know the truth of all facts surrounding his death, regardless of the political fall-out.

On September 11, 2012, my festering disappointment ignited as news reports of attacks on the United States diplomatic mission in Benghazi, Libya surfaced. As news coverage expanded and identified Ambassador J. Christopher Stevens, United States Foreign Service Officer Sean Smith, and former Navy Seals Glen Doherty and Tyrone S. Woods as casualties, I felt that another cover-up by the Obama administration had started to materialize and in my mind, immediately began to unravel.

Issues or questions such as "some obscure anti-Islamic film catalyzed the attack" or "was it a planned terrorist attack or random act of September 11<sup>th</sup> violence" did little to lessen the pain inflicted upon this great Nation and I submit, did nothing to lessen the pain and sense of loss of the families of these fallen American heroes. Each of these "red herrings" was a reminder of another terrorist attack and this administration's "politically correct" spin - its prior classification (or, better put, mis-classification) of the 2009 Ft. Hood massacre as "workplace violence." When ads were purchased and circulated to "apologize" for the Benghazi attacks, I felt that America was apologizing for illegal and immoral acts by terrorists.

Over the past several weeks, the failings of the Obama administration on

September 11<sup>th</sup> have been hidden by the mainstream news media, with Fox News leading the lonely path towards the truth.

We now know of requests for additional security in Benghazi which were either ignored or denied; of orders for our Navy Seals Doherty and Woods to "stand down," which were gallantly and ultimately fatally ignored; and of a refusal by this administration to send the force of the United States military - the greatest military in this history of the world - to render aid to the fallen heroes at Benghazi. We now know that the national security team formed to respond in times of a terrorist crisis was not convened, as the President politicked in Las Vegas. I am reciting the facts that I've heard in the media - only the current administration knows all relevant facts.

Common sense - a notion seemingly lost in 2012 American politics - tells me that if the Obama administration had a truthful, reasonable explanation for Agent Terry's death and for the attacks and resulting casualties in Benghazi, the administration and its political operatives would run post-haste to every microphone, town hall, and political rally to laud the leadership of the President and his team. Silence on these issues can only mean one thing, namely, the administration must hide the truth from the American people until after the election. Otherwise, the political fall-out would be catastrophic for the President's chances of re-election.

I'm not sure why anyone wants to know my opinion in regard to these

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matters, but I've been besieged for an "explanation" of why Specialty Group has donated its money in a particular legal fashion. I'm a single dad rearing a couple of young sons, trying to make a living in this cratered economy. I'm not a politician and I'm not a political pundit. I just want to be left alone by the prying media who seem hell bent on asking a private citizen about private facts, rather than asking the President, the Vice President, and other administration officials about "what they knew" and "when did they know it" in regard to "Operation Fast and Furious" and the attacks in Benghazi.

With this said, Specialty Group is a private corporation which uses private capital for lawful business, social, and political purposes, as specifically addressed by the 2010 United States Supreme Court in the *Citizens United v. Federal Election Commission* case and later, the United States Court of Appeals for the District of Columbia Circuit case, *Speechnow.org v. Federal Election Commission*.

A couple of reporters who have contacted me have suggested that I have some "duty" to disclose otherwise private information. No such "duty" exists. Duties arise from either the operation of the law or an agreement between the parties. If I were an elected or campaigning politician or an appointed or employed government official, such "duty" may in fact exist. I am not. If I were served with a Congressional subpoena, as was Attorney General Holder, a duty to respond would exist. While the media or various "watchdog groups" may

have a desire to know, or have a contrary political agenda making my private business potential fodder for their cannons, or even be compelled by a moral theology seeming to justify their requests for disclosure, there is neither a "right" to know nor a "duty" on my part to disclose, except as has been previously disclosed.

As a young boy growing up in the rural South, my late Father, Bill Rose, one day confided in me a "family secret:" the amount of our paltry monthly rent for our small white home. I beamed with pride that my Dad, my hero, trusted me with such important "family business." To this day, over 50 years later, I've kept that "family secret." At a very young age, I learned this important life lesson, in a parenting manner found today only in reruns of Sheriff Andy Griffith and his son Opie, in 1960's Mayberry, North Carolina. The business of Specialty Group is my "family secret," a secret that will be kept - as allowed by applicable law - for at least another 50 years.

**Contributions from FreedomWorks to FreedomWorks  
CY 2011 and 2012**

Contributor	Receipt Date	Amount
FREEDOMWORKS	7/31/2011	\$7,907.00
FREEDOMWORKS	7/31/2011	\$170.00
FREEDOMWORKS	8/17/2011	\$10,000.00
FREEDOMWORKS	8/18/2011	\$12,252.00
FREEDOMWORKS	8/18/2011	\$11,058.00
FREEDOMWORKS	8/22/2011	\$2,980.00
FREEDOMWORKS	8/25/2011	\$1,860.00
FREEDOMWORKS	8/25/2011	\$552.00
FREEDOMWORKS	8/25/2011	\$219.00
FREEDOMWORKS	8/31/2011	\$13,178.00
FREEDOMWORKS	9/8/2011	\$10,006.00
FREEDOMWORKS	9/14/2011	\$90,000.00
FREEDOMWORKS	9/15/2011	\$135.00
FREEDOMWORKS	9/15/2011	\$16.00
FREEDOMWORKS	9/21/2011	\$4,809.00
FREEDOMWORKS	9/22/2011	\$4,028.00
FREEDOMWORKS	9/22/2011	\$2,500.00
FREEDOMWORKS	9/22/2011	\$2,407.00
FREEDOMWORKS	9/22/2011	\$1,297.00
FREEDOMWORKS	9/22/2011	\$350.00
FREEDOMWORKS	9/22/2011	\$70.00
FREEDOMWORKS	9/23/2011	\$4,350.00
FREEDOMWORKS	9/23/2011	\$665.00
FREEDOMWORKS	9/29/2011	\$5,014.00
FREEDOMWORKS	9/29/2011	\$516.00
FREEDOMWORKS	9/30/2011	\$26,553.00
FREEDOMWORKS	9/30/2011	\$961.00
FREEDOMWORKS	10/6/2011	\$1,411.00
FREEDOMWORKS	10/6/2011	\$1,118.00
FREEDOMWORKS	10/13/2011	\$259.00
FREEDOMWORKS	10/13/2011	\$150.00
FREEDOMWORKS	10/20/2011	\$15.00
FREEDOMWORKS	10/22/2011	\$4,831.00
FREEDOMWORKS	10/22/2011	\$471.00
FREEDOMWORKS	10/24/2011	\$440.00
FREEDOMWORKS	10/24/2011	\$146.00
FREEDOMWORKS	10/27/2011	\$23,956.00
FREEDOMWORKS	10/27/2011	\$175.00
FREEDOMWORKS	10/31/2011	\$21,463.00
FREEDOMWORKS	10/31/2011	\$4,771.00
FREEDOMWORKS	11/3/2011	\$477.00

FREEDOMWORKS





FREEDOMWORKS	3/16/2012	\$294.00
FREEDOMWORKS	3/17/2012	\$70.00
FREEDOMWORKS	3/19/2012	\$1,098.00
FREEDOMWORKS	3/19/2012	\$572.00
FREEDOMWORKS	3/20/2012	\$509.00
FREEDOMWORKS	3/21/2012	\$550.00
FREEDOMWORKS	3/22/2012	\$354.00
FREEDOMWORKS	3/22/2012	\$20.00
FREEDOMWORKS	3/23/2012	\$635.00
FREEDOMWORKS	3/23/2012	\$254.00
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FREEDOMWORKS	3/25/2012	\$80.00
FREEDOMWORKS	3/26/2012	\$709.00
FREEDOMWORKS	3/27/2012	\$2,624.00
FREEDOMWORKS	3/27/2012	\$1,585.00
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FREEDOMWORKS	3/31/2012	\$21,269.00
FREEDOMWORKS	3/31/2012	\$15,409.00
FREEDOMWORKS	3/31/2012	\$4,203.00
FREEDOMWORKS	3/31/2012	\$2,730.00
FREEDOMWORKS	3/31/2012	\$1,644.00
FREEDOMWORKS	3/31/2012	\$597.00
FREEDOMWORKS	4/1/2012	\$11,500.00
FREEDOMWORKS	4/1/2012	\$10.00
FREEDOMWORKS	4/2/2012	\$314.00
FREEDOMWORKS	4/2/2012	\$148.00
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FREEDOMWORKS	4/4/2012	\$907.00
FREEDOMWORKS	4/5/2012	\$629.00
FREEDOMWORKS	4/5/2012	\$82.00
FREEDOMWORKS	4/6/2012	\$646.00
FREEDOMWORKS	4/9/2012	\$966.00
FREEDOMWORKS	4/10/2012	\$1,107.00
FREEDOMWORKS	4/10/2012	\$54.00
FREEDOMWORKS	4/11/2012	\$1,431.00
FREEDOMWORKS	4/11/2012	\$1,044.00
FREEDOMWORKS	4/12/2012	\$3,207.00
FREEDOMWORKS	4/12/2012	\$835.00
FREEDOMWORKS	4/12/2012	\$25.00
FREEDOMWORKS	4/13/2012	\$1,367.00
FREEDOMWORKS	4/13/2012	\$278.00
FREEDOMWORKS	4/16/2012	\$1,224.00
FREEDOMWORKS	4/16/2012	\$45.00
FREEDOMWORKS	4/17/2012	\$2,107.00

1000410001

FREEDOMWORKS	4/17/2012	\$1,178.00
FREEDOMWORKS	4/18/2012	\$1,654.00
FREEDOMWORKS	4/18/2012	\$253.00
FREEDOMWORKS	4/19/2012	\$6,000.00
FREEDOMWORKS	4/19/2012	\$5,472.00
FREEDOMWORKS	4/19/2012	\$1,566.00
FREEDOMWORKS	4/20/2012	\$1,819.00
FREEDOMWORKS	4/20/2012	\$1,767.00
FREEDOMWORKS	4/21/2012	\$2,101.00
FREEDOMWORKS	4/21/2012	\$715.00
FREEDOMWORKS	4/22/2012	\$1,440.00
FREEDOMWORKS	4/23/2012	\$44,970.00
FREEDOMWORKS	4/23/2012	\$617.00
FREEDOMWORKS	4/24/2012	\$1,742.00
FREEDOMWORKS	4/25/2012	\$1,559.00
FREEDOMWORKS	4/26/2012	\$1,573.00
FREEDOMWORKS	4/27/2012	\$1,297.00
FREEDOMWORKS	4/28/2012	\$4,067.00
FREEDOMWORKS	4/30/2012	\$17,609.00
FREEDOMWORKS	4/30/2012	\$16,952.00
FREEDOMWORKS	4/30/2012	\$8,941.00
FREEDOMWORKS	4/30/2012	\$2,629.00
FREEDOMWORKS	5/1/2012	\$2,500.00
FREEDOMWORKS	5/14/2012	\$66,400.00
FREEDOMWORKS	5/25/2012	\$1,515.00
FREEDOMWORKS	5/29/2012	\$4,914.00
FREEDOMWORKS	5/31/2012	\$32,532.00
FREEDOMWORKS	5/31/2012	\$20,737.00
FREEDOMWORKS	5/31/2012	\$15,968.00
FREEDOMWORKS	5/31/2012	\$13,474.00
FREEDOMWORKS	5/31/2012	\$8,407.00
FREEDOMWORKS	5/31/2012	\$5,419.00
FREEDOMWORKS	5/31/2012	\$2,628.00
FREEDOMWORKS	5/31/2012	(\$3.00)
FREEDOMWORKS	6/14/2012	\$2,500.00
FREEDOMWORKS	6/21/2012	\$230.00
FREEDOMWORKS	6/22/2012	\$3,533.00
FREEDOMWORKS	6/28/2012	\$413.00
FREEDOMWORKS	6/30/2012	\$33,878.00
FREEDOMWORKS	6/30/2012	\$23,196.00
FREEDOMWORKS	6/30/2012	\$15,499.00
FREEDOMWORKS	6/30/2012	\$389.00
FREEDOMWORKS	7/22/2012	\$3,710.00
FREEDOMWORKS	7/24/2012	\$1,272.00
FREEDOMWORKS	7/31/2012	\$35,435.00
FREEDOMWORKS	7/31/2012	\$14,196.00
FREEDOMWORKS	7/31/2012	\$12,680.00

FREEDOMWORKS	8/9/2012	\$2,737.00
FREEDOMWORKS	8/22/2012	\$488.00
FREEDOMWORKS	8/24/2012	\$390.00
FREEDOMWORKS	8/24/2012	\$85.00
FREEDOMWORKS	8/31/2012	\$23,889.00
FREEDOMWORKS	8/31/2012	\$7,727.00
FREEDOMWORKS	8/31/2012	\$7,727.00
FREEDOMWORKS	8/31/2012	\$2,190.00
FREEDOMWORKS	9/20/2012	\$181.00
FREEDOMWORKS	9/22/2012	\$18,212.00
FREEDOMWORKS	9/27/2012	\$2,350.00
FREEDOMWORKS	9/30/2012	\$101,919.00
FREEDOMWORKS	9/30/2012	\$41,410.00
FREEDOMWORKS	9/30/2012	\$16,494.00
FREEDOMWORKS	10/17/2012	\$79,785.00
FREEDOMWORKS	10/17/2012	\$18,346.00
FREEDOMWORKS	10/31/2012	\$159,134.00
FREEDOMWORKS	10/31/2012	\$63,489.00
FREEDOMWORKS	10/31/2012	\$1,583.00
FREEDOMWORKS	11/30/2012	\$22,700.00
FREEDOMWORKS	11/30/2012	\$13,455.00
FREEDOMWORKS	11/30/2012	\$12,622.00
FREEDOMWORKS	12/31/2012	\$20,212.00
FREEDOMWORKS	12/31/2012	\$9,760.00
FREEDOMWORKS	12/31/2012	\$2,500.00

**TOTAL \$2,656,494.00**