

# ANNUAL REPORT 2013



**THE DARIU FOUNDATION**  
*Investment In Empowerment*

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## LETTER FROM PRESIDENT

*“Our mission is empowering low income families with microfinance and education”*

Dear friends,

The Dariu Foundation has its mission to empower low-income families with microfinance and education and a vision to impact 1 million people living in poverty by 2025. In the last +10 years, more than one hundred thousand low-income people have been impacted by our microfinance program, and same number by education projects, including scholarships, kindergartens and mobile schools which provide computer & internet skills training and financial education.

In 2013 alone, we invested no less than \$2.0 million in microfinance and education projects. With your continued support, we have made significant achievements in the two areas - reaching 15,000 low-income families with a total loan disbursement of nearly \$5.0 million and providing 20,000 rural children with access to education (kindergarten, scholarship and computer skills training and financial education via mobile schools). The grants by reputable partners proved that the foundation – in addition to its sustainable microfinance program – is trustworthy partner and has capability to run educational projects in a professional, innovative and efficient manner.



One of our two pillars – microfinance – has continued to grow in the past year. It created access to microfinancial services for more than fifteen thousand clients in the southern part of Vietnam where financial access remains limited for tens of thousands families living in poverty. We also committed our financial resources and professional expertise to build us one of the top-tier microfinance institutions. As a result, we have been recognized as one of the top-ten MIFs for 7 consecutive years since 2007 in Vietnam.

The second pillar of our mission is to invest in education projects which are closely linked with our microfinance program. We are doing that through the projects of scholarships, schools building and mobile schools. In last year, we granted over 1,500 scholarships, of which 1,000 recipients got bicycles, building four kindergartens and creating access for 1,000 kids, training +10,000 rural youth on computer and internet skills and financial education. TDF becomes now one of the leading organizations in the country to provide extensive financial literacy training for the rural youth.

Next, we continue to invest in educational projects, especially mobile schools and vocational training, aimed at building a leading foundation in the industry with high standards. With sponsors and partners such as Ringier, Regine Sixt Children's Aid Foundation, Accentus Foundation, HSBC, Intel, Citi and Microsoft, we do believe that we can soon turn our vision into reality - serving and impacting 1 million people living in poverty. It was a very good and successful year, and we have strong motivation to further grow and succeed – and with your continued support, we will keep it moving.

Thank you.



## MICROFINANCE

The Dariu Foundation provides microfinance services including loans, savings and non-financial training services to the poorest and most disadvantaged population living in poverty in the rural and mountainous areas of Vietnam. Our clients are 100% women who are in need of micro-loans for job and income generation but are generally considered “unbankable”.

Generally, the clients are organized in a group from 5 to 9 members, trained by our local staff on business plan development, loan use, budgeting and savings skills prior to applying to their first loan of \$150 (with compulsory weekly savings of \$0.25 (25 cent) and voluntary savings if available). The clients receive loans step by steps in a total of 8 loan rounds before they can apply for the largest loan of \$1,500.

Our loan officers meet the group members at one member's home on weekly basis to collect repayments and savings, while also providing training and consultancy services for the clients.

### Key microfinance highlights in 2013:

- 15,000 active borrowers, impacting the lives of 60,000 families members
- \$3.2 million active loan portfolio, with a total of \$4.6 million lent
- 14,250 active savers with \$0.47 million in savings deposits
- 91,500 loans totalling VND 386 billion (or \$18.4 million at 2013 exchange rate) lent by TDF since its operation in 2003.







## SUCCESS STORY

Ms. **Nguyen Thu Diep**, born 1959, was a farmer of abject poverty before she joined TDF's microfinance program in 2003. She then took her first loan of 500,000 VND (\$25.00), investing in growing vegetables, and earning a handsome profit out of the loan. Gradually she took the max loan of \$1,500 from TDF with the consistent investment principle - half for building assets (purchasing more land, building new house or buying motorcycles...) and half for farming and/or domestic animal feedings. From a bare hand, she now owns 7,000m<sup>2</sup> of agriculture land cultivating vegetables, and a litter of 6 sows and around 50 piglets. She continues growing profitable business nowadays.







## SUCCESS STORY

Ms. **Nguyen Thi Tam**, born 1977, and her husband, 1975, has three children. The couple had to work very hard to make both ends meet and with a lot kinds of unstable jobs because she had no land by that time. In 2008, she joined TDF's microfinance program and taking her first loan of \$100. She rented a piece of land 1,000 m<sup>2</sup> and cultivating cucumber and winter melon, and earning record profit. Success after success, she now owns a land of 8,000 m<sup>2</sup>, and rent another 6,000 m<sup>2</sup> for cultivation of rice, corn, winter melon, water melon...from a bare hand in 2008.



## MOBILE SCHOOLS

It is a container-based classroom, using a truck carrying the containers equipped with computers, desks and chairs to remote villages where the disadvantaged children can join for the three-month courses of computer, internet and life skills training. We have several models of mobile school, including 25 feet

container, 40 feet container, expandable 20 feet and foldable houses, and 48-seat cruiser as floating school.

A mobile school costs \$35,000 which covers the costs of a mobile classroom, 35 laptops desks and chairs, LCD, air-con and lighting systems. You are encouraged to donate another \$7,000 to invest in the solar energy system to make the school green.

While donating to The Dariu Foundation, you are giving valuable chance to thousands of disadvantaged children we serve every day. Thank you for your keeping faith with us in helping the poor and the disadvantaged children.







**Key mobile school highlights in 2013:**

- 7 active mobile schools
- Operating in the rural areas of 7 districts in the mekong Delta
- 6,000 students trained on computer, internet and financial literacy
- Another 6,000 students trained on financial literacy
- 250 local teachers attended T.O.T financial education training courses.







## SCHOOL-BUILDING

### Key school-building highlights in 2013:

- Total schools built: 4
- Total beneficiaries: 1,000
- Total value: \$139,000
- Total schools built since 2003: 19





## SCHOLARSHIPS

### Key scholarship highlights in 2013:

- Total recipients: 1,559
- Female: 793      Male: 766
- Total bikes granted: 1,000
- Total value: \$136,000





## OUR SUPPORTERS

We are proud of its work and achievements made since our operation, and of the efforts that TDF makes to create opportunities for thousands of people, especially children, among the disadvantaged communities. Our achievements would not be possible without your generous support that means loans for the “unbankable”, access to kindergartens, schools, computer, internet and financial education for women and youth across the country.



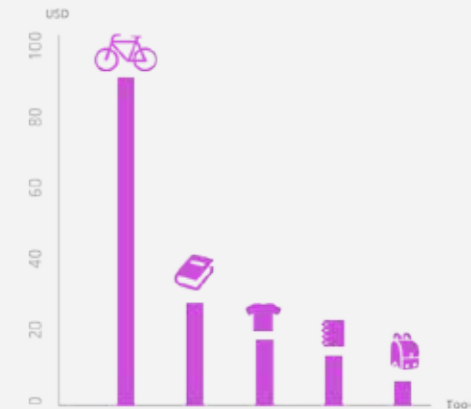
## FACTS & FIGURES



**50%**

At least of scholarship recipients is **FEMALE STUDENTS**

**Our scholarship covers a bike or school things**

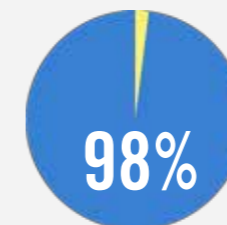


**10\***

**MOBILE SCHOOLS** operating in

**03**

**PROVINCES**



Students **PASSED** the final exam



**6,000** Students **JOINED** our training program last year

\* by March 2014



## 2013 FINANCIAL POSITION

Unit: VND

	As at 31/12/2013			As at 1/1/2013		
	MICROFINANCE ACTIVITY	CHARITY ACTIVITIES	Total	MICROFINANCE ACTIVITY	CHARITY ACTIVITIES	Total
<b>ASSETS</b>						
Current assets						
Cash on hand	1,418,069,618	-	1,418,069,618	808,436,784	-	808,436,784
Cash at bank	3,274,538,692	-	3,274,538,692	1,053,239,044	-	1,053,239,044
Loans receivable	46,101,377,686	-	46,101,377,686	38,247,591,407	-	38,247,591,407
Provision for doubtful debts	(390,050,565)	-	(390,050,565)	(332,609,530)	-	(332,609,530)
Advances to suppliers	480,982,129	-	480,982,129	81,778,000	-	81,778,000
Receivables from Microfinance activities	-	9,861,044,131	-	-	4,922,675,885	-
Other receivables	1,499,000,000	-	1,499,000,000	862,666,537	-	862,666,537
Other current assets	333,423,420	-	333,423,420	263,905,710	-	263,905,710
<b>Total current assets</b>	<b>52,717,340,980</b>	<b>9,861,044,131</b>	<b>52,717,340,980</b>	<b>40,985,007,952</b>	<b>4,922,675,885</b>	<b>40,985,007,952</b>
Non-current assets						
Loans receivable	21,287,639,314	-	21,287,639,314	17,661,097,593	-	17,661,097,593
Property, plant and equipment	174,943,649	-	174,943,649	342,943,043	-	342,943,043
Construction in progress	-	-	-	203,860,000	-	203,860,000
Other non-current assets	318,893,817	-	318,893,817	261,499,806	-	261,499,806
<b>Total non-current assets</b>	<b>21,781,476,780</b>	<b>-</b>	<b>21,781,476,780</b>	<b>18,469,400,442</b>	<b>-</b>	<b>18,469,400,442</b>
<b>TOTAL ASSETS</b>	<b>74,498,817,760</b>	<b>9,861,044,131</b>	<b>74,498,817,760</b>	<b>59,454,408,394</b>	<b>4,922,675,885</b>	<b>59,454,408,394</b>
<b>EQUITY AND LIABILITIES</b>						
Current liabilities						
Accounts payable - compulsory savings	6,848,511,303	-	6,848,511,303	5,979,593,872	-	5,979,593,872
Accounts payable - voluntary savings	3,678,572,270	-	3,678,572,270	3,226,115,483	-	3,226,115,483
Payables to employees	259,279,250	-	259,279,250	254,426,160	-	254,426,160
Payables for Charity activities	9,861,044,131	-	-	4,922,675,885	-	-
Payables to suppliers	50,000,000	-	50,000,000	105,854,638	-	105,854,638
Accrued liabilities	802,727,750	-	802,727,750	240,740,000	-	240,740,000
Other payables	1,865,995,831	-	1,865,995,831	404,541,047	-	404,541,047
<b>Total current liabilities</b>	<b>23,366,130,535</b>	<b>-</b>	<b>23,366,130,535</b>	<b>15,133,947,085</b>	<b>-</b>	<b>10,211,271,200</b>
Equity						
Paid-in capital of owners	27,517,764,532	-	27,517,764,532	27,517,764,532	-	27,517,764,532
Donations	3,630,303,216	-	3,630,303,216	3,630,303,216	-	3,630,303,216
Surplus from microfinance activities	19,984,619,477	-	19,984,619,477	13,172,393,561	-	13,172,393,561
Surplus from charity activities	-	9,861,044,131	9,861,044,131	-	4,922,675,885	4,922,675,885
<b>Total equity</b>	<b>51,132,687,225</b>	<b>9,861,044,131</b>	<b>60,993,731,356</b>	<b>44,320,461,309</b>	<b>4,922,675,885</b>	<b>49,243,137,194</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>74,498,817,760</b>	<b>9,861,044,131</b>	<b>74,498,817,760</b>	<b>59,454,408,394</b>	<b>4,922,675,885</b>	<b>59,454,408,394</b>

## CONSOLIDATED STATEMENT OF ACTIVITIES

Unit: VND

	As at 31/12/2013			As at 1/1/2013		
	MICROFINANCE ACTIVITY	CHARITY ACTIVITIES	Total	MICROFINANCE ACTIVITY	CHARITY ACTIVITIES	Total
<b>INCOME</b>						
Loan interest income	15,739,334,225	-	15,739,334,225	13,346,976,525	-	13,346,976,525
Donations from Dariu Switzerland	-	12,830,146,920	12,830,146,920	-	3,903,280,510	3,903,280,510
Bank interest	30,556,894	-	30,556,894	50,687,752	-	50,687,752
Foreign exchange gains	17,004,800	-	17,004,800	4,704,111	-	4,704,111
Other donations	-	5,235,995,661	5,235,995,661	-	4,446,174,640	4,446,174,640
Transfer from MF to Charity activities	(1,397,426,297)	1,397,426,297	-	(3,075,531,466)	3,075,531,466	-
Other income	552,567,382	264,711,000	817,278,382	461,915,247	267,070,000	728,985,247
<b>TOTAL INCOME</b>	<b>14,942,037,004</b>	<b>19,728,279,878</b>	<b>34,670,316,882</b>	<b>10,788,752,169</b>	<b>11,692,056,616</b>	<b>22,480,808,785</b>
<b>EXPENSES</b>						
Staff salary and benefits	5,750,791,432	1,461,549,326	7,212,340,758	4,991,339,320	1,127,934,284	6,119,273,604
Office rental	261,818,688	59,739,562	321,558,250	251,675,763	59,558,588	311,234,351
Telephone, fax and internet	160,365,035	38,155,418	198,520,453	62,100,592	14,681,198	76,781,790
Electricity and water	34,378,173	6,861,500	41,239,673	33,774,793	8,479,587	42,254,380
Travel and transportation	234,534,702	200,445,695	434,980,397	171,553,885	184,965,428	356,519,313
Car rental	175,363,710	195,721,385	371,085,095	181,600,496	129,317,832	310,918,328
Trainings and seminars	107,233,595	9,510,631	116,744,226	125,610,250	15,961,100	141,571,350
Scholarship granting	-	2,122,916,500	2,122,916,500	-	572,492,415	572,492,415
School building, mobile school	-	3,232,637,530	3,232,637,530	-	3,613,425,000	3,613,425,000
Expenses from other donations	-	7,071,847,381	7,071,847,381	-	256,195,755	256,195,755
Stationery and other office costs	191,978,121	65,643,880	257,622,001	179,145,916	248,488,523	427,634,439
Interest expenses	272,808,889	-	272,808,889	252,331,233	-	252,331,233
Foreign exchange losses	2,872,963	957,654	3,830,617	11,214,967	3,623,355	14,838,322
Bank charges	25,664,843	5,459,267	31,124,110	14,749,431	4,018,838	18,768,269
Depreciation expenses	168,744,908	10,943,486	179,688,394	195,701,515	18,639,900	214,341,415
Provision for doubtful debts	174,506,606	-	174,506,606	347,029,910	-	347,029,910
Other expenses	568,749,427	307,522,413	876,271,840	497,950,706	403,731,047	901,681,753
<b>TOTAL EXPENSES</b>	<b>8,129,811,088</b>	<b>14,789,911,632</b>	<b>22,919,722,720</b>	<b>7,315,778,777</b>	<b>6,661,512,850</b>	<b>13,977,291,627</b>
<b>EXCESS OF INCOME OVER EXPENSE</b>	<b>6,812,225,916</b>	<b>4,938,368,246</b>	<b>11,750,594,162</b>	<b>3,472,973,392</b>	<b>5,030,543,766</b>	<b>8,503,517,158</b>



**THE DARIU FOUNDATION**

23 Le Van Huan, Ward 13  
Tan Binh District, Ho Chi Minh City  
Tel: +84-8. 62 97 46 33, Fax: +84-8. 62 97 46 34  
Email: [contact@dariu.org](mailto:contact@dariu.org), Website: [www.dariu.org](http://www.dariu.org)