



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  
Criss Juliard  
James Smyle  
Sumet Tantivejkul  
Paul Truong  
Monty Yudelman,  
Paul Zuckerman

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The Board of Directors  
The Vetiver Network

### 2004 Financial Statements

As Treasurer of The Vetiver Network I have prepared the Financial Statements for 2004 covering TVN's operations and programs.

As you know TVN is not obligated to have an independent audit, and as TVN's revenues are currently seriously depleted I felt that we could not justify the high cost of an independent audit (previously required by the Royal Danish Government). Dale Rachmeler solicited Board members views on this proposal earlier, and there was agreement that accounts would not be independently audited this year. I have reviewed our accounts and have prepared the attached financial statements. I have also prepared the 2004 tax returns. These actions have saved us some \$8000. If we are able to increase our revenues, and if our donors should in the future demand an independent audit then we can return to that process.

TVN's accounts are held in "Quick Books" accounting software. This software is an excellent "business" accounting program for small organizations such as TVN and there is little room for error. The financial statements presented for 2004 are prepared from Quick Books data and balances, and meet the accounting requirements of the Internal Revenue Service in the preparation of the tax return form 990-PF.

Also attached are notes relating to this years Financial Statements.

Yours Sincerely

Richard Grimshaw

Treasurer  
March 12 200

**THE VETIVER NETWORK**  
**STATEMENT OF FINANCIAL POSITION**  
**Year Ended Dec 31 2004**

	ASSETS	
	2,004	2,003
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		
Unrestricted	\$ 16,900	\$ 55,387
Restricted	14,748	5,000
Grants Receivable	36,000	
 TOTAL CURRENT ASSETS	 67,648	 60,387
 Furniture and Equipment	 17,131	 15,602
Accumulated Depreciation	(15,351)	(13,655)
	1,780	1,947
	\$ 69,428	\$ 62,334
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,302	\$ 156
Grants Payable	13,000	-
 TOTAL CURRENT LIABILITIES	 14,302	 156
<b>NET ASSETS</b>		
Unrestricted	17,378	57,178
Temporarily restricted	37,748	5,000
	55,126	62,178
	\$ 69,428	\$ 62,334

**THE VETIVER NETWORK**  
**STATEMENT OF ACTIVITIES**  
**Year Ended Dec 31 2004**

(with comparative totals for Year Ended December 31 2003)

	Unrestricted	Temporarily Restricted	Totals	
			2,004	2,003
<b>REVENUES AND SUPPORT</b>				
Contributions	-	\$ 141,000	\$ 141,000	\$ 10,000
sales	-	-	-	-
Interest	356	-	356	1,076
Reversal of Grant Commitments	-	-	-	40,592
Royalties	-	-	-	65
Net assets released from restriction	95,252	(95,252)	-	-
	<u>95,608</u>	<u>45,748</u>	<u>141,356</u>	<u>51,733</u>
<b>EXPENSES</b>				
<b>Programs</b>				
Network support	548	-	548	-
NGO Support	-	-	-	1,500
Research awards	25,000	-	25,000	42,601
Newsletter and publication	2,000	-	2,000	-
Postage	498	-	498	1,151
Travel and entertainment	2,865	-	2,865	5,941
Congo Program	83,252	-	83,252	-
	<u>114,163</u>	<u>-</u>	<u>114,163</u>	<u>51,193</u>
Management and General				
Depreciation	1,696	-	1,696	1,498
Legal and Professional Fees	30,175	-	30,175	17,400
Office Expense	2,374	-	2,374	4,924
	<u>34,245</u>	<u>-</u>	<u>34,245</u>	<u>23,822</u>
	<u>148,408</u>	<u>-</u>	<u>148,408</u>	<u>75,015</u>
<b>INCREASE (DECREASE) NET ASSETS</b>	(52,800)	45,748	(7,052)	(23,282)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>62,178</u>	<u>-</u>	<u>62,178</u>	<u>85,460</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 9,378</u>	<u>\$ 45,748</u>	<u>\$ 55,126</u>	<u>\$ 62,178</u>

**THE VETIVER NETWORK**  
**STATEMENT OF CASH FLOWS**  
**Year Ended Dec 31 2004**

	2,004	2,003
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (7,052)	\$ (23,282)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	1,696	1,498
Reversal of grant commitments	-	(40,592)
(Increase) decrease in:		
Grants receivable	(36,000)	35,000
Increase (decrease) in:		
Accounts Payable	1,146	(547)
Grants payable	13,000	(11,514)
Interest payable in Danish Grant	-	(276)
NET CASH USED IN OPERATING ACTIVITIES	(27,210)	(39,713)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Equipment	(1,529)	(312)
NET CASH USED IN INVESTING ACTIVITIES	(1,529)	(312)
DECREASE IN CASH AND CASH EQUIVALENTS	(28,739)	(40,025)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	60,387	100,412
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 31,648	\$ 60,387

## **THE VETIVER NETWORK**

Notes to Financial Statements

December 31, 2004 and 2003

### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **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 nonfinancial 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 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Savings – operating	\$ 28,259	\$ 52,248
Non- interest bearing checking account	3,389	3,065
Petty cash		74
	<u>\$ 31,648</u>	<u>\$ 55,387</u>

### **NOTE C – INTEREST PAYABLE – DANISH GRANT**

In the 2003 Financial Report it was noted that \$276 was owing to the Danish Government representing interest earned on Danish Grant funds in TVN accounts. This amount was repaid to the Danish Government during 2004.

### **NOTE D – TEMPORARILY RESTRICTED NET ASSETS.**

Temporarily restricted net assets at December 31 2004 were \$45,748 and at December 31 2003 \$5,000. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors for 2004 and 2003 as follows:

	<u>2004</u>	<u>2003</u>
Grant Expense - China	\$ 5,000	\$ 5,000
Grant Expense – Vietnam	7,000	-
Congo Livelihood Program	<u>83,252</u>	-
	<u>\$ 95,252</u>	<u>\$ 5,000</u>

### **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.

**NOTE F - COMMITMENTS**

Because of the difficulties in developing a more direct role in TVN managed vetiver development in developing countries the President of TVN stopped invoicing his services to TVN for his part time work as of December 31 2004. As President he now manages TVN as entirely as a volunteer.

Near the end of 2004 TVN made a commitment to fund a water quality improvement program in Vietnam comprising a total grant of \$ 20,000.