

**Q4
2016**

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 2016 - Accrual Basis

	<u>Oct - Dec 16</u>	<u>Oct - Dec 15</u>	<u>Jan - Dec 16</u>
Ordinary Income/Expense			
Income			
4000 · Contributed Support	2,938.29	7,099.39	4,387.86
4150 · Donations In-Kind	82.30	296.50	1,011.61
4700 · Product Sales	76.75	61.39	553.89
4770 · Sales Discount			<u>-14.29</u>
Total Income	<u>3,097.34</u>	<u>7,457.28</u>	<u>5,939.07</u>
Cost of Goods Sold			
5010 · Cost of Goods Sold	<u>50.34</u>	<u>161.42</u>	<u>244.57</u>
Total COGS	<u>50.34</u>	<u>161.42</u>	<u>244.57</u>
Gross Profit	3,047.00	7,295.86	5,694.50
Expense			
7000 · Grant & contract expense	795.55	374.21	795.55
7500 · General & Administrative	330.69	3,351.49	2,560.55
8100 · Non-personnel expenses	178.60	291.43	996.07
8300 · Travel, Entertainment, Meetings		3,962.83	4.50
8500 · Misc expenses	85.14	67.78	169.19
8600 · Business expenses	<u>50.00</u>	<u>70.00</u>	<u>160.00</u>
Total Expense	<u>1,439.98</u>	<u>8,117.74</u>	<u>4,685.86</u>
Net Ordinary Income	<u>1,607.02</u>	<u>-821.88</u>	<u>1,008.64</u>
Net Income	<u><u>1,607.02</u></u>	<u><u>-821.88</u></u>	<u><u>1,008.64</u></u>

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

	<u>Dec 31,</u> <u>16</u>	<u>Dec 31, 15</u>
ASSETS		
Current Assets		
Checking/Savings		
1000 · Banner Bank	446.97	0.00
1010 · KeyBank Checking	0.00	449.74
1015 · KeyBank Checking - Brazil	0.00	29.93
1025 · Paypal	<u>488.17</u>	<u>33.63</u>
Total Checking/Savings	935.14	513.30
Other Current Assets		
1200 · Inventory from Program Partner	<u>1,235.17</u>	<u>1,527.67</u>
Total Other Current Assets	<u>1,235.17</u>	<u>1,527.67</u>
Total Current Assets	2,170.31	2,040.97
TOTAL ASSETS	<u>2,170.31</u>	<u>2,040.97</u>
LIABILITIES & EQUITY		
Liabilities		
Long Term Liabilities		
2500 · Loan Payable - LT	2,233.21	4,333.81
2550 · Professional Fees Pbl - LT	<u>1,221.30</u>	<u>0.00</u>
Total Long Term Liabilities	<u>3,454.51</u>	<u>4,333.81</u>
Total Liabilities	3,454.51	4,333.81
Equity		
3010 · Unrestricted Net Assets/Deficit	-2,292.84	1,996.57
Net Income	<u>1,008.64</u>	<u>-4,289.41</u>
Total Equity	<u>-1,284.20</u>	<u>-2,292.84</u>
TOTAL LIABILITIES & EQUITY	<u>2,170.31</u>	<u>2,040.97</u>

Condensed Statements of Cash Flows (Unaudited)
October through December 2016

	Oct - Dec 16
OPERATING ACTIVITIES	
Net Income	1,607.02
Adjustments to reconcile Net Income to net cash provided by operations:	
1200 · Inventory from Program Partner	<u>50.34</u>
Net cash provided by Operating Activities	1,657.36
 FINANCING ACTIVITIES	
2505 · Bortner Loan - LT	-1,237.42
2255 · Bortner Prof Fees - LT	<u>155.45</u>
Net cash provided by Financing Activities	<u>-1,081.97</u>
 Net cash increase for period	575.39
 Cash at beginning of period	<u>359.75</u>
Cash at end of period	<u><u>935.14</u></u>

Statement of Functional Revenue and Expenses
October through December 2016 - Accrual Basis

	Total Admin	Annual/EOY Campaign	Events	General Donations	Amazon.com	Total Online	Other	Total Fundraising	Banco da Mulher	Rural Family Home	Tourism - Other	Couro Ecologico	Entrepreneurship Project	Total Programs	Total
Ordinary Income/Expense															
Income															
4000 · Contributed Support															
4010 · Individual Contributions	455.00	1,155.00	23.00	77.84	88.88	88.88	120.00	1,464.72	0.00	0.00	0.00	0.00	0.00	0.00	1,919.72
4020 · Corporate Contributions	0.00	0.00	237.57	0.00	0.00	0.00	375.00	612.57	0.00	0.00	0.00	0.00	0.00	0.00	612.57
4400 · Fundraising Events	0.00	0.00	361.00	0.00	0.00	0.00	0.00	361.00	0.00	0.00	0.00	0.00	0.00	0.00	361.00
4492 · Silent Auction Sales	0.00	0.00	145.00	0.00	0.00	0.00	0.00	145.00	0.00	0.00	0.00	0.00	0.00	0.00	145.00
Total 4000 · Contributed Support	455.00	1,155.00	766.57	77.84	88.88	88.88	495.00	2,583.29	0.00	0.00	0.00	0.00	0.00	0.00	3,038.29
Total 4150 · Donations In-Kind	320.70	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	320.70
4700 · Product Sales															
4750 · Product Sales - Program Related	0.00	0.00	0.00	0.00	0.00	0.00	70.00	70.00	0.00	0.00	0.00	0.00	0.00	0.00	70.00
4760 · Product Sales Non-Progr Related	0.00	0.00	0.00	0.00	0.00	0.00	6.75	6.75	0.00	0.00	0.00	0.00	0.00	0.00	6.75
Total 4700 · Product Sales	0.00	0.00	0.00	0.00	0.00	0.00	76.75	76.75	0.00	0.00	0.00	0.00	0.00	0.00	76.75
Total Income	775.70	1,155.00	766.57	77.84	88.88	88.88	571.75	2,660.04	0.00	0.00	0.00	0.00	0.00	0.00	3,435.74
Total Cost of Goods Sold	0.00	0.00	0.00	0.00	0.00	0.00	50.34	50.34	0.00	0.00	0.00	0.00	0.00	0.00	50.34
Gross Profit	775.70	1,155.00	766.57	77.84	88.88	88.88	521.41	2,609.70	0.00	0.00	0.00	0.00	0.00	0.00	3,385.40
Expense															
7000 · Grant & contract expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	795.55	0.00	0.00	0.00	795.55	795.55
7500 · General & Administrative															
7510 · Fundraising Expenses	0.00	0.00	52.33	1.23	0.00	0.00	7.38	60.94	0.00	0.00	0.00	0.00	0.00	0.00	60.94
7540 · Professional fees - Volunteer	320.70	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	320.70
7560 · Professional fees - Officers	44.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.59	74.21	15.10	14.84	0.00	112.74	157.53
7570 · Professional Services	32.00	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	32.00
Total 7500 · General & Administrative	397.49	0.00	52.33	1.23	0.00	0.00	7.38	60.94	8.59	74.21	15.10	14.84	0.00	112.74	571.17
8100 · Non-personnel expenses															
8115 · Computer & Software Expense	91.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	91.16
8130 · Telephone & telecommunications	97.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.46	5.46	103.22
8140 · Postage, shipping, delivery	6.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.15	0.00	0.00	0.00	1.15	7.35
Total 8100 · Non-personnel expenses	195.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.15	0.00	0.00	5.46	6.61	201.73
8505 · Bank Fees	9.99	0.74	0.00	0.00	0.00	0.00	-0.07	0.67	0.00	0.00	0.00	0.00	0.00	0.00	10.66
8590 · Other expenses	0.00	27.74	1.21	0.00	0.00	0.00	5.53	34.48	0.00	0.00	0.00	0.00	0.00	0.00	34.48
8500 · Misc expenses - Other	0.00	0.00	45.00	0.00	0.00	0.00	0.00	45.00	0.00	0.00	0.00	0.00	0.00	0.00	45.00
8650 · Business License & Fees	50.00	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	50.00
Total Expense	652.60	28.48	98.54	1.23	0.00	0.00	12.84	141.09	8.59	870.91	15.10	14.84	5.46	914.90	1,708.59
Share to Total Expenses	38%	2%	6%	0%	0%	0%	1%	8%	1%	51%	1%	1%	0%	54%	
Net Ordinary Income	123.10	1,126.52	668.03	76.61	88.88	88.88	508.57	2,468.61	-8.59	-870.91	-15.10	-14.84	-5.46	-914.90	1,676.81
Net Income	123.10	1,126.52	668.03	76.61	88.88	88.88	508.57	2,468.61	-8.59	-870.91	-15.10	-14.84	-5.46	-914.90	1,676.81

Notes to Consolidated Financial Statements (Unaudited)
For the Quarter Ended December 31, 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 295.98 hours valued at \$7606.39 for Q4 2016. The value of only in-kind professional services totaled \$320.70 for Q4 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.