

**Q4  
2017**



# **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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## **Contents**

[Condensed Statements of Activities \(Unaudited\)](#)

[Statement of Financial Condition \(Unaudited\)](#)

[Condensed Statements of Cash Flows \(Unaudited\)](#)

[Statement of Functional Revenue and Expenses \(Unaudited\)](#)

[Notes to Consolidated Financial Statements](#)

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**Condensed Statements of Activities (Unaudited)**  
**October - December 2017 - Accrual Basis**

	<u>Oct - Dec 17</u>	<u>Oct - Dec 16</u>	<u>Jan - Dec 17</u>
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
<b>4000 - Contributed Support</b>			
4010 - Individual Contributions	466.27	1,919.72	2,843.10
4020 - Corporate Contributions	667.15	612.57	1,501.65
4410 - Event Ticket Sales	0.00	261.00	198.00
<b>Total 4400 - Fundraising Events</b>	<u>0.00</u>	<u>261.00</u>	<u>198.00</u>
4492 - Silent Auction Sales	0.00	145.00	140.00
<b>Total 4000 - Contributed Support</b>	<u>1,133.42</u>	<u>2,938.29</u>	<u>4,682.75</u>
<b>4150 - Donations In-Kind</b>			
4152 - Donations In-Kind Non-Labor	0.00	0.00	0.00
4154 - Donations In-Kind Labor	292.90	82.30	1,651.10
<b>Total 4150 - Donations In-Kind</b>	<u>292.90</u>	<u>82.30</u>	<u>1,651.10</u>
<b>4700 - Product Sales</b>			
4750 - Product Sales - Program Related	0.00	70.00	270.00
4760 - Product Sales Non-Progr Related	0.00	6.75	24.10
<b>Total 4700 - Product Sales</b>	<u>0.00</u>	<u>76.75</u>	<u>294.10</u>
4770 - Sales Discount	0.00	0.00	-28.00
<b>Total Income</b>	<u>1,426.32</u>	<u>3,097.34</u>	<u>6,599.95</u>
<b>Total Cost of Goods Sold</b>	<u>0.00</u>	<u>50.34</u>	<u>190.05</u>
<b>Gross Profit</b>	<u>1,426.32</u>	<u>3,047.00</u>	<u>6,409.90</u>
<b>Expense</b>			
5050 - Purchases	0.00	0.00	32.45
<b>7000 - Grant &amp; contract expense</b>			
7050 - Specific assistance	0.00	795.55	0.00
<b>Total 7000 - Grant &amp; contract expense</b>	<u>0.00</u>	<u>795.55</u>	<u>0.00</u>
<b>7500 - General &amp; Administrative</b>			
7510 - Fundraising Expenses	0.00	60.94	47.98
7530 - Legal fees	10.00	0.00	10.00
7540 - Professional fees - Volunteer	292.90	82.30	1,651.10
7560 - Professional fees - Officers	382.20	155.45	1,261.89
7570 - Professional Services	0.00	32.00	0.00
<b>Total 7500 - General &amp; Administrative</b>	<u>685.10</u>	<u>330.69</u>	<u>2,970.97</u>
<b>8100 - Non-personnel expenses</b>			
8115 - Computer & Software Expense	0.00	69.18	225.10
8130 - Telephone & telecommunications	92.11	103.22	315.14
8135 - Advertising Expense	0.00	0.00	7.00
8140 - Postage, shipping, delivery	16.44	6.20	63.58
8170 - Printing & copying	0.00	0.00	29.34
<b>Total 8100 - Non-personnel expenses</b>	<u>108.55</u>	<u>178.60</u>	<u>640.16</u>
<b>8500 - Misc expenses</b>			
8505 - Bank Fees	0.00	5.66	-4.25
8590 - Other expenses	14.55	34.48	14.55
8500 - Misc expenses - Other	0.52	45.00	24.44
<b>Total 8500 - Misc expenses</b>	<u>15.07</u>	<u>85.14</u>	<u>34.74</u>
<b>8600 - Business expenses</b>			
8650 - Business License & Fees	0.00	50.00	75.00
<b>Total 8600 - Business expenses</b>	<u>0.00</u>	<u>50.00</u>	<u>75.00</u>
<b>Total Expense</b>	<u>808.72</u>	<u>1,439.98</u>	<u>3,753.32</u>
<b>Net Ordinary Income</b>	<u>617.60</u>	<u>1,607.02</u>	<u>2,656.58</u>
<b>Net Income</b>	<u>617.60</u>	<u>1,607.02</u>	<u>2,656.58</u>

**Statement of Financial Position (Unaudited)**  
**As of December 31, 2017 – Accrual Basis**

	<u>Dec 31, 17</u>	<u>Dec 31, 16</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
1000 · Banner Bank	1,293.40	446.97
1025 · Paypal	24.15	488.17
<b>Total Checking/Savings</b>	<u>1,317.55</u>	<u>935.14</u>
<b>Other Current Assets</b>		
1200 · Inventory from Program Partner	1,045.12	1,235.17
<b>Total Other Current Assets</b>	<u>1,045.12</u>	<u>1,235.17</u>
<b>Total Current Assets</b>	<u>2,362.67</u>	<u>2,170.31</u>
<b>Fixed Assets</b>		
<b>1500 · Fixed Assets</b>		
1520 · Software	4,013.00	4,013.00
1590 · Accumulated Depreciation	-4,013.00	-4,013.00
<b>Total 1500 · Fixed Assets</b>	<u>0.00</u>	<u>0.00</u>
<b>Total Fixed Assets</b>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL ASSETS</b>	<u><u>2,362.67</u></u>	<u><u>2,170.31</u></u>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Long Term Liabilities</b>		
<b>2500 · Loan Payable - LT</b>		
2505 · Bortner Loan - LT	17.25	2,233.21
<b>Total 2500 · Loan Payable - LT</b>	<u>17.25</u>	<u>2,233.21</u>
<b>2550 · Professional Fees Pbl - LT</b>		
2255 · Bortner Prof Fees - LT	973.04	1,221.30
<b>Total 2550 · Professional Fees Pbl - LT</b>	<u>973.04</u>	<u>1,221.30</u>
<b>Total Long Term Liabilities</b>	<u>990.29</u>	<u>3,454.51</u>
<b>Total Liabilities</b>	990.29	3,454.51
<b>Equity</b>		
3010 · Unrestricted Net Assets/Deficit	-1,284.20	-2,292.84
Net Income	2,656.58	1,008.64
<b>Total Equity</b>	<u>1,372.38</u>	<u>-1,284.20</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>2,362.67</u></u>	<u><u>2,170.31</u></u>

**Condensed Statements of Cash Flows (Unaudited)**  
**October through December 2017**

	<b><u>Oct - Dec 17</u></b>
<b>OPERATING ACTIVITIES</b>	
Net Income	617.60
<b>Net cash provided by Operating Activities</b>	<b><u>617.60</u></b>
<b>FINANCING ACTIVITIES</b>	
2505 - Bortner Loan - LT	11.25
2255 - Bortner Prof Fees - LT	-111.80
<b>Net cash provided by Financing Activities</b>	<b><u>-100.55</u></b>
<b>Net cash increase for period</b>	<b>517.05</b>
<b>Cash at beginning of period</b>	<b>800.50</b>
<b>Cash at end of period</b>	<b><u>1,317.55</u></b>

**Statement of Functional Revenue and Expenses  
October through December 2017 - Accrual Basis**

	Administrative	Fundraising			Programs			TOTAL	
	Total Administrative	Total General Donations	Total Online	Fundraising - Other	Total Fundraising	Community-based Tourism	Couro Ecologico		Total Programs
<b>Ordinary Income/Expense</b>									
<b>Income</b>									
<b>4000 · Contributed Support</b>									
4010 · Individual Contributions	0.00	85.00	329.51	51.76	466.27	0.00	0.00	0.00	466.27
4020 · Corporate Contributions	0.00	0.00	667.15	0.00	667.15	0.00	0.00	0.00	667.15
<b>Total 4000 · Contributed Support</b>	0.00	85.00	996.66	51.76	1,133.42	0.00	0.00	0.00	1,133.42
<b>4150 · Donations In-Kind</b>									
4154 · Donations In-Kind Labor	292.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	292.90
<b>Total 4150 · Donations In-Kind</b>	292.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	292.90
<b>Total Income</b>	292.90	85.00	996.66	51.76	1,133.42	0.00	0.00	0.00	1,426.32
<b>Gross Profit</b>	292.90	85.00	996.66	51.76	1,133.42	0.00	0.00	0.00	1,426.32
<b>Expense</b>									
<b>7500 · General &amp; Administrative</b>									
7530 · Legal fees	10.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00
7540 · Professional fees - Volunteer	292.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	292.90
7560 · Professional fees - Officers	0.00	0.00	0.00	0.00	0.00	26.29	355.91	382.20	382.20
<b>Total 7500 · General &amp; Administrative</b>	302.90	0.00	0.00	0.00	0.00	26.29	355.91	382.20	685.10
<b>8100 · Non-personnel expenses</b>									
8130 · Telephone & telecommunications	92.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	92.11
8140 · Postage, shipping, delivery	9.19	0.00	0.00	0.00	0.00	0.00	0.00	7.25	16.44
<b>Total 8100 · Non-personnel expenses</b>	101.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	108.55
<b>8500 · Misc expenses</b>									
8590 · Other expenses	0.00	2.55	12.00	0.00	14.55	0.00	0.00	0.00	14.55
8500 · Misc expenses - Other	0.00	0.52	0.00	0.00	0.52	0.00	0.00	0.00	0.52
<b>Total 8500 · Misc expenses</b>	0.00	3.07	12.00	0.00	15.07	0.00	0.00	0.00	15.07
<b>Total Expense</b>	404.20	3.07	12.00	0.00	15.07	26.29	355.91	389.45	808.72
<b>Share of Total Expenses</b>	50%	0%	1%	0%	2%	3%	44%	48%	
<b>Net Ordinary Income</b>	-111.30	81.93	984.66	51.76	1,118.35	-26.29	-355.91	-389.45	617.60
<b>Net Income</b>	-111.30	81.93	984.66	51.76	1,118.35	-26.29	-355.91	-389.45	617.60

**Notes to Consolidated Financial Statements (Unaudited)**  
**For the Quarter Ended December 31, 2017**

**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 71.78 hours valued at \$ \$1,671.40 for Q4 2017. The value of only in-kind *professional* services totaled \$292.90 for this quarter.

**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.