Financial Methodology & Governance

This document explains how money flows through Terry: from purchase to mission payout. It covers our revenue model, financial terminology, commission lifecycle, fund custody, disbursement policy, and audit status. It is intended as a reference for anyone who wants to understand the financial mechanics behind our transparency report.

1. Legal Entity & Fund Custody

Terry operates as Terry Earth B.V., a private limited company registered in Amsterdam, the Netherlands.

All funds, both mission reserves and operating funds, are currently held in a single business account. There is no formal segregation of mission funds at this stage. As revenue grows, we plan to establish a dedicated mission fund account to ensure formal separation.

2. Revenue Model

When a user makes a purchase through Terry, the partnering brand pays an affiliate commission. Terry splits every commission 50/50:

- **50% Mission share**: reserved for disbursement to environmental mission partners.
- **50% Operations share**: funds platform operations including team, infrastructure, compliance, and growth.

All amounts shown in the transparency report represent the mission share only. The 50/50 split is applied at the point of commission tracking, meaning the mission share is calculated immediately when a transaction is recorded.

3. Financial Terminology

To ensure clarity, we use precise terms for each stage of the commission lifecycle:

Term	Definition
Tracked	A commission has been registered by the affiliate network following a qualifying purchase. The amount is provisional and subject to validation.
Pending	The commission is awaiting validation by the brand partner. This typically takes 30–90 days depending on the brand’s return policy and validation process.
Confirmed	The brand partner has validated the commission. The amount is now final and eligible for payment by the affiliate network.
Declined	The commission has been rejected by the brand partner, typically due to order cancellation, product return, or validation failure. Declined commissions are not eligible for disbursement.
Received	The confirmed commission has been paid by the affiliate network to Terry. Payment terms vary by network (typically NET-30 to NET-60 after confirmation).
Disbursed	Terry has transferred the mission share to the corresponding mission partner. Disbursements are made quarterly.

Note: Some commissions may be declined, reversed, or adjusted after initial tracking due to cancellations, returns, or network validation failures. Reported “tracked” amounts may therefore differ from “confirmed” and “received” amounts. Only confirmed and received commissions are eligible for disbursement to mission partners.

The typical sequence is: Tracked → Pending → Confirmed/Declined → Received → Disbursed. End-to-end, this process takes 3–6 months. This delay is inherent to the affiliate commission model and is not within Terry’s control.

4. Disbursement Policy

- **Frequency:** Quarterly (every 3 months).
- **Minimum threshold:** €50 per mission per quarter. Amounts below this threshold are carried forward to the next quarter.
- **Reconciliation:** Before each disbursement, Terry reconciles commission data from affiliate network dashboards against bank statements to verify amounts.
- **Records:** All disbursements are recorded in a receipt ledger maintained on Google Drive. Each payment includes date, recipient mission, amount, and purpose.

5. Data Sources & Reconciliation

Terry works with multiple affiliate networks. Commission data is sourced from each network’s reporting dashboard. Networks currently include Bol, Awin, TradeTracker, Partnerize, Adtraction, Tradedoubler, Daisycon, and Cj.

Reconciliation process:

1. Export transaction data from each affiliate network.
2. Match against Terry’s internal transaction database.
3. Verify received payments against bank statements.
4. Calculate disbursable amounts per mission based on confirmed and received commissions.

This process is performed monthly and reviewed prior to each quarterly disbursement.

6. Audit Status

No independent financial audit has been conducted to date. At our current scale, the cost of a formal audit would represent a disproportionate share of total revenue.

An independent audit will be planned when annual revenue reaches a level that justifies the cost, or when required by external stakeholders (e.g., investors, grant providers). In the meantime, financial integrity is maintained through the reconciliation process described above and the quarterly transparency report published on the website.

7. Portfolio Governance

The Terry Portfolio is governed by a separate framework documented in:

- *How We Select Our Projects* (Terry Project Selection Framework v1.0)
- *The Terry Portfolio: Project Allocations, Assessment, and Rationale* (v1.0)

Portfolio allocations are set by the founding team and reviewed every six months. Allocations are directional targets, not binding commitments. Actual disbursements may differ slightly due to rounding, minimum thresholds, and timing of receipts.