

**YOU HAVE THE POWER...  
KNOW HOW TO USE IT, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2008 AND 2007**

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# 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 statement of financial position of You Have the Power...Know How to Use It, Inc. (the "Organization") as of December 31, 2008 and the related statements of activities, functional expenses, and cash flows for the year 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 audit. The financial statements of You Have the Power...Know How to Use It, Inc. as of December 31, 2007 were audited by other auditors whose report dated May 29, 2008 expressed an unqualified opinion.

We conducted our audit 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 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 audit provides 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, 2008 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Blankenship CPA Group, PLLC*

May 12, 2009

**YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2008 AND 2007**

**ASSETS**

	2008	2007
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 167,772	\$ 48,694
Grants receivable	8,694	12,456
Other accounts receivable	15,283	283
Short-term investments	10,000	143,847
Prepaid expenses	<u>1,025</u>	<u>1,025</u>
Total Current Assets	<u>202,774</u>	<u>206,305</u>
Computer equipment	8,236	6,418
Less: Accumulated depreciation	<u>(6,032)</u>	<u>(4,839)</u>
	<u>2,204</u>	<u>1,579</u>
<b>INVESTMENTS</b>	<u>28,012</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 232,990</u></u>	<u><u>\$ 207,884</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accrued expenses and other liabilities	<u>\$ 13,329</u>	<u>\$ 1,024</u>
Total Current Liabilities	<u>13,329</u>	<u>1,024</u>
<b>NET ASSETS</b>		
Unrestricted	219,661	200,860
Temporarily restricted	<u>-</u>	<u>6,000</u>
Total Net Assets	<u>219,661</u>	<u>206,860</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 232,990</u></u>	<u><u>\$ 207,884</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, 2008 AND 2007**

**CHANGES IN NET ASSETS:**

	<b>2008</b>	<b>2007</b>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>		
Public Support		
Contributions	\$ 94,984	\$ 123,550
Grants	120,867	53,838
Special events	81,262	-
In-kind contributions	34,696	-
Net assets released from restrictions	6,000	75,000
Total public support	<u>337,809</u>	<u>252,388</u>
Revenue		
Program revenue	59,078	60,002
Interest income	5,868	7,637
Miscellaneous income	1,826	1,603
Total revenue	<u>66,772</u>	<u>69,242</u>
Total unrestricted public support and revenues	<u>404,581</u>	<u>321,630</u>
Expenses		
Program services	289,183	248,948
Supporting services	96,597	32,769
Total expenses	<u>385,780</u>	<u>281,717</u>
Increase in unrestricted net assets	<u>18,801</u>	<u>39,913</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	-	6,000
Net assets released from restrictions	(6,000)	(75,000)
Decrease in temporarily restricted net assets	<u>(6,000)</u>	<u>(69,000)</u>
Increase (decrease) in net assets	12,801	(29,087)
Net assets, beginning of year	<u>206,860</u>	<u>235,947</u>
Net assets, end of year	<u><u>\$ 219,661</u></u>	<u><u>\$ 206,860</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, 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
<b>Total</b>	<b>\$ 289,183</b>	<b>\$ 21,024</b>	<b>\$ 75,573</b>	<b>\$ 96,597</b>	<b>\$ 385,780</b>

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, 2007**

	Program Services	Supporting Services			Grand Total
		Management and General	Fundraising	Total	
Salaries and related expenses	\$ 129,308	\$ 1,901	\$ 15,736	\$ 17,637	\$ 146,945
Insurance	-	1,518	-	1,518	1,518
Depreciation	1,065	26	193	219	1,284
Printing and publications	11,700	212	-	212	11,912
Postage	3,261	181	181	362	3,623
Professional services	10,782	8,585	-	8,585	19,367
Rent	13,584	870	639	1,509	15,093
Supplies	5,276	101	-	101	5,377
Taxes, licenses, and fees	-	521	-	521	521
Training	500	-	-	-	500
Travel	1,720	-	-	-	1,720
Telephone	3,628	191	-	191	3,819
Miscellaneous	766	914	-	914	1,680
Video production	67,358	-	-	-	67,358
Event expense	-	-	1,000	1,000	1,000
<b>Total</b>	<b>\$ 248,948</b>	<b>\$ 15,020</b>	<b>\$ 17,749</b>	<b>\$ 32,769</b>	<b>\$ 281,717</b>

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, 2008 AND 2007**

	2008	2007
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 12,801	\$ (29,087)
Adjustments to reconcile changes in net assets to cash flows provided (used) by operating activities:		
Depreciation	1,193	1,284
(Increase) decrease in:		
Grants receivable	3,762	(12,456)
Other accounts receivable	(15,000)	317
Prepaid expenses	-	7
Increase in operating liabilities:		
Accrued expenses and liabilities	12,305	1,024
Total adjustments	2,260	(9,824)
Net cash provided (used) by operating activities	15,061	(38,911)
Cash flows from investing activities:		
Purchase of computer equipment	(1,818)	-
Proceeds from sale of short-term investments	143,847	80,745
Purchase of short-term investments	(10,000)	(143,847)
Purchase of investments	(28,012)	-
Net cash provided (used) by investing activities	104,017	(63,102)
Increase (decrease) in cash and cash equivalents	119,078	(102,013)
Cash and cash equivalents, beginning of year	48,694	150,707
Cash and cash equivalents, end of year	<u>\$ 167,772</u>	<u>\$ 48,694</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, 2008 AND 2007**

**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 Organization's financial statements are presented in accordance with Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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.

**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, 2008 AND 2007**

**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 operations.

**Contributions**

Contributions are accounted for in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, 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 as permitted by SFAS No. 116.

**YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2008 AND 2007**

**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.

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. Statement of Position 00-2, *Accounting by Producers or Distributors of Films*, 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.

**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.

**YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2008 AND 2007**

**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 - RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets in the amount of \$6,000 were restricted for the production of various educational videos at December 31, 2007. There were no temporarily restricted net assets at December 31, 2008.

**NOTE 5 - LEASE COMMITMENTS**

The Organization leases office space and various office equipment under operating leases. Rent expense under these leases amounted to \$15,397 and \$15,121 for the years ended December 31, 2008 and 2007, respectively.

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

<u>Years ending December 31:</u>	
2009	\$ 13,221
2010	<u>3,321</u>
	<u>\$ 16,542</u>

**NOTE 6 - CREDIT CARDS**

The Organization maintains unsecured credit 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, 2008 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, 2008.