

THE VIETNAM EDUCATION FOUNDATION

2014 ANNUAL REPORT

Reporting Period: October 1, 2013 - September 30, 2014

To: The President of the United States

From: The Board of Directors, Vietnam Education Foundation

Bringing the United States and Vietnam Closer Together through Educational Exchange

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EXECUTIVE SUMMARY

In accordance with P.L. 106-554, Title II, the Vietnam Education Foundation Act of 2000, the Vietnam Education Foundation (VEF) must provide an annual report to the President and Congress each year. This is the eleventh Annual Report for the period extending from October 1, 2013, through September 30, 2014, which is the U.S. Federal Government Fiscal Year (FY) 2014.

FY2014 Achievements

VEF Fellowship Program

In FY 2014, VEF awarded 40 Fellowships to 40 Vietnamese nationals to pursue master's or doctoral degrees at 25 leading universities in the United States (Appendix 1: 2014 VEF Fellows). These Fellows began their graduate study programs in the fall semester of 2014, the 12th year that VEF has sent Fellows to the United States.

VEF Visiting Scholar Program

In this reporting period, VEF awarded 4 grants to 4 Vietnamese Ph.D. recipients to undertake professional development programs in the United States during the academic year 2014-15 (Appendix 2: 2014 VEF U.S. Visiting Scholars). This eighth cohort of Visiting Scholars pursue self-designed postdoctoral training programs at four leading U.S. universities for up to 12 months, focusing on research, teaching, and accreditation in various fields in science and technology, including agriculture, environmental science, and physics.

VEF U.S. Faculty Scholar Program

In FY 2014, VEF awarded grants to two U.S. professors who serve as the seventh group of professors to teach at Vietnamese universities as part of its U.S. Faculty Scholar Program. These two U.S. professors conducted their teaching programs during the 2014-15 Academic Year in fields of medicine and biomedical science (Appendix 3: 2014 VEF U.S. Faculty Scholars).

Annual Conference

VEF encourages the development of a community among VEF Fellows and Scholars to help them establish professional and personal ties while in the United States and maintain them when they return to Vietnam. As one means to this end, VEF organizes an annual conference in the United States so that VEF Fellows, Visiting Scholars, and U.S. Faculty Scholars can interact with each other and with the U.S. scientific community. The VEF Fellows and Scholars Association (VEFFA), a 501c3 established by VEF Fellows with the encouragement of VEF, also joins in this effort. VEF provides VEFFA with meeting space and shares in the planning of some conference events.

The eleventh Annual VEF Fellows and Scholars Conference, was organized in Columbia, Missouri, on January 3-5, 2014 and was hosted by the University of Missouri (Mizzou), a member of the VEF Alliance

Universities. The conference provided VEF Fellows and Scholars with opportunities for professional career and leadership development, networking, and scientific sessions. The gathering also allowed for casual interaction through optional recreational activities funded by the University of Missouri (athletic competitions and VEFFA Idol Night), and a Final Dinner that included cultural entertainment and awards organized by the Fellows. The winners of the Poster Session also received recognition and financial prizes that were donated by Dr. Christopher Nguyen of ADATAO and Dr. Quyen Chu, a faculty member of the Louisiana State University Shreveport, who is currently a member of the VEF Board of Directors.

Outreach to the Vietnamese-American Public

On March 7 and 8 of 2014, four representatives of the VEF Board of Directors, Ms. Anhlan Nguyen, Mr. David Duong, Ms. Quyen Vuong, and Dr. KimOanh Nguyen-Lam, and the Executive Director, Dr. Lynne McNamara brought information about VEF to members of the Vietnamese-American public. A session was held in the Viet Bao Gallery in Westminster, CA, where VEF Fellows were able to present posters on their research. Congresswoman Loretta Sanchez attended the meeting and made a brief presentation on the value of education. A similar session was held at the San Jose Public Library Berryessa to provide outreach to the Vietnamese American communities in Northern California on March 8 following the event in Southern California on March 7. The group also met with administrators and professors at the University of Southern California and the University of California, Berkeley, where a number of VEF Fellows are working toward or have completed their graduate degrees.

Pre-Departure Orientation (PDO)

To bolster the success of new VEF Fellows and Visiting Scholars and to meet the U.S. Department of State's requirements for Exchange Visitor Programs, VEF provides a Pre-Departure Orientation (PDO) for all new VEF Fellows and Visiting Scholars prior to their departure from Vietnam. The postdoctoral Visiting Scholars are able to network with VEF Fellows, and this contact is expected to continue when both groups return to Vietnam. Furthermore, while differences in age and professional position typically exist between the Visiting Scholars and Fellows, both groups learn about the multitude of issues that an international student or scholar encounters when living in the United States and about the way American academia functions. Prior to the PDO in June 2014, a press release provided the public with brief details on the twelfth cohort of VEF Fellows and the eighth cohort of Visiting Scholars.

The PDO is an important step in facilitating the new Fellows' and Visiting Scholars' transition to American culture and to U.S. campus life. VEF organizes the intensive PDO in two sections:

1. An outdoor experiential learning program that focuses on new and challenging activities that are unfamiliar and unique
2. Formal interactive presentations, focusing on a range of topics including cultural adjustment, U.S. academic culture, immigration regulations and responsibilities, VEF policies, etc.

For the 2014 cohort, VEF organized the PDO in Ho Chi Minh City and Dong Nai Province, Vietnam, from June 9-14, 2014. Starting with the team-building event held in Bien Hoa, Dong Nai Province, the first two

days consisted of outdoor experiential activities organized by Phat Tire Ventures, an American company contracted by VEF. Through physical activities, the Fellows and Visiting Scholars were able to experience the following challenges, preparing them for real-life situations in the United States:

- How to achieve success consistently
- How to adapt quickly to new experiences
- How to manage time effectively
- How to work together cooperatively

The PDO experiential learning activities aim at strengthening the Fellows and Visiting Scholars' self-confidence: to approach things with an open mind; be daring; and think creatively and critically in situations that mirror what they might encounter in transitioning to a new culture and environment in the highly competitive American academic environment. Team-building exercises break down perceived differences in age, gender, and socio-economic position, so that each Fellow and Scholar can learn how to work as in team and contribute to the good of the group.

The final two days of the PDO were held at the Duxton Hotel Saigon in Ho Chi Minh City. VEF invited VEF Alumni to participate in this part of the PDO and to share their experiences. In addition, Consul General Rena Bitter of the U.S. Consulate General in Ho Chi Minh City, welcomed the new Fellows and Visiting Scholars, and provided advice on general adjustment matters. This dynamic cultural and academic portion of the orientation consisted of interactive presentations, lectures, and discussions, which included the following topics:

- Academic life (advisors, campus orientations, course choices, grading, graduate assistantships, language assistance, and planning for a thesis or dissertation)
- Campus life (bank accounts, health and well-being, housing, social life, and travel)
- Cultural differences and adjustment
- Funding
- Regulations for J-visa holders
- VEF policies

During the June 2014 PDO, for the fourth time, VEF called for participation of all Fellows and Visiting Scholars in a story contest, entitled "My Journey to VEF." This served as an opportunity for Fellows and Scholars to share memorable stories of their journey so far and their success in receiving the VEF Fellowship or VEF Visiting Scholar Grant. The submitted stories enhanced better understanding among VEF Fellows and Scholars. Some of the stories will be considered for inclusion in a future VEF publication that could motivate other Vietnamese nationals, who would like to pursue graduate studies and postdoctoral programs in the United States.



Figure 1: 2014 VEF Fellows at the Team Building Session of the Pre-Departure Orientation, Bien Hoa, Dong Nai, June 2014

INTERVIEW MISSION

The 2015 Fellowship and Visiting Scholar finalists were interviewed in July and August 2014. As with all VEF Fellowship and Grant awards, the VEF Board of Directors makes the final selection of all fellowship and grant recipients, based on the recommendations of prominent U.S. professors and scientists.

The 2014 VEF Fellowship interview panels consisted of ten American professors, who evaluated the applicants' preparation and potential for success in a U.S. graduate program (*Appendix 4: 2014 U.S. Review Panels for VEF Oral Exam/Interview Mission*). The intensive 45-minute individual interview is conducted entirely in English by two panelists, who independently assign a score to each candidate.

Ninety four (94) finalists were invited to interview for the 2015 VEF Fellowship Program. Of these 94, three withdrew from the interviews for personal reasons, so 91 individuals completed the Oral Exam/Interview. Of the applicants recommended for graduate school by the U.S. interviewers, the top 33 were recommended to receive VEF fellowships to begin graduate studies in the fall of 2014 and became VEF Fellows. The next 34 recommended candidates were classified as Alternates, who would fill the available slot of any Fellow, who dropped out or who was not accepted to a U.S. university. VEF selects an Alternate to take the place of a Fellow based on the average interview score; ties are broken in accordance with criteria established by the VEF Board of Directors, and include consideration of minority status, gender, field of study, region of the country, and level of study.



Figure 2: 2014 VEF Review Panels and VEF Staff, August 2014, Ho Chi Minh City

VEF provides additional support for the Fellows:

- University Application Orientation and Advising sessions, conducted by VEF
- Financial support from VEF for the following:
 1. Editorial review of a personal essay to be submitted as part of the application to U.S. universities
 2. GRE General Test and TOEFL or IELTS score-reporting fees for the five approved U.S. universities
 3. Application fees for up to five approved U.S. universities (members of the VEF VEF Alliance waive application fees for VEF Fellows applying to their universities)

With advice and guidance from VEF throughout the university application process, Fellows and Alternates submit and monitor their applications to U.S. universities on their own. By late March, all must provide VEF with their final U.S. university admission letters and valid VEF Financial Agreement Forms and indicate their preferred university.

Capacity-building activities organized by VEF have included research publications and special projects approved by the VEF Board, or requested by the Vietnamese Ministry of Education and Training, the Ministry of Science and Technology, or the U.S. Embassy in Vietnam.

During the VEF Interview Mission in July-August 2014, eight of the ten American professors invited to conduct interviews volunteered to give lectures or presentations or to conduct scientific or specialized meetings for faculty members and students at five academic institutions in Vietnam, for the public at EducationUSA Advising Centers in Hanoi or Ho Chi Minh City, and with two Vietnamese government agencies including the Ministry of Education and Training and the Ministry of Science and Technology. For further detail, refer to *Appendix 5: Capacity Building Activities of U.S. Interviewers in Vietnam*.

The lecture and presentation program was very well received by Vietnamese government agencies, higher education institutions and research institutes, and by the U.S. Embassy and Consulate.



Figure 3: Presentation on “Writing a Statement of Purpose for Admission to Graduate School in the United States” delivered by the U.S. professors (EducationUSA Advising Center, U.S. Embassy, Hanoi, July 30, 2014)

Report on Higher Education in Selected STEM Fields 2013

Seven years after publishing the two VEF reports: (1) *Observations on Undergraduate Education in Computer Science, Electrical Engineering, and Physics at Select Universities in Vietnam*, published in August 2006; and (2) *Observations on the Current Status of Education in the Agricultural Sciences in Vietnam*, VEF published a new report in July of 2014. A series of site visits to 14 Vietnamese higher education institutions was conducted in July 2013 to reassess and update the findings from the two earlier reports. The publication was written by eight prominent scientists, four of whom had participated in the first set of site visits, with support from the VEF staff. The new report is entitled *Observations on the Current Status of Higher Education in Agricultural Sciences, Civil Engineering, Computer Science, Electrical Engineering, Environmental Sciences, Physics, and Transport and Communications at Select Universities in Vietnam*. All these publications are available on the VEF website: www.vef.gov.

Challenges in FY 2014

Board and Personnel Changes

VEF is governed by a thirteen-member Board of Directors that consists of two U.S. Senators, two U.S. Representatives, three U.S. cabinet members, and six members from the U.S. citizenry appointed by the President of the United States. The Board appoints an Executive Director to oversee VEF operations conducted through two highly coordinated offices: (1) the U.S. Headquarters Office, with five U.S. Federal Government employees; and (2) the Vietnam Field Office in Hanoi, Vietnam, with nine Vietnamese contractors - a total of 14 VEF staff members as of September 30, 2013. As of the same date, the four U.S. congressional appointees were Senator David Vitter, Senator Richard Blumenthal, Congresswoman Loretta Sanchez, and Congressman Joseph R. Pitts. The three U.S. cabinet-level appointees were Secretary of Education Arne Duncan, Secretary of State John Forbes Kerry, and Secretary of the Treasury Jacob J. Lew. The congressional and cabinet-level members of the Board typically appoint a designate on their behalf to

represent them at VEF Board meetings. Appendix 6 provides a full list of the Board Members as of September 30, 2014.

Dr. Lynne McNamara, who had worked for VEF since 2004, and had served as Executive Director of VEF since 2009, retired on July 31, 2014. Sandy Hoa Dang was appointed by the Board of Directors to serve as VEF Acting Executive Director on August 25, 2014.

During this reporting period, the U.S. office added a new Human Resources and Administration Specialist position and recruited a Director of Finance and Accounting while the Hanoi Office recruited the Executive Assistant to the Country Director position and an HR and Administration Specialist. A list of VEF staff members as of September 30, 2014 may be found in Appendix 7.

Financial Challenges due to Sequestration

VEF has operated within budget this year, as it has each year. VEF receives \$5 million annually from the Vietnam Debt Repayment Fund, which is described in the VEF Act. As of the beginning of Fiscal Year (FY) 2014, or October 1, 2013, the carryover amount from previous fiscal years was \$2,547,963. To achieve its goals for FY 2014, VEF had an approved budget of \$5,626,752 for operations and direct costs to support the VEF Fellows, Visiting Scholars, and U.S. Faculty Scholars as well as related activities for these program participants. However, in compliance with the Sequestration Act of 2013, VEF was sequestered \$360,000 during FY 2014. Therefore, VEF closed FY 2014 having obligated \$4,692,275 (89%) of its total after-sequester budget.

Planning for VEF's Sunset

VEF is scheduled to sunset around the end of 2018, when the originators of the Legislation expected all the award recipients to complete their programs. The VEF Board of Directors and the staff have been working to plan this sunset, so that the educational programs are not disrupted.

Financial Report and Audit Results

VEF has **operated within the approved budget** this year as it has in all previous years. VEF receives **\$5 million annually** from the Vietnam Debt Repayment Fund, to which the Vietnamese government repays debts owed to the United States; this is described in the VEF Act, which is also known as the VEF enabling legislation. Through the end of FY 2014, VEF continued to show a positive balance due to the carryover from previous fiscal years. Balances are expected to become obligated during the lifecycle of VEF as VEF continues to manage its programs and implement or conclude its various projects, while costs continue to increase as a result of annual inflation.

As of the beginning of FY 2014, the carryover amount from previous fiscal years was **\$2,586,228**. The VEF Board of Directors approved a **budget of \$5,626,752** for FY 2014, encompassing October 1, 2013, to September 30, 2014 (*Appendix 8: Fiscal Year 2014 Budget Approved by the VEF Board of Directors*). Of this total, **61% (\$3,444,709)** was allocated as direct costs related to VEF educational exchange programs and capacity building projects. This figure includes the following budget categories as listed on the FY 2014 budget: Fellow Expenses, New Fellow Expenses, Pre-Fellow Expenses, Visiting Scholar Program,

U.S. Faculty Scholar Program, and Fellow and Visiting Scholar Alumni Conference, and outreach activities. The remaining **39% (\$2,182,044)** consisted of costs related to the direct support for the program mission, such as the expenses to conduct the applicant reviews and to organize the interviews in Vietnam; for staff travel to organize VEF events such as the Annual Conference, the Pre-Departure Orientation for the new Fellows and Visiting Scholars, the Interview Mission to select new Fellows, and the Alumni Conference; for Board member travel to VEF Board meetings and to observe VEF activities; for personnel costs; and for the operations of the VEF Headquarters in Arlington, Virginia, and the operations of the VEF Field Office in Hanoi. However, in compliance with the Sequestration Act of 2013, VEF was sequestered \$360,000 during FY2014. Therefore, VEF closed FY 2014 having obligated \$4,692,275 of its total budget.

The VEF Board of Directors Finance Committee meets regularly to discuss all financial matters that must be presented to the full Board. The members of the Finance Committee during this reporting period were Quyen Vuong, who served as Chair; David Duong; Erin Nephew (representing the Department of the Treasury); and David Plack or Tim Marshall (representing the Department of State).

Regarding oversight of VEF's financial condition as required by the U.S. Federal Government Office of Management and Budget (OMB), an annual financial audit was performed by Rocha & Company, P.C., Certified Public Accountants, located in Washington, D.C. The FY2014 independent auditor's report (*Appendix 8: Auditor's Report for Fiscal Year 2014*) stated the following results:

- *The financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles*
- *No material weaknesses or significant deficiencies in internal control over financial reporting (including safeguarding assets)*
- *No reportable noncompliance with laws and regulations*

Attached to, and included within, the Auditor's Report were the following VEF financial statements, which were part of the auditor's report package:

1. Balance Sheet (As of September 30, 2014 and 2013)
2. Statement of Net Cost (For the Years ended September 30, 2014 and 2013)
3. Statement of Changes in Net Position (For the Years ended September 30, 2014 and 2013)
4. Statement of Budgetary Resources (For the Years ended September 30, 2014 and 2013)

To assist in financial matters and to ensure that VEF is in compliance with the rules and regulations of OMB, VEF contracts the U.S. General Services Administration to carry out essential support functions, including human resources and payroll for the U.S. office staff, accounting, and legal services. The PAR Performance and Accountability Report for FY 2014 appears in Appendix 9.

FY 2014 PROGRAMS

VEF Fellowship Program

In FY 2014, VEF awarded 40 new fellowships to Vietnamese nationals to study graduate programs in fields of science and technology. Of the 40 new VEF Fellows, 19 (48%) were female and 21 (52%) were male. Thirty (75%) plan to pursue doctoral degrees while 10 (25%) are enrolled in master's degree programs at 26 leading U.S. universities in fields of science, technology, engineering, mathematics, and medicine. They were officially declared Fellows after being accepted into prestigious U.S. graduate programs in April 2014 and participated in a four-day Pre-Departure Orientation in Bien Hoa, Dong Nai and Ho Chi Minh City before departing for the United States for their study in the fall of 2014.



Figure 4: 2014 VEF Fellows at the Pre-Departure Orientation, Ho Chi Minh City, June 2014

Gender

In the 2014 cohort, the percentages of female and male fellowship recipients are almost equal, 48% and 52% respectively. The small gap between the two genders is a positive sign since females are often an underrepresented group in STEMM fields. This reflects VEF's effort in promoting science and technology opportunity among female applicants. In recent years, priority has been given to female VEF applicants, provided that all other qualifications are equal.

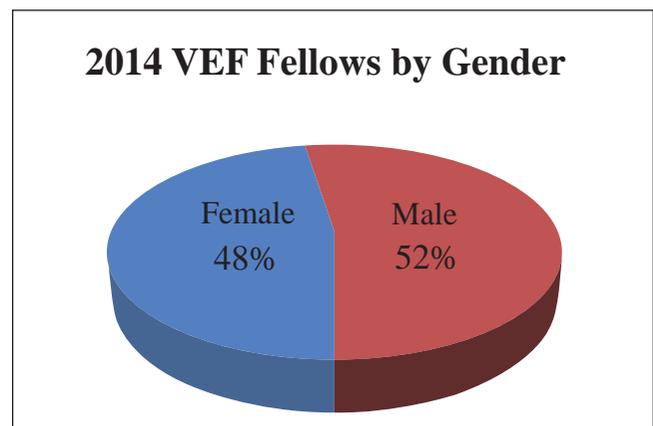


Chart 1: 2014 VEF Fellows by Gender

Origin in Vietnam

The place of origin in Vietnam is determined by the place of birth. In the 2014 cohort, the majority of Fellows are from the Center (40%) followed by the North (32%) and the South (28%).

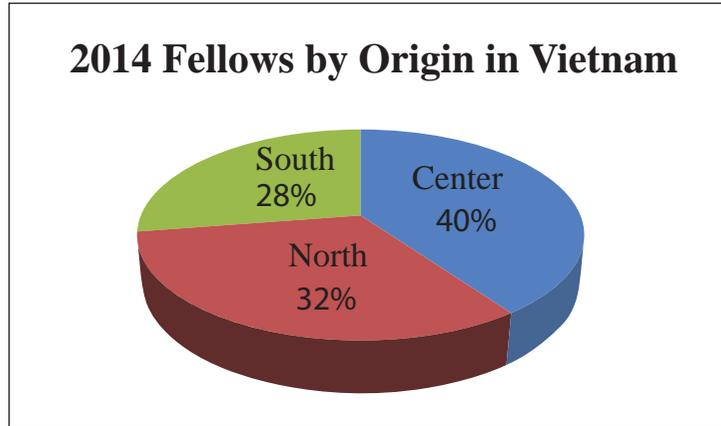


Chart 2: 2014 VEF Fellows by Origin in Vietnam

Age

The average age of Fellows starting their graduate degree program in the United States is quite young. For the 2014 cohort, 60% of Fellows were 22 to 26 years old when they first enrolled in the U.S. universities in the fall of 2014. Fellows aged 27 to 30 made up 27% of the total, and the rest (13%) were over 30 when they became Fellows.

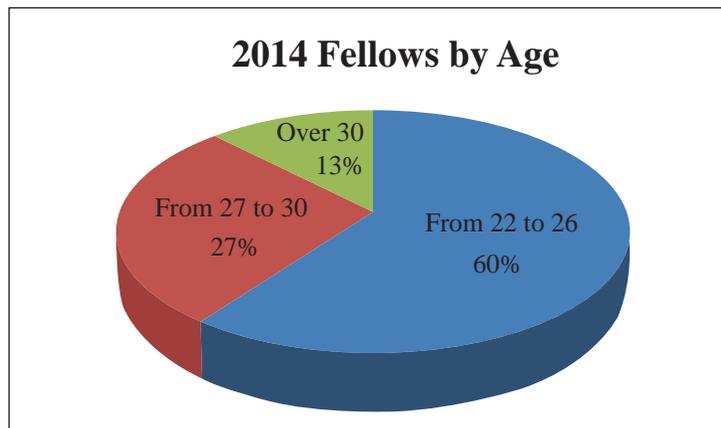


Chart 3: 2014 VEF Fellows by Age

Degree Sought

In 2014, the majority of VEF Fellows (30 or 75%) enrolled in doctoral degree programs while only 10 (25%) enrolled in a master’s degree program. In many STEM fields, applicants apply primarily to doctoral degree programs, so VEF has given priority to those pursuing a Ph.D. degree, provided all other qualifications are equal.

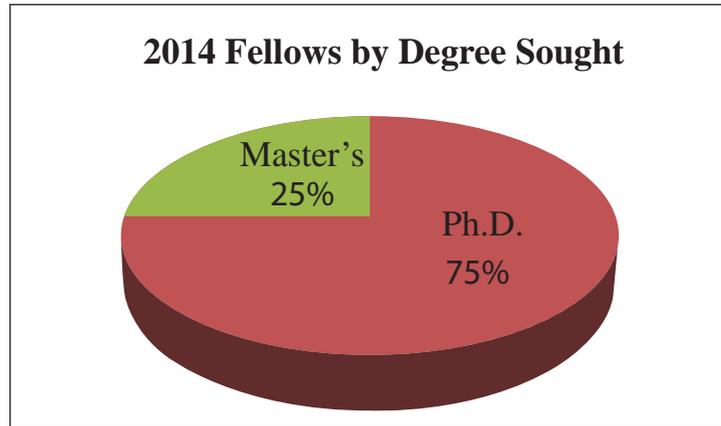


Chart 4: 2014 VEF Fellows by Degree Sought

Field of Study

In 2014 Fellows majored in agriculture, biological and biomedical sciences, computer science, engineering, mathematical sciences, physical sciences, and public health. Specializations in fields of engineering included biological and agricultural, biomedical, chemical, civil, electrical and computer, environmental, industrial, and mechanical engineering. A detailed description of the field representation may be seen in the graph below.

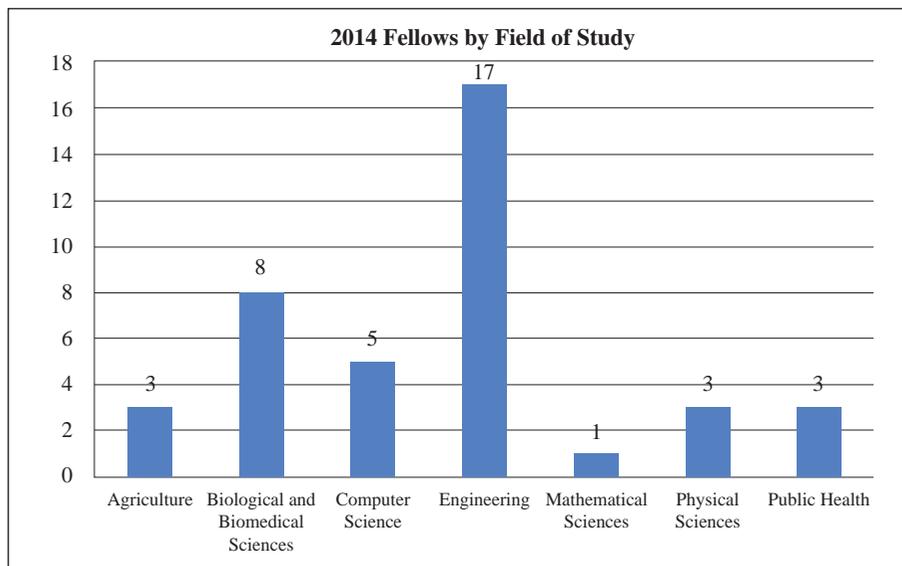


Chart 5: 2014 VEF Fellows by Field of Study

Visiting Scholar Awards for 2014

The Visiting Scholar competition is highly selective and is based on the following criteria:

1. Evidence of superior academic achievement as a scholar in Vietnam
2. Quality and value of the Visiting Scholar professional development plan
3. Demonstrated commitment to the educational and scientific development of Vietnam
4. Demonstrated commitment of support from the U.S. host institution

For the Academic Year 2014-15, VEF awarded four Visiting Scholar grants (*Appendix 2: 2014 VEF Visiting Scholars*). In Vietnam, the Visiting Scholars work as university lecturers, researchers at research institutes, or as administrators at these institutions. The 2014 Visiting Scholars engaged in self-designed professional training programs at three different U.S. universities. Three Visiting Scholars opted for twelve-month programs while one opted for a five-month program. Two of the four Visiting Scholars (50%) are female. The 2014 Visiting Scholars began their programs in the 2014-15 Academic Year and are expected to finish by September 2015.

Visiting Scholar finalists were interviewed face-to-face during the VEF Oral/Exam Interviews conducted in August 2014. Leading U.S. professors provided their recommendations to VEF regarding each finalist. The selection of Visiting Scholars is made by the VEF Board of Directors, based on these recommendations.



Figure 5: 2014 Visiting Scholars at the Pre-Departure Orientation, Ho Chi Minh City, June 2014

U.S. Faculty Scholar Awards for 2014-15

For the academic year 2014-15, VEF awarded two grants to two American professors (*Appendix 3: 2014 U.S. Faculty Scholars*). Both Scholars will teach via video conferencing from the United States, which requires at least one week of teaching in Vietnam at the beginning and at the end of the course.

In 2013, VEF provided a grant to Dr. Mong-Hong Lee of the M.D. Anderson Cancer Center to teach a graduate course entitled “Cancer Cell Signaling” at the University of Science, Vietnam National University - Ho Chi Minh City. This year he received a second grant to teach another graduate course: “Cancer Cell Signaling and Therapy Innovation” at the same university and to the Institute of Biotechnology at the Vietnam National Academy of Science and Technology.

Dr. Wesley Zeger of the University of Nebraska Medical Center brought “Team Dynamics in Emergency Medicine” to Thai Binh Medical University as well as to the Hanoi Medical University.

Exchange Visitor Program

VEF is a designated sponsor of the Exchange Visitor Program No. G-3-10180, for which VEF received initial approval on February 10, 2005. Ms. Sandarshi Gunawardena, the Sr. Program Officer at VEF, serves as the official Responsible Officer (RO) in the U.S. Headquarters, and Ms. Diana Martens, VEF Program Associate is designated as the Alternate Responsible Officer (ARO). Together, they manage all matters related to immigration and visas for Vietnamese nationals, who are Exchange Visitors under VEF sponsorship.

The RO and ARO regularly use the U.S. Government Student and Exchange Visitor Program web-based technology, known as the Student and Exchange Visitor Information System (SEVIS), which tracks and monitors VEF Fellows, Visiting Scholars, and their dependents throughout the duration of their approved programs in the United States. SEVIS is under the authority of the U.S. Immigration and Customs Enforcement, a Federal Government agency in the U.S. Department of Homeland Security.

VEF Alliance

In 2005, in order to achieve the cost-sharing mandate of the VEF legislation, VEF conducted a major campaign to establish cost-sharing agreements with U.S. universities that would like to host VEF Fellows. This community of academic institutions, known as the VEF Alliance, consists of U.S. universities that share in the VEF mission and that benefit from its success. As of September 2014, 108 leading American universities are members of the VEF Alliance (*Appendix 10: VEF Alliance: 108 U.S. Universities*).

Institutions that signed the Memorandum of Understanding (MOU) agreement with VEF were designated as members of the VEF Alliance. While VEF targeted major research universities in its initial campaign, any accredited U.S. university with graduate programs in fields supported by VEF could or may join the VEF Alliance. VEF seeks to collaborate with the Alliance by identifying and recruiting the best scholars from Vietnam to attend the Alliance universities through the VEF Fellowship Program and, on request, to introduce the U.S. universities to Vietnamese universities and other contacts in Vietnam.

Other U.S. universities, who are not members of the VEF Alliance, may admit VEF Fellows to their graduate programs as long as the university agrees in writing to accept the VEF Financial Terms. Thus, non-Alliance members are included among the U.S. universities that host VEF Fellows.

RELATIONSHIPS WITH GOVERNMENT AND OTHER EXTERNAL ENTITIES

U.S. Government Relations

VEF led the Working Group on Education at the 8th U.S.-Vietnam S&T Joint Committee Meeting that was held just before the beginning of FY 2014. VEF is included in the Action Plan that was approved by all parties through the State Department. In particular, VEF agreed to assist NAFOSTED (the organization parallel to the NSF, which is part of the Ministry of Science and Technology) in its project to create a database of all scientific collaborations that are underway at present.

Vietnamese Government Relations

VEF regularly visits Vietnamese government agencies in Vietnam to maintain excellent ongoing relationships. During this reporting period, VEF Board members and staff members visited the Ministry of Science and Technology (MOST), the Ministry of Foreign Affairs (MOFA), and the Vietnam International Education Development (VIED), under the Ministry of Education and Training (MOET). Minister Nguyen Quan of MOST has expressed his appreciation for the achievements of VEF over the past few years and has indicated his strong support for VEF's operations in Vietnam. The Deputy Minister of MOFA, Mr. Ha Kim Ngoc has also expressed his appreciation for VEF's achievements and has stated that he hopes that the program can continue in the future and that VEF finds additional funding for its continuation beyond 2018. Similarly, Dr. Nguyen Xuan Vang, Director General of VIED, has expressed his appreciation and strong support for VEF. He hopes that the U.S. Government can continue to provide similar support to Vietnam through scholarship programs and has praised the practical effectiveness of connecting Vietnamese universities and scholars with U.S. universities and professors.

The governing body of the VEF representative office in Vietnam is the Ministry of Education and Training, so VEF also endeavors to keep MOET updated regularly about VEF's programs and activities in Vietnam.

In the U.S. Office, VEF received a delegation from the National Council for S&T Policy on October 10, 2013 and another group from MOST on December 3, 2013. After the 2014 Annual Fellows and Scholars Conference, Hanoi Staff Members present for the conference visited the Embassy of Vietnam. VEF also joined a meeting that involved the FIRST project at the Embassy of Vietnam on April 15, 2014. The new Acting ED also paid a visit to the Embassy in Vietnam shortly after assuming this post, on September 9, 2014. Staff and local Board Members have been invited to the Independence Day celebration each year, which was held at the Vietnam House in 2014.

U.S. University Relations

To strengthen the work related to all exchange programs, and particularly to facilitate immigration advising and other support services provided to all program participants, VEF strives to maintain strong connections and good communication with U.S. university staff, administrators, and faculty. To this end VEF staff also met with university representatives at the VEF U.S. Hanoi Field Offices, and scheduled meetings at conferences and other professional meetings. VEF staff in the United States met with representatives of the following universities in the Arlington offices:

1. University of Kansas (Lawrence)
2. Professors from the University of North Carolina at Chapel
3. Arizona State University
4. Ball State University
5. University of New Mexico

Several Board Members and the Executive Director visited the University of California, Berkeley during an Outreach Meeting on March 8, 2014, and Hanoi and DC staff met with a representative from Northeastern University during the 2014 Interview Mission.

Vietnamese University Relations

VEF continues to build relationships with Vietnamese universities. On a regular basis, VEF informs Vietnamese universities about the following:

1. Announcements on all VEF programs (Fellowships, Visiting Scholar grants, U.S. Faculty Scholar grants);
2. Opportunities to attend the VEF Annual Fellows and Scholars Conference;
3. Possibilities of observing VEF activities, such as the Fellowship and Visiting Scholar interviews;
4. Opportunities to host a U.S. professor, who is sponsored by VEF in Vietnam, to give a lecture or presentation; and
5. Exchange of website links to reinforce information updates. To date, the following 14 Vietnamese universities have posted the VEF website on their university website and VEF provides a link to theirs at the VEF website:
 - Danang University of Education
 - Hanoi School of Public Health
 - Hanoi University of Agriculture
 - Hanoi University of Science and Technology
 - Hanoi University of Science, Vietnam National University - Hanoi
 - Ho Chi Minh City University of Technical Education

- Ho Chi Minh City University of Technology
- Ho Chi Minh City University of Transport
- Nha Trang University
- Nong Lam University
- University of Danang
- University of Science, Vietnam National University - Ho Chi Minh City
- University of Transport Technology
- Vietnam National University - Hanoi

The VEF Hanoi staff reaches out to Vietnamese universities in order to conduct presentations or seminars with the participation of VEF Alumni on the various opportunities that VEF offers through its exchange programs. However, due to budget constraints for fiscal year 2014, Vietnamese university visits have been combined with the capacity building activities, when the U.S. professors delivered lectures or presentations at Vietnamese educational institutions as part of their participation in the Interview Mission. In addition, VEF also acts as a liaison between Vietnamese universities and U.S. government entities or U.S. universities, on request.

VEF also worked closely with Vietnamese universities to conduct the site visits that led to *Observations on the Current Status of Higher Education in Agricultural Sciences, Civil Engineering, Computer Science, Electrical Engineering, Environmental Sciences, Physics, and Transport and Communications at Select Universities in Vietnam*. VEF arranged the site visits to 14 Vietnamese universities in Hanoi, Ho Chi Minh City, Can Tho, and Thai Nguyen in July 2013. The report was printed in August 2014 and released in both English and Vietnamese in October 2014.

VEF HISTORY AND OVERVIEW

Since VEF's operations began in 2003, VEF has enjoyed a high level of success in its many programs and activities. The table that follows contains a summary of the history and achievements of VEF from the early days until September 30, 2014.

The following are milestones in the history of VEF (Table 1):

DATE	EVENT
December 2000	The Vietnam Education Foundation Act of 2000 (U.S. Public Law 106-554) was amended and passed by Congress.
April 2002	The first Board of Directors was elected. Mr. Herbert Allison (Chairman, President, and Chief Executive Officer of TIAA-CREF) was elected Chair of the VEF Board of Directors in December 2002.
March 2003	The first Executive Director, Mr. Pham Duc Trung Kien, was appointed. VEF opened its headquarters in Arlington, Virginia.
Fall term 2003	The first cohort of 19 VEF Fellows began graduate studies in highly regarded U.S. research universities.
Fall 2003	VEF Fellows gathered for the first time in the United States at a meeting in Washington, DC, which began the VEF annual conferences. At the request of VEF, the U.S. National Academies organized VEF annual conferences from 2003 until 2009, at which time VEF assumed this role.
November 2003	The VEF overseas field office opened in Hanoi, Vietnam, staffed by Vietnamese contract employees.
April 2004	Dr. Phillip Griffiths of the Institute for Advanced Study in Princeton, NJ, under VEF's sponsorship, presented a seminar in Vietnam, entitled <i>Building Science and Technology Capacity in Vietnam</i> . During his visit, he also discussed the creation of Centers of Excellence in Vietnam.
February 2005	The U.S. Department of State authorized VEF as a designated sponsor of an Exchange Visitor Program.
June 2005	An official operating permit (license) from the Vietnam Ministry of Education and Training (MOET) was provided to VEF for its representative office in Vietnam.

DATE	EVENT
June 2005	Prime Minister Phan Van Khai visited the United States to meet President George W. Bush, and cited VEF as a means to encourage cultural and educational exchange between the United States and Vietnam.
July 2005	More than 100 high-quality U.S. universities joined the VEF Alliance ¹ in a cost-sharing arrangement to host VEF Fellows for graduate study.
August 2006	Prof. Dr. Nguyen Thien Nhan, who was then the Vice Chairman of the People's Committee of Ho Chi Minh City, now Deputy Prime Minister, requested that VEF arrange for site visits to allow for an overview of higher education in selected science-based fields of study. The first research report was entitled: <i>Observations on Undergraduate Education in Computer Science, Electrical Engineering, and Physics at Select Universities in Vietnam.</i>
November/ December 2006	At MOET's request, VEF organized study tours for a MOET delegation, led by Prof. Dr. Nguyen Thien Nhan, then Minister of MOET, to visit Germany ² and the United States to observe high-quality universities in order to investigate best practices to establish world-class universities in Vietnam.
January 2007	The second research report sponsored by VEF was completed, this time focusing on agriculture: <i>Observations on the Current Status of Education in the Agricultural Sciences in Vietnam.</i>
February 2007	Vo Van Toi, Ph.D., was appointed the second Executive Director of VEF.
March 2007	MOET began emulating VEF's application and selection process, culminating in candidate interviews in August 2007, organized by VEF. The Vietnamese Government Overseas Scholarship Program, known as the 322 Program, is now known as the Vietnam International Education Development (VIED) program, under the direction of MOET.

¹ As of November 2011, the VEF Alliance consisted of 109 leading U.S. universities that agreed to share the educational costs for VEF Fellows in exchange for the opportunity to admit highly-qualified Vietnamese students for admission to graduate programs and to have the assistance of VEF to identify academic institutions and government entities in Vietnam of interest to the particular U.S. university.

² Rice University (Houston, Texas) had helped to establish a German university, which served as an example to MOET of how a U.S. university assists in such cooperative academic efforts with a foreign country.

DATE	EVENT
April 2007	Nguyen Thi Thanh Phuong, Ph.D., was appointed as the first Country Director of the VEF overseas field office in Hanoi.
May 2007	The first cohort of 12 Visiting Scholars was selected to pursue postdoctoral self-designed professional development programs at U.S. universities for up to 12 months.
June 2007	VEF senior leadership met with Prime Minister Nguyen Tan Dung, thus demonstrating the importance of the relationship between VEF and the Vietnamese government.
April 2008	VEF received a new operating permit from the Vietnamese government that provides VEF with tax-free Non-Return Official Development Assistance (ODA) status.
April 2008	The first cohort of four American professors was selected for the VEF U.S. Faculty Scholar Grants Program to teach at Vietnamese universities either on site or via videoconferencing during the 2008-09 academic year.
December 2008	The first VEF Alumni Conference was organized by VEF in Hanoi for VEF Fellows and Visiting Scholars, who had returned to Vietnam.
November 2009	Lynne A. McNamara, Ph.D., was appointed as the third Executive Director of VEF.
January 2010	The 7th VEF Annual Fellows and Scholars Conference was hosted by a VEF Alliance school, Rensselaer Polytechnic Institute (RPI), and co-organized with VEF.
January 2010	VEF successfully transferred its responsibilities for the Vietnam OpenCourseWare (VOCW) project as well as related software and hardware to MOET. VEF donated 15 servers dedicated to the VOCW project to 15 different Vietnamese universities. VEF, with the assistance of D&N International, ³ facilitated the porting of the Creative Commons License into the Vietnamese language and law.

³ VEF uses the law firm D&N International for legal consultation in Vietnam.

DATE	EVENT
May 2010	At the invitation of the OpenCourseWare Consortium (OCWC), VEF co-hosted the 5 th Annual OCWC Global Meeting (May 5-7, 2010) in Hanoi.
April 2011	At the request of former U.S. Ambassador Michael Michalak, VEF co-organized and co-sponsored, together with the U.S. Embassy in Hanoi and MOET, the 4 th Annual Education Conference in Vietnam to strengthen higher education ties between the United States and Vietnam.
September 2011	VEF assumed full responsibility for administering the application and selection process of its programs in house.
December 2012	To commemorate VEF 10 th year anniversary in 2013, VEF contracted with TAJ Media Company to produce a documentary film in the year 2012. The film, which was aired on the Vietnam National Television (VTV), captures activities and achievements of VEF during its ten-year journey.
Year 2013	The year 2013 marked VEF's 10 th year anniversary of operations. Commemorating activities took place throughout the year 2013.
July 2013	VEF sponsored a series of site visits to observe the progress of Vietnamese higher education following from the two studies in 2006 and 2007. At the request of MOET the study included three additional fields of study: civil engineering, environmental sciences, and transport and communications. A research team of eight U.S. professors conducted site visits to 14 Vietnamese universities in four cities: Hanoi, Thai Nguyen, Ho Chi Minh City, and Can Tho.
July 2014	The Research Report based on the 2013 site visits, led to publication of the report: <i>Observations on the Current Status of Higher Education in Agricultural Sciences, Civil Engineering, Computer Science, Electrical Engineering, Environmental Sciences, Physics, and Transport and Communications at Select Universities in Vietnam.</i>
August 2014	Ms. Sandy Dang was appointed as the Acting Executive Director of VEF.

Table 1: Milestones in the History of VEF

Overview of VEF Programs

As prescribed in the legislation that established VEF, program activities focus only on the sciences (natural, physical, and environmental), engineering, mathematics, medicine, and technology (including information technology), often referred to as the STEMM⁴ fields. Educational exchange activities are conducted through the following VEF programs.

VEF Fellowship Program

As the flagship activity of VEF, which has been in effect since 2003, the VEF Fellowship Program creates opportunities for talented Vietnamese to become pioneers and leaders in their fields by pursuing graduate degrees at U.S. universities. VEF has designed a rigorous application and selection process to identify outstanding candidates. VEF assists the final nominees in applying to highly regarded U.S. universities. Fellows are chosen on the basis of individual merit, including academic performance, the potential for contributing to education and scientific research in their fields, and for bringing their knowledge and good will back to Vietnam.

The following tables and charts provide summary data on all VEF Fellows and address the following: numbers in each cohort; fields that VEF Fellows are pursuing in graduate school; gender; degrees sought/received (master's or doctorate); age; and region of origin in Vietnam. Included in this summary report is an analysis of VEF Fellows who have graduated and completed their programs under VEF sponsorship.

From March 2003 through the fall term 2014, VEF has supported 521 VEF Fellows, consisting of 12 separate cohorts, placed in graduate programs at 96 top-tier U.S. research universities, which are listed further below. A cohort is defined as a group of Fellows, who begin graduate studies in the United States together in the same year. The number of VEF Fellows by Cohort Year is listed below in Table 2.

COHORT YEAR	NUMBER OF VEF FELLOWS
2003	19
2004	83
2005	51
2006	37
2007	40
2008	38
2009	39
2010	35
2011	43
2012	49
2013	47
2014	40
TOTAL	521

Table 2: Numbers of VEF Fellows by Cohort

⁴ STEMM: Science, technology, engineering, mathematics, and medicine.

The VEF legislation was enacted in 2000, but operations did not begin until 2003. For this reason, the appropriated funds had accumulated and so permitted VEF to award a large number of Fellowships in 2004. Since operations began, the average number of Fellows selected per year is 43 (521 Fellows in twelve cohorts). Of these, 18 have withdrawn (3%) for personal or academic reasons.

Fields Represented

Fields of study of VEF Fellows are grouped into ten broad fields as in Chart 6 below. The ten fields in numerical order from highest participation to lowest participation on average since 2003 are:

1. Engineering (41%)⁵
2. Computer Science (17%)
3. Biological and Biomedical Sciences (13%)
4. Public Health (9%)
5. Physical Sciences (8%)
6. Agriculture (5%)
7. Mathematical Sciences (4%)
8. Natural Resources (2%)
9. Multi/Interdisciplinary Studies (1%)

Interestingly, the number of Fellows studying in the broad field of Biological and Biomedical sciences has risen from 0% of the 2003 cohort to 20% of the 2014 cohort. The field of Public Health has held at around 10% in recent years.

⁵ Fields of Engineering include Chemical Engineering and Materials Science, Civil and Environmental Engineering, Electrical and Computer Engineering, Mechanical and Aerospace Engineering, and Engineering Technology.

All VEF Fellows by Field of Study

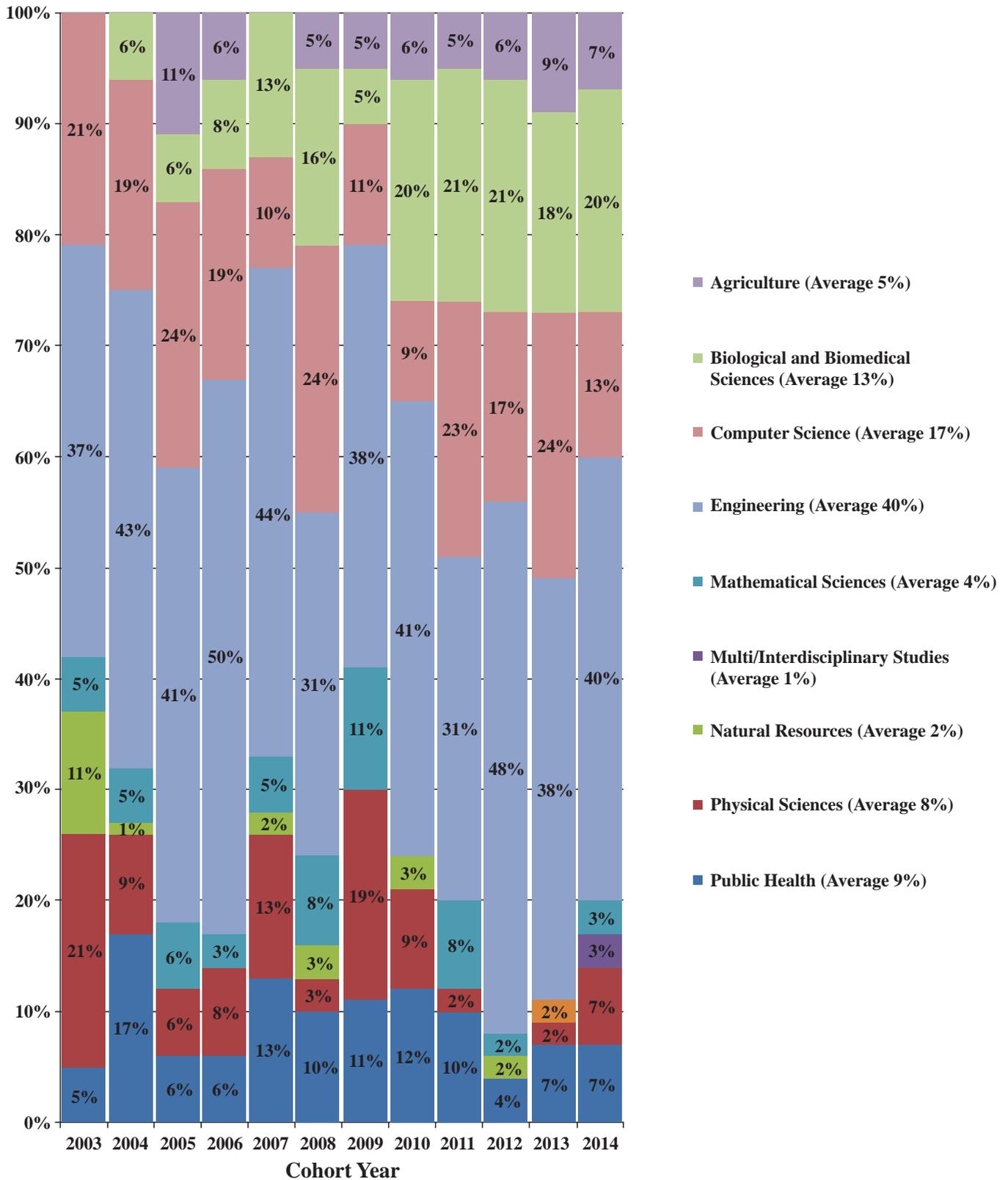


Chart 6: All VEF Fellows by Field of Study

Gender

Overall, the breakout by gender for VEF Fellows is 67% male and 33% female, but the percentages vary from year to year. Although there are fewer women than men in each VEF Fellowship cohort, the number of female Fellows has increased significantly, from 5% in 2003 to more than 30%, beginning in 2008 and in 2014 the proportion of male and female Fellows is almost equal, 48% and 52% respectively (Chart 7). This change is in line with VEF efforts to increase the number of underrepresented groups among VEF Fellows. In recent years, priority has been given to female VEF applicants, provided that all other qualifications are equal.

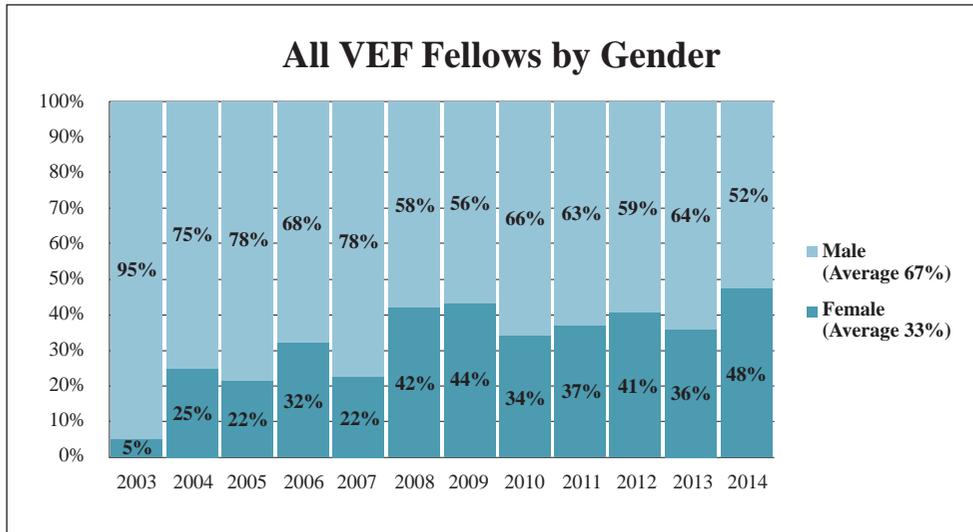


Chart 7: All VEF Fellows by Gender

Degree Sought/Received

The table below analyzes the degrees sought or received by all 503 out of 521 VEF Fellows since 18 of them have withdrawn from the VEF Fellowship. As of September 2014, 299 Fellows have completed their degree programs. Two hundred and sixteen (216) Fellows received doctoral degrees and 83 have received master's degrees. The remaining 204 current Fellows are pursuing their graduate degrees, which are identified as Degree Sought. Only 21 current Fellows are pursuing a master's degree, while 183 current Fellows are pursuing a doctoral degree. Fellows admitted to an M.S./Ph.D. degree are listed below as pursuing a Ph.D. because the doctoral degree is their intention.

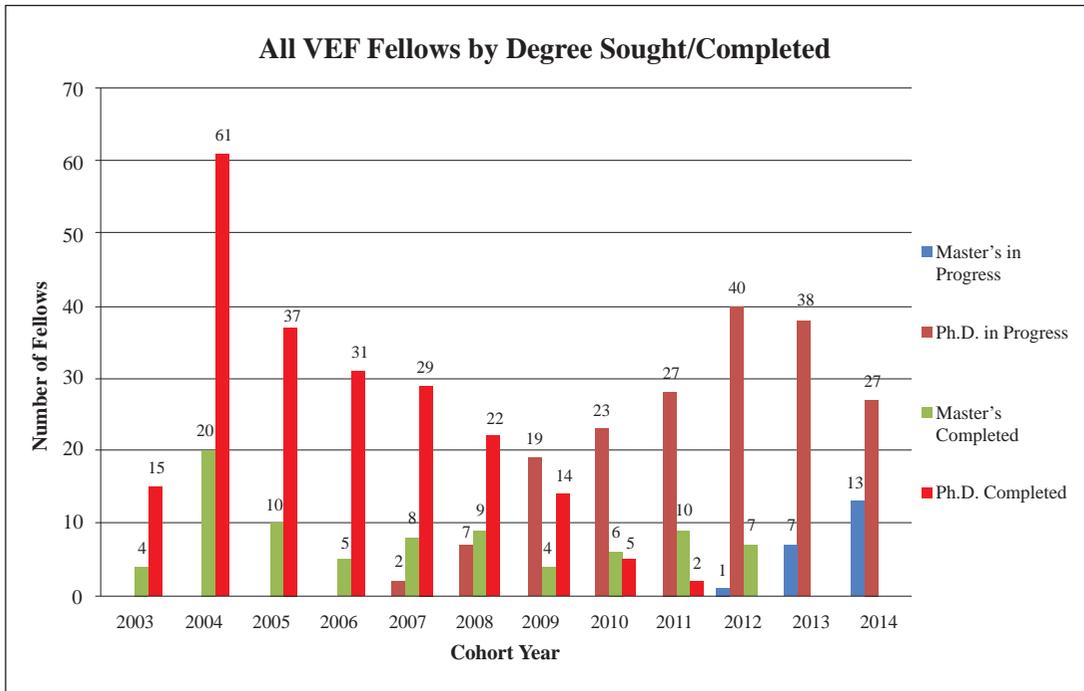


Chart 8: All VEF Fellows by Degree Sought/Received

Age

Among all Fellows, the majority received VEF Fellowship awards when 21 to 26 years of age (70%), while 20% are in the 27 to 30 year range and only 10% older than 30. The youngest age group increased from 53% in 2003 to 87% in 2008 while decreasing somewhat in recent years (Chart 9).

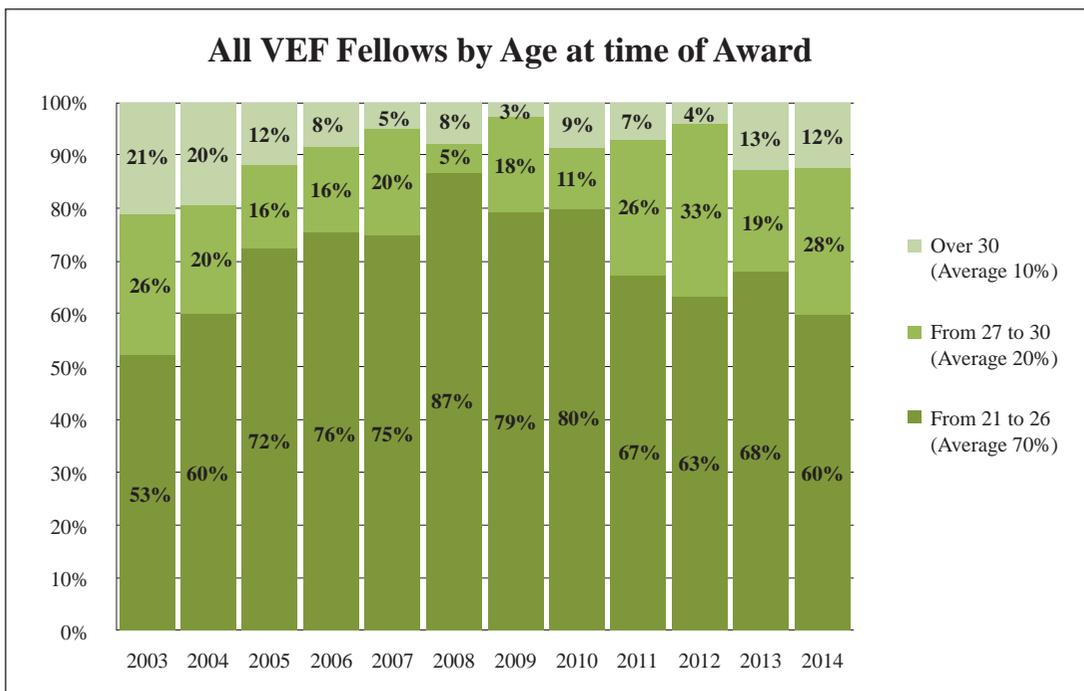


Chart 9: Age of VEF Fellows when Awarded

Origin in Vietnam

Vietnam can be divided into three regions (North, Center, and South), according to the Statistics Directory of 2009, issued by the General Statistics Office of Vietnam. The North includes the Red River Delta (11 provinces) and Northern mountainous areas (14 provinces). The Center includes the Northern Central areas and coastal areas in the Center (14 provinces) and the Highlands (5 provinces). The South includes the South Eastern areas (6 provinces) and the Mekong Delta (13 provinces).

While the distribution has varied from year to year, the overall majority of Fellows (52%) are from the North, 28% are from the Center and the rest are from the South (20%) (Chart 10). Since 2008, the number of Fellows from both the Center and the South has increased significantly. Notably, in 2012 and 2014, the majority of Fellows are from the Center, 39% and 40% respectively. As already explained, VEF has made a strong effort to achieve equal representation of Fellows throughout the country by extensive outreach activities in the Center and the South and by giving priority to applicants from these two regions, provided that all other qualifications are equal.

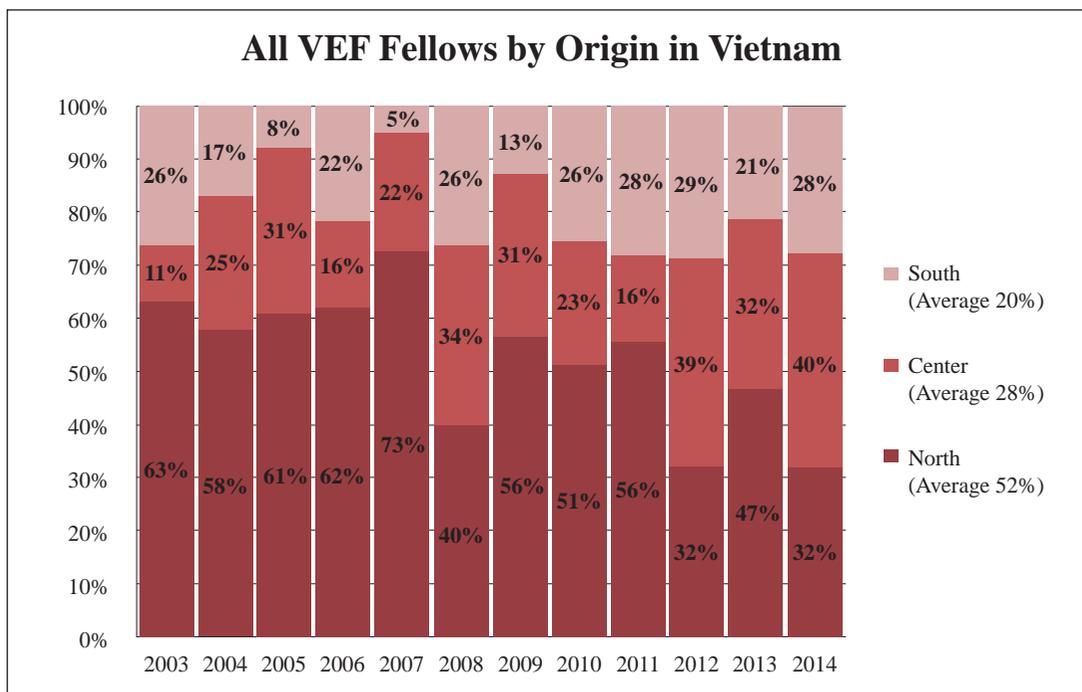


Chart 10: All VEF Fellows by Origin in Vietnam

As a cost-sharing arrangement between VEF and the U.S. host university, VEF pays an annual grant of \$27,000 to the university for each Fellow for each of the first two years. In exchange, the university provides all required tuition, fees, health insurance, and a monthly stipend for 12 months each year. The stipend must be equal to what a typical graduate student in the specific department would receive. If the monthly stipend is not sufficient to cover required books and equipment, the university provides an appropriate supplementary allowance to the Fellow. By the third year of a graduate program, the Fellow is expected to be fully supported by the university through assistantships or other university funding.

In addition, VEF provides an annual Professional Development Grant (PDG) to Fellows in the amount of \$1,000 per year to all Fellows for the first two years.

VEF provides additional financial support for each Fellow as follows:

1. All costs related to the Pre-Departure Orientation conducted in Vietnam by VEF, costs for the visa application (if any), and costs for a physical exam and inoculations that are required by the U.S. university, most of which are completed in Vietnam prior to departure to the United States.
2. Economy-class airfare from Vietnam to the primary airport nearest the Fellow's university and return economy-class airfare to Vietnam at the end of the Fellow's academic program.
3. Settling-in allowance of \$500 transferred through the U.S. host university to help cover personal incidental expenses in the United States.
4. Temporary medical emergency insurance for 30 days, which begins on the day of the Fellow's departure from Vietnam and serves as interim insurance until the Fellow is able to secure more permanent health or medical insurance required of all international students in the United States.

VEF Fellowship Graduates

As of September 2014, 299 Fellows had completed their degree programs, among them 61 are doing their Academic Training in the United States and 238 Fellows have completed the program under VEF sponsorship. The number of VEF Fellowship Alumni makes up 47% of all Fellows (238/503) as of that date. The degrees obtained by these 238 Alumni are as follows: 155 doctorates (65%) and 83 master's degrees (35%). The Alumni are pursuing various interests, which can be summarized as follows:

- 195 (82%) are working in the following sectors: 89 (46%) work in the academic and research sector; 63 (32%) work in the corporate sector; 20 (10%) head their own private companies or are self-employed; 17 (9%) work in the development sector; and 6 (3%) work for the civil service.
- 21 (9%) are continuing doctoral programs with other sources of funding.
- 15 (6%) have just returned to Vietnam and are pursuing employment opportunities.
- 7 (3%) are currently in the United States on visa types other than J-1.

The figure below presents further data on the sectors of employment of VEF Fellowship alumni.

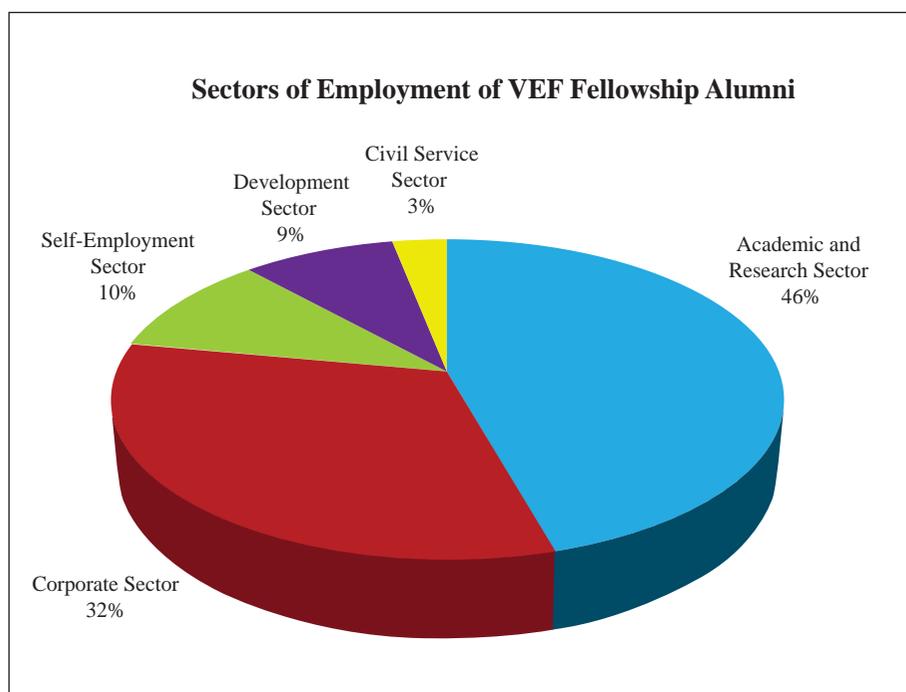


Chart 11: Sectors of Employment of VEF Fellowship Alumni

Visiting Scholar Program

Now in its eighth year, the VEF Visiting Scholar Program has placed 46 Scholars at 35 major U.S. universities since 2007. The Visiting Scholar Program supports Vietnamese nationals, who have been awarded Ph.D. degrees in STEMM fields, with short-term professional development opportunities at U.S. academic institutions. The professional development may include studies, research, or observational activities carried out at an appropriate U.S. academic or research institution. These self-designed programs, arranged under the guidance of U.S. professors serving as mentors, are between 5 and 12 months in length and may include formal courses, workshops, seminars, laboratory or field research, and other types of professional development activities. Upon return to Vietnam, the Visiting Scholar must use the knowledge and skills acquired in the United States to train others. Thus, the Visiting Scholar Program is considered a training-of-trainers (TOT) program. Selection of Visiting Scholar (VS) applicants is highly competitive and based on the following criteria:

- Academic and professional merit of the candidate
- Quality of the proposed professional development program
- Expected outcomes
- Breadth of the proposed TOT activities upon return to Vietnam
- Potential of future contributions to Vietnam

The U.S. host institution must formally accept the Visiting Scholar's proposed professional development plan and provide logistical support, while financial support is not expected. The applicant's home institution

in Vietnam must allow the Visiting Scholar to be absent during the proposed period of time to pursue the professional development program in the United States. After a technical review by prominent U.S. scientists and professors, applicants with the highest recommendation of the review panel will be interviewed by telephone.

VEF has awarded 46 Visiting Scholar grants since 2007 as follows:

- o 2007: 12 Visiting Scholars
- o 2008: 7 Visiting Scholars
- o 2009: 7 Visiting Scholars
- o 2010: 3 Visiting Scholars
- o 2011: 3 Visiting Scholars
- o 2012: 6 Visiting Scholars
- o 2013: 4 Visiting Scholars
- o 2014: 4 Visiting Scholars

A quick sketch of the demographics of the 2007-2014 cohorts of Visiting Scholars shows that the Visiting Scholars are primarily from the northern region of Vietnam and in the age group of 36-45. Here is a brief summary of the eight cohorts of Visiting Scholars:

- The primary fields of specialization are engineering, biological and biomedical sciences, and physical sciences.
- The majority (57%) are male, while 43% are female.
- Their regions of origin in Vietnam are distributed as follows: 60% from the North and the remaining 40% from the Center (20%) and the South (20%).
- The ages of Visiting Scholars range from 26 to 63 years old. The majority (41%) are in the age group between 36 and 45 while the youngest age group (26 to 35 years old) comprises 33%, and the 46 to 63 age group makes up 26%.

U.S. Faculty Scholar Program

The U.S. Faculty Scholar Program was developed with three main goals in mind:

- ✓ To help build capacity in Vietnam in science, engineering, mathematics, medicine, and technology through teaching and related research activities
- ✓ To help Vietnamese institutions address specific educational needs, including curriculum development, integration of research opportunities, identification of student learning outcomes, and evaluation
- ✓ To build positive relationships between U.S. and Vietnamese higher education institutions and faculty members that may lead to sustainable partnerships

The U.S. Faculty Scholar teaches one or more courses in English for one or two terms (fall and/or spring) at a Vietnamese university or universities. The teaching can be on site in Vietnam or by interactive, real-time video conferencing from the United States. In the latter case, the Faculty Scholar must visit and teach at the Vietnamese host institution(s) for at least one week at the beginning and one week at the end of the teaching program. While VEF serves as the organizer and sponsor for this project, the Vietnamese host institution(s) and the cooperating U.S. institution collaborate with the Scholar in order to deliver a successful course.

An applicant for the U.S. Faculty Scholar grant must submit a proposal to VEF through an online application. The call for proposals for the 2014 U.S. Faculty Scholar grants was advertised widely throughout the United States and Vietnam through print media as well as by email notification to VEF contacts, program participants, and VEF Alumni.

VEF is the organizer and sponsor of this project while the Faculty Scholars work in cooperation with the Vietnamese and U.S. institutions. VEF invites renowned U.S. scientists and academics to conduct the technical review of qualified proposals and recommends finalists for a final telephone interview, which is conducted by U.S. professors or former U.S. Faculty Scholars and senior VEF staff.

Under the U.S. Faculty Scholar Program that started in 2008, 39 U.S. Faculty Scholar grants⁶ have been awarded for 31 U.S. professors to teach courses at 25 Vietnamese universities and research institutions.

- o 2008: 4 Faculty Scholar grants
- o 2009: 2 Faculty Scholar grants
- o 2010: 6 Faculty Scholar grants
- o 2011: 5 Faculty Scholar grants
- o 2012: 9 Faculty Scholar grants
- o 2013: 11 Faculty Scholar grants
- o 2014: 2 Faculty Scholar grants

The primary fields of teaching programs are public health, engineering and mathematical sciences. On average to date, 55% of the courses taught are at the graduate level and 45% are at the undergraduate level. The teaching models presented in Figure 12 below show that most of the Faculty Scholars (61%) conduct their programs via videoconferencing from the United States.

⁶ Some U.S. Faculty Scholars have successfully competed for and received more than one grant.

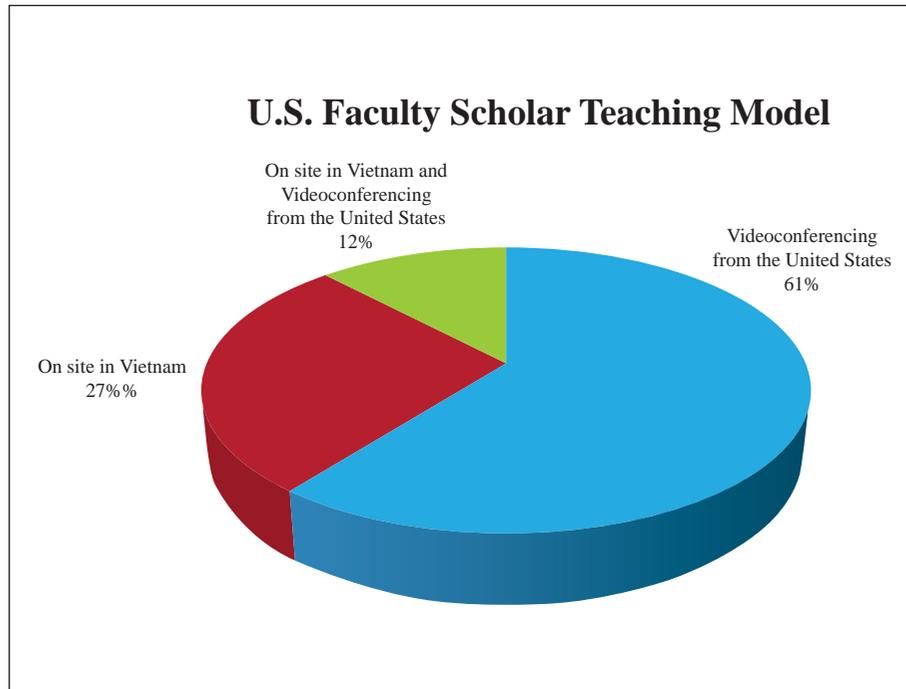


Chart 12: U.S. Faculty Scholar Teaching Model

Capacity Building Activities

To complement its educational exchange programs, VEF engages in a limited number of activities that build the scientific and technological capacity of Vietnam. VEF capacity-building efforts focus on activities that do the following: (1) promote science and technology initiatives; (2) build the relationship between U.S. and Vietnamese institutions and government entities; and (3) help to lay the foundation for the return of VEF Fellows and Visiting Scholars to their home country. While some earlier capacity-building activities (workshops and seminars) were meant to address the legislative mandate for Americans to teach at Vietnamese institutions, the U.S. Faculty Scholar Program now fulfills that directive in the VEF legislation, but VEF is still interested in assisting in the development of scientific infrastructure in any way possible.

To strengthen science and technology in Vietnam and to foster opportunities for collaborative exchanges between the United States and Vietnam, VEF has organized the following activities.

- **75** scientists from **55** U.S. institutions delivered **184** lectures/presentations at **61** Vietnamese host institutions
- **11** seminars or workshops presented in Vietnam by **29** experts, representing **16** U.S. educational organizations
- **3** major research reports on higher education in Vietnam: (1) *Observations on Undergraduate Education in Computer Science, Electrical Engineering, and Physics at Select Universities in Vietnam* (August 2006); (2) *Observations on the Current Status of Education in the Agricultural Sciences in Vietnam* (January 2007); and (3) *Observations on the Current Status of Higher Education in Agricultural Sciences, Civil Engineering, Computer Science, Electrical Engineering,*

Environmental Sciences, Physics, and Transport and Communications at Select Universities in Vietnam (July 2014)

- Special projects were initiated or developed by VEF, including:
 - (1) Millennium Science Initiative (MSI): To establish Centers of Excellence in Vietnam in science and technology in cooperation with the Institute for Advanced Study (Princeton, NJ) and the Science Initiative Group (2004 – 2006). Initiated at the request of the Ministry of Science and Technology (MOST).
 - (2) World Class University (International Standard University) development in Vietnam: Facilitating visits by leading U.S. universities (2006). Initiated at the request of the Ministry of Education and Training (MOET).
 - (3) Vietnam Fund for Supporting Technological Creations (VIFOTEC): Encouraging creativity in the sciences and technology in Vietnam (2006, 2007) in cooperation with MOET.
 - (4) Conferences in Vietnam: Young Vietnamese Scientists Meeting (June 2005, July 2007); International Biomedical Engineering Conference (July 2007); and OpenCourseWare Consortium (OCWC) Global Meeting (May 2010).
 - (5) Vietnam OpenCourseWare (VOCW) project in Vietnam: A repository of high quality, up-to-date teaching and learning materials, available free as open educational resources. VEF successfully transferred its responsibilities for the VOCW program to MOET in January 2010. The project began in 2005.
 - (6) Creative Commons License (CCL): Enabled Vietnam to facilitate recognition of intellectual property rights related to VOCW, while the CCL serves all forms of creativity. VEF transferred its responsibilities in 2010 to Creative Commons International and a Vietnamese law firm, D&N International.
- At their request, VEF assisted the Vietnam International Education Development (VIED) division of MOET in the following ways: (1) Assistance in developing an online fellowship application and in running a transparent selection process; (2) Invitations made to VIED staff to observe VEF operations and procedures during interviews and orientations; and (3) Introductions made to U.S. universities, who are members of the VEF Alliance.
- VEF assisted the National Foundation for Science and Technology Development (NAFOSTED) of MOST to develop an Online Management System.
- At the request of the former U.S. Ambassador Michael Michalak, together with the U.S. Embassy in Hanoi and MOET, VEF co-organized and co-sponsored, the 4th Annual Education Conference in Vietnam in April 2011 to strengthen higher education ties between the United States and Vietnam.

International educational exchange builds bridges between countries and people, contributing to global peace, tolerance, and understanding. As scientists and engineers, the VEF Fellows, Visiting Scholars, and Faculty Scholars are contributing to a mutually beneficial relationship between Vietnam and the United States.

APPENDIX 1:
2014 VEF Fellows

These 40 VEF Fellows were awarded the VEF Fellowships to start their graduate degree program in the United States in the fall of 2014.

#	Last Name	Middle Name	First Name	Gender	U.S. University	Degree Sought	Field of Study
1	DANG	Thi	Xuan	F	Texas A&M University	Ph.D.	Electrical Engineering
2	DO	Tran	Huu	M	University of Mississippi	Ph.D.	Physics
3	DUONG	Ngoc	Ha	F	University of Missouri	Ph.D.	Plant, Insect, and Microbial Sciences
4	HA	Dieu	Anh	F	Oregon State University	Ph.D.	Zoology
5	HOANG	Ha My	Y	F	Michigan State University	Ph.D.	BioMolecular Science Gateway
6	HOANG	Hieu	Ngoc	F	University of Mississippi	Ph.D.	Biochemistry
7	LE	Anh Vu	Ha	M	University of Houston	Ph.D.	Computer Science
8	LE	Minh	Hieu	M	Stony Brook University-SUNY	Ph.D.	Computer Science
9	LE	Minh	Thien	M	Michigan State University	Ph.D.	Statistics

#	Last Name	Middle Name	First Name	Gender	U.S. University	Degree Sought	Field of Study
10	LE	Quang	Duong	M	University of Texas at Arlington	Ph.D.	Biomedical Engineering
11	LE	Thi	Tham	F	Johns Hopkins University	MPH	Epidemiology
12	LUONG	Xuan	Duy	M	Rice University	Ph.D.	Applied Physics
13	MAI	Thi Thu	Trang	F	University of Kentucky	Ph.D.	Chemical Engineering
14	NGUYEN	Hoai	Son	M	University of California, Davis	Ph.D.	Electrical and Computer Engineering
15	NGUYEN	Huu	Hieu	M	University of Texas at Austin	Ph.D.	Computational Science, Engineering, and Mathematics
16	NGUYEN	Huy	Quan	M	University of Texas at Austin	Ph.D.	Energy Systems
17	NGUYEN	Huynh Truong	Gia	M	Kansas State University	Ph.D.	Biological and Agricultural Engineering
18	NGUYEN	Ngoc Binh	Minh	F	University of Southern California	Ph.D.	Computer Science
19	NGUYEN	Phi	Long	M	Texas Tech University	Master's	Electrical Engineering
20	NGUYEN	Quang	Vinh	M	University of Massachusetts Amherst	Ph.D.	Mechanical Engineering

#	Last Name	Middle Name	First Name	Gender	U.S. University	Degree Sought	Field of Study
21	NGUYEN	Thanh	Hang	F	University of North Carolina at Chapel Hill	Ph.D.	Environmental Sciences and Engineering
22	NGUYEN	Thi Quynh	Nhu	F	Michigan State University	Ph.D.	BioMolecular Science Gateway
23	NGUYEN	Thi Xuan	Huong	F	Iowa State University	Master's	Sustainable Agriculture
24	NGUYEN	Trung	Kien	M	California Institute of Technology	Ph.D.	Civil Engineering
25	PHAM	Ngoc	Vinh	F	University of Texas at Austin	Ph.D.	Plant Biology
26	PHAM	Nguyen	Phuong	F	University of Alabama at Birmingham	Master's	Epidemiology
27	PHAM	Quoc	Thang	M	Michigan State University	Ph.D.	Electrical Engineering
28	PHAM	Song	Hong	M	Virginia Polytechnic Institute and State University	Ph.D.	Civil Engineering
29	PHAM	Thi Hoang	Anh	F	University of Arkansas	Ph.D.	Industrial Engineering
30	PHAN	Phi	Anh	M	Loyola University Chicago	Ph.D.	Biomedical Sciences
31	TANG	Hung	Sang	F	University of North Carolina at Chapel Hill	MPH	Maternal and Child Health

#	Last Name	Middle Name	First Name	Gender	U.S. University	Degree Sought	Field of Study
32	TRAN	Kien	Trung	M	University of Massachusetts Amherst	Master's	Computer Science
33	TRAN	Van	Luan	M	University of Southern California	Ph.D.	Computer Science
34	TRAN	Vuong	Tung	M	Brown University	Master's	Physics
35	TRUONG	Anh	Minh	M	Iowa State University	Master's	Computer Engineering
36	TRUONG	Thi My	Hanh	F	Virginia Polytechnic Institute and State University	Master's	Civil Engineering
37	TRUONG	Thi Thao	Nguyen	F	Michigan State University	Ph.D.	Pharmacology and Toxicology
38	VO	Hoang	Long	M	North Carolina State University	Master's	Civil Engineering
39	VO	Ngoc Thao	Nguyen	F	University of Arkansas	Ph.D.	Cell and Molecular Biology
40	VU	Phuong	Thanh	F	University of Massachusetts, Amherst	Ph.D.	Food Science

APPENDIX 2:

2014 VEF Visiting Scholars

#	Name (LAST Middle First)	G e n d e r	Residence in Vietnam	Field of Expertise	Position	Vietnam Home Institution, Location	U.S. Host Institution, Location	Training Dates (mm/dd/yyyy)	Description of Training Program
1	DOAN Thi Thai Yen	F	Hanoi	Environmental Engineering	Senior Lecturer and Researcher	Institute for Environmental Science and Technology, Hanoi University of Science and Technology	University of Minnesota	08/01/2014 to 07/31/2015	Mass culturing of microalgae for multi- purposes, including biofuel feed stock production, CO2 sequestration and wastewater treatment
2	DUONG Thuy Yen	F	Can Tho	Fisheries and Wildlife and Ecology, Evolutionary Biology and Behavior	Senior Lecturer	College of Aquaculture and Fisheries, Can Tho University	Michigan State University	03/01/2015 to 08/01/2015	Improving knowledge on advances in molecular genetics for the development of DNA-based research and education in aquaculture and fisheries in Viet Nam
3	NGO Quang Minh	M	Hanoi	Electrical Engineering	Head of Laboratory	Institute of Materials Science, Vietnam Academy of Science and Technology	Binghamton University, State University of New York	09/01/2014 to 08/31/2015	Theoretical and experimental research on plasmon resonance in nanostructured materials
4	NGUYEN Khoi Nghia	M	Can Tho	Environmental Soil Microbiology	Lecturer and Researcher	College of Agriculture and Applied Biology, CanTho University	Ohio State University	08/10/2014 to 07/31/2015	Degradation of the thiocarbamate insecticide, aldicarb, by enzymes and microbes in the rhizosphere of plants growing in agricultural soils

APPENDIX 3:

2014 VEF U.S. Faculty Scholars

The U.S. Faculty Scholars are listed alphabetically according to last (family) name. The title and U.S. home university affiliation reflect the individual's position at the time that the individual served as a Faculty Scholar.

#	Full Name	Title, U.S. Home University	Field(s) of Expertise	Vietnamese Host Institution(s), Location	Course Title(s)	Level of Teaching	Teaching Model	Period of Teaching
1	Lee, Mong-Hong, Ph.D.	Professor, University of Texas at Houston, MD Anderson Cancer Center	Biomedical Sciences, Cancer Biology	University of Science, Vietnam National University - Ho Chi Minh City	<i>Cancer Cell Signaling and Therapy Innovation</i>	Graduate	Video- conferencing from the U.S.	Fall 2014
				Institute of Biotechnology, Vietnam National Academy of Science and Technology				
2	Zeger, Wesley George, D. O.	Associate Professor, University of Nebraska Medical Center	Emergency Medicine	Thai Binh Medical University	<i>Team Dynamics in Emergency Medicine</i>	Graduate	Video- conferencing from the U.S.	Fall 2014
				Hanoi Medical University				

APPENDIX 4:

2014 U.S. Review Panels for VEF Oral Exam/Interview Mission

The following ten U.S. scientists and professors, listed alphabetically by last (family) name, were organized by VEF to serve on interview panels conducted in Vietnam in July-August 2013 to select the best candidates among the finalists for the VEF Fellowship and Visiting Scholar 2014 cohorts.

Dr. J. Scott Angle

Dean
School of Agricultural and Environmental
Sciences
University of Georgia

Dr. Lynn W. Gelhar

Professor (Emeritus)
Department of Civil and Environmental
Engineering
Massachusetts Institute of Technology

Dr. Timothy M. Logan

Professor and Chair
Department of Chemistry and Biochemistry
Florida State University

Dr. Gisele Muller-Parker

Program Director, Division of Graduate
Education
National Science Foundation

Dr. Keith A. Teague, PhD, PE

Professor
School of Electrical and Computer Engineering,
Oklahoma State University

Dr. Allan Bower

Royce Family Professor of Teaching Excellence
Professor of Engineering
School of Engineering
Brown University

Dr. Peter F. Green

Gorguze Professor of Engineering
Professor, Materials Science and Engineering,
Applied Physics, Chemical Engineering
University of Michigan
Biointerfaces Institute

Dr. Stephen A. Lyon

Professor of Electrical Engineering,
Princeton University

Dr. Cyrus Shahabi

Professor of Computer Science and Electrical
Engineering
Director of Integrated Media Systems Center
Interim Director of Informatics Program
University of Southern California

Dr. Volker M. Vogt

Professor of Molecular Biology and Genetics
Cornell University

APPENDIX 5:***Capacity Building Activities of U.S. Interviewers in Vietnam***

SUMMARY: Ten (10) U.S. professors, representing different U.S. academic institutions, were sponsored by VEF to interview VEF Fellowship and Visiting Scholar finalists in July-August 2014. Eight (8) of them gave lectures or conducted scientific or specialized meetings at five (5) host institutions or organizations in Vietnam and two (2) Vietnamese government agencies including the Ministry of Education and Training (MOET) and the Ministry of Science and Technology (MOST). The activities took place in Hanoi and Ho Chi Minh City. The following table summarizes these capacity-building activities. Two (2) general advising sessions for the public were held, one at the U.S. Embassy and the other at the U.S. Consulate, and ten (10) seminars/meetings were conducted at Vietnamese institutions and offices of MOET and MOST.

Advising Sessions for Public Audience: Panel Discussions					
No	Topic (Date)	Vietnamese Host Institution	Scientist, Title, Position	U.S. Affiliation	Field of Expertise
1	<i>Writing a Statement of Purpose for Admission to Graduate School in the United States</i> (July 30, 2014)	EducationUSA Advising Center, U.S. Embassy in Hanoi	Dr. Stephen Lyon Professor of Electrical Engineering	Princeton University	Electrical Engineering
			Dr. Timothy Logan Professor and Chair Department of Chemistry and Biochemistry	Florida State University	Chemistry and Biochemistry
			Dr. Volker Vogt Professor of Molecular Biology	Cornell University	Molecular Biology

Advising Sessions for Public Audience: Panel Discussions					
No	Topic (Date)	Vietnamese Host Institution	Scientist, Title, Position	U.S. Affiliation	Field of Expertise
2	<i>Writing a Statement of Purpose for Admission to Graduate School in the United States</i> (August 5, 2014)	EducationUSA Advising Center, U.S. Consulate General in Ho Chi Minh City	Dr. J. Scott Angle Dean and Director College of Agricultural and Environmental Sciences	University of Georgia	Agricultural and Environmental Sciences
			Dr. Gisele Muller-Parker Program Director NSF Graduate Research Fellowship	National Science Foundation (NSF)	Oceanography and Biological Sciences
			Dr. Keith Teague Professor and Immediate Past School Head School of Electrical and Computer Engineering	Oklahoma State University	Electrical Engineering
Seminars and Meetings with Faculty Members and Students, Meetings with MOET and MOST					
No	Topic (Date)	Vietnamese Host Institution	Scientist, Title, Position	U.S. Affiliation	Field of Expertise
1	<i>Discussion about Common Research Interest in Nuclear Safety and Ground Water Environment</i> (July 30, 2014)	Hanoi University of Mining and Geology	Dr. Lynn Walter Gelhar Professor Emeritus	Massachusetts Institute of Technology	Civil and Environmental Engineering

Seminars and Meetings with Faculty Members and Students, Meetings with MOET and MOST					
No	Topic (Date)	Vietnamese Host Institution	Scientist, Title, Position	U.S. Affiliation	Field of Expertise
2	<i>Meeting with the National Foundation for Science and Technology on NSF's Fellowship Program and Discussion on Matters of Mutual Interest</i> (July 31, 2014)	National Foundation for Science and Technology, Ministry of Science and Technology	Dr. Gisele Muller-Parker Program Director NSF Graduate Research Fellowships	National Science Foundation	Oceanography and Biological Sciences
3	<i>Phytoremediation – Use of Hyperaccumulator Plants to Extract Metals from Soil</i> (July 31, 2014)	Hanoi University of Agriculture	Dr. J. Scott Angle Dean and Director College of Agricultural and Environmental Sciences	University of Georgia	Agricultural and Environmental Sciences
4	<i>Structure and Assembly of HIV and Other Retroviruses</i> (July 31, 2014)	Hanoi University of Agriculture	Dr. Volker Vogt Professor of Molecular Biology	Cornell University	Molecular Biology
5	<i>Meeting with Vietnam International Education Development on NSF's Fellowship Program and Discussion on Matters of Mutual Interest</i> (August 1, 2014)	Vietnam International Education Development, Ministry of Education and Training	Dr. Gisele Muller-Parker Program Director NSF Graduate Research Fellowships	National Science Foundation	Oceanography and Biological Sciences
6	<i>The Design, Synthesis and Function of Polymer Nanocomposites</i> (August 4, 2014)	Ho Chi Minh City University of Technical Education	Dr. Peter Green Professor and Department Chair Department of Materials Science and Engineering	University of Michigan	Materials Science and Engineering

Seminars and Meetings with Faculty Members and Students, Meetings with MOET and MOST					
No	Topic (Date)	Vietnamese Host Institution	Scientist, Title, Position	U.S. Affiliation	Field of Expertise
7	<i>Quantum Computing with Electrons in Silicon</i> (August 5, 2014)	Ton Duc Thang University	Stephen Aplin Lyon Professor of Electrical Engineering	Princeton University	Electrical Engineering
8	<i>The NSF's Graduate Research Fellowship Program</i> (August 5, 2014)	Nong Lam University	Dr. Gisele Muller-Parker Program Director NSF Graduate Research Fellowships	National Science Foundation	Oceanography and Biological Sciences
9	<i>Metabolic Adaptations of Mesenchymal Stem Cells</i> (August 6, 2014)	Ton Duc Thang University	Dr. Timothy Logan Professor and Chair Department of Chemistry and Biochemistry	Florida State University	Chemistry and Biochemistry
10	<i>Discussion about Biochemistry and Molecular Biology</i> (August 6, 2014)	Nong Lam University	Dr. Volker Vogt Professor of Molecular Biology	Cornell University	Molecular Biology

APPENDIX 6: *Vietnam Education Foundation Board of Directors*

As of September 30, 2014

Anhlan P. Nguyen -- Chair

IT Portfolio Manager

University of Texas

MD Anderson Cancer Center

Richard Blumenthal

U.S. Senator

Quyen Chu

Louisiana State University Health Sciences Center

Arne Duncan

U.S. Secretary of Education

David Duong

CEO, California Waste Solutions

John Forbes Kerry

U.S. Secretary of State

Jacob J. Lew

U.S. Secretary of the Treasury

Edmund Malesky

Duke University

Joseph R. Pitts

U.S. Congressman

Loretta Sanchez

U.S. Congresswoman

Isaac F. Silvera, Ph.D.

Professor

Harvard University

David Vitter

U.S. Senator

Quyen N. Vuong

Executive Director

International Children Assistance Network (ICAN)

APPENDIX 7: *Vietnam Education Foundation Staff*

As of September 30, 2014

VEF U.S. Headquarters Office, Arlington, Virginia

Sandy H. Dang

Acting Executive Director

Dawn E. Bethelmy

Director of Finance and Accounting

Sandarshi Gunawardena

Senior Program Officer

Diana B. Martens

Program Associate

Margaret K. Petrochenkov, Ph.D.

Program Officer

VEF Vietnam Field Office, Hanoi

Phuong Nguyen, Ph.D.

Country Director

Hanh Bui

Program Manager

Anh Dang

HR and Administration Specialist

Kien Dang

IT and Data Specialist

Hanh Huy

Program Assistant

Huyen Le

Senior Manager of Finance and Administration

Tu Ngo

IT and Data Manager

Cuong Nguyen

Program Assistant

Hang Trinh

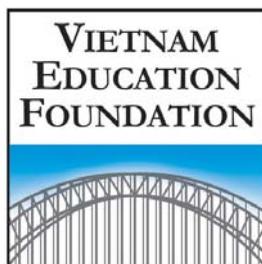
Executive Assistant to the Country Director

APPENDIX 8:***Fiscal Year 2014 Budget Approved by the VEF Board of Directors***

Total Budget	\$5,626,752
Fellow Expenses	\$2,890,548
University Expenses	\$2,357,000
Annual VEF Conference in January (Includes New Fellows)	\$208,548
Professional Development Grant	\$255,000
Graduates returning to Vietnam	\$70,000
New Fellow Expenses (2014 Cohort)	\$180,800
Travel (Including Insurance)	\$81,400
Settling-in Allowance	\$20,000
Health Check/Shots	\$15,160
Pre-Departure Orientation	\$64,240
Pre-Fellow Expenses	\$147,042
Nominees*	\$3,400
Applicants** Prep Exp (Univ Visits, Orientations, GRE Reimb)	\$1,200
August Interview Mission	\$142,442
Visiting Scholar Program	\$138,200
Prior Year Cohort	\$8,000
Current Year Cohort	\$125,996
Annual VEF Conference-Travel	\$4,204

US Faculty Scholars	\$68,119
Prior Year Cohort	\$12,969
Current Year Cohort	\$55,150
Fellow and Visiting Scholar Alumni Conference	\$10,000
Outreach to Educate about VEF	\$10,000
Contractual Services	\$273,176
VEF Staff Travel	\$128,958
International Travel	\$76,883
Domestic Travel	\$45,076
SOS Medical Assistance	\$7,000
Board Member Expenses	\$100,923
Board Member Salaries	\$50,286
Board Member Domestic Travel	\$30,009
Board Member International Travel	\$20,228
Board Member Local Travel (Taxi, etc.)	\$400
Personnel Expenses	\$1,432,501
DC Staff (Salary & Benefits)	\$922,601
VN Staff (Salary & Benefits)	\$487,900
Staff Training (ESL/Communication/IT)	\$22,000
Rent, Communication and Utilities	\$184,992
Supplies and Materials	\$61,493

APPENDIX 9: *Performance and Accountability Report*



2111 Wilson Boulevard, Suite 700, Arlington, VA 22201 • www.vef.gov • Phone 703-351-5053 • Fax 703-351-1423

Sandy Hoa Dang
Executive Director

Message from the Executive Director

Board of Directors

Anhlan P. Nguyen Chair
IT Portfolio Manager
University of Texas
MD Anderson Cancer Center

Richard Blumenthal
U.S. Senator

Quyen D. Chu, M.D., M.B.A.
Charles Knight, Sr. Endowed
Professor of Surgery
LSU Health Sciences
Center- Shreveport

Arne Duncan
U.S. Secretary of Education

John Forbes Kerry
U.S. Secretary of State

Jacob J. Lew
U.S. Secretary of the Treasury

Edmund J. Malesky, Ph.D.
Associate Professor, Political
Science
Duke University

Joseph R. Pitts
U.S. Congressman

Loretta Sanchez
U.S. Congresswoman

David Vitter
U.S. Senator

Congress passed the Vietnam Education Foundation (VEF) Act of 2000 to promote closer relations between the United States and Vietnam through educational exchange. Title II of the Act established VEF as an independent federal agency with the focus of creating opportunities for Vietnamese nationals to pursue graduate and postdoctoral studies in the sciences in the United States. VEF concentrates on two main activities: (1) scholarships and grants for Vietnamese and U.S. nationals; and (2) capacity building in Vietnam.

Over a decade, VEF has developed and implemented a cost-sharing structure with more than 100 U.S. universities to award fellowships to 525 Vietnamese students and 42 Vietnamese scholars. In addition, VEF has sponsored capacity building activities to address the needs of higher education in Vietnam. For example, in 2014 VEF published a research report that provides recommendations for the further development of higher education, specifically in the sciences - agriculture, civil and electrical engineering, computer science, physics, and transport in Vietnam.

With this letter, I submit the VEF's Fiscal Year 2014 Performance and Accountability Report, including financial program performance results. Since the audit in 2013, VEF has corrected several shortcomings that were identified by our auditor. Our current internal controls over financial reporting are operating effectively to provide reliable financial reporting. VEF can provide reasonable assurance that the agency is in substantial compliance with the Federal Managers Financial Integrity Act of 1982. VEF evaluated its financial internal controls and management to comply with federal laws and regulations. No material weaknesses were identified and the financial management system was found to conform with government financial system requirements. In accordance with OMB Circular 123, Appendix C, no improper payments were

made. An independent, certified public accountant audited VEF's financial statement, internal controls, and management systems and verified that they conform to generally accepted account principles, laws, regulations, and requirements.

Given sequestration, Fiscal Year 2014 was particularly challenging for VEF. We reduced the number of scholarships and grants and eliminated funding for our Conference for Alumni. However, moving forward VEF continues to identify new ways of utilizing our resources effectively, prioritizing our activities to maximize impact. VEF will strive towards the goal of leaving an important legacy to the future generations in Vietnam and to the productive future for U.S.-Vietnam relations.

On behalf of the Vietnam Education Foundation, I am pleased to submit this Fiscal Year 2014 Performance and Accountability Report to the Office of Management and Budget.

Please feel free to contact us at any time.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandy", with a long, sweeping horizontal flourish extending to the right.

SANDY HOA DANG

Acting VEF Executive Director

Performance and Accountability Report (PAR) FY 2014

Background

The Vietnam Education Foundation (VEF), an independent federal agency created by the U.S. Congress in December 2000, is funded through the Vietnam Debt Repayment Fund, which is described in Sections 203, 206, and 207 of the Vietnam Education Foundation Act (U.S. Public Law 106-554). VEF is authorized to award Fellowships and grants on a cost-sharing basis, Section 206 (d), and to “receive money and other property donated, bequeathed or devised,” Section 209 (a) (2). The Foundation has a 2018 sunset.

Foundation Structure

VEF is governed by a Board of Directors, including the Secretaries of State, Treasury, and Education, all of whom have ongoing appointments on the Board; two U.S. Senators and two U.S. Representatives, who have six-year non-renewable appointments; and six Presidential appointees on three-year renewable terms. The Executive Director is selected by the VEF Board of Directors.

VEF employs five full-time employees in Arlington, Virginia: (1) Executive Director; (2) Director of Finance and Accounting; (3) Senior Program Officer; (4) Program Associate; and (5) Program Officer. VEF also has a staff of nine Vietnamese contractors in Hanoi, Vietnam.

VEF Vision, Mission, Strategic Goals, and Duties

Vision

VEF is an educational exchange program initiated by the Government and the people of the United States to promote closer relations between the United States and Vietnam by providing opportunities for Vietnamese nationals to pursue graduate and post-graduate studies in the United States in the sciences, engineering, mathematics, medicine, and technology and for American citizens to teach in the same fields of study at Vietnamese universities.

Mission

Per Public Law 106-554, which is based on legislation passed by the United States Congress on December 20, 2000, it is the mission of the Vietnam Education Foundation (VEF) to:

1. Establish an international fellowship program through which Vietnamese nationals can undertake graduate and post-graduate level studies in the sciences (natural, physical, and environmental), mathematics, medicine, and technology (including information technology) in the United States; and United States citizens can teach in the fields specified above in academic institutions in Vietnam.
2. Further the process of reconciliation between the United States and Vietnam and the building of a bilateral relationship serving the interests of both countries.

Strategic Goals

- Goal 1:** Establish and maintain excellent relationship with U.S. educational institutions in order to leverage cost-sharing and maximal financial contributions and other support for VEF Vietnamese students studying in graduate STEM programs in the United States.
- Goal 2:** Establish networks among Fellows, Scholars, and other academics in the United States and Vietnam to facilitate the scientific capacity in Vietnam and further collaborations with the United States.
- Goal 3:** Engage Vietnamese institutions to encourage their best students to apply for the fellowships and to welcome them back with greatly increased salaries, laboratory facilities, and development opportunities after receipt of graduate degrees.
- Goal 4:** Foster positive relationships with U.S. and Vietnamese National Leaders to maximally leverage the leadership opportunities for VEF program alumni.

Duties

VEF administers educational exchange of the following programs:

1. Fellowship Program, which sends Vietnamese nationals (VEF Fellows) to the United States for graduate study;
2. Visiting Scholar Program, which supports Vietnamese nationals (VEF Visiting Scholars), who already hold a doctorate, to further develop their professional skills via studies, research, or observational activities at leading U.S. academic institutions; and
3. U.S. Faculty Scholar Program, which provides grants to American professors (U.S. Faculty Scholars) to teach classes at Vietnamese universities either onsite or via teleconferencing from the United States.

VEF also organizes the following meetings and conferences:

1. Annual Fellows and Scholars Conference in the United States
2. Pre-Departure Orientation for Fellows and Visiting Scholars
3. Alumni Conferences for VEF Fellows and Scholars, who have returned to Vietnam after completion of their programs.

VEF has also sponsored scientific capacity-building projects in Vietnam, most notably three reports on higher education in selected STEM fields in 2006, 2007, and 2013. The prominent U.S. Professors who visit Vietnam at VEF's request also give talks on their research and on getting into graduate school.

VEF is the J sponsor for all VEF Fellows and Scholars who travel to the United States to undertake study and research.

Overview of Finances in FY2014

Annual appropriations and distribution of funds

In FY 2014, VEF was impacted by government-wide budget cuts under sequestration of 7.2 percent. Approximately 62 percent of total budget was used for grants, fellowships, onboarding, and travel requirements for Fellows, Visiting Scholars, and United States Faculty Scholars. Twenty-eight percent was used for staff salaries and benefits, five percent for contractual services, four percent for rent and administration, and just over one percent for Board Member expenses and Outreach Activities (Chart 13)

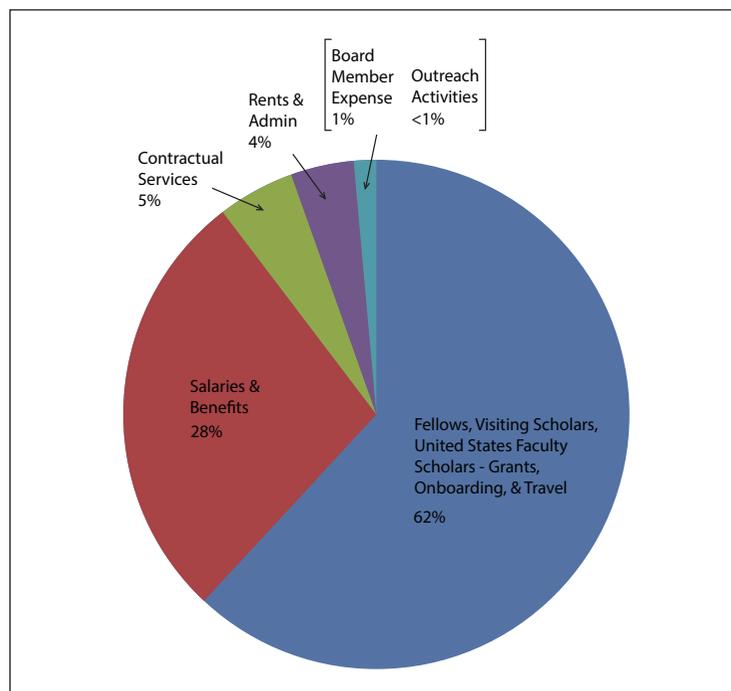


Chart 13: Annual Appropriations and Distribution of Funds

Overview of VEF Performance in FY2014

Annual Conference

The 11th Annual VEF Fellows and Scholars Conference was held at the University of Missouri in Columbia from January 2-6, 2014. Speakers included the Ambassador of the Socialist Republic of Vietnam, Nguyen Quoc Cuong, the previous U.S. Ambassador from the United States to Vietnam Michael Michalak. Dr. M. Fred Hawthorne, Director, International Institute of Nano- and Molecular Medicine, and Curator’s Distinguished Professor of Chemistry and Radiology, University of Missouri, presented on “The Brave New World of Interdisciplinarity in Academe.” To provide the cultural and historical experience that is required of J visa programs, VEF arranged for Mr. Bill Iseminger to speak on “Ancient Cahokia: America’s First City and its Connections throughout the Mississippian World.” The conference also included a poster session and career development breakout sessions. The University provided substantial support, both financially and in kind for the event.

Pre-Departure Orientation

To meet the requirements of the U.S. Department of State Exchange Visitor Program, VEF provides a **Pre-Departure Orientation** (PDO) for all new VEF Fellows and Visiting Scholars prior to their departure from Vietnam. The postdoctoral Visiting Scholars are able to network with VEF Fellows, and this contact is expected to continue when both groups return to Vietnam. PDO experiential activities were organized to give the Fellows and Visiting Scholars self-confidence in situations that mirror what they might encounter in the transition to a new culture and environment in the highly competitive American academic environment.

Alumni Conference in Vietnam

Due to financial considerations, the Alumni Conference that was originally scheduled for June 2014 had to be cancelled. The Alumni Conferences allow for VEF Fellows and Scholars, who have returned to Vietnam to make plans for future projects, grants, and collaborations. VEF hopes to be able to provide support for this effort in future years.

Annual Report

The FY2013 Annual Report required in the founding legislation, was sent to the President and Congress and posted on the VEF website in October of 2014. The report provides full information on VEF Fellows, Scholars, and all other activities undertaken by VEF in FY2013.

Outreach

1. The VEF Board and the Executive Director led a set of outreach meetings in California in March of 2014.
2. VEF met with representatives from the State Department to work on the final report of the Joint Commission Meeting.
3. VEF met with several Vietnamese delegations visiting the United States, including one from the National Council for Science and Technology Policy, MOST, to name but a few. VEF was also invited to participate in the meeting on the FIRST Project held at the Embassy of Vietnam.
4. VEF held face-to-face meetings with representatives of Arizona State University, the University of Kansas, Ball State University, the University of New Mexico, and Gordon DeFrieze and Ross Simpson from University of North Carolina Chapel Hill. A conference call was also held with UCLA.
5. VEF visited the World Bank twice in regard to the FIRST Project.

Capacity Building

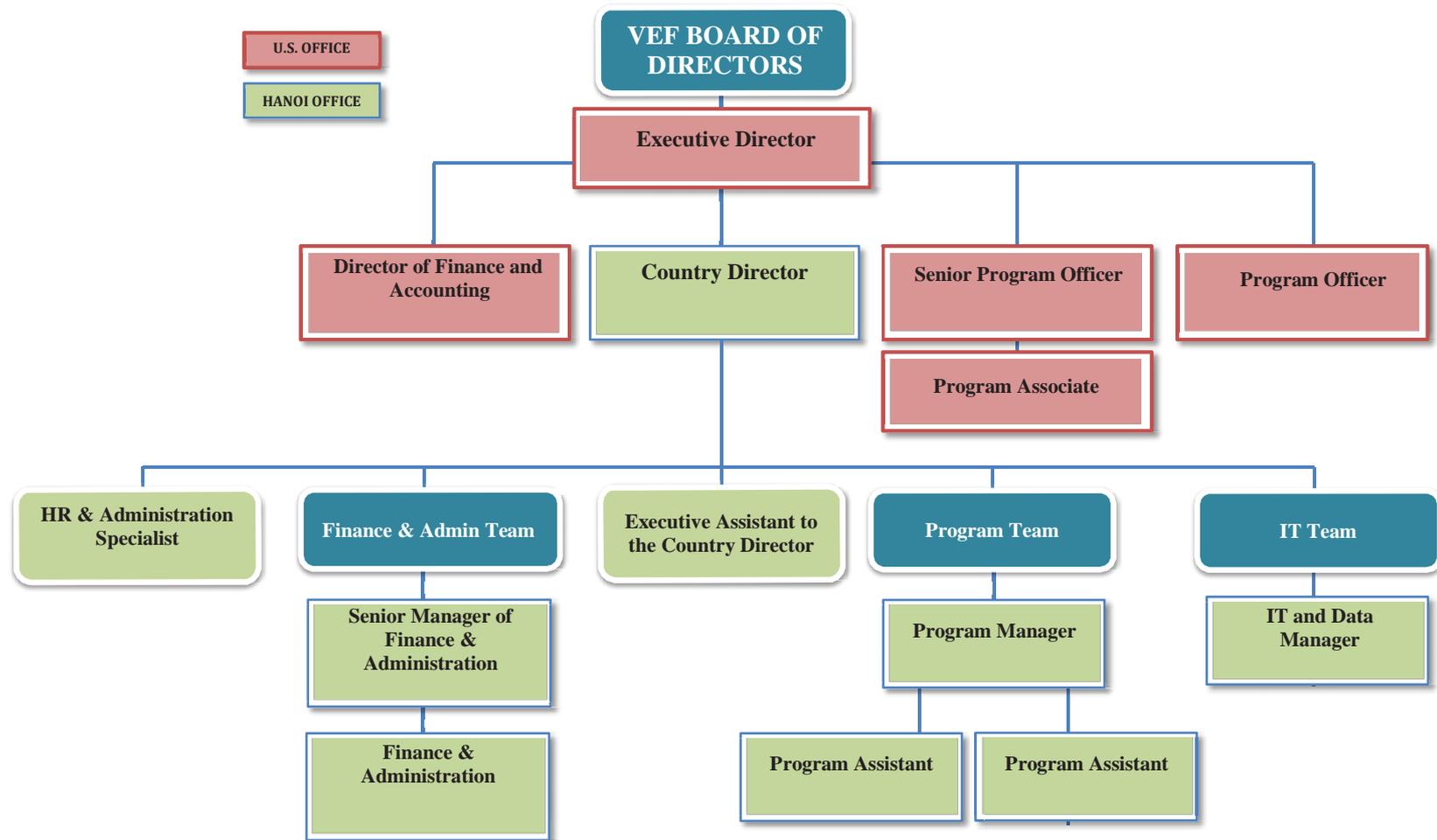
Although VEF now focuses primarily on exchange programs, many projects that contribute to the scientific capacity building in Vietnam have been sponsored.

FY2014 Performance

1. Based on the recommendations of the interviewers and on the deliberations of the VEF Board of Directors, VEF awarded 40 Fellowships, 4 Visiting Scholar grants, and 2 U.S. Faculty Scholar grants.
2. In January 2014, VEF organized a conference for 150 VEF Fellows at the University of Missouri to encourage networking, professional development, and continuing collaborations between the United States and Vietnam in the future.
3. In June of 2014, VEF conducted a Pre-Departure Orientation for all the Fellows and Scholars who were planning to travel to the United States to undertake study beginning in the summer or fall of 2014. All 40 of the Fellows and the 4 Visiting Scholars, who were selected in FY 2013, attended this meeting.
4. In July and August of 2014, VEF arranged for 10 prominent U.S. Professors to travel to Vietnam in order to interview the Fellowship Program applicants. They recommended 34 Fellows and 30 Alternates in the Fellowship Program, and 4 Visiting Scholars. These professors also gave talks on their research and on how to get into graduate school at EducationUSA in both Hanoi and Ho Chi Minh City.
5. In July 2014, VEF published the report entitled Observations on the Current Status of Higher Education in Agricultural Sciences, Civil Engineering, Computer Science, Electrical Engineering, Environmental Sciences, Physics, and Transport and Communications at Select Universities in Vietnam. A translation of the report will be completed early in the next fiscal year, at which time the report will be released.



Vietnam Education Foundation Organizational Chart



FINANCIAL STATEMENT HIGHLIGHTS

Budgetary Resources and Outlays

Beginning in 2002, and in each subsequent year through 2018, VEF receives a mandatory appropriation of \$5 million; and funds not spent in one year are available to be spent in subsequent years. In FY 2014, VEF had total fund resources of \$7.2 million. This was the result of funds appropriated to VEF, but unused, due to an initial low level of financial activity in the fiscal years preceding the beginning of operations in 2003. The fund balance will decrease steadily over the next fiscal years as VEF continues to add additional VEF Fellows and Scholars to the program and further implements its strategic plan. In FY 2014, VEF incurred \$4.7 million in obligations, most of which were related to U.S. university payments.

Systems, Controls and Legal Compliance

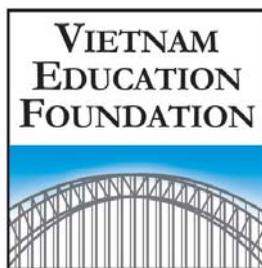
The Socialist Republic of Vietnam is responsible for repaying loans owed to the United States. The principal and interest from these debt repayments are made to the U.S. Department of Agriculture (USDA) and the U.S. Agency for International Development (USAID), which in turn transfer the funds to the Vietnam Debt Repayment Fund (VDRF). However, not all of the money deposited in the VDRF is made available to VEF. Only \$5 million is transferred to VEF and any excess amount is transferred to the general fund by the end of the fiscal year.

Policies and practices have been revised and more are being developed to respond to ensure VEF meets all Federal Government laws and rules. The VEF Board and management are employing the highest priorities to assure the quality of VEF's comprehensive internal control framework as well as the quality of its management of risk assessment.

VEF continues to review internal controls and compliance with all applicable laws and regulations regarding federal financial management. Given the small staff size of the office, VEF has a contract with the General Services Administration (GSA) to provide payroll, accounting, and legal services. As a result, VEF's processes and policies in place are typically based on those required by GSA. Indeed, VEF adopts, as appropriate, written guidelines, policies, procedures and practices of GSA with regard to relevant VEF operations, including financial accounting and budgetary management.

The financial statements have been prepared from the accounting records of VEF in accordance with generally accepted accounting principles (GAAP), and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Circular No. A-136. GAAP for Federal entities are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated the official accounting standards-setting body for the Federal Government by the American Institute of Certified Public Accountants. OMB Circular No. A-136 requires agencies to prepare principal statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and a Statement of Budgetary Resources. The Balance Sheet presents, as of September 30, 2014, amounts of future economic benefits owned or managed by VEF (assets), amounts owed by VEF (liabilities), and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within VEF and other reporting entities. The Statement of Budgetary Resources

reports an agency's budgetary activity. VEF continues to put procedures in place to avoid material weaknesses in internal control over financial reporting and compliance. VEF's independent auditors are Rocha & Company, PC, who review the procedures and processes of VEF regarding adequate control mechanisms over its financial management structure and monitoring processes, its accounts payable and disbursement processes, its budgetary accounting and reporting process, and control of its information systems environment. VEF continues to monitor, evaluate, and improve on all procedures, processes, and systems.



2111 Wilson Boulevard, Suite 700, Arlington, VA 22201 • www.vef.gov • Phone 703-351-5053 • Fax 703-351-1423

Sandy Hoa Dang
Executive Director

Board of Directors
Anhlan P. Nguyen *Chair of
the Board IT Portfolio*
Manager University of Texas
MD Anderson Cancer Center

Richard Blumenthal
U.S. Senator

Quyen D. Chu, M.D., M.B.A.
Charles Knight, Sr. Endowed
Professor of Surgery LSU
Health Sciences
Center- Shreveport

Arne Duncan
U.S. Secretary of Education

John Forbes Kerry
U.S. Secretary of State

Jacob J. Lew
U.S. Secretary of the Treasury

Edmund J. Malesky, Ph.D.
Associate Professor, Political
Science
Duke University

Joseph R. Pitts
U.S. Congressman

Loretta Sanchez
U.S. Congresswoman

David Vitter
U.S. Senator

November 12, 2014

Ms. Anhlan Nguyen, Chair of the Board
Vietnam Education Foundation
2111 Wilson Blvd. Suite 700
Arlington, VA 22201

Dear Ms. Nguyen:

The management of the Vietnam Education Foundation (VEF) recognizes responsibility to establish and maintain effective internal controls and financial reporting, including safeguarding of assets and compliance with applicable laws and regulations. FMFIA requires each executive agency to provide reasonable assurance that (1) obligations and costs are in compliance with applicable laws; (2) funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (3) revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets. Non-CFO Act agency provides assurance it is in compliance with these requirements. VEF has an Inter-Agency Agreement with GSA, and as such, GSA provides all accounting and financial systems which are compliant with FISMA and verified through SSAE 16 audits. Based on the results of this effort, VEF can provide reasonable assurance the objectives of FMFIA are being met, and no material weaknesses exist in the design or operation of the internal controls as of September 30, 2014.

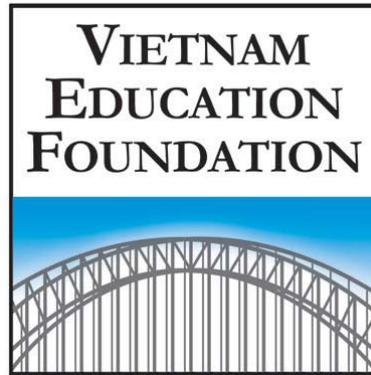
If you have any questions, please contact me at 1-703-351-5053.

Sincerely

A handwritten signature in black ink, appearing to read "Sandy H. Dang". The signature is fluid and cursive, with a large initial "S" and "D".

SANDY H. DANG

Acting Executive Director



VIETNAM EDUCATION FOUNDATION

SPECIAL FUND

FINANCIAL STATEMENTS

As Of And For The Years Ended September 30, 2014 and 2013



Independent Auditor's Report

Board Members and Executive Director

Vietnam Education Foundation

Report on the Financial Statements

We have audited the accompanying balance sheets of the Vietnam Education Foundation as of September 30, 2014 and 2013, and the related statements of net cost, changes in net position, and budgetary resources, for the years then ended. In our audit of the Vietnam Education Foundation for the fiscal year ended September 30, 2014, we found:

- the financial statements are presented fairly in all material respects, in conformity with U.S. generally accepted accounting principles,
- no material weaknesses or significant deficiencies in internal control over financial reporting (including safeguarding assets),
- no reportable noncompliance with laws and regulations we tested.

The following sections discuss in more detail (1) these conclusions, (2) our conclusions on Management's Discussion and Analysis (MD&A) and other accompanying information included with the financial statements, (3) management's responsibility and (4) our responsibilities.

Opinion on Financial Statements

In our opinion, the financial statements, including the accompanying notes present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the financial position of the Vietnam Education Foundation as of September 30, 2014 and 2013, and its net costs; changes in net position; and budgetary resources for the years then ended.

Consideration of Internal Control

In planning and performing our audit, we considered the Vietnam Education Foundation's internal control over financial reporting as a basis for designing our auditing procedures and to comply with the Office of Management and Budget (OMB) audit guidance for the purpose of expressing our opinion on the financial

statements, but not for the purpose of expressing an opinion on internal control and compliance or on management's assertion on internal control included in the MD&A. Accordingly, we do not express an opinion on internal control over financial reporting and compliance or on management's assertion on the effectiveness of the entity's internal control over financial reporting, or on management's assertion on internal control included in the MD&A.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that the design or operation of one or more internal controls will not allow management or employees, in the normal course of performing their duties, to promptly detect or prevent errors, fraud, or noncompliance in amounts that would be material to the financial statements.

Our consideration of internal control over financial reporting was for the purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in the Vietnam Education Foundation's internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies, as defined above.

We noted other non-reportable matters involving internal control and its operation that we will communicate in a separate management letter to Vietnam Education Foundation management.

Compliance With Laws and Regulations

As part of obtaining reasonable assurance about whether the Vietnam Education Foundation's financial statements are free from material misstatement, we also performed tests of its compliance with certain provisions of laws and regulations for fiscal year 2014. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Consistency of Other Information

The information in the Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles.

We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

The information in the Chairman's Message, Performance Section, and Other Accompanying Information is presented for purposes of additional analysis and is not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

Responsibilities

Management's Responsibilities. Management is responsible for preparing the financial statements; establishing and maintaining effective internal control over financial reporting; and complying with laws, regulations, contracts, and grant agreements applicable to the Vietnam Education Foundation.

Auditors' Responsibilities. Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, Audit Requirements for Federal Financial Statements. Those standards and OMB Bulletin No. 14-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control. Accordingly, we do not express such an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Rocha & Company, PC

Gaithersburg, Maryland

November 12, 2014

The accompanying notes are an integral part of these statements.

VIETNAM EDUCATION FOUNDATION**BALANCE SHEET**

As Of September 30, 2014 and 2013

		2014	2013
		<u> </u>	<u> </u>
Assets:			
Intragovernmental:			
Fund Balance With Treasury	(Note 2)	\$ 2,659,735	\$ 2,807,610
Total Intragovernmental		<u>2,659,735</u>	<u>2,807,610</u>
Assets With The Public:			
Cash, Foreign Currency and Other Monetary Assets	(Note 3)	40,072	84,748
Accounts Receivable, net	(Note 4)	590	590
Total Assets		<u>\$ 2,700,397</u>	<u>\$ 2,892,948</u>
Liabilities:	(Note 5)		
Intragovernmental:			
Accounts Payable		400	650
Other:			
Employer Contributions and Payroll Taxes Payable	(Note 6)	2,768	2,838
Total Intragovernmental		<u>3,168</u>	<u>3,488</u>
Liabilities With the Public:			
Accounts Payable		71,076	211,730
Other:	(Note 6)		
Accrued Funded Payroll and Leave		12,837	11,043
Employer Contributions and Payroll Taxes Payable		481	502
Unfunded Leave		30,031	118,222
Total Liabilities		<u>\$ 117,593</u>	<u>\$ 344,985</u>
Net Position:			
Cumulative Results of Operations - All Other Funds		<u>2,582,804</u>	<u>2,547,963</u>
Total Net Position - All Other Funds		<u>2,582,804</u>	<u>2,547,963</u>
Total Net Position		<u>2,582,804</u>	<u>2,547,963</u>
Total Liabilities and Net Position		<u>\$ 2,700,397</u>	<u>\$ 2,892,948</u>

The accompanying notes are an integral part of these statements.

**VIETNAM EDUCATION FOUNDATION
STATEMENT OF NET COST**

As Of And For The Years Ended September 30, 2014 and 2013

	2014	2013
Program Costs:		
VEF:		
Gross Costs	4,638,091	6,244,759
Net Program Costs	(Note 8) 4,638,091	6,244,759
Net Cost of Operations	\$ 4,638,091	\$ 6,244,759

The accompanying notes are an integral part of these statements.

VIETNAM EDUCATION FOUNDATION
STATEMENT OF CHANGES IN NET POSITION
As Of And For The Years Ended September 30, 2014 and 2013

FY 2014 (CY)

	Total
Cumulative Results of Operations:	
Beginning Balances	\$ 2,547,963
Beginning balance, as adjusted	2,547,963
Budgetary Financing Sources:	
Nonexchange revenue	552
Donations and forfeitures of cash and cash equivalents	1,388
Transfers-in/out without reimbursement	4,640,000
Other	(919)
Other Financing Sources (Non-Exchange):	
Imputed financing	31,911
Total Financing Sources	4,672,932
Net Cost of Operations	4,638,091
Net Change	34,841
Cumulative Results of Operations	2,582,804
Net Position	\$ 2,582,804

The accompanying notes are an integral part of these statements.

VIETNAM EDUCATION FOUNDATION
STATEMENT OF CHANGES IN NET POSITION
As Of And For The Years Ended September 30, 2014 and 2013

FY 2013 (PY)

	Total
Cumulative Results of Operations:	
Beginning Balances	\$ 3,930,406
Beginning balance, as adjusted	3,930,406
Budgetary Financing Sources:	
Nonexchange revenue	624
Donations and forfeitures of cash and cash equivalents	85,035
Transfers-in/out without reimbursement	4,745,000
Other	(327)
Other Financing Sources (Non-Exchange):	
Imputed financing	31,984
Total Financing Sources	4,862,316
Net Cost of Operations	6,244,759
Net Change	(1,382,443)
Cumulative Results of Operations	2,547,963
Net Position	\$ 2,547,963

The accompanying notes are an integral part of these statements.

VIETNAM EDUCATION FOUNDATION
STATEMENT OF BUDGETARY RESOURCES

As Of And For The Years Ended September 30, 2014 and 2013

	<u>2014</u> <u>Budgetary</u>	<u>2013</u> <u>Budgetary</u>
BUDGETARY RESOURCES		
Unobligated balance brought forward, October 1	\$ 2,586,288	\$ 4,119,424
Unobligated balance brought forward, October 1, adjusted	2,586,288	4,119,424
Recoveries of prior year unpaid obligations (unobligated balances)	9,115	
Unobligated balance from prior year budget authority, net	2,595,403	4,119,424
Appropriations (discretionary and mandatory)	4,641,022	4,830,332
Spending authority from offsetting collections	4,950	
Total budgetary resources	<u>\$ 7,241,375</u>	<u>\$ 8,949,756</u>
STATUS OF BUDGETARY RESOURCES		
Obligations incurred	\$ 4,692,275	\$ 6,363,468
Apportioned	2,535,035	2,586,288
Unapportioned	14,065	
Unobligated balance brought forward, end of year	2,549,100	2,586,288
Total budgetary resources	<u>\$ 7,241,375</u>	<u>\$ 8,949,756</u>
CHANGE IN OBLIGATED BALANCE		
Unpaid obligations, brought forward, October 1 (gross)	\$ 306,069	\$ 108,387
Obligations incurred	(Note 9) 4,692,275	6,363,468
Outlays (gross) (-)	(4,838,522)	(6,165,785)
Recoveries of prior year unpaid obligations (-)	(9,115)	
Unpaid obligations, end of year	(Note 10) 150,707	306,069
Obligated balance, start of year (net)	306,070	108,387
Obligated balance, end of year (net)	<u>\$ 150,707</u>	<u>\$ 306,069</u>
BUDGET AUTHORITY AND OUTLAYS, NET		
Budget authority, gross (discretionary and mandatory)	\$ 4,645,971	\$ 4,830,332
Actual offsetting collections (discretionary and mandatory) (-)	(4,949)	
Budget authority, net (discretionary and mandatory)	4,641,022	4,830,332
Outlays, gross (discretionary and mandatory)	4,838,522	6,165,785
Actual offsetting collections (discretionary and mandatory) (-)	(4,949)	
Outlays, net (discretionary and mandatory)	\$ 4,833,573	\$ 6,165,785
Distributed offsetting receipts (-)	1,022	85,035
Agency outlays, net (discretionary and mandatory)	<u>\$ 4,832,551</u>	<u>\$ 6,080,750</u>

The accompanying notes are an integral part of these statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Vietnam Education Foundation (VEF), an independent establishment of the Executive Branch of the United States Government, is a special initiative created by the U.S. Congress in December 2000 under The Vietnam Education Foundation Act (Public Law 106-554). VEF operates as an independent establishment of the Executive Branch under Section 104 of Title 5, United States Code. Funding sources include transfers in/out without reimbursement from other federal agencies, as part of United States-Vietnam Debt Repayment Agreement. Funding details are presented below under the subsection Revenues and Other Financing Sources.

VEF's purpose is to promote closer relations between the United States and the Socialist Republic of Vietnam. VEF does this by providing opportunities for Vietnamese nationals to pursue graduate and post-graduate studies in science and technology in the United States and for American citizens to teach in the same fields of studies in Vietnam. VEF's core activities are concentrated in two essential and complementary areas: (1) the selection and management of Vietnamese nationals for advanced graduate studies and professional training at top U.S. universities (Fellowship and Visiting Scholars Programs) in the sciences (natural, physical, and environmental), mathematics, medicine, and technology (including information technology); and (2) the strengthening of Vietnam's capacity in science and technology, focusing on its teaching and research institutions (U.S. Faculty Scholar Program and Capacity Building Projects).

In order to accomplish its mission, VEF has two offices: (1) the headquarters in Arlington, Virginia, established in March 2003, with six employees; and (2) the field office in Hanoi, Vietnam, established in November 2003, with ten employees. VEF provides annual reports on its activities to the President and also to Congress through the U.S. Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

VEF is governed by a Board of Directors, comprised of 6 members, who meet three times per year, together with the VEF U.S. headquarters staff. Three Presidential appointees serve as voting members of the Board, the other three Presidential positions are vacant. U.S. Government officials on the VEF Board of Directors are three U.S. Cabinet members, who serve as voting members of the Board: Secretary of State John F. Kerry, Secretary of Education Arne Duncan, and Secretary of Treasury Jacob J. Lew. Also among U.S. Government officials on the Board are four members of Congress, who serve as ex officio, nonvoting members, providing bipartisan representation from the Senate and the House of Representatives. According to the VEF Act, the two members of the Senate are appointed by the President pro tempore of the Senate, one of whom is appointed upon the recommendation of the Majority Leader and the other upon the recommendation of the Minority Leader, while the two members of the House of Representatives are appointed by the Speaker of the House of Representatives, one of whom is appointed upon the recommendation of the Majority Leader and the other upon the recommendation of the Minority Leader. The present Congressional members are U.S. Senators Richard Blumenthal and David Vitter and U.S. Representatives Joe Pitts and Loretta Sanchez.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Basis of Presentation**

These financial statements have been prepared from the accounting records of VEF in accordance with generally accepted accounting principles (GAAP), and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Circular No. A-136. GAAP for Federal entities are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated the official accounting standards-setting body for the Federal Government by the American Institute of Certified Public Accountants.

OMB Circular No. A-136 requires agency to prepare principal statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and a Statement of Budgetary Resources. The Balance Sheets presents, as of September 30, 2014 and 2013, amounts of future economic benefits owned or managed by VEF (assets), amounts owed by VEF (liabilities), and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within VEF and other reporting entities. The Statement of Budgetary Resources reports an agency's budgetary activity.

Basis of Accounting

Transactions are recorded on the accrual accounting basis in accordance with general government practice. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

The most sensitive estimates affecting the financial statements are management's estimates of Other Liabilities with the Public for accrued funded payroll and benefits and unfunded leave. These estimates are based on application of federal employee benefits laws and agency policies related to payroll and leave. Additional details on accounting for personnel compensation and benefits are provided below.

Budgets and Budgetary Accounting

VEF follows standard federal budgetary accounting policies and practices in accordance with OMB Circular No. A-11, "Preparation, Submission, and Execution of the Budget," as amended. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. Each year, OMB apportions debt repayment funds to VEF's Fund Balance with Treasury to incur obligations in support of agency programs. For Fiscal Year (FY) 2014 and 2013, VEF is accountable for apportionment of no-year

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

funds and no-year fund carryover. VEF recognizes budgetary resources as assets when cash (funds held by Treasury) is made available through warrants and when spending authority from the offsetting collection is incurred. VEF receives warrants as payments are received from debt repayments under the United States-Vietnam Debt Agreement, which is described more fully below.

Revenues and Other Financing Sources

VEF's authorizing legislation (P.L. 106-554), passed in December 2000, established the Vietnam Education Foundation as an independent agency of the Executive Branch, and appropriated the \$85 million in expected loan repayment from the Socialist Republic of Vietnam to the United States under the United States-Vietnam Debt Repayment Agreement to VEF.

VEF receives its funding from the repayment of outstanding loans paid by the Socialist Republic of Vietnam to the United States. These funds are paid into the Vietnam Debt Repayment Fund, which was the result of the United States-Vietnam Debt Agreement. The Socialist Republic of Vietnam makes its debt repayments to the U.S. Agency for International Development (USAID) and the U.S. Department of Agriculture (USDA). Under the terms of the Agreement, the Socialist Republic of Vietnam is obligated to pay the United States the total debt, of which typically \$2.5 million is paid to VEF each January and typically another \$2.5 million is paid to VEF each July, totaling \$85 million from FY 2002-FY 2018. There is a schedule showing the portion of debt repayments to each agency.

USAID and USDA transfer debt repayments to an unavailable receipts account at the Treasury Department known as the Vietnam Debt Repayment Fund (account symbol 955365.001).

January payments are transferred by March and July payments are transferred by September. It is not uncommon for these transfers to be delayed. Any amount of the loan repayment in excess of the \$5,000,000 is not to be used by VEF and is left in an Unapplied Receipt Account at Treasury.

P.L. 106-554 appropriated a total of \$85 million "non-expiring" funds to VEF, in increments of \$5 million per fiscal year, spanning FY 2002 - FY 2018, which is the expected amount of the loan repayments. VEF funds are "non-expiring." "Legally binding budgetary restrictions" are limited to not obligating or spending more than its Fund Balance with Treasury. VEF is a "non-appropriated fund."

Revenues and Other Financing Sources (continued)

"Transfers in without reimbursement" are subject to "apportionment" by the U.S. Office of Management and Budget (OMB) in order to add those amounts to VEF's Fund Balance with Treasury. OMB issues new apportionment documents based on the actual receipt of funds from the Vietnamese government, not the full amount of expected annual payments (which occurred in prior years).

A second financing source for VEF consists of imputed financing sources, which are costs financed by other Federal entities on behalf of VEF, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, Accounting for Liabilities of the Federal Government.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A third financing source for VEF is donations. A separate fund, a Special Fund Receipt Account, is established for fundraising private dollars. Contributions are tax deductible. Donors are legally prohibited from providing restricted grants. Starting in fiscal year 2012, VEF established a bank account in Vietnam where tax rebates from the Vietnamese Government will be deposited. The Department of the Treasury's Financial Management Service approved the Citibank N.A, Hanoi Branch - Hanoi, Vietnam, for a local currency operating account to support the Vietnam Education Foundation (VEF) as it receives funds from the Vietnamese Government for Vietnamese Federal Taxes that have been paid. This financing source is reflected at Treasury as Funds Held Outside of Treasury.

Funds from Dedicated Collections

SFFAS 43 replaced SFFAS 27 and resulted in a significant change in the definition of what was previously known as "earmarked funding." SFFAS 43 states that funds from dedicated collections are financed by specifically identified revenues, provided to the government by non-federal sources, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the government's general revenues.

As of FY 2014 it was determined that VEF funding that previously was designated "earmarked" did not qualify under the new definition for "Funds from Dedicated Collections" and are not presented separately in these financial statements.

Imputed Financing Sources

In certain instances, operating costs of VEF are paid out of funds appropriated to other federal agencies. In accordance with GAAP, as outlined in guidance issued by the OMB, all expenses of a federal entity should be reported by that agency regardless of whether the agency will ultimately pay those expenses. Amounts for certain expenses of VEF, which will be paid by other federal agencies, are recorded in the Statement of Net Cost. A related amount is recognized in the Statement of Changes in Net Position as an imputed financing source. VEF records imputed expense and financing sources for employee retirement, insurance, and health benefit costs, which are paid by the Office of Personnel Management (OPM).

Personnel Compensation and Benefits

VEF has two categories of employees: U.S. government employees, who are based in the headquarters in Arlington, VA, and non-U.S. government contractors, who are based in the field office in Hanoi, Vietnam. The non-U.S. government contractors are paid through a third party in Vietnam and are not processed through the U.S. government payroll systems. The information below applies only to U.S. government employees.

Salaries and wages of employees are recognized as accrued payroll expenses and related liabilities as earned. These expenses are recognized as a funded liability when accrued.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefit costs. An unfunded liability is recognized for earned but unused annual leave since, from a budgetary standpoint, this annual leave will be paid from future appropriations when employees actually use the leave. The amount accrued is based upon current pay rates for employees. Sick leave and other types of leave that are not vested are expensed when used and no future liability is recognized for these amounts.

During FY 2014, VEF's employees participated in two retirement programs: the Federal Employees Retirement System (FERS), which became effective on January 1, 1987, and the Civil Service Retirement System (CSRS). Both VEF and its employees contributed to FERS and CSRS during FY 2014. Although VEF funds a portion of benefits under FERS and CSRS and makes the necessary payroll withholdings, it does not report assets associated with these benefit plans in accordance with SFFAS No. 5, "Accounting for Liabilities of the Federal Government."

For CSRS employees, VEF contributes to the plan an amount equal to 7% of each employee's basic pay. For FERS employees covered under FERS prior to January 1, 2013, VEF contributes to the plan an amount equal to 11.9% of each employee's basic pay. FERS employees covered under FERS on or after January 1, 2013, pay a higher percentage of their pay for their retirement, and thus VEF contributes only 9.6% of each employee's basic pay to the plan.

Both CSRS employees and FERS employees are eligible to participate in the Thrift Savings Plan (TSP). The TSP is a defined contribution retirement plan intended to supplement the benefits provided under CSRS and FERS. For FERS employees, VEF contributes an amount equal to 1% of the employee's basic pay to the TSP and matches employee contributions up to an additional 4%. CSRS employees receive no matching contribution from VEF.

The U.S. Office of Personnel Management (OPM) is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employees government-wide, including VEF employees. VEF has recognized an Imputed Cost and Imputed Financing Source for the difference between the estimated service cost and the contributions made by VEF and its covered employees. The estimated cost of pension benefits is based on rates issued by OPM based on guidance from the Department of the Interior's Office of Financial Management.

VEF employees are entitled to participate in the Federal Employees Group Life Insurance (FEGLI) Program. Participating employees can obtain "basic life" term life insurance, with the employee paying two-thirds of the cost and VEF paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. OPM administers the FEGLI program and is responsible for the reporting of related liabilities. Each fiscal year, OPM calculates the U.S. Government's service cost for the post-retirement portion of basic life coverage. Because VEF's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, VEF has recognized the entire service cost of the post-retirement portion of basic life coverage as an Imputed Cost and Imputed Financing Source.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Fund Balance with Treasury**

The U.S. Treasury performs cash management activities for all Federal agencies. Fund Balance with Treasury is the aggregate amount of the agency's accounts with Treasury for which the agency is authorized to liquidate obligations, pay funded liabilities, and make expenditures. The fund balance is increased through the receipt of non-expenditure Treasury Warrants for appropriations, positive non-expenditure transfers, and other expenditure inflows of funds. The Fund Balance With Treasury is reduced through non-expenditure Treasury Warrants for rescissions, negative non-expenditure transfers, disbursements, and other expenditure cash outflows of funds.

Property and Equipment

Property, plant, and equipment (PP&E) has been defined in the Federal Government as a tangible item owned by the Federal Government and having an expected useful life of greater than two years. The following policies will be effective for PP&E:

- PP&E will be reported at acquisition cost.
- The capitalization threshold will be established at \$5,000 for assets with a useful life of 2 or more years.
- For bulk purchases, items will be capitalized when the individual useful lives are at least two years and have an aggregate value of \$100,000 or more.
- Acquisitions of PP&E that do not meet the capitalization criteria will be recorded as operating expenses. General PP&E consists of items that are used by VEF to support its mission.
- Depreciation on these assets is calculated using the straight-line method. Depreciation begins the day the asset is placed in service.

Useful lives are as follows:

Equipment - 4 years

Furniture - 4 years

Maintenance, repairs, and minor renovations are expensed as incurred. Expenditures that materially increase values, change capacities, or extend useful lives will be capitalized.

The costs of any leasehold improvements financed with VEF appropriated funds will be capitalized if the total cost exceeds \$25,000. Construction costs will be accumulated as "construction in-progress" until completion and then transferred and capitalized as a "leasehold improvements" over 7 years or the remainder of the lease, whichever is less.

Internal use software development and acquisition costs of \$25,000 will be capitalized as "software development-in-progress" until the development stage is completed and the software is successfully tested. At acceptance, "software development-in-progress" costs are reclassified as "internal use software" and amortized using the straight-line method over an estimated useful life of 4 years. Purchased commercial software that does not meet the capitalization criteria will be expensed. Enhancements that do not add significant new capability or functionality will be expensed.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid and Deferred Charges

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

Liabilities

Liabilities represent amounts expected to be paid as the result of a transaction or event that has already occurred. Liabilities covered by budgetary resources are liabilities incurred which are covered by realized budgetary resources as of the balance sheet date. Available budgetary resources include new budget authority, spending authority from the offsetting collections, recoveries of unexpired budget authority through downward adjustments of prior year obligations, and unobligated balances of budgetary resources at the beginning of the year. Unfunded liabilities are not considered to be covered by such budgetary resources. Examples of unfunded liabilities are actuarial liabilities for future Federal Employees' Compensation Act payments. The Government, acting in its sovereign capacity, can abrogate liabilities arising from other than contracts.

Borrowings Payable to Treasury

VEF does not engage in Treasury Borrowing activities.

Contingencies

The criteria for recognizing contingencies for claims are (1) a past event or exchange transaction has occurred as of the date of the statements; (2) a future outflow or other sacrifice of resources is probable; and (3) the future outflow or sacrifice of resources is measurable (reasonably estimated). VEF recognizes material contingent liabilities in the form of claims, legal action, administrative proceedings, and environmental suits that have been brought to the attention of legal counsel, some of which will be paid by the Treasury Judgment Fund. It is the opinion of management and legal counsel that the ultimate resolution of these proceedings, actions and claims, will not materially affect the financial position or results of operations.

Net Position

Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent amounts of budget authority to include unobligated or obligated balances not rescinded or withdrawn. Cumulative Results of Operations is comprised of the following: (1) the difference between revenues and expenses, (2) the net amount of transfers of assets in and out without reimbursement, and (3) donations, all since inception of the fund(s).

NOTE 2 - FUND BALANCE WITH TREASURY

Treasury performs cash management activities for all federal agencies. The net activity represents Fund Balance with Treasury. Fund Balance with the Treasury is the aggregate amount of funds in the agency's accounts with Treasury for which the agency is authorized to make expenditures and pay liabilities. The fund balance is increased when VEF receives transfers in without reimbursement as part of debt repayment and it is reduced by disbursements.

VEF's Fund Balance with Treasury is derived from repayment of outstanding loans by the Socialist Republic of Vietnam, which are appropriated to VEF in increments of \$5 million per fiscal year through FY 2018.

The table below displays the composition of Fund Balance with Treasury.

Account	FY 2014	FY 2013
Special Fund		
Fund Balance with Treasury	\$2,659,735	\$2,807,610
Funds Held Outside Treasury	\$40,072	\$84,748
Total	\$2,699,807	\$2,892,358
Status of Fund Balance with Treasury		
Unobligated Balance		
Available	\$2,535,035	\$2,586,288
Unavailable	\$14,065	
Obligated Balance Not Yet Disbursed	\$150,707	\$306,069
Total	\$2,699,807	\$2,892,358*

* Rounding

NOTE 3 - CASH AND OTHER MONETARY ASSETS

In fiscal year 2012, VEF established a bank account in Vietnam where tax rebates from the Vietnamese Government are now deposited. The Department of the Treasury's Financial Management Service approved the Citibank N.A, Hanoi Branch - Hanoi, Vietnam, for a local currency operating account to support the Vietnam Education Foundation (VEF) as it receives returned funds from the Vietnamese Government for Vietnamese Federal Taxes that have been paid. This financing source is reflected at Treasury as Funds Held Outside of Treasury. VEF expects to receive this tax refund on an annual basis. In Fiscal Year 2014, VEF received financing sources of \$0 from the Vietnamese Government and expended \$44,311. In Fiscal Year 2013, VEF received financing sources of \$85,332 from the Vietnamese Government and expended \$60,033. In Fiscal Year 2013, there is a balance remaining in the Vietnam account of \$84,748. In Fiscal Year 2014, there is a balance remaining in the Vietnam Bank account of \$40,072.

NOTE 4 - ACCOUNTS RECEIVABLE, NET

The line item represents the gross amount of monies owed to VEF. VEF has historically collected receivables due and thus has not established an allowance for uncollectible accounts.

Accounts Receivable	FY 2014	FY 2013
Claims	\$590	\$590

NOTE 5 - LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

VEF's liabilities are classified either as Liabilities Covered by Budgetary Resources or Liabilities Not Covered by Budgetary Resources. As of September 30, 2014, Liabilities Covered by Budgetary Resources totaled \$87,562 and Liabilities Not Covered by Budgetary Resources totaled \$30,031. As of September 30, 2013, Liabilities Covered by Budgetary Resources totaled \$226,763 and Liabilities Not Covered by Budgetary Resources totaled \$118,222.

As of September 30, 2014, Liabilities Covered by Budgetary Resources was composed of Accounts Payable of \$71,476, Employer Contributions and Payroll Taxes Payable of \$3,249, and Accrued Funded Payroll and Leave of \$12,837. As of September 30, 2013, Liabilities Covered by Budgetary Resources was composed of Accounts Payable of \$212,380, Employer Contributions and Payroll Taxes Payable of \$3,340, and Accrued Funded Payroll and Leave of \$11,043.

Account	FY 2014	FY 2013
Total Liabilities Covered by Budgetary Resources	\$87,562	\$226,763
Total Liabilities Not Covered by Budgetary Resources	\$30,031	\$118,222
Total Liabilities	\$117,593	\$344,985

NOTE 6 - OTHER LIABILITIES

As of September 30, 2014, Other Liabilities With The Public consists of Current Liabilities (Accrued Funded Payroll and Leave of \$12,837 and Employer Contributions and Payroll Taxes Payable totaling \$481, for a grand total of \$13,318), and Non-Current Liabilities (Unfunded Leave totaling \$30,031). Other Current Liabilities for FY 2013 are the Intragovernmental Liabilities that consists of Employer Contributions and Payroll Taxes Payable totaling \$2,768. As of September 30, 2013, Other Liabilities With The Public consists of Current Liabilities (Accrued Funded Payroll and Leave of \$11,043 and Employer Contributions and Payroll Taxes Payable totaling \$502, for a grand total of \$11,545), and Non-Current Liabilities (Unfunded Leave totaling \$118,222). Other Current Liabilities for FY 2013 are the Intragovernmental Liabilities that consists of Employer Contributions and Payroll Taxes Payable totaling \$2,838. The totals summarized here for Other Liabilities are presented in the tables below.

Summary of Other Liabilities With the Public

Fiscal Year	Non-Current	Current	Total
2014	\$30,031	\$13,318	\$43,349
2013	\$118,222	\$11,545	\$129,767

Summary of Other Intragovernmental Liabilities

Fiscal Year	Non-Current	Current	Total
2014	\$0	\$2,768	\$2,768
2013	\$0	\$2,838	\$2,838

NOTE 7 - LEASES**Entity as Lessee**

VEF leases office space located at 2111 Wilson Boulevard, Suite 700, in Arlington, VA. The lease was entered into on March 17, 2003, and was renewed August 18, 2014, for a twelve-month term beginning October 1, 2014, and expiring on September 30, 2015. The Board calculates the financial obligation on this lease to be \$90,000.

VEF also leases office space at Unit No. 502, 5th Floor, Hanoi Towers, Hanoi, Vietnam. The lease was entered into on August 27, 2004, became effective September 1, 2004, and was renewed on September 1, 2014, for a term extending to September 30, 2015. The tenant may relinquish space upon six (6) months' notice. The Board calculates the financial obligation on this lease to be \$56,000.

The following is a schedule of future minimum lease payments (\$90,000 for space in Arlington, VA and \$56,000 for space in Hanoi, Vietnam) required by the leases above:

Year Ending	Amount
September 30, 2015	\$146,000
Total Future Lease Payments	\$146,000

NOTE 8 - INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

The classification of revenue or cost defined as "intragovernmental" or "with the public" is defined on a transaction by transaction basis. Preceding transactions in the lifecycle of a product will not have an impact on subsequent transactions. If VEF purchases goods or services from another Federal entity, capitalizes them into inventory, and later resells them to the public, the cost of the original purchase of resale assets from the other Federal entity will be classified as "intragovernmental" at the time of the purchase. At ultimate sale to the end user, the resulting cost of goods will be classified as "with the public." The purpose of this classification is to enable the Federal government to provide consolidated financial statements, and not to match public and intragovernmental revenue with costs that are incurred to produce public and intragovernmental revenue.

Summary of VEF Intragovernmental Costs and Exchange Revenue

Account	FY 2014	FY 2013
Intragovernmental Costs	\$286,252	\$291,172
Public Costs	\$4,351,839	\$5,953,586
Total Program Costs	\$4,638,091	\$6,244,759*

** Rounding*

NOTE 9 - APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

VEF is subject to apportionment, but does not have reimbursable authority. Therefore, all obligations are direct in fiscal year 2014 and are classified as Category A. The Category A obligations are those incurred by VEF and paid by obligating from the Fund Balance with Treasury and it also includes obligations incurred using the Vietnamese Bank account and paid by obligating the Funds Held Outside of Treasury.

For FY 2013, all obligations are direct and are split between Category A and Category B. The Category A obligations are those incurred by VEF and paid by obligating from the Fund Balance with Treasury, whereas Category B obligations are those incurred using the Vietnamese Bank account and paid by obligating the Funds Held Outside of Treasury.

Summary of Direct Obligations

Account	FY 2014	FY 2013
Category A	\$4,692,275	\$6,303,435
Category B		\$60,033
Total Obligations	\$4,692,275	\$6,363,468

NOTE 10 - UNDELIVERED ORDERS AT THE END OF THE PERIOD

The amount of Unpaid Obligated Balance, Net, End of Period includes obligations relating to Undelivered Orders (goods and services contracted for but not yet received at the end of the year) and Accounts Payable (amounts owed at the end of the year for goods and services already received).

Summary of Unpaid Obligated Balance, Net, End of Period

Account	FY 2014	FY 2013
Undelivered Orders	\$63,145	\$79,306
Accounts Payable	\$87,562	\$226,763
Total Unpaid Obligated Balance, Net	\$150,707	\$306,069

NOTE 11 - RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET (FORMERLY THE STATEMENT OF FINANCING)

As of, and for the year ended, September 30, 2014, Liabilities Not Covered by Budgetary Resources totaled \$30,031, and the change from the end of FY 2013 in components requiring or generating resources in future periods was a negative \$88,191. This amount (\$88,191) is the net decrease of Future Funded Expenses - Leave between appropriations of Fiscal Year 2013 and Fiscal Year 2014. VEF's Accrued Funded Payroll and Leave liability is covered by budgetary resources and is included in the Net Cost of Operations, whereas the Unfunded Leave liability includes the expense related to the increase in annual leave liabilities for which budgetary resources will be provided in a subsequent period.

As of, and for the year ended, September 30, 2013, Liabilities Not Covered by Budgetary Resources totaled \$118,222, and the change from the end of FY 2012 in components requiring or generating resources in future periods was a negative \$70,797. This amount (\$70,797) is the net decrease of Future Funded Expenses - Leave between appropriations of Fiscal Year 2012 and Fiscal Year 2013. The assertions in the first paragraph of this Note 11 regarding VEF's Accrued Funded Payroll and Leave liability and its Unfunded Leave liability are also applicable for the year-ended September 30, 2013.

Summary of Change in Components Requiring or Generating Resources

Account	FY 2014	FY 2013
Liabilities Not Covered by Budgetary Resources	\$30,031	\$118,222
Change in Components Requiring or Generating Resources	(\$88,191)	(\$70,797)

Summary of Net Cost of Operations

Account	FY 2014	FY 2013
Budgetary Resources Obligated	\$4,692,275	\$6,363,468
Spending Authority from Recoveries and Offsetting Collections	(\$14,065)	\$0
Distributed Offsetting Receipts	\$1,022	\$85,332
Imputed Financing from Costs Absorbed by Others	\$31,911	\$31,984
Changes in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	\$16,161	(\$79,306)
Resources that Finance the Acquisition of Assets	\$0	(\$591)
Other Resources or Adjustments to Net Obligated Resources That Do Not Affect the Net Cost of Operations	(\$1,022)	(\$85,332)
Financing Sources Yet to be Provided	(\$88,191)	(\$70,797)
Net Cost of Operations	\$4,638,091	\$6,244,759

NOTE 12 - SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 12, 2014, which is the date the financial statements were available to be issued.

APPENDIX 10:***108 U.S. Universities in the VEF Alliance*****As of September 30, 2014**

SUMMARY: In 2005, the Vietnam Education Foundation (VEF) established the VEF Alliance, a consortium of leading U.S. universities that share in VEF's mission and that benefit from its success. The Alliance is open to accredited U.S. universities that agree to a specified cost-sharing agreement, spelled out in a Memorandum of Understanding (MOU). The list below consists of the VEF Alliance schools as of September 2014: 108 major research institutions across the United States. Specific divisions/departments that participate in the Alliance are also listed.

#	University	Division/Department
1	Arizona State University	Graduate School
2	Auburn University	Graduate School
3	Binghamton University, the State University of New York	Graduate School
4	Boston College	Graduate School
5	Boston University	College of Engineering
6	Bradley University	Graduate School
7	Brandeis University	Graduate School
8	Brown University	Graduate School
9	California Institute of Technology	Graduate School
10	Carnegie Mellon University	Heinz School of Public Policy and Management
11	Case Western Reserve University	Biology; Chemistry; Civil Engineering; Epidemiology and Biostatistics; Macromolecular Science and Engineering; Materials Science and Engineering; Mathematics; Physics; Statistics
12	Catholic University	Graduate School

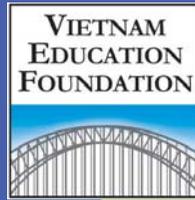
#	University	Division/Department
13	Chatham University	University-wide
14	Clemson University	Graduate School
15	Colorado School of Mines	Graduate School
16	Colorado State University	Graduate School
17	Columbia University	School of Engineering and Applied Science
18	Cornell University	College of Agriculture and Life Sciences; School of Civil and Environmental Engineering
19	Duke University	Graduate School
20	Florida International University	Graduate School
21	Florida State University	Graduate School
22	Fordham University	Graduate School
23	George Washington University	Graduate School
24	Georgia State University	Graduate School
25	Gerstner Sloan-Kettering Graduate School of Biomedical Sciences	Graduate School of Biomedical Sciences
26	Iowa State University	Graduate School
27	Johns Hopkins University	Whiting School of Engineering; Zanvyl Krieger School of Arts and Sciences
28	Kansas State University	Graduate School
29	Kent State University	Graduate School
30	Lehigh University	Graduate School
31	Louisiana State University at Baton Rouge	Graduate School
32	Louisiana State University Health Sciences Center	Graduate School

#	University	Division/Department
33	Loyola University of Chicago	Graduate School
34	New York University Polytechnic School of Engineering	Graduate School
35	Michigan State University	Graduate School
3.6	Mississippi State University	Graduate School
37	North Carolina State University	Graduate School
38	Northeastern University	Graduate School
39	Northern Illinois University	Graduate School
40	Northwestern University	Graduate School
41	Oklahoma State University	Graduate School
42	Old Dominion University	Graduate School
43	Oregon State University	Graduate School
44	Pennsylvania State University	Graduate School
45	Princeton University	Graduate School
46	Rensselaer Polytechnic University	Graduate School
47	Rice University	Graduate School
48	Rutgers University	Graduate School
49	Saint Louis University	Graduate School
50	Southern Illinois University at Carbondale	Graduate School
51	Stony Brook University, the State University of New York	Graduate School
52	Syracuse University	Graduate School
53	Temple University	Graduate School

#	University	Division/Department
54	Texas A&M University	Graduate School
55	Texas Tech University	Graduate School
56	Tulane University	Graduate School
57	University at Buffalo, the State University of New York	School of Engineering and Applied Sciences
58	University of Alabama at Birmingham	Graduate School
59	University of Arkansas	Graduate School
60	University of California, Davis	Graduate School
61	University of California, Irvine	Graduate School
62	University of California, Los Angeles	School of Engineering and Applied Sciences
63	University of California, Riverside	Graduate School
64	University of California, San Diego	Graduate School
65	University of California, San Francisco	Graduate Division
66	University of California, Santa Barbara	Graduate School
67	University of Colorado Boulder	Graduate School
68	University of Colorado at Denver, Health Sciences Center	Graduate School
69	University of Delaware	Graduate School
70	University of Florida	School of Engineering
71	University of Hawaii at Manoa	Graduate School
72	University of Houston	Graduate School
73	University of Idaho	Graduate School
74	University of Iowa	Graduate School

#	University	Division/Department
75	University of Kansas	Graduate School
76	University of Kentucky	Graduate School
77	University of Louisville	Graduate School
78	University of Maine	Graduate School
79	University of Maryland, Baltimore	Graduate School
80	University of Massachusetts Amherst	Graduate School
81	University of Michigan	College of Engineering (doctoral programs only)
82	University of Minnesota	College of Science and Engineering
83	University of Mississippi	Graduate School; University of Mississippi Medical Center (UMMC)
84	University of Missouri	Graduate School
85	University of Nebraska-Lincoln	Graduate School
86	University of North Carolina at Chapel Hill	Graduate School
87	University of North Carolina at Charlotte	Graduate School
88	University of North Texas	Graduate School
89	University of North Texas Health Science Center at Fort Worth	Graduate School
90	University of Notre Dame	Graduate School
91	University of Oregon	Graduate School
92	University of Pennsylvania	School of Arts and Sciences; School of Nursing
93	University of Rhode Island	Graduate School
94	University of Southern California	College of Letters, Arts and Sciences; Viterbi School of Engineering

#	University	Division/Department
95	University of Texas at Arlington	Graduate School
96	University of Texas at Austin	Graduate School
97	University of Texas Health Science Center at Houston	Graduate School of Biomedical Sciences
98	University of Toledo	Graduate School
99	University of Utah	Graduate School
100	University of Vermont	Graduate School
101	University of Virginia	Graduate School
102	University of Washington	Environmental and Occupational Health; Interdisciplinary Program in Pathobiology; Materials Science and Engineering
103	University of Wyoming	Graduate School
104	Virginia Commonwealth University	Graduate School
105	Virginia Polytechnic Institute and State University	Graduate School
106	Washington State University	Graduate School
107	Washington University in St. Louis	Graduate School
108	Yale University	Graduate School (doctoral programs only)



Bringing the United States and Vietnam Closer Together
www.vef.gov



U.S. Headquarters:

2111 Wilson Boulevard, Suite 700, Arlington, VA 22201, USA

Phone: 1-703-351-5053; Fax: 1-703-351-1423; Email: information@vef.gov

Vietnam Field Office:

Hanoi Towers, Suite 502, 49 Hai Ba Trung St., Hanoi, Vietnam

Phone: 84-4-3936-3670; Fax: 84-4-3936-3672; Email: vefhanoi@vef.gov