

**Q3  
2015**



# **Community Empowerment Network**

*Empowering Communities to Help Themselves*

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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)**  
**July through September 2015 - Accrual Basis**

	<u>Jul - Sep 2015</u>	<u>Jul - Sep 2014</u>	<u>Jan - Sep 2015</u>
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
4000 · Contributed Support	1,499.27	3,335.42	4,347.16
4150 · Donations In-Kind	331.51	7,464.80	1,268.48
4299 · Non-Governmental Org.Grants			352.35
4700 · Product Sales		198.00	143.00
<b>Total Income</b>	<u>1,830.78</u>	<u>10,998.22</u>	<u>6,110.99</u>
<b>Cost of Goods Sold</b>			
5010 · Cost of Goods Sold			44.96
<b>Total COGS</b>			<u>44.96</u>
<b>Gross Profit</b>	1,830.78	10,998.22	6,066.03
<b>Expense</b>			
7500 · General & Administrative	2,568.59	11,187.10	5,741.44
8100 · Non-personnel expenses	92.51	339.98	595.15
8200 · Occupancy expenses			12.44
8300 · Travel, Entertainment, Meetings	695.75		3,085.60
8500 · Misc expenses	9.60	30.30	23.93
8600 · Business expenses		26.73	75.00
<b>Total Expense</b>	<u>3,366.45</u>	<u>11,584.11</u>	<u>9,533.56</u>
<b>Net Ordinary Income</b>	<u>-1,535.67</u>	<u>-585.89</u>	<u>-3,467.53</u>
<b>Net Income</b>	<u>-1,535.67</u>	<u>-585.89</u>	<u>-3,467.53</u>

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

	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
1010 · KeyBank Checking	460.38	2,135.00
1015 · KeyBank Checking - Brazil	29.93	29.93
1025 · Paypal	290.40	18.52
<b>Total Checking/Savings</b>	<u>780.71</u>	<u>2,183.45</u>
<b>Other Current Assets</b>		
1200 · Inventory Asset	1,689.09	1,802.98
<b>Total Other Current Assets</b>	<u>1,689.09</u>	<u>1,802.98</u>
<b>Total Current Assets</b>	2,469.80	3,986.43
<b>Fixed Assets</b>		
1500 · Fixed Assets	0.00	0.00
<b>Total Fixed Assets</b>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL ASSETS</b>	<u><b>2,469.80</b></u>	<u><b>3,986.43</b></u>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Long Term Liabilities</b>		
2500 · Loan Payable - LT	693.81	211.02
2550 · Professional Fees Pbl - LT	3,246.95	908.75
<b>Total Long Term Liabilities</b>	<u>3,940.76</u>	<u>1,119.77</u>
<b>Total Liabilities</b>	3,940.76	1,119.77
<b>Equity</b>		
3010 · Unrestricted Net Assets	1,996.57	-35,293.85
Net Income	-3,467.53	38,160.51
<b>Total Equity</b>	<u>-1,470.96</u>	<u>2,866.66</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>2,469.80</b></u>	<u><b>3,986.43</b></u>

**Condensed Statements of Cash Flows (Unaudited)**  
**July through September 2015**

	<b><u>Jul - Sep 2015</u></b>
<b>OPERATING ACTIVITIES</b>	
Net Income	-1,535.67
<b>Net cash used by Operating Activities</b>	<b>-1,535.67</b>
<b>FINANCING ACTIVITIES</b>	
2505 - Bortner Loan - LT	-211.45
2255 - Bortner Prof Fees - LT	2,237.08
<b>Net cash provided by Financing Activities</b>	<b>2,025.63</b>
<b>Net cash increase for period</b>	<b>489.96</b>
<b>Cash at beginning of period</b>	<b>290.75</b>
<b>Cash at end of period</b>	<b>780.71</b>

**Statement of Functional Revenue and Expenses**  
**July through September 2015 - Accrual Basis**

	Administrative		Fundraising				Programs								TOTAL
	Total Administrative	Business Development	General Donations	Online	Fundraising - Other	Total Fundraising	Banco da Mulher	C Clear	Rural Family Home	Eixo Forte - Other	Couro Ecologico	General Programs	Suruacá School Electrification	Total Programs	
<b>Ordinary Income/Expense</b>															
<b>Income</b>															
<b>4000 - Contributed Support</b>															
4010 - Individual Contributions	0.00	0.00	0.00	0.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	100.00	300.00	300.00
4020 - Corporate Contributions	0.00	0.00	41.83	26.79	85.94	154.56	0.00	0.00	0.00	0.00	0.00	795.00	0.00	795.00	949.56
<b>4100 - Board Donations</b>															
4110 - Board - In-Kind Non-Labor	0.00	0.00	0.00	0.00	0.00	0.00	249.71	0.00	0.00	0.00	0.00	0.00	0.00	249.71	249.71
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	0.00
<b>Total 4100 - Board Donations</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>249.71</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>249.71</b>	<b>249.71</b>
<b>Total 4000 - Contributed Support</b>	<b>0.00</b>	<b>0.00</b>	<b>41.83</b>	<b>26.79</b>	<b>85.94</b>	<b>154.56</b>	<b>449.71</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>795.00</b>	<b>100.00</b>	<b>1,344.71</b>	<b>1,499.27</b>
<b>4150 - Donations In-Kind</b>															
4154 - Donations In-Kind Labor	331.51	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	331.51
<b>Total 4150 - Donations In-Kind</b>	<b>331.51</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>331.51</b>
<b>Total Income</b>	<b>331.51</b>	<b>0.00</b>	<b>41.83</b>	<b>26.79</b>	<b>85.94</b>	<b>154.56</b>	<b>449.71</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>795.00</b>	<b>100.00</b>	<b>1,344.71</b>	<b>1,830.78</b>
<b>Gross Profit</b>	<b>331.51</b>	<b>0.00</b>	<b>41.83</b>	<b>26.79</b>	<b>85.94</b>	<b>154.56</b>	<b>449.71</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>795.00</b>	<b>100.00</b>	<b>1,344.71</b>	<b>1,830.78</b>
<b>Expense</b>															
<b>7500 - General &amp; Administrative</b>															
7540 - Professional fees - Volunteer	331.51	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	331.51
7560 - Professional fees - Officers	0.00	0.00	0.00	0.00	0.00	0.00	1,850.54	6.61	215.74	53.40	48.13	0.00	62.66	2,237.08	2,237.08
<b>Total 7500 - General &amp; Administrative</b>	<b>331.51</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,850.54</b>	<b>6.61</b>	<b>215.74</b>	<b>53.40</b>	<b>48.13</b>	<b>0.00</b>	<b>62.66</b>	<b>2,237.08</b>	<b>2,568.59</b>
<b>8100 - Non-personnel expenses</b>															
8115 - Computer & Software Expense	46.46	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	46.46
8130 - Telephone & telecommunications	0.00	0.00	0.00	0.00	0.00	0.00	1.05	0.00	0.00	0.00	0.00	0.00	0.00	1.05	1.05
8135 - Advertising Expense	25.00	0.00	20.00	0.00	0.00	20.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	45.00
<b>Total 8100 - Non-personnel expenses</b>	<b>71.46</b>	<b>0.00</b>	<b>20.00</b>	<b>0.00</b>	<b>0.00</b>	<b>20.00</b>	<b>1.05</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.05</b>	<b>92.51</b>
<b>8300 - Travel, Entertainment, Meetings</b>															
8310 - Travel	0.00	347.70	0.00	0.00	0.00	347.70	230.75	0.00	0.00	0.00	0.00	0.00	0.00	230.75	578.45
8315 - Lodging	0.00	14.50	0.00	0.00	0.00	14.50	90.00	0.00	0.00	0.00	0.00	0.00	0.00	90.00	104.50
8350 - Meals-Travel	0.00	0.00	0.00	0.00	0.00	0.00	5.45	0.00	0.00	0.00	0.00	0.00	0.00	5.45	5.45
8355 - Meals & Entertainment	0.00	7.35	0.00	0.00	0.00	7.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.35
<b>Total 8300 - Travel, Entertainment, Meetings</b>	<b>0.00</b>	<b>369.55</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>369.55</b>	<b>326.20</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>326.20</b>	<b>695.75</b>
<b>8500 - Misc expenses</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>9.60</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>9.60</b>	<b>9.60</b>
<b>Total Expense</b>	<b>402.97</b>	<b>369.55</b>	<b>20.00</b>	<b>0.00</b>	<b>0.00</b>	<b>389.55</b>	<b>2,187.39</b>	<b>6.61</b>	<b>215.74</b>	<b>53.40</b>	<b>48.13</b>	<b>0.00</b>	<b>62.66</b>	<b>2,573.93</b>	<b>3,366.45</b>
<b>Share of Total Expenses</b>	<b>12.0%</b>	<b>11.0%</b>	<b>0.6%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>11.6%</b>	<b>65.0%</b>	<b>0.2%</b>	<b>6.4%</b>	<b>1.6%</b>	<b>1.4%</b>	<b>0.0%</b>	<b>1.9%</b>	<b>76.5%</b>	<b>100.0%</b>
<b>Net Ordinary Income</b>	<b>-71.46</b>	<b>-369.55</b>	<b>21.83</b>	<b>26.79</b>	<b>85.94</b>	<b>-234.99</b>	<b>-1,737.68</b>	<b>-6.61</b>	<b>-215.74</b>	<b>-53.40</b>	<b>-48.13</b>	<b>795.00</b>	<b>37.34</b>	<b>-1,229.22</b>	<b>-1,535.67</b>
<b>Net Income</b>	<b>-71.46</b>	<b>-369.55</b>	<b>21.83</b>	<b>26.79</b>	<b>85.94</b>	<b>-234.99</b>	<b>-1,737.68</b>	<b>-6.61</b>	<b>-215.74</b>	<b>-53.40</b>	<b>-48.13</b>	<b>795.00</b>	<b>37.34</b>	<b>-1,229.22</b>	<b>-1,535.67</b>

**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 \$12,235 for Q3 2015. The value of only in-kind *professional* services totaled \$333.51 for Q3 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.