

**Q2
2015**



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.

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Condensed Statements of Activities (Unaudited)
April through June 2015 - Accrual Basis

	<u>Apr - Jun 2015</u>	<u>Apr - Jun 2014</u>
Ordinary Income/Expense		
Income		
4000 · Contributed Support	2,455.82	27,072.11
4150 · Donations In-Kind	326.85	11,676.48
4299 · Non-Governmental Org.Grants	352.35	
4700 · Product Sales	54.00	
Total Income	<u>3,189.02</u>	<u>38,748.59</u>
Cost of Goods Sold		
5010 · Cost of Goods Sold	22.84	0.63
Total COGS	<u>22.84</u>	<u>0.63</u>
Gross Profit	3,166.18	38,747.96
Expense		
7500 · General & Administrative	1,636.54	15,780.55
8100 · Non-personnel expenses	192.43	254.59
8200 · Occupancy expenses	12.44	
8300 · Travel, Entertainment, Meetings	1,087.55	53.35
8500 · Misc expenses	14.33	55.32
8600 · Business expenses		85.00
Total Expense	<u>2,943.29</u>	<u>16,228.81</u>
Net Ordinary Income	<u>222.89</u>	<u>22,519.15</u>
Net Income	<u>222.89</u>	<u>22,519.15</u>

Statement of Financial Position (Unaudited)
As of June 30, 2015 – Accrual Basis

	<u>Jun 30, 2015</u>	<u>Jun 30, 2014</u>
ASSETS		
Current Assets		
Checking/Savings		
1010 · KeyBank Checking	260.82	4,182.11
1015 · KeyBank Checking - Brazil	29.93	29.93
1025 · Paypal	0.00	18.82
Total Checking/Savings	<u>290.75</u>	<u>4,230.86</u>
Other Current Assets		
1200 · Inventory Asset	1,689.09	1,802.98
Total Other Current Assets	<u>1,689.09</u>	<u>1,802.98</u>
Total Current Assets	1,979.84	6,033.84
Fixed Assets		
1500 · Fixed Assets	0.00	0.00
Total Fixed Assets	<u>0.00</u>	<u>0.00</u>
TOTAL ASSETS	<u>1,979.84</u>	<u>6,033.84</u>
LIABILITIES & EQUITY		
Liabilities		
Long Term Liabilities		
2500 · Loan Payable - LT	905.26	721.75
2550 · Professional Fees Pbl - LT	1,009.87	1,859.54
Total Long Term Liabilities	<u>1,915.13</u>	<u>2,581.29</u>
Total Liabilities	1,915.13	2,581.29
Equity		
3010 · Unrestricted Net Assets	1,996.57	-35,293.85
Net Income	-1,931.86	38,746.40
Total Equity	<u>64.71</u>	<u>3,452.55</u>
TOTAL LIABILITIES & EQUITY	<u>1,979.84</u>	<u>6,033.84</u>

Condensed Statements of Cash Flows (Unaudited)
April through June 2015

	<u>Apr - Jun 2015</u>
OPERATING ACTIVITIES	
Net Income	222.89
Adjustments to reconcile Net Income to net cash provided by operations:	
1200 · Inventory Asset	27.76
Net cash provided by Operating Activities	<u>250.65</u>
FINANCING ACTIVITIES	
2505 · Bortner Loan - LT	-553.50
2255 · Bortner Prof Fees - LT	-473.37
Net cash used by Financing Activities	<u>-1,026.87</u>
 Net cash decrease for period	 -776.22
 Cash at beginning of period	 <u>1,066.97</u>
Cash at end of period	<u>290.75</u>

Statement of Functional Revenue and Expenses
April through June 2015 - Accrual Basis

	Administrative	Fundraising							Programs							
	Total Administrative	Business Development	Events	General Donations	Grants	Online	Fundraising - Other	Total Fundraising	Banco da Mulher	Entrepreneurship Project	C Clear	Community-based Tourism	Couro Ecologico	Suruacá School Electrification	Total Programs	TOTAL
Ordinary Income/Expense																
Income																
4000 - Contributed Support																
4010 - Individual Contributions	0.00	0.00	14.00	0.00	0.00	0.00	0.00	14.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.00
4020 - Corporate Contributions	0.00	0.00	0.00	215.36	0.00	77.04	0.00	292.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	292.40
4100 - Board Donations	0.00	0.00	2,149.42	0.00	0.00	0.00	0.00	2,149.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,149.42
Total 4000 - Contributed Support	0.00	0.00	2,163.42	215.36	0.00	77.04	0.00	2,455.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,455.82
4150 - Donations In-Kind																
4154 - Donations In-Kind Labor	326.85	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	326.85
4299 - Non-Governmental Org.Grants	0.00	0.00	0.00	0.00	352.35	0.00	0.00	352.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	352.35
4700 - Product Sales	0.00	0.00	0.00	0.00	0.00	0.00	-28.00	-28.00	0.00	0.00	0.00	0.00	82.00	0.00	82.00	54.00
Total Income	326.85	0.00	2,163.42	215.36	352.35	77.04	-28.00	2,780.17	0.00	0.00	0.00	0.00	82.00	0.00	82.00	3,189.02
Cost of Goods Sold	0.00	0.00	0.00	0.00	0.00	0.00	-3.02	-3.02	0.00	0.00	0.00	0.00	25.86	0.00	25.86	22.84
Gross Profit	326.85	0.00	2,163.42	215.36	352.35	77.04	-24.98	2,783.19	0.00	0.00	0.00	0.00	56.14	0.00	56.14	3,166.18
Expense																
7500 - General & Administrative																
7510 - Fundraising Expenses	0.00	17.17	0.00	0.00	0.00	0.00	25.00	42.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42.17
7540 - Professional fees - Volunteer	326.85	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	326.85
7560 - Professional fees - Officers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,130.04	0.00	4.49	62.66	57.37	12.96	1,267.52	1,267.52
Total 7500 - General & Administrative	326.85	17.17	0.00	0.00	0.00	0.00	25.00	42.17	1,130.04	0.00	4.49	62.66	57.37	12.96	1,267.52	1,636.54
8100 - Non-personnel expenses																
8110 - Supplies	0.00	0.00	0.00	0.00	0.00	16.21	0.00	16.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.21
8115 - Computer & Software Expense	135.45	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	135.45
8130 - Telephone & telecommunications	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.89	9.24	9.24	0.00	0.00	0.00	11.13	11.13
8135 - Advertising Expense	0.00	0.00	5.94	0.00	0.00	10.00	0.00	15.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.94
8140 - Postage, shipping, delivery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.54	0.00	5.54	5.54
8170 - Printing & copying	0.00	0.30	0.00	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.30
8180 - Books, subscriptions, reference	7.86	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	7.86
Total 8100 - Non-personnel expenses	143.31	0.30	5.94	0.00	0.00	26.21	0.00	32.45	1.89	9.24	9.24	0.00	5.54	0.00	16.67	192.43
8200 - Occupancy expenses	9.50	0.00	0.00	0.00	0.00	0.00	2.94	2.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.44
8300 - Travel, Entertainment, Meetings																
8310 - Travel	0.00	27.22	0.00	0.00	0.00	0.00	0.00	27.22	11.67	0.00	0.00	0.00	0.00	0.00	11.67	38.89
8320 - Conference, convention, meeting	0.00	412.50	0.00	0.00	0.00	0.00	0.00	412.50	412.50	0.00	0.00	0.00	0.00	0.00	412.50	825.00
8350 - Meals-Travel	45.48	86.58	0.00	0.00	0.00	0.00	0.00	86.58	39.26	0.00	0.00	0.00	0.00	0.00	39.26	171.32
8355 - Meals & Entertainment	52.34	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	52.34
Total 8300 - Travel, Entertainment, Meetings	97.82	526.30	0.00	0.00	0.00	0.00	0.00	526.30	463.43	0.00	0.00	0.00	0.00	0.00	463.43	1,087.55
8505 - Bank Fees	0.00	0.00	0.00	0.00	0.00	0.00	9.27	9.27	0.00	0.00	0.00	0.00	5.06	0.00	5.06	14.33
Total 8500 - Misc expenses	0.00	0.00	0.00	0.00	0.00	0.00	9.27	9.27	0.00	0.00	0.00	0.00	5.06	0.00	5.06	14.33
Total Expense	577.48	543.77	5.94	0.00	0.00	26.21	37.21	613.13	1,595.36	9.24	13.73	62.66	67.97	12.96	1,752.68	2,943.29
Share of Total Expenses	19.6%	18.5%	0.2%	0.0%	0.0%	0.9%	1.3%	20.8%	54.2%	0.3%	0.5%	2.1%	2.3%	0.4%	59.5%	100.0%
Net Ordinary Income	-250.63	-543.77	2,157.48	215.36	352.35	50.83	-62.19	2,170.06	-1,595.36	-9.24	-13.73	-62.66	-11.83	-12.96	-1,696.54	222.89
Net Income	-250.63	-543.77	2,157.48	215.36	352.35	50.83	-62.19	2,170.06	-1,595.36	-9.24	-13.73	-62.66	-11.83	-12.96	-1,696.54	222.89

Notes to Consolidated Financial Statements (Unaudited)
For the Quarter Ended June 30, 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 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. 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. For all periods presented, CEN’s property and equipment consisted of computer software with a cost of \$4,013, which was fully depreciated.

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 recognized 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 \$15,364 for Q2 2015. The value of only in-kind *professional* services totaled \$326.85 for Q2 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.