

**Q3
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)
July through September 2016 - Accrual Basis

	<u>Q3 2016</u> <u>Jul - Sep 16</u>	<u>Q3 2015</u> <u>Jul - Sep 15</u>	<u>Year-to-date</u> <u>Jan - Sep 16</u>
Ordinary Income/Expense			
Income			
4000 · Contributed Support	916.57	1,499.27	1,449.57
4150 · Donations In-Kind	238.40	331.51	929.31
4700 · Product Sales	212.45		477.14
4770 · Sales Discount			-14.29
Total Income	<u>1,367.42</u>	<u>1,830.78</u>	<u>2,841.73</u>
Cost of Goods Sold			
5010 · Cost of Goods Sold	77.53		194.23
Total COGS	<u>77.53</u>		<u>194.23</u>
Gross Profit	1,289.89	1,830.78	2,647.50
Expense			
7500 · General & Administrative	514.05	2,568.59	2,229.86
8100 · Non-personnel expenses	171.61	92.51	817.47
8300 · Travel, Entertainment, Meetings		695.75	4.50
8500 · Misc expenses	25.87	9.60	84.05
8600 · Business expenses	10.00		110.00
Total Expense	<u>721.53</u>	<u>3,366.45</u>	<u>3,245.88</u>
Net Ordinary Income	<u>568.36</u>	<u>-1,535.67</u>	<u>-598.38</u>
Net Income	<u><u>568.36</u></u>	<u><u>-1,535.67</u></u>	<u><u>-598.38</u></u>

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

	<u>Sep 30, 16</u>	<u>Sep 30, 15</u>
ASSETS		
Current Assets		
Checking/Savings		
1000 · Banner Bank	359.75	0.00
1010 · KeyBank Checking	0.00	460.38
1015 · KeyBank Checking - Brazil	0.00	29.93
1025 · Paypal	0.00	290.40
Total Checking/Savings	<u>359.75</u>	<u>780.71</u>
Other Current Assets		
1200 · Inventory from Program Partner	1,285.51	1,689.09
Total Other Current Assets	<u>1,285.51</u>	<u>1,689.09</u>
Total Current Assets	1,645.26	2,469.80
Fixed Assets		
1500 · Fixed Assets	0.00	0.00
Total Fixed Assets	<u>0.00</u>	<u>0.00</u>
TOTAL ASSETS	<u>1,645.26</u>	<u>2,469.80</u>
LIABILITIES & EQUITY		
Liabilities		
Long Term Liabilities		
2500 · Loan Payable - LT	3,470.63	693.81
2550 · Professional Fees Pbl - LT	1,065.85	3,246.95
Total Long Term Liabilities	<u>4,536.48</u>	<u>3,940.76</u>
Total Liabilities	4,536.48	3,940.76
Equity		
3010 · Unrestricted Net Assets	-2,292.84	1,996.57
Net Income	-598.38	-3,467.53
Total Equity	<u>-2,891.22</u>	<u>-1,470.96</u>
TOTAL LIABILITIES & EQUITY	<u>1,645.26</u>	<u>2,469.80</u>

Condensed Statements of Cash Flows (Unaudited)
July through September 2016

	<u>Jul - Sep 16</u>
OPERATING ACTIVITIES	
Net Income	568.36
Adjustments to reconcile Net Income to net cash provided by operations:	
1200 · Inventory from Program Partner	77.53
Net cash provided by Operating Activities	<u>645.89</u>
FINANCING ACTIVITIES	
2505 · Bortner Loan - LT	-793.72
2550 · Professional Fees Pbl - LT	62.22
2255 · Bortner Prof Fees - LT	53.73
Net cash used by Financing Activities	<u>-677.77</u>
 Net cash decrease for period	 -31.88
 Cash at beginning of period	 <u>391.63</u>
Cash at end of period	<u>359.75</u>

Statement of Functional Revenue and Expenses
July through September 2016 - Accrual Basis

	Administrative			Fundraising				Programs					TOTAL	
	Marketing	Admin - Other	Total Admin	Events	Total Online	Fundraising - Other	Total Fundraising	Rural Family Home	CBT - Other	Total CBT	Couro Ecologico	General		Total Programs
Ordinary Income/Expense														
Income														
4000 · Contributed Support														
4010 · Individual Contributions	0.00	0.00	0.00	5.00	0.00	107.39	112.39	0.00	0.00	0.00	0.00	0.00	0.00	112.39
4400 · Fundraising Events														
4420 · Raffle Ticket Sales	0.00	0.00	0.00	45.50	0.00	174.00	219.50	0.00	0.00	0.00	0.00	0.00	0.00	219.50
4400 · Fundraising Events - Other	0.00	0.00	0.00	295.00	0.00	0.00	295.00	0.00	0.00	0.00	0.00	0.00	0.00	295.00
Total 4400 · Fundraising Events	0.00	0.00	0.00	340.50	0.00	174.00	514.50	0.00	0.00	0.00	0.00	0.00	0.00	514.50
4490 · Fundraising Income Other	0.00	0.00	0.00	289.68	0.00	0.00	289.68	0.00	0.00	0.00	0.00	0.00	0.00	289.68
Total 4000 · Contributed Support	0.00	0.00	0.00	635.18	0.00	281.39	916.57	0.00	0.00	0.00	0.00	0.00	0.00	916.57
4150 · Donations In-Kind														
4154 · Donations In-Kind Labor	0.00	238.40	238.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	238.40
Total 4150 · Donations In-Kind	0.00	238.40	238.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	238.40
4700 · Product Sales														
4750 · Product Sales - Program Related	0.00	0.00	0.00	0.00	0.00	165.00	165.00	0.00	0.00	0.00	0.00	0.00	0.00	165.00
4760 · Product Sales Non-Program Related	0.00	0.00	0.00	0.00	0.00	47.45	47.45	0.00	0.00	0.00	0.00	0.00	0.00	47.45
Total 4700 · Product Sales	0.00	0.00	0.00	0.00	0.00	212.45	212.45	0.00	0.00	0.00	0.00	0.00	0.00	212.45
Total Income	0.00	238.40	238.40	635.18	0.00	493.84	1,129.02	0.00	0.00	0.00	0.00	0.00	0.00	1,367.42
Cost of Goods Sold														
5010 · Cost of Goods Sold	0.00	0.00	0.00	0.00	0.00	77.53	77.53	0.00	0.00	0.00	0.00	0.00	0.00	77.53
Total COGS	0.00	0.00	0.00	0.00	0.00	77.53	77.53	0.00	0.00	0.00	0.00	0.00	0.00	77.53
Gross Profit	0.00	238.40	238.40	635.18	0.00	416.31	1,051.49	0.00	0.00	0.00	0.00	0.00	0.00	1,289.89
Expense														
7500 · General & Administrative														
7510 · Fundraising Expenses	0.00	0.00	0.00	124.11	3.43	2.16	129.70	0.00	0.00	0.00	0.00	0.00	0.00	129.70
7540 · Prof. fees - Volunteer	0.00	238.40	238.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	238.40
7560 · Prof. fees - Officers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.24	12.24	103.71	0.00	115.95	115.95
7590 · Gifts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.00	0.00	30.00	0.00	0.00	30.00	30.00
Total 7500 · General & Administrative	0.00	238.40	238.40	124.11	3.43	2.16	129.70	30.00	12.24	42.24	103.71	0.00	145.95	514.05
8100 · Non-personnel expenses														
8115 · Comp. & Software Expense	39.98	26.30	66.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	66.28
8130 · Telephone & telecom	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.60	12.60	0.00	0.00	12.60	12.60
8140 · Postage, shipping, delivery	12.20	35.03	47.23	0.00	0.00	0.00	0.00	1.15	0.00	1.15	44.35	0.00	45.50	92.73
Total 8100 · Non-personnel expenses	52.18	61.33	113.51	0.00	0.00	0.00	0.00	1.15	12.60	13.75	44.35	0.00	58.10	171.61
8500 · Misc expenses														
8505 · Bank Fees	0.00	15.00	15.00	0.00	0.00	2.97	2.97	0.00	0.00	0.00	0.00	5.00	5.00	22.97
8590 · Other expenses	0.00	0.00	0.00	0.00	0.00	2.90	2.90	0.00	0.00	0.00	0.00	0.00	0.00	2.90
Total 8500 · Misc expenses	0.00	15.00	15.00	0.00	0.00	5.87	5.87	0.00	0.00	0.00	0.00	5.00	5.00	25.87
8600 · Business expenses														
8650 · Business License & Fees	0.00	10.00	10.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00
Total 8600 · Business expenses	0.00	10.00	10.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00
Total Expense	52.18	324.73	376.91	124.11	3.43	8.03	135.57	31.15	24.84	55.99	148.06	5.00	209.05	721.53
Share of Total Expenses	7.2%	45.0%	52.2%	17.2%	0.5%	1.1%	18.8%	4.3%	3.4%	7.8%	20.5%	0.7%	29.0%	100%
Net Ordinary Income	-52.18	-86.33	-138.51	511.07	-3.43	408.28	915.92	-31.15	-24.84	-55.99	-148.06	-5.00	-209.05	568.36
Net Income	-52.18	-86.33	-138.51	511.07	-3.43	408.28	915.92	-31.15	-24.84	-55.99	-148.06	-5.00	-209.05	568.36

Notes to Consolidated Financial Statements (Unaudited)
For the Quarter Ended September 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 674.50 hours valued at \$16,841.20 for Q3 2016. The value of only in-kind professional services totaled \$238.40 for Q3 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.