

**YOU HAVE THE POWER...
KNOW HOW TO USE IT, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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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 financial statements of You Have the Power...Know How to Use It, Inc. (the "Organization") which comprise the statements of financial position as of December 31, 2012 and 2011 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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. Management is also responsible for 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 audit 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 Organizations'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

September 27, 2013

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

ASSETS

	2012	2011
CURRENT ASSETS		
Cash	\$ 52,026	\$ 117,414
Grants receivable	2,506	-
Accounts receivable	<u>1,110</u>	<u>992</u>
Total Current Assets	<u>55,642</u>	<u>118,406</u>
COMPUTER EQUIPMENT	11,029	10,320
Less: Accumulated depreciation	<u>(8,888)</u>	<u>(8,014)</u>
Computer Equipment, net	<u>2,141</u>	<u>2,306</u>
INVESTMENTS	<u>33,621</u>	<u>31,880</u>
INTANGIBLE ASSET	2,068	-
Less: Accumulated amortization	<u>(92)</u>	<u>-</u>
Intangible Asset, net	<u>1,976</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 93,380</u></u>	<u><u>\$ 152,592</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accrued expenses and other liabilities	<u>\$ 3,114</u>	<u>\$ 32</u>
NET ASSETS		
Unrestricted	84,980	132,410
Temporarily restricted	<u>5,286</u>	<u>20,150</u>
Total Net Assets	<u>90,266</u>	<u>152,560</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 93,380</u></u>	<u><u>\$ 152,592</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 AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CHANGES IN UNRESTRICTED NET ASSETS		
Public Support		
Contributions	\$ 84,305	\$ 80,323
Grants	73,932	115,131
Special events	15,123	46,784
Net assets released from restrictions	<u>20,150</u>	<u>-</u>
Total public support	<u>193,510</u>	<u>242,238</u>
Revenues		
Program revenue	36,992	26,712
Interest income	2,023	2,405
Miscellaneous income	<u>2,072</u>	<u>1,981</u>
Total revenues	<u>41,087</u>	<u>31,098</u>
Total unrestricted public support and revenues	<u>234,597</u>	<u>273,336</u>
Functional Expenses		
Program services	220,367	206,741
Supporting services	<u>61,660</u>	<u>146,638</u>
Total functional expenses	<u>282,027</u>	<u>353,379</u>
Change in unrestricted net assets	<u>(47,430)</u>	<u>(80,043)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	5,286	20,150
Net assets released from restrictions	<u>(20,150)</u>	<u>-</u>
Change in temporarily restricted net assets	<u>(14,864)</u>	<u>20,150</u>
Change in net assets	(62,294)	(59,893)
Net assets, beginning of year	<u>152,560</u>	<u>212,453</u>
Net assets, end of year	<u><u>\$ 90,266</u></u>	<u><u>\$ 152,560</u></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, 2012

	Program Services	Supporting Services			Grand Total
		Management and General	Fundraising	Total	
Salaries and related expenses	\$ 168,771	\$ 17,357	\$ 10,437	\$ 27,794	\$ 196,565
Insurance	-	1,767	-	1,767	1,767
Amortization	-	92	-	92	92
Depreciation	726	17	131	148	874
Printing and publications	-	-	183	183	183
Postage	2,390	162	384	546	2,936
Professional services	8,132	21,387	123	21,510	29,642
Rent	17,611	1,047	2,290	3,337	20,948
Supplies	7,834	21	249	270	8,104
Taxes, licenses, and fees	339	446	2,154	2,600	2,939
Maintenance	1,763	104	207	311	2,074
Travel	4,189	105	-	105	4,294
Telephone	2,820	166	332	498	3,318
Miscellaneous	1,477	10	-	10	1,487
Advertising	500	-	-	-	500
Video production	2,465	-	-	-	2,465
Event expense	1,350	-	2,489	2,489	3,839
Total	<u>\$ 220,367</u>	<u>\$ 42,681</u>	<u>\$ 18,979</u>	<u>\$ 61,660</u>	<u>\$ 282,027</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, 2011

	Program Services	Supporting Services			Grand Total
		Management and General	Fundraising	Total	
Salaries and related expenses	\$ 127,625	\$ 2,926	\$ 92,551	\$ 95,477	\$ 223,102
Insurance	-	2,258	-	2,258	2,258
Depreciation	564	13	102	115	679
Printing and publications	3,849	45	-	45	3,894
Postage	2,254	133	265	398	2,652
Professional services	4,944	10,734	-	10,734	15,678
Rent	17,313	1,393	2,145	3,538	20,851
Supplies	2,308	2,360	-	2,360	4,668
Taxes, licenses, and fees	-	275	-	275	275
Travel	-	8,913	-	8,913	8,913
Telephone	3,337	196	393	589	3,926
Miscellaneous	4,820	2,669	-	2,669	7,489
Video production	39,727	-	-	-	39,727
Event expense	-	-	19,267	19,267	19,267
Total	<u>\$ 206,741</u>	<u>\$ 31,915</u>	<u>\$ 114,723</u>	<u>\$ 146,638</u>	<u>\$ 353,379</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, 2012 AND 2011

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ (62,294)	\$ (59,893)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	874	679
Amortization	92	-
(Increase) decrease in operating assets:		
Grants receivable	(2,506)	-
Accounts receivable	(118)	409
Increase (decrease) in operating liabilities:		
Accrued expenses and other liabilities	3,082	(122)
Total adjustments	1,424	966
Net cash used by operating activities	(60,870)	(58,927)
Cash flows from investing activities:		
Purchase of computer equipment	(709)	(2,084)
Interest reinvested in investments	(1,741)	(1,745)
Purchase of trademark	(2,068)	-
Net cash used by investing activities	(4,518)	(3,829)
Decrease in cash	(65,388)	(62,756)
Cash, beginning of year	117,414	180,170
Cash, end of year	\$ 52,026	\$ 117,414

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, 2012 AND 2011

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

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, 2012 AND 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Computer Equipment and Depreciation

The Organization capitalizes all costs in excess of \$500 for computer equipment. 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 and changes in net assets.

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 and changes in net assets 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.

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, 2012 AND 2011

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 changes in net assets and the corresponding expenses for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Event Expense	\$ -	\$ 4,784
Professional Services	<u>16,613</u>	<u>5,175</u>
	<u>\$ 16,613</u>	<u>\$ 9,959</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.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization's management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2012 no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Advertising Costs

The company expenses all advertising costs as they are incurred. The advertising expense for years ending December 31, 2012 and 2011 are \$500 and \$0, respectively.

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. There were no short-term investments at the years ended December 31, 2012 and 2011.

NOTE 4 - LEASE COMMITMENTS

The Organization leases office space and various office equipment under operating leases. Rent expense, including utilities, under these leases amounted to \$20,948 and \$20,851 for the years ended December 31, 2012 and 2011, respectively.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 4 - LEASE COMMITMENTS (CONTINUED)

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

Years ending December 31:

2013	\$ 20,371
2014	5,261
	<hr/>
	\$ 25,632

NOTE 5 - 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, 2012 or 2011 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 6 - INTANGIBLE ASSET

During 2012, the Organization created a trademark. Legal fees incurred to submit the application and related documents to the United States Trademark Office for this trademark have been capitalized. Direct expenses incurred to establish the trademark in 2012 were \$2,068, and this amount was capitalized. Amounts paid to renew or extend the trademark's life will be capitalized as incurred. Management has determined that the trademark has a finite life of 15 years and will be amortized on a straight line basis over that time period. Total accumulated amortization for the year ended December 31, 2012 is \$92.

NOTE 7 - MANAGERMENTS' REVIEW

The Organization's management has evaluated subsequent events through September 27, 2013, the date which the financial statements were available to be issued.