

**YOU HAVE THE POWER...  
KNOW HOW TO USE IT, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

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**TABLE OF CONTENTS**

	<b>PAGE</b>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4 - 5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 11

# BLANKENSHIP CPA GROUP, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## 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, 2009 and 2008 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, 2009 and 2008 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*

July 23, 2010

**YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2009 AND 2008**

**ASSETS**

	<b>2009</b>	<b>2008</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 170,003	\$ 167,772
Grants receivable	5,554	8,694
Other accounts receivable	283	15,283
Short-term investments	-	10,000
Prepaid expenses	<u>1,025</u>	<u>1,025</u>
<b>Total Current Assets</b>	<u><b>176,865</b></u>	<u><b>202,774</b></u>
Computer equipment	8,236	8,236
Less: Accumulated depreciation	<u>(6,683)</u>	<u>(6,032)</u>
	<u>1,553</u>	<u>2,204</u>
<b>INVESTMENTS</b>	<u>29,519</u>	<u>28,012</u>
<b>TOTAL ASSETS</b>	<u><u><b>\$ 207,937</b></u></u>	<u><u><b>\$ 232,990</b></u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accrued expenses and other liabilities	\$ 17	\$ 13,329
<b>NET ASSETS</b>		
Unrestricted	<u>207,920</u>	<u>219,661</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u><b>\$ 207,937</b></u></u>	<u><u><b>\$ 232,990</b></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, 2009 AND 2008**

CHANGES IN NET ASSETS:

	2009	2008
CHANGE IN UNRESTRICTED NET ASSETS		
Public Support		
Contributions	\$ 102,922	\$ 102,365
Grants	109,027	120,867
Special events	78,468	108,577
Net assets released from restrictions	<u>-</u>	<u>6,000</u>
Total public support	<u>290,417</u>	<u>337,809</u>
Revenues		
Program revenue	61,530	59,078
Interest income	3,760	5,868
Miscellaneous income	<u>1,473</u>	<u>1,826</u>
Total revenues	<u>66,763</u>	<u>66,772</u>
Total unrestricted public support and revenues	<u>357,180</u>	<u>404,581</u>
Expenses		
Program services	234,805	289,183
Supporting services	<u>134,116</u>	<u>96,597</u>
Total expenses	<u>368,921</u>	<u>385,780</u>
Change in unrestricted net assets	<u>(11,741)</u>	<u>18,801</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Net assets released from restrictions	<u>-</u>	<u>(6,000)</u>
Change in temporarily restricted net assets	<u>-</u>	<u>(6,000)</u>
Change in net assets	(11,741)	12,801
Net assets, beginning of year	<u>219,661</u>	<u>206,860</u>
Net assets, end of year	<u><u>\$ 207,920</u></u>	<u><u>\$ 219,661</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, 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.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2008**

	Program Services	Supporting Services			Grand Total
		Management and General	Fundraising	Total	
Salaries and related expenses	\$ 149,205	\$ 2,048	\$ 23,070	\$ 25,118	\$ 174,323
Insurance	-	2,504	-	2,504	2,504
Depreciation	990	24	179	203	1,193
Printing and publications	6,521	580	145	725	7,246
Postage	4,432	394	98	492	4,924
Professional services	20,278	13,267	-	13,267	33,545
Rent	14,117	770	510	1,280	15,397
Supplies	5,269	146	88	234	5,503
Taxes, licenses, and fees	-	591	-	591	591
Training	150	-	-	-	150
Travel	2,508	-	-	-	2,508
Telephone	3,768	79	79	158	3,926
Miscellaneous	1,476	621	-	621	2,097
Video production	80,469	-	-	-	80,469
Event expense	-	-	51,404	51,404	51,404
Total	<u>\$ 289,183</u>	<u>\$ 21,024</u>	<u>\$ 75,573</u>	<u>\$ 96,597</u>	<u>\$ 385,780</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, 2009 AND 2008**

	2009	2008
Cash flows from operating activities:		
Change in net assets	\$ (11,741)	\$ 12,801
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	651	1,193
(Increase) decrease in operating assets:		
Grants receivable	3,140	3,762
Other accounts receivable	15,000	(15,000)
Increase (decrease) in operating liabilities:		
Accrued expenses and liabilities	(13,312)	12,305
Total adjustments	5,479	2,260
Net cash provided (used) by operating activities	(6,262)	15,061
Cash flows from investing activities:		
Purchase of computer equipment	-	(1,818)
Proceeds from sale of short-term investments	10,000	143,847
Interest reinvested in investments	(1,507)	-
Purchase of short-term investments	-	(10,000)
Purchase of investments	-	(28,012)
Net cash provided by investing activities	8,493	104,017
Increase in cash and cash equivalents	2,231	119,078
Cash and cash equivalents, beginning of year	167,772	48,694
Cash and cash equivalents, end of year	\$ 170,003	\$ 167,772

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, 2009 AND 2008**

**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, 2009 AND 2008**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Computer Equipment

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.

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, 2009 AND 2008**

**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 statement of activities and the corresponding expenses for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Event Expense	\$ 36,500	\$ 27,315
Professional Services	<u>8,279</u>	<u>7,381</u>
Total	<u>\$ 44,779</u>	<u>\$ 34,696</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 statement 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, 2009 AND 2008**

**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 \$19,040 and \$15,397 for the years ended December 31, 2009 and 2008, respectively.

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

<u>Years ending December 31:</u>	
2010	\$ 17,914
2011	18,091
2012	4,987
2013	604
2014	302
	<hr/>
	\$ 41,898

**YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**

**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, 2009 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, 2009.

**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, 2008 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 Foundation has accommodated their objective to the provisions of their grants.

**NOTE 7 - MANAGERMENTS' REVIEW**

The Organization's management has evaluated subsequent events through July 23, 2010, the date which the financial statements were available to be issued.