

ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017
CONTENTS

REFERENCE & ADMINISTRATIVE DETAILS	2
TRUSTEES' REPORT	3
INDEPENDENT AUDITORS' REPORT	20
STATEMENT OF FINANCIAL ACTIVITIES	23
BALANCE SHEET	24
CASH FLOW	25
NOTES TO THE FINANCIAL STATEMENTS	26

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ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017
REFERENCE & ADMINISTRATIVE DETAILS

Trustees	Lubna S. Olayan	(Chair)
	Amjad Bseisu	
	Charlotte Boyle	
	Sherif Foda	
	Dr. Laila Iskander	
	Julia Middleton	
	Nadia Plumbly	
	Cynthia J. Oakes	
	Hakeem Belo-Osagie	Resigned 30 June 2017
Investment Committee	Julia Middleton	(Chair)
	Matthew Courey	
	Mark Huang	
	Dr. Barbara Ibrahim	
	Dr. Laila Iskander	
	Nadia Plumbly	
Finance Committee	Charlotte Boyle	(Chair)
	Siham Botcosh	
	Dr. Sherif Elkholy	
Fundraising Committee	Cynthia J. Oakes	(Chair)
	Rabih Hage	
	Amanda Scott	
Nominations Committee	Amjad Bseisu	(Chair)
	Charlotte Boyle	
	Cynthia J. Oakes	
	Lubna S. Olayan	
Senior Management	Myrna Atalla	Executive Director
	Reem Al Rasheed	Operations Director
	Fadel Zayan	Investment Director
	Shenouda Bissada	Egypt Country Director
	Michelle Mouracade	Lebanon Country Director
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	
Auditors	Kingston & Smith Devonshire House 60 Goswell Road London EC1M 7AD	
Accountants	JS2 Limited One Crown Square Woking Surrey GU21 6HR	
Solicitors	Withers LLP 16 Old Bailey London EC4M 7EG	

**ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017
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 2017. 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)'.

Alfamar Objects

1. The advancement of education and learning for the public benefit and to educate men, 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.
2. 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

We envision 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. Individuals who can stabilise their families, transform their communities, advance their countries and shift dynamics in a region overcome by conflict, despair and growing poverty.

Mission

Alfamar fosters the growth of **ambitious, self-reliant social ventures** working to improve education and economically empower disadvantaged women and youth. Our venture philanthropy approach provides **tailored financing, management support and impact evaluation** aimed at helping social enterprises grow their service to communities in a financially sustainable manner.

THE CHALLENGE

Poverty in the Arab World is growing while it decreases globally. The Arab region contains 55% of the world's refugees, but only 5% of the world's population. In Syria, poverty levels have reached 80% while life expectancy has decreased by 20 years. In Egypt, 24 million people live in poverty while one in three cannot read or write. In Lebanon and throughout the region, around 30% of women and youth are unable to access jobs.

Most schools and teachers serving the poor throughout the region employ archaic methods and churn out functionally illiterate, under-skilled and ill-equipped children, youth and adults who are unable to realise their potential, secure steady jobs, or advance themselves and their families out of poverty and despair.

**ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017**

OUR SOLUTION: SOCIAL ENTERPRISE

These problems are not as intractable as they seem, but a different approach is needed. Alfamar (meaning 'beacon' in Arabic) is the Arab region's first venture philanthropy organisation; we change dynamics on the ground through social investment.

In slums, villages and vulnerable communities, we identify and run due diligence on social enterprises working to sustainably educate, employ and empower thousands.

The social enterprises Alfamar invests in can be non-profits or social purpose companies. They are deeply committed to bringing about social change through direct intervention or an innovation, exhibit strong leadership, operate a clear revenue model, aspire to grow their reach, and are open to learning and change.

We invest financial, human and intellectual capital into approved social enterprises to help maximise their social impact, enhance their financial sustainability and professionalise their operations. By focusing our investment on social ventures that aim to be self-sufficient, we not only assure our donors that the value of their contributions will be multiplied long after we exit, but that our investees' agendas are set by those they serve rather than by ourselves or other donors.

We see every day that by emboldening the powerful spirit of social entrepreneurship in the Arab world, we can create lasting social and economic impact.

CHAIRMAN & EXECUTIVE DIRECTOR WELCOME

Dear Friends,

When our late founder Tarek Ben Halim left investment banking to establish Alfamar, he wanted his skills from finance to tangibly improve lives. He also had a vision of strong, self-reliant civil society institutions that could transform an Arab region lagging others. Fourteen years later, we retain that same vision of education, empowerment, equity and hope.

We are delighted to present the 2017 Alfamar Annual Report. Thanks to our Board of Trustees, supportive committees, dedicated team and committed individual, corporate, and institutional supporters, partners and volunteers, we are closer to realising our shared dream of an Arab world where the poor and vulnerable can access the education and opportunities they need to lead productive and dignified lives.

2017 was a year of exciting developments, which included:

- Progressing long-term grants and support to 11 social investments, including: Educate-Me, Nafham, Future Eve, Life Vision, Together for You, Ana Aqra, MMKN, ShareQ, Inaash, Natakallam, Women's Program Association/Soufra
- Piloting three new social investments with: The Little Engineer, Sultan Foundation and iStem
- Partnering with DAI (UK) on SoUK.LB, a special project in Lebanon to facilitate financing and provide training, management support, and performance oversight to eight growth-stage social enterprises and 11 idea-stage social ventures
- Enhancing Alfamar's sustainability and reach by providing training and advisory services to 100 social enterprises beyond our portfolio of investees
- Encouraging awareness about and support for social enterprise in the Arab region through the 'Be the Beacon' social media campaign, the development of a new website, the publication of articles, collaboration with ecosystem peers and the launch of an independently produced documentary film *Soufra* about Alfamar's investment in Women's Program Association/Soufra

ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017

In 2017, Alfano's portfolio of 14 investees across Egypt, Lebanon and refugee communities impacted 13,501 lives, which represents 33% of Alfano's overall impact reach since being established in 2004.

Our investees self-generated over £800K, a 75% increase on their 2016 returns and an indication that we are both investing in successful social enterprises and that our attention to the bottom line is improving their sustainability.

Thanks to the generous support we received in 2016 and 2017, through committed individual, corporate and institutional supporters and donations received through our November 2016 gala dinner, we consolidated systems across our key areas of work – social investment management, operations and finance, fundraising and communications.

We are grateful for the leadership and initiative of Alfano's senior management team during the Executive Director's maternity leave, especially Operations Director Reem Al Rasheed, Investment Director Fadel Zayan, Innovations and Outreach Advisor Teresa Chahine, Egypt Country Director Shenouda Bissada and Lebanon Country Director Michelle Mouracade who took on augmented responsibilities during this period and worked closely together and with the Board and committees to deliver Alfano's mission successfully over the course of the year. Their leadership coupled with the addition of new team members enabled us to achieve long-standing goals like a) training our investees to use our business intelligence technology for real-time reporting and data-driven decision-making, b) moving accounting in-house and c) strengthening Alfano's communications outreach efforts.

In 2018, we plan to hold our largest gala dinner yet with the aim of spreading the word about our social investment work and securing the support needed to impact an additional 20,000 lives through 20 ambitious social investments. We will also develop and pass a new business plan aimed at significantly growing our reach and impact.

We thank you for your continued belief in Alfano and your commitment to bringing justice, hope and prosperity to the Arab region.

Lubna S. Olayan, Chairman

Myrna Atalla, Executive Director

ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017

WHAT WE DO: SOCIAL INVESTMENT

Tailored Financing	Management Support	Impact Measurement
<p>We provide grants and zero-interest repayable grants to social enterprises in the Arab region, affording them the funds and security they need to grow their impact. Pilot investment averages £35K per social enterprise. Long-term investment can last 3-5 years and reach £250K or more in total.</p> <p>In 2017, we provided 14 investees with £455,183 in growth-stage grant funding.</p>	<p>Financing is crucial, but it is not enough on its own. The high-engagement support and training we provide our investees through our teams in Cairo and Beirut is the glue in our model. We connect our investees to new networks and expose them to global models of excellence where relevant.</p> <p>In 2017, we added £0.52 in management support to each £1 of grant funding. In 2017, this comes to £236,695.</p> <p>Bi-annually, we conduct an anonymous investee satisfaction survey and endeavour to improve our management support based on feedback.</p>	<p>We use business intelligence technology to monitor and analyse each investee's social impact and financial sustainability performance. This approach reduces the cost of reporting while helping ensure that real-time data is driving their management decisions.</p> <p>In 2017, we developed apps for and trained all active investees to employ our business intelligence technology.</p>

Alfanar Sustainable Social Enterprise Training (ASSET)

We have developed a ten-part foundational curriculum – ASSET – on building sustainable social enterprise covering topics including Theory of Change, Impact Modelling & Measurement, Financial Management, Legal Options for Social Enterprise, and Business Planning. We offer ASSET training to our portfolio investees on a need-only basis and for-free to social enterprises more widely.

In 2017, we partnered with Alt-City UNICEF Elevate, COSV, MakeSense and SoUK.LB (DAI) to provide select ASSET module training to an additional 100 social enterprises in Lebanon. Given that Alfanar has funded, trained and provided management support to 29 social enterprises over the past 14 years, this growth in capacity-building activity with aspiring social enterprises marks a new area of growth and impact, we intend on developing and monitoring in 2018.

Global Exchanges

Growing a sustainable social venture that serves the most disadvantaged is a difficult and often lonely endeavour. Learning from others who have succeeded can reduce the costs of testing new ideas and help our investees impact more lives over time. Through the generous support of dedicated donors, we run study missions to expose Arab social entrepreneurs to best-in-class sustainable examples from other developing countries.

In 2017, we prepared the agenda and logistics for a study mission held in February 2018 to Mumbai, India. We took two education investees – Educate Me (Egypt) and MMKN (Lebanon) – to visit six best-in-class education social enterprises.

Thought Leadership

We partner with universities and thought leaders to produce public research that answers the questions faced by social investors and entrepreneurs. Our website hosts portals that contain original data collected in the field on topics like microfinance and education. Additionally, we increasingly share our experience with ecosystem peers by serving as speakers and judges in social enterprise conferences and competitions.

In 2017, we published a map of education social enterprises in Egypt on our website, which was generously funded by SODIC. Additionally, we thank the many ecosystem partners who featured our social investment experience in panels, conferences, podcasts and articles. The following list is not exhaustive, but includes ImpactMania, Teaching in Higher Ed, Private Investors in the Middle East Conference, Voice of Lebanon, L'Orient Le Jour, Le Commerce du Levant, Labne & Facts, 200 Women, Those Who Inspire, Friends of the Middle East Documentary, Fondation Diane and SwitchMed, and LIFE Endeavour Global Business Summit.

WHO WE INVEST IN

Egypt Portfolio

Education

Educate Me

Ensuring Children in Cairo's Slums Receive the Education They Deserve

Educate Me(EM), based in two Cairo slums, is equipping over 600 children with the skills and knowledge they need to achieve their full potential. Working with 4-15-year-olds at its community school, it helps to assist impoverished children to build strong characters from an early age and take ownership over their futures. Educate Me spreads lessons learned from its community school more broadly through its for-fee teacher training programme, which helps not only to ensure the venture's sustainability but also to create a turnaround in Egypt's public schools. Educate Me has trained 5,115 public school teachers to date, with plans to train a further 3,300 throughout the 2017-18 academic year. We are grateful to SODIC for its generous support for this investment. Through Alfamar's support EM trained 5,115 teachers in public schools throughout seven governorates.

**ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017**

Nafham.com

Providing High Quality Cost-Effective Education at the Click of a Button

Nafham.com, meaning 'we understand' in Arabic, has digitised the public curricula of Egypt, Syria, Saudi Arabia, Kuwait and Algeria through tens of thousands of crowd-sourced videos. It provides educational material to nearly 900,000 active users each month, entirely for free. Alfano's support focuses on helping Nafham.com assess and strengthen learning outcomes, develop new learning videos with revised guidelines and strengthen its business model. We thank SODIC for its support of this investment. Through Alfano's engagement Nafham developed 560 new educational videos incorporating the Alfano-funded evaluation's key recommendations and student feedback. Nafham's crowd-sourced website attracts an average of 900k users a month.

ISTEM

Transforming Young Lives through STEM Education

iSTEM transforms the lives of children in underprivileged areas through the development of their computational thinking skills. Offering a hands-on approach to learning robotics, students between the ages of 6 and 14 develop an understanding of the core concepts of technology. Throughout the workshops the students are also given the opportunity to develop soft skills such as teamwork, creativity, critical thinking and problem solving. Since its establishment in 2015, iSTEM has trained over 490 children, at an average of 245 each year. Alfano's investment will enable it to reach 320 more children over the next year. This is a pilot year investment for Alfano.

Women's Economic Empowerment

Future Eve Foundation

Offering Hope to the Widows of Minya and Beni Suef

Since 2012, Alfano has invested in the Amal project, meaning 'hope' in Arabic, run by the Future Eve Foundation (FEF). Amal provides vocational and financial literacy training to disadvantaged widows, as well as microloans to launch and run their own businesses. FEF has reached 7,973 widows and female heads of households. Alfano is working with FEF to grow its microfinance portfolio to reach a further 4,900 widows and to create Egypt's first duck-rearing value chain run by widows. We thank the Global Fund for Widows for its continued support for this investment. With Alfano's support, 1,971 microloans were disbursed to widows & female heads of households in rural Minya & Beni Suef resulting in an average income increase for the widows of 52%.

Life Vision for Development

Helping Women Farmers in Minya to Increase their Income and Resilience

Life Vision seeks to make smallholder farming more economically viable for poor women farmers. It provides a risk-free environment for 669 women farmers to experiment with modern agricultural methods, helping them switch to higher-return crops and strategies. Life Vision also provides training in essential life skills, building their resilience to challenges. Alfano's investment in Life Vision will enable it to reach a further 800 women in the next two years and to establish an income-generating unit to cover their costs. Alfano's support enabled Life Vision to train 400 women across nine villages in rural Minya in agricultural best practices. Changes in yields and income will be measured in April 2018 following the first harvest of the year.

Together for You

Training Low-Income Women in Cairo to Become Certified Elderly Caregivers

Together for You's (TFY) 40-day training course equips low-income women with the skills needed to become professional caregivers to the elderly. Those who successfully complete TFY training are then placed in homes, with TFY acting like an agency, managing payment and monitoring performance and customer satisfaction. We are helping this innovative social enterprise to train and

ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017

employ 218 women, open a second branch to serve more neighbourhoods in Cairo, improve its financial management and track impact. This investment is made possible through a mixture of restricted and unrestricted support. Alfano's support has enabled TFY to train 54 women, of which 70% were able to find employment and secure their financial future.

The Sultan Foundation

Bringing Economic Opportunity to Cairo's City of the Dead District

The Sultan Foundation brings economic opportunity to underprivileged women in Old Cairo's Sultan Qaitbey district, also known as the 'City of the Dead', by providing opportunities to manufacture and sell leather accessories. The women receive training in design, manufacturing and financial literacy. Income generated from sales is divided between the women and the Sultan Foundation, providing them a source of income. Alfano is supporting the Sultan Foundation to pilot this social venture and develop a business plan to determine its long-term strategy for impact and sustainability. This investment is made possible through unrestricted funding. This is a pilot year investment for Alfano.

Lebanon Portfolio

Education

Ana Aqra Association

Improving Learning Outcomes in Lebanese Public Schools

Ana Aqra, meaning 'I can read' in Arabic, works to ensure that all children are able to stay in and thrive at school. It achieves this by training educators in public schools, applying Columbia University's balanced literacy approach. This method is proven to lead to rapid learning improvements with vulnerable children. It has provided training to 1,837 teachers, reaching almost 35,000 children. Alfano is helping Ana Aqra not only to grow its reach with at-risk children, but also to consolidate its teacher training into a marketable and revenue-generating service aimed at private and semi-private schools in Lebanon and beyond. This investment is made possible through unrestricted funding. In 2017, using the Alfano funds and the externally evaluated literacy training manual, Ana Aqra provided educational services to 21,351 Lebanese, Palestinian and Syrian children at risk of educational exclusion throughout Lebanon.

MMKN

Making a Brighter Future Possible for Lebanese Youth

MMKN, meaning 'It is possible', trains university student volunteers to mentor at-risk public-school students to pass the 9th grade national exam (brevet) in Lebanon. Using a peer-reviewed curriculum, 248 volunteers coach disadvantaged pupils. Alfano is working with MMKN to grow its reach nationally while ensuring sustainability through the sale of fee-based private tutoring classes in Beirut. Through Alfano's support MMKN provided tutoring and educational support to 2,862 children in public schools throughout Lebanon. In the 2016-2017 academic year 95% of students who received MMKN support passed their brevet entrance exam, which compares favourably with the average pass rate of 50%.

The Little Engineer

Bringing STEM Education to Lebanon's Public Schools

The Lifetime Education Foundation is the non-profit arm of the Little Engineer (TLE), an award-winning initiative launched in 2009 to unleash the potential of young minds in science, technology, engineering and mathematics (STEM). This is achieved through customised, hands-on courses mostly in robotics that supplement traditional learning. Alfano is supporting The Lifetime Education Foundation to roll out its STEM education to public schools, while training and empowering women

ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017

in rural areas in Lebanon to run TLE STEM classes with private schools. Alfano's investment will allow them to reach over 4,800 students. This investment is supported by unrestricted funding. This is a pilot year investment for Alfano. In 2017, with the backing of Alfano, TLE signed an agreement with the Ministry of Education to run their STEM workshops in five public schools outside Beirut. Alfano funded workshops reached 755 children across these schools.

Women's Economic Empowerment

ShareQ

A 'Learn and Earn' Model to Employ Disadvantaged Women and Youth

ShareQ provides vocational training opportunities to disenfranchised women and youth in Lebanon and helps to place them in steady employment across several sectors. Alfano has helped ShareQ expand its impact to support 250 low-income women into full-time jobs. ShareQ aims to cover the cost of job creation by growing and professionalising its catering unit – M Social Catering – and by launching an innovative food product called Hum 'n Go. This investment is supported with unrestricted funding. Through Alfano's support ShareQ launched its ProAble.com, a job integration platform that will create many more jobs by connecting employers looking for blue-collar workers with job-seekers who have received vocational training. In 2017 Alfano's support helped ShareQ employ 41 people through its LEAP vocational training and job placement unit.

Inaash

Providing Dignified Employment for Refugee Women and Promoting Palestinian Heritage

Started over 50 years ago, Inaash was one of the first social enterprises to be launched in Lebanon. Its mission is to tap into the growing global market for traditional handmade goods while promoting Palestinian cultural heritage. Inaash commissions 343 Palestinian refugee women across six camps in Lebanon to make high-quality hand-embroidered textiles that are sold the world over. Alfano is supporting Inaash to transform itself into a more sustainable social enterprise by reviewing its product lines and building new markets. This investment is supported with unrestricted funding. Through the support of Alfano in 2017, Inaash was able to train and find work for over 200 embroiderers with average earnings 48% over target.

The Women's Program Association (WPA)/Soufra

Bringing Economic Opportunity to Refugee Women

WPA's catering unit, Soufra, brings economic opportunities to the women of the Burj al Barajneh Palestinian refugee camp. Alfano's support established Soufra catering with equipment, training, branding and investment. Alfano also enabled Soufra to secure the first women refugee-owned and run food truck in Lebanon, which has become the focus of an award-winning, independent documentary film (www.soufracamp.com). Additionally, WPA is working to set up a high-quality nursery school in the camp to serve 150 children. This investment has been made possible by many generous individuals as well as BILD, PSA Foundation, Australian Aid, among others. We would like to thank Thomas Morgan and Rebelhouse Studios for their dedication to telling this inspiring story. We would also like to thank Baker McKenzie, Peter Breger and Sherif Aoun Architects for their pro-bono support on this investment. Through Alfano's support WPA began construction of a Child Care Centre, that aims to provide education and extracurricular activities to local youth in the heart of Burj Al Barajneh refugee camp. We have enabled WPA to expand its microcredit programme to 64 women in the camp. We also helped WPA launch a 'Soufra' cookbook, named after their catering unit, which is now available on Amazon.

Natakallam

Employing Syrian Refugees Through the Internet Economy

**ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017**

Established in 2015, Natakallam, meaning 'we speak' in Arabic, provides jobs to Syrian refugees as online conversation partners to Arabic learners worldwide. To date, Natakallam has paired 86 Syrian refugee conversation partners with over 1,200 learners in more than 60 countries for over 10,000 hours of language practice. Natakallam sells sessions individually, to universities and as bespoke programmes. It has begun offering translation services as well, providing refugees more opportunities for income-generation. Alfano's investment will scale Natakallam's services to provide more refugees with work opportunities. This investment was made possible through restricted funding generously pledged at the 2016 Gala Dinner. In 2017, through Alfano's support, Natakallam's revenue increased by 46% from the year before. Natakallam launched its Integrated Arabic curriculum product to diversify income sources and provided earning opportunities to 29 Arab world-based refugees and nearly 100 Arab refugees worldwide in 2017.

SNAPSHOTS 2017

Alfano Egypt – 2017 Snapshot

Alfano began its venture philanthropy investing in Egypt in 2005. We thought it imperative to test the venture philanthropy model in the Arab world's most populous country (90 million). With 26.5 million people living under the poverty line, 1 in 5 school buildings unfit for use, and over 30% of women and youth excluded from the job market, the development case for social investment is undeniable. In parallel, the country's 46,000 NGOs and the vibrancy of its civil society provided fertile ground for the growth of social enterprise.

Over the past 14 years, Alfano has impacted 33,981 lives through venture philanthropy support to 21 social enterprises. In 2017, we supported seven investees with grants amounting to £102,729¹.

In 2017 we added two investees to the portfolio, iStem and The Sultan Foundation. We continued to provide long-term investment financing to five other investees.

In addition to regular accountability calls and site visits, Alfano led ASSET workshops for investees covering a variety of topics including:

- Introduction to Social Entrepreneurship,
- Theory of Change,
- Impact Modelling,
- Impact Measurement,
- Communication for Results, and
- Legal Options for Social Enterprises.

We provided tailored mentorship to investees to meet individual needs. For example, we commissioned three subject-matter experts to support Educate-Me with the development of its school modules, accreditation for its teacher training programme, and an organisational salary scale. For the Sultan Foundation, Alfano helped launch its leather production work and devised systems to incentivize trainees and create a functional training and production model. For Nafham, Alfano commissioned a study to measure learning outcomes and recommend strategies for improving both the effectiveness and user friendliness of the platform.

Alfano supported Together for You and Life Vision to develop three-year business plans.

¹ Following the devaluation of the Egyptian Pound in November 2016, the value in Sterling of Alfano's grants to investees in Egypt in 2017 appears lower than in previous years and should not be construed as a reduction in commitment or shift in strategy.

ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017

On a quarterly basis, we conducted financial checks to help improve investee financial management capacity. We also worked with all investees to migrate their monitoring and evaluation data and systems to our business intelligence technology platform.

Alfanar held two investee gatherings throughout the year, which helped promote cross-learning and exchange amongst social enterprises within the Egypt portfolio.

Alfanar Lebanon – 2017 Snapshot

Alfanar began its venture philanthropy investing in Lebanon in 2012. With 29% of Lebanon's population living under the poverty line, 30% of youth and women outside of the work force, and the largest per capita refugee population in the world, the development case for social investment is strong. Despite the worsening socio-economic indicators in the country, there is a powerful social enterprise ecosystem, which is in need of growth-stage grant funding and management support.

Over the past five years, Alfanar has directly improved the lives of 7,170 disadvantaged people through direct venture philanthropy support to eight social enterprises. In 2017, we supported seven investees with grants amounting to £352,454.

We added one investee to the portfolio, The Little Engineer, and began pilot investment with Natakallam. We continued to provide long-term investment financing to five other investees. In addition, Alfanar's participation in the SoUK.LB special project facilitated an additional £240,000 to reach eight social enterprises.

In addition to regular accountability calls, Alfanar held quarterly meetings with investees in Lebanon in the presence of the London team. We also conducted the following ASSET trainings for all investees:

- Legal Options for Social Enterprises
- Impact Modeling & Measurement
- Business Development
- Options for Scaling

We thank Badri & Salim Meouchi for their support in developing training on Legal Options for Social Enterprises.

We provided select ASSET modules to an additional 100 social enterprises in Lebanon in 2017. We expanded our investees' networks by introducing them to more than a dozen technical experts, based on their needs and provided hours of hands-on management support to help achieve impact and sustainability targets. In 2017, Alfanar launched a collaboration with LIFE (Lebanese International Finance Executives) to provide focused mentorship to select investees by pairing Alfanar investee ShareQ with a LIFE mentor who provided guidance on structuring an impact investment pitch deck. Alfanar also facilitated mentorship support to Ana Aqra as it develops its online learning platform. We provided support to Inaash with its search for a new General Manager and helped facilitate new export opportunities for the organisation in Hong Kong. Alfanar helped ShareQ develop its three-year business plan. We are working with WPA/Soufra and Natakallam to review and revise their plans.

In 2017, we provided impact evaluation training and support to all investees in Lebanon to help them become more comfortable using our business intelligence technology platform for both monitoring and evaluation and data-driven decision-making.

**ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017**

Alfanar organised several supporter and Board visits to Lebanon to meet investees in 2017. We held four investee gatherings throughout the year, which helped promote cross-learning and exchange amongst social enterprises within the Lebanon portfolio.

Special Projects

SoUK.LB (DAI)

In August 2017, Alfanar began working with DAI and AltCity on a special initiative called SoUK.LB, which aims to foster the growth of the social entrepreneurship sector in Lebanon. Alfanar managed due diligence, management support and impact evaluation to eight growth-stage social enterprises, which were funded through the initiative. These include: Creative Space Beirut, Balsam Palliative Care Centre, L'Artisan du Liban, Cirquenciel by Arc en Ciel, Souk el Tayeb, SE Factory, GRILL by Cedar Environmental, and ShareQ. Films about each of these outstanding social enterprises are available on Alfanar's Facebook page.

WPA/Soufra

In 2013, Alfanar approved its second investment in Lebanon with the Women's Program Association (WPA) in the Burj al Barajneh Palestinian refugee camp. Working closely with WPA's Chief Executive Mariam Al Shaar, Alfanar developed and backed a multi-faceted business plan, aimed at establishing multiple revenue streams to help sustain WPA's ability to positively support women and children in the camp. This includes:

- Creating the Soufra, meaning 'feast' in Arabic, catering unit and food truck
- Growing WPA's micro-loans to women refugees in the camp
- Establishing a high-quality nursery school inside the refugee camp

Alfanar funded the establishment of the Soufra catering unit, equipping it, providing training to the women working there, as well as branding. In November 2015, Alfanar launched an ambitious Kickstarter campaign to raise the funds WPA/Soufra needed to buy the first food truck to be wholly owned and run by refugee women in Lebanon. The campaign succeeded thanks to the generosity of almost 800 donors giving over £40,000 in one month.

After coming to the attention of acclaimed independent documentary filmmaker Thomas Morgan and executive producer Susan Sarandon, this inspiring story of entrepreneurship and tenacity has since been made into an award-winning feature-length documentary also called *Soufra*. With support from the Rebelhouse Studios' team, a *Soufra* cookbook was published to feature the story of the Soufra food truck and its recipes. Once cookbook sales cover the cost of producing the book, proceeds will be sent back to support this investment. All donations generated through the Soufra film are sent to Alfanar, Inc., US to support the Soufra fund, which is initially being used to cover the costs of establishing the nursery school. For more information on the film, see: www.soufracookbook.com.

Construction of the WPA/Soufra nursery school began in December 2016 and is nearly complete. It will not only provide high quality early childhood education to 150 children inside the camp but will also empower more women refugees to continue working by giving them the confidence that their children are well educated and cared for.

We are extremely grateful for the generosity of countless individuals and institutions, including PACES, BILD, PSA Foundation, Australian Aid, among others. We would like to thank Thomas Morgan and Rebelhouse Studios for their dedication to telling this inspiring story. We would also like to thank Baker McKenzie, Peter Breger and Sherif Aoun Architects for their pro-bono support on this investment.

ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017

2017 PROGRESS: HOW WE DID

We set ourselves five key aims for 2017,

1. **Increase Impact:** In 2017, we achieved our highest impact footprint to date, positively transforming 13,501 lives through education, employment and economic empowerment in Egypt, Lebanon and refugee communities. This represents 32% of our impact over 14 years of investing, achieved within one year. We grew the portfolio by two new investees in Egypt and one new social investment in Lebanon. We continued to support and grow the impact and reach of 11 existing investees. We worked on streamlining our due diligence process and log frames to enhance efficiency of investment management. Additionally, we engaged in a special project in Lebanon, SoUK.LB enabling us to provide additional training and growth support to eight social enterprises.
2. **Implement Alfanar Sustainable Social Enterprise Training (ASSET) and Employ Business Intelligence for Monitoring and Evaluation:** We worked with an external consultant to finalise all ASSET modules, exercises and presentations. We conducted six ASSET trainings in Egypt and four ASSET trainings in Lebanon with portfolio investees. Additionally, we conducted all ASSET modules with the eight social enterprises supported through SoUK.LB in Lebanon. Animated ASSET films will be posted on Alfanar's new website, set to launch in June 2018.
3. **Strengthen Alfanar's Infrastructure:** In 2017, we dedicated time and resource to strengthening Alfanar's back-office operations and fundraising and communications to enable effective coverage during the Executive Director's maternity leave and to prepare for sustainable growth in the future. We hired a part-time finance manager, an operations officer and an outreach advisor. In 2017, we decided to bring accounting in-house starting in January 2018. Additionally, we re-tendered Alfanar's annual audit and selected Kingston Smith as our new auditors. We improved our human resource systems, revised policies and began developed a revised employee handbook, to be approved in 2018. We streamlined our fundraising and communications processes, enhancing our traditional and social media presence and outreach. We are extremely grateful to the numerous volunteers who supported our work this year.
4. **Maintain Income Levels and Further Diversify Streams of Revenue:** In 2017, we were able to use both the restricted and unrestricted funds raised at the 2016 dinner to support 11 of our portfolio investees. We are grateful to SODIC for its the renewed support to Educate-Me in Egypt as well as individual and institutional support to Future Eve, Life Vision, Together for You, and MMKN. Additionally, we generated new support for our venture philanthropy work from PSA Foundation, Australian Aid, DAI, AltCity UNICEF Elevate, COSV and Alfanar, Inc., US. In September 2017, we began preparing for our 2018 fundraising gala dinner.
5. **Promote Venture Philanthropy and Social Entrepreneurship:** In 2017, we published a map of education social enterprises in Egypt on our website, which was generously funded by SODIC. Additionally, we thank the many ecosystem partners who featured our social investment experience in panels, conferences, podcasts and articles. The following list is not exhaustive, but includes ImpactMania, Teaching in Higher Ed, Private Investors in the Middle East Conference, Voice of Lebanon, *L'Orient Le Jour*, *Le Commerce du Levant*, Labne & Facts, *200 Women*, *Those Who Inspire*, Friends of the Middle East Documentary, Fondation Diane and SwitchMed, and LIFE Endeavour Global Business Summit. Alfanar received 13 mentions in the press and independent publications in 2017.

ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017

Looking Ahead to 2018

1. **Increase Impact** on Lives in Disadvantaged Communities: We will maintain the number of investees in Egypt and Lebanon and increase impact through investment growth and enhanced efficiency.
2. **Enhance Reach**: We aim to conduct Alfano Sustainable Social Enterprise Training (ASSET) with an additional 25 social enterprises in 2018.
3. **Plan Ahead**: We will continue improving in-house financial management, safeguarding policies and internal systems. We will replenish reserves in 2018. We will develop a new three-year plan aimed at scaling our impact, reaching new geographies and growing support.
4. **Grow Support**: We will hold a gala dinner and smaller gatherings throughout 2018 to grow the number and nature of Alfano's circle of supporters.
5. **Promote Social Investment**: We will promote social entrepreneurship in the Arab world through improved communications, a new website, and more traditional and social media mentions.

Fundraising

The trustees acknowledge that they have taken note of the charity commission guidance on fundraising as described in CC20 and CC15d. Alfano does not use professional fundraisers, nor does it employ or condone the use of cold calls or high-pressure marketing campaigns. Alfano fundraises through its fundraising dinner, and through approaching institutional donors, companies, trusts and foundations, and individuals who are introduced to Alfano through its network. Complaints about Alfano's fundraising activity are directed to the Executive Director of Alfano, or the chair of the fundraising committee. So far, we have not received any such complaints.

Thank You's

We thank all our donors, including the numerous pro-bono donors mentioned above, for standing by us in 2017. 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 and positively transforming disadvantaged populations in Egypt Lebanon, and refugee communities. The value of the pro-bono support Alfano has received is included in the statement of financial activities.

STRUCTURE, GOVERNANCE & MANAGEMENT

Alfano is a company limited by guarantee (Registration no. 5141908) and has no share capital. As a charity registered in England and Wales (registration no. 1105048), it is governed by its Memorandum and Articles of Association, most recently updated on 21st August 2017.

- **UK**: Alfano has a Head Office in London which employed seven staff members as of December 2017.
- **Egypt**: Alfano operates a registered branch in Egypt (number 67/2015; expiry 25 May 2020). Alfano is up to date on all filings, reports and follow-up correspondence with the Egyptian Ministries of Social Solidarity and International Co-operation. The transactions of this branch are included in these financial statements. Alfano in Egypt is headed by a Country Director and has employed an Investments and Finance Officer since 2015.
- **Lebanon**: Alfano in Lebanon (registration number 907) is an independent affiliate of the UK registered charity, which has not been activated yet and had no income or expenditure in 2017. Income and expenditure in respect of activities Lebanon are included in these accounts. A full-time Country Director manages Alfano's activities in Lebanon.
- **Libya**: Alfano in Libya (registration number 1651) is a dormant of the UK registered charity. Due to security issues, Alfano activity in Libya is currently suspended.
- **USA**: Alfano, Inc., US is an affiliated and independent 501(c)(3) not-for-profit entity (EIN-75-31970321) that actively supports Alfano's mission through grants and is striving to increase

ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017

public support. Its transactions are not included in these financial statements. They are independently reported to the US Internal Revenue Service and the states of Massachusetts and New York.

Alfanar's Board of Trustees has overall responsibility for ensuring Alfanar 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 and UK GAAP. It is also responsible for safeguarding the assets of the Charity and for taking reasonable steps to detect and prevent fraud and other irregularities. It also has responsibility for identifying and managing the risks faced by the organisation.

Alfanar has a risk register which identifies the major risks to the Charity. This register is regularly updated, and processes put in place to mitigate risks. This is reviewed by the Trustees bi-annually. In 2017, the two major risks identified by Trustees as the principal risks facing the Charity were:

1. dependence on the Board to cover costs;
2. our work being stopped or delayed in Lebanon and Egypt due to recent political unrest.

Appropriate mitigating activities have been put in place, as detailed below:

Alfanar has made significant progress to reduce its dependence on Board donations through a programme to diversify its income in 2017, as follows:

- Alfanar raised £82k of revenue by taking part in the SoUK.LB project, marking a new and successful initiative for the organisation, with hopes to further explore similar options in 2018.
- Alfanar increased endeavours to attract new institutional donors, gaining substantial grants from institutions such as Australian Embassy (£13K) and PSA Foundation (£26K).
- Alfanar acted as a consultant, resulting in £5k of new income.

In 2017, Lebanon faced destabilisation due to the resignation of the Prime Minister and the prospect of the dissolution of the government. This increased the risks of delay in setting up the Lebanese branch, and concern that disbursements may not be able to be released in the country. Action was taken to monitor and mitigate these risks through the Lebanon Country Director working on the ground and monitoring the situation closely. Alfanar strengthened financial and legal bonds with Alfanar Lebanon through an affiliate agreement.

In 2017, the Charity's data protection registration was renewed, and further security was placed on its website, shared server and other data housing systems. Alfanar's Board works closely with its senior management team to consistently assess risks and the strategies put in place to mitigate them.

In 2014, Alfanar's Board established three sub-committees – Investments, Finance, and Fundraising – to create areas of efficiency and expertise at the governance level. Each sub-committee is chaired by an Alfanar Trustee and is composed of a mixture of Trustees and external subject experts.

- Investment Committee – reviews requests for support from investees presented by the Investment Director. Suitable projects are endorsed by the committee before approval by the board.
- Finance Committee - scrutinises the business plans, budgets and management account and ensures proper financial procedures and controls are in place and operating. The committee also reviews the risk register and HR policy developments.
- Fundraising Committee – reviews fundraising performance and develops on-going fundraising strategy. Committee members also develop contacts with potential sources of

**ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017**

funding. The committee is responsible for ensuring fundraising activities comply with current legislation and best practice.

In 2015, the Board added a Nominations Committee composed of three Trustees, which helps the Board identify the appropriate mix of skills and capabilities to further strengthen the Charity's governance. In 2017 this committee was further strengthened and Alfano commissioned an external review of board competencies and requirements.

Trustee Induction

Shortly after appointment, new Trustees have an induction meeting with the Executive Director to review and better understand Alfano's business plan and targets; the way it selects and manages investees, and other operations. They are also given the Charity Commission guidance, "The Essential Trustee". 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 Board also tries to conduct onsite visits to investees throughout the year.

Key Management Personnel

Alfano's Board delegates authority for the operational delivery of the strategy to the executive director and the senior management team. The Charity's senior management team regularly updates 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.

The Board of Trustees 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 9 and 17 to the accounts.

Staff Pay

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 endeavour to benchmark against pay levels in other charities of a similar size. The remuneration benchmark is the mid-point of the range paid for similar roles.

Human Resources

Alfano decided to secure human resource management support in 2017 to further clarify and strengthen its pay and remuneration policy. This review also covers Child Protection, Anti-Terrorism, Anti-Money-Laundering, Whistleblowing, Health and Safety, Diversity and Inclusion, Data Protection, Anti-Harassment and Bullying, and Environmental Policies.

FINANCIAL REVIEW

Income raised in the year ended 31 December 2017 was £960k (2016: £1,011), a decrease of 5% from the prior year.

The Board, with contributions of £178K (2016: £147K) coupled with unrestricted grants including certain funds from Alfano, Inc., US of £274K (2016: £170K) covered all the Charity's fundraising and support costs in 2017, enabling additional donations raised from individuals and through the annual dinner of 2016 to be directed towards support of Alfano's grants and technical assistance to investees.

ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017

The Trustees appreciate the invaluable support from other individuals amounting to £64K (2016: £51K). This is higher than last year due to the increased commitments of certain individuals to specific investees. The support of Alfano, Inc. US remains important to the operations.

Although no large-scale fundraising dinner was held in 2017, a further major source of income was income that arrived during the year from the November 2016 London annual dinner, generating £77K (2016: £314K). Planning started in September 2017 for a Gala Dinner in 2018, which was held successfully at Guildhall in May 2018.

Alfano received support this year from new institutional donors, notably Australian Embassy (£13K), PSA Foundation (£26K), and DAI (£82K). The latter came in the form of a bid in consortium with other service-providers with the aim of supporting idea-stage and growth-stage social enterprises in Lebanon. This marks a new form of income for Alfano, which is in line with the business plan. Another source of unrestricted income is consultancy income in relation to social enterprise training (£5k). Corporate donors, notably SODIC, gave £76K (2016: £117K). The decrease in sterling value of funds received from SODIC is due to the devaluation in the Egyptian pound.

In 2017, resources expended dropped to £1,057K (2016: £1,354K), a decrease of 21%. Of this amount, grants to investees dropped by 44% to £455K (2016: £811K). This decrease was partly due to the devaluation of the Egyptian pound at the end of 2016, which was fully reflected in the 2017 accounts.

Staff costs in 2017 amounted to £412K (2016: £322K). Of this sum, 248K or 60% (2016: £201K, 63%), was expended on staff dedicated to the provision of technical assistance and support to investees.

The total cost of raising funds was £160K (2016: £216K), representing 15% of total expenditure (2016: 16%).

Reserves Policy

The Board policy on free reserves at 31st December 2017 is to hold £215,000 of free reserves which represents the next 6 months projected operating costs.

- At 31 December 2017 reserves held totalled £379K (2016: £476K), of which
 - £102K represented restricted funds and
 - £277K represented unrestricted funds.
- Designated funds as at 31st December were £6k, leaving free reserves at £271k
- This is above our free reserves target. The trustees are satisfied with this position.
- The Trustees plan to review the reserves policy in 2018 to ensure it remains suitable.

**ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017**

Statement of Trustees' Responsibilities

The Board of Trustees is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and standard United Kingdom accounting practice.

In preparing these financial statements, the Board of Trustees has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepared the financial statements on a 'going concern' basis.

Each of the Trustees has confirmed that, so far as they are aware, there is no relevant audit information of which the Charity's auditor is unaware, and that they have taken all the steps that they individually ought to have taken as a Trustee in order to make themselves aware of any relevant audit information, and to establish that the Charity's auditor is aware of that information.

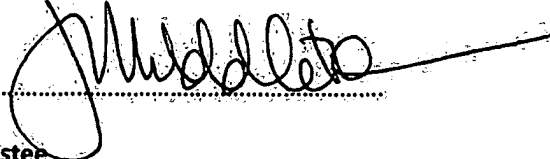
Public Benefit Statement

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 'Objectives and Activities' above.

Small Company Exemption

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Signed on behalf of the Trustees

A handwritten signature in black ink, appearing to be 'M. D. L. O.', is written over a horizontal dotted line.

Trustee

Date: 5 June 2018

ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALFANAR

Opinion

We have audited the financial statements of Alfanaar ('the company') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its incoming resources and application of resources, including 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

This report is made solely to the charitable company'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 company'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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit: the information given in the Trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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' annual report and from preparing a Strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 19, the trustees (who are also the directors of the charitable company 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material

ALFANAR
REPORT & FINANCIAL STATEMENTS
For Year Ending 31 December 2017

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.


Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Date: 12/7/18

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Andrew Stickland (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor
Devonshire House
60 Goswell Road
London
EC1M 7AD

ALFANAR
STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Unrestricted Funds 2017	Restricted Funds 2017	Total Funds 2017	Total Funds 2016
		£	£	£	£
INCOME					
Donations	2	282,710	58,360	341,070	513,034
Income from charitable activities	3	370,083	248,794	618,877	473,680
Other income	4	-	-	-	23,701
Investment income: bank interest		-	-	-	406
TOTAL INCOME		652,793	307,154	959,947	1,010,821
EXPENDITURE					
Expenditure on raising funds		160,261	-	160,261	215,967
Expenditure on charitable activities		614,517	282,360	896,877	1,137,548
TOTAL EXPENDITURE	5	774,778	282,360	1,057,138	1,353,515
Net (expenditure) / income		(121,985)	24,794	(97,191)	(342,694)
Transfers between funds	13, 15	63,794	(63,794)	-	-
NET MOVEMENT IN FUNDS		(58,191)	(39,000)	(97,191)	(342,694)
TOTAL FUNDS BROUGHT FORWARD		334,818	141,273	476,091	818,785
TOTAL FUNDS CARRIED FORWARD		276,627	102,273	378,900	476,091

All of the Charity's operations are continuing.

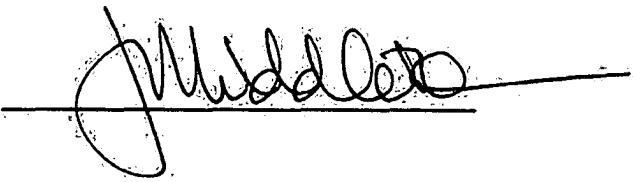
ALFANAR (Company limited by guarantee no. 05141908)

**BALANCE SHEET
AS AT 31 DECEMBER 2017**

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	10		5,770		7,693
CURRENT ASSETS					
Debtors	11	196,286		19,962	
Cash at bank and in hand		<u>361,128</u>		<u>686,063</u>	
		557,414		706,025	
Creditors: amounts falling due within one year	12	(184,284)		(237,627)	
NET CURRENT ASSETS			<u>373,130</u>		<u>468,398</u>
NET ASSETS			<u><u>378,900</u></u>		<u><u>476,091</u></u>
FUNDS					
Restricted funds	13		102,273		141,273
Unrestricted funds					
Designated funds	14	5,770		7,693	
General fund	15	<u>270,857</u>		<u>327,125</u>	
			276,627		334,818
			<u><u>378,900</u></u>		<u><u>476,091</u></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 5th June 2018 and signed on their behalf by:-



Trustee

The annexed notes form part of these financial statements

ALFANAR**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017		2016	
	£	£	£	£
Cash provided by operating activities				
Net movement in funds	(97,191)		(342,694)	
Add back depreciation charge	1,923		724	
Less interest income	-		(406)	
(Increase)/ Decrease in debtors	(176,324)		103,830	
(Decrease)/ Increase in creditors	(53,343)		198,632	
Net cash (used in)				
operating activities		(324,935)		(39,914)
Cash flows from investing activities				
Interest income	-		406	
Purchase of tangible fixed assets	-		(6,781)	
Net cash (used in) /				
investing activities		-		(6,375)
(Decrease) in cash and cash equivalents in the year		(324,935)		(46,289)
Cash and cash equivalents at the beginning of the year		686,063		732,352
Total cash and cash equivalents at the end of the year		361,128		686,063

The annexed notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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.

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.

The presentational currency used is British pound sterling, and balances are rounded to the nearest £1.

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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, Trustees are required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, there are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Income

All income is included in the Statement of Financial Activities when the Charity is legally entitled to the income, receipt is probable, and the amount can be quantified with reasonable accuracy.

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. Gift aid recoverable is recognised at the date the related donation is received.

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

Expenditure

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

Expenditure is allocated to a 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 functions is apportioned on the basis of the staff costs directly attributed to each activity.

Grant investments

The first payment on grant investments is reflected in the accounts at the point at which they are approved by the Board and communicated to the investee before the year-end. Subsequent tranches are dependent on performance assessments by Alfamar and are reflected at the time of approval by the board.

Some grant agreements are negotiated with a clause stating that a proportion will be repaid if a target level of income is generated by the project. As it is uncertain that these repayments will be made, zero interest repayable grants, are accounted for in the first instance in the same way as other grant investments. If these grants are repaid the sums are treated as income and returned to the fund from which they were paid.

Foreign currencies

Transactions in foreign currencies during the year are recorded at the average rate ruling at the time of the transaction. Monetary assets and liabilities at the year end 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
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Branch accounting

The Charity has an overseas branch in Egypt and a dormant affiliate in Lebanon. These financial statements include the branch's transactions during the year, and its assets and liabilities at the year end (after adjusting for transactions and balances between the branch and the UK office). All the costs of operating in Lebanon are borne directly by the Charity. Alfamar Inc., US is an independent 501(C)(3) US registered corporation with affiliation to Alfamar. The financial transactions of Alfamar Inc., US during the year and its assets and liabilities at the year end are not include in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

With the exception of prepayments all other debtor and creditor balances are considered to be basic financial instruments under FRS 102.

2. DONATIONS

	Unrestricted Funds 2017 £	This Year Restricted Funds 2017 £	Total Funds 2017 £	Unrestricted Funds 2016 £	Prior Year Restricted Funds 2016 £	Total Funds 2016 £
Board members	178,735		178,735	147,704		147,704
Other individuals	16,029	48,360	64,389	32,340	18,738	51,078
2016 gala dinner donations	67,447	10,000	77,447	266,752	47,500	314,252
Donations of services	20,499	-	20,499	-	0	-
	<u>282,710</u>	<u>58,360</u>	<u>341,070</u>	<u>446,796</u>	<u>66,238</u>	<u>513,034</u>

Individual donations in 2016 included £18,738 of restricted income, with the balance being unrestricted.

2016 gala dinner donations received in 2017 are donations in response to the 2016 annual dinner. The annual gala dinner fundraising event was not held in 2017

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. INCOME FROM CHARITABLE ACTIVITIES

	This Reporting Year			Prior Year		
	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £
UK Aid	-	-	-	-	111,854	111,854
Asfari Foundation	-	-	-	-	24,600	24,600
Australian Embassy	-	12,644	12,644	-	-	-
BILD hilft e.V.	-	61,506	61,506	-	40,155	40,155
FCO SoUK from DAI (UK)	82,858	-	82,858	-	-	-
PSA Foundation	-	25,892	25,892	-	-	-
SODIC	6,783	67,827	74,610	26,923	90,133	117,056
Global Fund for Children ⁽¹⁾	-	(15,683)	(15,683)	-	-	-
Alfanar, Inc., US	274,719	53,486	328,205	170,131	-	170,131
Other organisations	5,723	43,122	48,845	9,884	-	9,884
	370,083	248,794	618,877	206,938	266,742	473,680

(1) During the year the charity paid back an unspent balance relating to a restricted grant from Global fund for Children. The income was originally recognised in 2015 but remained unspent when Alfanar exited the investee in 2016

Unrestricted income in 2017 from other organisations includes consultancy income of £5,723 relating to the provision of training in Lebanon to organisations not part of our portfolio of investees

4. Other income

	This Year			Prior Year		
	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £
Gain on rates of exchange	-	-	-	23,701	-	23,701
	-	-	-	23,701	-	23,701

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. EXPENDITURE

	Direct staff costs	Other direct costs	Support costs	Total 2017	Total 2016
	£	£	£	£	£
Expenditure on raising funds	43,743	82,497	34,021	160,261	215,967
Charitable activities	248,458	455,183	193,236	896,877	1,137,548
	292,201	537,680	227,257	1,057,138	1,353,515

Support costs are detailed in Note 7 and are allocated on the basis of direct staff costs.

Prior Year

	Direct staff costs	Other direct costs	Support costs	Total 2016	Total 2015
	£	£	£	£	£
Costs of raising funds	49,301	135,880	30,786	215,967	179,713
Charitable activities	200,855	811,270	125,423	1,137,548	613,707
	250,156	947,150	156,209	1,353,515	793,420

Support costs are detailed in Note 7 and are allocated on the basis of direct staff costs.

6. NET MOVEMENT IN FUNDS

This is stated after charging:	2017	2016
	£	£
Auditors' remuneration for audit	9,800	9,900
Depreciation	1,923	724
Operating lease rentals: property	27,094	20,974

7. SUPPORT COSTS

	2017	2016
	£	£
Governance: audit fee(including unrecoverable VAT)	11,059	9,900
Staff costs	120,104	71,998
Staff development	3,800	5,126
Contractors	-	2,000
Accounting, payroll and compliance	24,175	25,071
Rent	27,094	20,974
Organisational planning	-	3,967
Recruitment	8,450	70
Legal and professional fees	10,258	3,763
Bank charges	1,652	2,030
Loss on foreign exchange	6,094	-
Other	14,571	11,310
	227,257	156,209

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2017 £	2016 £
Grant investments awarded - Egypt		
Bashayer	-	1,812
Bedayaat	-	5,410
Educate Me	49,639	104,451
Future Eve Foundation	20,186	89,013
iStem	9,099	-
Life Vision	642	112,038
Nafham.com	4,260	14,780
Shomoo	-	1,809
Sultan Foundation	6,587	-
Together For You	12,316	-
Grant investments awarded - Lebanon		
Ana Aqra	45,219	59,363
Inaash	12,782	53,591
The Little Engineer	28,735	-
MMKN	28,900	43,155
NaTakallam	16,063	12,154
ShareQ's M Social Catering	16,099	75,718
Womens Programme Association (WPA)	163,133	65,979
Total Grant Investments awarded	413,660	639,273
Alfanar Sustainable Social Enterprise Training (ASSET)	4,415	134,373
Impact Evaluation tools	3,471	-
Other direct costs	33,637	37,624
	455,183	811,270

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. STAFF COSTS

	2017 £	2016 £
Gross salaries	277,864	216,081
Social security costs	25,689	16,621
Salaries of overseas staff	107,775	87,564
Other overseas staff costs	977	1,888
	<u>412,305.00</u>	<u>322,154</u>

A total of 14 individual staff members were employed by the Charity in the year (2016: 11). This includes two individuals on short-term contracts relating to our work with DAI on SoUK.LB in Lebanon (2016: 0).

No of Employees whose salaries were in the following Income bands:	2017	2016
£80,000-£89,999	0	1
£70,000-£79,999	1	0
£60,000-£69,000	1	0
Aggregate employer's contribution to pension schemes for these staff	£325	£340

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 £272,651 (2016: £244,473).

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 2017****10. TANGIBLE FIXED ASSETS - Office equipment**

£

Cost

At 1 January 2017	11,298
Additions in the year	-
Disposals in Year	940
At 31 December 2017	<u>10,358</u>

Depreciation

At 1 January 2017	3,605
Charge for the year	1,923
Accumulated Depreciation on disposals	940
At 31 December 2017	<u>4,588</u>

Net book value

At 31 December 2017	<u>5,770</u>
At 31 December 2016	<u>7,693</u>

11. DEBTORS

2017 2016

Due within one year £ £

Trade debtors	22,509	-
Accrued income	153,309	17,338
Prepayments	20,468	2,624
	<u>196,286</u>	<u>19,962</u>

12. CREDITORS

2017 2016

Due within one year £ £

Trade creditors	4,217	6,767
Taxation	19,203	7,800
Accrued grants	123,062	195,897
Defined contribution pension scheme payments	164	-
Other accruals	37,638	27,163
	<u>184,284</u>	<u>237,627</u>

ALFANAR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. RESTRICTED FUNDS

Notes Below	Current year	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	£	£	£	£	£	£
Egypt						
a. Egypt Fund	18,000	4,028	-	(14,028)	8,000	
c. Education social enterprise mapping	9,869	-	(7,858)	(2,011)	-	
Education in Egypt						
d. Bedayaat	6,039	-	(16)	(6,023)	-	
e. Educate Me	35,926	67,827	(57,052)	6,023	52,724	
f. FLDO	13,806	(15,683)	(20)	1,897	-	
g. iStem	-	-	(4,028)	4,028	-	
h. Nafham.com	9,802	-	(4,260)	-	5,542	
Womens Economic Empowerment in Egypt						
j. Future Eve Foundation	-	59,674	(23,925)	(35,749)	-	
k. Life Vision	-	20,638	(2,707)	(17,931)	-	
m. Together For You	3,000	3,000	(6,000)	-	-	
Lebanon						
Education in Lebanon						
n. MMKN	-	3,000	(3,000)	-	-	
Refugees in Lebanon						
p. NaTakallam	6,939	30,131	(16,063)	-	21,007	
s. WPA Soufra Foodtruck	1,753	38,536	(40,289)	-	-	
t. WPA Nursery School	36,139	81,003	(117,142)	-	-	
UK						
u. Global Exchange Fund	-	15,000	-	-	15,000	
TOTAL RESTRICTED FUNDS	141,273	307,154	(282,360)	(63,794)	102,273	

ALFANAR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

RESTRICTED FUNDS					
Prior year	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	£	£	£	£	£
Egypt					
a. Egypt Fund	-	20,000	(2,000)	-	18,000
b. Minya Fund	42,030	-	(42,030)	-	-
c. Education Social enterprise mapping	-	9,364	(5,216)	5,721	9,869
Education in Egypt					
d. Bedayaat	11,511	-	(5,472)	-	6,039
e. Educate Me	17,018	56,187	(104,451)	67,172	35,926
f. FLDO	80,978	-	-	(67,172)	13,806
h. Nafham.com	-	24,582	(14,780)	-	9,802
Womens Economic Empowerment in Egypt					
i. Bashayer	7,533	-	(1,812)	(5,721)	-
j. Future Eve Foundation and ASSET	34,957	111,854	(153,361)	6,550	-
l. Shomoo	2,914	-	(2,914)	-	-
m. Together For You	-	3,000	-	-	3,000
Lebanon					
Education in Lebanon					
n. MMKN	-	3,000	(3,000)	-	-
Refugees					
o. Ana Aqra	-	100	(100)	-	-
p. NaTakallam	-	19,093	(12,154)	-	6,939
q. ShareQ's M Social Catering	-	24,600	(24,600)	-	-
r. WPA-General	-	45	(45)	-	-
s. WPA/Soufra Foodtruck	29,454	21,000	(48,701)	-	1,753
t. WPA Nursery School	-	40,155	(4,016)	-	36,139
UK					
u. Global Exchange Fund	5,000	-	(5,000)	-	-
TOTAL RESTRICTED FUNDS	231,395	332,980	(429,652)	6,550	141,273

- a. **The Egypt Fund** holds income specifically restricted to investment activities in Egypt. Allocation to specific projects is at the discretion of the Board. In 2017 the Egypt Fund was used to support Future Eve, £10,000 and iStem, £4,028.
- b. **Minya Fund**: is a restricted fund supported by an individual donor to support Alfamar's activities in the Minya region including the funding of investees and the provision of technical assistance. In 2016 the Minya Fund was used to support Alfamar's Investee in Minya, Life Vision.
- c. **Egypt Education Social Enterprise Mapping**: In 2016 Alfamar commissioned a mapping exercise of existing or aspiring education social enterprises in Cairo, Giza and Alexandria with support from SODIC. The map was published on Alfamar's website in 2017 and will be used to grow Alfamar's pipeline of prospective education investments in Egypt.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

- d. **Bedayaat** runs an informal children's education centre in the impoverished Badawi Shelters of Minya City, Egypt. With Alfamar's support from 2011 through to 2016, Bedayaat strengthened the education, health and support activities delivered by its children's centre. Alfamar completed its exit of its investment in Bedayaat in 2016. The balance in this fund, £6,023, was reallocated in 2017, with the donor's approval, to Educate Me.
- e. **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 in 140 public schools across 6 governorates in Egypt. It also conducts teacher training to a wider group of 5,000 educators. This social investment is generously supported by SODIC.
- f. **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 financial break-even. Alfamar helped FLDO grow its network of nurseries and strengthen its management systems before exit in 2017. This project was supported by SODIC and the Global Fund for Children (GFC). Surplus funds were either returned to GFC or transferred to Educate Me.
- g. **iStem** focuses on transforming the lives of underprivileged children (6-14 years old) in poor slum areas through the development of their computational thinking skills. Alfamar approved a pilot investment in 2017, which was covered in 2017 by a transfer from the Egypt Fund of £4,028.
- h. **Nafham.com** is an online learning platform that has digitised the curricula of Egypt, Syria, Saudi Arabia Kuwait and Algeria. In 2016 Alfamar thoroughly assessed the site's learning outcomes and user interface and funded the development of 600 new videos based on guidelines put forward by the assessment. This project is made possible through the support of SODIC.
- i. **Bashayer** operates a sewing and production unit in Helwan, Cairo that employs over 300 disadvantaged women. Through the support of SODIC, Alfamar helped Bashayer strengthen its design and sewing skills, operational capacities, and marketing abilities. In 2016 with agreement from the funder, a transfer of £5,721 was made to the Egypt education social enterprise mapping fund. In 2017 Alfamar helped Bashayer secure pro-bono construction support to rebuild its stock room following a fire that destroyed it following our exit.
- j. **Future Eve Foundation (FEF)** runs a micro-loan, financial literacy and vocational training programme in Minya and Beni Suef, Egypt for widows and female heads of household, known as Amal (meaning hope in Arabic). The Amal project is being supported by restricted donations from an individual and institutional funding as well as technical support from the Global Fund for Widows.
- In 2016, of the £89,013 grant payments to FEF, £76,095 was spent from General Reserves. At the end of 2017 the balance on this fund was therefore transferred to General Reserves to part cover the disbursements made from General Reserves in 2016.
- Additionally in 2016 UK Aid provided restricted funding of £64,348 which was spent on enabling the growth of the Amal project to 35 villages across Minya and Beni Suef and helping fund the establishment of www.amalproject.org to communicate results to a wider audience.
- k. **Life Vision** economically empowers smallhold female farmers through Farmer Field Schools and Literacy classes. In 2016 our Minya Fund was fully spent along with a total of £70,891 from General Reserves in covering this investment. In 2017, a restricted institutional funder helped to cover this investment and grow Life Vision's reach to create Farmer Business Schools. The balance on the fund at the end of the year was transferred to General Reserves to part cover the disbursements made from General reserves in 2016.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

- l. **Shomoo** runs literacy and awareness-raising classes in Minya in addition to counselling and micro-loans for female victims of domestic violence. From 2014 to 2016, Alfano helped strengthen the organisation's impact activities and seeded a catering unit within Shomoo, to help the organisation recover costs and cross-subsidise its social purpose outreach. Alfano completed its exit of its investment in Shomoo in 2016.
- m. **Together For You (TFY)** provides vocational training to low-income women in Cairo to become elderly caregivers and then acts like an agency, securing job placements for them. This investment is supported by restricted funds from an individual and institutional funds. Alfano is working with TFY to train and sustainably employ 218 women.
- n. **MMKN** helps at-risk Lebanese public school students pass the national Brevet (9th grade) exam, which is required for entry into high school. Using a peer reviewed tutoring curriculum developed by MMKN, volunteer university students coach disadvantaged pupils to prepare for the exam. Alfano has helped MMKN grow the number of public schools and students it works with while establishing a fee-based tutoring programme for private students. In the long-run, tutoring revenue will help cross-subsidise MMKN's work with disadvantaged students in public schools. In 2016 and 2017 MMKN was supported by an individual donor.
- o. **Ana Aqra** tackles illiteracy of disadvantaged children in Lebanon through teacher training. With the help of Alfano, Ana Aqra was able to present a training solution to international and local NGOs working on integration and retention programmes in support of out of school Syrian refugee children and struggling Lebanese public school students.
- p. **NaTakallam** leverages online communication technology to pair Syrian refugees, mainly based in Lebanon, with Arabic learners worldwide. Through NaTakallam Syrian refugees are able to secure a valuable source of income for themselves and for their families, thereby escaping the poverty trap and gaining stability, independence and choice. The grant investment was made possible through four generous pledges made at Alfano's 2016 dinner.
- q. **ShareQ's M Social Catering** is a Lebanon social enterprise that runs a learn and earn vocational training program across Lebanon for disadvantaged Lebanese women and youth. Once graduated from the training programme, ShareQ (meaning participate in Arabic) places its trainees in employment largely in the food and beverage sector. The organisation's impact work is subsidized by their catering arm, M Social Catering. Alfano's support has helped grow the number of women and youth employed by ShareQ, establish website - preabled.com- to connect trained blue-collar workers to employers, professionalise M Social Catering, grow and launch a grab-and-go food product to generate further revenue to support its job creation work. In 2017, ShareQ was supported from General reserves while in 2016 this investment was supported by The Asfari Foundation.
- r. **WPA General:** Since 2013, Alfano has worked with The Women's Program Association (WPA) to:
- a) help create steady employment opportunities for women refugees through the establishment of a catering unit called Soufra (meaning 'feast' in Arabic),
 - b) enable WPA to serve a wider group of women micro-entrepreneurs by growing WPA's microloan portfolio
 - c) educate the next generation of refugees within the camp by establishing its first independent, non-religious nursery school.
- s. **WPA Soufra 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 received support in 2016 from The Golden Bottle Trust and 778 individuals who mostly gave through Alfano's online Kickstarter crowd funding campaign. Restricted income in 2017 was received from the Australian Embassy DUP, the PSA Foundation, and Alfano, Inc., US.

ALFANAR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

- t. **WPA Nursery School:** The creation of the nursery school is the latest tool for WPA to increase its impact, with a specific focus on children within the palestinian refugee camp of Burj el Barajneh. This investment is being made possible with the support of the BILD Foundation, Alfamar, Inc., US and numerous individuals. An independent film made by Thomas Morgan called "Soufra" about the journey of securing a foodtruck is also helping raise the funds needed to furnish the school and train teachers.
- u. **Global Exchange Fund** is a restricted fund created through the support of an individual donor to enable Alfamar to expose rising star investees to sustainable social enterprise models in different developing countries. The fund aims to cover two global exchanges, the first of which took place with Educate Me and MMKN in February 2018 to Mumbai, India. Preparations began in 2016.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. DESIGNATED FUNDS

Current year	Brought Forward £	Income £	Expenditure £	Transfers £	Carried Forward £
Fixed Assets	7,693	-	(1,923)	-	5,770
TOTAL DESIGNATED FUNDS	7,693	-	(1,923)	-	5,770

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

Prior year	Brought Forward £	Income £	Expenditure £	Transfers £	Carried Forward £
Fixed Assets	1,636	-	(724)	6,781	7,693
Long-term Investment	180,000	-	(180,000)	-	-
Pilot-year Investment	60,000	-	(60,000)	-	-
TOTAL DESIGNATED	241,636	-	(240,000)	6,781	7,693

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

Long-term Investment Fund brought forward balance amounted to £180k and was designated to six successful investees in both Egypt and Lebanon who developed sustainable business plans that Alfamar backed. The funds were fully spent in the year.

Pilot-year Investment Fund brought forward balance amounted to £60K and was designated to new investees which were added to the portfolio in 2016. The funds were fully spent in the year.

15. MOVEMENT OF FUNDS IN THE YEAR**Current year**

	Brought Forward 1 January 2017 £	Income £	Expenditure £	Transfers £	Carried Forward 31 December 2017 £
Designated funds	7,693	-	(1,923)	-	5,770
General fund	327,125	652,793	(772,855)	63,794	270,857
	334,818	652,793	(774,778)	63,794	276,627
Restricted funds	141,273	307,154	(282,360)	(63,794)	102,273
TOTAL FUNDS	476,091	959,947	(1,057,138)	-	378,900

The transfers between restricted funds and general funds in the year total £63,794. This is made up of a number of transfers the details of which can be found in note 13:

from FEF fund to general funds £35,749
from Life Vision fund to general funds £27,931
from social enterprise mapping fund to general funds £2,011 and
to FLDO fund from general funds £1,897.

ALFANAR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

MOVEMENT OF FUNDS IN THE YEAR

Prior year

	<i>Brought Forward 1 January 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers £</i>	<i>Carried Forward 31 December 2016 £</i>
Designated funds	241,636	-	(240,724)	6,781	7,693
General fund	345,754	677,841	(683,139)	(13,331)	327,125
	587,390	677,841	(923,863)	(6,550)	334,818
Restricted funds	231,395	332,980	(429,652)	6,550	141,273
TOTAL FUNDS	818,785	1,010,821	(1,353,515)	-	476,091

Transfers to Designated Funds during 2016 are to cover the cost of new fixed assets acquired during the year.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Current year

	<i>Unrestricted Funds 2017 £</i>	<i>Restricted Funds 2017 £</i>	<i>Total Funds 2017 £</i>
Tangible fixed assets	5,770	-	5,770
Net current assets	270,857	102,273	373,130
	276,627	102,273	378,900

Prior year

	<i>Unrestricted Funds 2016 £</i>	<i>Restricted Funds 2016 £</i>	<i>Total Funds 2016 £</i>
Tangible fixed assets	7,693	-	7,693
Net current assets	327,125	141,273	468,398
	334,818	141,273	476,091

ALFANAR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

17. RELATED PARTIES

During the year 6 (2016: 4) trustees gave a total of £178,735 (2016 £147,704) in donations to the charity.

Alfanar rents and pays for UK office space at less than market rates from 'Common Purpose', where Julia Middleton (trustee) is the Chief Executive. The cost in the year was £23,633 (2016: £17,000).

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

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

18. 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:

	2017 £	2016 £
Less than 1 year	22,322	12,498
Between 2 and 5 years	2,147	3,847
	<u>24,469</u>	<u>16,345</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. STATEMENT OF FINANCIAL ACTIVITIES - PRIOR YEAR

	<i>Unrestricted Funds 2016</i>	<i>Restricted Funds 2016</i>	<i>Total Funds 2016</i>
	£	£	£
INCOME			
<i>Donations</i>	180,044	18,738	198,782
<i>Other trading activities: annual dinner</i>	266,752	47,500	314,252
<i>Income from investments</i>	406	-	406
<i>Income from charitable activities</i>	206,938	266,742	473,680
<i>Other income: gain on foreign exchange</i>	23,701	-	23,701
TOTAL INCOME	<u>677,841</u>	<u>332,980</u>	<u>1,010,821</u>
EXPENDITURE			
<i>Expenditure on raising funds</i>	215,967	-	215,967
<i>Expenditure on charitable activities</i>	707,896	429,652	1,137,548
TOTAL EXPENDITURE	<u>923,863</u>	<u>429,652</u>	<u>1,353,515</u>
<i>Net (expenditure) / income</i>	(246,022)	(96,672)	(342,694)
<i>Transfers between funds</i>	(6,550)	6,550	-
NET MOVEMENT IN FUNDS	<u>(252,572)</u>	<u>(90,122)</u>	<u>(342,694)</u>
TOTAL FUNDS BROUGHT FORWARD	<u>587,390</u>	<u>231,395</u>	<u>818,785</u>
TOTAL FUNDS CARRIED FORWARD	<u>334,818</u>	<u>141,273</u>	<u>476,091</u>