



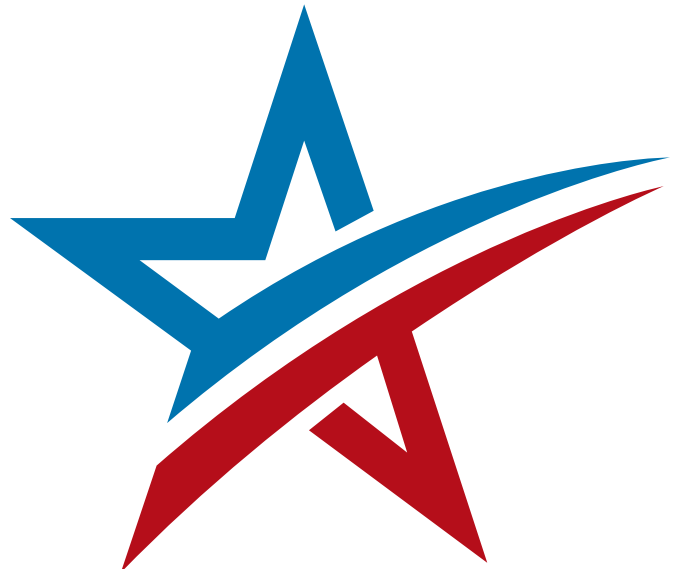
FreedomWorks & FreedomWorks Foundation

WINTER 2012

**BOARD OF
DIRECTOR'S
MEETING**

December 19, 2012

Washington, DC



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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 Armey 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 Armey, 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.

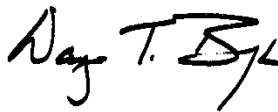
Matt Kibbe presented the president's report, which provided an overview of the Restore Liberty project.

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,

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Wayne T. Brough

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OF
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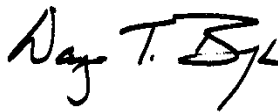
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Wayne T. Brough

TO: FreedomWorks Board of Directors

FROM: Matt Kibbe
President and CEO

RE: **President's Report**

DATE: December 17, 2012

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 *Xperedon*, 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 Armey’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

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:

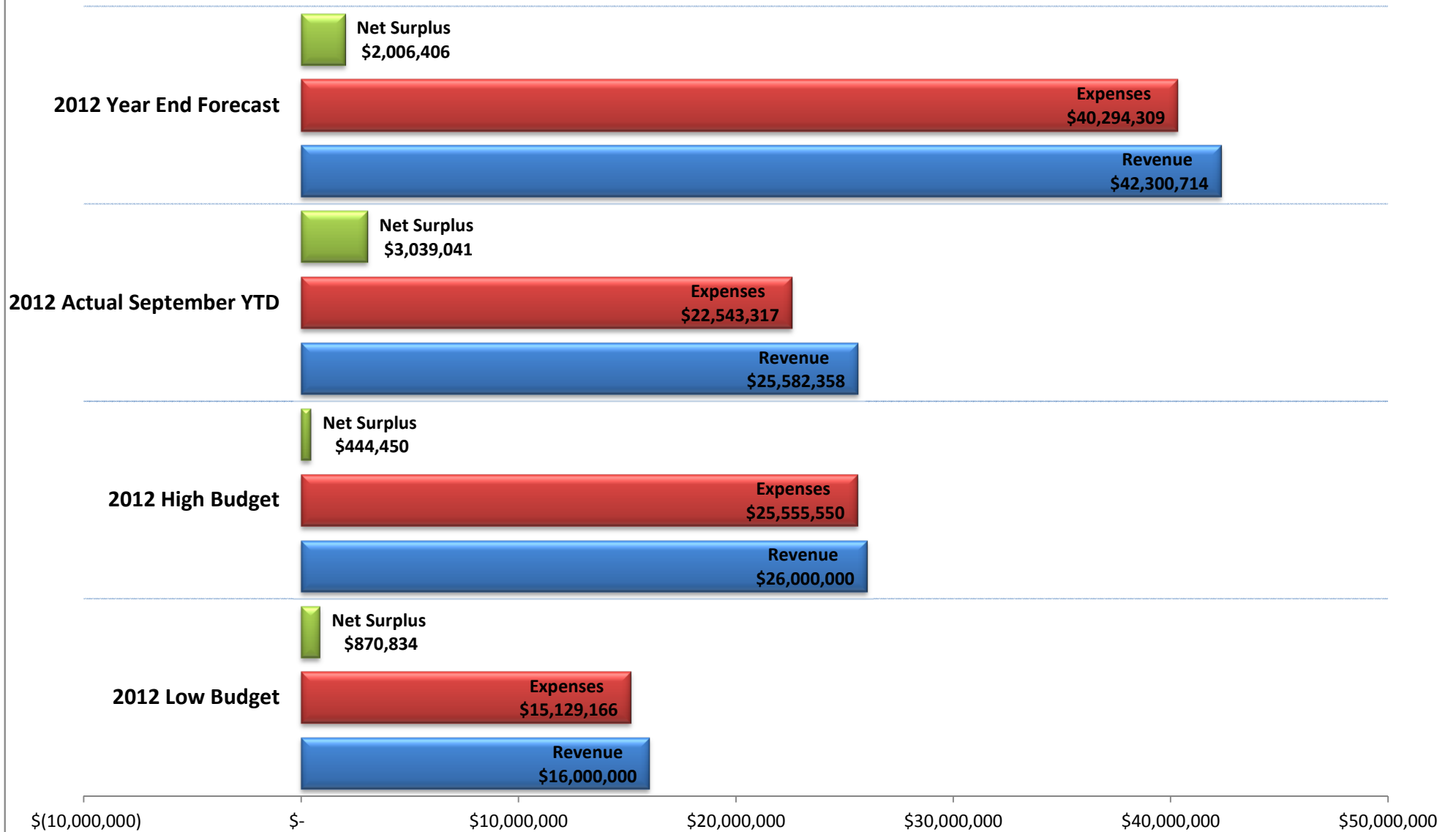
- | | |
|---|--|
| • Major Donor DVD Project | • Activist Fly-Ins (quarterly) |
| • Glenn Beck Radio Ads | • FreedomWorks University |
| • Glenn Beck TV (GBTV) | • Legislative Entrepreneur Events |
| • TheBlaze Action Center | • Online Marketing |
| • Youth/Minority Outreach | • FreedomConnector International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

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
Revenues					
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
Total Contributions	20,918,810	16,000,000	26,000,000	25,308,727	42,027,083
Miscellaneous Income	(424,258)		-	273,631	273,631
Total Revenue	20,494,552	16,000,000	26,000,000	25,582,358	42,300,714
Expenses					
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	3,743,615	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	90,250	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	843,500	985,032	997,242
Depreciation	233,604	288,333	455,000	235,379	323,670
Miscellaneous	96,975	129,038	279,620	152,355	166,128
Total Expenses	13,910,224	15,129,166	25,555,550	22,543,317	40,294,309
Net Surplus (Loss)	6,584,328	870,834	444,450	3,039,041	2,006,406

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

	2011	2012	January	February	March	April	May	June	July	August	September	2012	Budget Remaining/(Over Budget)
	Total	Budget	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Total	
Revenues													
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	(\$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	\$1,923,269
FWFA Direct Mail Revenue	0	3,500,536	10,262	113,612	118,037	14,176	31,929	152,873	188,236	315,036	270,916	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	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	1,717,792
Grants and Contributions	1,025,785	220,000		5,000			5,500		35,000	30,000	5,000	80,500	139,500
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	(1,002,640)
Print Advertising	118,098	725,000	52,002	37,808	25,527	22,361	77,247	131,854	47,185	226,546	422,614	1,043,143	(318,143)
Novelties	160,096	317,179	(2,103)	44,560	7,541	5,350	13,237	41,764	2,098	3,774	118,388	234,608	82,571
Dues	75,987	67,000	1,886	10,210	12,397	633	6,249	973	8,683	278	890	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	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	(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	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	(205,639)
Photography	102,426	12,000	455	47,850	18,945	11,500	7,680	44,400	14,181	10,771	76,782	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	2,599,713
Printing	626,870	3,540,915	774	18,543	658,542	122,372	151,006	241,620	(242,973)	193,276	(215,234)	927,926	2,612,988
Training & Staff Development	6,048	21,000			3,995	900	250				1,049	6,194	14,806
Professional Fees: Fundraising	114,293	302,000	153,144	(153,144)	153,439		3,185	1,894	25,902	19,418	77,197	281,035	20,964
Professional Fees: Administration	500,089	654,701	22,228	126,720	211,718	86,055	149,369	115,557	60,442	104,290	140,214	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	(2,374,056)
Professional Fees: Legal	344,970	436,500	(7,550)	29,143	10,333	6,823	59,377	67,731	1,569	4,374	76,028	247,828	188,673
Publication Costs	207,730	262,500	4,200	16,565	9,333		14,011	(14,771)	69,894	9,950	26,291	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	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	(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	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	(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	213,552
Meetings	362,645	843,500	7,417	26,651	32,278	11,979	28,962	32,439	633,287	208,563	3,458	985,032	(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	219,621
Miscellaneous	96,975	279,620	6,663	416,246	(393,618)	14,682	10,573	8,093	11,141	19,609	58,969	152,355	127,265
Total Expenses	14,823,419	25,555,550	1,157,700	1,736,588	2,410,635	1,769,025	2,063,634	2,368,173	2,560,609	2,552,723	5,924,237	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)	(499,335)	(1,538,045)	4,698,646	2,113,389	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)
Net Profit (Loss)	6,584,329	444,450	(663,168)	532,849	(1,552,525)	700,187	(998,118)	(493,931)	(1,538,045)	4,698,646	2,353,139	3,039,041	(2,594,591)

Freedomworks, Inc.
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
Revenues													
Contributions	\$8,706,924	\$7,885,996	\$66,805	\$113,810	\$398,689	\$1,109,370	\$134,965	\$1,126,294	\$433,997	\$4,749,808	\$2,624,018	\$10,757,756	(\$2,871,760)
Direct Mail Revenue	1,334,132	1,863,737	75,703	356,138	97,158	175,421	197,360	96,964	(55,304)	675,789	594,211	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	(3,221,461)
Expenses													
Salaries and Benefits	1,920,864	2,732,970	212,086	195,502	161,492	180,175	181,678	227,964	252,449	172,744	251,275	1,835,365	897,605
Grants and Contributions	900,040	170,000								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	472,891	559,261	293,825	3,165,601	(1,707,101)
Print Advertising	44,151	25,000	2,970	3,461	10,985	2,345	41,566	12,940		935	2,926	78,128	(53,128)
Novelties	85,622	158,590	6,087	8,542	4,431		2,130	34,058	2,098		104,197	161,543	(2,953)
Dues	49,680	33,500	1,056	1,428	1,328	360	664	380	3,076	(38)	542	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	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	(35,863)
Insurance	40,227	30,000	3,534	5,378	3,962	4,602	4,703	4,660	4,843	2,526	(4,841)	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	(180,242)
Photography	28,235	6,000	455	3,750	6,848	3,750	3,930	17,670	4,960	4,484	16,726	62,572	(56,572)
Postage	505,376	936,818	14,670	10,159	18,040	10,368	72,207	11,470	122,955	3,568	241,646	505,082	431,736
Printing	414,076	880,468	129	925	596,210	65,368	64,412	179,096	(300,642)	210,764	(395,605)	420,656	459,812
Training & Staff Development	2,640	10,500					250				1,049	1,299	9,201
Professional Fees: Fundraising	66,454	151,000			295		3,185		9,744		40,598	53,823	97,177
Professional Fees: 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	(39,538)
Professional Fees: Cons. & Other	768,377	1,140,400	41,721	34,174	189,427	98,642	80,477	87,657	192,799	104,563	290,668	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	96,124
Publication Costs	99,557	131,250	600	7,132	2,687		7,157	(10,523)	52,470		14,197	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	247,494	(46,494)
Subscriptions	16,567	19,750	288	597	3	188	640	387	387	570	1,927	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	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	(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	(111,432)
Meetings	157,357	421,750	3,548	13,772	15,986	5,306	5,144	7,788	583,827	201,815	(197,706)	639,480	(217,730)
Depreciation	127,151	227,500	11,784	16,643	18,071	15,111	22,849	20,103	11,794	11,463	18,083	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	163,183	(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	(172,832)
Operating Profit (Loss)	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	(3,048,629)
Misc Income (Expense)	52,917		5	6	239	11	(96)	3,357	1,752		246,061	251,336	(251,336)
Net Profit (Loss)	2,381,285	(556,257)	(250,479)	(633,910)	(695,627)	243,453	(532,555)	(259,887)	(1,191,443)	3,793,915	2,270,241	2,743,708	(3,299,965)

FreedomWorks Foundation
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
Revenues													
Contributions	\$8,977,904	\$7,885,996	\$38,609	\$1,448,843	\$152,516	\$950,109	\$362,904	\$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
Total Contributions	9,523,650	9,749,733	71,500	1,479,977	163,804	993,486	432,377	379,362	171,984	838,535	1,812,486	6,343,511	3,406,222
Expenses													
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	1,459,113	820,187
Grants and Contributions	112,550	50,000		5,000			3,000		35,000			43,000	7,000
Advertising & Promotion	1,625,536	1,458,500	274,635	7,140	1,030	25,306	1,904	28,072	1,884	278	255,769	596,017	862,483
Print Advertising	3,025	25,000	282	246	5,972				2,181	98	2,663	11,441	13,559
Novelties	71,001	158,590	(8,190)	31,578	3,110	1,250		2,393		2,014	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	380	3,315	(3,446)	20,482	(6,245)	22,684	(1,184)
Non-Capital Expenses	14,828	18,750		520	718	1,631	2,950	(423)	5,707	856	24,303	36,262	(17,512)
Insurance	14,729	30,000	1,256	2,456	1,245	2,798	1,447	1,490	1,225	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		16,250	4,098	3,750	3,750	26,730	4,721	6,049	7,170	72,518	(66,518)
Postage	198,166	936,818	(98)	9,100	6,945	2,436	21,314	8,690	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	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	22,713	81,415	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
Total Expenses	6,729,536	9,406,820	554,740	461,140	632,042	386,206	523,619	476,330	473,641	480,770	1,168,398	5,156,881	4,249,939
Operating Profit (Loss)	2,794,114	342,913	(483,240)	1,018,837	(468,238)	607,280	(91,242)	(96,968)	(301,657)	357,765	644,088	1,186,630	(843,717)
Misc Income (Expense)	(477,177)		4	4	177	7	28,118	2,046	(1,752)		(6,312)	22,293	(22,293)
Net Profit (Loss)	2,316,937	342,913	(483,236)	1,018,841	(468,061)	607,287	(63,124)	(94,922)	(303,409)	357,765	637,776	1,208,923	(866,010)

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
Revenues													
Contributions	\$6,229		\$2,000	\$50		\$399		\$1,429		\$585	\$1,205	\$5,668	(\$5,668)
Total Contributions	6,229		2,000	50		399		1,429		585	1,205	5,668	(5,668)
Expenses													
Grants and Contributions							2,500				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												
Subscriptions										15		15	(15)
Travel	24			777				219			12	1,007	(1,007)
Meetings			246	398		210						855	(855)
Miscellaneous	4,054		338	224	154	153	274	177		2,198	(1,586)	1,932	(1,932)
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 Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	2012 Total	Budget Remaining
Revenues													
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						875,495	(434,606)		2,209,404	2,650,293	850,243
Total Contributions	2,261,070	6,500,536	278,516	319,453	198,041	190,518	272,792	264,789	471,886	986,652	3,005,706	5,988,353	512,183
Expenses													
Advertising & Promotion	72,115	900,000	5,324	72,115	196,615	94,017	243,339	30,903	58,000	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	225,513	417,025	953,574	(278,574)
Novelties	3,472			4,440		4,100	11,107	5,313		1,760	10,506	37,226	(37,226)
Dues							666					666	(666)
Non-Capital Expenses							2,043			1,396	2,120	5,559	(5,559)
Rentals	8,375			990	1,653	595	29,565	25,497	150	1,574	8,925	68,949	(68,949)
Photography	26,025			27,850	8,000	4,000			4,500	237	52,887	97,474	(97,474)
Postage	29,367	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	10,656	1,779,978		16,574	57,824	52,523	78,218	56,849	51,209	(20,816)	159,525	451,907	1,328,071
Professional Fees: Fundraising	3,820		153,144	(153,144)	153,144			1,894	16,158	19,418	23,799	214,413	(214,413)
Professional Fees: Administration				22,388	32,134		14,019	31,356	(267)	12,571	39,399	151,598	(151,598)
Professional Fees: Cons. & Other	93,741	67,200	1,000	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	15,154	100,000	(8,100)	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					27		158	29	23	1,392	3,997	5,626	(5,626)
Telecommunications	557		2,728	38,746	19,717	61,009	69,786	50,010	155,215	40,099	622	437,932	(437,932)
Travel	639	400,000		1,252	2,007		229	5,723	1,084	2,161	1,610	14,066	385,934
Meetings					41		20,518	1,914	33,281		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)
Total Expenses	355,338	5,842,738	209,211	170,107	586,723	340,948	672,450	405,040	514,882	438,055	3,556,551	6,893,962	(1,051,224)
Operating Profit (Loss)	1,905,732	657,798	69,305	149,346	(388,682)	(150,430)	(399,658)	(140,251)	(42,996)	548,597	(550,845)	(905,609)	1,563,407
Net Profit (Loss)	1,905,732	657,798	69,305	149,346	(388,682)	(150,430)	(399,658)	(140,251)	(42,996)	548,597	(550,845)	(905,609)	1,563,407

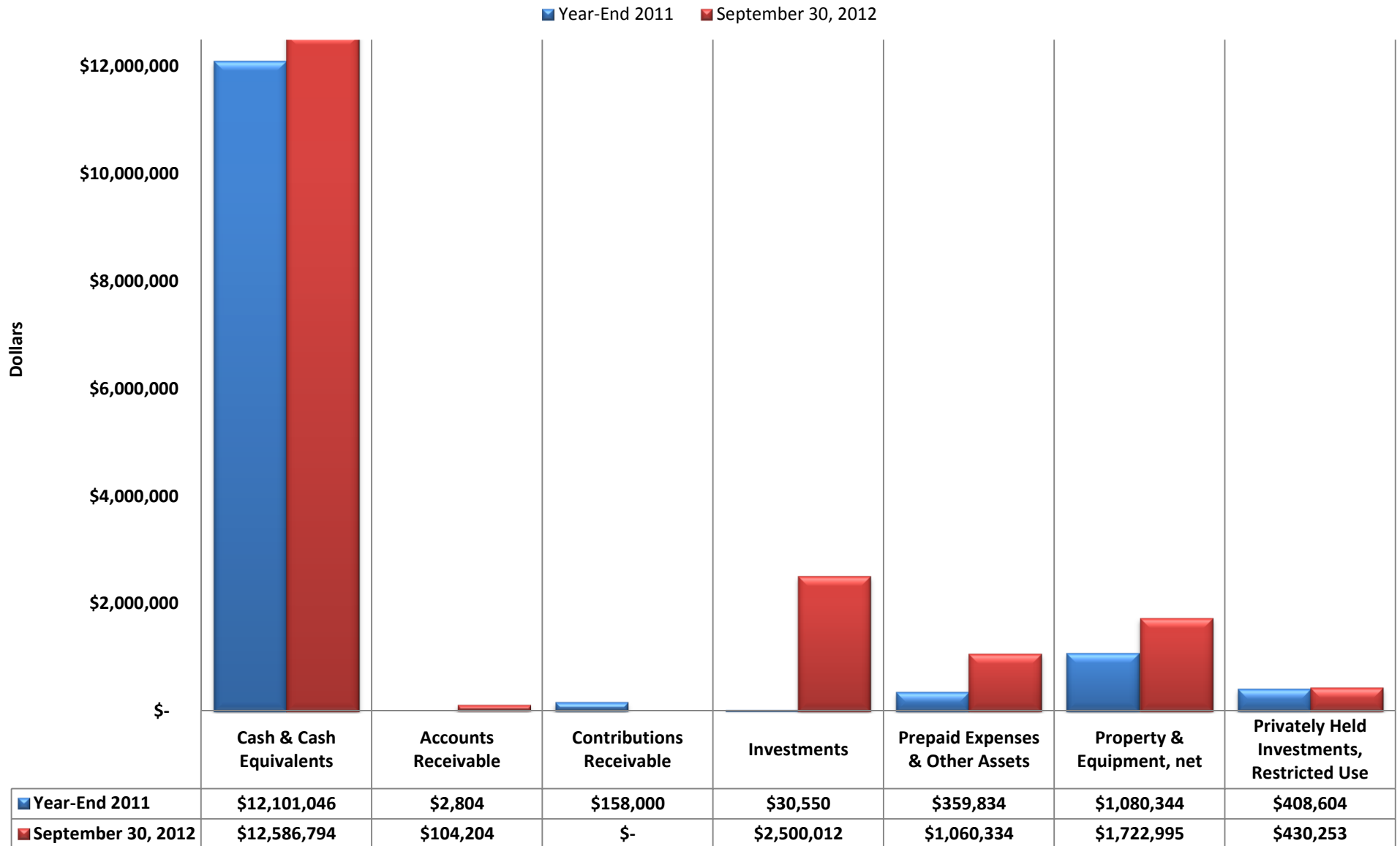
FreedomWorks, Inc
Balance Sheet
FreedomWorks Consolidated Balance
For the Periods Ended September 30, 2012

	Sept 2011	Year-End 2011	Sept 2012	Net Change Since January 1, 2012
Assets				
Current Assets				
Cash & Cash Equivalents	3,294,497	12,101,046	12,586,794	485,748
Accounts Receivable	107,529	2,804	104,204	101,400
Contributions Receivable	-	158,000	-	(158,000)
Investments	8	30,550	2,500,012	2,469,462
Prepaid Expenses & Other Assets	270,299	359,834	1,060,334	700,500
Total Current Assets	\$ 3,672,333	\$ 12,652,234	\$ 16,251,344	\$ 3,599,110
Long Term Assets				
Property & Equipment, net	971,831	1,080,344	1,722,995	642,651
Privately Held Investments, Restricted Use	768,768	408,604	430,253	21,649
Total Long Term Assets	1,740,599	1,488,948	2,153,248	664,300
Total Assets	\$ 5,412,932	\$ 14,141,182	\$ 18,404,592	\$ 4,263,410
Liabilities and Net Worth				
Liabilities				
Accounts Payable	1,167	611,076	1,686,285	1,075,209
Accrued Expenses and Other Liabilities	74,975	245,183	396,355	151,172
Capitol Lease Obligation	53,378	53,737	32,833	(20,904)
Deferred Rent	248,436	341,600	360,494	18,894
Total Liabilities	377,956	1,251,596	2,475,967	1,224,371
Net Worth				
Net Assets	6,305,258	6,305,258	12,889,585	6,584,327
Net Income (Loss)	(1,270,282)	6,584,328	3,039,040	(3,545,288)
Total Liabilities and Net Worth	\$ 5,412,932	\$ 14,141,182	\$ 18,404,592	\$ 4,263,410

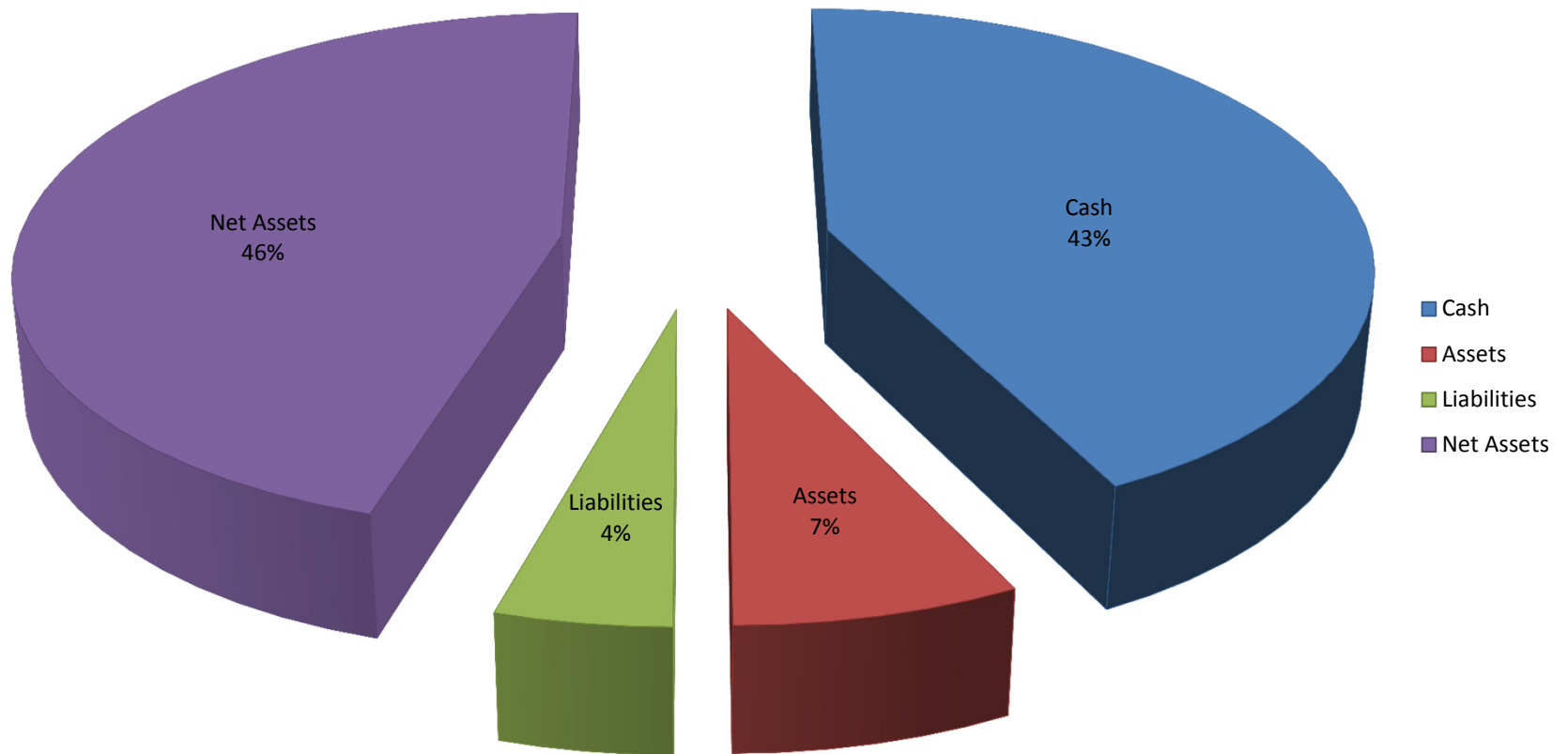
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Assets at a Glance

January 1, 2012 vs. September 30, 2012

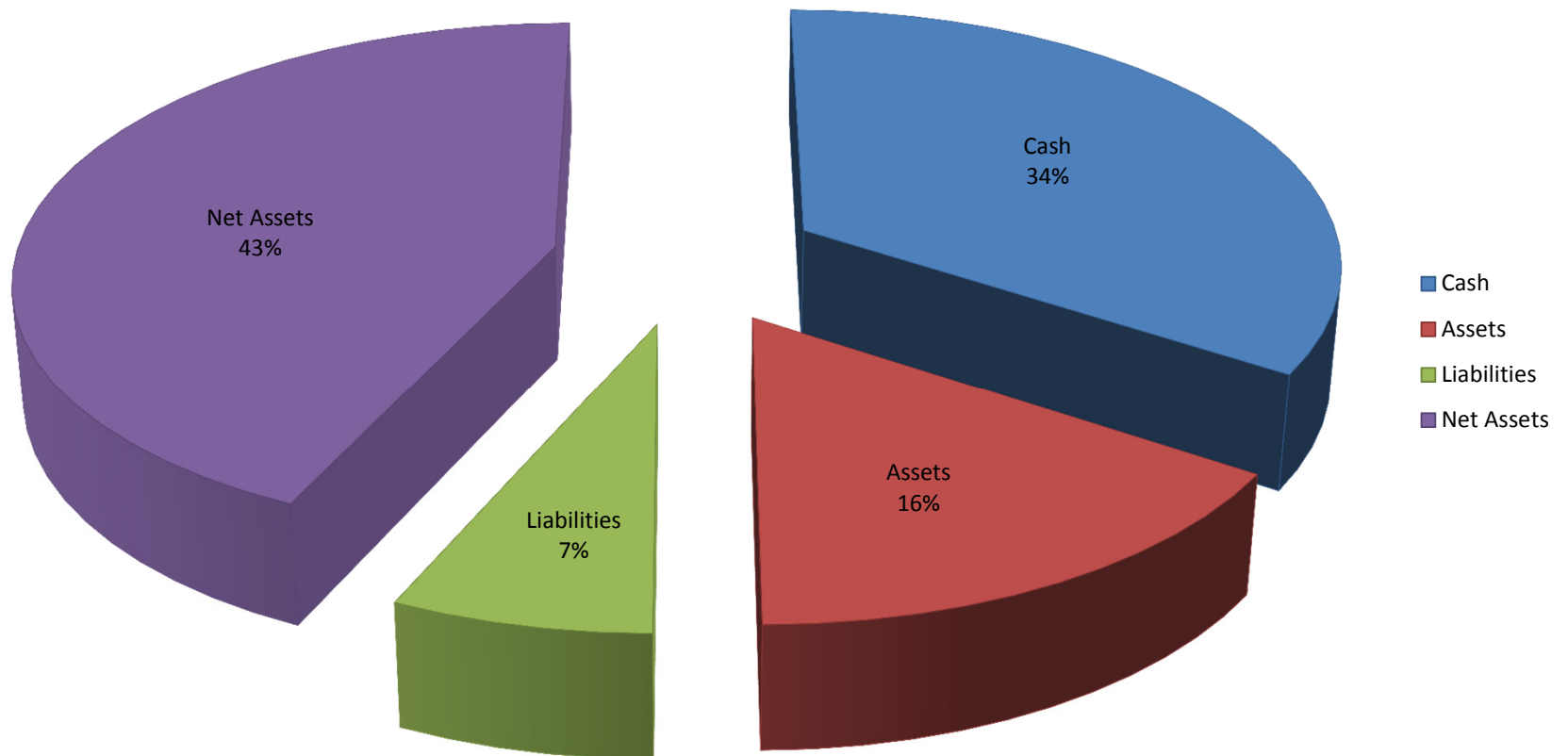


Balance Sheet Assets Year-End 2011



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
Assets										
Current Assets										
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					500,000	500,000	500,000	500,000	500,000	500,000
Prepays and Other Assets	359,834	674,063	151,384	203,662	219,927	629,955	624,670	370,945	184,560	560,334
Current Assets	13,060,839	12,355,923	12,514,855	11,039,509	11,760,143	10,739,472	10,286,143	8,300,238	12,870,523	16,681,598
Long-Term Assets										
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
Total Assets	\$14,141,182	\$13,480,575	\$13,648,796	\$12,147,422	\$12,840,008	\$11,794,716	\$11,717,590	\$9,877,766	\$14,532,787	\$18,404,592
Liabilities & Net Worth										
Current Liabilities										
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
Current Liabilities	1,251,597	1,254,157	889,527	940,676	933,076	885,900	1,302,905	1,000,930	957,304	2,475,967
Net Worth										
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
Total Liabilities and Net Worth	\$14,141,182	\$13,480,575	\$13,648,796	\$12,147,422	\$12,840,008	\$11,794,716	\$11,717,590	\$9,877,766	\$14,532,787	\$18,404,592

FreedomWorks, Inc
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
Assets										
Current Assets										
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	1,250,005	1,250,005	1,250,005	1,250,005	1,250,005
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	1,889,701	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
Current Assets	6,009,197	5,619,620	4,720,381	4,121,402	4,354,221	3,843,145	3,602,341	1,981,311	5,619,726	8,017,255
Long-Term Assets										
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
Total Assets	\$7,089,540	\$6,744,272	\$5,854,322	\$5,229,315	\$5,434,087	\$4,898,388	\$5,033,787	\$3,558,839	\$7,281,990	\$9,740,249
Liabilities & Net Worth										
Current Liabilities										
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
Current Liabilities	1,187,945	1,093,157	837,115	907,735	869,052	865,910	1,261,196	977,688	906,927	1,094,946
Net Worth										
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)	(884,387)	(1,580,014)	(1,336,561)	(1,869,116)	(2,129,003)	(3,320,444)	473,469	2,743,709
Total Liabilities and Net Worth	\$7,089,540	\$6,744,272	\$5,854,322	\$5,229,315	\$5,434,087	\$4,898,388	\$5,033,787	\$3,558,839	\$7,281,990	\$9,740,249

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
Assets										
Current Assets										
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	
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
Current 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
Long-Term Assets										
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
Liabilities & Net Worth										
Current Liabilities										
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
Total Liabilities and Net Worth	\$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
Assets										
Current Assets										
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
Long-Term Assets										
Total Assets	\$118,717	\$119,961	\$118,529	\$118,360	\$118,234	\$115,460	\$116,383	\$116,383	\$114,770	\$110,755
Liabilities & Net Worth										
Current Liabilities										
Accounts Payable				(\$15)	(\$15)	(\$15)	(\$15)	(\$15)		
Current Liabilities				(15)	(15)	(15)	(15)	(15)		
Net Worth										
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 Actual	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Actual	Jun Actual	Jul Actual	Aug Actual	Sep Actual
Assets										
Current Assets										
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
Current 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
Long-Term Assets										
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
Liabilities & Net Worth										
Current Liabilities										
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
Net Worth										
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
Net Income (Loss)	1,905,731	69,305	218,652	(170,030)	(320,459)	(720,117)	(860,366)	(903,362)	(354,766)	(905,609)
Total Liabilities and Net Worth	\$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

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.

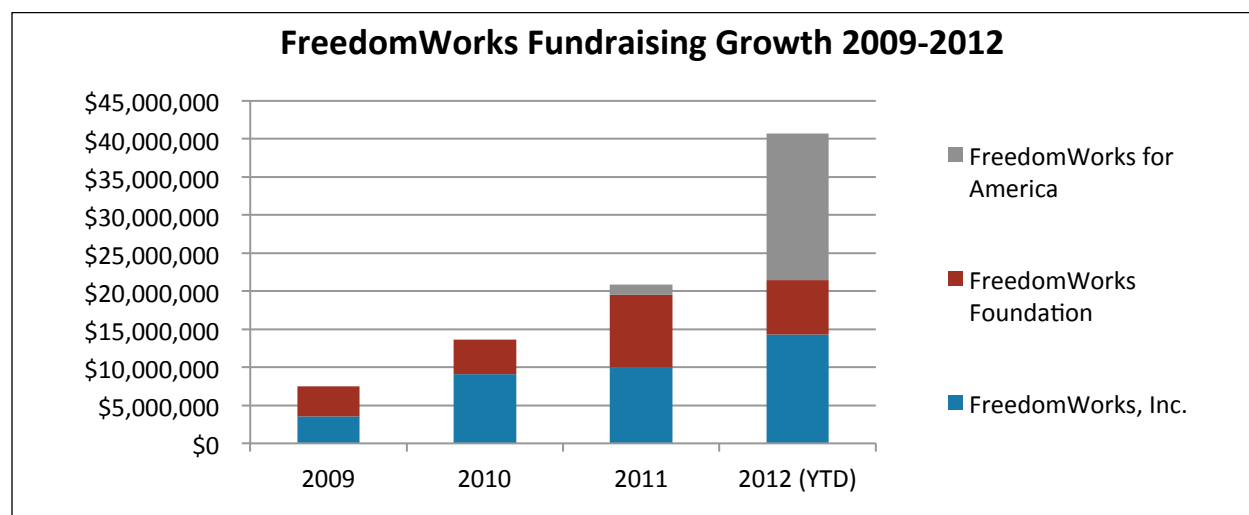
Our extraordinary investors put their money on the table to give us the best shot of victory. And, after a disappointing Election night, they did something every bit as extraordinary and meaningful: they sent us words of thanks, encouragement, and resolve.

"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

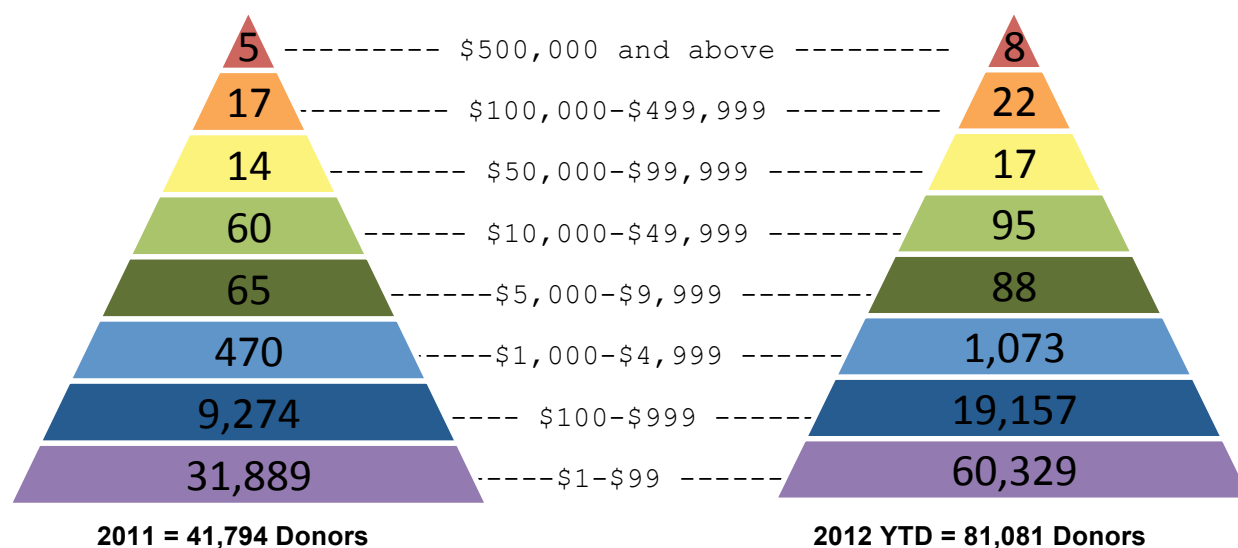
	2009	2010	2011	2012 (YTD)
FreedomWorks, Inc.	\$3,579,269	\$9,128,652	\$9,991,964	\$14,287,973
FreedomWorks Foundation	\$3,931,825	\$4,485,499	\$9,523,649	\$7,177,187
FreedomWorks for America	-	-	\$1,361,145	\$19,196,933
Total	\$7,511,094	\$13,614,151	\$20,876,758	\$40,662,092

- 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 2nd 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 8th – 11th.

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 Rosier 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.

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.

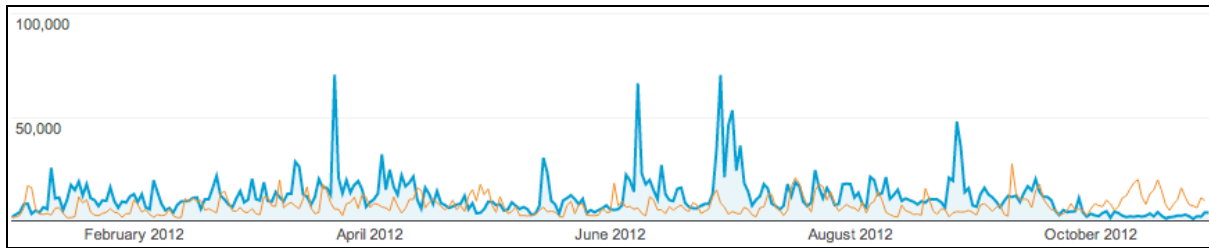
Core Programs	2013 Projections
FreedomWorks Facebook Fan Acquisition	2.5 million new fans
Kibbe Facebook Fan Acquisitions	300,000 new fans
Email Acquisitions	981,476 new members
Membership Fundraising	\$8.2 million

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
TOTAL	488,660	659,675	1,591,797

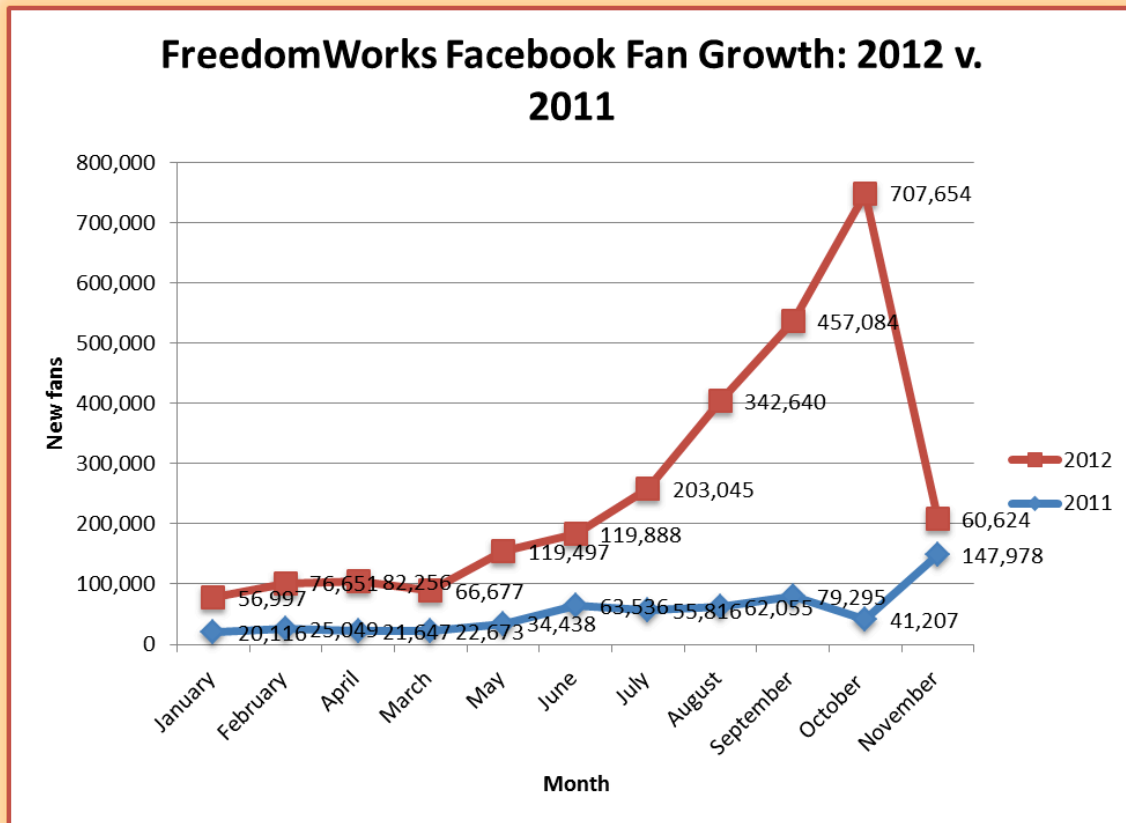
See attached addendum for an overview of several of these and other key properties including: FreedomConnector, Live Events, Congressional Scorecards, Legislator Profiles, FreedomWorks' Action Center, The Blaze Action Center, and FreedomWorks' Online Store.

Year-to-Date Social Media Growth

Even by our standards, our social media growth has been nothing short of outstanding. Xperedon, 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.”

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

Beck	\$859,099.04	18,097	\$41.06
Rush	\$433,484.08	9,430	\$44.36
Telemarketing	\$76,351.36	1,679	\$44.55
TOTAL*	\$7,666,826.40	88,556	\$68.20

* Total does not include revenue raised through 3rd party ticket sales of FreePAC events.

FreedomWorks for America's Fire Obama Moneybomb was the single largest factor in our fundraising increase this quarter, raising over \$1.9 million from over 37,000 donors in just 12 days. This fundraising appeal was a hallmark of our in house email marketing activities as well as our embedded media programs with Glenn Beck and Rush Limbaugh and out raised any previous effort of its kind by more than a factor of two.

Our success in small dollar fundraising for FreedomWorks for America recently served as an impetus for a lead article on Open Secrets. The article congratulated FreedomWorks for America for our success in this area, calling it an "anomaly among super PACs." Through September, FreedomWorks for America raised over \$3 million from 39,000 personally-invested activists, with 47 percent of the contributions being less than \$200.

Open Secrets noted that FreedomWorks for America's small donors were "all the more impressive" when compared to the other top super PACs like American Crossroads, Romney's Restore our Future, and Obama's Priorities USA Action.

FreedomWorks for America hasn't just beaten these super PACs in small dollar fundraising—we have crushed them. Through September, FreedomWorks had raised 10 times more from small donors than Obama's super PAC and 18 times more than American Crossroads. When you serve the community from the bottom-up, it seems citizens become personally invested in seeing it through.

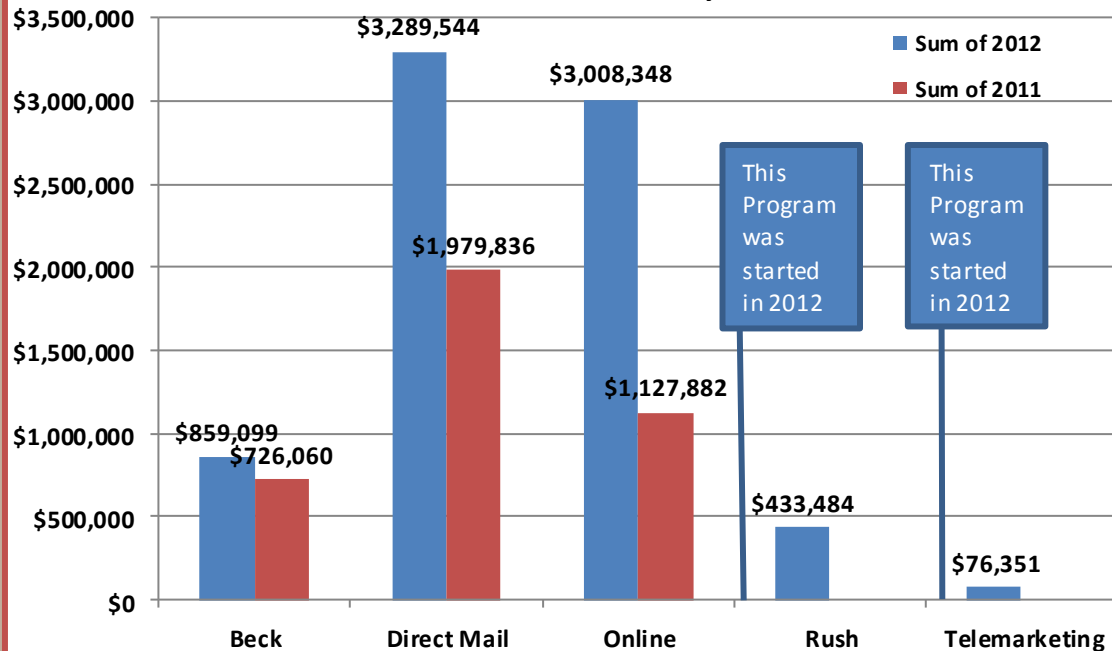
The continuing success of our High Dollar Direct Mail program as well as the successful test of telemarketing fundraising and potential Low Dollar Direct Mail agencies also made significant contributions to our bottom line. Additional rollouts of our Annual Video Appeal Mailing raised more than \$500,000, bringing the total raised from the project to more than \$1.6 million with an ROI of \$1.72. Outside of our Annual Video Appeal Mailing, which has proven to be our best performing package in any given year, our Summer Hostile Takeover Mailing outperformed all other mailings by grossing \$236,829. For context, the next best performing package was our Stop ObamaCare mailing which grossed \$165,386.

On the Low Dollar Direct Mail front, we successfully completed a 3-way test of HSP Direct, Eberle Associates and Response America. Each firm mailed on a theme and FreedomWorks entity of their choosing, providing us with a good range of results. At the end of the day, HSP Direct (with our account team including FreedomWorks alumnus Colin Duffy who you may recall headed our online and embedded media fundraising programs in 2011) and their Repeal ObamaCare prospect package proved the most successful with \$27,863 raised for an ROI of \$1.42. A further prospect roll out of the same package has grossed \$40,132 for an ROI of \$.92. As of this date, we are finalizing a contract with HSP Direct for our 2013 Low Dollar Direct Mail Program.

We also tested several Telemarketing Fundraising Campaigns this year, with results that surpassed all expectations. Our Telemarketing program had two critical objectives. The first was to re-activate lapsed donors. The second was to acquire new donors. The success of our Telemarketing Fundraising Campaigns allowed us to activate or reactivate 1,714 members and raise \$76,351. As a result, we are investigating the potential for continuation of this program in 2013.

FreedomWorks Membership Fundraising: 2012 v. 2011

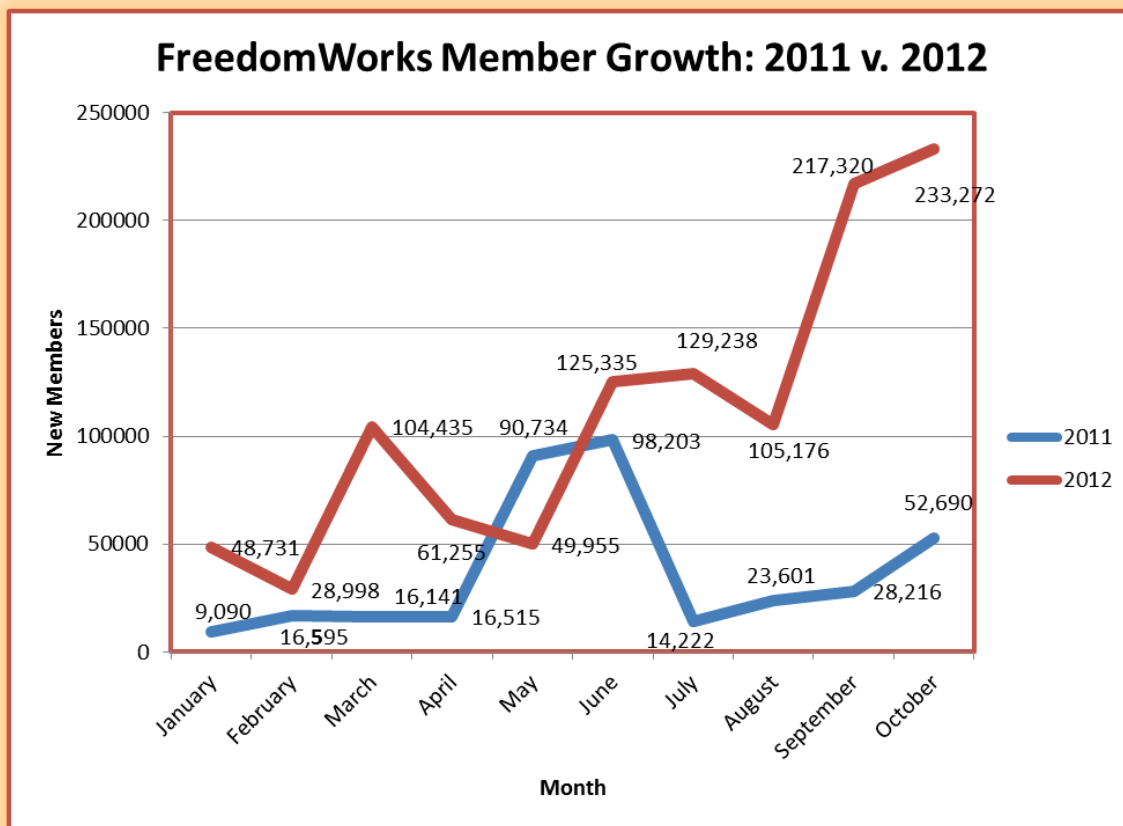
Please Note this does not include 3rd Party FreePAC Ticket Sales



With a Lame Duck session upcoming, the impending “fiscal cliff” battle in Congress, and our end-of-the year FreedomWorks Foundation fundraising campaign, there are numerous opportunities for our 2012 Membership giving to increase. Our current total of \$7.6 million represents 127% of our 2012 goal of \$6 million, which has led to an increased end-of-year projection of \$8 million raised.

Year-to-Date Membership Growth

From January 1 through November 1 of this year, we’ve grown our community by more than 972,618 members and donors—using email marketing, online ads, embedded media, and our direct mail prospecting programs—reflecting a 265% increase over our total of 266,334 members during this same reporting period for 2011. Capitalizing on the increased election awareness through FreedomWorks for America, we were incredibly successful in activating voters and recruiting new members since the last report. Our total base of members and donors—exclusive of our Facebook fan base and Twitter followers—is now nearly 2.1 million strong.



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 respectfully).

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.

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.

<i>(per month)</i>	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
- FreedomConnector – Connect.FreedomWorks.org
- FreedomWorks for America – www.FreedomWorksForAmerica.org
- FreedomWorks PAC – PAC.FreedomWorks.org
- Live Events – Live.FreedomWorks.org
- Congressional Scorecards – Congress.FreedomWorks.org

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

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

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

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 1st through October 31st, 2012 there were:

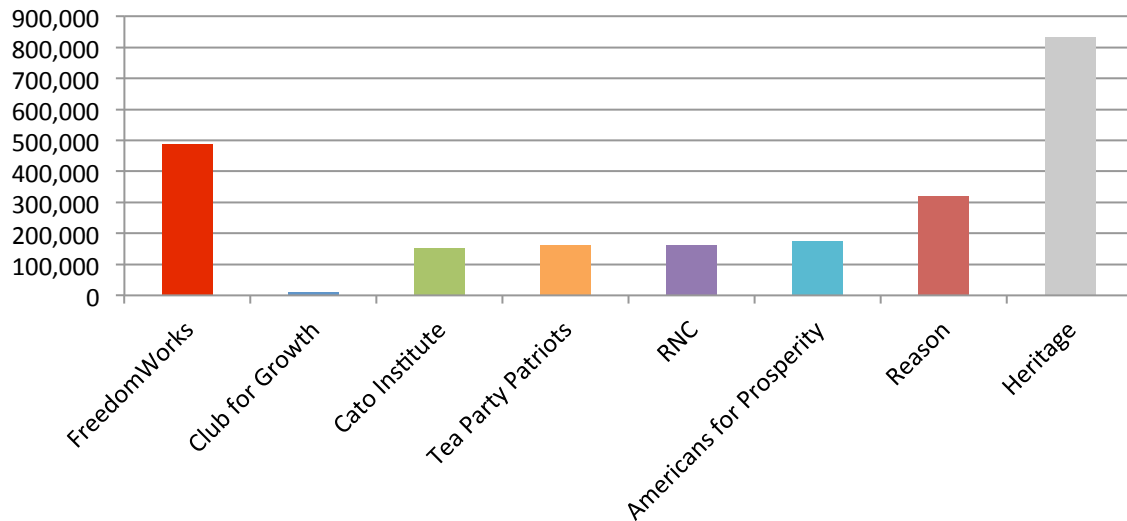
- 17,468 Daily News stories posted
- 65,372 votes in national polls
- 504,037 discussions or comments posted

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. 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	www.clubforgrowth.org	11,729
Cato Institute	www.cato.org	152,309
Tea Party Patriots	www.teapartypatriots.org	161,566
RNC	www.gop.com	162,601
Americans for Prosperity	www.americansforprosperity.org	176,179
Reason	www.reason.com	319,355
Heritage	www.heritage.org	832,685



Live Events

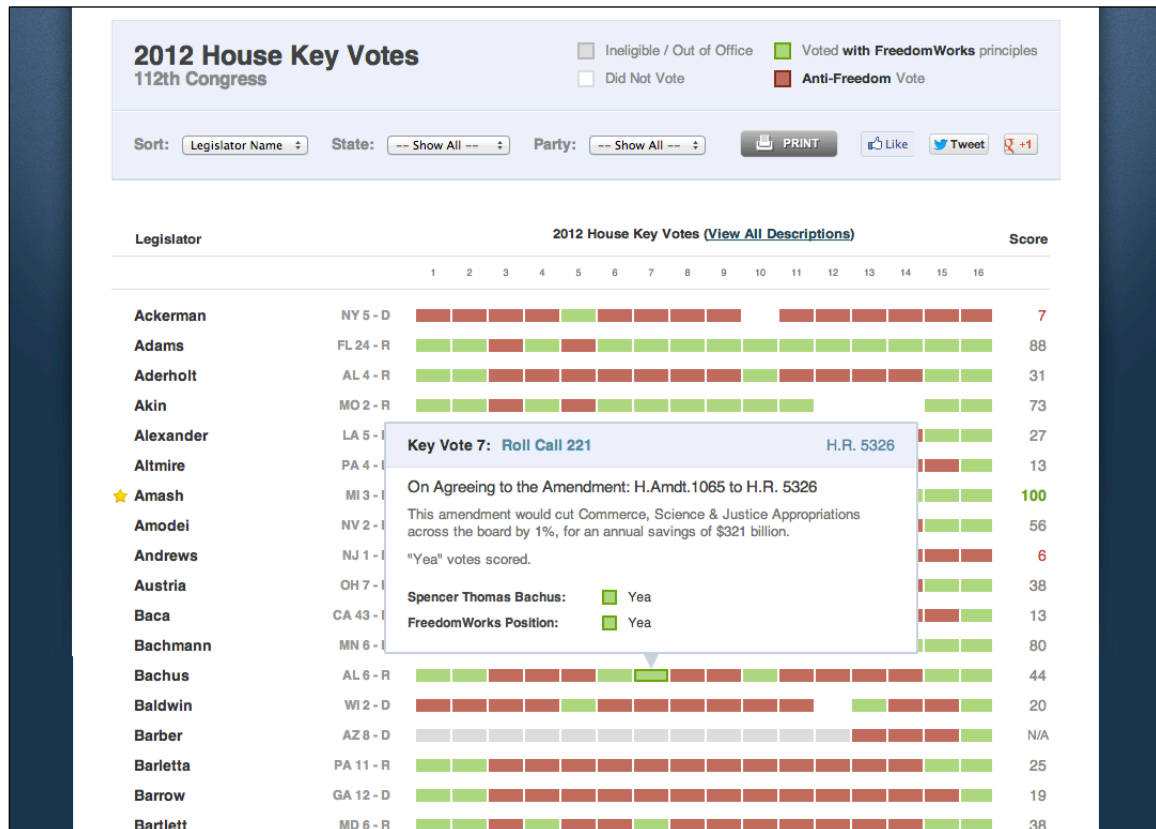
FreedomConnector's Live Events module was completed in July 2012. It enables us to hold live video events online and engage our members with real-time chat, including a "promoted" chat area where moderators can promote chats (or tweets from Twitter) and take questions from the audience. Leveraging live 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 displays the FreedomConnector Live Events interface. At the top, the FreedomConnector logo is on the left, and the 'FREE PAC RESTORING FREEDOM' banner is in the center. The top right shows 'FreedomWorks Staff | Admin | Logout'. Below the banner, there are social media links for 'Report Bug', 'Video Help', and 'Hide Video', and a row of social media buttons for 'Like', 'Tweet', and '+1' with counts. The main content area is divided into four sections: 1. A video player showing a live event with a large audience and a speaker on stage. Below the video, it says '4078 current / 18999 total views' and has a 'Share' button. 2. A 'Promoted' section with a text input 'Shout to the moderators ...' and a 'Shout' button. 3. A 'Live Opinion Poll' section with a line graph showing audience sentiment over time, with markers for '2 mins ago' and '1 min ago'. 4. A 'Chat (2,181 Online)' section with a text input 'Chat with the audience ...' and a 'Send' button. Below the chat input, there is a list of recent chat messages from users like 'Jerry Massey', 'Randy Kubetz', 'Kim Monroe-Howitt', 'Brian Newton', 'Jeff Neitzel', 'Tammy Smith', 'Laura Speaks', and 'Lee Resler'.

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.

FreedomConnector BETA [Home](#) [Create](#) [Profile](#) [Your Profile](#)

Charles W. Boustany Verified

R-LA, 7th District | 2005 – Present

[Like](#) [Tweet](#) [+1](#)

Latest Bills

H.R. 1831 - Industrial Farming Act of 2011
Charles W. Boustany 3 months ago

H.R. 3 - Commercial Felony Streaming Act
Charles W. Boustany 3 months ago

H.R. 3 - Commercial Felony Streaming Act
Charles W. Boustany 3 months ago

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Oath Keepers "Blog Archive" The Smoking Teleprompter: Video of RNC
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Discussions

Keep the Dems off balance;
[Kingscain](#) 1 week ago

Military Vs Defense Spending.
[Elish McDade](#) 2 weeks ago

Voting Record

Lifetime Score **79%**

2012 Key Votes [Show Voting Legend](#)

- 1: On Passage: S 5 Class Action Fairness Act
- 2: On Passage: H R 3 Transportation Equity Act: A Legacy for Users
- 3: On Agreeing to the Amendment: H.Amdt. 65, Amendment to substitute legislation with budget **Yea** (Click for info)
- 4: On Passage: H R 8 Death Tax Repeal Permanency Act
- 5: On Passage: H.J. RES 27 Withdrawing approval
- 6: On Passage: H R 22 Postal Accountability and Enhancement Act
- 7: On Passage: H R 3045 Dominican Republic-Central America-United States Free Trade Agreement ...
- 8: On Agreeing to the Conference Report: H R 3 Transportation Equity Act: A Legacy for Users
- 9: On Motion to Pass: H R 3673 Further Emergency Supplemental Appropriations, Hurricane Katrina, 2005
- 10: On Passage: H R 3824 Threatened and Endangered Species Recovery Act
- 11: On Passage: H R 3893 Gasoline for America's Security Act

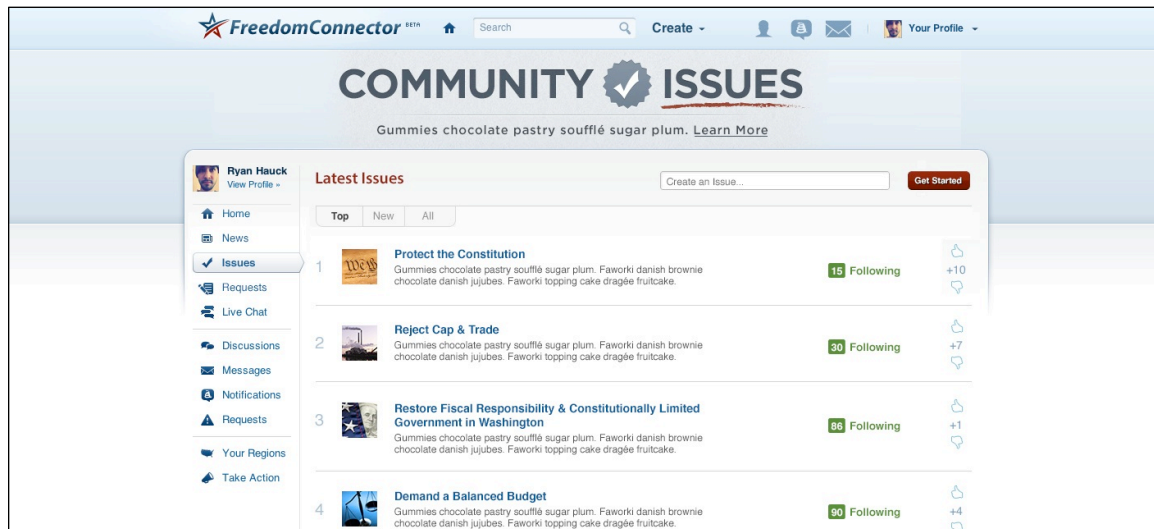
[View full voting record »](#)

[Feedback](#)

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.



FreedomWorks Online Store

We are in the final stages of building the Online Store on FreedomWorks.org, scheduled to launch early November 2012. The store will feature merchandise like t-shirts, bumper magnets, coasters, and digital video downloads of our FreePAC events. Promoting brand awareness and offering edgy styles for the grassroots community has been the goal of this project.



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.

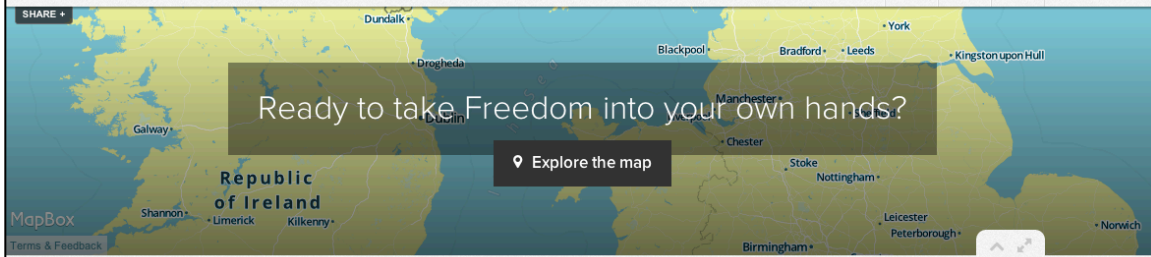
At FreePAC we met with approximately 15 members of international activist groups from Japan, Israel, Italy, and more. Our take-away was that the groups are very excited to use new technology to build their online communities and create issue awareness. As could be expected, they all have very different 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. Issues 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.



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Hungarian Euroscepticism: Brussels v Budapest

NEWS 10/10/2012 by Dakota 10 comments ▾



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Europa ante portas: Border residence, transnational interaction and Euroscepticism in Germany and France

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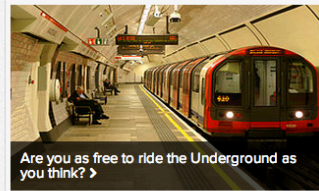
It's a European Union of economic failure, of mass unemployment and of low growth.

DISCUSSION 19 hours 28 mins ago by Alden W... 12 comments ▾



If I was a Greek citizen I'd be out there trying to bring down this monstrosity that has been put upon those people.

DISCUSSION 20 hours 22 mins ago by Dianne ... 9 comments ▾



TO: Matt Kibbe, President and CEO

FROM: Jackie Bodnar
Director of Communications

RE: **Communications Report**

DATE: December 17, 2012

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), *Wilkow* (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.