

Condensed Statements of Activities (Unaudited)

Change in Net Assets	Twelve Months Ended	
	December 31,2011	December 31,2010
Revenues		
Contributions	83,397	16,737
Product Commercialization	185	80
Total of Revenues	<u>83,582</u>	<u>16,817</u>
Expenses		
Administrative	17,524	3,260
Fundraising	28,200	2,532
Programs		
C Clear		
-Other	8,059	7,074
- Pilot Project 1	25	1,249
- Couro Ecologico	177	-
- Entrepreneur Group	2,761	133
- Women's Group Evaluation	3,450	-
Total C Clear	<u>14,472</u>	<u>8,456</u>
Juá Project	1,526	
Micro Hydrokinetic	1,206	
Product Commercialization		
- Couro Ecologico	20	69
- Jewelry	16	2
Total P. Commercialization	<u>35</u>	<u>71</u>
Tembo Trading Education	465	-
Tourism	-	107
Total Programs	<u>17,704</u>	<u>8,633</u>
Total Expenses	63,428	14,425
Change in Assets	20,154	2,391
Unrestricted net assets, beginning of period	<u>(40,094)</u>	<u>(43,350)</u>
Unrestricted net assets, end of period	<u><u>(19,940)</u></u>	<u><u>(40,958)</u></u>

Condensed Statements of Activities (Unaudited)

Change in Net Assets	March 31,2011	Three Months Ended			Twelve Months Ended	
		June 30,2011	September 30,2011	December 31,2011	December 31,2011	December 31,2010
Revenues						
Contributions	15,375	13,619	15,199	39,205	83,397	16,737
Product Commercialization	55	-	-	130	185	80
Total of Revenues	<u>15,430</u>	<u>13,619</u>	<u>15,199</u>	<u>39,335</u>	<u>83,582</u>	<u>16,817</u>
Expenses						
Administrative	3,076	4,716	4,984	4,748	17,524	3,260
Fundraising	6,059	6,398	7,507	8,236	28,200	2,532
Programs						
C Clear						
-Other	6,031	214	562	1,253	8,059	7,074
- Pilot Project 1	25	-	-	-	25	1,249
- Couro Ecologico	9	-	-	168	177	-
- Entrepreneur Group	1,657	426	456	222	2,761	133
- Women's Group Evaluation	2,294	742	176	238	3,450	-
Total C Clear	<u>10,016</u>	<u>1,382</u>	<u>1,193</u>	<u>1,881</u>	<u>14,472</u>	<u>8,456</u>
Juá Project	188	182	165	990	1,526	-
Micro Hydrokinetic		37	438	731	1,206	-
Product Commercialization						
- Couro Ecologico	20	-	-	-	20	69
- Jewelry	-	16	-	-	16	2
Total P. Commercialization	<u>20</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>35</u>	<u>71</u>
Tembo Trading Education				465	465	-
Tourism	-	-	-	-	-	107
Total Programs	<u>10,224</u>	<u>1,617</u>	<u>1,797</u>	<u>4,067</u>	<u>17,704</u>	<u>8,633</u>
Total Expenses	<u>19,359</u>	<u>12,730</u>	<u>14,288</u>	<u>17,051</u>	<u>63,428</u>	<u>14,425</u>
Change in Assets	<u>(3,929)</u>	<u>889</u>	<u>911</u>	<u>22,284</u>	<u>20,154</u>	<u>2,391</u>
Unrestricted net assets, beginning of period	<u>(40,094)</u>	<u>(44,024)</u>	<u>(43,135)</u>	<u>(42,224)</u>	<u>(40,094)</u>	<u>(43,350)</u>
Unrestricted net assets, end of period	<u><u>(44,024)</u></u>	<u><u>(43,135)</u></u>	<u><u>(42,224)</u></u>	<u><u>(19,940)</u></u>	<u><u>(19,940)</u></u>	<u><u>(40,958)</u></u>

Condensed Balance Sheets (Unaudited)

	December 31,2011	December 31,2010
ASSETS		
Current Assets		
Cash	1,268	792
Other Current Assets		
Accounts Receivable	1,533	-
Inventory Asset	1,067	192
Undeposited funds	-	119
Total Other Current Assets	<u>2,600</u>	<u>311</u>
Total Current Assets	<u>3,867</u>	<u>1,103</u>
TOTAL ASSETS	<u><u>3,867</u></u>	<u><u>1,103</u></u>
LIABILITIES & EQUITY		
Liabilities		
Long Term Liabilities		
Loan Payable L-Term. R.Bortner	23,807	36,796
Prof. Fees Payable R.Bortner	-	5,265
Total Long Term Liabilities	<u>23,807</u>	<u>42,061</u>
Total Liabilities	23,807	42,061
Net Assets - unrestricted	(19,940)	(40,958)
TOTAL LIABILITIES AND NET ASSETS	<u><u>3,867</u></u>	<u><u>1,103</u></u>



2011 Condensed Cash Flow (unaudited)

	Twelve months ended	
	December 31,2011	December 31,2010
Cash Flows from (to) Operating Activities		
Change in net assets	21,018	3,060
Less: non-cash activities		
Forgiveness of loan	(20,990)	
Change in operating assets and liabilities		
Inventories	(875)	(192)
Accounts receivable	(1,533)	-
Net cash provided by (used in) operating activities	<u>18,610</u>	<u>2,869</u>
Cash Flows from Financing Activities		
Loans payable	2,736	(4,109)
Net cash provided by financing activities	<u>2,736</u>	<u>(4,109)</u>
Net increase (decrease) in cash	356	(1,240)
Cash balance at first of year	911	2,152
Cash balance at end of the period	<u><u>1,268</u></u>	<u><u>911</u></u>

2011 Annual Expenses by Class (unaudited)

	Administrative		Fundraising					
	Administrative - Other	Marketing	Marathon	Raffle	Fundraising - Other	General Donations	Ebay/Mission Fish	VPP Program
Cost of Goods Sold								
5010 · Cost of Goods Sold	-	-	-	-	-	-	-	49.81
Total COGS	-	-	-	-	-	-	-	49.81
								(49.81)
Expense								
7000 · Grant & contract expense								
7010 · Contracts - program-related	-	-	-	-	-	-	-	-
Total 7000 · Grant & contract expense	-	-	-	-	-	-	-	-
7500 · General & Administrative								
7510 · Fundraising Expenses								
7512 · Misc Fundraising Expense	-	-	-	270.00	15.00	-	-	-
Total 7510 · Fundraising Expenses	-	-	-	270.00	15.00	-	-	-
7540 · Professional fees - other	15,820.83	30.00	-	-	26,428.94	-	-	-
7550 · Temporary help - contract	-	-	-	-	-	-	-	-
7560 · Professional fees - Officers	-	-	-	-	-	-	-	-
7590 · Gifts	-	-	-	-	-	-	-	-
Total 7500 · General & Administrative	15,820.83	30.00	-	270.00	26,443.94	-	-	-
8100 · Non-personnel expenses								
8110 · Supplies	65.27	-	-	18.76	111.69	-	-	7.05
8115 · Computer Expense	-	-	-	-	-	-	-	-
8130 · Telephone & telecommunications	420.17	86.66	56.06	-	149.10	-	-	37.62
8140 · Postage, shipping, delivery	21.88	-	5.46	2.39	-	-	-	-
8170 · Printing & copying	67.30	28.85	7.21	71.97	-	-	-	9.47
Total 8100 · Non-personnel expenses	574.62	115.51	68.73	93.12	260.79	-	-	54.14

2011 Annual Expenses by Class (unaudited)

	Programs										
	C Clear - Other	Couro Ecologico	Suruacá Entrepreneur Group	Pilot Project 1	Women's Group Evaluation	Juá Project	Micro- Hydrokinetic	Couro Ecologico Commercialization	Jewelry Education	Tembo Trading	TOTAL
Cost of Goods Sold											
5010 · Cost of Goods Sold	-	-	-	-	-	-	-	17.70	-	-	67.51
Total COGS	-	-	-	-	-	-	-	17.70	-	-	67.51
	-	-	-	-	-	-	-	(17.70)	-	-	
Expense											
7000 · Grant & contract expense											
7010 · Contracts - program-related	-	-	-	-	-	-	-	-	-	450.00	450.00
Total 7000 · Grant & contract expense	-	-	-	-	-	-	-	-	-	450.00	450.00
7500 · General & Administrative											-
7510 · Fundraising Expenses											-
7512 · Misc Fundraising Expense	-	-	-	-	-	-	-	-	-	-	285.00
Total 7510 · Fundraising Expenses	-	-	-	-	-	-	-	-	-	-	285.00
7540 · Professional fees - other	4,093.49	173.78	2,492.53	-	1,935.37	1,113.02	1,205.77	-	-	-	53,293.73
7550 · Temporary help - contract	5.54	-	-	-	-	49.84	-	-	-	-	55.38
7560 · Professional fees - Officers	3,754.48	-	-	-	-	282.11	-	-	-	-	4,036.59
7590 · Gifts	-	-	-	-	14.97	-	-	-	-	-	14.97
Total 7500 · General & Administrative	7,853.51	173.78	2,492.53	-	1,950.34	1,444.97	1,205.77	-	-	-	57,685.67
8100 · Non-personnel expenses											-
8110 · Supplies	47.57	2.92	20.95	-	53.22	-	-	-	15.03	-	342.46
8115 · Computer Expense	-	-	-	-	9.90	-	-	-	-	-	9.90
8130 · Telephone & telecommunications	34.96	-	-	25.11	141.05	-	-	-	-	-	950.73
8140 · Postage, shipping, delivery	-	-	-	-	-	-	-	-	-	-	29.73
8170 · Printing & copying	-	-	-	-	25.49	-	-	-	0.64	-	210.93
Total 8100 · Non-personnel expenses	82.53	2.92	20.95	25.11	229.66	-	-	-	15.67	-	1,543.75

2011 Annual Expenses by Class (unaudited)

	Administrative		Fundraising					
	Administrative - Other	Marketing	Marathon	Raffle	Fundraising - Other	General Donations	Ebay/Mission Fish	VPP Program
8300 · Travel, Entertainment, Meetings								
8310 · Travel	-	-	-	-	-	-	-	-
8315 · Lodging	111.40	-	-	-	-	-	-	-
8320 · Conference, convention, meeting	150.00	-	-	-	-	-	-	-
8350 · Meals-Travel	246.72	-	-	-	-	-	-	-
8355 · Meals & Entertainment	149.97	-	-	19.71	77.63	-	-	3.67
8360 · Laundry	-	-	-	-	-	-	-	-
8365 · Mileage	326.62	12.32	-	3.39	217.17	-	-	63.39
8370 · Ground Transportation-Local	13.75	4.00	4.50	15.00	8.75	-	-	-
8380 · Ground Transportation- NonLocal	2.00	-	-	-	-	-	-	-
Total 8300 · Travel, Entertainment, Meetings	1,000.46	16.32	4.50	38.10	303.55	-	-	67.06
8500 · Misc expenses								
8505 · Bank Fees	(352.68)	-	5.40	4.77	190.00	21.61	-	65.53
8530 · Membership dues - organization	200.00	-	-	-	-	-	-	-
8540 · Staff development	40.00	-	-	-	-	-	-	-
8590 · Other expenses	28.95	-	-	1.00	-	120.00	72.51	-
Total 8500 · Misc expenses	(83.73)	-	5.40	5.77	190.00	141.61	72.51	65.53
8600 · Business expenses								
% Total 8650 · Business License & Fees	50.00	-	-	-	65.00	-	-	-
Total 8600 · Business expenses	50.00	-	-	-	65.00	-	-	-
Total Expense	17,362.18	161.83	78.63	406.99	27,263.28	141.61	72.51	186.73
Total COGS and Expense	17,362.18	161.83	78.63	406.99	27,263.28	141.61	72.51	236.54
% Total		28%						44%

2011 Annual Contributions (unaudited)

	Administrative		Fundraising					Programs							Total	%			
	Marathon	Raffle	General Donations	Other Sales	Misc. Amazon.com	Ebay Mission Fish	VPP Program	C Clear - Other	Couro Ecologico	Entrepreneur Group	Women's Group Evaluation	Juá Project	Couro Ecologico	Micro Hydrokinetic			Tembo Trading Education		
Income																			
4000 · Contributed support																			
4011 · Individual Contribution		755	-	242	-	-	-	1,127										2,124	3%
4012 · Corporate Contributions		-	-	1,089	-	39	-	-					754	-	-	-	-	1,882	2%
4013 · Employee giving		-	-	2,470	-	-	-	-					-	-	-	-	-	2,470	3%
4020 · Board donations		-	-	450	-	-	363	-					-	-	-	-	-	813	1%
4120 · Board Donations in kind	14,414	-	-	44,871	-	-	-	-	4,093				1,113	-	-	-	-	64,492	77%
4130 · Donations in kind revenue	1,407	-	-	2,565	-	-	-	-					-	-	-	1,206	-	9,632	12%
4230 · Foundation/trust grants	-	-	-	-	-	-	-	-		174	2,493	1,788	-	-	-	-	500	500	1%
4281 · Fundraising Income	-	-	853	-	-	10	-	-	-	-	-	-	-	-	-	-	-	1,484	2%
4650 · Product Sales	-	-	-	-	-	-	-	130	-	-	-	-	55	-	-	-	-	185	0%
Total 4000 · Contributed support	15,821	755	853	51,688	10	39	363	1,878	4,093	174	2,493	1,788	1,867	55	1,206	500	83,582	100%	

Notes to Consolidated Financial Statements (Unaudited)

For the Year Ended December 31, 2011

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.

In December of 2011, the executive director forgave \$20,990 of the balance on the note, which

was recorded as non-cash revenue on the statement of activities and the statement of cash flows.

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.

Non-monetary donations of services totaled \$53,134 in 2011. Of such services, 20% were directly related to programs, 31% to administration, and 49% to fundraising. CEN is in the process of building an organization capable of executing its vision of empowering communities in the lower Amazon Basin of Brazil and is engaged in efforts to obtain grant funding. Like many volunteer-based non-profit organizations, a large share of volunteer hours were focused on fundraising activities; with far fewer volunteers working in the field and on programs. This situation creates a strong bias in the number of donated hours spent on fundraising. Also during 2011, a significant share of the Director's time was spent developing the Juá Community-based tourism project, which was not included in program activities because CEN did not begin providing direct financial support to the project during 2011. If its efforts come to fruition in 2012, the proportion of CEN's resources devoted to programs will increase significantly relative to administrative and fundraising efforts, and the organization is expected to see the majority of its resources devoted to programs.

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.