

**Q3
2014**



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)

	Three-Months Ended		Six-Months Ended	
	Sept 30, 2014	Sept 30, 2013	Sept 30, 2014	Sept 30, 2013
Revenues				
Contributions	10,800	11,260	50,618	55,414
Product Sales	198	18	198	175
Other Sales	-	-	-	3,998
Total of Revenues	10,998	11,278	50,816	59,587
Cost of Goods Sold	-	-	1	80
Gross Profit	10,998	11,278	50,815	59,507
Expenses				
Administrative	7,622	5,737	13,591	21,178
Fundraising	1,077	2,287	8,515	11,980
Programs	2,884	4,786	6,320	28,474
Total Expenses	11,584	12,811	28,426	61,631
Change in Assets	(586)	(1,533)	22,389	(2,124)
Unrestricted Net Assets, Beg.	3,452	(33,463)	(32,872)	(32,872)
Unrestricted Net Assets, End	2,867	(34,996)	(34,996)	(34,996)

Condensed Balance Sheets (Unaudited)

	Sept 30, 2014	Sept 30, 2013
Assets		
Current Assets		
Cash	2,183	4,179
Other Current Assets		
Accounts Receivable	-	-
Inventory Assets	1,803	1,804
Undeposited Funds	-	-
Total Other Current Assets	<u>1,803</u>	<u>1,804</u>
Total Current Assets	<u>3,986</u>	<u>5,983</u>
Total Assets	<u><u>3,986</u></u>	<u><u>5,983</u></u>
Liabilities & Equity		
Liabilities		
Long-term Liabilities		
Loan Payable, Long-Term - R. Bortner	211	28,403
Prof. Fees Payable - R. Bortner	909	12,576
Total Long-term Liabilities	<u>1,120</u>	<u>40,979</u>
Total Liabilities	<u>1,120</u>	<u>40,979</u>
Net Assets - Unrestricted	<u>2,867</u>	<u>(34,996)</u>
Total Liabilities & Equity	<u><u>3,986</u></u>	<u><u>5,983</u></u>

Condensed Statements of Cash Flows (Unaudited)

	Six-months Ended	
	Sept 30, 2014	Sept 30, 2013
Cash Flows from Operating Activities		
Change in Net Assets	22,389	(2,124)
Change in Operating Assets/Liabilities		
Accounts Receivable	-	240
Inventories	1	(853)
Advances Received	-	(800)
Total Change in Operating Assets/Liabilities	<u>1</u>	<u>(1,413)</u>
Net Cash Provided by Operating Activities	22,390	(3,537)
 Cash Flows from Financing Activities		
Loans Payable	<u>(21,650)</u>	<u>6,359</u>
Net Cash Provided by Financing Activities	(21,650)	6,359
 Net Increase (Decrease) in Cash	740	2,822
 Cash Balance, Beg.	1,444	1,357
 Cash Balance, End.	<u><u>2,183</u></u>	<u><u>4,179</u></u>

Income by Sub-Class
Quarter Ended Sept 30, 2013

	Administrative		Fundraising			Programs				TOTAL
	Marketing	Administrative - Other	General Donations	Total Online	Fundraising - Other	Banco da Mulher	C Clear Project	Total CBT	Couro Ecologico	
4000 · Contributed Support										
4010 · Individual Contributions	-	-	-	-	-	-	-	230	4	234
4020 · Corporate Contributions	45	-	170	93	-	-	-	-	-	308
4100 · Board Donations										
4115 · Board - In-Kind Labor	-	2,359	-	-	435	-	-	-	-	2,794
Total 4100 · Board Donations	-	2,359	-	-	435	-	-	-	-	2,794
4150 · Donations In-Kind										
4154 · Donations In-Kind Labor	-	5,072	-	-	463	54	2	1,264	610	7,465
Total 4150 · Donations In-Kind	-	5,072	-	-	463	54	2	1,264	610	7,465
Total 4000 · Contributed Support	45	7,431	170	93	898	54	2	1,494	614	10,801
4700 · Product Sales										
4750 · Product Sales - Mission	-	-	-	-	-	-	-	-	198	198
Total 4700 · Product Sales	-	-	-	-	-	-	-	-	198	198
Net Income	45	7,431	170	93	898	54	2	1,494	812	10,999
% Total	0%	68%	2%	1%	8%	0%	0%	14%	7%	

Expenses by Sub-Class
Quarter Ended Sept 30, 2013

	Administrative		Fundraising		Programs						Total
	Administrative - Other	Marketing	Fundraising Other	Amazon.com	Total C Clear	Total Jua Project	Couro Ecologico	Ecotour	Product Commercialization	Tourism	
7500 · General & Administrative											
7510 · Fundraising Expenses	-	-	20	-	-	-	-	-	-	-	20
7540 · Professional fees - other	7,430	-	898	-	666	1,144	-	109	109	11	10,258
7560 · Professional fees - Officers	-	-	-	-	561	167	-	-	-	181	909
Total 7500 · General & Administrative	7,430	-	918	-	1,227	1,311	-	109	109	192	11,187
8100 · Non-personnel expenses											
8115 · Computer Expense	-	-	99	-	-	-	-	-	-	-	99
8130 · Telephone & telecommunications	62	97	29	-	-	-	24	-	24	20	232
8170 · Printing & copying	-	3	-	2	2	-	-	-	-	-	6
Total 8100 · Non-personnel expenses	62	100	128	2	2	-	24	-	24	20	338
8300 · Travel, Entertainment, Meetings											
8370 · Ground Transport - Local	2	-	-	-	-	-	-	-	-	-	2
Total 8300 · Travel, Entertainment, Meetings	2	-	-	-	-	-	-	-	-	-	2
8500 · Misc expenses											
8505 · Bank Fees	-	-	30	-	-	-	-	-	-	-	30
Total 8500 · Misc expenses	-	-	30	-	-	-	-	-	-	-	30
8600 · Business expenses											
8650 · Business License & Fees	-	27	-	-	-	-	-	-	-	-	27
Total 8600 · Business expenses	-	27	-	-	-	-	-	-	-	-	27
Total Expenses and Cost of Goods Sold	7,495	128	1,076	2	1,229	1,311	24	109	133	212	11,584
% Total	65%	1%	9%	0%	11%	11%	0%	1%	1%	2%	

Notes to Consolidated Financial Statements (Unaudited)
For the Quarter Ended Sept 30, 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 \$10,288 in the Q3 of 2014, representing 94% of the total revenues for the quarter. 25% of all expenses including in-kind services were spent on programs, 66% on administration, and 9% on fundraising. Excluding in-kind services though, 72% of expenses were spent on programs, 14% on administration, and 14% on fundraising in Q3. 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.