

**YOU HAVE THE POWER...
KNOW HOW TO USE IT, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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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.

Report on the Financial Statements

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, 2017 and 2016 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

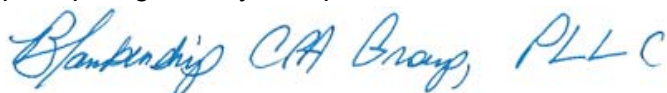
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 the Organization as of December 31, 2017 and 2016 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.



October 29, 2018

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 55,570	\$ 34,421
Grants receivable	6,220	27,415
Accounts receivable	5,121	3,741
Prepaid expenses	3,900	3,940
Inventory	750	-
	<u>71,561</u>	<u>69,517</u>
Total Current Assets		
	<u>71,561</u>	<u>69,517</u>
OFFICE EQUIPMENT	19,824	21,191
Less: Accumulated depreciation	<u>(8,960)</u>	<u>(10,166)</u>
	<u>10,864</u>	<u>11,025</u>
Office Equipment, Net		
	<u>10,864</u>	<u>11,025</u>
INVESTMENTS	<u>19,987</u>	<u>19,967</u>
INTANGIBLE ASSET	3,868	3,868
Less: Accumulated amortization	<u>(1,141)</u>	<u>(823)</u>
	<u>2,727</u>	<u>3,045</u>
Intangible Asset, Net		
	<u>2,727</u>	<u>3,045</u>
TOTAL ASSETS	<u><u>\$ 105,139</u></u>	<u><u>\$ 103,554</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and other liabilities	<u>\$ 982</u>	<u>\$ 1,397</u>
NET ASSETS		
Unrestricted	69,051	51,506
Temporarily restricted	<u>35,106</u>	<u>50,651</u>
	<u>104,157</u>	<u>102,157</u>
Total Net Assets		
	<u>104,157</u>	<u>102,157</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 105,139</u></u>	<u><u>\$ 103,554</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Public Support		
Contributions	\$ 129,274	\$ 117,486
Grants	58,592	51,484
Special events	103,389	78,415
Net assets released from restrictions	<u>15,545</u>	<u>43,762</u>
Total public support	<u>306,800</u>	<u>291,147</u>
Revenues		
Program revenue	4,537	6,709
Interest income	25	25
Miscellaneous income	<u>2,802</u>	<u>4,877</u>
Total revenues	<u>7,364</u>	<u>11,611</u>
Total unrestricted public support and revenues	<u>314,164</u>	<u>302,758</u>
Functional Expenses		
Program services	229,588	231,960
Supporting services	<u>67,031</u>	<u>64,664</u>
Total functional expenses	<u>296,619</u>	<u>296,624</u>
Change in unrestricted net assets	<u>17,545</u>	<u>6,134</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Restricted contributions	-	20,000
Restricted grants	1,297	20,942
Net assets released from restrictions	<u>(16,842)</u>	<u>(43,762)</u>
Change in temporarily restricted net assets	<u>(15,545)</u>	<u>(2,820)</u>
Change in net assets	2,000	3,314
Net assets, beginning of year	<u>102,157</u>	<u>98,843</u>
Net assets, end of year	<u><u>\$ 104,157</u></u>	<u><u>\$ 102,157</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, 2017

	Program Services	Supporting Services			Grand Total
		Management and General	Fundraising	Total	
Salaries and related expenses	\$ 139,060	\$ 17,383	\$ 17,396	\$ 34,779	\$ 173,839
Insurance	-	1,736	-	1,736	1,736
Amortization	-	318	-	318	318
Depreciation	1,650	206	206	412	2,062
Printing and publications	3,429	141	-	141	3,570
Postage	650	58	3	61	711
Professional services	29,075	7,928	3,628	11,556	40,631
Rent	20,831	2,614	2,604	5,218	26,049
Supplies	6,877	2,587	583	3,170	10,047
Taxes, licenses, and fees	106	380	2,525	2,905	3,011
Maintenance	3,187	487	1,648	2,135	5,322
Travel	351	887	85	972	1,323
Telephone	1,537	192	192	384	1,921
Training	5	-	-	-	5
Miscellaneous	1,512	790	-	790	2,302
Advertising	94	-	-	-	94
Video production	7,765	-	-	-	7,765
Event expense	13,459	-	2,454	2,454	15,913
Total	<u>\$ 229,588</u>	<u>\$ 35,707</u>	<u>\$ 31,324</u>	<u>\$ 67,031</u>	<u>\$ 296,619</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, 2016

	Program Services	Supporting Services			Grand Total
		Management and General	Fundraising	Total	
Salaries and related expenses	\$ 113,726	\$ 14,216	\$ 14,225	\$ 28,441	\$ 142,167
Insurance	-	1,639	-	1,639	1,639
Amortization	-	319	-	319	319
Depreciation	1,580	197	197	394	1,974
Printing and publications	5,850	610	47	657	6,507
Postage	612	9	151	160	772
Professional services	47,574	9,995	6,291	16,286	63,860
Rent	24,222	3,028	3,028	6,056	30,278
Supplies	5,548	866	735	1,601	7,149
Taxes, licenses, and fees	72	392	2,312	2,704	2,776
Maintenance	3,838	525	323	848	4,686
Travel	830	155	-	155	985
Telephone	1,871	234	234	468	2,339
Training	740	-	-	-	740
Miscellaneous	6,651	1,960	-	1,960	8,611
Advertising	165	-	-	-	165
Video production	227	-	-	-	227
Event expense	18,454	-	2,976	2,976	21,430
Total	<u>\$ 231,960</u>	<u>\$ 34,145</u>	<u>\$ 30,519</u>	<u>\$ 64,664</u>	<u>\$ 296,624</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,000	\$ 3,314
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,062	1,974
Amortization	318	319
(Increase) decrease in operating assets:		
Grants receivable	21,195	(25,337)
Accounts receivable	(1,380)	(791)
Prepaid expenses	40	1,773
Inventory	(750)	500
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	(415)	475
 Total adjustments	 <u>21,070</u>	 <u>(21,087)</u>
 Net cash provided (used) by operating activities	 <u>23,070</u>	 <u>(17,773)</u>
Cash flows from investing activities:		
Purchase of office equipment	(1,901)	(1,739)
Purchase of trademark	-	(1,800)
Interest reinvested in investments	(20)	(20)
 Net cash used by investing activities	 <u>(1,921)</u>	 <u>(3,559)</u>
 Increase (decrease) in cash	 21,149	 (21,332)
Cash, beginning of year	<u>34,421</u>	<u>55,753</u>
Cash, end of year	<u>\$ 55,570</u>	<u>\$ 34,421</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, 2017 AND 2016

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

Basis of 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 (GAAP).

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

Cash consists principally of checking and savings account balances with financial institutions.

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 estimated fair 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 fair value at the date of the gift. Depreciation is provided over the assets' estimated useful lives of five to 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, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 capitalized. Amounts paid to renew or extend the trademark's life are 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.

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. There were no permanently restricted nets assets at December 31, 2017 and 2016.

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 estimated fair value as support and expense in the period the services were performed.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services (Continued)

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, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Event Expense	\$ -	\$ 4,245
Professional Services	26,144	33,525
	<u>\$ 26,144</u>	<u>\$ 37,770</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, 2017 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 2014.

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. Under GAAP, film costs related to the production of a film are 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 estimate 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, 2017 AND 2016

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.

Advertising Costs

The Organization expenses all advertising costs as they are incurred. The advertising expense for years ending December 31, 2017 and 2016 are \$94 and \$165, respectively.

Reclassification

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. There were no short-term investments at December 31, 2017 and 2016.

NOTE 4 - LEASE COMMITMENTS

The Organization leases office space through an operating lease. Rent expense, including utilities, amounted to \$22,800 and \$27,096 for the years ended December 31, 2017 and 2016, respectively.

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

Years ending December 31:

2018	\$ 22,800
2019	<u>23,400</u>
	<u><u>\$ 46,200</u></u>

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.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017 and 2016 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 - RECENT ACCOUNTING PRONOUNCEMENTS

In August 2016, the FASB issued new accounting guidance that amends the requirements for financial statements and notes of a not-for-profit entity. The new guidance is effective for periods beginning after December 15, 2017, on a retrospective basis, with early adoption permitted. This new accounting guidance will result in changes to financial statement presentation and additional disclosures and the Organization is still evaluating its impact.

In February 2016, the FASB issued new accounting guidance to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new accounting guidance is effective for nonpublic entities for annual reporting periods beginning after December 15, 2019. The Organization is currently evaluating the effect of this pronouncement on its policies, procedures, and financial statements.

In May 2014, the FASB issued new accounting guidance to clarify the principles for recognizing revenue from contracts with customers. The new accounting guidance, which does not apply to financial instruments, is effective retrospectively for nonpublic entities for annual reporting periods beginning after December 15, 2018. The Organization is in the process of evaluating the impact of the provisions of this new accounting guidance but does not expect it to have a material impact on its financial position or results of operations.

NOTE 7 - MANAGERMENTS' REVIEW

The Organization's management has evaluated subsequent events through October 29, 2018, the date the financial statements were available to be issued.