



The Vetiver Network is an IRS approved tax-exempt NGO under code 501(c)(3)

Patron - H.R.H. Princess Maha Chakri Sirindhorn of Thailand

OFFICERS

- Chairman - Richard Grimshaw O.B.E.
- President - Dale Rachmeler
- Secretary - Mark Dafforn
- Treasurer - Richard Grimshaw O.B.E.

BOARD OF DIRECTORS

John Greenfield
Crisis Juliard
James Smyle
Sumet Tantivejkul
Paul Truong
Monty Yudelman,
Paul Zuckerman

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The Board of Directors
The Vetiver Network

2005 Financial Statements

I have reviewed The Vetiver Network's 2005 accounts and have prepared the attached Financial Statements including supporting notes. These Statements are published on TVN's web site in accordance with Internal Revenue Service rules.

The Financial Statements meet the accounting requirements of the Internal Revenue Service for the preparation of the tax return form 990-PF which I have also completed.

Also attached are notes relating to the Financial Statements.

Yours Sincerely

Richard Grimshaw
Treasurer
January 24, 2006

THE VETIVER NETWORK
STATEMENT OF FINANCIAL POSITION
Year Ended Dec 31 2005

ASSETS

	<u>2005</u>	<u>2004</u>
CURRENT ASSETS		
Cash and cash equivalents		
Unrestricted	\$ 26,282	\$ 16,900
Restricted	-	14,748
Grants Receivable	20,000	36,000
TOTAL CURRENT ASSETS	46,282	67,648
Furniture and Equipment	9,972	17,131
Accumulated Depreciation	(8,822)	(15,351)
	1,150	1,780
	\$ 47,432	\$ 69,428

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 102	\$ 1,302
Grants Payable	-	13,000
TOTAL CURRENT LIABILITIES	102	14,302
NET ASSETS		
Unrestricted	47,330	17,378
Temporarily restricted	-	37,748
	47,330	55,126
	\$ 47,432	\$ 69,428

THE VETIVER NETWORK
STATEMENT OF ACTIVITIES
Year Ended Dec 31 2005

(with comparative totals for Year Ended December 31 2004)

	Unrestricted	Temporarily Restricted	Totals	
			2005	2004
REVENUES AND SUPPORT				
Contributions	\$ 40,000	\$ -	\$ 40,000	\$ 141,000
sales	132	-	132	-
Interest	432	-	432	356
Royalties	20	-	20	-
Net assets released from restriction	37,748	(37,748)	-	-
	<u>78,331</u>	<u>(37,748)</u>	<u>40,584</u>	<u>141,356</u>
EXPENSES				
Programs				
Network support	1,013	-	1,013	548
NGO Support	-	-	-	-
Research awards	2,000	-	2,000	25,000
Publications	3	-	3	2,000
Postage	449	-	449	498
Travel and entertainment	-	-	-	2,865
Travel and Research Grants	5,950	-	5,950	-
Congo Program	36,800	-	36,800	83,252
	<u>46,214</u>	<u>-</u>	<u>46,214</u>	<u>114,163</u>
Management and General				
Depreciation	630	-	630	1,696
Legal and Professional Fees	25	-	25	30,175
Miscellaneous	(0)	-	(0)	-
Office Expense	1,550	-	1,550	2,374
Taxes	(39)	-	(39)	-
	<u>2,166</u>	<u>-</u>	<u>2,166</u>	<u>34,245</u>
	<u>48,380</u>	<u>-</u>	<u>48,380</u>	<u>148,408</u>
INCREASE (DECREASE) NET ASSETS	29,952	(37,748)	(7,796)	(7,052)
NET ASSETS AT BEGINNING OF YEAR	<u>55,126</u>	<u>-</u>	<u>55,126</u>	<u>62,178</u>
NET ASSETS AT END OF YEAR	<u>\$ 85,078</u>	<u>\$ (37,748)</u>	<u>\$ 47,330</u>	<u>\$ 55,126</u>

THE VETIVER NETWORK
STATEMENT OF CASH FLOWS
Year Ended Dec 31 2005

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (7,796)	\$ (7,052)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	630	1,696
(Increase) decrease in:		
Grants receivable	16,000	(36,000)
Increase (decrease) in:		
Accounts Payable	(1,200)	1,146
Grants payable	(13,000)	13,000
NET CASH USED IN OPERATING ACTIVITIES	(5,366)	(27,210)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Equipment	-	(1,529)
NET CASH USED IN INVESTING ACTIVITIES	-	(1,529)
DECREASE IN CASH AND CASH EQUIVALENTS	(5,366)	(28,739)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,648	60,387
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 26,282	\$ 31,648

THE VETIVER NETWORK

Notes to Financial Statements

December 31, 2004 and 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIERS

Organization

The Vetiver Network (TVN) was incorporated in 1995, pursuant to Chapter 9 of Title 13.1 of the Code of Virginia for the purpose of promoting conservation and environmental activities. TVN's primary focus is the dissemination of information about vetiver grass technology, and other related technologies, for the purpose of soil conservation, land rehabilitation, phyto-remediation of polluted resources, and the general promotion of better natural resource management on a worldwide basis.

Basis of Accounting

The financial statements of TVN have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

TVN reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Income Tax Status

TVN is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal revenue Code. TVN has been classified as a private foundation within the meaning of Section 509 (a).

Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents are considered to be all unrestricted highly liquid investments with maturities of three months or less at the time of acquisition.

Furniture and Equipment

Purchased property and equipment is capitalized at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated using a straight line method over their estimated useful lives of five to seven years.

Donated Furniture and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted contributions.

Absent donor stipulations regarding how long those donated assets must be maintained, TVN reports expirations of donor restrictions when the donated or acquired net assets are placed in service as instructed by the donor. TVN reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributions

Contributions received are recorded as unrestricted temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets represent funds provided with a type-of-use restriction. There are no temporarily restricted assets that are time-of-availability restricted.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is when a stipulated time restriction ends or a purpose of restriction is accomplished,, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Sales

TVN produces DVDs and publications promoting the use of the Vetiver Technology. TVN's policy is to provide items to those requesting them without regard to the requestor's ability to pay. Amounts received from those who pay are included in sales.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

Allocation of Joint Costs

All costs related to a joint activity (program or management and general) are recorded as fundraising costs, unless the activity meets several criteria. These criteria relate to the purpose, the intended audience, and the content of the joint activity, TVN has no such joint activities during 2004.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following on December 31 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Savings – operating	\$ 23,546	\$ 28,259
Non- interest bearing checking account	2,720	3,389
Petty cash	<u>16</u>	<u>0</u>
	<u>\$ 26,282</u>	<u>\$ 31,648</u>

NOTE C – TEMPORARILY RESTRICTED NET ASSETS.

Temporarily restricted net assets at December 31 2005 were \$ zero and at December 31 2004 \$45,748. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors for 2004 and 2003 as follows:

	<u>2005</u>	<u>2004</u>
Grant Expense - China	\$ -	\$ 5,000
Grant Expense – Vietnam	-	7,000
Congo Livelihood Program	<u>37,748</u>	<u>83,252</u>
	<u>\$ 37,748</u>	<u>\$ 95,252</u>

NOTE – D ASSET WRITE OFF

At the end of the year TVN wrote off obsolete and non-repairable assets with a book cost of \$3,233 that had fully depreciated. Additionally a fully depreciated G3 Lap top computer (book cost of \$3,926) was transferred to TVN's CLIFS project in the Congo. Total book cost asset reduction was \$7,159.

NOTE E – CONCENTRATIONS

TVN receives the majority of its support through contributions, award and grants. If this support ceases, it would cause a significant impact on TVN's ability to continue its operations.