

**Q2
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.

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Condensed Statements of Activities (Unaudited)
April through June 2016 - Accrual Basis

	<u>Apr - Jun 16</u>	<u>Apr - Jun 15</u>	<u>Jan - Jun 16</u>
Ordinary Income/Expense			
Income			
4000 · Contributed Support	375.16	2,455.82	533.00
4150 · Donations In-Kind		326.85	413.60
4299 · Non-Governmental Org.Grants		352.35	
4770 · Sales Discount			-14.29
Total Income	<u>375.16</u>	<u>3,135.02</u>	<u>932.31</u>
Cost of Goods Sold			
5010 · Cost of Goods Sold	46.83	22.84	116.70
Total COGS	<u>46.83</u>	<u>22.84</u>	<u>116.70</u>
Gross Profit	328.33	3,112.18	815.61
Expense			
7500 · General & Administrative	219.70	1,636.54	1,438.50
8100 · Non-personnel expenses	117.24	192.43	645.86
8200 · Occupancy expenses		12.44	
8300 · Travel, Entertainment, Meetings	4.50	1,087.55	4.50
8500 · Misc expenses	45.37	14.33	58.18
8600 · Business expenses	100.00		100.00
Total Expense	<u>486.81</u>	<u>2,943.29</u>	<u>2,247.04</u>
Net Ordinary Income	-158.48	168.89	-1,431.43
Other Income/Expense			
Other Income			
4700 · Product Sales	112.90	54.00	264.69
Total Other Income	<u>112.90</u>	<u>54.00</u>	<u>264.69</u>
Net Other Income	<u>112.90</u>	<u>54.00</u>	<u>264.69</u>
Net Income	<u>-45.58</u>	<u>222.89</u>	<u>-1,166.74</u>

Statement of Financial Position (Unaudited)
As of June 30, 2016 – Accrual Basis

	<u>Jun 30, 16</u>	<u>Jun 30, 15</u>
ASSETS		
Current Assets		
Checking/Savings		
1010 · KeyBank Checking	876.70	260.82
1015 · KeyBank Checking - Brazil	14.93	29.93
Total Checking/Savings	<u>891.63</u>	<u>290.75</u>
Other Current Assets		
1200 · Inventory from Program Partner	1,363.04	1,689.09
Total Other Current Assets	<u>1,363.04</u>	<u>1,689.09</u>
Total Current Assets	<u>2,254.67</u>	<u>1,979.84</u>
TOTAL ASSETS	<u><u>2,254.67</u></u>	<u><u>1,979.84</u></u>
LIABILITIES & EQUITY		
Liabilities		
Long Term Liabilities		
2500 · Loan Payable - LT	4,699.27	905.26
2550 · Professional Fees Pbl - LT	1,014.98	1,009.87
Total Long Term Liabilities	<u>5,714.25</u>	<u>1,915.13</u>
Total Liabilities	5,714.25	1,915.13
Equity		
3010 · Unrestricted Net Assets	-2,292.84	1,996.57
Net Income	-1,166.74	-1,931.86
Total Equity	<u>-3,459.58</u>	<u>64.71</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,254.67</u></u>	<u><u>1,979.84</u></u>

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

	<u>Apr - Jun 16</u>
OPERATING ACTIVITIES	
Net Income	-45.58
Adjustments to reconcile Net Income to net cash provided by operations:	
1200 · Inventory from Program Partner	94.76
Net cash provided by Operating Activities	<u>49.18</u>
FINANCING ACTIVITIES	
2505 · Bortner Loan - LT	56.44
2255 · Bortner Prof Fees - LT	284.78
Net cash provided by Financing Activities	<u>341.22</u>
 Net cash increase for period	 390.40
 Cash at beginning of period	 <u>501.23</u>
Cash at end of period	<u>891.63</u>

Statement of Functional Revenue and Expenses
April through June 2016 - Accrual Basis

	Fundraising			Programs				TOTAL	
	Administrative	Corporate Sponsorships	Fundraising - Other	Total Fundraising	Community Based Tourism	Couro Ecologico	Entrepreneurship Project		Total Programs
Ordinary Income/Expense									
Income									
4000 · Contributed Support									
4010 · Individual Contributions	0.00	42.88	332.28	375.16	0.00	0.00	0.00	0.00	375.16
Total 4000 · Contributed Support	0.00	42.88	332.28	375.16	0.00	0.00	0.00	0.00	375.16
4150 · Donations In-Kind									
4154 · Donations In-Kind Labor	277.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	277.31
Total 4150 · Donations In-Kind	277.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	277.31
4700 · Product Sales									
4750 · Product Sales - Program Related	0.00	0.00	85.00	85.00	0.00	0.00	0.00	0.00	85.00
4760 · Product Sales Non-Program Related	0.00	0.00	27.90	27.90	0.00	0.00	0.00	0.00	27.90
Total 4700 · Product Sales	0.00	0.00	112.90	112.90	0.00	0.00	0.00	0.00	112.90
Total Income	277.31	42.88	445.18	488.06	0.00	0.00	0.00	0.00	765.37
Total Cost of Goods Sold	0.00	0.00	46.83	46.83	0.00	0.00	0.00	0.00	46.83
Gross Profit	277.31	42.88	398.35	441.23	0.00	0.00	0.00	0.00	718.54
Expense									
7500 · General & Administrative									
7540 · Professional fees - Volunteer	277.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	277.31
7560 · Professional fees - Officers	0.00	0.00	0.00	0.00	30.93	188.77	0.00	219.70	219.70
Total 7500 · General & Administrative	277.31	0.00	0.00	0.00	30.93	188.77	0.00	219.70	497.01
8100 · Non-personnel expenses									
8110 · Supplies	0.00	0.00	0.00	0.00	0.00	3.58	0.00	3.58	3.58
8115 · Computer & Software Expense	66.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	66.45
8130 · Telephone & telecommunications	4.04	0.00	0.00	0.00	0.00	3.83	4.41	8.24	12.28
8140 · Postage, shipping, delivery	14.49	0.00	0.00	0.00	0.00	1.44	0.00	1.44	15.93
8180 · Books, subscriptions, reference	19.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19.00
Total 8100 · Non-personnel expenses	103.98	0.00	0.00	0.00	0.00	8.85	4.41	13.26	117.24
8300 · Travel, Entertainment, Meetings									
8370 · Ground Transport - Local	4.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.50
Total 8300 · Travel, Entertainment, Meetings	4.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.50
8500 · Misc expenses									
8505 · Bank Fees	30.00	0.00	1.56	1.56	0.00	0.00	0.00	0.00	31.56
8590 · Other expenses	0.54	0.00	2.08	2.08	0.00	1.44	0.00	1.44	4.06
8500 · Misc expenses - Other	9.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.75
Total 8500 · Misc expenses	40.29	0.00	3.64	3.64	0.00	1.44	0.00	1.44	45.37
8600 · Business expenses									
8650 · Business License & Fees	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	100.00
Total 8600 · Business expenses	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	100.00
Total Expense	426.08	0.00	103.64	103.64	30.93	199.06	4.41	234.40	764.12
<i>Share of Total Expenses</i>	<i>55.8%</i>	<i>0.0%</i>	<i>13.6%</i>	<i>13.6%</i>	<i>4.0%</i>	<i>26.1%</i>	<i>0.6%</i>	<i>30.7%</i>	<i>100.0%</i>
Net Ordinary Income	-148.77	42.88	294.71	337.59	-30.93	-199.06	-4.41	-234.40	-45.58
Net Income	-148.77	42.88	294.71	337.59	-30.93	-199.06	-4.41	-234.40	-45.58

Notes to Consolidated Financial Statements (Unaudited)
For the Quarter Ended June 30, 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 521.81 hours valued at \$13,657.07 for Q2 2016. The value of only in-kind *professional* services totaled \$277.31 for Q2 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.