

**Q1
2015**



Community Empowerment Network
Empowering Communities to Help Themselves

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)
January through March 2015 - Accrual Basis

	<u>Jan - Mar 15</u>	<u>Jan - Mar 14</u>
Ordinary Income/Expense		
Income		
4000 · Contributed Support	392.07	21,312.59
4150 · Donations In-Kind	610.12	7,434.08
4700 · Product Sales	89.00	
Total Income	<u>1,091.19</u>	<u>28,746.67</u>
Cost of Goods Sold		
5010 · Cost of Goods Sold	22.12	
Total COGS	<u>22.12</u>	
Gross Profit	1,069.07	28,746.67
Expense		
7500 · General & Administrative	1,536.31	11,304.93
8100 · Non-personnel expenses	310.21	230.98
8300 · Travel, Entertainment, Meetings	1,302.30	19.49
8500 · Misc expenses		864.02
8600 · Business expenses	75.00	100.00
Total Expense	<u>3,223.82</u>	<u>12,519.42</u>
Net Ordinary Income	<u>-2,154.75</u>	<u>16,227.25</u>
Net Income	<u>-2,154.75</u>	<u>16,227.25</u>

Condensed Statements of Financial Position (Unaudited)
As of March 31, 2015 - Accrual Basis

	<u>Mar 31, 15</u>	<u>Mar 31, 14</u>
ASSETS		
Current Assets		
Checking/Savings		
1010 · KeyBank Checking	963.04	1,337.28
1015 · KeyBank Checking - Brazil	29.93	29.93
1025 · Paypal	0.00	76.48
Total Checking/Savings	<u>992.97</u>	<u>1,443.69</u>
Other Current Assets		
1090 · Undeposited Funds	74.00	0.00
1200 · Inventory Asset	1,716.85	1,803.61
Total Other Current Assets	<u>1,790.85</u>	<u>1,803.61</u>
Total Current Assets	2,783.82	3,247.30
Fixed Assets		
1500 · Fixed Assets	0.00	0.00
Total Fixed Assets	<u>0.00</u>	<u>0.00</u>
TOTAL ASSETS	<u>2,783.82</u>	<u>3,247.30</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2010 · Accounts Payable	0.00	-455.76
Total Accounts Payable	<u>0.00</u>	<u>-455.76</u>
Total Current Liabilities	0.00	-455.76
Long Term Liabilities		
2500 · Loan Payable - LT	1,458.76	21,717.06
2550 · Professional Fees Pbl - LT	1,483.24	1,052.60
Total Long Term Liabilities	<u>2,942.00</u>	<u>22,769.66</u>
Total Liabilities	2,942.00	22,313.90
Equity		
3010 · Unrestricted Net Assets	1,996.57	-35,293.85
Net Income	-2,154.75	16,227.25
Total Equity	<u>-158.18</u>	<u>-19,066.60</u>
TOTAL LIABILITIES & EQUITY	<u>2,783.82</u>	<u>3,247.30</u>

Condensed Statements of Cash Flows (Unaudited)
January through March 2015

	<u>Jan - Mar 15</u>
OPERATING ACTIVITIES	
Net Income	-2,154.75
Adjustments to reconcile Net Income to net cash provided by operations:	
1110 - Accounts Receivable	327.00
1200 - Inventory Asset	<u>22.12</u>
Net cash used by Operating Activities	<u>-1,805.63</u>
FINANCING ACTIVITIES	
2505 - Bortner Loan - LT	1,422.51
2255 - Bortner Prof Fees - LT	<u>926.19</u>
Net cash provided by Financing Activities	<u><u>2,348.70</u></u>
Net cash increase for period	543.07
Cash at beginning of period	<u>523.90</u>
Cash at end of period	<u><u>1,066.97</u></u>

Statement of Functional Revenue and Expenses
January through March 2015 - Accrual Basis

	Admin	Fundraising					Programs							TOTAL	
	Total Administrative	Business Development	General Donations	Total Online	Fundraising - Other	Total Fundraising	Banco da Mulher	Entrepreneurship Project	Rural Family Home	Community Based Tourism	Couro Ecologico	Suruacá School Electrification	Programs - Other		Total Programs
Income															
4000 - Contributed Support															
4020 - Corporate Contributions	0.00	0.00	54.27	87.80	0.00	142.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	142.07
4100 - Board Donations															
4115 - Board - In-Kind Labor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4100 - Board Donations - Other	250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total 4100 - Board Donations	250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total 4000 - Contributed Support	250.00	0.00	54.27	87.80	0.00	142.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4150 - Donations In-Kind															
4154 - Donations In-Kind Labor	610.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total 4150 - Donations In-Kind	610.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4700 - Product Sales															
4750 - Product Sales - Program Related	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	74.00	0.00	0.00	74.00	
4700 - Product Sales - Other	0.00	0.00	0.00	0.00	15.00	15.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total 4700 - Product Sales	0.00	0.00	0.00	0.00	15.00	15.00	0.00	0.00	0.00	0.00	74.00	0.00	0.00	74.00	
Total Income	860.12	0.00	54.27	87.80	15.00	157.07	0.00	0.00	0.00	0.00	74.00	0.00	0.00	74.00	
5010 - Cost of Goods Sold	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.12	0.00	0.00	22.12	
Total Cost of Goods Sold	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.12	0.00	0.00	22.12	
	860.12	0.00	54.27	87.80	15.00	157.07	0.00	0.00	0.00	0.00	51.88	0.00	0.00	51.88	
Total Income	860.12	0.00	54.27	87.80	15.00	157.07	0.00	0.00	0.00	0.00	51.88	0.00	0.00	51.88	
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Total Income	860.12	0.00</													

**Notes to Consolidated Financial Statements (Unaudited)
For January through March 2015**

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 and during special events. 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

CEN receives donations from many volunteers for services necessary to meet our objectives. The services have been recognized at fair value of in-kind donations and expenses calculated by management based on similar not-for-profit rates of pay for positions of similar responsibilities.

In most cases, the value of income from in-kind labor was directly counter-balanced by an equivalent expense. The value of in-kind donation of labor often represented well over 75% of all revenue for a given quarter, obfuscating proper analysis of how monetary donations are spent.

In order to facilitate the analysis of how monetary donations are spent, beginning Q1 2015, we no longer will be recognizing in-kind labor in the books, with the exception of professional services, such as bookkeeping and legal assistance, that if not received, would need to be purchased. This change results in a significant decline in the apparent revenue compared to the equivalent period a year ago. If one subtracts the value of in-kind labor from the equivalent period last year, a more direct analysis can be made.

The value of in-kind services from all volunteers and board members totaled \$12,719 for Q1 2015. The value of only in-kind *professional* services totaled \$610.12 for Q1 2015.

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.