

Alfanar
Report and financial statements
For the year ended 31 December 2015



Company limited by guarantee no. 05141908
Registered Charity no: 1105048

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REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	Lubna S. Olayan Amjad Bseisu Hakeem Belo-Osagie Charlotte Boyle Sherif Foda Dr. Laila Iskander Julia Middleton Cynthia J. Oakes Lady Plumbly	Chair (Appointed 20 November 2015) (Appointed 7 March 2016)
Programmes and Investments Committee	Julia Middleton Hakeem Belo-Osagie Matthew Courey Mark Huang Dr. Barbara Ibrahim Dr. Mona Mourshed Lady Plumbly	Chair
Finance Committee	Charlotte Boyle Serene Al-Shirawi Sherif Elkholy	Chair
Fundraising and Communications Committee	Cynthia J. Oakes Rabih Hage Amanda Scott	Chair Amanda Scott
Executive Director	Myrna Atalla	
Company reg. no.	5141908	
Charity reg. no.	1105048	
Registered office	38 Artillery Lane London E1 7LS	
Bankers	C. Hoare & Co 37 Fleet Street London EC4P 4DG	
Statutory Auditor	Mazars LLP Sixth Floor Times House Throwley Way Sutton SM1 4JQ	
Accountants	JS2 Limited One Crown Square Woking Surrey GU21 6HR	
Solicitors	Withers LLP 16 Old Bailey London EC4M 7EG	

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TRUSTEES' REPORT

The Trustees, who act as the directors of Alfamar ("the Charity") for the purposes of the Companies Act, and trustees for charity law purposes, submit the annual report and the financial statements of Alfamar for the year ended 31 December 2015. The Trustees confirm that the annual report and financial statements of the Charity comply with current statutory requirements, the requirements of the Charity's governing documents and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities (revised 2015)'.

Objectives and Activities

What we do

Alfamar was founded in 2004 by Tarek Ben Halim after a career in investment banking. He wanted to contribute to the economic and social development of the Arab world, but he wanted that contribution to have the financial rigour and results-orientated approach that he had used during his years working in finance. He set out to challenge the culture of donor dependence among social purpose organisations by introducing a venture philanthropy approach that encourages sustainable social change in the region.

Alfamar is the Arab region's first venture philanthropy organisation. Our vision of success is the growth of ambitious, entrepreneurial and self-reliant social ventures that provide valued opportunities for disadvantaged people in the Arab world to improve their lives and experience dignity. Given the high social returns on investing in education and women's economic empowerment, the majority of social ventures we support are in these sectors.

We provide tailored technical and financial support to our investees in the Arab region, helping them achieve lasting social change in their communities through effective impact models, strong financial management systems, and sustainable plans for growth.

To date, the majority of Alfamar's financial support has taken the form of grants. In 2015, we introduced zero-interest repayable grants as an additional form of financing to those investees who reach reliable levels of cost-recovery. This tool encourages financial independence and, at a later-stage, impact investor readiness.

In parallel to financing, the glue to Alfamar's venture philanthropy work is the regular coaching and technical assistance provided to our investees through our country teams. In 2015, we consolidated our technical assistance, especially in its early stages, into Alfamar Sustainable Social Enterprise Training (ASSET), which takes investees through foundational trainings on social entrepreneurship, impact modelling and monitoring, financial management and business planning.

Finally, Alfamar conducts quarterly monitoring of investee performance around impact and financial targets. Monitoring not only ensures that Alfamar funds are spent appropriately, but that plans are adjusted as and when needed to ensure that the social impact of each investment continues to flourish.

2015 marked the first year of Alfamar's revised business plan. It was a busy and productive year. In 2015, Alfamar met a number of key quantitative and qualitative investment milestones. Alfamar increased its portfolio in absolute terms from ten investments in 2014 to 15 in 2015, adding two new investments in Egypt and three in Lebanon, the largest increase in number of investees within one year to date.

Quarterly impact and financial reports submitted by each investee and analysed by Alfamar's investments team indicate that Alfamar positively impacted 9,767 lives in 2015. Since its inception, Alfamar has dedicated financial and technical resources to 24 aspiring social enterprises in both Egypt and Lebanon. With our support, these organisations have made lasting changes to their communities, directly impacting over 25,000 individuals as a result.

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As stated in Alfano's Memorandum and Articles of Association, the Charity's objects are:

- i) the advancement of education and learning for the public benefit and in particular to educate men and women and young people of all ages from a broad range of geographical, ethnic, social and economic backgrounds in the Arab World, to enable them to realise their full potential as individuals, within their communities and within society as a whole;
- ii) to develop the capacity and skills of the members of socially and economically disadvantaged communities in countries in the Arab World (including all member countries of the Arab League) in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society;

provided always that nothing contained herein shall authorise or be deemed to authorise the carrying out of any activity for any purposes except those regarded as charitable by the laws of England and Wales.

Vision Statement

Alfanar envisions an Arab world in which the poor and vulnerable, especially women and children, are able to access the education and opportunity they need to lead productive and dignified lives.

Mission Statement

To achieve this vision, we employ a venture philanthropy approach, which fosters the growth of ambitious, entrepreneurial and self-reliant social ventures that provide valued opportunities for disadvantaged people in the Arab world to improve their lives and experience dignity. At Alfano, we believe that self-reliance and income generation are critical to achieving lasting social impact. Our mission is to help social enterprises in the Arab region improve the lives of more people over time while increasing their financial sustainability by offering a combination of repayable grants and tailored management support, particularly around social impact, financial management and business planning.

We give special – but not exclusive – focus to investments that improve children's education and women's economic empowerment due to their long-term impact and multiplier effect.

Structure, Governance and Management

Alfanar is a company limited by guarantee (Registration no. 5141908) and has no share capital. As a registered charity (Registration no. 1105048), it is governed by its Memorandum and Articles of Association, most recently updated on 10 July 2013.

Alfanar's Board of Trustees has overall responsibility for ensuring Alfano has an appropriate system of controls, financial and otherwise. It is responsible for keeping proper accounting records, which explain the transactions, disclose the financial position and comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the charity and for taking reasonable steps to detect and prevent fraud and other irregularities.

Alfanar has a risk register which identifies the major risks to the Charity. This register is regularly reviewed by the Trustees to ensure that appropriate strategies are being employed to mitigate risks. In 2015, the following risks were identified by Trustees as the principal risks facing the Charity: the security situation in operating countries limiting social investment activities or posing risk to staff, financial malpractice committed by investees, reputational risks associated with poor investee performance, staff turnover or vacancies and data theft or loss. The rigorous selection of investments supported by the Charity is designed to mitigate these risks. Furthermore, the Charity enhanced its investment cycle, ensuring that Alfano's capacity-building efforts are dedicated during pilot-year investment before additional or larger grants are approved. Alfano also has a policy of employing experienced development professionals in the UK, Egypt and Lebanon. These professionals not only bring years of development experience and acumen to their jobs, but also a deep understanding of the political and socio-economic context on the ground, which enables them to monitor and mitigate arising risks more effectively. Furthermore, Alfano's venture philanthropy approach is premised on the fact that team members on the ground maintain a high-level of engagement with investees and are able to both monitor performance and provide regular support in real time.

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The Charity's efforts to systematise and document its venture philanthropy approach and other operations is a key aspect of professionalising the organisation and making it less vulnerable when staff turnover occurs. In 2015, the Charity completed data protection registration and further secured its website, shared server and other data housing systems. Alfano's Board works closely with its senior management team to consistently assess risks and the strategies put in place to mitigate them.

In 2014, Alfano's Board established three sub-committees – Programmes and Investments, Finance, and Fundraising and Communications – in order to create areas of efficiency and expertise at the governance level. Each sub-committee is chaired by an Alfano Trustee and is composed of a mixture of Trustees and external subject experts. In 2015, the Board added a nomination committee composed of three Trustees, which helps the Board identify the appropriate mix of skills and capabilities to further strengthen the Charity's governance.

The Board conducted an appraisal of its skills and capacities in November 2015, identifying areas of governance in need of development. In 2015, the Board conducted an internal appraisal following which it added two Trustees. Shortly after appointment, a new Trustee has an induction meeting with the Executive Director to review and better understand Alfano's 2015-2018 business plan and targets, the way it selects and manages investees, and other operations. The Board endeavours to hold at least one Board meeting in either Egypt or Lebanon every other year to ensure that Trustees meet in-country team members and witness Alfano's venture philanthropy process and investments first hand. The Charity's senior management team regularly update the Board on venture philanthropy industry developments, Alfano's progress against targets, and how the Charity is managing risks. This ensures that Alfano's investment approach remains in line with best practice.

Alfano's Board delegates authority on operational delivery of the strategy to the executive director and the senior management team. The Board of Trustees, the Executive Director and the senior management team comprise the key management personnel of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All trustees give of their time freely and no trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in Notes 10 and 16 to the accounts.

The pay of the senior staff is reviewed annually and increased in accordance with the achievement of performance targets. In view of the nature of the charity, the directors endeavor to benchmark against pay levels in other charities of a similar size. Alfano will secure support around operations and human resource management in 2016 to further clarify and strengthen its pay and remuneration policy.

Alfano operates through a number of offices to deliver its mission and objectives:

- **UK:** Alfano possesses a head office in London, which employed six staff members as of December 2015.
- **Egypt:** Alfano operates a registered branch in Egypt (number 67/2015; expiry 25 May 2020). Alfano's registration in Egypt will need to be renewed in 2020. Alfano is up to date on all filings, reports and follow-up correspondence with the Egyptian Ministries of Social Solidarity and International Cooperation. The transactions of this branch are included in these financial statements. Alfano in Egypt is headed by a Country Director. In 2015, Alfano in Egypt also employed an Investments and Finance Officer.
- **Lebanon:** Alfano in Lebanon (registration number 907) is an independent affiliate of the UK registered charity, which has not been activated yet. Income and expenditure in respect of Lebanon are included in these accounts. Alfano in Lebanon is headed by a part-time Country Director.
- **Libya:** Alfano in Libya (registration number 1651) is an independent affiliate of the UK registered charity. Due to security issues, Alfano activity in Libya is currently suspended.
- **USA:** Alfano, Inc., US is an affiliated 501(c)(3) not-for-profit entity (EIN-75-31970321) that actively supports Alfano's mission through grants and is striving to increase public support. Its transactions are not included in these financial statements. Rather, they are independently reported to the US Internal Revenue Service and the states of Massachusetts and New York.

Alfano is supported regularly by interns, volunteers and pro-bono advisors across its offices, branches and affiliates, who generously help strengthen and further Alfano's venture philanthropy work, fundraising and communications.

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Review of 2015

Objective 1: To maintain and further diversify Alfano's portfolio of venture philanthropy investments in Egypt and Lebanon

In 2015, Alfano met a number of key quantitative and qualitative investment milestones. Alfano increased its portfolio in absolute terms from ten investments in 2014 to 15 in 2015, adding two new investments in Egypt and three in Lebanon. Alfano continued to support the portfolio through a mixture of tailored financing (grants and zero-interest repayable grants) and technical assistance. Alfano's approach aims to enhance portfolio organisations' ability to economically empower more women and deliver high-quality education to more disadvantaged children using financially sustainable strategies that create economies of scale over time.

In 2015, Alfano impacted 9,767 lives, representing 35.5% of the total number of lives impacted since our establishment in 2004. This number is aggregated based on the analysis of quarterly reports submitted by investees.

Overview of Alfano's Venture Philanthropy Portfolio in 2015

Investing in Women's Economic Empowerment

Alfano has invested in the following organisations working on women's empowerment in Egypt and Lebanon:

Egypt

The Helwan Association for Community Development (Bashayer)

Economic empowerment through handmade textile production in Helwan

Since 2007, Alfano has invested in Bashayer, which provides economic and social support to women in Helwan, an impoverished industrial district outside Cairo. Bashayer runs a crochet and sewing production unit, which in 2015 employed 160 women, 39% of whom were trained and employed for the first time by Bashayer. In 2015, Bashayer began reaping the benefits of a marketing strategy Alfano helped develop, shifting its production focus from clothing and accessories to towels and homewares, its two most profitable lines. In 2015, Bashayer expanded its market presence in Cairo to fifteen outlets, set up an in-house showroom, and exported its products to Japan and Oman. Following eight years of support, Alfano is proud to report that Bashayer's production unit is able to recover its costs and, on average, secure additional revenue to support other social purpose activities like awareness-raising and literacy activities for women. Alfano is preparing for exit of this investment in 2016. Alfano thanks Six of October Development and Investment (SODIC) for its support to Bashayer, which has enabled the successful growth of this social enterprise.

The Shomoo Association for Sustainable Development (Shomoo)

Psychosocial support and economic empowerment for victims of domestic violence in Minya

Since 2012, Alfano has supported Shomoo (meaning candles in Arabic) to develop and professionalise a multi-faceted psychoanalysis support programme, aimed at combating domestic violence and promoting gender equality. The programme has been rolled out to 42 villages in Minya, through literacy, awareness-raising and counselling services. Alfano's investment has also enabled Shomoo to run a vocational training and microloan programme that further develops the resilience of female beneficiaries. In 2015, Shomoo worked through nine local NGOs to improve the awareness of 1,845 women and 1,028 men about issues related to gender-based violence. Shomoo provided counselling support 203 women. To achieve these results, Shomoo conducted 17 days of training to 12 counsellors and 30 days of training to 60 coordinators.

A total of 300 women received 15 days vocational training on topics ranging from poultry- and rabbit-rearing to dairy production. Shomoo disbursed 62 micro-enterprise loans, which have been successfully repaid. In 2015, Shomoo was able to achieve a strong cost-recovery rate through the success of a catering unit seeded by Alfano. As Alfano prepares for exit in 2016, it will help Shomoo develop a three-year business plan that guides future growth. To date, with funding from SODIC, Shomoo has impacted the lives of 5,186 women.

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The Future Eve Foundation (FEF)

Economic empowerment for widows and female heads of household in Minya and Beni Suef

Widows and female breadwinners head an estimated 40% of Egyptian households. This number rises to 57% in slum areas. Without the requisite support, skills and training, widows often suffer a life of economic disenfranchisement and extreme poverty even greater than other women. Since 2012, Alfanoar has invested in FEF's Amal (meaning 'hope' in Arabic) Project, which has provided vocational and financial literacy training along with microloans and widow-to-widow social lending groups. The Amal project equips widows with the skills, resources and support needed to establish microenterprises, and in turn generate the income they need to sustain themselves and their families. In 2015, FEF's interventions improved the lives of 5,416 widows in 17 villages in Minya and Beni Suef through vocational training and micro-loans. 100% of loan recipients repaid their loans on time. On average, Amal project loan recipients increased their earnings by 11.5%. Furthermore, 98.5% of recipients have since expressed a desire to renew their loans and all recipients are still successfully running their micro-enterprises, earning a livelihood to support themselves and their families. The Amal project has made the results of this successful investment public through www.amalproject.org.

FEF's microloan portfolio has reached a critical mass enabling it not only to cover all of its costs, but also to expand its micro-loan activity and support FEF's wider social purpose activities for women. In 2016, Alfanoar will facilitate a three-year business planning exercise to identify ways of both scaling and deepening the organisation's impact. Alfanoar thanks UK Aid and The Global Fund for Widows for their support to FEF.

Life Vision for Development (LV)

Enabling smallhold female farmers in Minya, Egypt to increase yields

Employing the Food and Agriculture Organisation of the United Nations' (FAO) farmer-field school approach, LV offers experiential training through which smallhold female farmers in Minya receive technical training on modern farming techniques and an opportunity to test them out on an LV plot of land before venturing to use these techniques in their own farms. LV-trained farmers can experience increases in yields that reach 15% after introducing these techniques. In addition, LV helps these farmers develop essential life skills and functional literacy by administering the International Youth Foundation's Passport to Success programme with them in parallel.

In 2015, Alfanoar launched pilot-year investment with LV, which will help train 250 female farmers by 2016. In addition, Alfanoar will help LV improve its prospects of financial sustainability through the sale of produce grown on its land, training fees and tractor rental income. In 2015, Alfanoar ran impact training with LV concentrating on theory of change, vision, mission and value mapping. In 2016, Alfanoar will help LV develop a three-year business plan. This investment is supported by Alfanoar's Minya fund.

Together for You (TFY)

Training low-income women in Cairo to become elderly care workers

TFY was established by a focused and motivated young team to respond to the dual challenge of limited employment opportunities for low-income women and the needs of a growing elderly population in Egypt. TFY has developed a 40-day training programme for low-income women, largely female heads of households, coming from poor areas within Greater Cairo. TFY's two-part training enables women to become qualified professional home caregivers for the elderly. TFY then places women who have successfully graduated the course in steady employment with elderly patients. TFY monitors both client and caregiver satisfaction and provides further training and refresher courses over time. In 2015, Alfanoar approved pilot-year investment in TFY to enable the organisation to train 165 women and place at least 150 women as home caregivers. Additionally, Alfanoar has also supported TFY to clarify its theory of change and revise its vision and mission. In 2016, Alfanoar will help TFY develop a three-year business plan aimed at achieving economies of scale through its caregiver vocational training. Alfanoar supports this investment through a mixture of unrestricted and restricted funding.

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Lebanon

The Women's Program Association (WPA)

Empowering women refugees in Lebanon through community development – catering, microloans and a children's centre

With unemployment in Lebanon's Palestinian camps as high as 90%, many women, especially those who are sole breadwinners, struggle to provide for their families. Since 2013, Alfano has worked with WPA in the Burj al-Barajneh Palestinian refugee camp in Beirut to establish a catering unit that trains and employs a steady stream of 35 refugee women from the camp. Alfano funding has enabled WPA to brand its unit as *Soufra* (meaning 'feast' in Arabic). Today, *Soufra* is recovering its operating costs. In 2015, Alfano helped WPA develop a three-year business plan, which aims to improve its offering, secure the funding for a *Soufra* foodtruck, grow its microloan portfolio and set up an independent, high-quality day care centre within an underserved area of the camp.

In 2015, Alfano successfully ran a Kickstarter campaign to crowdsource the funding needed to secure WPA's *Soufra* foodtruck, which will be purchased in 2016 following license approval. In 2015, WPA also grew its microloan portfolio to serve 17 widows and female heads of households. Alfano helped WPA strengthen its systems through the development of a microloan manual. WPA's microloan portfolio recovered 32% of costs in 2015 and is predicted to recover all costs by 2016.

Alfano approved its first zero-interest repayable grant to WPA at the end of 2015. Given WPA's success to date, Alfano feels confident that the organisation will successfully repay this grant. In 2016, Alfano will also help strengthen WPA's financial management and reporting systems, develop a communications strategy and begin developing the children's centre. This investment is funded through a mixture of unrestricted and restricted support, including Kickstarter funds.

ShareQ's Mommy Made

Supporting disadvantaged women to secure work through culinary training

Women from low-income communities in Lebanon have restricted access to employment due to a lack of marketable skills. As a result, they are unable to contribute to the economic development of their households or communities. Unleashing the economic productivity of these women is Mommy Made's mission. Established in 2012, ShareQ's Mommy Made is a social enterprise that runs a 'select, train and employ programme (STEP)', which provides culinary vocational training to low-income women followed by placement in steady employment within the food and beverage sector. In parallel, Mommy Made runs a catering operation that helps cross-subsidise the training and placement work it does and enable it to grow sustainably. Alfano approved investment in 2015 with the aim of improving Mommy Made's placement rates, recruitment efficiency and overall cost recovery rates. Alfano supports this investment through a mixture of unrestricted and restricted funding.

Inaash

Enabling women refugees in Lebanon to generate an income through embroidery

Inaash was set up in 1969 to economically empower Palestinian refugee women through embroidery and textile production. Today, Inaash's embroidery orders enable over 300 refugees to generate steady income. The quality of its products is high and its brand is increasingly well-known, both within Lebanon and beyond. Alfano began investing in Inaash after it had decided to pursue a social enterprise model that covers its costs through sales revenue. Alfano has worked with Inaash to develop a one-year turnaround plan, appoint a full-time General Manager to further professionalise its operations, and begin developing a longer-term business plan that leads to sustainable growth. Alfano supports this investment through unrestricted funding.

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Investing in Children's Education

Alfanar has invested in the following social purpose organisations working in children's education in Egypt and Lebanon:

Egypt

Future Lights for Development Organisation (FLDO)

Early learning in Cairo's slum areas

Since 2007, Alfanar has worked with FLDO to establish and grow a Montessori-style nursery school in Deir el-Malak, Cairo and develop a peer-reviewed and evaluated early childhood development training programme based on the same curriculum. Today, FLDO's original day care centre, which was seeded by Alfanar, is financially sustainable through fees. In addition, Alfanar's investment has enabled FLDO to reach 3,500 children in 29 slum-based day care centres by training 1,650 principals, teachers, assistants and parents. Alfanar helped FLDO develop a three-year business plan in 2015. Alfanar also conducted financial audits in 2014 and 2015, which clarified areas of financial management in need of strengthening. In 2016, Alfanar will work with The Global Fund for Children to deliver capacity-building support aimed at addressing these areas before exit. Alfanar thanks SODIC and The Global Fund for Children for their support of this investment.

Bedayaat Foundation (Bedayaat)

Basic education for working children in Minya's slums

Since 2011, Alfanar has supported Bedayaat (meaning 'beginnings' in Arabic) to set up and formalise a children's learning and recreation centre within Minya city's Badawi Shelters, an extremely impoverished area of public housing just outside the city. The shelters house a large number of children in need, the majority of whom rarely receive formal schooling and spend their days selling trinkets in the street. Bedayaat's centre provides a safe space where both boys and girls are able to attend literacy and numeracy classes (62 in 2015) as well as extracurricular arts and sports classes on a regular and flexible basis (302 in 2015). The capacity of Bedayaat's educators is being strengthened through ongoing workshops on active learning and classroom management techniques. Through Alfanar's support, Bedayaat has trained its entire staff on first aid procedures and developed a health component to its educational outreach. In 2016, Alfanar will facilitate a study mission for the Bedayaat team to Educate Me's experimentation lab in Talbeya to gain further exposure to best practice, especially around children's empowerment and conflict resolution.

In 2015, Bedayaat, with Alfanar's funding, established the Badawi Shelters' first and only health clinic, successfully registering 265 children, treating 99 children and helping 64 children secure government insurance. Bedayaat is working to secure subsidized or free professional treatment for Badawi Shelter patients with outside providers. In October 2015, Bedayaat signed a protocol with the Ministry of Health to provide health awareness sessions every 10 days in the Badawi Shelters. Alfanar's support enabled Bedayaat to purchase a micro-bus in 2015 that will help transport Bedayaat's patients to health treatment outside the shelters, and also generate revenue through the organisation by charging for transportation when not in use. Alfanar thanks SODIC for its support of Bedayaat.

Educate-Me

Education and character development for children in Cairo's slums

In late 2014, Alfanar approved investment in Educate-Me (EM). Initially an afterschool learning centre in the slum area of Talbeya, Giza, EM applied for community school status in 2015. EM employs a learner-centred skill-based teaching approach that builds character and emphasizes self-actualisation alongside the instruction of traditional curriculum topics. In 2015, EM provided 36 children with pre-school education and 110 children with afterschool education in Talbeya. In 2016, EM aims to not only grow the number of grades it teaches and children it serves in Talbeya, but also set to set up a second EM branch in Haram City. In 2015, EM took part in the Egyptian government's Education Strategy 2030 Workshops.

With the support of an education expert, EM finished developing the majority of its early elementary curriculum as well as a significant portion of its afterschool programme. Using lessons learned in its community school, EM developed five teacher training packages, which are currently being sold for fee to private schools and corporates funding education work in public schools. In 2015, EM trained three organisations benefiting 130 teachers, provided one character development programme to 175 children and one public parental awareness session to 30 parents to reach a total of 335 beneficiaries.

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The sale of these teacher trainings is both a way to scale EM's impact beyond the children it directly teaches as well as a long-term means to achieve financial sustainability. In 2015, EM introduced affordable fees at the preschool level in an attempt to be in line with other preschools and also recover more operating costs. In 2016, Alfanoar will prepare for long-term investment by working with EM to develop a sustainable business plan, strengthen its financial management practices and further grow both its community school and teacher training reach. We are grateful to SODIC for its support of this investment.

Lebanon

Ana Aqraa' Association

Literacy support for disadvantaged children and Syrian refugees across Lebanon

Ana Aqraa' (meaning 'I can read' in Arabic) encourages lifelong learning among at-risk children in Lebanon by strengthening their literacy skills and helping them stay in school. With Alfanoar funding since 2012, Ana Aqraa' has consolidated its literacy training for educators into five modules that have been expert-reviewed and printed into manuals. In 2015, its teacher training was approved by the Lebanese Ministry of Education's Centre for Educational Research and Development (CERD) allowing Ana Aqraa' to train CERD trainers and, in turn, reach 339 teachers throughout Lebanon. Ana Aqraa' has further refined its training tools by applying them with Syrian refugee children in Lebanon. While Alfanoar's funding directly supported the training of 17 literacy trainers, 50 public school teachers and 560 children in Lebanese public schools, the literacy manuals funded by Alfanoar have been used to train over 950 teachers in 140 schools impacting over 35,000 students directly.

Alfanoar has enabled Ana Aqraa' to grow its team and send two of its trainers to Columbia University in New York City to receive certification on the balanced literacy approach. Additionally, Ana Aqraa' was able to secure its first paid contracts for teacher training services. In preparation for long-term investment, Alfanoar also worked with Ana Aqraa' to develop a business plan, which aims to secure more paying clients for its teacher training. Alfanoar supports this investment through unrestricted funding.

MMKN

Volunteer tutoring to empower disadvantaged ninth-graders to pass national exams

After the fourth grade, the second peak in drop out rates within the Lebanese public school system occurs in the ninth grade, when the national 'brevet' exam takes place. This exam determines whether a student is able to continue on to high school. It is also a prerequisite for many jobs. Having developed an effective tutoring programme, MMKN (meaning 'It is possible' in Arabic) engages university student volunteers, trains them on its peer-reviewed tutoring manuals and value system and then matches these students with small afterschool classes of at-risk public school students for intensive tutoring and mentoring ahead of the 'brevet' exam. Alfanoar began investing in MMKN in 2015 with the goal of helping it reach more students sustainably. With Alfanoar's support, MMKN deepened its impact and expanded its reach to seventh, eighth and ninth graders. In 2015, MMKN's 140 volunteer tutors from seven universities reached over 700 students.

To help MMKN self-generate revenue that covers the costs of its Public School Reinforcement and Support Programme, Alfanoar's funding has enabled MMKN to successfully set up a private for-fee tutoring centre in parallel to its volunteer outreach programme. In addition, Alfanoar's support is helping strengthen educational outcome tracking, the development of an operations manual as well as a business plan. This investment is supported through a mixture of restricted and unrestricted funding.

Supporting Investee Learning

Study Mission

Visiting successful, sustainable education enterprises in developing contexts

In December 2014, Alfanoar embarked on its first study mission, taking two investees, FLDO from Egypt and Ana Aqraa' from Lebanon, to Bangalore, India, to learn about the operations of social enterprise Hippocampus Learning Centre (HLC), which has developed a scalable preschool learning venture. No study mission was conducted in 2015. In 2016, a second study mission is being organised for two other investees to Bangladesh to expose them to sustainable social enterprise models. Alfanoar's study missions are made possible through restricted funding.

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Networking Opportunities

Organising annual investee gatherings

Alfanar organises annual meet-ups between current and exited investees within the same country to encourage the sharing of lessons learned, peer-to-peer problem-solving and collaboration when appropriate. In Lebanon, these meetings became quarterly in 2015 at the request of the investees themselves.

Objective 2: Consolidate Alfanar's investment cycle and technical assistance offering, rendering parts online to allow a broad spectrum of social enterprises in the Arab region to access support.

In line with Alfanar's 2015-2018 business plan objectives, the Charity consolidated its technical assistance offering in 2015. To be completed in 2016, Alfanar Sustainable Social Enterprise Training (ASSET) represents a new chapter in Alfanar's venture philanthropy management support. ASSET systematises capacity-building efforts, especially with pilot-year investees. It consists of 11 modules in English and Arabic, which have been reviewed by external experts and are being tested for further refinement. The training modules cover foundational principles for social enterprises. ASSET training will become standard operating procedure with all pilot-year investees. Topics include: Introduction to Social Entrepreneurship, Theory of Change, Sensing & Prototyping, Impact Modelling, Impact Measurement, Business Canvas Modelling, Financial Management, Internal Governance, Legal Structures for Social Enterprises, Communicating for Results, Business Planning and Options for Scale.

In parallel to full training modules, Alfanar is developing short animation videos in English and Arabic, which provide a basic introduction to key ASSET training modules. These videos will be available on Alfanar's website once all modules are finalised. Finally, as part of ASSET, Alfanar has refined its indicators of success and impact measurement approach. Alfanar is adapting this revised monitoring and evaluation system to an online platform, which will be accessible to management, investees, and other key stakeholders through smartphones, tablets, or computers. Alfanar seeks to encourage investees to input their performance data simply and seamlessly on an ongoing basis, thus allowing them to reduce reporting costs, assess performance in real time and make data-driven management decisions about their social ventures more regularly and reliably. Alfanar thanks UK Aid for its generous support of ASSET.

Objective 3: Promote venture philanthropy and social entrepreneurship within the Arab world through active communications and event participation.

In 2015, Alfanar increased its outreach efforts to promote venture philanthropy and social entrepreneurship within the Arab world. This was achieved through enhanced human resources, multiple outreach events, speaking engagements and a strengthened social media presence.

Firstly, Alfanar grew its human resource capacity around communications and external relations, both in Cairo and London. This growth in capacity led to an increase in the number of outreach meetings, events, and materials produced by Alfanar.

In February 2015, Alfanar held an outreach event in Cairo, which was attended by 80 individuals. The event enabled Alfanar to raise awareness about its venture philanthropy mission and the impact its Egyptian investees. Alfanar's Board of Trustees organised a Board meeting and investee visits around this event. Alfanar thanks the UK Embassy in Cairo for its generous support of this event.

In September 2015, Alfanar's independent affiliate in the US, Alfanar, Inc., US, held its first reception in New York City to celebrate Alfanar's venture philanthropy work in the Middle East. This event brought together nearly 100 guests who were able to hear from Alfanar's Chair, Executive Director and Lebanon education investee Ana Aqra'.

In November 2015, Alfanar held its annual dinner in London, which brought together 100 guests who not only received a progress update on Alfanar's venture philanthropy portfolio, but were also among the first to view the trailer of a full-length documentary film being made by director Thomas Morgan and executive producer Susan Sarandon about Alfanar investee WPA's journey to secure the first food truck in Lebanon owned and run by women refugees. The film is expected to be released in 2016.

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For the year ended 31 December 2015
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Additionally in 2015, Alfano senior managers attended and/or spoke at the following events, *Alliance Magazine* breakfast meeting, KPMG London, Emirates Foundation Youth Philanthropy Summit, Arab Foundations Forum, 'Philanthropy: Giving Voice to Wise Women' at Withers, London, CSR Lebanon and GESR Social Innovation Summit in Cairo.

Alfano's Executive Director and Lebanon Director co-authored an article about the history of venture philanthropy in the Arab region, which was published in the March 2015 edition of *Alliance Magazine*.

In 2015, through the generous support of SODIC, two short films were produced highlighting the impact in education and on community development Alfano and SODIC's joint venture philanthropy efforts have had on disadvantaged communities in Cairo and Minya.

In 2015, Alfano strengthened its social media presence, communicating news more regularly about its investees and encouraging wider engagement through the Charity's newsletters, blog, Facebook and Twitter accounts. This enhanced activity proved especially productive at the end of 2015 when Alfano ran its first successful Kickstarter campaign, which was reported on in articles by Forbes and Vice, among others.

Objective 4: Grow income and diversify streams of revenue.

In 2015, Alfano achieved an income of £1,084,580. This represents a 35% increase on Alfano's 2014 income and a 30% increase over the 2015 budget target. Alfano maintained a healthy spread of donor income, with contributions from the annual London dinner (28%), international aid donors (27%), Alfano, Inc., US (16%), corporate donors (9%), Board members (9%), other Individuals, including online supporters through Alfano's first Kickstarter campaign (8%) and trusts and foundations (3%). 38% of Alfano's donors in 2015 gave for the first time. Alfano's ability to grow the support of current donors and reach new supporters is a result of consistent support from its Board, increased capacity, steady cultivation and improved systems. For example, in 2015, Alfano invested in a donor database, which enhanced the Charity's ability to receive secure online donations, reach out to donors regularly, and track interactions more effectively.

Moving forward, Alfano strives to further diversify its spread of support and to begin raising more funds from corporate donors and foundations as well as crowdfunding, repayable grants and eventually training fees. In 2015, Alfano approved its first zero-interest repayable grant to investee WPA. As part of its revised investment cycle, Alfano has begun administering zero-interest repayable grants with investees that achieve reliable levels of cost recovery through self-generated revenue. By 2019, Alfano aims to generate 10% of income through grant payback and to recycle this pool of capital within its portfolio of social enterprise investees. In 2016, Alfano aims to complete the development of ASSET and will assess the possibility of providing ASSET training for fee.

Alfano held its annual dinner in London in November 2015, raising £299K (2014: £143K) in unrestricted support for the organisation's venture philanthropy work. Alfano is extremely grateful to its Board of Trustees, its Dinner committee and all of the generous supporters who have enabled the Charity to approach its venture philanthropy work in 2016 with more confidence.

For more details on our donors, please see our website: www.alfano.org.

Objective 5: Strengthen Alfano's infrastructure, operations and human resources to enable sustainable growth.

The Board is committed to actively building up and investing in Alfano's infrastructure, operations and human resources over the coming years to ensure organisational resilience. Alfano's 2015-2018 business plan dedicates the resources needed to grow and strengthen Alfano's team to achieve clear investment, income and infrastructure targets. This investment in the organisation should enable Alfano to effectively and sustainably build up its portfolio of investees working with communities in need across the Arab world, strengthen its internal operations, grow and diversify its income and build awareness about its venture philanthropy work.

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In 2015, Alfamar dedicated resources to a number of internal capacity-building activities aimed at securing long-term growth and improving efficiencies. These included strengthening our due diligence process, technical assistance to investees, monitoring and evaluation system, investment templates, financial reporting systems, and donor database. Additionally, we took steps to further protect our server and website against data theft or loss. These improvements enabled Alfamar to grow its outreach, communications and fundraising efforts.

Alfamar ran its first team retreat in 2015 bringing together staff from London, Cairo and Beirut to engage with strategy, develop stronger working relationships, and identify strategies to achieve enhanced efficiencies. The Charity is especially grateful for the generous support provided by volunteers around special research projects, administrative needs, and event organisation.

The Charity considers internal strengthening and capacity-building to be an ongoing priority.

Financial review

Income for the year was £1,085K (2014: £806K) an increase of 35% over 2014.

Alfamar's core costs have once again been largely covered through the Board's various donations, enabling additional charitable gifts to Alfamar, especially those raised through the annual dinner, to be designated to investee grants and technical assistance.

The trustees appreciate the invaluable support from other individuals amounting to £85K (2014: £54K), which is higher than in the previous year due to the Charity's increased outreach efforts and the success of its first Kickstarter crowdfunding campaign.

A major source of income was the London annual dinner, generating £299K (2014: £143K). This built on the success of the tenth anniversary dinner held in 2014. There are plans to hold another dinner in 2016.

The Trustees decided to designate funds raised through the dinner. Two funds amounting to £240K have been created to take on new investees and to support the growth of successful long-term investees. The Charity aims to report on the progress and performance of these funds at the 2016 annual dinner.

Alfamar continued to receive substantial support from institutional donors, notably UK Aid, £296K (2014: £194K) and corporate donors, notably SODIC, £100K (2014: £108K).

In 2015, expenditure rose to £793K (2014: £679K), an increase of 16%, which reflects the Charity's growing focus on improved technical assistance to investees, internal capacity-building, and donor outreach. Charitable expenditure staff costs of £167K include the costs of providing technical assistance to investees. The total cost of raising funds was £180K (2014: £82K), representing 22.5% of total expenditure (2014: 11.8%) and 16.5% of income (2014: 9.9%).

At 31 December 2015 reserves totalled £819K (2014: £528K), of which £231K represented restricted funds and £587K represented unrestricted funds. Unrestricted funds represent approximately 9 months of expected unrestricted expenditure in 2016, including designated funding for grants, spending on technical assistance and overhead. This is in line with Alfamar's recommended reserves policy of 6 months of operating costs, plus additional funds to finance programme activities not covered by restricted income.

Alfamar extends its deep gratitude to all of our donors. It is through your invaluable support that we have been able to make our dream of growth and consolidation a reality, extending our venture philanthropy investment and support to more social enterprises in Egypt and Lebanon, building up our capacity to offer more systematic and measurable technical assistance and communicating more regularly about developments.

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REPORT AND FINANCIAL STATEMENTS
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Future plans

At the end of 2014, Alfano's Board passed the organisation's 2015-2018 business plan, which aims to significantly increase Alfano's impact over the period of the plan. The Trustees have decided to invest in the organisation's infrastructure, operations and human resources in order to build a strong and sustainable platform from which to grow impact.

This commitment to organisational investment began in 2015 with a focus on strengthening the organisation's human resources in three key areas - investment management, finance and fundraising.

Building on lessons learned in 2015, Alfano's objectives for 2016 include:

- 1) increasing impact by exiting sustainable investees, growing the average grant size for successful investees; making more zero-interest repayable grants and adding an appropriate number of new social investments in Egypt and in Lebanon to maintain quality technical support;
- 2) testing and finalising Alfano's social enterprise training programme, video offerings and monitoring and evaluation online platform;
- 3) strengthening Alfano's infrastructure, especially around back-office operations, human resource management and communications, to enable sustainable growth.
- 4) maintaining income levels and further diversifying streams of revenue; and
- 5) promoting venture philanthropy and social entrepreneurship within the Arab world through active communications, publications and event participation.

Statement of Trustees' responsibilities

The Trustees (who are the directors of Alfano for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the income and expenditure of the charitable company for the year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

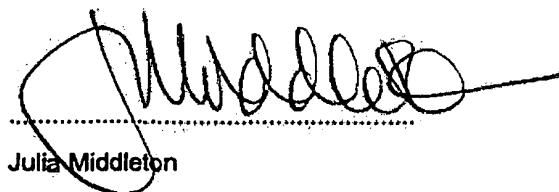
Public Benefit Statement

The Trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties. The public benefit of the charity's activities is outlined under 'Objects, Objectives and Activities' above.

ALFANAR
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2015
TRUSTEES' REPORT

Preparation of the report

This report has been prepared taking advantage of the small companies exception of section 415A of the Companies Act 2006. It was approved, and authorised for issue, by the Trustees on 14 June 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Julia Middleton', written over a horizontal dotted line.

Julia Middleton
Trustee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALFANAR

We have audited the financial statements of Alfamar for the year ended 31 December 2015, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditor

As explained more fully Trustees' Responsibilities Statement in the Trustees' Report, the Trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2015 and its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Report.



Nicola Wakefield (Senior Statutory Auditor)

For and on behalf of

Mazars LLP

Chartered Accountants & Statutory Auditor

Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

Date: 17th August 2016

ALFANAR**STATEMENT OF FINANCIAL ACTIVITIES**

(Incorporating an Income and Expenditure Account & Statement of Total Recognised Gains and Losses)
For the year ended 31 December 2015

	Note	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £	Total Funds 2014 £
INCOME					
Donations	2	140,545	44,144	184,689	345,057
Other trading activities: Annual dinner	3	296,020	3,000	299,020	143,264
Income from investments	4	1,079	-	1,079	503
Income from charitable activities	5	169,732	430,060	599,792	317,108
TOTAL INCOME		607,376	477,204	1,084,580	805,932
EXPENDITURE					
Expenditure on raising funds		179,713	-	179,713	81,678
Expenditure on charitable activities		249,605	364,102	613,707	596,827
TOTAL EXPENDITURE	6	429,318	364,102	793,420	678,505
Net income		178,058	113,102	291,160	127,427
Transfers between funds	14	12,060	(12,060)	-	-
NET MOVEMENT IN FUNDS		190,118	101,042	291,160	127,427
TOTAL FUNDS BROUGHT FORWARD		397,272	130,353	527,625	400,198
TOTAL FUNDS CARRIED FORWARD		587,390	231,395	818,785	527,625

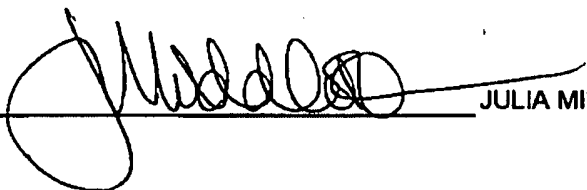
All of the Charity's operations are continuing.

ALFANAR
(Company limited by guarantee no. 05141908)
BALANCE SHEET
As at 31 December 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	11		1,636		2,181
CURRENT ASSETS					
Debtors	12	123,792		74,890	
Cash at bank and in hand		<u>732,352</u>		<u>482,402</u>	
		856,144		557,292	
Creditors: amounts falling due within one year	13	(38,995)		(31,848)	
NET CURRENT ASSETS			817,149		525,444
NET ASSETS			<u>818,785</u>		<u>527,625</u>
FUNDS					
Restricted funds	14		231,395		130,353
Unrestricted funds					
Designated funds	14	241,636		17,002	
General fund	14	<u>345,754</u>		<u>380,270</u>	
			587,390		397,272
			<u>818,785</u>		<u>527,625</u>

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved, and authorised for issue, by the trustees on 14 June 2016 and signed on their behalf by:-


JULIA MIDDLETON, Trustee

ALFANAR
STATEMENT OF CASH FLOWS
For the year ended 31 December 2015

	2015		2014	
	£	£	£	£
Cash provided by operating activities				
Net movement in funds	291,160		127,427	
Add back depreciation charge	545		727	
Less interest income	(1,079)		(503)	
(Increase) decrease in debtors	(48,902)		53,572	
Increase (decrease) in creditors	7,147		(93,792)	
Net cash provided by operating activities		248,871		87,431
Cash flows from investing activities				
Interest income	1,079		503	
Net cash provided by investing activities		1,079		503
Increase in cash and cash equivalents in the year		249,950		87,934
Cash and cash equivalents at the beginning of the year		482,402		394,468
Total cash and cash equivalents at the end of the year		732,352		482,402

1. Accounting Policies

These financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charity is a public benefit entity for the purposes of FRS 102 and therefore has also prepared the financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP) and the Charities Act 2011.

FRS 102 has been adopted for the first time when preparing these financial statements. The transition date to FRS 102 was 1 January 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 December 2014. In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. No restatements were required. However, in accordance with FRS 102, governance costs in the previous year have been reanalysed to be included within support costs (Note 8), and then reapportioned to activities on the same basis as other support costs on the basis of direct staff costs (Note 6).

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the Charity's forecasts and projections. After making enquiries the trustees have concluded that there is a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

Company status

Alfanar is a company limited by guarantee. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the Charity for particular purposes.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

Income

All income is included in the Statement of Financial Activities when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Gift Aid is included on date of receipt of the Gift Aid claim.

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when received.

Gifts in kind are included in income and expenditure at the value of the gift to the charity.

ALFANAR
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

Expenditure

All expenditure is accounted for on an accruals basis. Irrecoverable VAT is charged in line with the expense it relates to.

Expenditure is allocated to the particular activity where the cost relates directly to that activity. Support overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the basis of the staff costs directly attributed to each activity.

Governance costs are the costs associated with the governance arrangements of the Charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the Charity's activities.

Investment payable

Investments payable are reflected in the accounts at the point at which they are approved by the Board and communicated to the investee before the year-end.

Foreign currencies

Transactions in foreign currencies are recorded at the average rate ruling during the year. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets over their estimated useful lives as follows:

Office equipment - 25% of net book value

Branch accounting

The Charity has overseas branches in Lebanon and Egypt. These financial statements include the branches' transactions during the year, and their assets and liabilities at the year end (after adjusting for transactions and balances between the branches and the UK office).

2. DONATIONS

	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £	Total Funds 2014 £
Board	99,819	-	99,819	290,841
Other individuals	40,726	44,144	84,870	54,216
	<u>140,545</u>	<u>44,144</u>	<u>184,689</u>	<u>345,057</u>

Donations in 2014 included £22,000 of restricted income, with the balance of £323,057 being unrestricted.

ALFANAR
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

3. OTHER TRADING ACTIVITIES

	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £	Total Funds 2014 £
Annual dinner	<u>296,020</u>	<u>3,000</u>	<u>299,020</u>	<u>143,264</u>

Other trading activities in 2014 consisted entirely of unrestricted income.

4. INCOME FROM INVESTMENTS

	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £	Total Funds 2014 £
Bank interest receivable	<u>1,079</u>	<u>-</u>	<u>1,079</u>	<u>503</u>

Income from investments in 2014 consisted entirely of unrestricted income.

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £	Total Funds 2014 £
UK Aid	-	296,024	296,024	194,002
Global Fund for Children	-	17,624	17,624	12,108
Six of October Development and Investment (SODIC)	-	99,799	99,799	108,388
The Golden Bottle Trust	-	1,000	1,000	1,000
Alfanar, Inc., US	169,732	-	169,732	1,610
Other	-	15,613	15,613	-
	<u>169,732</u>	<u>430,060</u>	<u>599,792</u>	<u>317,108</u>

Income from charitable activities in 2014 included £305,591 of restricted income, with the balance of £11,517 being unrestricted.

ALFANAR
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

6. EXPENDITURE

	Direct Staff costs £	Other Direct costs £	Support costs £	Total 2015 £	Total 2014 £
Costs of raising funds	87,337	49,572	42,804	179,713	81,678
Charitable activities	167,345	364,347	82,015	613,707	596,827
	254,682	413,919	124,819	793,420	678,505

Support costs are detailed in Note 8 and are allocated on the basis of direct staff costs.

Expenditure in 2014 included £312,306 of restricted expenditure on charitable activities, with the balance of £366,199 being unrestricted.

7. NET MOVEMENT IN FUNDS

This is stated after charging:	2015 £	2014 £
Auditors' remuneration for audit (including VAT)	6,013	9,150
Depreciation	545	727
Operating lease rentals: property	21,343	15,890

8. SUPPORT COSTS

	2015 £	2014 £
Governance: Audit fee	6,013	9,150
Staff costs	58,895	4,115
Accounting, payroll and compliance	12,468	12,517
Rent	21,398	15,890
Organisational planning	9,409	8,501
Recruitment	4,583	-
Legal and professional fees	4,045	2,104
Bank charges	2,755	1,627
Other	5,253	1,887
	124,819	55,791

Until the year ended 31 December 2014, the cost of overall direction and administration of the Charity (comprising the salary and overhead costs of the central function) were apportioned directly to the activities of the Charity on the basis they were immaterial. Therefore, the 2014 comparative represents only the costs of staff time incurred on governance activities in that year. In the year to 31 December 2015, the costs relating to staff time incurred on all support activities has been reflected within support costs.

ALFANAR
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

9. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2015 £	2014 £
Grant Investments awarded - Egypt		
Al Mawred Al Thaqafy (Al Mawred)	869	11,044
Bedayaat Foundation (Bedayaat)	10,060	8,711
Educate Me	-	13,915
Future Eve Foundation	220,179	179,715
Future Lights for Development Organisation (FLDO)	10,130	62,684
Helwan Association for Community Development (Bashayer)	905	16,001
Life Vision	10,573	-
Shomoo Association for Sustainable Development (Shomoo)	19,446	(269)
Together for You	18,149	-
Grant Investments awarded - Lebanon		
Ana Aqraa' Association	-	6,631
Inaash	3,346	-
MMKN	13,911	-
Mommymade	16,248	-
Nawaya Network	-	3,841
Women's Program Association (WPA)	22,346	42,061
Total Grant Investments awarded	346,162	344,334
Technical support - ASSET	18,185	11,837
	364,347	356,171

10. STAFF COSTS

	2015 £	2014 £
Gross salaries	219,102	166,959
Social security costs	21,466	9,509
Salaries of overseas staff	58,810	39,534
Other overseas staff costs	14,199	11,809
	313,577	227,811

A total of 10 individual staff members were employed by the Charity in the year (2014 : 11).

One employee received remuneration of between £80,000 and £89,999 in the year (2014: No employee received remuneration of over £60,000).

The key management personnel of the Charity comprise the trustees, the Executive Director and the senior management team. The total employee benefits of the key management personnel of the Charity were £219,159 (2014: £200,860).

The Trustees received no remuneration nor the reimbursement of expenses in either year.

ALFANAR
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

11. TANGIBLE FIXED ASSETS - Office equipment

	£
Cost	
At 1 January 2015	4,517
Additions in the year	-
At 31 December 2015	<u>4,517</u>
Depreciation	
At 1 January 2015	2,336
Charge for the year	545
At 31 December 2015	<u>2,881</u>
Net book value	
At 31 December 2015	<u>1,636</u>
At 31 December 2014	<u>2,181</u>

12. DEBTORS
Due within one year

	2015 £	2014 £
Accrued income	122,389	73,567
Prepayments	<u>1,403</u>	<u>1,323</u>
	<u>123,792</u>	<u>74,890</u>

13. CREDITORS
Due within one year

	2015 £	2014 £
Trade creditors	748	3,680
Investments to projects	-	13,915
Taxation	7,215	4,094
Accruals	<u>31,032</u>	<u>10,159</u>
	<u>38,995</u>	<u>31,848</u>

14. STATEMENT OF FUNDS

RESTRICTED FUNDS

	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	£	£	£	£	£
Bedayaat Foundation (Bedayaat)	-	23,110	(11,599)	-	11,511
UK Aid - Future Eve Foundation (FEF) + ASSET	-	296,024	(261,067)	-	34,957
Future Lights for Development Organisation (FLDO)	35,857	60,250	(15,129)	-	80,978
Helwan Association for Community Development (Bashayer)	7,533	-	-	-	7,533
Minya Fund	52,603	-	(10,573)	-	42,030
Shomoo Association for Sustainable Development (Shomoo)	22,360	-	(19,446)	-	2,914
Study Mission	12,000	6,000	(13,000)	-	5,000
WPA Foodtruck	-	42,144	(12,690)	-	29,454
Educate Me	-	34,063	(3,130)	(13,915)	17,018
Together for You (TFY)	-	15,613	(17,468)	1,855	-
TOTAL RESTRICTED FUNDS	130,353	477,204	(364,102)	(12,060)	231,395

Bedayaat Foundation (Bedayaat): runs an informal children's education centre in the impoverished Badawi Shelters of Minya City. With Alfano's support in 2015, Bedayaat strengthened its children's centre by building the capacities of its educators and establishing a health clinic that treated 99 children. Alfano thanks SODIC for its support of Bedayaat.

Future Eve Foundation (FEF): runs a micro-loan, financial literacy and vocational training programme in Minya, Egypt for widows and female heads of household. This project is supported by UK Aid and Alfano, Inc., US.

Future Lights for Development Organisation (FLDO): runs a Montessori-style nursery school that doubles as a training hub for nurseries that operate in Cairo's slum areas. In 2015, FLDO's model nursery school achieved break-even. Alfano will help FLDO strengthen its financial management systems before exit in 2016. This project is supported by SODIC, and the Global Fund for Children.

Helwan Association for Community Development (Bashayer): operates a sewing and production unit in Helwan, an industrial area outside Cairo. Through the support of SODIC, Alfano has helped Bashayer strengthen its design and sewing skills, operational capacities, and marketing abilities. Alfano is preparing for exit in 2016.

Minya Fund: is a restricted fund created to support Alfano's activities in Minya including the funding of investees and the provision of technical assistance. In 2015, the Minya Fund was used to support Alfano's investment in Life Vision (LV).

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Shomoo Association for Sustainable Development (Shomoo): trains non-governmental organisations (NGOs) to run literacy and awareness-raising classes in Minya in addition to counselling and operating a micro-loan and vocational training programme for female victims of domestic violence. In 2015, Alfanar seeded a catering unit within Shomoo, which is helping the organisation recover costs and cross-subsidise its social purpose outreach. This investment is made possible through the support of SODIC.

Study Mission: is a restricted fund created through the support of an individual donor to enable Alfanar to expose rising star investees to sustainable social enterprise models in different developing countries. Alfanar is organising a study mission for two investees – one from Egypt and one from Lebanon – in 2016.

WPA Foodtruck: is a restricted fund created to secure the funding needed to enable WPA's catering operation – Soufra – to purchase a foodtruck that will significantly improve the sustainability of this venture run by refugees. It is supported by The Golden Bottle Trust and 776 individuals who mostly gave through Alfanar's online Kickstarter crowdfunding campaign.

Educate Me: runs an innovative community school in Talbeya, a slum outside of Cairo, which emphasises character development and self-actualisation alongside the traditional curriculum. It also conducts teacher training to a wider group of educators. This project is supported by SODIC and the Global Fund for Children. The transfer of £13,915 represents Alfanar's first disbursement to Educate-Me, which was made in 2014 at the time of investment approval, through unrestricted funds. This amount was transferred to unrestricted once restricted funds were received.

Together for You (TFY): provides vocational training to low-income women in Cairo to become certified elderly caregivers and then secures job placements for trainees. This fund will enable TFY to train 165 women and place at least 150 of them in steady jobs.

DESIGNATED FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers £	Carried Forward £
Fixed Assets	2,181	-	(545)	-	1,636
Alfanar Libya	14,821	-	-	(14,821)	-
Long-term Investment	-	-	-	180,000	180,000
Pilot-year Investment	-	-	-	60,000	60,000
TOTAL DESIGNATED FUNDS	17,002	-	(545)	225,179	241,636

Fixed Asset Fund represents the net book value of tangible fixed assets in use and therefore not available to meet future expenditure.

Alfanar Libya Fund represents a fund that was designated in 2013 to support the organisation's activities in the country. The Trustees have undesignated this fund given the cessation of activities as a result of ongoing security concerns.

Long-term Investment Fund amounts to £180K and is designated to seven successful investees in both Egypt and Lebanon who have developed sustainable business plans that Alfanar has decided to back. These funds have been designated out of the income raised through the 2015 annual dinner.

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Pilot-year Investment Fund amounts to £60K and is designated to at least two new investees, one in Egypt and one in Lebanon, which will be added to the portfolio in 2016. These funds have been designated out of the income raised through the 2015 annual dinner.

SUMMARY OF FUNDS IN THE YEAR

	Brought Forward 1 January 2015 £	Incoming Resources £	Resources Expended £	Transfers £	Carried Forward 31 December 2015 £
Designated funds	17,002	-	(545)	225,179	241,636
General fund	380,270	607,376	(428,773)	(213,119)	345,754
	397,272	607,376	(429,318)	12,060	587,390
Restricted funds	130,353	477,204	(364,102)	(12,060)	231,395
TOTAL FUNDS	527,625	1,084,580	(793,420)	-	818,785

SUMMARY OF FUNDS IN THE PRIOR YEAR

	Brought Forward 1 January 2014 £	Incoming Resources £	Resources Expended £	Transfers £	Carried Forward 31 December 2014 £
Designated funds	17,729	-	-	(727)	17,002
General fund	220,585	478,341	(366,199)	47,543	380,270
	238,314	478,341	(366,199)	46,816	397,272
Restricted funds	161,884	327,591	(312,306)	(46,816)	130,353
TOTAL FUNDS	400,198	805,932	(678,505)	-	527,625

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £
Tangible fixed assets	1,636	-	1,636
Net current assets	585,754	231,395	817,149
	587,390	231,395	818,785

16. RELATED PARTIES

The Founder of the Bedayaat Foundation (Bedayaat), Mr Karim Gohar, is the brother of one of Alfana's trustees, Lady Plumbly. Bedayaat independently submitted a proposal to Alfana's January 2011 call for proposals in Egypt. Given its alignment with Alfana's selection criteria, Bedayaat successfully progressed through Alfana's screening, shortlisting, and due diligence process. The Board of Trustees approved a grant to Bedayaat in 2011, 2013 and 2015. Trustee Lady Plumbly has consistently removed herself from Board meetings when discussions about and/or voting on this investment took place. Mr Karim Gohar received no personal benefit from any of Alfana's disbursements under approved grants, including Alfana's grant in 2015 of £10,060 (2014: £8,711). In 2014, Mr Karim Gohar stepped down as Chief Executive of Bedayaat to serve as the Foundation's Board Chair.

Lady Plumbly is also a member of the governing council of the Alfana charitable association registered in Lebanon.

Alfana rents and pays for UK office space from 'Common Purpose', where Julia Middleton (trustee) is the Chief Executive.

Cynthia J. Oakes continues to serve as a director of Alfana, Inc. US.

17. LEASE COMMITMENT

At the reporting end date the charity had the following future minimum lease payments under non-cancellable operating leases (all for property) which fall due as follows:

	2015 £	2014 £
Less than 1 Year	<u>9,000</u>	<u>4,985</u>