

**Q1  
2014**



# **Community Empowerment Network**

*Empowering Communities to Help Themselves*

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Community Empowerment Network is an organization dedicated to breaking the cycle of poverty and dependency of many poor communities by helping them acquire and apply the basic skills, habits and mindsets necessary to be self-reliant in the modern economy.

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**Condensed Statements of Activities (Unaudited)**

	Three-Months Ended	
	Mar 31, 2014	Mar 31, 2013
<b>Revenues</b>		
Contributions	28,747	30,859
Product Sales	-	97
Other Sales	-	3998
<b>Total of Revenues</b>	<b>28,747</b>	<b>34,954</b>
Cost of Goods Sold	-	47
<b>Gross Profit</b>	<b>28,747</b>	<b>34,906</b>
<b>Expenses</b>		
Administrative	5,677	7,334
Fundraising	3,520	6,872
Programs	3,321	18,393
<b>Total Expenses</b>	<b>12,519</b>	<b>32,599</b>
<b>Change in Assets</b>	<b>16,227</b>	<b>2,307</b>
Unrestricted Net Assets, Beg.	(35,750)	(32,872)
<b>Unrestricted Net Assets, End</b>	<b>(19,523)</b>	<b>(30,564)</b>

**Condensed Statements of Financial Position (Unaudited)**

	Three-Months Ended	
	Mar 31, 2014	Mar 31, 2013
<b>Assets</b>		
<b>Current Assets</b>		
Cash	1,444	3,431
<b>Other Current Assets</b>		
Accounts Receivable	-	-
Inventory Assets	1,804	1,836
Undeposited Funds	-	-
<b>Total Other Current Assets</b>	<u>1,804</u>	<u>1,836</u>
<b>Total Current Assets</b>	<u>3,247</u>	<u>5,267</u>
<b>Total Assets</b>	<u><u>3,247</u></u>	<u><u>5,267</u></u>
<b>Liabilities &amp; Equity</b>		
<b>Liabilities</b>		
Current Liabilities		
Advances Received	-	-
Total Current Liabilities	-	-
<b>Liabilities</b>		
<b>Long-term Liabilities</b>		
Loan Payable, Long-Term - R. Bortner	21,718	27,573
Prof. Fees Payable - R. Bortner	1,053	8,258
<b>Total Long-term Liabilities</b>	<u>22,770</u>	<u>35,831</u>
<b>Total Liabilities</b>	<u>22,770</u>	<u>35,831</u>
<b>Net Assets - Unrestricted</b>	<u>(19,523)</u>	<u>(30,564)</u>
<b>Total Liabilities &amp; Equity</b>	<u><u>3,247</u></u>	<u><u>5,267</u></u>

**Condensed Statements of Cash Flows (Unaudited)**

	Three-Months Ended	
	Mar 31, 2014	Mar 31, 2013
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	16,227	2,307
<b>Change in Operating Assets/Liabilities</b>		
Accounts Receivable	-	240
Inventories	-	(885)
Advances Received	-	(800)
<b>Total Change in Operating Assets/Liabilities</b>	<u>-</u>	<u>(1,445)</u>
<b>Net Cash Provided by Operating Activities</b>	<b>16,227</b>	<b>862</b>
 <b>Cash Flows from Financing Activities</b>		
Loans Payable	<u>(16,277)</u>	<u>1,211</u>
<b>Net Cash Provided by Financing Activities</b>	<b>(16,277)</b>	<b>1,211</b>
 <b>Net Increase (Decrease) in Cash</b>	<b>(50)</b>	<b>2,074</b>
 Cash Balance, Beg.	1,494	1,357
 <b>Cash Balance, End.</b>	<b><u>1,444</u></b>	<b><u>3,431</u></b>

**Income by Sub-Class**  
**Quarter Ended Mar 31, 2014**

	Administrative		Fundraising			Programs			Unclassified	TOTAL	
	Marketing	Administrative Other	General Donations	Total Online	Fundraising Other	Banco da Mulher	Total CBT	Couro Ecologico			Suruacá School Electrification
<b>4000 - Contributed Support</b>											
4010 - Individual Contributions	-	-	-	-	-	-	435	-	-	-	435
4020 - Corporate Contributions	-	-	117	154	-	-	8	-	-	-	279
4100 - Board Donations											
4110 - Board - In-Kind Non-Labor	-	-	-	-	-	-	-	-	-	17,740	17,740
4115 - Board - In-Kind Labor	-	1,672	-	-	1,147	-	-	-	-	-	2,819
4100 - Board Donations - Other	-	-	-	-	-	-	40	-	-	-	40
<b>Total 4100 - Board Donations</b>		1,672	-	-	1,147	-	40	-	-	17,740	20,599
<b>4150 - Donations In-Kind</b>											
4154 - Donations In-Kind Labor	-	3,818	-	-	2,171	218	588	632	7	-	7,434
<b>Total 4150 - Donations In-Kind</b>		3,818	-	-	2,171	218	588	632	7	-	7,434
<b>Total 4000 - Contributed Support</b>	-	5,490	117	154	3,318	218	1,071	632	7	17,740	28,747
<b>Net Income</b>	-	5,490	117	154	3,318	218	1,071	632	7	17,740	28,747
<b>% Total</b>	0%	19%	0%	1%	12%	1%	4%	2%	0%	62%	

**Expenses by Sub-Class**  
**Quarter Ended Mar 31, 2014**

	<b>Administrative</b>		<b>Fundraising</b>				<b>Programs</b>				<b>Total</b>
	Administrative - Other	Marketing	Annual/EOY Campaign	Fundraising - Other	Grants	Planned Giving	C Clear	Jua Project	Suruacá	Tourism	
<b>7500 · General &amp; Administrative</b>											
7540 · Professional fees - other	5,489	-	-	3,318	-	-	850	392	7	196	10,252
7560 · Professional fees - Officers	-	-	-	-	-	-	227	114	-	712	1,053
<b>Total 7500 · General &amp; Administrative</b>	<b>5,489</b>	<b>-</b>	<b>-</b>	<b>3,318</b>	<b>-</b>	<b>-</b>	<b>1,076</b>	<b>507</b>	<b>7</b>	<b>908</b>	<b>11,305</b>
<b>8100 · Non-personnel expenses</b>											
8110 · Supplies	23	-	-	-	-	-	-	-	-	-	23
8115 · Computer Expense	66	-	-	-	-	-	-	-	-	-	66
8130 · Telephone & telecommunications	88	-	-	1	-	-	-	5	-	-	93
8140 · Postage, shipping, delivery	2	-	-	-	18	-	-	-	-	-	20
8170 · Printing & copying	9	-	-	1	-	-	-	-	-	-	10
8180 · Books, subscriptions, reference	-	-	-	18	-	-	-	-	-	-	18
<b>Total 8100 · Non-personnel expenses</b>	<b>188</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>231</b>
<b>8300 · Travel, Entertainment, Meetings</b>											
8370 · Ground Transport - Local	-	-	-	-	-	-	-	-	-	19	19
<b>Total 8300 · Travel, Entertainment, Meetings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>19</b>
<b>8500 · Misc expenses</b>											
8505 · Bank Fees	-	-	62	-	-	2	-	-	-	-	64
8520 · Insurance - non-employee	-	-	-	-	-	-	-	800	-	-	800
<b>Total 8500 · Misc expenses</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>800</b>	<b>-</b>	<b>-</b>	<b>864</b>
<b>8600 · Business expenses</b>											
8650 · Business License & Fees	-	-	-	100	-	-	-	-	-	-	100
<b>Total 8600 · Business expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>
<b>Total Expenses and Cost of Goods Sold</b>	<b>5,677</b>	<b>-</b>	<b>62</b>	<b>3,438</b>	<b>18</b>	<b>2</b>	<b>1,076</b>	<b>1,311</b>	<b>7</b>	<b>927</b>	<b>12,519</b>
<b>% Total</b>	<b>45%</b>	<b>0%</b>	<b>0%</b>	<b>27%</b>	<b>0%</b>	<b>0%</b>	<b>9%</b>	<b>10%</b>	<b>0%</b>	<b>7%</b>	

**Notes to Consolidated Financial Statements (Unaudited)  
For the Quarter Ended Mar 31, 2014**

**1. Organization**

The Community Empowerment Network (“CEN”) is a US-based non-profit which empowers rural communities in developing countries by helping residents build basic life skills, habits and mind-sets to become more self-reliant, and then collaborating closely with residents, their leaders, government and other partners to offer a range of business development services and break down structural barriers so residents can build sustainable livelihoods and improve their quality of life. These efforts break the cycle of poverty, and foster long-term, sustainable development.

CEN is headquartered near Bellingham, Washington. The organization is funded through grants, fund-raising events, and Board donations, as well as by advances in the forms of notes payable to its founder and executive director, Robert Bortner.

CEN’s efforts have been focused primarily on the Brazilian Amazon.

**2. Summary of Significant Accounting Policies**

**a. Basis of Financial Presentation**

CEN’s financial statements have been prepared on the accrual basis of accounting. Contributions are recognized as revenues in the period in which they are committed and the board believes that receipt is more likely than not to occur.

**b. Cash**

Cash consists substantially of U.S.-denominated demand deposits. The organization periodically carries Brazilian Real for which balances are *de minimus*.

**c. Inventories**

Inventory consists of items available for sale on the CENSHOP online store. Inventory is reported at cost, with no impairments deemed appropriate by the board.

**d. Property and Equipment**

Property and equipment are recorded at cost and are depreciated on a straight-line basis over estimated useful lives of the assets.

**e. Notes Payable**

Notes payable relate to expenses and services rendered by CEN’s executive director for which cash payment has not yet been made. Amounts payable are classified in full as non-current due to uncertainty as to the timing of payments.

The note executed with the executive director is non-interest-bearing. Its balance has not been discounted to present value, nor accreted thereafter, due to uncertainty regarding its repayment schedule.

**f. Contributed Services**

Services contributed by volunteers are recognized at fair value as non-monetary, in-kind donations and expenses if such services require particular skills needed by the organization, and if such skills would need to be purchased if not donated. CEN applies values for contributed hours from sources deemed by management to represent not-for-profit rates of pay for positions of similar responsibility.

Donations of in-kind services totaled \$10,252 for Q1 of 2014, or 36% of the total revenues for the quarter. 27% of all expenses including in-kind services were spent on programs, 45% on administration, and 28% on fundraising. Excluding in-kind services though, 83% of expenses were spent on programs, 8% on administration, and 9% on fundraising in Q1. We feel this is a much more appropriate measure of success using our donor support responsibly because it more accurately reflects the value of the expenses to which monetary donations are spent.

**g. Tax-exempt Status**

CEN is exempt from federal income taxes under Internal Revenue Code section 501(c)(3).

**h. Presentation of Expenses**

Administrative expenses relate to costs incurred in the operation of the organization and in the effort of obtaining grants and other funding.

Program expenses relate to discrete projects. A program is a unique service with specific resources that is executed by a team and for which direct financial support is sought. A program is deemed to commence when a budget, team-based organization, and work breakdown structure have been created and the Board of Directors has approved its execution. Costs are allocated between programs and administration based on management's judgment.

**3. Related Parties**

CEN's principal liability is to its founder and executive director, Robert Bortner, from whom contributions are also received from time to time. For additional information, see note 2(e) above.