



الفنار
ALFANAR

2018 ANNUAL REPORT



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OUR VISION

We envision a world in which everyone, including the poor and vulnerable, can access the education and opportunity they need to lead productive and dignified lives.

OUR MISSION

We raise and deploy philanthropic investment and multiply its value with high-engagement management support to grow ambitious social enterprises improving education, employing youth and empowering women in the Arab region.

WELCOME

Over the past 14 years, Alfano's vision of a more equitable, prosperous and productive Arab region has been premised on our late founder Tarek Ben Halim's belief that "Everyone has potential, but not everyone has a chance." As such, we aim to support vulnerable communities to reliably access the education, employment and empowerment they need to close this gap and lead dignified lives.

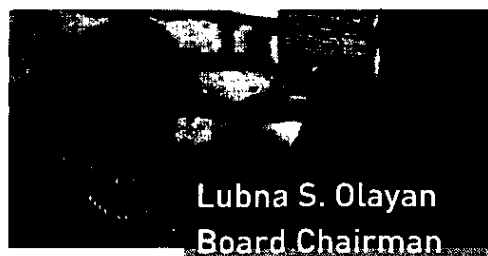
We are delighted to present the 2018 Alfano Annual Report. Our work is only possible through the continued support of incredible donors, Trustees, committee members and advisors, superb volunteers and pro-bono supporters, a team that delivers over and above expectation and believes deeply in our mission, and social enterprise investees in Egypt, Lebanon and refugee communities who are a source of inspiration, innovation, impact, and real pride. See below a snapshot of our 2018 portfolio highlighting the transformative work in education, employment and empowerment we are backing.

In 2018, Alfano's portfolio of 18 investees across Egypt, Lebanon and refugee communities impacted 14,986 lives, enabling 5,581 children to receive high-quality education, 4,475 educators to access professional development and training, and 4,930 disadvantaged women and youth to secure steady employment or set up their own microenterprises.

Alfano's impact in 2018 represents 31% of our impact footprint (48,133 lives) over 14 years. In turn, our investees, through their improved revenue models, were able to self-generate £1,103,685 to cover their costs, nearly double the value of Alfano's grants – £561,854 – in 2018. This upward trend in both impact and sustainability provides a strong indication that our support is rendering growth results.

Thanks to the generous support we received in 2018 – £1,477,674 – through individual, corporate and institutional supporters, donations made at our 2018 gala dinner, through our match campaign, and the Soufra fund, we were able to successfully achieve our 2018 aims, namely to grow our impact on lives, enhance our reach, strengthen our internal systems, grow support for our work, and promote social entrepreneurship and social investment.

We thank you for your continued belief in Alfano and the valiant social enterprises we back. It is only through you that we are able to grow this inspiring movement that dares to invest in profits with purpose and turn social investment into lasting social change in the Arab region.

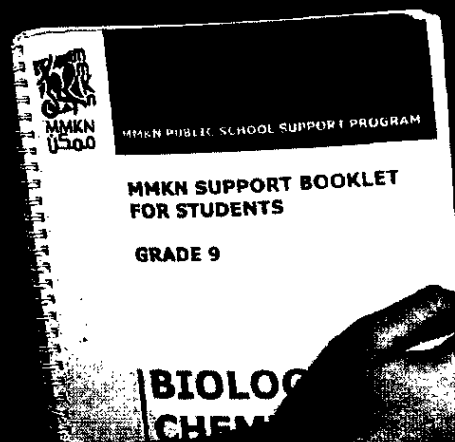


Lubna S. Olayan
Board Chairman



Myrna Atalla
Executive Director





THE CHALLENGE

Inequity remains rampant in the Arab world, impeding productivity and dignity. Over 40% of the population in the Arab region lives in poverty and at least 22 million children are either out of school or are at risk of dropping out. Women make up nearly 50% of the population but represent only 24% of the workforce. At least 30% of youth across the region is unemployed.

ALFANAR'S RESPONSE

Investing in Social Enterprises

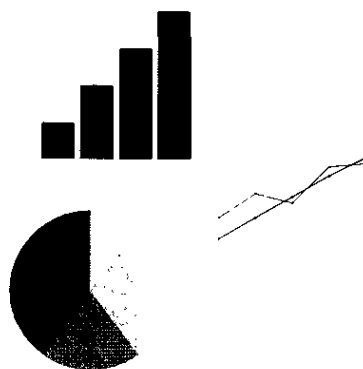
Instead of backing traditional charities, businesses or governmental entities, Alfano's venture philanthropy mission concentrates on energising the Arab region's social enterprise sector because of its unique ability to correct market failures in a lasting manner.

The social enterprises Alfano backs can be non-profits or social purpose companies. They are actively working to educate children, create jobs or economically empower women. They exhibit strong leadership, operate a clear self-generated revenue model (beyond pure donations), aspire to grow and are open to receiving management support.



Tailored Financing

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. In 2018, we provided 16 investees with £561,854 in direct grants.



Impact Measurement

We use business intelligence technology to develop applications that help us and our investees to monitor and analyse progress against social impact and financial sustainability targets. This approach reduces the cost of reporting whilst ensuring that management decisions are driven by evidence.



Management Support

Financing is crucial but it is not enough on its own. The high-engagement support and training we provide to our social enterprise investees through our teams in Cairo, Beirut and London is the glue in our model. We train our investees, connect them to new networks and expose them to global models of excellence where relevant. In 2018, we added £0.42 in management support to each £1 of grant funding, amounting to £236,497.

2018 AT A GLANCE

SOCIAL IMPACT



48,133

Lives Impacted
since 2004



14,986

Lives Impacted
in 2018



18

Portfolio Social
Enterprises



59%

Of Alfamar Social
Enterprises are
Headed by Women



5,581

Children Receiving
Quality Education
in 2018



£38

Average Cost Per
Beneficiary

SUSTAINABILITY



£798,351

Investment
Spend in 2018



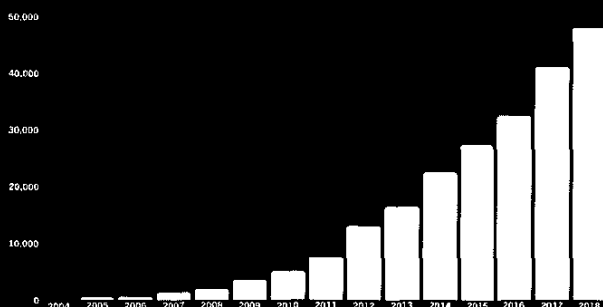
£35,111

Average Grant Size
in 2018

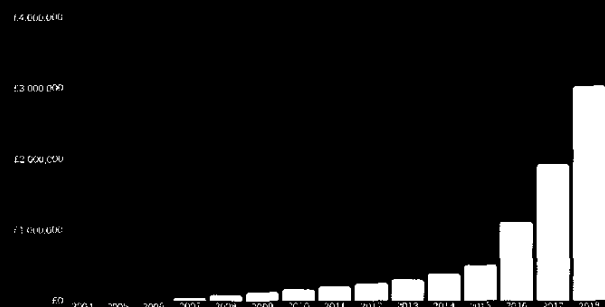


£1,103,685

Total Income Generated
by Investees in 2018



33% Beneficiary Growth Rate
(CAGR)



38% Self-Generated Revenue Growth
Rate (CAGR)

We set ourselves 5 key objectives for 2018:



1. Increase Impact on Lives in Disadvantaged Communities

In 2018, Alfamar achieved its most impactful year to date, improving 14,986 lives through education, employment and economic empowerment in Egypt, Lebanon and refugee communities. This represents 31% of our total impact over the course of a single year. We advanced long-term grants and support to 10 social enterprises: Educate Me, Future Eve Foundation, Life Vision, Together for You, Ana Aqra, Inaash, MMKN, Natakallam, ShareQ, WPA/Soufra. We progressed pilot investment in four social enterprises: Nafham.com, iStem, Sultan Foundation, the Little Engineer. We added four new social enterprises to the portfolio: Brighter Together for Child Protection (BTCPI), Wataneya Society, SE Factory and FabricAID.

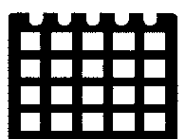


2. Expand Reach

Alfamar continued to enhance its reach in 2018 by conducting trainings for social enterprises both within and outside of our core portfolio. All 18 investees in our portfolio received regular ASSET training. Through the UK-funded SoUK.LB programme, Alfamar provided the full 10-module ASSET programme to eight additional growth-stage social enterprises in Lebanon.

3. Grow Support

Throughout 2018 Alfamar actively worked to grow its circle of supporters and increase its brand recognition through a series of outreach and donor events. These included our annual gala dinner in London, a breakfast briefing in Cairo on the potential of social enterprise to drive social impact, and two screenings of the 'Soufra' documentary in New York and Boston. Increased efforts around outreach and communications led to 111 new individual donors and a 41% increase in the number of unique individual donors from 2017. Alfamar achieved a 55% increase in overall income.



4. Plan ahead

During the year management developed a risk-based reserves policy that was endorsed by the Finance Committee in November 2018 and approved by the Board in February 2019. Management developed a five-year growth plan which was approved by the Board in February 2019. Eighteen policies were revised or developed to strengthen safeguarding and protection practices. Alfamar strengthened its financial procedures and improved its reporting using Xero accounting software and Qlik business intelligence software. This work is on-going.

5. Promote Social Investment

Alfamar continued to promote social entrepreneurship and the broader social investment movement in the Arab world through digital communications, outreach events and media interviews. We conducted research on social entrepreneurship for the British Council in Egypt, and participated in conferences, film screenings, and social enterprise competitions. Executive Director Myrna Atalla was interviewed by the BBC on the subject of venture philanthropy, whilst interviews were published in online and print outlets. We thank the numerous media outlets and ecosystem partners that have supported Alfamar in building awareness and understanding of social enterprise's potential to drive long-term, scalable social impact.



VENTURE PHILANTHROPY IN ACTION

Alfanar is looking to back ambitious social enterprises committed to sustainable growth. Once an investee passes Alfanar's due diligence, Investment Committee and Board approval, it joins our venture philanthropy portfolio. We monitor performance over the course of the investment through regular accountability calls, site visits and quarterly financial checks and guidance for financial management improvement. Alfanar requires quarterly reporting from investees through bespoke applications developed on business intelligence technology. We assess reports against impact, financial sustainability and organisational development targets to ensure satisfactory performance before disbursement requests are reviewed and approved by the Board.

In 2018, we conducted six investee gatherings to promote cross-learning amongst social enterprises in each portfolio. We conducted training workshops for investees covering: Introduction to Social Entrepreneurship, Theory of Change, Impact Modelling, Impact Measurement, Communication for Results, Legal Options for Social Enterprises and Investment Readiness.

Alfanar helps investees develop a business plan over the course of pilot investment. In 2018, we supported the development of two business plans and the revision of an additional one. Below is a snapshot of Alfanar's 2018 portfolio of social enterprise investees.





Egypt Investee - Life Vision



Egypt Investee - Future Eve Foundation

EGYPT

2018



Egypt Investee - EducateMe

EGYPT - EDUCATION



Brighter Tomorrow for Child Protection (BTCP)

Caring for Disadvantaged Children with Autism

In 2018, Alfamar conducted due diligence on and approved pilot investment in BTCP. Located in Alexandria, Alfamar's investment will enable BTCP to set up a second rehabilitation centre to receive, assess and work with an additional 150 children with neurodevelopmental disorders, especially those on the Autism spectrum. Alfamar will also work with BTCP to develop a sustainable growth strategy through more fee-based services that can generate revenue to support treatment for families unable to afford such care. We are grateful to SODIC for its generous support for this investment.



Educate Me (EM)

Delivering High Quality Education and Training a New Generation of Educators

Since 2014, Alfamar has supported EM to professionalise its education social enterprise, moving from informal after-school work to establishing a registered community school and preschool in Talbeya. Alfamar has also helped EM to develop a business plan that scales impact and generates revenue through the delivery of educator training services to a range of paying clients. In 2018, the EM preschool and community school served 289 students, aged 4-15. EM trained an additional 6,190 educators in 14 public schools across 3 governorates in Egypt. Alfamar took EM on an Accelerate Study Mission to Mumbai, India in February 2018 to learn from best-in-class education social enterprises. We are grateful to SODIC for its generous support of Alfamar's investment in EM.



Nafham.com

Making Online Learning Resources Accessible to All Children

From 2016 through 2018, Alfamar conducted a pilot investment into Nafham.com (meaning 'we understand' in Arabic), an open-source online learning platform with over 23,000 crowdsourced tutorial videos that enable +4 million students in Egypt, Syria, Saudi Arabia, Kuwait and Algeria to reinforce their understanding of the public curriculum. Alfamar's pilot investment funded a formal learning assessment of Nafham's videos and the production/publication of 675 new educational videos incorporating lessons learned for improvement from the study. We are grateful to SODIC for its generous support for this investment.



Wataneya

Improving Standards of Care and Learning in Egyptian Orphanages

In 2018, Alfamar conducted due diligence on and approved pilot investment in Wataneya. This Cairo-based social enterprise works to improve standards of care and education that orphanages in Egypt deliver. Alfamar will support Wataneya to establish accredited National Quality Standards (NQS) in three institutional homes, working with 15 caregivers serving 100 children, and will work with Wataneya to develop a sustainable growth plan. This investment is made possible through unrestricted funding.

EGYPT - WOMEN & YOUTH EMPLOYMENT



Future Eve Foundation (FEF)

Offering Hope to the Widows of Minya and Beni Suef

Since 2012, Alfatar has invested in the Amal (meaning 'hope in Arabic) Project for Widows' Empowerment with the FEF in Minya and Beni Suef. The Amal project has grown to serve 10,695 poor widows and female breadwinners across 52 villages through financial literacy and vocational training, social microfinance and leadership training. Alfatar's support has also enabled FEF to develop a growth plan, establish a duck-rearing value chain among 500 widows, and launch housing improvement microloans to widows. In 2018, the Amal project empowered 2,629 widows through its financial inclusion services and continues to enjoy a 99% loan repayment rate. This unique investment benefits from the generous support of the Global Fund for Widows, SODIC and one individual.



Life Vision For Development (LV)

Helping Women Farmers in improve yields

Since 2015, Alfatar has invested in the growth and sustainability of LV's support services to smallholder female farmers in Minya. In 2018, Alfatar's investment enabled 400 smallholder farmers to receive instruction in modern agricultural practices and 50 female farmers to attend LV's farmer business school leading to an average increase of 19% in harvest yields and a 36% increase in take-home income for these poor families. Alfatar has also helped LV revise its business plan and to establish a greenhouse that will help generate revenue to support its work with farmers in the long-run. We are grateful to CCC for its generous support of Alfatar's investment in LV, which is set to begin in 2019.



Together For You (TFY)

Training Low-Income Women to Become Elderly Caregivers

Since 2016, Alfatar has invested in the growth of TFY's vocational training and job placement programme, which enables disadvantaged women to work in elderly care in Cairo. In 2018, Alfatar's investment enabled an additional 160 women to secure steady work in the sector. Alfatar has helped TFY to develop a growth-orientated business plan and to improve its payment, monitoring and customer service systems. In 2019, Alfatar's investment will enable TFY to set up a second branch in East Cairo. This investment is made possible through a mixture of restricted and unrestricted funding.



The Sultan Foundation (Sultan)

Developing a Leather Business for Vulnerable Women

Alfatar ran a pilot investment from 2017-2018 to help Sultan, a social enterprise connected to Archinos Architecture in Cairo's historic Qaitbey district, to develop a unique leather accessories line that not only provided 40 disadvantaged women an opportunity to develop new skills and work, but now serves as a source of self-generated income. Sultan collaborated with British leather designer Bill Amberg to provide high-quality training to women in the community and to develop a special collection to launch with. Sultan recovered 24% of its costs through sales in 2018. Alfatar worked with Sultan on team building, marketing and planning. In 2018, Alfatar was proud to gift Gala Dinner supporters Sultan wallets and key chains resulting from the Amberg collaboration. This investment was made possible through unrestricted funding.



Lebanon Investee - Ana Agra



Lebanon Investee - ShareQ

LEBANON

2018



Lebanon Investee - Inaash

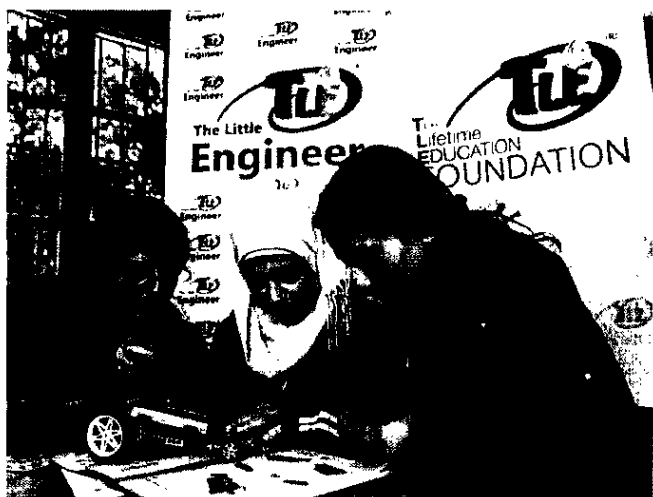
LEBANON - EDUCATION



Ana Aqra Association (AA)

Improving Learning Outcomes in Public Schools

Since 2012, Alfanoor has supported the professionalisation of AA (meaning 'I can read' in Arabic), an education social enterprise, which trains educators in the Lebanese public school system on the balanced literacy approach with the aim of reaching 100% literacy and numeracy skills for all – Lebanese and refugee – learners. In 2018, Alfanoor's investment enabled AA to develop and launch the 'I Play and Learn Arabic' Teaching Kit, a unique Arabic language instruction tool that provides educators with nine interactive games that facilitate the instruction of advancing levels of Arabic phonics, grammar, reading comprehension and vocabulary. This toolkit will not only serve as a valuable resource for AA teachers serving 12,000 learners and educators per year, but soon be sold to paying clients and customers as a way of cross-subsidizing AA's impact work. This investment is made possible through unrestricted funding.



The Little Engineer (TLE)

Bringing STEM Education to Public Schools

Alfanoor began pilot investment in TLE in 2017, an award-winning initiative launched in 2009, to unleash the potential of young minds in science, technology, engineering and mathematics (STEM). Alfanoor's investment enabled TLE to develop bespoke robotics and renewable energy workshops, which were tested in ten public schools across the Chouf and Bikfaya districts. In 2018, TLE received Ministry of Education approval to deploy its STEM workshops beyond the initial ten schools. TLE is currently testing different deployment strategies, looking for new ways to sustainably reach disadvantaged children with its STEM workshops. This investment is made possible through unrestricted support.



MMKN

A Brighter Future Possible

Since 2015, Alfanoor has invested in MMKN (meaning 'It is possible' in Arabic), an education social enterprise that supports vulnerable secondary public-school students in Lebanon to pass the ninth-grade national brevet exam. MMKN recruits and trains motivated university student volunteers, to tutor public school students preparing for the exam. MMKN have now coached 5,416 disadvantaged pupils to achieve a 94% brevet exam pass rate in schools where the average pass rate is 50%. Alfanoor has worked with MMKN to also establish a fee-based tutoring service to generate funds that cross-subsidise its work with disadvantaged children. Alfanoor took MMKN with EM on an Accelerate Study Mission to Mumbai, India in February 2018 to learn from best-in-class education social enterprises. This investment is made possible through a mixture of restricted and unrestricted support.

LEBANON - WOMEN & YOUTH EMPLOYMENT



FabricAID

Providing Access to Quality Second Hand Clothing

In 2018, Alfano conducted due diligence on and approved pilot investment in FabricAid, a social enterprise that aims to deliver high-quality, affordable second-hand clothes to refugees and vulnerable communities in Lebanon. FabricAid purchases second-hand clothes from NGOs ill-equipped to resell them, then sorts, repairs, cleans and sells these clothes at pop-up shops in underprivileged and refugee communities. FabricAid's team is largely staffed by refugees, adding an additional layer of social impact to its innovative model. Alfano's investment will improve FabricAid's operational efficiency by enabling the purchase of a pick-up truck to increase the volume of clothes collected, an industrial washing machine, a bailing machine and a shredder, thus allowing FabricAid to sort more clothes for sale at their pop-up shops. Alfano will also work with FabricAid to develop a growth plan. This investment was made possible through unrestricted funding.



SE Factory

Employing Lebanese Youth Through Coding

In 2018, Alfano conducted due diligence on and approved pilot investment in SE Factory, a social enterprise that helps disadvantaged youth to secure steady employment in tech jobs following an intensive, three-month bootcamp in coding and full-stack web development. Alfano's investment has enabled SE Factory to run its seventh coding boot camp, training 22 low-income youth, and to launch an online coding course with 130 active users. Alfano will support SE Factory to improve its impact measurement and develop a scaling strategy. This investment is made possible through unrestricted funding.



ShareQ

A 'Learn and Earn' Model For Economic Empowerment

Since 2015, Alfano has invested in the growth of ShareQ (meaning 'to take part' in Arabic), a social enterprise that has helped over 100 disadvantaged women and youth secure steady work through vocational training, an online employment platform called proAble and a catering business – M Social Catering – which trains women and places them in jobs within the food and beverage sector. In 2018, Alfano's investment helped ShareQ develop a new revenue stream to support its impact work, a hummus cup product called Hum'n Go, now on sale at outlets across Lebanon. In 2018, ShareQ signed an MOU with the Lebanese Ministry of Labour to train and help employ vulnerable job-seekers. We are grateful to the Asfari Foundation for its support of Alfano's investment in ShareQ.

LEBANON - REFUGEES



Inaash

Employing Women Refugees in Embroidery and Textile Production

Inaash provides steady jobs to Palestinian refugees in Lebanon in embroidery and high-quality textile production, including scarves, shawls, abayas, clutches, hats, shoes, cushions and other embroidered accessories. With Alfano's support since 2015, Inaash has significantly professionalised its operations, appointed a General Manager, developed a business plan, reviewed its branding, marketing plan, website and pricing strategy. It has launched partnerships with fashion designers, introducing new products for sale. These efforts have in turn driven sales up and grown the number of jobs Inaash has created to 390 across six refugee camps (251 in 2018 alone). We are grateful to the Vivos Better World Fund for its support of Alfano's investment in Inaash.



Natakallam

Employing Syrian Refugees as Online Conversation Partners

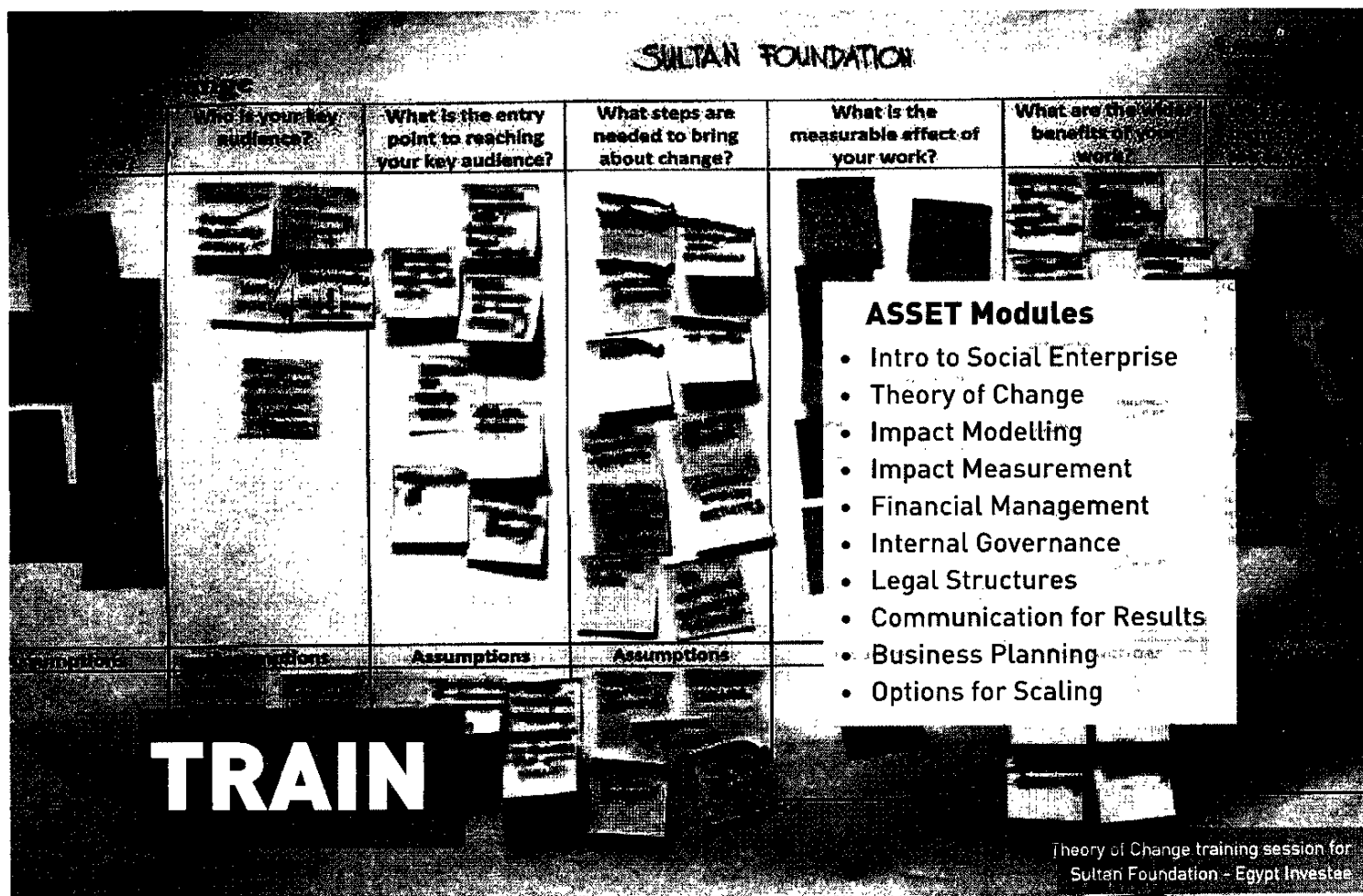
Natakallam (meaning 'Let's speak' in Arabic) leverages online communication technology to provide jobs for Arabic speaking Syrian refugees, mainly based in Lebanon, with Arabic-language learners worldwide. Our investment has created 35 steady conversation partner jobs that have served 2,182 customers in more than 65 countries through over 22,000 hours of Natakallam sessions. Alfano supported Natakallam to revise its organisational structure, conduct a staff appraisal, develop an integrated platform and source new partnerships with IRC, British Council and Qatar Foundation. Through self-generated revenue, Natakallam is covering 84% of its costs. We are grateful to pledges made at the 2016 dinner by the Helmy, Rasheed, Tanaka and Stojcevic/Leslie families for their support in Alfano's investment in Natakallam.



Women's Program Association (WPA)

Creating Jobs through Soufra Catering and Launching Nawras Pre-school

Since 2013, Alfano has backed WPA in Burj el Barajneh Palestinian refugee camp to establish the Soufra catering unit and first food truck wholly owned by refugees in Lebanon. Soufra now employs 46 women and covers 38% of WPA's costs. Alfano has invested in the growth of WPA's portfolio of microloans, now reaching 130 women. Finally, Alfano funded the construction and launch of a high-quality, independent pre-school in the camp called The Nawras Preschool, which opened its doors in October 2018 and already has 82 children enrolled, a principal, four teachers and two assistants employed. This investment has been made possible by many generous donors, including 780 Kickstarter donors, PSA Foundation, PACES, Australian Aid and Ein Herz Fur Kinder. We would also like to thank Square Zero, director Thomas Morgan and executive producer Susan Sarandon for the independent documentary called 'Soufra', which has raised awareness about this investment and created support for Soufra. Square Zero produced and sold Soufra cookbooks generating further support to this investment.



Alfanar Sustainable Social Enterprise Training (ASSET)

Training is a core component of Alfanar's support to social enterprises. Drawing on extensive experience within the social enterprise sector, Alfanar has systematised this knowledge into a ten-part foundational curriculum - ASSET - designed to give social enterprises the tools they need to strengthen their organisations, scale their models and enhance their social impact.

The training covers core topics including Theory of Change, Impact Modelling and Measurement, Financial Measurement, Legal Options for Social Enterprises and Business Planning. We offer ASSET training to our portfolio of investees as needed and for-free to social enterprises more widely.

Through the UK-funded SoUK.LB Social Enterprise Hub and in consortium with DAI, launched in August 2017, Alfanar helped to select and provide training and mentorship to eight growth-stage social enterprises in Lebanon, two of which have now been accepted into Alfanar's venture philanthropy portfolio (FabricAID and SE Factory). The SoUK.LB project concluded in March 2018.

In 2019, Alfanar, in partnership with PLAN International, Ruwwad and EURICSE will launch the EU funded 'Mubaderoon: Enterprises for Social Change'. Alfanar will provide ASSET training to up to 50 Jordanian social enterprises working to reduce poverty and economically empower disadvantaged women and youth.



ACCELERATE

"Thank you for organising such an intellectually stimulating study trip that has inspired us and will provoke us to continue learning and innovating."

Educate Me, Egypt

Investee study exchange, India 2018 - Akanksha

Strengthening Social Enterprise Through Study Missions

Since 2014, Alfano has pioneered knowledge-sharing efforts between its investees and social enterprises tackling similar challenges in other developing countries.

Our Accelerate Study Missions aim to build more fluid global networks that our investees can learn and benefit from in order to improve their approaches to impact and sustainability.

In February 2018, Alfano organised and executed its third Accelerate Study Mission to Mumbai in India, bringing two of our flagship education investees - Educate Me (Egypt) and MMKN (Lebanon) - to visit six best-in-class social enterprises serving underprivileged populations in India, including Akanksha, Pratham, Gyan Shala, Sinhaal and Avanti.

Since the study mission, Educate Me began to explore a collaboration with Pratham in Egypt and MMKN began group tutoring following the mission.

Alfano's Accelerate Study Mission was made possible through the support of a generous individual donor.

Past Accelerate Study Missions

2014: Bangalore, India

Focus: Education

Social Enterprises Visited: Hippocampus Learning Centres, One Billion Literates, Pratham Books

2016: Dhaka, Bangladesh

Focus: Microfinance

Social Enterprises Visited: BRAC, Grameen, Youth Centre

2018: Mumbai, India

Focus: Education

Social Enterprises Visited: Akanksha, Pratham, Gyan Shala, Sinhaal, Avanti



Pioneering Advances in the Social Enterprise Space

We partner with researchers and institutions to produce private and public research that explores key questions faced by social investors and social entrepreneurs. Our website contains articles, reports and analysis on topics like the origins of venture philanthropy in the Arab world, applying social enterprise in refugee settings, investing in education social enterprises in Egypt, social investment appetite among social enterprises, etc.

We thank the many ecosystem partners who included Alfanaar's experience in their panels, conferences and prizes, including The Hult Prize, the Laudato Si Challenge 18, the Arab League, the African Philanthropy Forum and many others.

In March 2018, at the time of our Board trip to visit investees in Egypt, Alfanaar hosted an interactive discussion in Cairo about social enterprise's role in delivering sustainable development in vulnerable communities.

The panel featured Egypt's Minister of Social Solidarity H.E. Dr. Ghada Waly, CEO of Olayan Financing Company and Alfanaar chairman Lubna S. Olayan, and SODIC Strategy, Research & Public Relations Director Nadine Okasha. It was moderated by former Minister of State for Environmental Affairs and Alfanaar Trustee Dr. Laila Iskander with the participation of Egyptian social enterprises. The event was attended by over 100 high-profile guests from across Egypt's civil society, government and private sector.



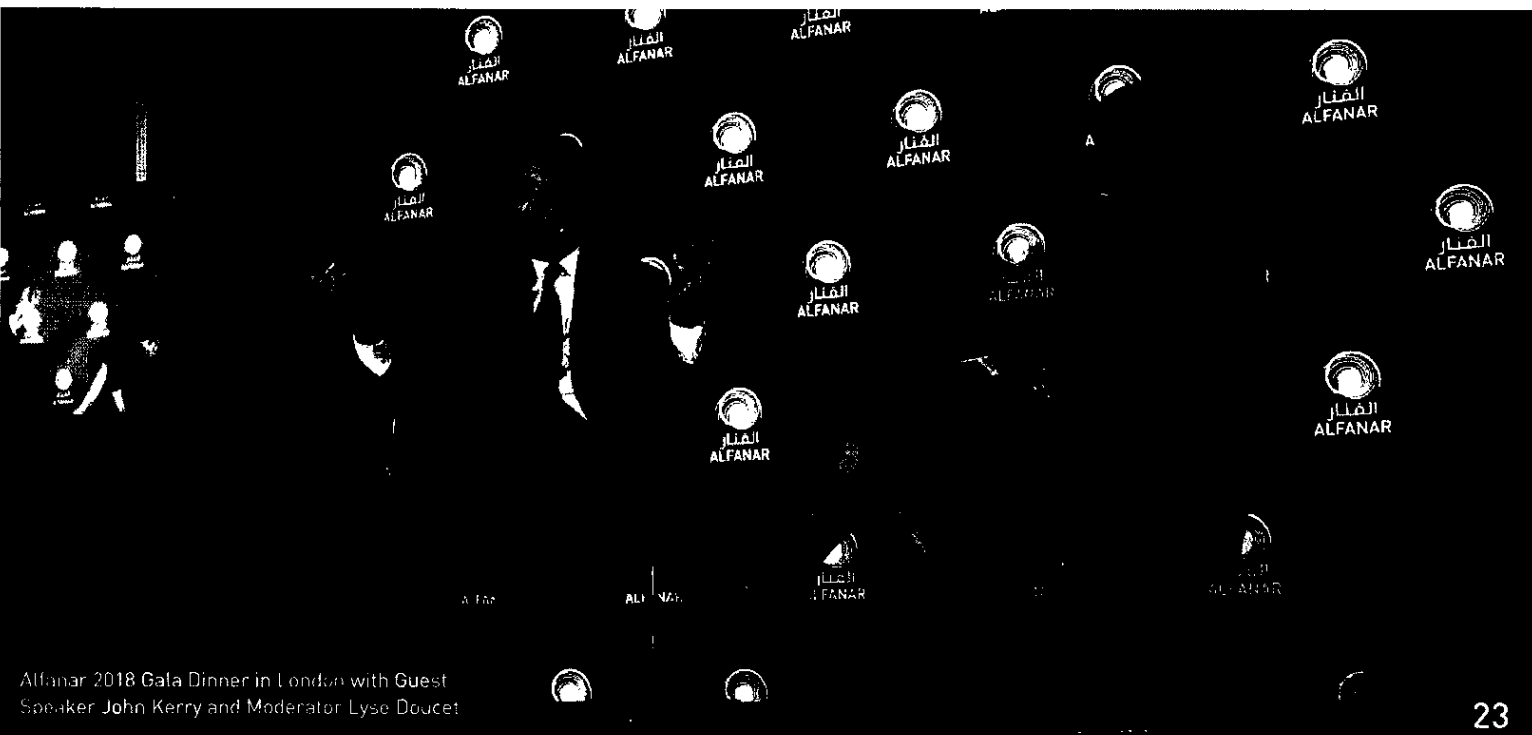
REACH

Soufra Screening in Beirut with Mariam Shear, Susan Sarandon and Ben Stiller

Promoting Social Investment

In 2018, Alfanar made a concerted effort to raise the profile of its venture philanthropy work in the Arab world through two major outreach efforts. On May 5th, 2018, Alfanar held a gala dinner with Guest Speaker former US Secretary of State John Kerry, which brought together 300 guests to consider the power social enterprise and social investment can have on transforming opportunities for women, youth and children on both a local and global level.

In 2018, Alfanar worked closely with Square Zero Films, Air Amber, and Alfanar, Inc., US to support successful screenings of the Soufra documentary film (www.soufracfilm.com) in Singapore and Vatican City and to host screenings in New York City and Boston. Alfanar conducted a live BBC interview in connection with the Singapore screening, thus amplifying the impact of our investment in WPA/Soufra, but also the power social entrepreneurship can have in vulnerable communities like refugee camps.



Alfanar 2018 Gala Dinner in London with Guest Speaker John Kerry and Moderator Lyse Doucet



Alfanar has set 5 key objectives for 2019:

1. Invest Deeply through Venture Philanthropy

Maintain the number of Alfanar's venture philanthropy grant and repayable grant portfolios in Egypt and Lebanon at around 8-10 social enterprises respectively, adding two investments in each country following expected exits. Explore impact investing and options for extending the financing life cycle for investor-ready social enterprises. Determine which of Alfanar's existing investees might be ready for regional replication.

2. Support Social Enterprises Broadly

Deliver ASSET training in Jordan (2019-2021). Develop new ASSET training modules around human resources and safeguarding in English and Arabic. Digitise a short-form of select ASSET modules and make public on Alfanar's website to serve as an open-source resource for aspiring social entrepreneurs more broadly.

3. Broaden Engagement

Strengthen Alfanar's messaging and brand. Hold more frequent special-interest events to sustain partner engagement throughout the year. Hold a first large event in the US and Board trip and reception in Lebanon. Add two more Trustees to the Alfanar Board. Clarify strategy for engaging local advisors and young supporters in Alfanar's mission.

4. Grow Support

Appoint a Development Director to professionalise fundraising outreach efforts and raise £1,682k in 2019. Develop clearer partnership strategy around impact themes. Diversify streams of income, especially from foundations and corporates to secure long-term sustainability.

5. Strengthen Operations

Produce new staff handbook. Assess and report on Alfanar practices against new Charity Governance Code. Digitise back-office functions and frontline management support to investees. Employ time sheets and matrix budgeting to deliver greater efficiency and performance.

THANK YOU

We thank the individual donors, institutions and advisors named below who have backed Alfanar's venture philanthropy mission, and the numerous donors who prefer to remain unnamed.

Institutions



Advisors

Badri and Salim El Meouchi - Baker McKenzie - Beirut Digital District - Hakeem Belo-Osagie - John Blacklaws - Anne Blacklaws - Ayman Booz - Peter Breger - Bob Cartwright - Dr. Teresa Chahine - Common Purpose - Deloitte Egypt - Dent de Lait - Dima Rifai - Enoteca - Firyal Ali-Akbar - Celia Harrison - Charlotte Houghteling - Hurwit & Associates - IndiGo - Ramez Kamel - John Kerry - Kant Draw - Cesar Kastoun - Claire Kramer MacKinnon - Lisa Madison - Lyse Doucet - Thomas Morgan - Roger Moukarzel - Nadia Naffa - Leyla Nahas - Julia Neal - Constantin Salameh - Sarah Hunter - Sherif Aoun Architecture - Strategy& (PWC) - Gretchen Thomas - TML ONE - Theo Van Rooyen - Alexandra Vickers - Vit-e - William Key

Individuals

Laila Abduljawad - Peter Williams and Heather Acton - Yasser Al Barami - Nasouh and Kinda Al-Ameen - Moudhy Al-Rashid - Ahmad and Sallama Al-Sayegh - Hassan Allam - Naser Almutairi - Dr. Susan Austrian - Ahmed and Rawah Badrawi - Hussein and Ghada Badrawi - Shahnaz and Iradj Bagherzade - Ali Jalal Baruni - Alexandra Beidas- Adrian Beidas - Fahd Beg - Amr and Mona Ben Halim - Kais Ben Halim - Leila Ben Halim - Omar Ben Halim - Driss Ben-Brahim - Siham Bortcosh - Ghada Sousou Boudouvas - Nathalie Bouri - Mark Brockbank - Jamie Brown - Amjad and Suha Bseisu - Katrina F. Cary - Assaad Alfred Chahine - Charlene Cooper - Andrea and Tim Collins - Heidi Cook - Charlotte Boyle and Alex Cooper-Evans - Matthew Courey - Syma Debbané - Laura Dorfmann - Sherif El Kholi - Mohammed Seif El Nasr - Sara El Omran - Mohammed and Najla El Omran - Hisham and Ola El-Khazindar - Ahmed Ozalp and Heba Elgabalay - Hassan and Rasha Elmasry - Maher Maksoud and Taya Elzayadi - Lubna Fahoum - Rosanna Falconer - Caroline Fattal - Sherif and Mona Lisa Foda - Paul and Nina Foote - Jonathan Franklin - Gilbert and Barbro Gargour - Emilie Marneur and Farid Gargour - Taher Gargour - Charles Garraway - Ramzi and Angelina Gedeon - Andres V. Gil - Richard Gnodde - Beate Guett - Khalida Habbas - Rabi and Ghada Hage - Courtney Harbin - Saad and Kathy Hammad - Josue Tanaka and Hattie Hartman - Richard and Susan Hayden - Ahmed and Mai Heikal - Ahmed and May Heikal - Taher and Cherine Helmy - Mark Huang - Heather Ibrahim - Dr Barbara Ibrahim - Zeiad Idris - Dr. Laila Iskander - Kamal and Rima Jabre - Tatiana Von Der Pahlen and Jean-Marc Jabre - Sherine Jafar - Khaled Kadil - Loukas Karentzos and Muna Wehbe - Cesar Kastoun - Ghada Hourani Kavar - Diana Kawkabani - William Key - Aref Lahham - Hani Lazkani - Laura Stojcevic and Nico Leslie - Elizabeth Hammond Llewellyn - James Lockwood - Sri Prakash Lohia - Sherine Magar-Sawiris - Charles & Nick Manby - Mohammed and Fafi Mansour - Maia Mathieson - Gerhard and Magda Mayr - Omar Mazhar - Stephanie McGregor - Julia and Rupert Middleton - Doug Miller - Jonathan and Terry Miller - John Mojdehi - Thomas Morgan and Jenny Bonk- Carol Atalla and Nino Mowinckel - Charlotte Houghteling and Thomas Mueller - Les Murray - Sherif and Dounia Nadar - Alison Oakes - Cynthia J. Oakes - John G.H. Oakes and Carin Kuoni - Margery Oakes - John Xefos and Lubna S. Olayan - Hutham Olayan - William Pinzler - Sir Derek and Lady Plumbly - Nabil Qaddumi - Daniel & Ioana Reis - James Riley - Ramzi and Dalia Rishani - Cristina Alom Ruiz - Maya Saad - Dalia Said - Susan Sandouka - Ben Rauch and Margaret Scott - Amanda Scott - Jawdat Shawwa - Gamal Shosha - Shahira Zeid and Mostafa Sirry - Harriet Jones-Fenleigh and Nicholas Sloboda - Charles Saumarez Smith - Jon and Precious Snow - Pierre Caland and Amira Solh - Kara and Michele Sportelli - Robert Spreeuw - Matthias and Sarah Stingelin - John Studzinski - Peter Sutherland - Davorka Suzic-Milinkovic - Aziz Syriani - Nadim Tabbara - Fadi Tabbara - Lemy Gresh and Martine Tabet - Heddy and Elwy Teymour - Monica Thomas - Sasha Van Der Water - Richard Villiers - Jonathan Ward - Hind Wassef - Nadia Wassef - Barrie and Dena Webb - David and Gretchen Welch - Gary Williams - Tom Wolfe - Hanan Sayed Worrell - Sarah Xefos - Serene Xefos and Rakan Al-Fadl - Talia Xefos - Samer Yaghnem - Nadhim Al Zahawi - Ferras and May Zalt - Hala Zeibak - Fadwa Zeitoun



Egypt Investee - Together for You

2018 **STRUCTURE,** **GOVERNANCE &** **FINANCES**



Lebanon Investee - Ana Aqra



Egypt Investee - EducateMe

2018 FINANCIAL SUMMARY

Income

Statutory Corporations
3% 6%

Board Pledges*
10%

Trusts and Foundations
30%

Dinner
26%

Consultancy
1%

Individuals
24%

*Total Board contributions in
2018 equal 24% of income

Charitable Activities

Accelerate Study Mission
1%

Management Support
27.1%

Egypt Grants
36.9%

ASSET Training
1.1%

Lebanon Grants
33.9%

*The cost of fundraising
was 22% of income in 2018

GOVERNANCE & MANAGEMENT

Trustees

Lubna Olayan (Chair)
Amjad Bseisu
Charlotte Boyle
Sherif Foda
Dr Laila Iskander
Julia Middleton
Cynthia Oakes
Lady Plumbly

Investment Committee

Julia Middleton (Chair)
Matthew Courey
Mark Huang
Dr. Barbara Ibrahim
Dr. Laila Iskander
Lady Plumbly
Cynthia Oakes (appointed 1 Sept. 2018)

Finance Committee

Charlotte Boyle (Chair)
Siham Bortcosh
Dr. Sherif El Kholy (resigned 2 Feb 2019)
Dr. Laila Iskander (appointed 2 Nov 2018)
Sherif Foda (appointed 2 Nov 2018)

Fundraising Committee

Cynthia Oakes (Chair – until 1 Sept 2018)
Lubna Olayan (Chair – as of 1 Sept 2018)
Rabih Hage
Cherine Helmy (appointed 23 April 2019)
Amanda Scott
Gretchen Welch (appointed 23 April 2019)

Nominations Committee

Amjad Bseisu (Chair)
Charlotte Boyle
Cynthia Oakes
Lubna Olayan

Senior Management Team

Myrna Atalla (Executive Director)
Reem Al Rasheed (Operations Director until 1 Feb 2019)
Fadel Zayan (Investment Director)
Shenouda Bissada (Egypt Country Director)
Michelle Mouracade (Lebanon Country Director)

Registration

Company registration number: 5141908
Charity registration number: 1105048
Registered office: 38 Artillery Lane,
London E1 7LS

Bankers

C. Hoare and Co
37 Fleet Street
London EC4P 4DG

Auditors

Kingston Smith
Devonshire House
60 Goswell Road, London EC1M 7AD

Lawyers

Withers LLP
16 Old Bailey, London EC4M 7EG

Reference and Administrative Details

Alfanar is a registered charity (No. 1105048) and a company limited by guarantee (No. 5141908) with no share capital. The Memorandum and Articles of Association provide that the liability of each member is limited to £1 in the event of the Charity being wound up.

Alfanar's Memorandum and Articles of Association were most recently updated on 21 August 2017. Alfanar's Board and management are aware of the latest publication of the Charity Governance Code. The nominations committee have been tasked with assessing and reporting on Alfanar's practices against this new code. The results of the review and any actions taken will be summarised in the 2019 Trustees Report. To further the objects of the Charity, the Trustees established a trading subsidiary 'Beacon Social Capital', which was incorporated on 27 December 2018 (No. 11741458).

Alfanar's head office in London employed six staff members as of December 2018. Alfanar operates a branch in Egypt registered with the Ministry of Social Solidarity and International Cooperation (No. 67/2015, expiry 25 May 2020). Alfanar in Egypt is led by a Country Director and supported by an Investments and Finance Officer. Alfanar in Lebanon (No. 907) is an independent affiliate of the UK registered Charity; it will be fully activated in 2019. Alfanar in Lebanon is led by a full-time Country Director and supported by an Investments Officer. Alfanar in Libya (No. 1651) is an affiliate of the UK registered Charity. Due to security issues, Alfanar activity in Libya is currently suspended. Alfanar, Inc., US is an independent affiliate 501(c)(3) not-for-profit entity (EIN-75- 31970321) that actively supports Alfanar's mission through grants and is striving to increase public support. Its transactions are not included in these financial statements. It reports independently to the US Internal Revenue Service and the states of Massachusetts and New York.

Objects of the Charity

Alfanar's Memorandum of Association states that the public benefit objects for which it is established are:

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 (this includes all member countries of the Arab League), 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.

The overall aim of Alfanar is to support the emergence of sustainable education, employment and economic empowerment to disadvantaged children, youth and women in the Arab countries where we work. We apply a venture philanthropy approach, providing grants, management support and performance evaluation to social enterprises that pass our due diligence and approval processes. Our support package aims to grow the impact and sustainability of the social enterprises we back. Alfanar in the UK, with the support of Alfanar, Inc., US, raises and provides funds for the work we carry out in Egypt and Lebanon.

Structure, governance & management

Alfanar's Board of Trustees is responsible for the overall governance of the Charity, makes decisions on the strategic direction and policies of Alfanar and delegates day to day management and implementation of these decisions to the Executive Director. All policies are approved by the Trustees to comply with UK legal requirements and good business practice. The Board of Trustees is authorised to appoint new Trustees or to fill vacancies arising through resignation or death. The Trustees are members and directors for Companies Act purposes. They serve three year terms and may be reelected four times, or exceptionally, five times.

Cynthia Oakes also serves as a Director of Alfanar Inc. US. Lady Plumbly also serves as a Director of Alfanar in Lebanon.

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.

The Board usually meets four times a year. There are four sub-committees reporting to the Board each with specific terms of reference and functions delegated by the Board, which each meet four times a year.

Investment Committee

Reviews requests for support from investees presented by the Investment Director. Suitable social enterprises are scrutinised and endorsed by the committee before review for approval by the Board.

Finance Committee

Scrutinises Alfano's business plans, budgets and management accounts and ensures proper financial procedures and controls are in place and operating. The committee also reviews the risk register and human resource policy developments.

Fundraising Committee

Reviews fundraising performance and develops on-going fundraising strategy. Committee members also develop contacts with potential sources of funding. The committee is responsible for ensuring fundraising activities comply with current legislation and best practice.

Nominations Committee

Helps the Board identify the appropriate mix of skills and capabilities it requires for effective leadership and oversight. Assesses and cultivates prospective board members.

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. The Charity is working on an updated Salaries Policy that will be approved by the board in 2019.

Human Resources

Alfanar worked 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.

Fundraising Statement

We were truly touched and overwhelmed by the generosity of our supporters in 2018. Through their support, we were able to achieve our most successful income result to date. It is only through the continued support of our donors that we can carry out our venture philanthropy work and to support vulnerable communities to secure the education, employment and opportunity they need to chart brighter futures for themselves and their families. Thank you for helping us empower tomorrow, today.

We value the trust and relationships we have built with our partners and we endeavour to carry out all our work, including our fundraising and outreach, with openness and transparency. Most of our fundraising is carried out by our senior management team across the UK, Egypt and Lebanon. In 2018, these efforts were supported by our UK-based development coordinator who, with the support of wonderful interns, helped raise our profile through regular electronic newsletters, posts on social media and a match pledge campaign during the summer of 2018.

Thanks to the active engagement of our fundraising committee, as well as the invaluable support of our gala dinner hosting committee and the support of an event organiser, we were able to grow the size and impact of our 2018 gala dinner. Thanks to the success of independent documentary Soufra, Alfanar received increased attention and support. Worth noting, Alfanar has not invested in or paid for any costs related to the production or distribution of the Soufra documentary or cookbooks. Alfanar is responsible for managing charitable donations received in support of the WPA Soufra catering unit and Nawras Preschool.

The Trustees acknowledge that they have taken note of the Charity Commission guidance on fundraising as described in the Charity Commission publications, CC20 and CC15d. Alfanar does not use professional fundraisers, nor does it employ or condone the use of cold calls or high-pressure marketing campaigns. Alfanar fundraises through its annual gala dinner, by pitching to institutional donors, companies, foundations, and individuals who are introduced to Alfanar through its Board of Trustees and wider network. Complaints about Alfanar's fundraising activity are directed to the Executive Director of Alfanar, or the chair of the fundraising committee. We have not received any fundraising complaints to date.

Safeguarding

Alfanar endeavours to protect from harm those who work for and with us, as well as those our investees serve. In 2018, Alfanar undertook a review of its safeguarding and human resource policies, with the support of an HR consultant, our finance committee and senior management. We revised the following policies: Child Protection, Anti-Terrorism, Money Laundering, Anti-Fraud, and Whistleblowing. We developed and added Anti-Harassment, Sexual Misconduct and Bullying, Disciplinary, Probationary and Appeal policies. We appointed one Trustee to serve as the Board's Safeguarding Representative.

As part of our three to six month due diligence process with prospective investees, we check for the existence and active use of safeguarding policies and practices. In 2019, we will develop a new ASSET training module on safeguarding to ensure that social enterprises both within our portfolio and more broadly are effectively trained and supported to establish the systems required to reliably provide safe and effective care to those they serve.

Risk Management

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 that 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 2018, the two areas identified by Trustees as the principal risks facing the Charity remain dependence on the Board to cover costs, and our work being stopped or delayed in Lebanon and Egypt due to political unrest. Alfanar's five-year growth strategy aims to diversify income streams and reduce this dependence, Alfanar also has a policy of employing experienced development professionals in the UK, Egypt and Lebanon. Not only do these professionals bring years of development experience and acumen to their jobs, but also a deep understanding of the political and socioeconomic context on the ground, which enables them to monitor and mitigate arising risks more effectively.



Alfanar Egypt Country Director Shenouda Bissada at Egypt A.I-Investee Meeting

2018 Financial Review

2018 was Alfamar's most successful fundraising year to date. Income raised in the year ended 31 December 2018 was £1,477K (2017: £960K), an increase of 54% from the prior year.

Generous support from our Board, with direct donations of £152K (2017: £178K), coupled with unrestricted grants, including funds from Alfamar, Inc., US, of £140K (2017: £328K) covered all of the Charity's fundraising and support costs in 2018, enabling additional donations raised from individuals and through the gala dinner to be directed towards Alfamar's grants and management support to social enterprise investees.

The Trustees appreciate the invaluable support from other individuals amounting to £339K (2017: £64K) in the year, of which £248K (2017: £16K) is unrestricted. The majority of this was raised through our match funding campaigns over the summer of 2018. A further significant element to this is the £79K restricted to our investment in Lebanon's Burj al Barajneh Palestinian refugee camp, WPA/Soufra/Nawras Preschool. Funds received for the Soufra fund were raised through active solicitation at screenings of the Soufra documentary film and through Alfamar, Inc., US.

Alfamar held a gala dinner in May 2018, which raised a major source of critical unrestricted income, generating £391K, and matching the total income received through the 2016 gala.

Alfamar received significant support this year from institutional donors, notably The Global Fund for Widows (£175K). This income was restricted to our successful and growing investment in the Future Eve Foundation's Amal Project for Widows' Empowerment in Egypt. In 2018, Alfamar was approved for a generous three-year grant from The Asfari Foundation (£75K in 2018), which is partly restricted to support our investment in ShareQ in Lebanon. The remainder of this grant will be used to support staff development and the improvement and digitisation of our ASSET training programme, among other flexible and agreed priorities.

Corporate donors, notably SODIC, gave Alfamar £84K (2017: £74K). Our relationship with scale partner SODIC is highly valued and makes possible several of our social enterprise investments in Egypt, notably our support to Educate Me, BTCP and the Future Eve Foundation Amal Project housing improvement loans to widows in Southern Minya.

In 2018, we completed the remaining part of our agreement with DAI to deliver management support and training to eight growth-stage social enterprises in Lebanon through the SoUK.LB project for which we received £41K (2017: £82K). We secured additional income for research and business planning contracts for social enterprises totalling £13K. In 2019, securing more institutional, corporate and foundation income is a core priority as well as more partnerships through which we can deliver our training and management support to social enterprises.

In 2018, resources expended grew to £1,247K (2017: £1,057K), an increase of 17%. Of this amount, direct grants to investees rose by 36% to £562K (2017: £414K). The surplus for the year enabled us to replenish the reserves utilised in 2017.

Staff costs in 2018 amounted to £338K (2017 : £330K). Of this sum, £143K or 42% (2017: £166K, 50%), was expended on staff dedicated to the provision of management support to investees. In addition to this support expenditure, the cost of consultants providing management support to investees in 2018 was £76K (2017: £82K). The total cost of raising funds was £332K (2017: £160K), representing 22.4% of total income (2017: 16.7%). The significant increase relates to the costs of organising and putting on our 2018 gala dinner, which was not held in 2017.

Reserves Policy

The Board policy is to hold free reserves which represent the next six months projected expenditure budget after deducting expenditure funded by currently held restricted reserves, confidently expected and guaranteed income. As at 31 December 2018 this was £397K.

At 31 December 2018 reserves held totalled £609K (2017: £379K), of which £222K represented restricted funds (2017: 102K) and £386K represented unrestricted funds (2017: 277K).

Designated funds as at 31st December 2018 were £4k (2017: £6K), leaving free reserves at £382K (2017: £270K)

This is £15K below the reserves target. The Trustees consider this to be within acceptable limits but have asked to be provided with regular updates.

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.

Approval

This report was approved by the Trustees on the 13th of June 2019 and signed on their behalf.

TRUSTEE:


JULIA MIDDLETON

Independent Auditors Report to the Members of Alfano

Opinion

We have audited the financial statements of Alfano ('the company') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, 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 Republic of 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 2018 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 the 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.

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.

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 pages 17/18, 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.

Auditors 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 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.

Use of our report

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.



Andrew Stickland (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory
Auditor

Date 28 June 2019

Devonshire
House
60 Goswell Road
London
EC1M 7AD

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2018

Current Year	Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
INCOME					
Donations	2	808,170	91,072	899,242	341,070
Other trading activities: consultancy	3	12,832	-	12,832	-
Income from charitable activities	4	203,839	361,761	565,600	618,877
Other income: gain on foreign exchange		-	-	-	-
TOTAL INCOME		1,024,841	452,833	1,477,674	959,947
EXPENDITURE					
Expenditure on raising funds		332,097	-	332,097	160,261
Expenditure on charitable activities		582,941	332,852	915,793	896,877
TOTAL EXPENDITURE	5	915,038	332,852	1,247,890	1,057,138
Net income/(expenditure)		109,803	119,981	229,783	(97,191)
NET MOVEMENT IN FUNDS		109,803	119,981	229,783	(97,191)
TOTAL FUNDS BROUGHT FORWARD		276,627	102,273	378,900	476,091
TOTAL FUNDS CARRIED FORWARD		386,430	222,254	608,683	378,900
Prior Year					
	Note	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
INCOME					
Donations	2	282,710	58,360	341,070	198,782
Other trading activities	3	-	-	-	314,252
Investment income: bank interest		-	-	-	406
Income from charitable activities	4	370,083	248,794	618,877	473,680
Other income: gain on foreign exchange		-	-	-	23,701
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	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

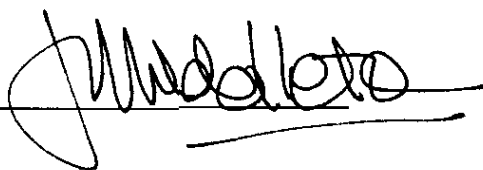
All of the Charity's operations are continuing.

**BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	10		4,440		5,770
CURRENT ASSETS					
Debtors	11	116,474		196,286	
Cash at bank and in hand		<u>617,280</u>		<u>361,128</u>	
		733,754		557,414	
Creditors: amounts falling due within one year	12	(129,510)		(184,284)	
NET CURRENT ASSETS			<u>604,244</u>		<u>373,130</u>
NET ASSETS			<u>608,684</u>		<u>378,900</u>
FUNDS					
Restricted funds	13		222,254		102,273
Unrestricted funds					
Designated funds	14	4,440		5,770	
General fund	15	<u>381,990</u>		<u>270,857</u>	
			386,430		276,627
			<u>608,684</u>		<u>378,900</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 13 June 2019 and signed on their behalf by:-



Julia Middleton
Trustee

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018		2017	
	£	£	£	£
Cash provided by operating activities				
Net movement in funds	229,783		(97,191)	
Add back depreciation charge	1,480		1,923	
(Increase)/ Decrease in debtors	79,812		(176,324)	
(Decrease)/ Increase in creditors	<u>(54,774)</u>		<u>(53,343)</u>	
Net cash (used in)				
operating activities		256,301		(324,935)
Cash flows from investing activities				
Purchase of tangible fixed assets	<u>(150)</u>		<u>-</u>	
Net cash (used in) / investing activities		<u>(150)</u>		<u>-</u>
Increase/(Decrease) in cash and cash equivalents in the year		256,151		(324,935)
Cash and cash equivalents at the beginning of the year		<u>361,128</u>		<u>686,063</u>
Total cash and cash equivalents at the end of the year		<u><u>617,279</u></u>		<u><u>361,128</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 agreed with 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 2018**

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.

Donated services 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 function, 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. Subsequent tranches are dependent on performance assessments by Alfanar 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 transferred to General Funds.

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. Assets under this value are capitalised when appropriate.

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 non-activated 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

Current Year	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £
Board	152,091	-	152,091
Other individuals	248,066	90,799	338,865
Annual dinner	390,569	273	390,842
Donated services	17,444	-	17,444
	<u>808,170</u>	<u>91,072</u>	<u>899,242</u>
Prior Year	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £
Board	178,735	-	178,735
Other individuals	16,029	48,360	64,389
Annual dinner	67,447	10,000	77,447
Donated services	20,499	-	20,499
	<u>282,710</u>	<u>58,360</u>	<u>341,070</u>

Annual Dinner donations received in 2017 are donations in respect of the 2016 annual dinner. The annual gala dinner was not held in 2017.

3. OTHER TRADING ACTIVITIES

	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	<i>Total Funds 2017 £</i>
Consultancy	12,832	-	12,832	-
	<u>12,832</u>	<u>-</u>	<u>12,832</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. INCOME FROM CHARITABLE ACTIVITIES

Current Year

	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £
The Asfari Foundation	-	75,000	75,000
DAI	41,321	-	41,321
SODIC	7,756	76,435	84,191
Global Fund for Widows		174,626	174,626
Alfanar, Inc., US	139,762	35,700	175,462
Other organisations	15,000	-	15,000
	<u>203,839</u>	<u>361,761</u>	<u>565,600</u>

Prior Year

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £
Australian Embassy	-	12,644	12,644
BILD	-	61,506	61,506
DAI	82,858	-	82,858
PSA Foundation	-	25,892	25,892
SODIC	6,783	67,827	74,610
Global Fund for Children (see below)	-	(15,683)	(15,683)
Alfanar, Inc., US	274,719	53,486	328,205
Other organisations	5,723	43,122	48,845
	<u>370,083</u>	<u>248,794</u>	<u>618,877</u>

During 2017 the charity paid back an unspent balance relating to a restricted grant from Global Fund for Children. The income was originally recognised in 2015.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. EXPENDITURE

Current Year	Direct Staff costs £	Other Direct costs £	Support costs £	Total 2018 £
Costs of raising funds	88,222	171,714	72,161	332,097
Charitable activities	143,580	654,771	117,442	915,793
	<u>231,802</u>	<u>826,485</u>	<u>189,603</u>	<u>1,247,890</u>

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 2017 £
Costs of raising funds	43,743	82,497	34,021	160,261
Charitable activities	165,908	537,733	193,236	896,877
	<u>209,651</u>	<u>620,230</u>	<u>227,257</u>	<u>1,057,138</u>

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:	2018 £	2017 £
Auditors' remuneration for audit (including VAT)	11,977	9,800
Depreciation	1,480	1,923
Operating Lease rentals: equipment	497	-
Operating lease rentals: property	<u>22,409</u>	<u>27,094</u>

7. SUPPORT COSTS

	2018 £	2017 £
Governance: audit fee	11,977	11,059
Staff costs	106,510	120,104
Staff development	2,206	3,800
Accounting, payroll and compliance	2,951	24,175
Rent	22,409	27,094
Recruitment	-	8,450
Legal and professional fees	3,609	10,258
Bank charges	1,605	1,652
Loss on foreign exchange	9,016	6,094
Other	<u>29,320</u>	<u>14,571</u>
	<u>189,603</u>	<u>227,257</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2018 £	2017 £
Grant Investments awarded - Egypt		
Educate Me	103,630	49,639
Future Eve Foundation	140,437	20,186
iStem	-	9,099
Life Vision	-	642
Nafham.com	1,274	4,260
Sultan Foundation	8,482	6,587
Together For You	21,898	12,316
Wataneya	7,286	-
Brighter Tomorrow for Child Protection (BTCP)	11,018	-
Grant Investments awarded - Lebanon		
Ana Aqra	44,460	45,219
Inaash	29,703	12,782
The Little Engineer	4,570	28,735
MMKN	35,111	28,900
NaTakallam	31,994	16,063
ShareQ	32,113	16,099
WPA/Soufra/Nawras Preschool	45,131	163,133
SE Factory	29,723	-
FabricAid	15,024	-
Total Grant Investments awarded	561,854	413,660
Alfanar Sustainable Social Enterprise Training (ASSET)	401	4,415
Impact Measurement	4,544	3,471
Other direct costs	12,280	33,637
Programme services	75,692	82,550
	654,771	537,733

Programme services: the cost of consultants providing management support to investees in Lebanon.

9. STAFF COSTS

	2018 £	2017 £
Gross salaries	275,164	277,864
Social security costs	27,480	24,971
Pension Costs	1,651	718
Salaries of overseas staff	32,887	25,225
Other overseas staff costs	1,129	977
	338,311	329,755

A total of 10 individual staff members were employed by the Charity in the year (2017 : 11).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**
9. STAFF COSTS(continued)

Number of employees whose salaries were in the following bands:	2018	2017
£80,000-£89,999	1	-
£70,000-£79,999	-	1
£60,000-£69,999	-	1
Aggregate employer's contributions to pension schemes for these staff	£703	£325

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 £237,301 (2017:£217,096).

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

10. TANGIBLE FIXED ASSETS - Office equipment

	£
Cost	
At 1 January 2018	10,358
Additions in the year	150
At 31 December 2018	<u>10,508</u>
Depreciation	
At 1 January 2018	4,588
Charge for the year	1,480
At 31 December 2018	<u>6,068</u>
Net book value	
At 31 December 2018	<u>4,440</u>
At 31 December 2017	<u>5,770</u>

11. DEBTORS

	2018	2017
Due within one year	£	£
Trade debtors	4,391	22,509
Accrued income	101,940	153,309
Prepayments	10,143	20,468
	<u>116,474</u>	<u>196,286</u>

12. CREDITORS

	2018	2017
Due within one year	£	£
Trade creditors	10,077	4,217
Taxation	15,088	19,203
Accrued grants	79,702	123,062
Defined contribution pension scheme payments	701	164
Other accruals	23,942	37,638
	<u>129,510</u>	<u>184,284</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

13. RESTRICTED FUNDS

Current Year	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	£	£	£	£	£
<u>Egypt General</u>					
Egypt funds	8,000	325	-	-	8,325
<u>Education in Egypt</u>					
Educate Me	52,724	43,088	(95,812)	-	-
Nafham.com	5,542		(1,274)	-	4,268
BTCP	-	11,758	(11,018)	-	740
<u>Womens Economic Empowerment in Egypt</u>					
Future Eve Foundation	-	220,193	(140,437)	-	79,756
Together For You	-	3,000	-	-	3,000
<u>Lebanon General</u>					
Lebanon Fund	-	9,957	-	-	9,957
<u>Education in Lebanon</u>					
MMKN	-	3,000	(3,000)	-	-
<u>Refugees in Lebanon</u>					
NaTakallam	21,007	-	(21,007)	-	-
ShareQ	-	20,000	-	-	20,000
Inaash	-	4,000	(4,000)	-	-
WPA Nawras Pre-School	-	79,012	(45,131)	-	33,881
<u>UK</u>					
Accelerate Study Missions	15,000	-	(7,673)	-	7,327
Photography Fund	-	3,500	(3,500)	-	-
Alfanar Development	-	55,000	-	-	55,000
TOTAL RESTRICTED FUNDS	102,273	452,833	(332,852)	-	222,254

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**
RESTRICTED FUNDS

Prior Year	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	£	£	£	£	£
<u>Egypt General</u>					
Egypt Funds	18,000	4,028	-	(14,028)	8,000
Education Social Enterprise Mapping	9,869	-	(7,858)	(2,011)	-
<u>Education in Egypt</u>					
Bedayaat	6,039	-	(16)	(6,023)	-
Educate Me	35,926	67,827	(57,052)	6,023	52,724
FLDO	13,806	(15,683)	(20)	1,897	-
iStem	-	-	(4,028)	4,028	-
Nafham.com	9,802	-	(4,260)	-	5,542
<u>Womens Economic Empowerment in Egypt</u>					
Future Eve Foundation	-	59,674	(23,925)	(35,749)	-
Life Vision	-	20,638	(2,707)	(17,931)	-
Together For You	3,000	3,000	(6,000)	-	-
<u>Education in Lebanon</u>					
MMKN	-	3,000	(3,000)	-	-
<u>Refugees in Lebanon</u>					
NaTakallam	6,939	30,131	(16,063)	-	21,007
WPA Soufra Foodtruck	1,753	38,536	(40,289)	-	-
WPA Nawras Pre-School	36,139	81,003	(117,142)	-	-
<u>UK</u>					
Accelerate Study Missions	-	15,000	-	-	15,000
TOTAL RESTRICTED FUNDS	141,273	307,154	(282,360)	(63,794)	102,273

Egypt funds hold income specifically restricted to investment activities in Egypt. Allocation to specific projects is at the discretion of the Board. In 2017 balances in these funds were used to support Future Eve, £10,000 and iStem, £4,028. No allocations were made in 2018.

Egypt Education Social Enterprise Mapping: In 2016, Alfanoar 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 Alfanoar's website in 2017 and used to grow Alfanoar's pipeline of prospective education investments in Egypt.

Bedayaat runs an informal children's education centre in the impoverished Badawi Shelters of Minya City, Egypt. With Alfanoar's support from 2011 through to 2016, Bedayaat strengthened the education, health and support activities delivered by its children's centre. Alfanoar 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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.

Future Lights for Development Organisation (FLDO) runs a Montessori-style nursery school that doubles as a training hub for nurseries that operate in Cairo's slum areas. In 2015, FLDO's model nursery school achieved financial break-even. Alfanar 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 that were not transferred to Educate Me were returned to GFC.

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. Alfanar approved a pilot investment in 2017, which was covered in 2017 by a transfer from the Egypt Fund of £4,028.

Nafham.com is an online learning platform (MOOC) that has digitised the curricula of Egypt, Syria, Saudi Arabia Kuwait and Algeria. In 2016, Alfanar assessed the site's learning outcomes and user interface and funded the development of 675 new videos based on guidelines put forward by the assessment. This project is made possible through the support of SODIC.

Brighter Tomorrow for Child Protection (BTCP) is a new investee funded with support from SODIC in 2018. BTCP supports the social and educational reintegration of children with disabilities particularly with autism, based out of Alexandria.

Future Eve Foundation (FEF) is an active investment described in our 2018 Annual Report and has been generously supported by the Global Fund for Widows (GFW) and an individual. A new portfolio of housing improvement loans launched by FEF has been supported by SODIC. GFW continues to provide technical assistance to this investment.

In 2016, of the £89,013 grant payments to FEF (see note 8), £76,095 was spent from general reserves. At the end of 2017 the balance on this fund was therefore transferred to general reserves to partly cover the disbursements made from general reserves in 2016.

Life Vision economically empowers smallhold female farmers through Farmer Field Schools and literacy classes. 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 partly cover a total of £70,891 in disbursements made from general reserves in 2016.

Together For You (TFY) is an active investment providing vocational training to low-income women in Cairo to become elderly caregivers and then acting like an agency, securing job placements for them. Disbursements are partly covered by restricted funds from an individual.

The Lebanon Fund holds funds received from an individual donor specifically for a refugee empowerment investment in Lebanon. This is currently held while we agree a suitable recipient. Disbursements will be made in 2019.

MMKN is an active investment which 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. Disbursements are partly covered by restricted funds from an individual.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NaTakallam is an active investment which leverages online communication technology to pair Syrian refugees, mainly based in Lebanon, with Arabic learners worldwide. Disbursements in 2018 were partly funded by restricted funds brought forward from 2017.

ShareQ is an active investment that runs a learn and earn vocational training program across Lebanon for disadvantaged Lebanese women and youth. Once graduated from the training programme, ShareQ places its trainees in employment largely in the food and beverage sector. It has previously been funded by general reserves. In 2018, Alfanar received a restricted grant from The Asfari Foundation which will be disbursed in 2019.

Inaash. This project has been funded previously from General Reserves but in 2018 received support from the Vovos Better World Fund.

WPA Soufra directs restricted funds generously donated to support WPA in the purchasing, outfitting and operation of the first food truck owned by refugees in Lebanon. Restricted income in 2017 was received from the Australian Embassy DUP, the PSA Foundation, and Alfanar, Inc., US.

WPA Nawras Pre-School is an active investment. The creation of the pre- 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. In 2017 this investment was made possible with the support of the Ein Herz für Kinder Foundation and Alfanar, Inc., US. In 2018, restricted funds were received from Air Amber, Woh Hup, Alfanar Inc. US and numerous individuals who saw the Soufra documentary or purchased the Soufra Cookbook.

Accelerate Study Missions described in the 2018 Annual report has been generously supported by an individual donor.

Photography Fund: This was a donation from an individual specifically to cover the cost of filming and photography in Egypt and Lebanon ahead of the gala dinner and for use on our website. It was fully spent during 2018.

Alfanar Development Fund. Alfanar received a generous grant from The Asfari Foundation which will be spent in 2019 to cover the development and digitising of ASSET modules, hiring a data officer and staff development.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. DESIGNATED FUNDS

Current year	Brought Forward	Income	Expenditure	Carried Forward
	£	£	£	£
Fixed Assets	5,770	-	(1,330)	4,440
TOTAL DESIGNATED FUNDS	5,770	-	(1,330)	4,440

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	Carried Forward
	£	£	£	£
Fixed Assets	7,693	-	(1,923)	5,770
TOTAL DESIGNATED FUNDS	7,693	-	(1,923)	5,770

15. MOVEMENT OF FUNDS IN THE YEAR

Current year	Brought Forward 1 January 2018	Income	Expenditure	Transfers	Carried Forward 31 December 2018
	£	£	£	£	£
Designated funds	5,770	-	(1,330)	-	4,440
General fund	270,857	1,024,841	(913,708)	-	381,990
	276,627	1,024,841	(915,038)	-	386,430
Restricted funds	102,273	452,833	(332,852)	-	222,254
TOTAL FUNDS	378,900	1,477,674	(1,247,890)	-	608,684

Prior 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Current year

	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £
Tangible fixed assets	4,440	-	4,440
Net current assets	<u>381,990</u>	<u>222,254</u>	<u>604,244</u>
	<u>386,430</u>	<u>222,254</u>	<u>608,684</u>

Prior year

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

17. RELATED PARTIES

Alfanar rents and pays for UK office space at less than market rates from 'Common Purpose', where Julia Middleton (trustee) is the Innovations Officer. The cost in the year was £18,500 (2017: £23,633).

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

During the year, trustees donated £360,604 (2017: £187,142) in total, including board pledges, gifts at events and other campaign donations to Alfanar's general funds.

18. LEASE COMMITMENT

At the reporting end date the Charity had the following future minimum lease payments under non-cancellable operating leases on property and office equipment which fall due as follows:

	2018 £	2017 £
Less than 1 year	15,255	22,322
Between 2 and 5 years	<u>6,510</u>	<u>2,147</u>
	<u>21,765</u>	<u>24,469</u>