All Out Action Fund, Inc.
(Formerly Purpose Action, Inc.)

Financial Report

December 31, 2014

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Manger & Associate CPAs P.C.
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Independent Auditors' Report

To the Board of Directors of
All Out Action Fund, Inc.

We have audited the accompanying financial statements of All Out Action Fund, Inc. ("Action"), formerly Purpose Action, Inc., a non-profit organization, which comprise the statements of financial position as of December 31, 2014 and related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of All Out Action Fund, Inc. as of December 31, 2014, and the changes in its net assets, its cash flows, and its functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Manger & Associate CPAs P. C.

March 21, 2015

ALL OUT ACTION FUND, INC.
Statement of Financial Position
As of December 31, 2014

ASSETS		
Cash and cash equivalents (Note 2)	$	167,705
Due from related party (Note 5)		13,389
Grants and contributions receivable (Note 3)		4,137
Prepaid expenses and miscellaneous receivables		7,295
Other assets, net (Notes 2 and 4)		43,925
Security deposit		406
Total assets	$	236,857
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$	85,734
Total liabilities		85,734
COMMITMENTS (Note 8)		-
NET ASSETS (Notes 2 and 6)		
Unrestricted		85,954
Temporarily restricted		65,169
Total net assets		151,123
Total liabilities and net assets	$	236,857

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

ALL OUT ACTION FUND, INC.
Statement of Activities
For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Grants and contributions (Note 2)	$ 752,188	$ -	$ 752,188
In-kind contributions (Notes 2 and 7)	45,500	-	45,500
Foreign exchange (losses)	(17,830)	-	(17,830)
Interest income	17	-	17
	779,875	-	779,875
Net assets released from restrictions:			
Satisfaction of time restrictions	439,727	(439,727)	-
Total revenues and support	1,219,602	(439,727)	779,875
EXPENSES			
Program services	1,156,232	-	1,156,232
Supporting services:			
Management and general	84,295	-	84,295
Fundraising	96,883	-	96,883
Total expenses	1,337,410	-	1,337,410
Change in net assets (Note 6)	(117,808)	(439,727)	(557,535)
Net assets, beginning of the year	203,762	504,896	708,658
Net assets, end of year	$ 85,954	$ 65,169	$ 151,123

See independent auditors' report.
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ALL OUT ACTION FUND, INC.
Statement of Cash Flows
For the Year Ended December 31, 2014

Cash flows from operating activities:		
Change in net assets	$	(557,535)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization expense		44,876
Changes in operating assets and liabilities:		
Decrease in accounts receivable		6,623
Decrease in grants and contributions receivable		295,863
Decrease in prepaid expenses		12,990
Decrease in security deposits		81
(Decrease) in accounts payable and accrued expenses		(350)
Net cash (used in) operating activities		(197,452)
Cash flows from investing activities:		
Purchase of equipment		(2,128)
Net cash (used in) investing activities		(2,128)
Net (decrease) in cash and cash equivalents		(199,580)
Cash and cash equivalents, beginning of year		367,285
Cash and cash equivalents, end of year	$	167,705

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

ALL OUT ACTION FUND, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2014

	Program	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries (Note 5)	$ 130,659	$ 2,602	$ 31,180	$ 164,441
Payroll taxes and fringe benefits	31,008	284	6,478	37,770
Total salaries and related expenses	161,667	2,886	37,658	202,211
Other expenses:				
Campaigner fees (Note 5)	412,040	45,329	59,143	516,512
Website development and maintenance (Note 5)	239,772	-	-	239,772
Professional fees (Notes 2 and 7)	99,197	13,007	-	112,204
Processing fees	57,558	-	-	57,558
Occupancy (Notes 5 and 8)	36,960	2,484	-	39,444
Grants to other organizations	33,105	-	-	33,105
Consultants and outside services	15,098	15,677	-	30,775
Campaign expenses and materials	26,093	-	-	26,093
Travel and meetings	25,700	-	32	25,732
Insurance	-	4,664	-	4,664
Office supplies and miscellaneous	4,166	248	50	4,464
Total other expenses	949,689	81,409	59,225	1,090,323
Total expenses before depreciation and amortization	1,111,356	84,295	96,883	1,292,534
Amortization	44,876	-	-	44,876
Total expenses	$ 1,156,232	$ 84,295	$ 96,883	$ 1,337,410

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION

All Out Action Fund, Inc. ("Action"), formerly Purpose Action, Inc., a non-profit corporation, was incorporated in the State of New York on May 24, 2011 and began operations in 2012. Action was formed for the purposes of uniting and coordinating the efforts of individuals in order to raise public awareness, promote activism, and develop and advocate for legislation, regulations, and government programs to combat prejudice and discrimination against members of the gay, lesbian, bisexual and transgender community.

Action's name change became effective in the State of New York as of December 2014.

For Federal income tax purposes, Action is classified as a 501(c)(4) organization and is exempt under Section 509(a)(1) of the Internal Revenue Code and a similar provision of the New York State income tax laws.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Action have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America. The significant accounting policies are described below.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in Accounting Standards Codification ("ASC") 958, Financial Statements of Not-for-Profit Organizations. Under ASC 958, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

Unrestricted

Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and are available for the general operations of Action.

Temporarily Restricted

Temporarily restricted net assets include gifts of cash and other assets received with donor-imposed stipulations that will be met either by actions of Action and/or the passage of time.

Contributions with donor-imposed restrictions are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when purpose or time restrictions are met, and recorded in the accompanying financial statements as net assets released from restrictions. Restricted contributions are recognized as unrestricted when their restrictions are met within the year.

Permanently Restricted

Permanently restricted net assets include funds that have been restricted by donors to be held in perpetuity. Action had no permanently restricted net assets as of December 31, 2014.

Cash and Cash Equivalents

Action considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Grants and Contributions

Action records contributions and grants, both cash and in-kind, when an unconditional promise to give such assets is received from a donor. Contributions and grants are recorded at the fair market value of the assets received and are classified as either unrestricted, temporarily restricted, or permanently restricted, depending on whether the donor has imposed a restriction on the use of such assets.

As of 2014, contributions and grants receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate determined in the year in which the contribution originates. Amortization of the discount is included in contribution revenue. Action received no multiyear promises to give during the year ended December 31, 2014.

Action periodically evaluates the balances in the various accounts receivable categories as well as the status of any significant past due accounts to determine if any balances are uncollectible. When management determines that a receivable is uncollectible, the balance is removed from the receivables balance and is charged directly against operations. Subsequent recoveries of amounts previously written off are credited directly to revenue.

In-kind Contributions

In-kind contributions are recognized as if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization.

Property and Equipment

Action capitalizes property and equipment with a cost or fair value exceeding $2,000 and a useful life of more than two years. Depreciation of property and equipment is provided on the straight-line method over the expected useful lives of the assets as follows:

Property and equipment	3-5 years

Functional Expense Allocations

The costs of providing the various programs and other activities of Action have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services. Such allocations are determined by management in accordance with grant provisions and/or other equitable bases.

Income Taxes

Action has adopted Accounting Standards Codification ("ASC") 740 "Income Taxes." ASC 740 requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The adoption of this guidance did not have an impact on Action's financial statements, as management believes that there are no uncertain tax positions within its financial statements. Action has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and to review other matters that may be considered tax positions.

Action's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended December 31, 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Concentrations of Credit Risk

Financial instruments that potentially subject Action to concentrations of credit risk consist primarily of cash and cash equivalents. Action maintains cash and cash equivalent balances in various bank accounts that, at times, may exceed federally insured limits. As of December 31, 2014 Action's cash balances did not exceed federally insured limits. Action's cash accounts are placed with high credit quality financial institutions. The organization has not experienced, nor does it anticipate, any losses in such accounts.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at December 31, 2014 consisted of current promises to give which are collectible within one year.

4. OTHER ASSETS

Other assets include Action's trademark website, domain name, and e-mail list, net of accumulated amortization. The balance consisted of the following as of December 31, 2014:

Cost	$ 136,755
Less: Accumulated amortization	(92,830)
	$ 43,925

Amortization expense amounted to $44,876 for the year ended December 31, 2014.

5. RELATED PARTIES

I. Action is related to a not-for-profit entity, Purpose Foundation, (the "Foundation") a 501(c)(3) corporation. The organizations are related in that there is a commonality of board members, but no controlling interest. During 2014, the following transactions occurred between the related parties:

A. Assignment and License Agreement

In 2012, the Foundation had transferred ownership of the "All Out" Program trademark, website, domain name, and e-mail list to Action. The Foundation was granted a license to use these assets to run educational and cultural campaigns through the All Out Program. Action paid the Foundation $97,000 as compensation for the transfers based on independent third party valuations of each asset. These items are included in other assets in the accompanying statement of financial position. The costs of operating the website are shared based on monthly usage by each party. Costs of upgrades to the website are split equally by the related parties.

B. Employee Sharing Agreement

In 2012, the related parties entered into an Employee Sharing Agreement which allows the Foundation's employees to work for Action on an as needed basis. The intent is for Action to utilize the Foundation's employees to run Action's lobbying campaigns for the All Out Program. Rates have been established in the Agreement and are based on actual cost of the employees plus a 5% administration cost of services.

C. The transactions between the related parties during 2014 were as follows:

Expenses paid to the Foundation

Campaigner fees	$ 312,481

Revenue earned from the Foundation

Website operating reimbursement	$ 163,951

The summarized information for the related entity as of and for the year ended December 31, 2014 is as follows:

Purpose Foundation

Assets	$ 247,167
Liabilities	$ 72,065
Net Assets	$ 175,102
Revenues	$ 852,920
Expenses	$ 1,531,358

II. Action is related to Purpose Campaigns LLC, a for profit limited liability company. The LLC is owned by a board member of Action. Action entered into a license agreement with the LLC for office space and incurred the following expenses under this agreement during the year ended December 31, 2014:

Rent	$ 27,105

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available to satisfy the following restrictions at December 31, 2014:

	December 31, 2013	Contributions	relased from restrictions	December 31, 2014
Time restricted	$ 504,896	$ -	$ (439,727)	$ 65,169

Action's temporarily restricted funds at December 31, 2013 consisted of time-restricted grant funds remaining from a private foundation's total grant of $1,500,000. The total amount of the grant was included in grants and contributions during the year ended December 31, 2012. As stated in Note 2, grants and contributions are recognized when there was an unconditional promise to give. The subsequent temporarily restricted losses in 2013 and 2014 represent Action satisfying the conditions of the grant and releasing the funds to cover program-related expenses in those years.

7. IN-KIND CONTRIBUTIONS

Action received the following in-kind services and costs for the year ended December 31, 2014.

Legal fees	$ 45,500

8. COMMITMENTS

Action rented space on a monthly basis with Foundation at their headquarters in New York City. Rent expense amounted to $27,105 for the year ended December 31, 2014.

9. SUBSEQUENT EVENTS

Action evaluated its December 31, 2014 financial statements for subsequent events through March 21, 2015, the date the financial statements were available to be issued. Action is not aware of any subsequent events which would require recognition or disclosure in the financial statements, except for the following:

On January 27, 2015, Action borrowed funds for its exempt operations from Purpose Foundation in the amount of $98,760. Action will pay back the funds to Foundation by December 31, 2016.

In the beginning of 2015, Foundation became inactive. It will continue to exist as a not-for-profit organization and all remaining assets and contributions designated for the All Out program will be settled with Action by the end of December 31, 2015. Action will continue receiving contributions restricted to educational programming through another, independent 501(c)(3) fiscal sponsor.