

**Q4
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)
October through December 2015 - Accrual Basis

	<u>Oct - Dec 15</u>	<u>Oct - Dec 14</u>	<u>Jan - Dec 15</u>
Ordinary Income/Expense			
Income			
4000 · Contributed Support	7,099.39	4,753.39	11,446.55
4150 · Donations In-Kind	296.50	4,594.20	1,564.98
4299 · Non-Governmental Org.Grants			352.35
4700 · Product Sales	61.39	191.40	204.39
Total Income	<u>7,457.28</u>	<u>9,538.99</u>	<u>13,568.27</u>
Cost of Goods Sold			
5010 · Cost of Goods Sold	161.42	64.01	206.38
Total COGS	<u>161.42</u>	<u>64.01</u>	<u>206.38</u>
Gross Profit	7,295.86	9,474.98	13,361.89
Expense			
7000 · Grant & contract expense	374.21	1,015.64	374.21
7500 · General & Administrative	3,351.49	9,056.67	9,092.93
8100 · Non-personnel expenses	291.43	201.56	886.58
8200 · Occupancy expenses			12.44
8300 · Travel, Entertainment, Meetings	3,962.83	1.75	7,048.43
8500 · Misc expenses	67.78	29.45	91.71
8600 · Business expenses	70.00	40.00	145.00
Total Expense	<u>8,117.74</u>	<u>10,345.07</u>	<u>17,651.30</u>
Net Ordinary Income	<u>-821.88</u>	<u>-870.09</u>	<u>-4,289.41</u>
Net Income	<u>-821.88</u>	<u>-870.09</u>	<u>-4,289.41</u>

Statement of Financial Position (Unaudited)
As of December 31, 2015 – Accrual Basis

	<u>Dec 31, 15</u>	<u>Dec 31, 14</u>
ASSETS		
Current Assets		
Checking/Savings		
1010 · KeyBank Checking	449.74	276.40
1015 · KeyBank Checking - Brazil	29.93	29.93
1025 · Paypal	33.63	217.57
Total Checking/Savings	<u>513.30</u>	<u>523.90</u>
Accounts Receivable		
1110 · Accounts Receivable	0.00	327.00
Total Accounts Receivable	<u>0.00</u>	<u>327.00</u>
Other Current Assets		
1200 · Inventory Asset	1,527.67	1,738.97
Total Other Current Assets	<u>1,527.67</u>	<u>1,738.97</u>
Total Current Assets	2,040.97	2,589.87
Fixed Assets		
1500 · Fixed Assets	0.00	0.00
Total Fixed Assets	<u>0.00</u>	<u>0.00</u>
TOTAL ASSETS	<u><u>2,040.97</u></u>	<u><u>2,589.87</u></u>
LIABILITIES & EQUITY		
Liabilities		
Long Term Liabilities		
2500 · Loan Payable - LT	4,333.81	36.25
2550 · Professional Fees Pbl - LT	0.00	557.05
Total Long Term Liabilities	<u>4,333.81</u>	<u>593.30</u>
Total Liabilities	4,333.81	593.30
Equity		
3010 · Unrestricted Net Assets	1,996.57	-35,293.85
Net Income	-4,289.41	37,290.42
Total Equity	<u>-2,292.84</u>	<u>1,996.57</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,040.97</u></u>	<u><u>2,589.87</u></u>

Condensed Statements of Cash Flows (Unaudited)
October through December 2015

	<u>Oct - Dec 15</u>
OPERATING ACTIVITIES	
Net Income	-821.88
Adjustments to reconcile Net Income to net cash provided by operations:	
1200 - Inventory Asset	161.42
Net cash used by Operating Activities	<u>-660.46</u>
FINANCING ACTIVITIES	
2505 - Bortner Loan - LT	3,640.00
2255 - Bortner Prof Fees - LT	<u>-3,246.95</u>
Net cash provided by Financing Activities	<u>393.05</u>
 Net cash decrease for period	 -267.41
 Cash at beginning of period	 <u>780.71</u>
Cash at end of period	<u><u>513.30</u></u>

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

	Administrative	Fundraising							Programs							TOTAL
	Total Administrative	Annual/EOY Campaign	New Business Development	Corporate Sponsorships	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	
Income																
4000 - Contributed Support																
4010 - Individual Contributions	0.00	25.00	0.00	0.00	361.00	0.00	0.00	386.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	386.00
4020 - Corporate Contributions	0.00	0.00	0.00	380.47	45.96	15.58	0.00	442.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	442.01
4100 - Board Donations	0.00	0.00	0.00	0.00	10.00	0.00	0.00	10.00	4,098.73	6.61	791.93	81.96	81.18	528.80	672.17	6,271.38
Total 4000 - Contributed Support	0.00	25.00	0.00	380.47	416.96	15.58	0.00	838.01	4,098.73	6.61	791.93	81.96	81.18	528.80	672.17	7,099.39
4150 - Donations In-Kind	296.50	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	296.50
4700 - Product Sales	0.00	0.00	0.00	0.00	0.00	0.00	4.84	4.84	0.00	0.00	0.00	0.00	56.55	0.00	56.55	61.39
Total Income	296.50	25.00	0.00	380.47	416.96	15.58	4.84	842.85	4,098.73	6.61	791.93	81.96	137.73	528.80	672.17	7,457.28
Total Cost of Goods Sold	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	337.28	-175.86	0.00	161.42
Gross Profit	296.50	25.00	0.00	380.47	416.96	15.58	4.84	842.85	4,098.73	6.61	791.93	81.96	-199.55	704.66	672.17	7,295.86
Expense																
7000 - Grant & contract expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	118.37	0.00	0.00	0.00	255.84	374.21
7500 - General & Administrative																
7540 - Professional fees - Volunteer	296.50	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	296.50
7560 - Professional fees - Officers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,750.59	0.00	296.92	35.17	192.48	528.80	210.47	3,014.43
7590 - Gifts	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	40.56	40.56	
Total 7500 - General & Administrative	296.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,750.59	0.00	296.92	35.17	192.48	569.36	210.47	3,351.49
8100 - Non-personnel expenses																
8115 - Computer & Software Expense	167.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.53	0.00	183.69
8130 - Telephone & telecommunications	10.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.42	0.00	0.00	0.00	0.00	0.00	0.42	11.24
8135 - Advertising Expense	10.00	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	10.00
8140 - Postage, shipping, delivery	15.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.51	35.50	42.01	57.83
8170 - Printing & copying	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.72	0.00	0.00	0.00	0.00	0.00	3.72	3.72
8180 - Books, subscriptions, reference	24.95	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	24.95
Total 8100 - Non-personnel expenses	228.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.14	0.00	0.00	0.00	6.51	52.03	0.00	291.43
8300 - Travel, Entertainment, Meetings																
8310 - Travel	348.78	0.00	279.95	0.00	0.00	0.00	0.00	279.95	110.53	0.00	0.00	0.00	0.00	1,380.95	1.84	2,122.05
8315 - Lodging	0.00	0.00	33.16	0.00	0.00	0.00	0.00	33.16	19.78	0.00	85.89	0.00	0.00	523.18	0.00	662.01
8320 - Conference, convention, meeting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	371.57	0.00	0.00	0.00	0.00	11.87	383.44	
8350 - Meals-Travel	0.00	0.00	56.57	0.00	0.00	0.00	0.00	56.57	68.10	0.00	22.09	0.00	0.00	349.89	440.08	
8355 - Meals & Entertainment	22.51	0.00	7.01	0.00	0.00	0.00	0.00	7.01	0.00	0.00	0.00	0.00	0.00	0.00	29.52	
8370 - Ground Transport - Local	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	79.00	79.00	
8380 - Ground Transport - Non-Local	5.68	0.00	23.64	0.00	0.00	0.00	0.00	23.64	48.75	0.00	23.55	0.00	0.00	88.54	160.84	
Total 8300 - Travel, Entertainment, Meetings	376.97	0.00	400.33	0.00	0.00	0.00	0.00	400.33	618.73	0.00	131.53	0.00	0.00	2,433.43	1.84	3,962.83
8500 - Misc expenses	4.74	0.85	0.00	0.00	7.42	0.00	7.65	15.92	6.00	0.00	0.00	39.58	0.00	1.54	47.12	
8600 - Business expenses	70.00	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	70.00	
Total Expense	976.96	0.85	400.33	0.00	7.42	0.00	7.65	416.25	2,379.46	0.00	546.82	74.75	198.99	3,056.36	468.15	8,117.74
Share of Total Expenses	12.03%	0.01%	4.93%	0.00%	0.09%	0.00%	0.09%	5.13%	29.31%	0.00%	6.74%	0.92%	2.45%	37.65%	5.77%	100.00%
Net Ordinary Income	-654.46	24.15	-400.33	380.47	409.54	15.58	-2.81	426.60	1,719.27	6.61	245.11	7.21	-398.54	-2,351.70	204.02	-795.88
Net Income	-654.46	24.15	-400.33	380.47	409.54	15.58	-2.81	426.60	1,719.27	6.61	245.11	7.21	-398.54	-2,351.70	204.02	-795.88

Notes to Consolidated Financial Statements (Unaudited)
For the Quarter Ended December 31, 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 \$16,695.78 for Q4 2015. The value of only in-kind *professional* services totaled \$296.50 for Q4 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.