

**Q1
2016**



Community Empowerment Network

Empowering Communities to Help Themselves

Community Empowerment Network empowers rural communities in the Brazilian Amazon to become more self-reliant by:

- Helping residents understand that they can solve their own problems
- Strengthening the skills and resources they need to lead their communities and build sustainable livelihoods
- Partnering with a wide range of organizations to remove obstacles, such as lack of energy or limited access to capital and markets, that could otherwise prevent their success

As result, communities and their residents are able to break the cycle of poverty and foster long-term, sustainable development.

Contents

[Statement of Financial Condition \(Unaudited\)](#)

[Condensed Statements of Activities \(Unaudited\)](#)

[Condensed Statements of Cash Flows \(Unaudited\)](#)

[Statement of Functional Revenue and Expenses \(Unaudited\)](#)

[Notes to Consolidated Financial Statements](#)

Condensed Statements of Activities (Unaudited)
January through March 2016 - Accrual Basis

	<u>Jan - Mar 16</u>	<u>Jan - Mar 15</u>
Ordinary Income/Expense		
Income		
4000 · Contributed Support	157.84	392.07
4150 · Donations In-Kind	413.60	610.12
4700 · Product Sales	137.50	89.00
Total Income	<u>708.94</u>	<u>1,091.19</u>
Cost of Goods Sold		
5010 · Cost of Goods Sold	69.87	22.12
Total COGS	<u>69.87</u>	<u>22.12</u>
Gross Profit	639.07	1,069.07
Expense		
7500 · General & Administrative	1,218.80	1,536.31
8100 · Non-personnel expenses	528.62	310.21
8300 · Travel, Entertainment, Meetings		1,302.30
8500 · Misc expenses	12.81	
8600 · Business expenses		75.00
Total Expense	<u>1,760.23</u>	<u>3,223.82</u>
Net Ordinary Income	<u>-1,121.16</u>	<u>-2,154.75</u>
Income	<u>-1,121.16</u>	<u>-2,154.75</u>

Statement of Financial Position (Unaudited)
As of March 31, 2016 – Accrual Basis

	<u>Mar 31, 16</u>	<u>Mar 31, 15</u>
ASSETS		
Current Assets		
Checking/Savings		
1010 · KeyBank Checking	471.30	963.04
1015 · KeyBank Checking - Brazil	29.93	29.93
Total Checking/Savings	<u>501.23</u>	<u>992.97</u>
Other Current Assets		
1090 · Undeposited Funds	0.00	74.00
1200 · Inventory Asset	1,457.80	1,716.85
Total Other Current Assets	<u>1,457.80</u>	<u>1,790.85</u>
Total Current Assets	1,959.03	2,783.82
Fixed Assets		
1500 · Fixed Assets	0.00	0.00
Total Fixed Assets	<u>0.00</u>	<u>0.00</u>
TOTAL ASSETS	<u>1,959.03</u>	<u>2,783.82</u>
LIABILITIES & EQUITY		
Liabilities		
Long Term Liabilities		
2500 · Loan Payable - LT	4,642.83	1,458.76
2550 · Professional Fees Pbl - LT	730.20	1,483.24
Total Long Term Liabilities	<u>5,373.03</u>	<u>2,942.00</u>
Total Liabilities	5,373.03	2,942.00
Equity		
3010 · Unrestricted Net Assets	-2,292.84	1,996.57
Net Income	-1,121.16	-2,154.75
Total Equity	<u>-3,414.00</u>	<u>-158.18</u>
TOTAL LIABILITIES & EQUITY	<u>1,959.03</u>	<u>2,783.82</u>

Condensed Statements of Cash Flows (Unaudited)
January through March 2016

	<u>Jan - Mar 16</u>
OPERATING ACTIVITIES	
Net Income	-1,121.16
Adjustments to reconcile Net Income to net cash provided by operations:	
1200 · Inventory Asset	69.87
Net cash used by Operating Activities	<u>-1,051.29</u>
FINANCING ACTIVITIES	
2505 · Bortner Loan - LT	309.02
2255 · Bortner Prof Fees - LT	730.20
Net cash provided by Financing Activities	<u>1,039.22</u>
 Net cash decrease for period	 -12.07
 Cash at beginning of period	 <u>513.30</u>
Cash at end of period	<u>501.23</u>

Statement of Functional Revenue and Expenses
January through March 2016 - Accrual Basis

	Administrative	Fundraising				Programs						TOTAL
	Total Administrative	Corporate Sponsorships	General Donations	Fundraising - Other	Total Fundraising	Banco da Mulher	Rural Family Home	CBT - Other	Community based Tourism	Couro Ecologico	Total Programs	
Ordinary Income/Expense												
Income												
4000 - Contributed Support												
4010 - Individual Contributions	0.00	48.84	35.00	73.99	157.83	0.00	0.00	0.00	0.00	0.00	0.00	157.83
4490 - Fundraising Income Other	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Total 4000 - Contributed Support	0.00	48.84	35.00	74.00	157.84	0.00	0.00	0.00	0.00	0.00	0.00	157.84
4150 - Donations In-Kind												
4154 - Donations In-Kind Labor	413.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	413.60
Total 4150 - Donations In-Kind	413.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	413.60
4700 - Product Sales												
4750 - Product Sales - Program Relate	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
4760 - Product Sales Non-Progr Relate	0.00	0.00	0.00	51.79	51.79	0.00	0.00	0.00	0.00	0.00	0.00	51.79
4770 - Sales Discount	0.00	0.00	0.00	-14.29	-14.29	0.00	0.00	0.00	0.00	0.00	0.00	-14.29
Total 4700 - Product Sales	0.00	0.00	0.00	137.50	137.50	0.00	0.00	0.00	0.00	0.00	0.00	137.50
Total Income	413.60	48.84	35.00	211.50	295.34	0.00	0.00	0.00	0.00	0.00	0.00	708.94
Cost of Goods Sold												
5010 - Cost of Goods Sold	0.00	0.00	0.00	69.87	69.87	0.00	0.00	0.00	0.00	0.00	0.00	69.87
Total COGS	0.00	0.00	0.00	69.87	69.87	0.00	0.00	0.00	0.00	0.00	0.00	69.87
Gross Profit	413.60	48.84	35.00	141.63	225.47	0.00	0.00	0.00	0.00	0.00	0.00	639.07
Expense												
7500 - General & Administrative	413.60	0.00	0.00	75.00	75.00	66.00	222.11	4.54	226.65	437.55	730.20	1,218.80
8100 - Non-personnel expenses	106.43	0.00	0.00	0.00	0.00	0.00	6.51	0.00	6.51	52.91	59.42	528.62
8500 - Misc expenses	5.00	0.00	1.07	6.34	7.41	0.00	0.00	0.00	0.00	0.40	0.40	12.81
Total Expense	525.03	0.00	1.07	81.34	82.41	66.00	228.62	4.54	233.16	490.86	790.02	1,760.23
<i>Share of Total Expenses</i>	<i>29.8%</i>	<i>0.0%</i>	<i>0.1%</i>	<i>4.6%</i>	<i>4.7%</i>	<i>3.7%</i>	<i>13.0%</i>	<i>0.3%</i>	<i>13.2%</i>	<i>27.9%</i>	<i>44.9%</i>	<i>100.0%</i>
Net Ordinary Income	-111.43	48.84	33.93	60.29	143.06	-66.00	-228.62	-4.54	-233.16	-490.86	-790.02	-1,121.16
Net Income	-111.43	48.84	33.93	60.29	143.06	-66.00	-228.62	-4.54	-233.16	-490.86	-790.02	-1,121.16

Notes to Consolidated Financial Statements (Unaudited)
For the Quarter Ended January 31, 2016

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 in Ferndale, 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 Reais 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. 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.

e. 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-kind services from all volunteers and board members totaled 531.17 hours valued at \$ 13,912.46 for Q1 2016. The value of only in-kind *professional* services totaled \$413.60 for Q1 2016.

f. Tax-exempt Status

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

g. 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.