

**FY  
2012**

 **Community Empowerment Network**  
Empowering Communities to Help Themselves

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Community Empowerment Network is an organization dedicated to breaking the cycle of poverty and dependency of many poor communities by helping them acquire and apply the basic skills, habits and mindsets necessary to be self-reliant in the modern economy.

**Condensed Balance Sheet (Unaudited)**

**As of December 31, 2012**

**December 31, 2012**

**ASSETS**

**Current Assets**

**Checking/Savings**

1010 - Checking \$ 1,231

1012 - Checking - Brazil \$ 30

1013 - Paypal \$ 97

**Total Checking/Savings \$ 1,357**

**Accounts Receivable**

1110 - Accounts receivable \$ 240

**Total Accounts Receivable \$ 240**

**Other Current Assets**

1121 - Inventory Asset \$ 951

**Total Other Current Assets \$ 951**

**Total Current Assets \$ 2,548**

**Fixed Assets**

**1600 - Fixed assets**

1625 - Software \$ 4,013

1699 - Accumulated Depreciation \$ (4,013)

**Total 1600 - Fixed assets \$ -**

**Total Fixed Assets \$ -**

**TOTAL ASSETS \$ 2,548**

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Other Current Liabilities**

2230 - Advances Received \$ 800

**Total Other Current Liabilities \$ 800**

**Total Current Liabilities \$ 800**

**Long Term Liabilities**

2300 - Loan Payable L-Term. R.Bortner \$ 26,956

2310 - Prof. Fees Payable R.Bortner \$ 7,664

**Total Long Term Liabilities \$ 34,620**

**Total Liabilities \$ 35,420**

**Equity**

3010 - Unrestricted Net Assets \$ (19,940)

**Net Income \$ (12,932)**

**Total Equity \$ (32,872)**

**TOTAL LIABILITIES & EQUITY \$ 2,548**

**Profit/Loss (Unaudited)**

January through December 2012

**Ordinary Income/Expense**

**Income**

<b>4000 · Contributed support</b>	
4011 · Individual Contribution	2,065.53
4012 · Corporate Contributions	568.68
4013 · Employee giving	567.36
4020 · Board donations	66.24
4120 · Board Donations in kind	19,174.48
4130 · Donations in kind revenue	31,197.29
4281 · Misc Event Income	351.80
<b>Total 4000 · Contributed support</b>	<b>53,991.38</b>

4650 · Product Sales	134.00
4700 · Other Income	0.23

**Total Income** 54,125.61

**Cost of Goods Sold**

5010 · Cost of Goods Sold	99.25
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**Total COGS** 99.25

**Gross Profit** 54,026.36

**Expense**

<b>7000 · Grant &amp; contract expense</b>	
7010 · Contracts - program-related	1,384.63
<b>Total 7000 · Grant &amp; contract expense</b>	<b>1,384.63</b>

<b>7500 · General &amp; Administrative</b>	
7510 · Fundraising Expenses	538.24
7540 · Professional fees - other	49,650.77
7550 · Temporary help - contract	96.54
7560 · Professional fees - Officers	7,663.64
7570 · Professional Services	3,382.76
7590 · Gifts	102.17
<b>Total 7500 · General &amp; Administrative</b>	<b>61,434.12</b>

<b>8100 · Non-personnel expenses</b>	
8110 · Supplies	64.99
8111 · Sale expenses	42.18

8130 · Telephone & telecommunications	848.36
8140 · Postage, shipping, delivery	23.06
8170 · Printing & copying	132.37
<b>Total 8100 · Non-personnel expenses</b>	<b>1,110.96</b>
<b>8300 · Travel, Entertainment, Meetings</b>	
8310 · Travel	1,736.96
8315 · Lodging	259.87
8320 · Conference, convention, meeting	130.00
8350 · Meals-Travel	70.04
8355 · Meals & Entertainment	131.95
8365 · Mileage	164.83
8370 · Ground Transportation-Local	53.28
8380 · Ground Transportation- NonLocal	329.07
<b>Total 8300 · Travel, Entertainment, Meetings</b>	<b>2,876.00</b>
<b>8500 · Misc expenses</b>	
8505 · Bank Fees	26.35
8530 · Membership dues - organization	40.00
8590 · Other expenses	51.03
<b>Total 8500 · Misc expenses</b>	<b>117.38</b>
<b>8600 · Business expenses</b>	
8650 · Business License & Fees	35.00
<b>Total 8600 · Business expenses</b>	<b>35.00</b>
<b>Total Expense</b>	<b>66,958.09</b>
<b>Net Ordinary Income</b>	<b>-12,931.73</b>
<b>Net Income</b>	<b>-12,931.73</b>

### Income by Sub-Class Year Ended Dec 31, 2012

	Total Administrative	Total Events	Fundraising - Other	General Donations	Total Online	VPP Program	Total Fundraising	Couro Ecologico	Entrepreneur Group	Women's Group Evaluation	C Clear - Other	Jua Project	MicroHydro kinetic	Total Product Commercialization	Suruaca	Tourism	Total Programs	Total	
<b>Income</b>																			
<b>4000 - Contributed support</b>																			
4011 - Individual Contribution	\$ -	\$ 553	\$ -	\$ 385	\$ -	\$ 1,028	\$ 1,966	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 2,066	
4012 - Corporate Contributions	\$ -	\$ -	\$ -	\$ 50	\$ 213	\$ -	\$ 263	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ 280	\$ -	\$ -	\$ -	\$ 305	\$ 569	
4013 - Employee giving	\$ -	\$ -	\$ -	\$ 567	\$ -	\$ -	\$ 567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 567	
4020 - Board donations	\$ -	\$ -	\$ -	\$ 60	\$ 6	\$ -	\$ 66	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66	
4120 - Board Donations in kind	\$ 12,747	\$ -	\$ 6,428	\$ 200	\$ -	\$ -	\$ 6,628	\$ -	\$ -	\$ -	\$ -	\$ 632	\$ -	\$ -	\$ -	\$ 65	\$ 697	\$ 20,073	
4130 - Donations in kind revenue	\$ 15,003	\$ -	\$ 9,786	\$ -	\$ -	\$ 521	\$ 10,307	\$ 1,013	\$ 326	\$ 1,602	\$ 44	\$ 153	\$ 109	\$ -	\$ 24	\$ 2,135	\$ 5,405	\$ 30,715	
4281 - Misc Event Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352	\$ 352	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352	
<b>Total 4000 - Contributed support</b>	<b>\$ 27,751</b>	<b>\$ 553</b>	<b>\$ 16,214</b>	<b>\$ 1,262</b>	<b>\$ 219</b>	<b>\$ 1,901</b>	<b>\$ 20,150</b>	<b>\$ 1,013</b>	<b>\$ 426</b>	<b>\$ 1,602</b>	<b>\$ 44</b>	<b>\$ 809</b>	<b>\$ 389</b>	<b>\$ -</b>	<b>\$ 24</b>	<b>\$ 2,201</b>	<b>\$ 6,508</b>	<b>\$ 54,408</b>	
4650 - Product Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104	\$ -	\$ -	\$ 134	\$ 134	
4700 - Other Income	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	
<b>Total Income</b>	<b>\$ 27,751</b>	<b>\$ 553</b>	<b>\$ 16,214</b>	<b>\$ 1,263</b>	<b>\$ 219</b>	<b>\$ 1,901</b>	<b>\$ 20,150</b>	<b>\$ 1,043</b>	<b>\$ 426</b>	<b>\$ 1,602</b>	<b>\$ 44</b>	<b>\$ 809</b>	<b>\$ 389</b>	<b>\$ 104</b>	<b>\$ 24</b>	<b>\$ 2,201</b>	<b>\$ 6,642</b>	<b>\$ 54,542</b>	
<b>Cost of Goods Sold</b>																			
5010 - Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66	\$ -	\$ -	\$ 99	\$ 99	
<b>Total COGS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 99</b>	<b>\$ 99</b>	
<b>Total Expenses and Cost of Goods Sold</b>	<b>\$ 27,751</b>	<b>\$ 553</b>	<b>\$ 16,214</b>	<b>\$ 1,263</b>	<b>\$ 219</b>	<b>\$ 1,901</b>	<b>\$ 20,150</b>	<b>\$ 1,010</b>	<b>\$ 426</b>	<b>\$ 1,602</b>	<b>\$ 44</b>	<b>\$ 809</b>	<b>\$ 389</b>	<b>\$ 38</b>	<b>\$ 24</b>	<b>\$ 2,201</b>	<b>\$ 6,542</b>	<b>\$ 54,443</b>	
<b>% Total</b>	<b>51%</b>	<b>1%</b>	<b>30%</b>	<b>2%</b>	<b>0%</b>	<b>3%</b>	<b>37%</b>	<b>2%</b>	<b>1%</b>	<b>3%</b>	<b>0%</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>	<b>4%</b>	<b>12%</b>	<b>100%</b>	

**Expense by Sub- Class  
Year Ended Dec 31, 2012**

	Administrative Total	Total Events	Fundraising - Other	General Donations	grant writing	Grants	Total Online	VPP Program	Total Fundraising	Couro Ecologico	Entrepreneur Group	Women's Group Evaluation	Total C Clear	Jua Project	MicroHydro kinetic	Couro Ecologico	Jewelry	Total Product Commercialization	Suruaca	Tourism	Total Programs	Total	
<b>7000 - Grant &amp; contract expense</b>	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 885	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 885	\$ 1,385
<b>7500 - General &amp; Administrative</b>																							
7510 - Fundraising Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 538	\$ 538	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 538
7540 - Professional fees - other	\$ 27,751	\$ -	\$ 16,214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,214	\$ 861	\$ 326	\$ 1,602	\$ 2,984	\$ 784	\$ 109	\$ -	\$ -	\$ -	\$ 24	\$ 2,201	\$ 6,102	\$ 50,067	
7550 - Temporary help - contract	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97	\$ -	\$ 97	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97	\$ 97	
7560 - Professional fees - Officers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244	\$ 2,360	\$ 2,244	\$ 187	\$ -	\$ -	\$ -	\$ -	\$ 2,872	\$ 7,664	\$ 7,664	
7570 - Professional Services	\$ -	\$ -	\$ -	\$ -	\$ 3,288	\$ 66	\$ -	\$ -	\$ 3,354	\$ -	\$ -	\$ 29	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29	\$ 3,383	
7590 - Gifts	\$ 27	\$ -	\$ -	\$ -	\$ -	\$ 75	\$ -	\$ -	\$ 75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102	
<b>Total 7500 - General &amp; Administrative</b>	<b>\$ 27,778</b>	<b>\$ -</b>	<b>\$ 16,214</b>	<b>\$ -</b>	<b>\$ 3,288</b>	<b>\$ 141</b>	<b>\$ -</b>	<b>\$ 538</b>	<b>\$ 20,182</b>	<b>\$ 861</b>	<b>\$ 422</b>	<b>\$ 1,874</b>	<b>\$ 5,469</b>	<b>\$ 3,028</b>	<b>\$ 296</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24</b>	<b>\$ 5,073</b>	<b>\$ 13,891</b>	<b>\$ 61,851</b>	
<b>8100 - Non-personnel expenses</b>																							
8110 - Supplies	\$ 34	\$ -	\$ 23	\$ -	\$ -	\$ 4	\$ -	\$ 4	\$ 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65	
8111 - Sale expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (25)	\$ (25)	\$ 25	\$ -	\$ -	\$ 25	\$ -	\$ -	\$ 42	\$ -	\$ 42	\$ -	\$ -	\$ 67	\$ 42	
8130 - Telephone & telecommunications	\$ 628	\$ 32	\$ 95	\$ -	\$ -	\$ -	\$ 16	\$ -	\$ 143	\$ 0	\$ 49	\$ -	\$ 49	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26	\$ 77	\$ 848	
8140 - Postage, shipping, delivery	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ 3	\$ 7	\$ -	\$ -	\$ 7	\$ -	\$ -	\$ 11	\$ -	\$ 11	\$ -	\$ -	\$ 18	\$ 23	
8170 - Printing & copying	\$ 30	\$ -	\$ 30	\$ -	\$ -	\$ 19	\$ -	\$ 36	\$ 85	\$ 8	\$ -	\$ -	\$ 8	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8	\$ 17	\$ 132	
<b>Total 8100 - Non-personnel expenses</b>	<b>\$ 694</b>	<b>\$ 32</b>	<b>\$ 148</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26</b>	<b>\$ 16</b>	<b>\$ 15</b>	<b>\$ 237</b>	<b>\$ 41</b>	<b>\$ 49</b>	<b>\$ -</b>	<b>\$ 89</b>	<b>\$ 4</b>	<b>\$ -</b>	<b>\$ 53</b>	<b>\$ -</b>	<b>\$ 53</b>	<b>\$ -</b>	<b>\$ 34</b>	<b>\$ 180</b>	<b>\$ 1,111</b>	
<b>8300 - Travel, Entertainment, Meetings</b>																							
8310 - Travel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290	\$ -	\$ -	\$ 290	\$ 190	\$ 290	\$ -	\$ -	\$ -	\$ 145	\$ 821	\$ 1,737	\$ 1,737	
8315 - Lodging	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60	\$ 180	\$ 260	
8320 - Conference, convention, meeting	\$ 115	\$ -	\$ -	\$ -	\$ -	\$ 15	\$ -	\$ -	\$ 15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130	
8350 - Meals-Travel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23	\$ 70	\$ 70	
8355 - Meals & Entertainment	\$ 93	\$ -	\$ -	\$ -	\$ -	\$ 8	\$ -	\$ -	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ 15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15	\$ 31	\$ 132	
8365 - Mileage	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134	\$ -	\$ -	\$ 134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29	\$ 163	\$ 165	
8370 - Ground Transportation-Local	\$ 15	\$ -	\$ 2	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ 5	\$ 5	\$ -	\$ -	\$ 5	\$ 14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14	\$ 34	\$ 53	
8380 - Ground Transportation-NonLocal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 82	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242	\$ 324	\$ 329	
<b>Total 8300 - Travel, Entertainment</b>	<b>\$ 305</b>	<b>\$ -</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 31</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33</b>	<b>\$ 430</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 430</b>	<b>\$ 469</b>	<b>\$ 290</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 145</b>	<b>\$ 1,204</b>	<b>\$ 2,538</b>	<b>\$ 2,876</b>	
<b>8500 - Misc expenses</b>																							
8505 - Bank Fees	\$ -	\$ 3	\$ 2	\$ 14	\$ -	\$ -	\$ -	\$ -	\$ 19	\$ -	\$ 5	\$ -	\$ 5	\$ -	\$ -	\$ 2	\$ -	\$ 2	\$ -	\$ -	\$ 8	\$ 26	
8530 - Membership dues - organization	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40	
8590 - Other expenses	\$ -	\$ 3	\$ 2	\$ -	\$ 0	\$ 1	\$ -	\$ 7	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 41	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44	\$ 51	
<b>Total 8500 - Misc expenses</b>	<b>\$ 40</b>	<b>\$ 6</b>	<b>\$ 2</b>	<b>\$ 17</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ 5</b>	<b>\$ 4</b>	<b>\$ 41</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 52</b>	<b>\$ 117</b>	
<b>8600 - Business expenses</b>																							
8650 - Business License & Fees	\$ 35	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35	
<b>Total 8600 - Business expenses</b>	<b>\$ 35</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35</b>	
<b>Total Expense</b>	<b>\$ 28,851</b>	<b>\$ 38</b>	<b>\$ 16,365</b>	<b>\$ 17</b>	<b>\$ 3,788</b>	<b>\$ 199</b>	<b>\$ 17</b>	<b>\$ 554</b>	<b>\$ 20,978</b>	<b>\$ 1,332</b>	<b>\$ 476</b>	<b>\$ 1,874</b>	<b>\$ 5,994</b>	<b>\$ 4,389</b>	<b>\$ 627</b>	<b>\$ 55</b>	<b>\$ -</b>	<b>\$ 55</b>	<b>\$ 169</b>	<b>\$ 6,311</b>	<b>\$ 17,545</b>	<b>\$ 67,375</b>	
<b>% Expenses</b>	<b>43%</b>	<b>0%</b>	<b>24%</b>	<b>0%</b>	<b>6%</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>31%</b>	<b>2%</b>	<b>1%</b>	<b>3%</b>	<b>9%</b>	<b>7%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>9%</b>	<b>26%</b>	<b>100%</b>	

**Notes to Consolidated Financial Statements (Unaudited)**  
**For the Year Ending December 31 2012**

**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 mindsets 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 Real 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**

Services contributed by volunteers are recognized at fair value as non-monetary, in-kind donations and expenses if such services require particular skills needed by the organization, and if such skills would need to be purchased if not donated. CEN applies values for contributed hours from sources deemed by management to represent not-for-profit rates of pay for positions of similar responsibility.

CEN receives a significant portion of revenue in the form of in-kind labor from volunteers, which is recognized as a corresponding expense. In 2012, the value of in-kind labor totaled \$50,067.

Total expenses increased 6% in 2012 to \$67,375, primarily as result of increased number of volunteer hours served. Including the value of volunteer labor, our non-program expenses comprised 74% of our total expenses in 2012, slightly exceeding non-program expenses in 2011. Excluding the expenses related to the in kind donation of labor though, our non-program expenses comprised a much more modest 34% of total expenses, and 66% of our expenses were spent on program. **We feel this is a much more appropriate measure of success meeting our fiduciary duties because it more accurately reflects the value of the expenses to which monetary donations are spent.**

Please see [2012 Financial Summary](#) for a graphic presentation of the breakdown of expenses both including and excluding in-kind labor

**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 1(e) above.