

**YOU HAVE THE POWER...
KNOW HOW TO USE IT, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2010 AND 2009**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
You Have the Power...Know How to Use It, Inc.

We have audited the accompanying statements of financial position of You Have the Power...Know How to Use It, Inc. (the "Organization") as of December 31, 2010 and 2009 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of You Have the Power...Know How to Use It, Inc. as of December 31, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

August 8, 2011

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

ASSETS

	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 180,170	\$ 170,003
Grants receivable	-	5,554
Other accounts receivable	1,401	283
Prepaid expenses	<u>-</u>	<u>1,025</u>
Total Current Assets	<u>181,571</u>	<u>176,865</u>
Computer equipment	8,236	8,236
Less: Accumulated depreciation	<u>(7,335)</u>	<u>(6,683)</u>
	<u>901</u>	<u>1,553</u>
INVESTMENTS	<u>30,135</u>	<u>29,519</u>
TOTAL ASSETS	<u><u>\$ 212,607</u></u>	<u><u>\$ 207,937</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accrued expenses and other liabilities	\$ 154	\$ 17
NET ASSETS		
Unrestricted	<u>212,453</u>	<u>207,920</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 212,607</u></u>	<u><u>\$ 207,937</u></u>

The accompanying notes are an integral part of these financial statements.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CHANGE IN UNRESTRICTED NET ASSETS		
Public Support		
Contributions	\$ 87,688	\$ 102,922
Grants	84,245	109,027
Special events	48,463	78,468
	<hr/>	<hr/>
Total public support	220,396	290,417
	<hr/>	<hr/>
Revenues		
Program revenue	72,813	61,530
Interest income	2,181	3,760
Miscellaneous income	754	1,473
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Total revenues	75,748	66,763
	<hr/>	<hr/>
Total unrestricted public support and revenues	296,144	357,180
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Expenses		
Program services	210,593	234,805
Supporting services	81,018	134,116
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Total expenses	291,611	368,921
	<hr/>	<hr/>
Change in unrestricted net assets	4,533	(11,741)
	<hr/>	<hr/>
Net assets, beginning of year	207,920	219,661
	<hr/>	<hr/>
Net assets, end of year	\$ 212,453	\$ 207,920
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The accompanying notes are an integral part of these financial statements.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010

	Program Services	Supporting Services			Grand Total
		Management and General	Fundraising	Total	
Salaries and related expenses	\$ 157,920	\$ 1,878	\$ 46,960	\$ 48,838	\$ 206,758
Insurance	-	3,396	-	3,396	3,396
Depreciation	541	13	98	111	652
Printing and publications	9,022	212	-	212	9,234
Postage	2,340	138	275	413	2,753
Professional services	6,063	10,923	-	10,923	16,986
Rent	17,009	1,374	2,099	3,473	20,482
Supplies	1,717	5,416	-	5,416	7,133
Taxes, licenses, and fees	-	385	-	385	385
Travel	8,121	-	-	-	8,121
Telephone	3,026	178	356	534	3,560
Miscellaneous	1,640	1,060	-	1,060	2,700
Video production	3,194	-	-	-	3,194
Event expense	-	-	6,257	6,257	6,257
Total	<u>\$ 210,593</u>	<u>\$ 24,973</u>	<u>\$ 56,045</u>	<u>\$ 81,018</u>	<u>\$ 291,611</u>

The accompanying notes are an integral part of these financial statements.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009

	Program Services	Supporting Services			Grand Total
		Management and General	Fundraising	Total	
Salaries and related expenses	\$ 158,215	\$ 2,096	\$ 49,403	\$ 51,499	\$ 209,714
Insurance	-	2,492	-	2,492	2,492
Depreciation	540	13	98	111	651
Printing and publications	12,498	844	211	1,055	13,553
Postage	3,448	306	77	383	3,831
Professional services	16,845	13,652	-	13,652	30,497
Rent	17,469	952	619	1,571	19,040
Supplies	4,481	140	84	224	4,705
Taxes, licenses, and fees	559	62	-	62	621
Travel	8,323	-	-	-	8,323
Telephone	4,154	87	87	174	4,328
Miscellaneous	2,916	515	-	515	3,431
Video production	5,357	-	-	-	5,357
Event expense	-	-	62,378	62,378	62,378
Total	<u>\$ 234,805</u>	<u>\$ 21,159</u>	<u>\$ 112,957</u>	<u>\$ 134,116</u>	<u>\$ 368,921</u>

The accompanying notes are an integral part of these financial statements.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ 4,533	\$ (11,741)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	652	651
(Increase) decrease in operating assets:		
Grants receivable	5,554	3,140
Other accounts receivable	(1,118)	15,000
Prepaid expenses	1,025	-
Increase (decrease) in operating liabilities:		
Accrued expenses and other liabilities	137	(13,312)
Total adjustments	6,250	5,479
Net cash (used) provided by operating activities	10,783	(6,262)
Cash flows from investing activities:		
Proceeds from sale of short-term investments	-	10,000
Interest reinvested in investments	(616)	(1,507)
Net cash (used) provided by investing activities	(616)	8,493
Increase in cash and cash equivalents	10,167	2,231
Cash and cash equivalents, beginning of year	170,003	167,772
Cash and cash equivalents, end of year	\$ 180,170	\$ 170,003

The accompanying notes are an integral part of these financial statements.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

You Have the Power...Know How to Use It, Inc. (the "Organization") was incorporated in 1995 as a Tennessee not-for-profit corporation to operate as a direct-support organization to receive, hold, invest, and administer assets and to make expenditures to and for the benefit of public education. The Organization educates the general public about issues related to violent crimes and victim's rights, and heightens public awareness about the resources available to them in regard to such issues. The Organization is supported primarily through donor contributions and grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of less than three months to be cash equivalents. The Organization generally maintains cash on deposit at financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

Grants Receivable

Grant funds are earned and reported as revenues of the applicable grant when the Organization has incurred expenses in compliance with the specific restrictions of the grant agreement. Expenses incurred for grant funds which have not been received are reported as grants receivable.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Computer Equipment and Depreciation

Computer equipment is stated at cost. Donated computer equipment is recorded at its estimated market value at the date of the gift. Depreciation is provided over the assets' estimated useful lives of five years using the straight-line method.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals and betterments are capitalized. When equipment is retired or sold, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in the statements of activities.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - net assets that are subject to donor imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income from these assets.

All assets were classified as unrestricted as of December 31, 2010 and 2009

Contributions that are restricted for specific programs are reflected as unrestricted revenue if the restriction is fulfilled during the same fiscal year as it is received.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services

Donated goods are recorded as in-kind contributions in the period received at their estimated fair value, if there is an objective and measurable basis for determining such value.

Donated services are recognized if they create or enhance nonfinancial assets or the donated services requires specialized skills, was performed by a donor who possess such skills, and would have been purchased by the Organization, if not donated. Such services are recognized at fair value as support and expense in the period the services were performed.

The value of donated services included in public support in the statements of activities and the corresponding expenses for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Event Expense	\$ -	\$ 36,500
Professional Services	<u>5,201</u>	<u>8,279</u>
Total	<u>\$ 5,201</u>	<u>\$ 44,779</u>

A number of unpaid volunteers have made contributions of their time to assist the Organization in various ways. The value of contributed time is not reflected in these financial statements since it is not susceptible to objective measure or valuation.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code as a charitable organization. Accordingly, no provision for income tax has been made.

Video Production

The Organization incurs significant costs to produce videos. These videos are used in forums to educate the general public and are sold at or below cost to organizations that use the videos for educational purposes. FASB (Financial Accounting Standards Board) ASC (Accounting Standards Codification) 926-20-25 requires film costs related to the production of a film to be reported as a separate asset on the Organization's statements of financial position. This asset is amortized using the individual-film-forecast-computation method, which amortizes such costs in the same ratio that current period actual revenue bears to estimated remaining unrecognized ultimate revenue as of the beginning of the year. Management has determined that the cost of complying with this requirement exceeds the benefit that would be received, and accordingly expenses production costs as incurred.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 3 - INVESTMENTS

The Organization routinely invests excess cash on hand in certificates of deposit. These certificates of deposit have original maturities ranging from six months to five years. Investments with original maturities of less than one year are classified in the statements of financial position as short-term investments. Investments with original maturities of greater than one year are classified in the statements of financial position as investments.

NOTE 4 - LEASE COMMITMENTS

The Organization leases office space and various office equipment under operating leases. Rent expense under these leases amounted to \$20,482 and \$19,040 for the years ended December 31, 2010 and 2009, respectively.

Future minimum payments by year and in the aggregate under non-cancelable leases consist of the following:

<u>Years ending December 31:</u>	
2011	\$ 18,091
2012	4,987
2013	604
2014	302
	<hr/>
	\$ 23,984
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YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 5 - CHARGE CARDS

The Organization maintains unsecured charge cards with several supply companies for office supplies and other business items. The cumulative credit available through these lines of credit as of December 31, 2010 was \$13,400. All outstanding balances are paid monthly in the normal course of operations and accordingly there was no outstanding balance at December 31, 2010.

NOTE 6 - QUESTIONED COSTS

Questioned costs are those amounts charged to a funded program that may not be in compliance with requirements set forth in contracts, statutes, and regulations governing allowability or eligibility. A questioned cost may not be reimbursed by the grantor agency or the grantor agency may require that the funds already expended be refunded to the agency. These amounts can be "questioned" by the agency for the specific grant to which they apply. The determination as to whether such costs will be allowed or disallowed under the grants will be made by the individual grantor agency at a later date. No liability is needed as of December 31, 2010 for the repayment of questioned costs as no grantor agency has made a determination of the appropriateness of any questioned costs. Management deems the possibility of a refund to be remote, as they believe that the Organization has accommodated their objective to the provisions of their grants.

NOTE 7 - MANAGERMENTS' REVIEW

The Organization's management has evaluated subsequent events through August 8, 2011, the date which the financial statements were available to be issued.