

**YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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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, 2014 and 2013 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 Organization'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, 2014 and 2013 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*  
August 27, 2015

**YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 AND 2013**

**ASSETS**

	2014	2013
<b>CURRENT ASSETS</b>		
Cash	\$ 41,339	\$ 50,253
Grants receivable	1,207	4,763
Accounts receivable	2,385	2,968
Prepaid expenses	1,563	-
Inventory	784	349
Total Current Assets	<u>47,278</u>	<u>58,333</u>
<b>OFFICE EQUIPMENT</b>	26,579	26,579
Less: Accumulated depreciation	<u>(13,016)</u>	<u>(10,902)</u>
Office Equipment, net	<u>13,563</u>	<u>15,677</u>
<b>INVESTMENTS</b>	<u>19,927</u>	<u>19,861</u>
<b>INTANGIBLE ASSET</b>	2,068	2,068
Less: Accumulated amortization	<u>(368)</u>	<u>(230)</u>
Intangible Asset, net	<u>1,700</u>	<u>1,838</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 82,468</u></u>	<u><u>\$ 95,709</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and other liabilities	<u>\$ 7,239</u>	<u>\$ 2,204</u>
<b>NET ASSETS</b>		
Unrestricted	31,269	70,751
Temporarily restricted	<u>43,960</u>	<u>22,754</u>
Total Net Assets	<u>75,229</u>	<u>93,505</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 82,468</u></u>	<u><u>\$ 95,709</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, 2014 AND 2013**

	2014	2013
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
Public Support		
Contributions	\$ 49,231	\$ 97,995
Grants	49,799	82,934
Special events	160,365	85,589
Net assets released from restrictions	<u>44,000</u>	<u>7,653</u>
Total public support	<u>303,395</u>	<u>274,171</u>
Revenues		
Program revenue	22,416	8,783
Interest income	79	665
Miscellaneous income	<u>870</u>	<u>600</u>
Total revenues	<u>23,365</u>	<u>10,048</u>
Total unrestricted public support and revenues	<u>326,760</u>	<u>284,219</u>
Functional Expenses		
Program services	288,842	188,989
Supporting services	<u>77,400</u>	<u>109,459</u>
Total functional expenses	<u>366,242</u>	<u>298,448</u>
Change in unrestricted net assets	<u>(39,482)</u>	<u>(14,229)</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	65,206	25,121
Net assets released from restrictions	<u>(44,000)</u>	<u>(7,653)</u>
Change in temporarily restricted net assets	<u>21,206</u>	<u>17,468</u>
Change in net assets	(18,276)	3,239
Net assets, beginning of year	<u>93,505</u>	<u>90,266</u>
Net assets, end of year	<u><u>\$ 75,229</u></u>	<u><u>\$ 93,505</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, 2014**

		Supporting Services			
	Program Services	Management and General	Fundraising	Total	Grand Total
Salaries and related expenses	\$ 99,890	\$ 12,529	\$ 36,004	\$ 48,533	\$ 148,423
Insurance	-	1,729	-	1,729	1,729
Amortization	-	138	-	138	138
Depreciation	1,692	211	211	422	2,114
Printing and publications	4,903	214	251	465	5,368
Postage	1,131	67	386	453	1,584
Professional services	40,302	8,712	5,246	13,958	54,260
Rent	15,548	1,891	1,891	3,782	19,330
Supplies	6,557	845	645	1,490	8,047
Taxes, licenses, and fees	-	205	3,295	3,500	3,500
Maintenance	1,645	132	96	228	1,873
Travel	2,459	526	85	611	3,070
Telephone	1,747	218	218	436	2,183
Training	600	-	-	-	600
Miscellaneous	11,115	238	-	238	11,353
Advertising	402	-	-	-	402
Video production	30,437	-	-	-	30,437
Event expense	70,414	-	1,417	1,417	71,831
Total	<u>\$ 288,842</u>	<u>\$ 27,655</u>	<u>\$ 49,745</u>	<u>\$ 77,400</u>	<u>\$ 366,242</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, 2013**

		Supporting Services			
	Program Services	Management and General	Fundraising	Total	Grand Total
Salaries and related expenses	\$ 98,450	\$ 21,838	\$ 29,001	\$ 50,839	\$ 149,289
Insurance	-	1,677	-	1,677	1,677
Amortization	-	138	-	138	138
Depreciation	1,410	201	403	604	2,014
Printing and publications	4,931	40	54	94	5,025
Postage	1,361	150	677	827	2,188
Professional services	48,819	15,662	11,070	26,732	75,551
Rent	12,731	1,819	3,637	5,456	18,187
Supplies	7,984	628	1,061	1,689	9,673
Taxes, licenses, and fees	2,523	317	2,231	2,548	5,071
Maintenance	2,148	293	586	879	3,027
Travel	2,891	374	93	467	3,358
Telephone	1,512	216	432	648	2,160
Miscellaneous	1,434	70	-	70	1,504
Advertising	335	-	-	-	335
Video production	460	-	-	-	460
Event expense	2,000	-	16,791	16,791	18,791
Total	<u>\$ 188,989</u>	<u>\$ 43,423</u>	<u>\$ 66,036</u>	<u>\$ 109,459</u>	<u>\$ 298,448</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, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
Cash flows from operating activities:		
Change in net assets	<u>\$ (18,276)</u>	<u>\$ 3,239</u>
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	2,114	2,014
Amortization	138	138
Donated furniture	-	(15,550)
Donated inventory	(435)	(349)
(Increase) decrease in operating assets:		
Grants receivable	3,556	(2,257)
Accounts receivable	583	(1,860)
Prepaid expenses	(1,563)	-
Increase (decrease) in operating liabilities:		
Accrued expenses and other liabilities	<u>5,035</u>	<u>(910)</u>
Total adjustments	<u>9,428</u>	<u>(18,774)</u>
Net cash used by operating activities	<u>(8,848)</u>	<u>(15,535)</u>
Cash flows from investing activities:		
Proceeds from sale of short-term investments	-	14,125
Interest reinvested in investments	<u>(66)</u>	<u>(363)</u>
Net cash (used) provided by investing activities	<u>(66)</u>	<u>13,762</u>
Decrease in cash	(8,914)	(1,773)
Cash, beginning of year	<u>50,253</u>	<u>52,026</u>
Cash, end of year	<u><u>\$ 41,339</u></u>	<u><u>\$ 50,253</u></u>

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, 2014 AND 2013**

**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.

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.

Inventory

Inventory consists of items donated for auction at a future special event to be held by the Organization. Items are stated at fair market value.

Office Equipment and Depreciation

The Organization capitalizes all costs in excess of \$500 for office equipment. Donated office 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 or ten 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.

**YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

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.

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, 2014 and 2013 are as follows:

	<b>2014</b>	<b>2013</b>
Event Expense	\$ 42,485	\$ 9,144
Supplies	-	440
Furniture	-	15,550
Professional Services	32,975	52,250
	<u>\$ 75,460</u>	<u>\$ 77,384</u>

**YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

Donated Goods and Services (Continued)

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, 2014 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. The Organization is no longer subject to routine audits for any tax periods beginning before 2012.

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, 2014 and 2013 are \$402 and \$335, respectively.

Reclassifications

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

**YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

**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 December 31, 2014 and 2013.

**NOTE 4 - LEASE COMMITMENTS**

The Organization leases office space through an operating lease. Rent expense, including utilities, under this amounted to \$19,212 and \$18,737 for the years ended December 31, 2014 and 2013, respectively.

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

Years ending December 31:

2015	7,520
2016	8,420
2017	2,161
	<hr/>
	\$ 18,101
	<hr/>

In addition to the future minimum lease payments, the Organization must also pay a portion of operating costs associated with the property under lease. These amounts may vary.

**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, 2014 or 2013 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.

**YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

**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 December 31, 2014 and 2013 is \$368 and \$230, respectively.

**NOTE 7 - MANAGERMENTS' REVIEW**

The Organization's management has evaluated subsequent events through August 27, 2015, the date which the financial statements were available to be issued.