

ALFANAR

England & Wales · Charity number 1105048

Details

Other names ARAB LEARNING INITIATIVE

Status Registered

Legal form Charitable company

Company number [05141908](#)

Registered 2004-07-22

Register [View on the Charity Commission register](#)

Contact

Address 6 Langley Street
London
WC2H 9JA

Phone 0753 408 8175

Email info@alfanar.org.uk

Website www.alfanar.org.uk

Activities

Objects: a. the advancement of education and learning for the public benefit, and in particular to educate men and women and young people of all ages from a broad range of geographical, ethnic, social and economic backgrounds in the Arab world, to enable them to realise their full potential as individuals, within society as a whole; and b. the relief and prevention of poverty, in particular among socially and economically disadvantaged communities in countries in the Arab world by providing or assisting in the provision of education, training and other support designed to enable members of those communities to generate a sustainable income and be self-sufficient; provided always that nothing contained herein shall authorise or be deemed to authorise the carrying on of any activity for any purposes except those regarded as charitable by the laws of England and Wales.

Activities: Alfanar assists organisations in the Arab region that are improving the lives and opportunities of the communities they serve. Alfanar's partners, who may be start up or more established organisations, take enduring and entrepreneurial approaches and are committed to finding diverse ways to generate income. Alfanar provides them with a combination of financial support, advice and expertise.

Classification

- **How:** Makes Grants To Organisations, Provides Human Resources
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, The Prevention Or Relief Of Poverty, Economic/community Development/employment
- **Who:** Other Charities Or Voluntary Bodies, Other Defined Groups

Geography

- **Area of benefit:** OVERSEAS
- Egypt
- Jordan
- Lebanon
- Libya
- City Of London

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£1,984,566	£2,787,107	£632,468	24
2023-12-31	£2,452,661	£2,472,843	£1,260,444	22
2022-12-31	£2,503,853	£2,052,885	£1,455,190	20
2021-12-31	£2,126,770	£1,961,121	£1,004,222	10
2020-12-31	£2,190,319	£1,824,553	£838,573	9

Trustees

Name	Role	Appointed
LUBNA OLAYAN	Chair	
Hussain AlNowais		2021-12-01
Joud Abdel Majeid		2025-07-25
Maysa Jalbout		2020-06-30
Sherif Foda		2015-11-20

ALFANAR

England & Wales - Charity number 1105048

Accounts



VENTURE
PHILANTHROPY

ANNUAL REPORT

FOR THE YEAR ENDED
31 DECEMBER 2024

Against the Odds



Twenty Years of Fuelling Arab Social Innovation

Twenty years ago, we set out with a bold conviction: that the Arab world was rich in talent, ideas, and resilience—and that if we could support local social entrepreneurs with the right tools, we would transform lives at scale. Our founder, Tarek Ben Halim, was committed to moving beyond traditional grant-making and unlocking the power of local social enterprises to drive lasting change across the Arab world. In those early conversations, we didn't imagine change. We committed ourselves to it.

We believed then, as we still do today, that Alfanar is a risk worth taking. Over the past two decades, Alfanar has grown from an idea into an anchor institution within the region's social innovation ecosystem. To date, we have deployed over £8 million in funding to more than 200 social enterprises across Egypt, Lebanon, Jordan, and Palestine. These ventures are building solutions to improve education, expand access to finance, strengthen climate resilience, and preserve cultural heritage.

In 2025 alone, our investees are projected to directly impact over half a million lives. But numbers only tell part of the story. In Lebanon, where infrastructure has crumbled and institutions have frayed, Lebanese Alternative Learning has opened new doors to digital education for thousands of students. In Palestine, Flowless is tackling one of the region's most acute challenges—water scarcity—through technology that is now drawing interest from across the globe. These are not stopgap solutions. They are scalable models with the power to shift systems.

And they are being built in the face of extraordinary headwinds. Since 2020, development aid to the Middle East has declined by 7.4%, even as the region faces a £495 billion annual SDG funding gap (OECD). These shortfalls are not abstract—they are felt daily by the very communities in which we work. And in this climate of retreat, Alfanar's model is more than innovative—it is essential.

Through a combination of flexible capital and deep and sustained engagement, we work to transform high-potential social ventures into sustainable, scalable engines of change. Our model enables organisations not just to survive crisis, but to adapt and grow. We are proud of how far we have come, but we are under no illusion about the scale of the work ahead. In the face of overlapping crises—conflict, displacement, economic uncertainty, and climate disruption—what's needed now is not just resilience, but reinvention.

That is why, as we look forward, we remain anchored by four core commitments: prioritising impact for youth and vulnerable women; doubling down on high-potential enterprises; building bridges for ecosystem collaboration; and pioneering new funding models to multiply capital.

The road to a more just and sustainable Arab world is long. And it is not linear. But it is being built by the entrepreneurs, families, and communities we serve. We are honoured to walk it alongside them.



Lubna S. Olayan
Chair
Alfanar Board of Trustees



Safia Tmiri
Executive Director
Alfanar

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**WHO
WE ARE**

**WHAT
WE DO**

WHO WE ARE



Mission

Alfanar is the Arab world's first venture philanthropy organisation—established to fund, support, and scale high-impact social enterprises tackling the region's most urgent challenges. We invest where it's hardest and where it matters most, combining catalytic capital with deep, hands-on support to amplify both social impact and financial sustainability.

Vision

To build a thriving impact economy in the Arab world—where locally-led social enterprises drive inclusive growth, resilience, and long-term systemic change.

Values

Rooted Authenticity

We are firmly committed to the Arab World and believe in the amplifying power of rooted capital, expertise and ventures that align with our values and sovereignty.

Radical Disruption

We invest in the crazy, fearless, rule-breaking social entrepreneurs who challenge the status quo and seek innovative, scalable solutions to the region's structural challenges.

Transformative Ambition

We envision creating an impact economy with social enterprises and partners delivering on an over-size purpose: leading positive, systemic social change and achieving sustainable financial impact.

Total Transparency

We follow rigorous transparency when reporting on our grantees, funds deployment and the dual focus on financial and social impact across our portfolio.

WHAT WE DO



Venture philanthropy—where it's hardest, and where it matters most.

Our Venture Philanthropy Model is built for fragility, backed by evidence and powered by people. We apply the tools of private investment to social good—offering support beyond funding. We help social enterprises build viable business models that multiply every dollar of support into long-term, locally-owned impact.



Patient Capital

Long-term, flexible funding—from grants and zero-interest loans to convertible capital—that gives social enterprises the runway to grow and adapt where others fail.

Instruments:

Grants & Awards

Zero-Interest Loans

Convertible Loans



Impact First

Each enterprise's impact model is tailored to define, measure, and communicate outcomes that matter—moving beyond outputs to meaningful, data-driven results.

Tools:

Impact Modelling

Impact Dashboard

Reporting & Evaluation

Financial Sustainability & Impact Multiplier



Hands-On Support

Tailored trainings and one-on-one support to help founders and social enterprises grow and scale impact.

Tools:

Learning Studio

Portfolio Managers

Expert Mentor



Impact Network

Social enterprises gain access to a powerful network of investors, sector experts, and peer organisations—spanning the Global South, the Gulf, and Europe—amplifying their reach, visibility, and long-term resilience

Opportunities:

Study Missions

Market Exploration

Impact Connector Events

FUNDING THEMES



In 2024, Alfanar restructured its portfolio around four key verticals, articulating the most pressing and systemic challenges in our region. Within these focus areas, we are committed to driving sustainable impact with a focus on marginalised communities—including women, youth, children, and refugees.

Learning

Education and skilling models that build critical skills at all stages to prepare learners for productive and fulfilled lives

Early years

K-12 foundations

Digital skills

Adult upskilling

Earning

Platforms and services that bridge access to finance and employment to help underserved populations gain dignified livelihoods

Microfinance

Employment platforms

Climate

Technologies and ventures that build scalable solutions to optimise yields, water resources and consumption waste to enhance sustainability

Agriculture

Recycling

Water

Waste

Heritage

Creative ventures and studios that revive the region's heritage practices to create sustainable and authentic products and perspectives

Textiles & crafts

Arts & culture

Narratives



REAL CHANGE. REAL STORIES.

2024

This is What Change Looks Like



Funds disbursed to
Social enterprises
in the Arab region

£712K



85K

Lives
Impacted



38

Social
Enterprises

In 2024, Alfanar deepened its commitment to fragile communities across the Arab world—channeling catalytic capital and hands-on support to the social enterprises building futures from the ground up.

Alfanar deployed £712K in flexible, high-impact grants to 38 locally led social enterprises—catalysing solutions for education, livelihoods, climate resilience, and cultural preservation. Of these, 24 ventures accelerated their growth, while 14 received seed funding to launch innovative models. Together, they transformed outcomes for 85,000+ people across underserved communities, proving that strategic funding unlocks both scale and systemic change.

Scaling Solutions Where It Matters Most



What We Delivered

11K

children
educated

5K

jobs created
(women,
refugees, and
youth)

6K

tonnes of CO₂
emissions
avoided via
csmart
solutions

11

endangered
crafts and
traditions
safeguarded

What We Have Unlocked

+23%

average increase in financial sustainability—enabling enterprises to generate more revenue and reduce donor dependency.

+34%

rise in impact multiplier—amplifying every pound invested into deeper, more measurable outcomes.



Powering Potential

Egypt is at a critical juncture. With a population exceeding 114M, the country faces converging challenges—rising youth and female unemployment, widespread learning poverty, and acute environmental pressures. Yet amid these challenges lies extraordinary potential. Alfanar is investing in high-impact social enterprises that drive scalable solutions.

£120K

Grants disbursed

£1.7M

Self-generated revenue

77%

Cost recovery rate

Learning

482

Students with improved learning outcomes

Earning

4K+

Jobs, expanding income in underserved communities

Climate

2K+

Tonnes of materials recycled via innovative waste-to-energy models

*56% children in learning poverty ([World Bank](#)). Alfanar supports models like *Man Ahyaha* that deliver skills-based education to the most marginalised —laying the foundation for lifelong opportunity.*

*In the labour market, 19% youth and 18% women are unemployed ([Macrotrends](#), [The Global Economy 2023](#)). Alfanar grant recipients like *Future Eve Foundation* are shifting the narrative—offering job training and employment to women and young people.*

*As the #1 contributor of plastic waste to the Mediterranean ([Carnegie Endowment](#)), Egypt urgently needs scalable, circular solutions. Alfanar works with enterprises such as *Delta Oil, Plstka, Bekia, and WMC* to divert waste using innovative solutions.*



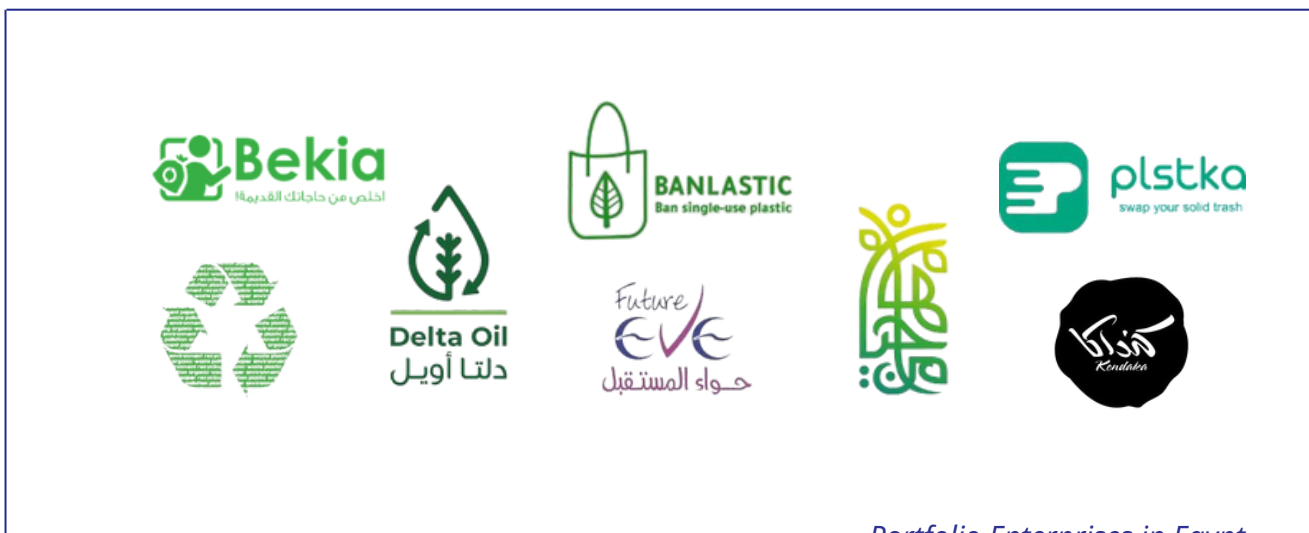
An Engine of Economic Mobility

Since Alfamar first worked with Future Eve Foundation in 2012 to support their flagship Amal Project, the initiative has transformed from reaching 250 women in 3 villages to empowering 24,000+ women across 82 villages in 6 governorates.

Our flexible funding and capacity-building support helped Future Eve develop Amal into a nationally recognised model for women's economic inclusion, generating measurable impact: 126 new micro-business categories created, 34% average increases in household incomes, and strengthened agricultural value chains.



exponential reach, economic transformation, and readiness for scale



Portfolio Enterprises in Egypt



Scaling Solutions Amidst Crisis

With a population of 5.8M, Lebanon faces one of the deepest economic collapses in modern history. Half of the children live in learning poverty, 1.7M people experience food insecurity, and youth unemployment soared to 48% – placing immense strain on a fragile social fabric. Yet even in the face of crisis, local innovation continues to thrive—and Alfanar is investing in the social enterprises leading that charge.

£460K

Grants disbursed

Learning

11K

Students with improved learning outcomes

48% of children face learning poverty ([World Bank](#)). Through catalytic support to Lebanese Alternative Learning, Alfanar is helping scale offline-digital education platforms that reach underserved communities.

£2.9M

Self-generated revenue

Earning

718

Jobs created expanding income in various communities

In a market where 48% youth ([UNDP](#)), and 15% women ([World Bank](#)) are unemployed, Alfanar backs income-generating enterprises like B.O.T. to create jobs for vulnerable youth.

58%

Cost recovery rate

Climate

676

Tonnes of recycled goods and materials

With 1.7M experiencing food insecurity ([WFP](#)), Alfanar launched a climate-focused accelerator, supporting six ventures tackling waste management, recycling, and sustainable design.

Heritage

With Lebanon's artisanal heritage at risk, Alfanar continues to support enterprises like L'Artisan du Liban, which preserve traditional crafts while creating dignified employment for women and rural artisans.

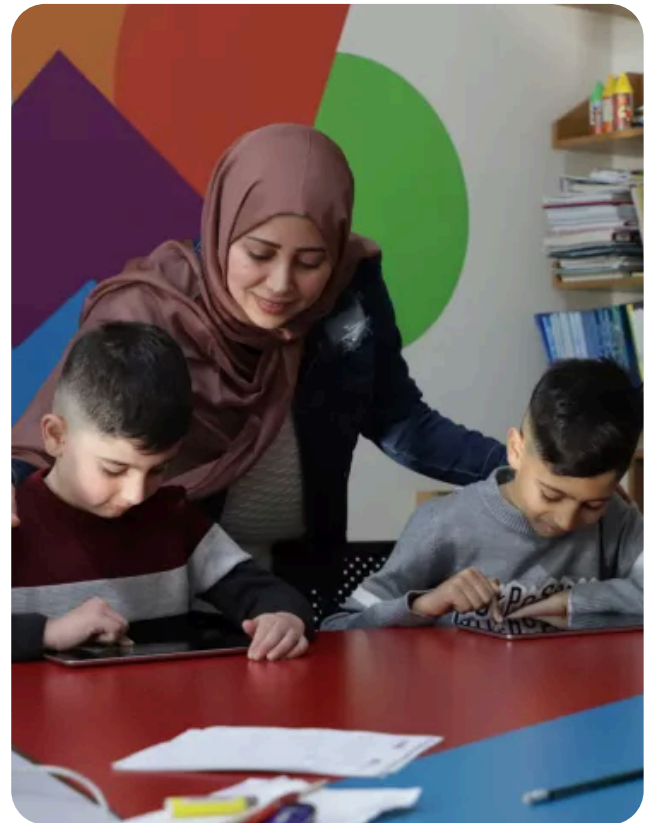


Where Funding Creates Multiplier Impact

Since 2020, Alfanar’s catalytic funding and hands-on support have empowered Lebanese Alternative Learning (LAL) to provide free, offline digital education to over 22,000 learners via its award-winning Tabshoura platform. Results show 15% improvement in student performance and 80% better classroom outcomes.

Beyond funding, Alfanar helped strengthen LAL’s business model, scale its revenue-generating ConsultEd Solutions, and refine its theory of change.

With official approval from Lebanon’s Ministry of Education to integrate Tabshoura into the national curriculum—LAL is expanding impact to new markets.



verified impact, systemic change, and scalable growth



Portfolio Enterprises in Lebanon



Advancing Education, Preservation, and Youth Opportunity

Jordan, home to 11.5M people, faces a dual challenge: one of the highest youth unemployment rates in the region and a rapidly deteriorating natural and cultural environment, with a 50% decline in renewable water resources since 1975 ([Ecomena](#)). In this fragile yet opportunity-rich context, Alfanar has made Jordan a long-term priority—building relationships with high-potential social enterprises that are restoring livelihoods, transforming education, and preserving heritage at scale.

Grants Disbursed

£77K

In 2024, we disbursed £77K in grant funding alongside strategic support to locally rooted ventures, catalysing sustainable solutions that respond to Jordan’s most urgent challenges while unlocking its latent potential.

Learning

60% of children live in learning poverty ([Science Direct](#)). To help address deep learning deficits, Alfanar supports enterprises including Curio, Ketabi, and Jusoor Labs that use digital tools for more accessible, relevant, and engaging learning for underserved students.

Earning

Youth unemployment exceeds 40% ([Macrotrends 2023](#)), women’s unemployment stands at 23% ([Country Economy 2023](#)). Through an innovative blend of life skills, robotics, and entrepreneurship training, Alfanar is accelerating enterprises that are preparing underserved youth for the job market of tomorrow.

Heritage

40% of traditional handicrafts are at risk of extinction ([Research Gate](#)). Alfanar supported social enterprises like KUVRD and Hands of Sitti, which are reviving Jordan’s artisanal traditions while creating dignified employment opportunities—particularly for women and refugee communities.

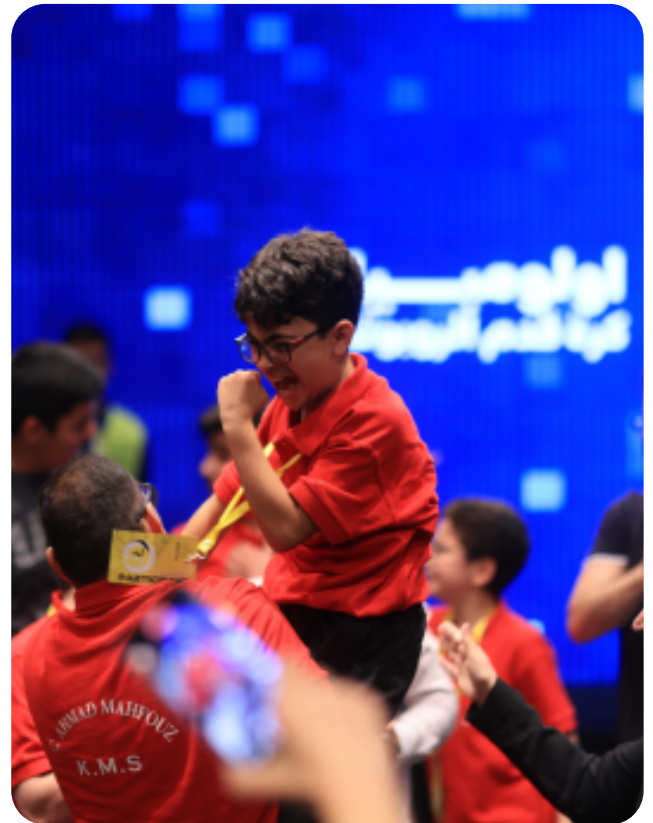


Building Futures Through STEM and Opportunity

Robotna joined Alfanar’s accelerator in 2019 and by 2024, secured a place in our catalytic funding portfolio—reflecting its potential to transform education and economic opportunity for underserved youth.

Alfanar’s flexible funding and strategic support have strengthened Robotna’s impact measurement & reporting, network access and scalability & credibility.

Together, we co-developed a three-year growth plan, ensuring Robotna expands equitable access to STEM education, life skills, and digital careers for marginalised youth in Jordan and beyond.



proven growth trajectory, systemic impact, and sustainable pathways for youth

CURIO

ROBOTNA

KETABI

Jusoor Labs
جسور لابس

SITTI
[si'-TEE]

KUKURD

Portfolio Enterprises in Jordan



Resilience Through Innovation

With a population of 5.8 million, Palestine faces one of the most acute and protracted development challenges in the region. Youth unemployment stands at 48% ([UN](#)), women’s unemployment at 40% ([Palestinian Central Bureau of Statistics 2023](#)). In this complex and constrained environment, Alfanar is investing in social enterprises that are not just surviving adversity—they’re engineering solutions built for resilience.

£55K

Grants disbursed

Earning

20

Jobs created

£90K

Self-generated revenue

Climate

237

Cubic metres of water saved and treated

65%

Cost recovery rate

48

Tonnes of Reduction in CO₂ emissions

More than 60% of children live in learning poverty ([Cambridge University](#)). Alfanar is exploring opportunities to support enterprises working in learning and heritage—two sectors where social innovation can protect both human potential and cultural identity.

40% of agricultural land has been lost due to worsening water scarcity ([UNCTAD](#)) with losses dramatically amplified by conflict—a critical threat to livelihoods and food security. Flowless, Alfanar’s first catalytic funding recipient in Palestine, is pioneering smart water management solutions in a region where every drop counts.



Building Futures Through STEM and Opportunity

Since 2023, Alfanar's catalytic funding and technical support have accelerated Flowless' journey to a globally scalable water-tech solution.

Our support builds on BuildPalestine's foundational work in developing Palestinian social enterprises, demonstrating how strategic ecosystem coordination creates pipeline opportunities.

By facilitating critical connections with agriculture cooperatives, refining impact measurement systems, and strengthening operations, we have helped Flowless save 237,000 m³ of water in Year 1 (enough to supply 1,487 households annually), generate £142K+ in client savings through reduced water/energy costs, and secure three new regional partnerships to optimise utility data systems.

This transition from local pilot to cross-border solution exemplifies Alfanar's approach to identifying high-potential ventures and equipping them for systemic impact.



scalable tech, measurable environmental & economic impact, and cross-border potential



Amplifying Impact Beyond the Grant



In 2024, Alfanar marked 20 years of supporting locally-led solutions across some of the most complex and underserved communities in the Arab world. This milestone was a moment to sharpen our focus.

As we refreshed our brand, we reaffirmed our core commitment—to drive systems change by strengthening the institutions, ecosystems, and narratives that enable social enterprises to scale. Every convening, campaign, and communication this year was designed with that goal in mind—to build the credibility, capital access, and cross-sector alignment that social enterprises need to deliver impact at scale.

Because if we have learned anything in 20 years, it is that good ideas don't fail because they don't work. They fail because they lack the visibility, support, and partnerships to grow.

REPOSITIONING FOR RELEVANCE



VENTURE
PHILANTHROPY

Alfanar's new brand identity launched, marking two decades of bold, catalytic philanthropy—and reaffirming our role as a leader in the impact economy.

GLOBAL STAGE, LOCAL VOICES

Our “Leading the Change” Gala brought together global figures like Dr. Mohammed El-Erian, Hala Gorani, Khaled Abdalla, and Mo Amer, alongside a new cultural partnership with Azza Fahmy—raising critical awareness and opening new doors for our social enterprise portfolio.



Amplifying Impact Beyond the Grant



MEDIA THAT MOVES CAPITAL

Strategic media placements and stories elevated both Alfanar's model and the work of our investees, bringing much-needed attention to local innovators solving complex challenges.



ECOSYSTEM CONVENINGS: STRENGTHENING THE INFRASTRUCTURE OF IMPACT

We convened stakeholders at key regional gatherings—from the Impact Connector event in Lebanon to a high-level ecosystem convening in Jordan—fostering collaboration across the philanthropic, entrepreneurial, and investment sectors.

THE LIGHTHOUSE: A KNOWLEDGE PLATFORM FOR WHAT WORKS

Launched as a monthly newsletter and webinar series, The Lighthouse is Alfanar's platform for insight-sharing, sector learning, and ecosystem storytelling—bringing donors, entrepreneurs, and changemakers into deeper alignment.

WHY IT ALL MATTERS

Scaling solutions in fragile contexts isn't just about funding more. It's about making the right investments in visibility, credibility, and alignment. In 2024, we moved beyond celebrating 20 years—we used it to accelerate the next chapter of systems change.

Looking Ahead



01 DEEPEN THE VALUE OF VENTURE PHILANTHROPY

In 2025, we are strengthening the core of what makes Alfanar effective: a venture philanthropy model that combines capital with capability. We are undertaking a full review of our grant-making and support processes to ensure that our framework is transparent, rigorous, and aligned with the needs of the region's most promising social enterprises. We are expanding our Impact Measurement Hub to embed data-driven learning and share practical tools across our ecosystem.

02 SCALE IN LEBANON AND JORDAN

In Lebanon and Jordan, compounding economic crises and protracted displacement continue to put immense pressure on already overstretched systems. In response, Alfanar will expand its portfolio in both countries by supporting eight additional high-impact social enterprises by 2026, with a particular focus on youth employment and livelihoods. In a region like Lebanon and Jordan, where over 1.75 million young people remain out of work ([UNDP](#)) ([Macrotrends](#)), we believe scalable, enterprise-led models can offer durable solutions, locally anchored and regionally relevant.

03 DOUBLE DOWN ON EGYPT'S POTENTIAL

Egypt continues to represent Alfanar's most significant opportunity for long-term impact. With a population exceeding 110 million and a dynamic but underfunded social enterprise landscape, we will replicate and scale proven models in the earning and climate sectors, with the goal of reaching more than 10,000 new beneficiaries by 2027. We are also deepening our partnerships within the Egyptian ecosystem to ensure that growth is matched by sustainability and system-wide collaboration.

04 DRIVE LOCALISED SOLUTIONS IN PALESTINE AND SYRIA

In the region's most fragile environments, traditional aid often fails to deliver long-term value. That is why we are focused on supporting solutions rooted in local capacity and built for resilience. In Palestine, we are launching a national EdTech initiative in collaboration with BuildPalestine and a consortium of social enterprises to address critical learning loss among more than 1.4 million students in Gaza and the West Bank ([Ministry of Education](#)). In Syria, we are actively exploring partnerships to introduce learning and earning interventions through community-based networks. In both settings, we remain committed to reaching the communities that others too often leave behind.



FINANCIAL STATEMENTS



01 INCOME PERFORMANCE: FY2024 RESULTS AND VARIANCE DRIVERS

In FY2024, Alfanar recorded total income of £1.98 million, representing a 19.2% year-on-year decrease from FY2023 (£2.45 million). This variance was anticipated and primarily attributed to the close-out of the GIZ-funded programme in Q1 2024, alongside delayed execution timelines for three institutional funding agreements (Impact Europe, RDPP, SPARK), now scheduled for activation in FY2025. The decline reflects a planned transition year and does not indicate a structural drop in fundraising capability. Rather, income activity was intentionally aligned with internal restructuring and long-term growth planning.

02 UNRESTRICTED INCOME: STABILITY INDICATORS AND STRATEGIC FLEXIBILITY

Despite external volatility, unrestricted income remained stable at £368,000, comprising £181,000 from Board contributions, £96,000 from Alfanar Inc., US, and £91,000 from individual donors. Board giving increased 9.7% from FY2023, while individual donor contributions declined 70.4%—in line with lower event-driven activity and reduced donor engagement. A targeted re-engagement strategy is underway. Unrestricted funds accounted for 18.6% of total income and remain critical for covering core operational costs, managing cash flow variability, and absorbing timing mismatches between grant disbursement and programme delivery. The current unrestricted-to-operational cost ratio remains within risk tolerance thresholds.

03 EVENTS-BASED REVENUE: PERFORMANCE ANALYSIS OF 20TH ANNIVERSARY GALA

The FY2024 20th Anniversary Gala generated £817,000 in gross revenue and an additional £185,000 in pledges for early FY2025. This event represented the single largest unrestricted revenue source in FY2024 and delivered a 12.5% net return on fundraising activity. 23% of attendees were new to Alfanar's database, offering potential for cultivation. The gala also served as a reputational milestone, securing programmatic commitments from two HNWIs and supporting operational coverage across Q3–Q4.



04 GRANT DISBURSEMENT AND LEVERAGE EFFICIENCY

Total grant disbursements reached £712,000 across 18 enterprises in Lebanon, Egypt, Jordan, and Palestine. This represents 35.9% of total FY2024 expenditure and aligns with Alfanar’s historical programme delivery ratio. Each grant was paired with bespoke technical assistance, focused on enterprise-level financial controls, governance upgrades, and data-driven performance frameworks. Preliminary SROI estimates from Q2 reporting suggest a leverage ratio of £1:£3.7 in social value created, pending final validation. Enterprise progression metrics show 61% of investees met or exceeded quarterly KPIs across revenue growth, user reach, and unit cost efficiency.

05 COST ALLOCATION & OPERATIONAL EFFICIENCY

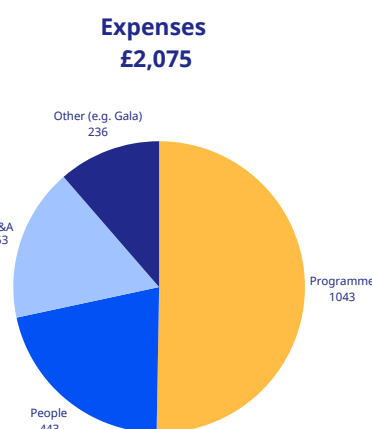
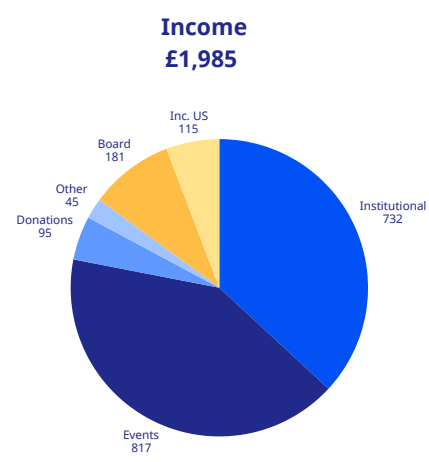
Operating expenses were in line with budget forecasts, with 62.9% allocated to programme delivery and 37.1% to administrative costs. No unbudgeted variance exceeding ±5% was recorded across expenditure categories. Internal audit and donor compliance reviews yielded no major findings. Reserve balance helped cover 2024 deficit with surplus unrestricted funds reinvested in reserve capital and pipeline development for FY2025. See reserves policy section below for more details.

GBP ,000's	2024	2023	2022	2021
Income Statement				
Total Income for year	1,984.6	2,452.7	2,503.9	2,126.8
Result on Restricted Funds	(466.1)	156.9	9.4	149.1
Result on Unrestricted Funds	(336.4)	(177.1)	441.6	16.5
Result for year	(802.5)	(20.2)	451.0	165.6
Balance Sheet as at 31 December				
Total Assets	842.2	1,593.3	1,644.1	1,147.7
Commitments	(209.8)	(158.3)	(188.9)	(143.5)
Net Assets	632.5	1,435.0	1,455.2	1,004.2
Free Reserves	170.1	507.3	658.5	244.5
Grant commitments and operating expenses				
Grant commitments during the year	711.7	1,026.3	807.7	993.6
Other expenses related to programmes	1,042.7	849.6	530.3	562.7
Expenses related to administration	1,032.7	596.9	714.2	404.8
Total Grants and Operating expenses	2,787.1	2,472.8	2,052.2	1,961.1
Employees				
Average number of employees in year	24	22	20	10
Financial Ratios				
Programme cost share	62.9%	75.9%	65.2%	79.4%
Administrative cost share	37.1%	24.1%	34.8%	20.6%

Financial Highlights

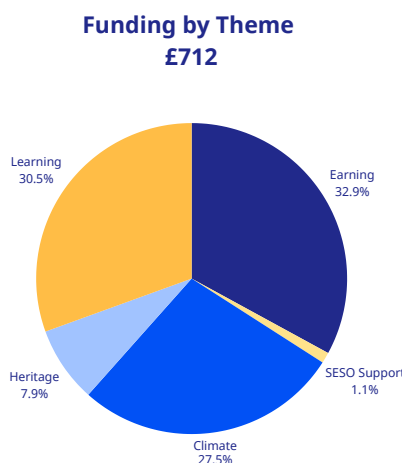
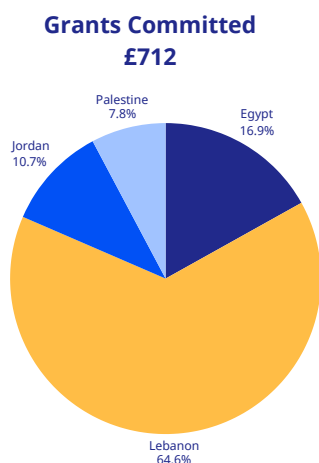


GBP ,000's



Notes:

- Expenses refers to expenditures excluding grants
- Programme expenses includes project-related staff
- People refers to core staff
- Overall compensation amounts to £1,008m— with programme staff at £270k and operations staff at £738k



FY2025 FORWARD VIEW: RISK, PIPELINE, AND CAPITAL STRATEGY

Entering FY2025, Alfanar holds a qualified funding pipeline of £2.6 million, 72% of which is at final negotiation or contract-drafting stage. Cash-on-hand and receivables position the organisation to meet Q1–Q2 programme obligations without liquidity strain. Key priorities include conversion of soft pledges from the 20th anniversary event, diversification of HNWI contributions, and formal launch of SPARK and RDPP funding tranches. From a capital deployment standpoint, Alfanar will maintain its dual focus on grant disbursement and capacity-building while expanding blended finance through Anara Impact Capital. Risk exposure remains low, with multi-year funder agreements in place, and no pending contingent liabilities.

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. On 31 December 2024, Alfanar's free reserves target range, based on an ambitious budget was £650k to £700k.

On 31 December 2024, reserves held totalled £ 632k (2023: £1,435k), of which £457k represented restricted funds (2023: £923k) and £175k represented unrestricted funds (2023: 512k).

Designated funds on 31 December 2024 were £5k (2022: £4k), leaving general reserves at £170k (2023: £508k). Included within this is the value of a programme-related equity investment of £80k, which the trustees regard as not being free reserves, leaving free reserves at £90k (2023 £428k). This is below the reserves target range, covering four months' projected expenditure. However, the Board expect the free reserves to increase after year end as some pledges from the Gala are still being received and the recruitment of a fundraising team is being finalised. The Board are reviewing the 2025 and 2026 budgets and closely monitor expenditure and cashflows to ensure free reserves return to the target level.

Having considered the low general reserves position, the Board remains confident that Alfanar remains a going concern given the multi-year funding agreement already in place and the current pipeline development. A critical focus will remain on strengthening free reserves and ensuring financial resilience throughout 2025 and 2026.



PEOPLE & GOVERNANCE

Structure, Governance & Management



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 26 April 2023, reflecting the changes in the charity's objects.

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). This company has yet to commence direct trading, but it did establish a subsidiary entity in Lebanon, which it is a majority shareholder in – Alfanar Social Capital SAL (No. 1028982) – in November 2022.

Alfanar's head office in London employed eight staff members as of December 2024, with three employees based in Egypt, seven based in Lebanon and six employees based in Jordan.

Alfanar operates a branch in Egypt registered with the Ministry of Social Solidarity and International Cooperation (No. 67/2021, MOSS reference: 21991433314205). The registration was renewed in December 2024 for three years. Alfanar in Egypt is led by a Country Director with the support of a Finance Manager and a Portfolio Manager.

Alfanar in Lebanon (No. 907) is an association setup in Lebanon. It opened its bank account at BEMO Bank in June 2021. Following Alfanar's review of its objects, Alfanar in Lebanon also reviewed its Articles of Association to match those reviewed objects and both entities signed a revised affiliate agreement in 2024. Alfanar in Lebanon is led by a Country Director and supported by our teams working on various projects funded by GIZ, Impact Europe, RDDP. For the purposes of these financial statement and accounting purposes, Alfanar Association in Lebanon is treated as a branch of the UK registered charity.

Alfanar in Libya (No. 1651) is an affiliate of the UK registered Charity. Due to security issues, Alfanar's activity in Libya was suspended .

On 12 September 2023, Alfanar established a branch in Jordan, registered with the Ministry of Social Development (No. 2023072002). Alfanar in Jordan is led by the Country Director with the support of a Social Investment Manager and our teams working on projects funded by Impact Europe, RDPP and DRC.



Alfanar, Inc., US is an independent affiliate 501(c)(3) not-for-profit entity (EIN-75-31970321) that actively supports Alfanar's mission through fundraising outreach to increase public support and grants. 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. Alfanar seconds around 10% of the time of its Executive Director, Operations Director, Finance Manager and Communications Manager to support Alfanar, Inc., US with outreach and engagement, Board reporting and annual filings.

On 8 November 2022, Alfanar established a foundation, Stichting Alfanar, registered with the Netherlands Chamber of Commerce (No. 88110834). There is an affiliate agreement between the entities and it actively supports Alfanar's mission through fundraising outreach to increase public support in the European Union and grants. The financial activities of Stichting Alfanar are included in the Group financial statements. For the purposes of these financial statement and accounting purposes, Stichting Alfanar is a subsidiary of the UK registered charity.

Objects of the Charity

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

- the advancement of education and learning for the public benefit, and in particular to educate men and women and young people of all ages from a broad range of geographical, ethnic, social and economic backgrounds in the Arab world, to enable them to realise their full potential as individuals, within society as a whole; and
- the relief and prevention of poverty, in particular among socially and economically disadvantaged communities in countries in the Arab world by providing or assisting in the provision of education, training and other support designed to enable members of those communities to generate a sustainable income and be self-sufficient;

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

In line with its venture philanthropy mission, Alfanar aims to support the growth of sustainable social enterprises delivering quality education, meaningful employment and lasting economic empowerment opportunities to vulnerable children, youth and women across the Arab world.



Alfanar provides awards, grants zero-interest repayable grants and other forms of patient financing, high-engagement management support, training, mentorship and real-time impact management tools and dashboards to social enterprises that pass due diligence and various phases of our support programming and approval processes. Our support packages – SEED, SUSTAIN, SCALE – aim to grow the impact and financial sustainability of the social enterprises we back. Alfanar in the UK, with the support of Alfanar, Inc., US, and Stichting Alfanar raises and disburses funds to support our venture philanthropy work across Egypt, Lebanon, Jordan, Palestine and elsewhere in the Arab region.

Alfanar's Board of Trustees is responsible for the overall governance of the Charity; it makes decisions on the strategic direction and policies of Alfanar, reviews key and emerging risks and mitigations 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 term completion, resignation or death. The Trustees are members and directors for Companies Act purposes. They serve three-year terms and may be re-elected. In 2024, Trustees resolved to introduce a new limit of three terms for any new trustees, with the previous limit of five terms (or exceptionally, six terms) remaining in place for current trustees. Cynthia J. Oakes also serves as a Director of Alfanar Inc. US. The Charity, was elected President of Alfanar in Lebanon in 2023 and is represented by our Executive Director.

Board Meetings

The Board meets quarterly and has conducted both virtual and in-person meetings since 2020. There are three sub-committees reporting to the Board each with specific terms of reference and functions delegated by the Board, which also meet four times a year. It is also supported by an impact fund task force to focus on the setup of an affiliated impact fund.

Investment Committee

The Investment Committee reviews requests for long-term venture philanthropy grants and management support for SUSTAIN social enterprises presented by the Investment Director and Country Directors. The social business plans of suitable social enterprises are scrutinized and endorsed by the committee before review for approval by the Board.



Finance Committee

The Finance Committee scrutinizes Alfanar's business plans, budgets and management accounts and ensures proper financial procedures and controls are in place and operating. The committee also reviews broader operational matters, internal policy developments and the relationship between Alfanar subsidiaries and affiliates. It also oversees the audit process and reviews and endorses the statutory accounts ahead of Board review and approval.

Nominations Committee

The Nominations Committee helps the Board identify the appropriate mix of skills and capabilities it requires for effective leadership and oversight. Its primary function is to assess and cultivate prospective board members and to review the governance structure.

Impact Fund Task Force

in 2024, the Impact Fund Taskforce helped oversee progress on Alfanar's efforts to extend the financing lifecycle for social enterprises and social purpose companies, explore impact investments and support the establishment of an independent, but affiliated impact investment fund. It reported on progress at Board meetings.

Trustee Induction & Training

Shortly after the appointment, new Trustees review their job description, and sub-committee Terms of Reference, and have an induction meeting with the Executive Director and the Senior Management Team to review and better understand Alfanar's business plan and targets, the way it selects and manages social enterprises to maximise impact and financial sustainability, the fundraising strategy and how to support in the achievement of income targets, financial reporting and other operations. They are also given the Charity Commission guidance, "The Essential Trustee". Additionally, Alfanar's management team hosts learning gatherings and shares sector and ecosystem updates with Trustees to keep them informed of relevant developments.

Our People



Board Of Trustees



**Lubna S. Olayan
(Chair)**
Chair of Executive
Committee and Deputy
Chairperson, Olayan
Financing Company



Hussain Al Nowais
Chairman,
Al Nowais Investments



Cynthia J. Oakes
Former Salomon Brothers,
Morgan Guaranty Ltd, and
Morgan Stanley



Maysa Jalbout
Nonresident Fellow in the
Center for Universal
Education, Brookings



Sherif Foda
Chairman and CEO,
National Energy Services
Reunited

Outgoing Trustees



Samir Assaf
Senior Advisor,
General Atlantic & HSBC



Charlotte Boyle
Chair of UK,
UNHCR



Julia Middleton
Founder,
Common Purpose



Amjad Bseisu
CEO,
Enquest PLC

Investment Committee



**Maysa Jalbout
(Chair)**
Nonresident Fellow in the
Center for Universal
Education, Brookings



Cynthia J. Oakes
Former Salomon Brothers,
Morgan Guaranty Ltd, and
Morgan Stanley



**Dr. Barbara Ibrahim
(Independent)**
Founding Director, John D.
Gerhart Center for
Philanthropy and Civic
Engagement



**Ryan Sturgill
(Independent)**
Director,
CrossBoundary



**Alfred Kettaneh
(Independent)**
Owner, Konsult Sarl



**Nafez Dakkak
(Independent)**
Managing Partner,
Anara Impact Capital

Finance Committee



**Sherif Foda
(Chair)**
Chairman and CEO,
National Energy Services
Reunited



**Laura Stojcevic
(Independent)**
Managing Director,
Goldman Sachs



Charlotte Boyle
Chair of UK,
UNHCR



**Siham Bortcosh
(Independent)**
COO, Good Law
Project

Outgoing Finance Committee Member



**Robert
Cartwright**
Partner, Baker
McKenzie

Our Team



Senior Leadership Team



Safia Tmiri
Executive Director



Nicolas Kröger
Operations Director



Fadel Zayan
Investment Director



Shenouda Bissada
Egypt Country Director



Maya Rahal
Lebanon Country
Director



Suha Abdul Rahim
Jordan and Palestine
Country Director

Partnerships & Communications



Sara Lobo
Communications
Manager



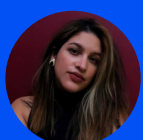
Omar Eldahan*
Development
Officer



Heba Shunbo*
Development &
Fundraising Advisor



Haifa Najjar
Business
Development
Manager



Selena Chávez*
Communications
Coordinator



Doreen Khoury*
Development
Consultant

Finance & Operations



Taskina Hadi
Head of Finance



Ahmed El Nabarawi
Finance &
Investment Manager



Mohammed Hamad
Finance
Officer



Brian Dexter
Finance Manager



Abrar Mohamed Ali*
Operations Officer



Simon Jarjoura
Finance Officer

Impact



Mohammed Alradi
Investment
Manager



Nour Saade
Impact Officer



Heba Samy
Impact Officer

Portfolio & Programmes



Reya Kanaan
Portfolio Manager



Ruba Abumraighi
Portfolio Manager



Suha Hallab
Portfolio Manager



Nour Laswi
Programme Manager



Noor Althafeer
Social Investment
Manager



Essam Abuessoud
Portfolio Manager



Sabine Nacheff
Programme Manager

*outgoing team members

Key Management Personnel



Alfanar'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, Alfanar's progress against the business plan impact and sustainability targets, and how the Charity is managing emerging risks. This ensures that Alfanar's venture philanthropy approach remains in line with best practices.

The Board of Trustees, the senior management team (Executive Director Safia Tmiri who replaced Myrna Atalla from October 2024; Operations Director Nicolas Kroger; and Investment Director Fadel Zayan) and the global leadership team (Senior Management Team and Country Directors, Shenouda Bissada (Egypt), Maya Rahal (Lebanon) and Suha Abdul Rahim (Jordan) are 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 their time freely and no Trustee received remuneration in the year. Alfanar appointed a new Executive Director in 2024. Alfanar aims to recruit a Director of Philanthropy and Partnerships in 2025 to join the senior management team.

Staff Pay

The pay of Alfanar's staff is set in line with its salary policy and is reviewed periodically concerning the achievement of performance targets and cost of living changes. The Trustees last approved cost of living adjustments in 2022. Given 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 midpoint of the range paid for similar roles. The organisation started developing a global competency framework, which will also incorporate a revision of Alfanar's salary scale and approach.

Human Resources

In 2022, the Charity approved a revised delegation of authority, to ensure that roles are properly authorised according to level of responsibility and to maintain effective decision-making and segregation of responsibilities. In line with the approved business plan, the Charity developed a revised organigram forecasting human resource requirements over the coming years.

Fundraising Statement



We are grateful to the individual, corporate and institutional donors who either pledged or renewed their support to Alfanar in 2024 and longer term, and we thank all those who have contributed to Alfanar's mission with a donation of money, time, connection or expertise over the past year.

Alfanar received support from 338 donors in total (2023: 69 donors). 112 individual donors provided 27% of income (£560k), with 24 donors (including institutional, foundations / trusts and corporate donors as well as pro-bono support) providing 73% of income (£1,515k).

61% of donors in 2024 were first-time givers, with 44% of income received from first-time donors (2023: 25%). The shift to support from institutions, along with the gala dinner in 2024, has resulted in 62.2% of income (£1,289k) raised in 2024 to be unrestricted (compared to 38.4% in 2023).

Alfanar's dependence on a small number of individual and institutional donors for most of its income remains. In 2024, 63% of income came from just 22 donors giving over £30,000 (7% of donors). 35% of donors who gave to Alfanar in 2023 gave again in 2024. Major donors to Alfanar were most likely to renew their support, with 89 % of top-tier donors (by value) giving again in 2024 (compared to 95% for the previous year).

The arrival of Alfanar's Egypt-based Development Officer in September 2022 enabled the fundraising team to commit more human resources to institutional fundraising and outreach efforts. Accordingly, significant progress has been made in professionalising and increasing Alfanar's institutional outreach efforts. These efforts are now bearing fruit, with proposals developed and submitted in 2023 and multiple high-value partnerships with institutional donors secured, including with SODIC, the Asfari Foundation, Drosos, RDPP and DRC and others. New institutional partners are also being cultivated to ensure that a growing number of social enterprises can benefit from Alfanar's strategic funding and training over the coming years.

Safeguarding



Alfanar endeavours to protect from harm those who work for and with us, as well as those our social enterprises serve.

As part of our due diligence process with prospective social enterprises, we check for the existence and active use of safeguarding policies and practices. Alfanar has rolled out a new ASSET training module on safeguarding with its social enterprises to ensure that all are effectively trained and supported to implement the systems required to reliably provide safe and effective care to those they serve. Since 2021, when the Board approved revised safeguarding policies as part of our internal staff handbook, all staff received training on these new policies. New joiners receive training on the staff handbook, including safeguarding, as part of induction. In addition, refresher trainings are organised on an annual basis. The safeguarding policies are due to be updated in 2025.

Trustee Cynthia J. Oakes was appointed Board Safeguarding Representative in 2021.

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 organisations.

Alfanar has a risk register that identifies the major risks to the Charity. This register is regularly updated, and processes are put in place to mitigate risks. It is reviewed by the Trustees bi-annually.

The following were identified as the principal risks facing the Charity in 2025/2026:

Key Risks

Mitigation



<p>Insufficient unrestricted funds raised and over-reliance on board. Limited fundraising capabilities prevent Alfanar from raising unrestricted funds</p>	<ul style="list-style-type: none"> • Recruitment of Director of Partnerships and wider fundraising team to focus on unrestricted HNWI and Corporate funding • Board-appointed Champion supporting fundraising • Ensure we receive board pledges early • Ensure individual donations provide unrestricted funding • Reduction of UK footprint to reduce burden on unrestricted funding • Negotiate higher ICR rates and pre-approved allocation rates for support staff in project proposals
<p>Lack of succession planning sees a drop in efficacy should integral staff/Board members resign</p>	<ul style="list-style-type: none"> • Recruitment of Director of Partnership • Recruitment of new Trustees
<p>Failure to launch impact fund</p>	<ul style="list-style-type: none"> • New managing partner appointed • Executive team to provide additional time & effort to ensure the successful launch of the fund • Trustees actively supporting setup and fundraising efforts
<p>Ability to work in the region compromised because of increased instability in the region and globally and reduction of funding</p>	<ul style="list-style-type: none"> • Only work through pre-approved organisations and in line with charity commission guidelines • Regularly monitor developments and ensure security protocols are in place where required • All donor agreements to include force majeure clauses that allow us to halt/delay operations without penalties • Ensure regional funding is flexible to allow focus on a single country of operation if necessary • Ensure diversity of funding to avoid over-reliance on one single donor

Statement of Trustee's Responsibilities



The Trustees who are also directors of Alfanar for the purpose of company law are responsible for preparing the Annual Report and the financial statements under applicable law and standard United Kingdom accounting practice (UK GAAP).

Company law requires trustees to prepare financial statements that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of those resources, including income and expenditure, of the charitable company for that period. In preparing these financial statements, the Board of Trustees are required to:

- Select suitable accounting policies and apply them consistently.
- Observe the methods and principles in the Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard 102.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a 'going concern' basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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 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 1 of July 2025 and is signed on their behalf.

Sherif Foda
TRUSTEE



Independent Auditors Report

Opinion



We have audited the financial statements of Alfanar (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2024 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the 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 group's and of the parent charitable company's affairs as at 31 December 2024 and of the group's 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
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

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 group financial statements section of our report. We are independent of the group and parent 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.



Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Alfamar's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the trustees' annual report, other than the group financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the group 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the group financial statements themselves. 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
- 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 group and the parent charitable company and their 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 in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company 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 directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent 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 group's and the parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statement



We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.



- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable 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 anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Orchard (Senior statutory auditor)

Date: 11 July 2025

for and on behalf of Sayer Vincent LLP, Statutory Auditor
110 Golden Lane, LONDON, EC1Y 0TG

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006



Statement of Financial Activities



ALFANAR (Company limited by guarantee no. 05141908)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2024

Current Year	Note	Unrestricted Funds 2024 £	Restricted Funds 2024 £	Total Funds 2024 £	Total Funds 2023 £
INCOME					
Donations	2	1,030,642	62,053	1,092,695	480,886
Other trading activities	3	43,203	1,560	44,763	113,391
Income from charitable activities	4	141,728	705,380	847,108	1,858,384
TOTAL INCOME		1,215,573	768,993	1,984,566	2,452,661
EXPENDITURE					
Expenditure on raising funds		625,682	-	625,682	326,971
Expenditure on charitable activities		926,285	1,235,140	2,161,425	2,145,872
TOTAL EXPENDITURE	5	1,551,967	1,235,140	2,787,107	2,472,843
Net income		(336,394)	(466,147)	(802,541)	(20,181)
NET MOVEMENT IN FUNDS		(336,394)	(466,147)	(802,541)	(20,181)
TOTAL FUNDS BROUGHT FORWARD		511,700	923,309	1,435,009	1,455,190
TOTAL FUNDS CARRIED FORWARD		175,306	457,162	632,468	1,435,009
Prior Year					
	Note	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
INCOME					
Donations	2	472,256	8,630	480,886	1,520,827
Other trading activities	3	113,391	-	113,391	12,815
Income from charitable activities	4	355,958	1,502,426	1,858,384	970,211
TOTAL INCOME		941,605	1,511,056	2,452,661	2,503,853
EXPENDITURE					
Expenditure on raising funds		326,971	-	326,971	518,905
Expenditure on charitable activities		791,731	1,354,141	2,145,872	1,533,980
TOTAL EXPENDITURE	5	1,118,702	1,354,141	2,472,843	2,052,885
Net income		(177,096)	156,915	(20,181)	450,968
NET MOVEMENT IN FUNDS		(177,096)	156,915	(20,181)	450,968
TOTAL FUNDS BROUGHT FORWARD		688,796	766,394	1,455,190	1,004,222
TOTAL FUNDS CARRIED FORWARD		511,700	923,309	1,435,009	1,455,190

The annexed notes form part of these financial statements



ALFANAR (Company limited by guarantee no. 05141908)

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2024**

	Note	£	2024 £	£	2023 £
FIXED ASSETS					
Tangible assets	10		5,238		4,432
Investment Assets	11 i		1		1
Programme-related equity investments	11 ii		80,260		80,260
			<u>85,499</u>		<u>84,693</u>
CURRENT ASSETS					
Programme-related investments	13	82,191		82,953	
Debtors	14	204,055		116,171	
Cash at bank and in hand		470,497		1,309,477	
		<u>756,743</u>		<u>1,508,601</u>	
Creditors: amounts falling due within one year	15	(209,774)		(158,284)	
NET CURRENT ASSETS			<u>546,969</u>		<u>1,350,316</u>
NET ASSETS			<u>632,468</u>		<u>1,435,009</u>
Restricted funds	17		457,162		923,309
Unrestricted funds					
Designated funds	18	5,238		4,432	
General fund		170,068		507,268	
			<u>175,306</u>		<u>511,700</u>
			<u>632,468</u>		<u>1,435,009</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 1 July 2025 and signed on their behalf by:

Sherif Foda
TRUSTEE

The annexed notes form part of these financial statements



ALFANAR (Company limited by guarantee no. 05141908)

**CHARITY BALANCE SHEET
AS AT 31 DECEMBER 2024**

	Note	£	2024 £	£	2023 £
FIXED ASSETS					
Tangible assets	10		5,238		4,432
Investment Assets	11 i		1		1
Program-related equity investments	11 ii		80,260		80,260
			<u>85,499</u>		<u>84,693</u>
CURRENT ASSETS					
Programme-related investments	13	82,191		82,191	
Debtors	14	165,769		67,980	
Cash at bank and in hand		456,173		1,183,506	
		<u>704,133</u>		<u>1,333,677</u>	
Creditors: amounts falling due within one year	15	(196,547)		(157,926)	
NET CURRENT ASSETS			<u>507,586</u>		<u>1,175,751</u>
NET ASSETS			<u>593,085</u>		<u>1,260,444</u>
Restricted funds	17		387,984		730,118
Unrestricted funds					
Designated funds	18	5,238		13,490	
General fund		199,863		516,836	
			<u>205,101</u>		<u>530,326</u>
			<u>593,085</u>		<u>1,260,444</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 1 July 2025 and signed on their behalf by:

Sherif Foda
TRUSTEE

The annexed notes form part of these financial statements



ALFANAR (Company limited by guarantee no. 05141908)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024		2023	
		£	£	£	£
Cash provided by operating activities					
Net movement in funds		(802,542)		(20,181)	
Add back depreciation charge		1,500		1,477	
(Increase) / Decrease in programme related investments		762		(67,256)	
(Increase) / Decrease in debtors		(87,884)		435,780	
(Decrease) / Increase in creditors		51,490		(30,662)	
Net cash generated/ (used in) operating activities			(836,674)		319,159
Cash flows from investing activities					
Purchase of tangible fixed assets		(2,306)		(2,558)	
Net cash generated from/(used in) investing activities			(2,306)		(2,558)
Increase in cash and cash equivalents in the year			(838,980)		316,601
Cash and cash equivalents at the beginning of the year					
Cash in hand		1,309,477		992,876	
			1,309,477		992,876
Total cash and cash equivalents at the end of the year	16		470,497		1,309,477

The annexed notes form part of these financial statements



1. ACCOUNTING POLICIES

Basis of preparation and Group Accounting

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.

Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the accounting policy or note.

These financial statements consolidate the results of the charity and its controlled subsidiaries, Stichting Alfanar (Netherlands) and Beacon Social Capital on a line by line basis. Transactions and balances between the charity and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the entities are disclosed in the notes to the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented as a summary of the result for the year is disclosed in the notes to the accounts.

The SORP 2015 stipulates that where overseas offices are legally registered in their country of operations as separate legal entities, this is an indication that they should be treated as subsidiaries for accounting purposes. However, having reviewed the governance and management procedures in place, oversight from Alfanar in the UK is such that the office in Lebanon is in substance a branch and so are included in the results and position of the charity.

Going Concern

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. In particular, The charity's Anniversary gala dinner, took place in December 2024 and was highly successful. The charity experienced a decline in support for on-line activities and campaigns, but this was not unexpected. Alfanar's Senior Management team evaluated progress achieved to date and used it to inform a revised 2022-2026 strategy aimed at accelerating the impact of Alfanar's support to social enterprises, driving regional growth, and positioning Alfanar as a noteworthy social enterprise expert and resource for the MENA region. The charity's free reserves remained under target for the whole of 2024 and the trustees will work on strategies to correct this. The Senior management team have prepared worst case projections to the end of 2026 showing that the the charity's reserves will remain positive during that time. Accordingly, the Trustees continue to adopt a going concern basis in preparing the financial statements.

Presentational currency

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 ongoing 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**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 a member of the senior management team.

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, such 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. In the instance when there is a strong likelihood of repayment, the grant is treated as a programme-related investment and held on the balance sheet in the fund used to disburse the payment to the investee.

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. The accounts also include unrealised losses in exchange rate movements in currencies held at the year end.

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

Programme-related investments

Programme-related investments that are in the form of concessionary loans and zero interest repayable grants are accounted for at the outstanding amount of the investment less any provision for unrecoverable amounts. Any impairment is charged to the Statement of Financial Activities classified as expenditure on charitable activities

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	Group			Charity		
	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	2024	2024	2024	2024	2024	2024
	£	£	£	£	£	£
Alfanar Boards	181,028	-	181,028	181,028	-	181,028
Other Individuals	14,694	2,544	17,238	14,694	2,544	17,238
Dinner Events	757,603	59,509	817,112	757,603	59,509	817,112
Donated Services	77,317	-	77,317	77,317	-	77,317
	<u>1,030,642</u>	<u>62,053</u>	<u>1,092,695</u>	<u>1,030,642</u>	<u>62,053</u>	<u>1,092,696</u>
Prior Year	Group			Charity		
	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	2023	2023	2023	2023	2023	2023
	£	£	£	£	£	£
Alfanar Boards	165,391	-	165,391	165,391	-	165,391
Other Individuals	94,981	8,630	103,611	94,981	8,630	103,611
Dinner Events	126,546	-	126,546	126,546	-	126,546
Donated Services	85,338	-	85,338	85,338	-	85,338
	<u>472,256</u>	<u>8,630</u>	<u>480,886</u>	<u>472,256</u>	<u>8,630</u>	<u>480,886</u>

In 2024, £7,500 (2023: £8,854) of Gift Aid was receivable. This has been accounted along with the donations that attracted the claim. £7,500 (2023: £7,500) was included within Board income, £ nil (2023: £1,354) was included within Other Individuals.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

3. OTHER TRADING ACTIVITIES

Current Year	Unrestricted	Restricted	Total	Total	
	Funds	Funds	Funds	Funds	
2024	2024	2024	2024	2023	
	£	£	£	£	
Social Enterprise Management Support	37,888	-	37,888	107,865	Consultancy
Bank Interest	5,315	1,560	6,875	5,526	Bank Interest
	<u>43,203</u>	<u>1,560</u>	<u>44,763</u>	<u>113,391</u>	
Prior Year	Unrestricted	Restricted	Total	Total	
	Funds	Funds	Funds	Funds	
2023	2023	2023	2023	2022	
	£	£	£	£	
Social Enterprise Management Support	107,865	-	107,865	12,663	
Bank Interest	5,526	-	5,526	152	
	<u>113,391</u>	<u>-</u>	<u>113,391</u>	<u>12,815</u>	

Social enterprise management support in 2024 includes funds from SANAD £nil (2023: £38,505) and Drosos £37,888 (2023: £69,028) for the delivery of support services to social enterprises.

4. INCOME FROM CHARITABLE ACTIVITIES

Current Year	GROUP			CHARITY		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
2024	Funds	Funds	Funds	Funds	Funds	Funds
	£	£	£	£	£	£
Osman	-	4,843	4,843	-	4,843	4,843
SODIC	7,269	56,445	63,714	7,269	56,445	63,714
Drosos Foundation	2,721	-	2,721	2,721	-	2,721
Vovos better world	2,500	-	2,500	2,500	-	2,500
Impact Europe (previously EVPA)	(1)	(4,864)	(4,865)	-	-	-
Ford Foundation	-	-	-	-	-	-
L'Oreal	-	-	-	-	-	-
Global Fund for Widows	-	54,395	54,395	-	54,395	54,395
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	-	138,650	138,650	-	138,650	138,650
King Khalid Foundation	-	12,316	12,316	-	12,316	12,316
DAI Global	-	26,666	26,666	-	26,666	26,666
Dara Management	-	50,000	50,000	-	50,000	50,000
Alfanar, Inc., US	96,365	18,639	115,004	96,365	18,639	115,004
RDPP	17,083	197,559	214,642	17,083	197,559	214,642
DRC	-	56,590	56,590	-	56,590	56,590
Other Organisations	15,791	7,274	23,065	15,791	7,274	23,065
ERC	-	86,867	86,867	-	86,866	86,866
	<u>141,728</u>	<u>705,380</u>	<u>847,108</u>	<u>141,729</u>	<u>710,243</u>	<u>851,973</u>
Prior Year	GROUP			CHARITY		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
2023	Funds	Funds	Funds	Funds	Funds	Funds
	£	£	£	£	£	£
Alfanar, Inc., US	130,805	23,504	154,309	130,805	23,504	154,309
The Asfari Foundation	-	60,000	60,000	-	60,000	60,000
Drosos Foundation	-	73,056	73,056	-	73,056	73,056
ERC	173,442	-	173,442	173,442	-	173,442
Impact Europe (previously EVPA)	-	169,362	169,362	-	28,702	28,702
Ford Foundation	-	169,170	169,170	-	169,170	169,170
L'Oreal	-	86,237	86,237	-	-	-
Global Fund for Widows	-	52,931	52,931	-	52,931	52,931
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	-	639,158	639,158	-	639,158	639,158
Osman Consulting	-	62,337	62,337	-	62,337	62,337
SODIC	20,446	81,943	102,389	20,446	81,943	102,389
USAID Lebanon	-	72,411	72,411	-	72,411	72,411
WasteAid	-	12,317	12,317	-	12,317	12,317
Other Organisations	26,265	-	26,265	26,265	-	26,265
UK Government Employment Allowance	5,000	-	5,000	5,000	-	5,000
	<u>355,958</u>	<u>1,502,426</u>	<u>1,858,384</u>	<u>355,958</u>	<u>1,275,529</u>	<u>1,631,487</u>

Income under Other Trusts and Foundations was received from 2 (2023: 2) organisations who wish to be anonymous in published financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

5. EXPENDITURE

Current Year	Direct staff costs	Other direct costs	Support costs	Total 2024
	£	£	£	£
Costs of raising funds	161,189	349,055	115,438	625,682
Charitable activities	568,348	1,186,044	407,033	2,161,425
	<u>729,537</u>	<u>1,535,099</u>	<u>522,471</u>	<u>2,787,107</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 2023
	£	£	£	£
Costs of raising funds	151,124	90,942	84,905	326,971
Charitable activities	480,421	1,395,539	269,912	2,145,872
	<u>631,545</u>	<u>1,486,481</u>	<u>354,817</u>	<u>2,472,843</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:	2024	2023
	£	£
Auditors' remuneration for audit (excluding VAT)	12,800	12,240
Auditors' remuneration for other services	-	2,448
Audit remuneration for previous year	-	22,181
Depreciation	1,500	1,477
Operating lease rentals: property	<u>41,308</u>	<u>29,574</u>

7. SUPPORT COSTS

	2024	2023
	£	£
Governance: audit fees (including irrecoverable VAT)	18,807	36,869
Staff costs	283,253	211,391
Staff development	14,625	4,355
Recruitment	64,410	9,508
Accounting, payroll and compliance	5,913	7,383
Rent overseas office space	29,400	7,224
Rent UK office space	24,000	22,351
Legal and professional fees	15,594	45,530
Bank charges	12,309	4,728
Insurance	563	3,650
Realised loss/(gain) on foreign exchange	5,808	(61,458)
Exchange loss/(gain) on consolidation	4,904	(1,089)
* Unrealised loss on foreign exchange	33,561	42,580
Depreciation	1,500	1,477
Other	<u>7,824</u>	<u>20,319</u>
	<u>522,471</u>	<u>354,817</u>

* Losses on foreign exchange are matched wherever possible by a reduction in other areas of expenditure by making disbursements in the same currency as the income,

**8. DIRECT COSTS OF CHARITABLE ACTIVITIES**

	2024	2023
	£	£
Grants Awarded		
- Egypt Portfolio (SUSTAIN)		
Brighter Tomorrow for Child Protection (BTCP)	-	15,025
Future Eve Foundation	73,271	115,534
Heya Masr	-	1,667
Man Ahyaha Association	16,096	25,455
Startups Without Borders	-	13,343
Yadawee	-	3,634
Delta Oil	17,856	38,291
Duma	-	3,210
Emonovo (Marj3)	-	3,634
Nakoll	-	3,604
Sprints	-	3,634
Threads of Hope	-	3,662
	<u>107,223</u>	<u>230,693</u>
- Egypt Portfolio (SEED)		
Education		
Man Ahyaha Association Business Planning	13,043	1,561
Plastics Recycling Opportunities (PRO)		
Upfuse	-	8,231
Waste Management Company	-	8,231
Very Nile	-	8,231
	<u>13,043</u>	<u>26,253</u>
- Emergency Gaza Response		
Egyptian Food Bank	-	65,785
	-	<u>65,785</u>
- Lebanon Portfolio (SUSTAIN)		
Bridge.Outsource.Transform. (B.O.T.)	20,747	97,258
FabricAid	-	35,683
L'Artisan du Liban	34,027	45,682
Lebanese Alternative Learning (Tabshoura)	45,115	59,758
Nadeera	19,035	-
Souk El Tayeb	-	31,917
BEDCO by March NGO	32,196	29,968
SE Factory	57,935	54,120
ShareQ	11,088	44,064
ProAbled - by ShareQ	-	62,832
Refugee Portfolio		
Inaash	-	14,846
NaTakallam	36,408	43,118
WPA/Soufra/Nawras Preschool	3,636	-
	<u>260,187</u>	<u>519,246</u>
- Social Enterprise Support Fund Lebanon programme		
YELA Seed Cycle	199,555	159,914
	<u>199,555</u>	<u>159,914</u>
- Jordan SEED programme		
Seed programme awards	52,850	-
	<u>52,850</u>	-
- Jordan Portfolio (SUSTAIN)		
Jaser Alharsi and Thaer El Ledawi(Robotna)	23,551	-
	<u>23,551</u>	-
- Palestine Portfolio (SEED)		
Yalla Mishwar	-	3,997
	-	<u>3,997</u>
- Palestine Portfolio (SUSTAIN)		
Flowless Smart Water	55,319	24,424
	<u>55,319</u>	<u>24,424</u>
Total Grants Awarded	<u>711,728</u>	<u>1,026,315</u>

**8. DIRECT COSTS OF CHARITABLE ACTIVITIES - continued**

Total Grants Awarded		711,728	1,026,315
ASSET and AIM	¹	6,000	9,785
Miscellaneous social enterprise support costs	²	101,223	143,294
Impact Fund pre-start up activity costs	³	250,858	208,970
Workshops, support and training		102,622	5,769
Accelerate Study Mission		13,613	1,406
		<u>1,186,044</u>	<u>1,395,539</u> £ 1,186,044

¹ ASSET (Alfanar Sustainable Social Enterprise Training) and AIM (Alfanar Impact Management) are two critical components of the support Alfanar provides to social enterprises beyond its grant funding.

² Miscellaneous social enterprise support costs includes contracted-out support to social enterprises covering: business planning, business training, marketing and video production costs. It also includes £57,198 of expenditure relating to the impact monitoring tool, Qlik.

³ Impact Fund pre-start-up activity costs are costs incurred in the pre-start-up phase associated with impact fund team building, pipeline and investment strategy refinement and legal counsel informing the final structure.

8a INVESTMENT SPEND

Investment spend is the total of direct staff expenditure and other direct costs of charitable activities.

	2024	2023
	£	£
Direct costs of charitable activities	1,186,044	1,395,539
Direct staff costs on charitable activities	568,348	480,421
Investment spend	<u>1,754,392</u>	<u>1,875,960</u>

9. STAFF COSTS

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Gross salaries	439,983	389,125	439,983	389,125
Social security costs	50,571	44,494	50,571	44,494
Employer pension contributions	4,405	4,158	4,406	4,158
Salaries of overseas staff	512,296	399,960	512,296	399,960
Other overseas staff costs	5,534	5,198	5,534	5,198
	<u>1,012,790</u>	<u>842,935</u>	<u>1,012,790</u>	<u>842,935</u>

An average of 24 individual staff members were employed in the year (2023 : 22).

Number of employees whose salaries were in the following bands:	2024	2023	
£90,000-£99,999	-	1	348896
£80,000-£89,999	-	-	
£70,000-£79,999	3	2	
£60,000-£69,999	-	-	
Aggregate employer's annual contributions to pension schemes for these staff	3,303	£2,642	

The key management personnel of the Charity comprises the Trustees, the Executive Director and the Senior Management Team. The total employee benefits of the key management personnel of the Charity were £412,320 (2023: £401,525).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**10. TANGIBLE FIXED ASSETS**

	Office Equipment £
Cost	
At 1 January 2024	16,364
Additions in the year	2,306
Assets disposed during the year	-
At 31 December 2024	<u>18,670</u>
Depreciation	
At 1 January 2024	11,932
Charge for the year	1,500
Depreciation on assets disposed	-
At 31 December 2024	<u>13,432</u>
Net book value	
At 31 December 2024	<u>5,238</u>
At 31 December 2023	<u>4,432</u>

11. INVESTMENTS ASSETS AND SUBSIDIARIES

Alfanar's investment at the balance sheet date in the wholly-owned share capital of the following unlisted companies is as follows:

	2024	2023
	£	£
i) Beacon Social Capital (Dormant)		
Current assets	<u>1</u>	<u>1</u>
Total net assets	<u>1</u>	<u>1</u>
Called up share capital	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>
ii) Programme-related equity investment at the balance sheet date		
FabricAid \$100,000	<u>80,260</u>	<u>80,260</u>
	<u>80,260</u>	<u>80,260</u>

The equity investment in FabricAid consists of \$60,000 convertible grant made in 2021 which was converted to equity in 2022 plus a further equity investment of \$40,000 made in 2022. This equates to 10% of FabricAid's share capital.

iii) In February 2023, Stichting Alfanar was formed and registered in the Netherlands as a controlled subsidiary of Alfanar.

A summary of the results of the subsidiary for the period to 31 December 2024 are shown below:

	General Funds	Restricted Funds	Total 2024	Total 2023
	£	£	£	£
Income from Charitable Activities	1,558	51,726	53,284	273,426
Cost of Charitable Activities	(32,868)	(152,704)	(185,572)	98,862
Net Incoming Resources	<u>(31,310)</u>	<u>(100,978)</u>	<u>(132,288)</u>	174,564
Funds held				
Funds brought forward	4,408	170,156	174,564	-
Net incoming resources for the period	<u>(31,310)</u>	<u>(100,978)</u>	<u>(132,288)</u>	174,564
Funds carried forward	<u>(26,902)</u>	<u>69,178</u>	<u>42,276</u>	174,564
The aggregate of assets, liabilities and reserves was				
Assets	-	69,307	69,307	174,564
Liabilities	<u>(26,902)</u>	<u>(128)</u>	<u>(27,031)</u>	-
Funds	<u>(26,902)</u>	<u>69,178</u>	<u>42,276</u>	174,564

12. PARENT CHARITY

The parent charity's gross income and result for the year are disclosed as follows:

	2024	2023
	£	£
Gross Income	1,987,872	2,225,170
Result for the year	<u>(667,359)</u>	<u>(194,746)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

13. PROGRAMME-RELATED INVESTMENTS

	2024	2023
	£	£
Repayable Grants due within one year	82,191	82,953
	<u>82,191</u>	<u>82,953</u>

The programme-related investments are:

1. A further convertible repayable grant to FabricAid Holdings of \$100,000 (equivalent to £82,190) was agreed and paid in 2023. This has been rescheduled and is now due for repayment on or before 31 December 2025.

14. DEBTORS	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Due within one year				
Grant debtors	78,306	85,802	-	-
Accrued income	111,479	15,495	125,498	15,495
Other debtors	605	12,760	305	544
Monies owed by Group entities	-	-	29,917	49,827
Beacon Social Capital	-	-	-	-
Prepayments	13,665	2,114	10,049	2,114
	<u>204,055</u>	<u>116,171</u>	<u>165,769</u>	<u>67,980</u>

15. CREDITORS	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Due within one year				
Trade creditors	114,278	28,925	109,927	28,925
Taxation	24,349	-	24,350	-
Grants payable to investees	33,234	92,103	33,234	92,103
Defined contribution pension scheme payments	2,983	1,783	2,983	1,783
Other accruals	34,930	35,473	26,053	35,115
	<u>209,774</u>	<u>158,284</u>	<u>196,547</u>	<u>157,926</u>

16. ANALYSIS OF CHANGES IN NET DEBT

	At start of year 01/01/2024	Cashflows	Acquisition /disposal of subsidiaries	New finance leases	Other non-cash changes	At end of year 31/12/2024
	£	£	£	£	£	£
Cash	1,309,477	(838,980)	-	-	-	470,497
Cash equivalents	-	-	-	-	-	-
Overdraft facility	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total	1,309,477	(838,980)	-	-	-	470,497



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

17. RESTRICTED FUNDS Current Year 2024	GROUP				
	B/fwd 01/01/2024	Income	Expenditure	Transfers	C/fwd 31/12/2024
	£	£	£	£	£
Egypt					
Egypt Fund	9,000	3,099	-	-	12,099
King Khalid Foundation	-	12,316	11,476	-	840
Aqaam	-	7,122	-	-	7,122
Egypt Refining Company	-	86,866	86,324	-	543
Education in Egypt					
SODIC: Seed Cycle	34,137	19,911	21,402	-	32,646
Man Ahyaha Association	24,218	24,678	16,096	-	32,800
Women and Youth Employment in Egypt					
Future Eve Foundation	12,060	62,250	64,263	-	10,047
Delta Oil	-	15,784	6,199	-	9,585
Lebanon					
Lebanon Fund	4,910	17,721	-	-	22,631
Education in Lebanon					
Tabshoura/Lebanese Alternative Learning	32,033	2,641	20,449	-	14,225
Women and Youth Employment in Lebanon					
BOT	15,115	-	12,553	-	2,562
SE Factory	16,209	-	16,209	-	-
GIZ Youth Employment in Lebanon project	338,230	138,650	421,835	-	55,045
Impact Europe	30,771	7,989	38,760	-	-
Refugees in Lebanon					
WPA	-	3,636	3,636	-	-
NaTakallam	43,119	-	36,408	-	6,711
Jordan					
Impact Europe	119,301	(12,853)	(10,911)	-	117,359
Danish Refugee Council- Building Pathways	-	56,590	56,590	-	-
Regional Development and Protection Programme					
RDPP - Lebanon Programme	-	96,460	96,460	-	-
RDPP - Jordan Programme	-	101,099	65,775	-	35,324
Palestine					
Palestine SEED cycle	-	18,366	18,366	-	-
Flowless Smart Water	40,629	30,000	50,665	-	19,964
UK					
Accelerate Study Missions	15,746	-	11,234	-	4,512
Refugee Portfolio	13,168	-	-	-	13,168
AMAL Fund	5,493	-	-	-	5,493
Impact Investment Fund	-	76,668	74,698	-	1,970
Ford Foundation	169,170	-	116,654	-	52,516
TOTAL RESTRICTED FUNDS	923,309	768,993	1,235,140	-	457,162



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Prior Year 2023	B/fwd 01/01/2023	Income	Expenditure	Transfers	C/fwd 31/12/2023	
	£	£	£	£	£	
Egypt						
Egypt Fund	13,700	3,000	7,700		9,000	#
Education in Egypt						#
BTCP	88	4,251	4,339		-	#
Heya Masr	1,667	-	1,667		-	0
SODIC: Seed Cycle	3,792	35,697	1,561	(3,792)	34,137	
Man Ahyaha Association	23,543	22,338	25,455	3,792	24,218	#
Women and Youth Employment in Egypt						
Future Eve Foundation	85,958	52,931	126,829		12,060	#
Delta Oil	-	25,508	25,508		-	#
SEMD Programme						0
Technical Assistance	28,746	-	28,746		-	#
Emonovo (Marj3)	1,817	-	1,817		-	0
Delta Oil	3,634	-	3,634		-	#
Duma	3,651	-	3,651		-	#
Nakoll	4,087	-	4,087		-	0
Sprints	1,838	-	1,838		-	#
Threads of Hope	4,103	-	4,103		-	0
Startups Without Borders	13,343	-	13,343		-	#
Yadawee	4,105	-	4,105		-	0
Egypt Environment SEED						0
WasteAid Seed Cycle	46,188	12,316	58,504		-	
Egypt- Gaza Crisis Response						#
Egyptian Food Bank	-	62,337	62,337		-	
Lebanon						
Lebanon Fund	4,910	2,497	2,497		4,910	
Education in Lebanon						
Tabshoura/Lebanese Alternative Learning	91,791	-	59,758		32,033	
Women and Youth Employment in Lebanon						
BOT	38,213	36,528	59,626		15,115	
SE Factory	62,198	8,131	54,120		16,209	
GIZ EPL Project	207,051	639,158	507,979		338,230	
Impact Europe	-	48,293	17,522		30,771	
Refugees in Lebanon						
NaTakalam	-	86,237	43,118		43,119	
Emergency Response						
Emergency Lebanon Campaign						
Souk El Tayeb	31,917	-	31,917		-	
ShareQ	44,064	-	44,064		-	
Inaash	14,846	-	14,846		-	
Jordan						
Impact Europe	-	148,069	28,768		119,301	
Palestine						
Palestine SEED cycle	2,326	-	2,326		-	
Flowless Smart Water	-	60,000	30,968	11,597	40,629	
UK						
Accelerate Study Missions	17,221	-	1,474		15,746	
Refugee Portfolio	-	13,168	-		13,168	
AMAL Fund	-	5,493	-		5,493	
Impact Investment Fund	-	72,411	72,411		-	
Ford Foundation	-	169,170	-		169,170	
Zakat Fund	-	3,522	3,522		-	
Alfanar Development	11,597	-	-	(11,597)	-	
TOTAL RESTRICTED FUNDS	766,394	1,511,056	1,354,141	-	923,309	



Transfers. Transfers between funds in the current year have been described within the following notes on each relevant fund.

Egypt fund holds income specifically restricted to social enterprise grants and support activities in Egypt. Allocation to specific projects is at the discretion of the Board. In 2023 funds were used to cover costs of technical assistance provided to the portfolio of Egypt investees.

King Khalid Foundation is a grant received in the year to provide research opportunities to our portfolio of investments

Aqaam is a fund to support the technical assistance offered to our investees. This will be expended in 2025.

Heyr Masr is a social enterprise that works to build resilience and character development in children preparing them for the toughest of lives. This pilot investment commenced in 2021 and is supported by a generous individual donor

SODIC seed cycle: This fund from SODIC is supporting the Egypt Education SEED cycle and the first graduate from that programme, Man Ahyaha.

Man Ahyaha is a social enterprise that graduated to Sustain from the first Egypt Education SEED cycle. This fund is supported by SODIC along with unrestricted funds provided by ERC (see below)

Egypt Refining Company (ERC). This is a grant from ERC to promote our Egypt office in its innovation, and the technical assistance offered to our Egypt portfolio.

Future Eve Foundation (FEF) is an active investment and continues to be generously supported by the Global Fund for Widows (GFW). A growing portfolio of housing improvement loans launched by FEF is being supported by SODIC. GFW continues to provide funding and technical assistance to this investment.

Delta Oil is a social enterprise that graduated to Sustain from SEMD programme, see note below. The Sustain Investment is supported by SODIC and ERC.

Lebanon Fund. This holds funds from a combination of sources where the donors restricted their gifts specifically for work in Lebanon. The balance will be allocated and spent in 2025.

Tabshoura (Lebanese Alternative Learning) is a social enterprise that has digitised the Lebanese curriculum and is supporting teachers to employ it. It was supported by a corporate donor and online campaigns.

BOT (Bridge.Outsource.Transform.) is an impact outsourcing platform that enables hundreds of disadvantaged youth across Lebanon and Jordan to access digital freelance work. This investment has been supported by a private individual, online campaigns, The Drosos Foundation and GIZ.

SE Factory is a social enterprise that provides intensive coding training and then facilitates access to work after graduation for youth across Lebanon. This has been supported by Drosos and GIZ.

GIZ EPL Project This holds funds from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, funding our Youth Employment in Lebanon programme running for 30 months, 2022-2024. The programme empowered two SEED cycles each year including technical assistance and business planning along with Sustain support to six social enterprises.

Impact Europe. This fund is separated in two parts in the table above as it holds advances from Impact Together on our joint action in both Lebanon and Jordan to strengthen and promote social economy as a vector for job creation and expansion of economic opportunities, leading to a more inclusive economy in the countries. The programme's focus is to increase access to finance for social enterprises and social businesses, through strengthening existing impact and/or venture philanthropy funds, or development of new financing vehicles, that will become strong ecosystem players, beyond the life of this action. In addition, the action will address several other social economy support organisations (SESOs), that play instrumental roles in the social economy ecosystem, as capacity builders, network builders or advocacy players.

NaTakallam is a social enterprise that facilitates income-generating opportunities for refugees as language-learning partners, translators and interpreters. It has received support from L'Oreal.

Inaash creates dignified employment for nearly 400 female Palestinian refugees through embroidery and high-quality textile production. It had received funding from our Emergency Lebanon campaign, which was fully spent by the end of 2023.

WPA . In association with Alfanar Inc., US we are running a fundraising promotion, "Sip and Share" to support the catering activities of our alumni, The Women's Programme Association (WPA), in the refugee camps of Lebanon.

DRC- Building Pathways. Commencing in September 2024 and running for three years, this programme is supported by the Danish Refugee Council and seeks to build pathways to employment through social enterprise in Jordan.

RDPP. (Regional Development and Protection Programme). Commencing in February 2024 this Regional programme is funded by the Danish ministry of Foreign Affairs until December 2026. It seeks to address Social Development and Protection in Jordan and Lebanon through Venture Philanthropy providing awards, grants and training to social enterprises.

Palestine. Holds funds provided by Asfari Foundation to support our SEED cycles in Palestine in 2022 and a Sustain Investment in one graduate from that programme, Flowless Smart Water Solutions, in 2023.

Flowless. This fund, supported by Asfari is used for or investment in Flowless Smart Water Solutions in Ramallah.

Accelerate Study Missions expose our social entrepreneurs to best-in-class social enterprises in the developing South achieving scale and sustainability in their respective sectors. In 2024, this funding enabled Alfanar to take four social enterprises to the Gala Dinner in London.



Refugee Portfolio. This contains funds received in the UK from a number of donors restricted specifically to supporting refugees. It will be allocated in 2025.

AMAL Fund. This contains funds received in the UK from a number of donors restricted specifically to development of micro-finance programmes

Impact Investment Fund includes funding dedicated to supporting Alfanar to cover part of the pre-start-up phase costs associated with impact fund team building, pipeline and investment strategy refinement and legal counsel informing the final structure. In 2023, USAID Lebanon provided its support.

Ford Foundation: represents the BUILD grant Alfanar successfully secured in 2023. This support enabled Alfanar to develop a social franchise for the Amal project, research social protection for social entrepreneurs, and complete an organisational mapping exercise.

18. DESIGNATED FUNDS	GROUP AND CHARITY				
	Brought Forward	Income	Expenditure	Transfer New Assets	Carried Forward
Current year	£	£	£		£
Tangible fixed assets	4,432	-	(1,500)	2,306	5,238
TOTAL DESIGNATED FUNDS	4,432	-	(1,500)	2,306	5,238

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

The Palestine designated fund is to support our new operations in that region, matching a fund provided by Asfari.

Prior Year	Brought Forward	Income	Expenditure		Carried Forward
	£	£	£		£
Tangible fixed assets	3,350	-	(1,327)	2,409	4,432
Palestine Fund	26,899	-	(24,451)	(2,448)	-
TOTAL DESIGNATED FUNDS	30,249	-	(25,778)	(39)	4,432



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

19. MOVEMENT OF FUNDS IN THE YEAR

Current year

	Brought Forward 1 January 2024	Income	Expenditure	Transfers	Carried Forward 31 December 2024
	£	£	£	£	£
Designated funds	4,432	-	(1,500)	2,306	5,238
General fund	507,268	1,215,573	(1,550,467)	2,306	170,068
	511,700	1,215,573	(1,551,967)	-	175,306
Restricted funds	923,309	768,993	(1,235,140)	-	457,162
TOTAL FUNDS	1,435,009	1,984,566	(2,787,107)	-	632,468

Prior year

	Brought Forward 1 January 2023	Income	Expenditure	Transfers	Carried Forward 31 December 2023
	£	£	£	£	£
Designated funds	30,249	-	(25,778)	(39)	4,432
General fund	658,547	941,605	(1,092,923)	39	507,268
	688,796	941,605	(1,118,701)	-	511,700
Restricted funds	766,394	1,511,056	(1,354,141)	-	923,309
TOTAL FUNDS	1,455,190	2,452,661	(2,472,842)	-	1,435,009

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Current year (2024)

	Group			Charity		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Funds	Funds	Funds	Funds	Funds	Funds
	2024	2024	2024	2024	2024	2024
	£	£	£	£	£	£
Tangible fixed assets	5,238	-	5,238	5,238	-	5,238
Investment Assets	80,261	-	80,261	80,261	-	80,261
Net current assets	89,807	457,162	546,969	119,602	387,984	507,586
	175,306	457,162	632,468	205,101	387,984	593,085

Prior year (2023)

	Group			Charity		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Funds	Funds	Funds	Funds	Funds	Funds
	2023	2023	2023	2023	2023	2023
	£	£	£	£	£	£
Tangible fixed assets	4,432	-	4,432	4,432	-	4,432
Investment Assets	80,261	-	80,261	80,261	-	80,261
Net current assets	427,007	923,309	1,350,316	445,634	730,118	1,175,752
	511,700	923,309	1,435,009	530,327	730,118	1,260,445

**21. RELATED PARTIES**

Alfanar rents and pays for UK office space at less than market rates from 'Common Purpose', where Julia Middleton (former Trustee) is the Founder and currently Innovations Officer. The cost in the year was **£24,000** (2023: £21,400).

Alfanar board member Cynthia Oakes, is also on the board of Alfanar Inc. In 2024, Alfanar received grants from Alfanar Inc., US amounting to **£176,340** (2023: £302,026)

Alfanar board member Lubna Olayan, is also on the board of Dara Management. In 2024, Alfanar received support from Dara management amounting to £50,000

During the year, trustees donated **£390,694** (2023: £265,500) in total, including board pledges, gifts at events and other campaign donations to Alfanar's general funds. In addition members of the Alfanar, Inc., US board donated **£ 33,515** (2023: £15,224)

Intragroup Transactions between Alfanar and Stichting Alfanar in 2024 amounted to:

1) Payments from Alfanar to Stichting Alfanar:

Grant towards start up costs **£ nil**

2) Fees payable to Alfanar from Stichting Alfanar

Technical assistance and support grants **£ 58,505**

As at 31 December 2024 amounts outstanding from Stichting Alfanar to Alfanar were **£ nil** (2023: £32,198).

22. LEASE COMMITMENT

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

	2024	2023
	£	£
Less than 1 year	25,031	12,525
Between 2 and 5 years	6,647	-
	<u>31,678</u>	<u>12,525</u>



SUPPORTER NETWORK

Our Partners



Together, we can power the Arab World's impact economy.

 info@alfanar.org.uk

 www.alfanar.org

 [@alfanarvp](https://www.instagram.com/alfanarvp)

Alfanar UK

The Conduit Club, 6 Langley St
London WC2H 9JA
Company registration n. 5141908
Charity registration n.1105048
Tel: +44 1158 88 2835

Alfanar Egypt

50 Nadi El-Sayd St. (3rd Floor),
12311 Dokki,
Giza, Cairo, Egypt
Unique registration number: 67/2021;
21991433314205

Alfanar Jordan

Shajarah Street, Abdoun, 11183,
Amman Jordan Registration No.
420232144

Alfanar Lebanon

Beirut Digital District (BDD 1280)
Nassif El Yazigi St.
Bachoura, Beirut, Lebanon
Ministry of Social Affairs registration
number: 907

Alfanar Inc., US

c/o Hurwit & Associates,
1150 Walnut Street (2nd Floor),
Newton, Massachusetts 02461
USA
EIN-75-31970321

Stichting Alfanar

Saturnusstraat 14, 2516AH The Hague,
The Netherlands
KVK No. 88110834



VENTURE
PHILANTHROPY

ALFANAR

England & Wales - Charity number 1105048

Accounts



الفنار
ALFANAR

2023

Impact Report

ALFANAR VENTURE PHILANTHROPY

Vision

Educated children,
employed youth &
economically
empowered women
across the Arab region



Priority Areas

Education, Employment,
Empowerment &
Environment



Mission

Foster the growth of
sustainable, scalable
social enterprises



Contents

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“

Alfanar opened our horizons, allowing us to focus on the goals we need to achieve.

Safiah AbuShanin
CEO, Hands of Sitti
Alfanar Jordan SEED Portfolio

The Challenge

The Arab region is the only region in the world where poverty has consistently increased over the past decade. Political, social and economic instability, heightened inequality and worsening environmental conditions all contribute to this trend, creating complex challenges felt most acutely by disadvantaged groups. Women, children and refugees living in slum communities and marginalised rural areas lack the access to quality education or opportunity they need to secure productive and dignified futures.

Addressing these issues demands urgent solutions that are sustainable into the future. Using a venture philanthropy approach, Alfanar supports innovative social enterprises that are working to tackle systemic inequalities and provide opportunities to communities that need it most.

By investing in ambitious, local social enterprises across the Arab region, we are building an ecosystem of enduring social and environmental change.



Youth unemployment in the Middle East and North Africa (MENA) consistently ranks the highest in the world



59% of children cannot read or understand an age-appropriate text by age 10



Unemployment among young women is 80% higher than among young men



The MENA region hosts the largest number of refugees and migrants in the world



Temperatures in the Arab region are increasing twice as fast as the global average due to climate change

Welcome

2023 was a tumultuous year for the Arab world. Devastating earthquakes in Syria and Morocco, flooding in Libya, civil war in Sudan, economic crises in Egypt and Lebanon and tragic violence against families in Gaza have impacted millions of lives and exacerbated regional insecurities. Amidst difficulty and human struggle, there were glimmers of hope as social enterprises never ceased to innovate and collaborate to respond.

As Alfanar enters its 20th year, empowering enterprises for social change has proven to be a beacon of hope and stability in the face of tumult. Our venture philanthropy model provides comprehensive support to social enterprises developing innovative solutions to bolster children's education, youth employment and women's economic empowerment. By finding, funding, training and supporting the growth of the most promising social enterprises in the region, we are fostering impact for marginalised communities that continues to grow into the future.

2023 marked the second year of our current growth plan, with a goal of supporting more social enterprises and improving more lives sustainably. Thanks to your help, this has been a tremendous success. We fulfilled the pledge made at our 2022 gala and improved the lives of 107,152 women and children within 2023, representing 27% of our entire impact footprint since 2004. We delivered £1,876 million in funding and management support to 60 social enterprises, and training to an additional three social enterprises outside our portfolio. Our venture philanthropy support enabled our portfolio to not only grow its impact, but to achieve an average cost recovery rate of 66% through the sale of goods and services.

The scale of our growth and impact is a testament to the power of the venture philanthropy approach. On average, our social enterprises are able to impact 37% more lives and to self-generate 34% more sustaining revenue through our support. With the backing of institutional and individual donors, Alfanar has been able to dedicate more resources to training, management support, capacity-building and access to networks coupled with our unique, multi-year SUSTAIN grants.

2024 is slated to be the most transformative yet. We are working hard to move towards improving the lives of 150,000 women and children per year, to provide SEED support to over 55 social enterprises – of which we expect 15 to progress to our long-term SUSTAIN support programme. Our venture philanthropy activity will be fully operational through registered entities and partnerships in Egypt, Lebanon, Jordan and Palestine. In parallel, we are supporting the launch of the first regional impact investment fund for the Arab world.

On behalf of the Alfanar Board and team, we thank you for believing in our mission and for supporting us to grow innovative solutions that uplift communities in need at a time when hope feels like it is being extinguished. With your help, Alfanar can continue to serve as an engine to ignite enduring and sustainable opportunity and transformational change across the Arab world.



Lubna S. Olayan
Board Chair



Myrna Atalla
Executive Director

2023 In Numbers

£1,875,960

Alfanar Funding & Management Support

22,806

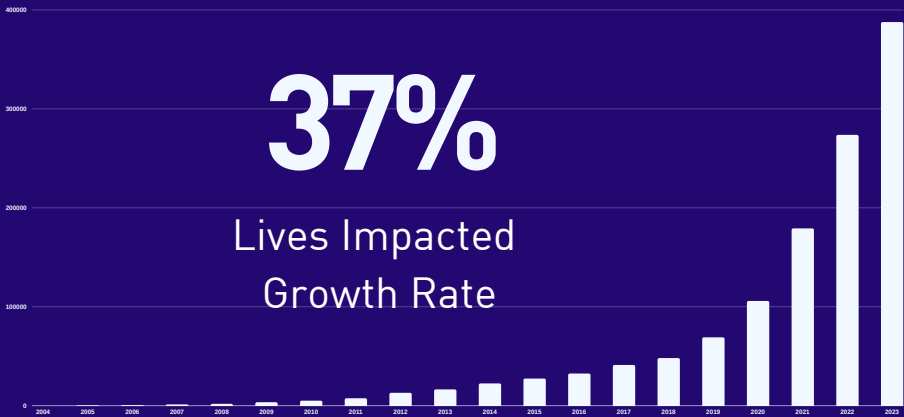
Hours of Management Support Delivered

63

Social Enterprises Funded & Trained

107,152

Lives Directly Impacted



4,143

Women employed or launched / grew new businesses

9,085

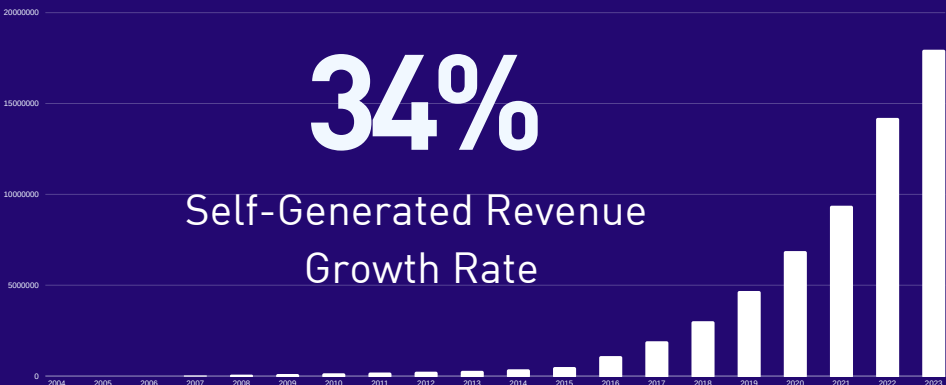
Children and youth gaining access to quality education

66%

Average cost recovery rate of enterprises

£3,563,790

Revenue Generated by Social Enterprises



Reach & Impact

LEBANON

SEED Cycles

YELA SEED Cycle Powered by GIZ & BMZ				Management Support Powered by Drosos
1st Cycle	2nd Cycle	3rd Cycle	4th Cycle	
<ul style="list-style-type: none"> Beirut Bloomers Find a Nurse Plastic Lab Nadeera SIIRA 	<ul style="list-style-type: none"> Agonista Code Brage Little Melly Refuse The Volunteer Circle 	<ul style="list-style-type: none"> D4Communities Espace Fann Foodsight UDiversity IRAP 	<ul style="list-style-type: none"> Ahla Fawda Garbaliser Littera Supportful UWYTA 	
<ul style="list-style-type: none"> Creative Space Beirut IECD LLWB Seenaryo Semeurs D'Avenir Zoukak 				

SUSTAIN Portfolio

- BEDCO by March NGO
- B.O.T
- FabricAID
- L'Artisan du Liban (ADL)
- Lebanese Alternative Learning (Tabshoura)
- SE Factory

REFUGEE Portfolio

- NaTakallam

EMERGENCY

- Tawlet Souk el Tayeb
- ShareQ

PALESTINE

SEED Cycle	SUSTAIN Portfolio	EMERGENCY
Inaugural Palestine SEED Cycle Powered by Alfanar & The Asfari Foundation <ul style="list-style-type: none"> Al Mofakir For Education Al-Reef Fair Trade Flowless Friends of Birziet Sawaed 19 Sindyan Education Media Spark for Entrepreneurship & Innovation Yalla Mishwar Tourism Waselat Al Muffaker 	<ul style="list-style-type: none"> Flowless 	<ul style="list-style-type: none"> Egyptian Food Bank

EGYPT

SEED Cycles	SUSTAIN Portfolio
Green Employment SEED Cycle Powered by SODIC <ul style="list-style-type: none"> Banlastic Bekia Kendaka Plstka Technology 	Plastics Recycling SEED Cycle Funded by Dow Chemicals, Powered by Wasteaid <ul style="list-style-type: none"> Upfuse Very Nile WMC
<ul style="list-style-type: none"> Bright Tomorrow for Child Protection (BTCP) Future Eve Foundation Man Ahyaha Delta Oil 	

JORDAN

SEED Cycle	SUSTAIN Portfolio
Impact Together Funded by the European Union (EU), Powered by Impact Europe <ul style="list-style-type: none"> Curio Hands of Sitti Jusoor Labs Ketabi KUVRD 	<ul style="list-style-type: none"> B.O.T FabricAID

Venture Philanthropy Approach

For nearly two decades, Alfanar has continued to adapt its approach to effectively fuel social enterprises in the Arab world.

2023 marked the second year of Alfanar's new investment cycle: SEED, SUSTAIN, SCALE, and SPREAD. We set ourselves four ambitious goals aimed at extending our reach and venture philanthropy support to a growing number of social enterprises across the Arab region.

Our refreshed approach enables us to provide more social enterprises access to our accelerated SEED cycle training, grants and personalised management support. From this larger pipeline, we can provide select social enterprises with business planning and assessment for our unique, multi-year SUSTAIN support package.

Investment Cycle



SEED

6-8 months of accelerated Alfanar Sustainable Social Enterprise Training (ASSET), financial awards and business planning



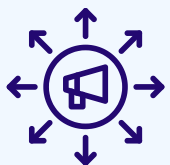
SUSTAIN

3-5 years of patient, flexible grants and zero-interest loans, management support and bespoke Alfanar Impact Management (AIM) applications and analytics



SCALE

5+ years of debt and equity impact investment, providing investors with financial return or social franchising support, technical assistance and access to networks



SPREAD

A community of supporters, donors and ambassadors growing the sustainable change movement in social entrepreneurship and impact investment across the Arab world

SUSTAIN Support Package



Tailored Funding

Adaptable and patient capital spanning 3-5 years (often +£250K), which provides social enterprises with the stability required to concentrate on expanding and enhancing their impact and financial sustainability models



Management Support

Highly engaged accountability support and training, study missions and market exploration trips, business planning and reforecasting, and access to our vast network of impact connectors. This ensures social enterprises have the expertise and support needed to grow and expand



AIM

Alfanar Impact Management is our programme that develops and adapts tailored applications for each social enterprise on a business intelligence technology platform – enabling real-time tracking, visualisation and progress assessment against impact and financial targets

A Unique Model for Lasting Impact

Financing is crucial, but is not enough on its own.

Our commitment to providing long-term, comprehensive management support and training for social enterprises is the glue to our model and what sets us apart in the venture philanthropy space.

For every £1.00 donated to Alfanar, we add £0.63 in one-on-one management support and capacity-building to our social enterprises, which includes weekly accountability calls, monthly in-person visits, networking connections, training and business planning. This ensures that our collective contribution is not only impactful, but long-lasting.



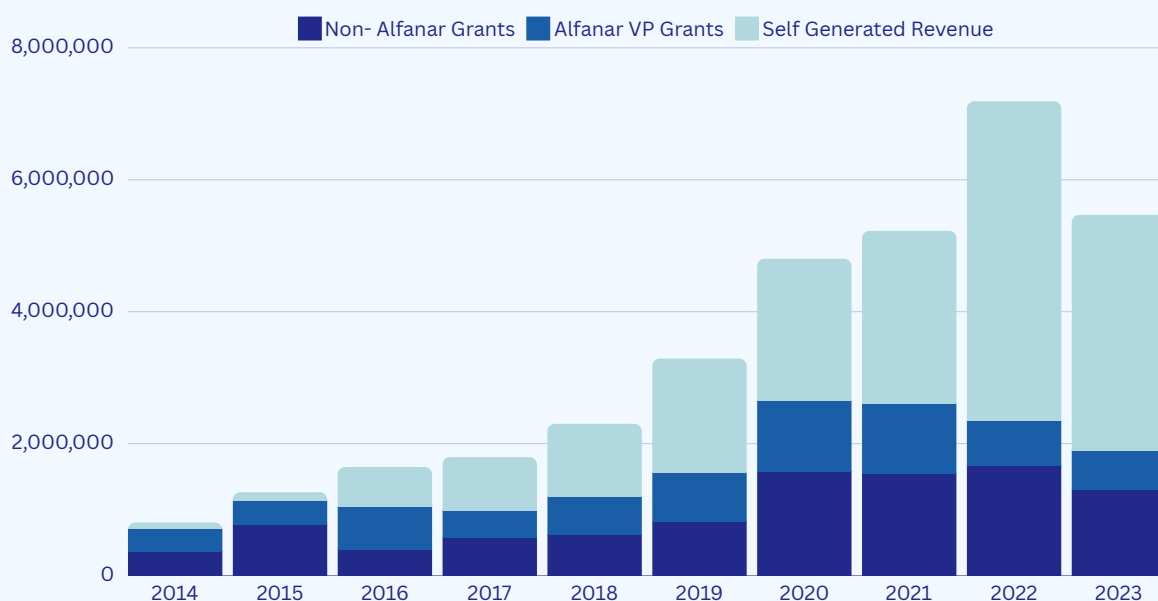
Commitment to Financial Sustainability

Alfanar promises its partners and donors that their philanthropic donations will be strategically directed, monitored and cultivated to foster the emergence of lasting solutions in education, youth employment, women's economic empowerment and the environment. Through our venture philanthropy support, we accelerate our social enterprises' progress toward financial self-sufficiency over the life of our investment cycle. We do this through tailored funding, proactive target setting, focused management support, progress tracking and dynamic course-correcting, when needed. It is not enough to set and strive towards financial sustainability targets. We have realised over time that part of our role is to facilitate collaboration, reseller and social procurement opportunities for our social enterprises that enable the growth of self-generated revenue. Alfanar takes social enterprises in its portfolio on market exploration missions to encourage such connections with regional and international companies.

Thanks to our partnership with the fund for micro-, small and medium-sized enterprises SANAD, we led a market exploration mission in June 2023 to Riyadh, Saudi Arabia, taking five Lebanon portfolio social enterprises: Bridge. Outsource. Transform (B.O.T), SE Factory, LAL/Tabshoura, L'Artisan du Liban and FabricAID. Ahead of the mission, we helped the enterprises assess their export readiness, strengthen e-commerce strategies, and eventually connect with relevant stakeholders at our Inaugural Riyadh Impact Connector Event, for which we were grateful to receive venue support from the King Khaled Foundation. Since 2004, Alfanar has disbursed £7,893,296 in tailored funding – grants, zero-interest loans – to our social enterprises. This funding has enabled our social enterprises to self-generate £17,961,427 in revenue through the sale of their own goods and services – more than double our strategic, philanthropic contribution.

In 2023, our social enterprises were able to recover 66% of their costs, on average, through the sale of their own goods and services. This highlights the power of our venture philanthropy approach, which shifts social enterprises, built by and for the Arab region, away from donor dependency and instead towards self-reliance and lasting change.

Grants vs Self-Generated Revenue



The graduation of SUSTAIN social enterprises coupled with fluctuations in the value of the EGP led to a dip in total sales achieved in 2023



ASSET

Alfanar Sustainable Social Enterprise Training

Budding enterprises in the Arab region are often resource-limited and need technical assistance to scale their enterprises for change. Our ASSET programme equips social enterprises in both SEED and SUSTAIN cycles across Egypt, Lebanon, Jordan and Palestine with the tools needed to grow their impact and financial sustainability.

We deliver our twelve ASSET training modules through a mixture of group trainings and one-on-one mentorship to ensure that each social enterprise has outputs that are tailored and applicable to its needs.

Alfanar also works with foundations and corporate partners that are interested in delivering ASSET training to social enterprises outside of our portfolios.

ASSET Modules

- Introduction to Social Enterprise.....
- Theory of Change.....
- Internal Governance.....
- Options for Scaling.....
- Impact Modelling.....
- Impact Measurement.....
- Financial Management.....
- Legal Structures.....
- Communications for Results.....
- Business Planning.....
- Human Resources.....
- Safeguarding.....

AIM

Alfanar Impact Management

For our SUSTAIN social enterprises, Alfanar develops tailored digital applications that streamline the monitoring of social impact and financial sustainability targets. Our AIM solution improves efficiency and reduces the burden of reporting for our social enterprises, turning what used to be an obligation into an essential evidence-based decision-making, management and communications tool.

75%

Of social enterprises in 2023 indicated that AIM helped them make better management decisions

88%

Of social enterprises confirmed that AIM improved their performance

A photograph of two young women sitting at a desk, looking at a laptop. The woman on the left is smiling and looking towards the camera. The woman on the right is wearing a white hijab and a blue and white patterned shawl, looking intently at the laptop screen. The laptop is an Acer brand. The background is a blurred office environment with glass partitions.

“

The financial support we received allowed us to focus on our revenue generation strategy, providing us with greater clarity and direction.

Clementine Brown
Co-Founder, CodeBrave
Alfanar Lebanon SEED Portfolio

Impact Investing

In 2023, Alfanar continued to support the launch of one of the first impact investment funds focused on the Arab region.

Building on 20 years of venture philanthropy in the region, the impact investment fund aims to empower visionary entrepreneurs who use their businesses to create a more sustainable and inclusive future for disadvantaged communities, especially for women, youth and children.

Set to launch in 2024, the fund's impact investment strategy aims to generate commercial returns for investors while maximising positive and measurable social and environmental impact. It will invest in ambitious, growing businesses with impact, making available multiple financial instruments, including equity, debt or hybrids. In addition to investment capital, the fund will make available non-dilutive technical assistance support to help these businesses strengthen and scale their impact, operations and revenue.

In 2023, Alfanar supported the strengthening of the impact investment fund's leadership team, honed its investment strategy and legal structure, and grew the regional pipeline of growth-stage businesses with impact using a gender lens investment focus, including the preparation of first investments. Additionally, Alfanar approved a further convertible loan to one of our investees, FabricAID, and its network of ecosystem partners; its appearance on Bahrain's [Beban Show](#) (an entrepreneur-themed reality TV show); and follow-on investment from other regional funds.





2023 Portfolio

Despite the challenging landscape of 2023, our social enterprises remained resolutely focused on their social and environmental missions.

As a result of this commitment, Alfanar's social enterprises directed improved the lives of 107,152 children, youth and women within the year, delivering quality education, youth employment, women's economic empowerment and environmental innovation.

4 QUALITY EDUCATION

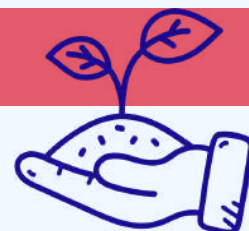


EDUCATION

Ensuring equitable education that fosters continuous learning

Since inception, improving access to quality education for disadvantaged children has been a key part of Alfanar's mission. With over two-thirds of the Arab region's 50 million children grappling with 'learning poverty', or the inability to read and comprehend an age-appropriate text by the age of 10, Alfanar is committed to identifying, funding and fuelling social enterprises growing sustainable solutions that provide disadvantaged children access to quality education. In 2023, with generous support from SODIC, a private foundation, and individual donations, Alfanar's education social enterprises in Egypt and Lebanon enabled nearly 10,000 children to access equitable educational pathways.

SEED



Impact Together SEED Cycle, Funded by the European Union (EU), Powered by Impact Europe & Implemented by Alfanar*

Curio - Supporting women entrepreneurs in underserved areas to establish preschools.

Jusoor Labs - Enabling students from all backgrounds to access an interactive learning platform that teaches science lessons, including virtual experimentation that reduces reliance on expensive equipment and laboratory spaces.

Ketabi- Establishing a secure online learning space for children that optimizes screen time for educational advancement.

Palestine SEED Cycle, Powered by Alfanar & The Asfari Foundation

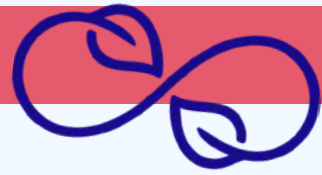
Friends of Birzeit - Enabling Palestinian students to reach tertiary education through scholarships and fellowships.

Sindyan Education Media - Creating and distributing educational digital content to children aged 4-9.

Waselat Al Muffaker - Developing educational tools and materials for children with special needs, and training both instructors and parents on how to use their systems and products.

*For some of our projects, our funding partner works with an organisation/entity that powers the project by providing management support and oversight.

SUSTAIN




Egypt

Bright Tomorrow for Child Protection (BTCP)

Based in Alexandria, BTCP provides comprehensive learning resources and services to children with neurodevelopmental disorders, with a particular focus on children with autism. Since 2018, Alfanar has helped BTCP grow its reach, especially within disadvantaged communities in Alexandria, where there are now three operating centres. In parallel, Alfanar helped BTCP create and execute a business plan aimed at developing self-generated revenue streams to ensure the long-term sustainability of its work. Having helped BTCP directly train and employ 85 therapists, treat 2,148 children with neurodevelopment disorders, and achieve 86% cost recovery through cross-subsidisation, Alfanar exited BTCP in 2023.



 2023 Social Impact
536 Children

 Cost Recovery
84%

Man Ahyaha (MA)

MA aims to leave no child without education by building and running high-quality primary community schools in rural communities where no schools or government exist. Alfanar began its support of MA in Q4 2023, enabling the organisation to continue improving its two community schools in the Ayat, Giza area and to add a third community school in Sohag. MA trains and employs local members of the communities it operates in to serve as educators, facilitators and other school staff. In parallel, Alfanar is supporting MA to test, identify and grow at least one self-generating revenue stream within its current business plan as a way of ensuring financial independence in the long run.

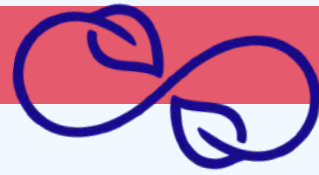


 2023 Social Impact: 385 children enrolled & 88 teachers trained

*Cost recovery figures are not included for SUSTAIN social enterprises that were approved mid-year and have not yet completed one full year of Alfanar support. These figures will be reported in the 2024 report.



SUSTAIN



Lebanon

Lebanese Alternative Learning (LAL) Tabshoura

Since 2020, Alfanar has supported LAL to digitise and make the entire Lebanese primary curriculum available in Arabic, English and French to all children enrolled in school in Lebanon. This long-term goal was finally achieved in 2023 when LAL signed a Memorandum of Understanding with the Ministry of Education. Alfanar has also helped LAL develop and grow its revenue-generating education consulting services through LAL Solutions, facilitating useful connections through the Riyadh Market Exploration Mission.



2023 Social Impact: 8,896 students & teachers



Cost Recovery 28%



Palestine

In response to the horrifying loss and devastation endured by children across Gaza and increasingly children in the West Bank as well, Alfanar is bringing together a consortium of education social enterprises, including LAL/Tabshoura and others, to digitise the Palestinian primary school curriculum.

We are proud to bring together and leverage the expertise of our social enterprises to begin responding to the overwhelming need of children denied basic rights, including learning, across Palestine.



Impact Highlight I Man Ahyaha

“I strive to create a supportive and inclusive classroom environment where every student feels valued, understood, and capable of reaching their full potential.”

We had a child named “Youssef” at our school who was very active and often got into fights. Eventually, I discovered that the violence he displayed stemmed from a difficult home environment.

I continued to engage with Youssef, asking him about his interests. Noting his physical abilities and flexibility, I began teaching him gymnastics, which he enjoyed and even started teaching others in the community.

With time, he became calmer, more focused, and his academic performance improved.

Man Ahyaha trains us to prioritise building strong connections with the children in our classrooms. Because of this, we are able to help students express their needs, gain confidence and thrive socially as well as academically.

This impact extends beyond the classroom, thanks to Man Ahyaha’s focus on building community networks. Parents see themselves as partners in their child’s education, reinforcing lessons learned at school and passing them to other family members.

Being able to bring education to children while empowering our community makes me proud, and gives me hope for the future.

*Teacher testimonial





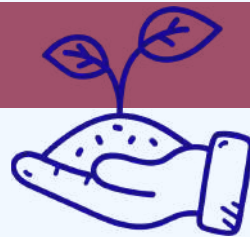
EMPLOYMENT

Promoting economic growth through equitable opportunities for employment

With the highest youth unemployment rates globally – at 47.8% in Lebanon, 41.6% in Jordan and 42% for young women in Egypt – it is imperative to invest in lasting solutions across sectors that generate meaningful employment and livelihoods for the 100 million young people living in the Arab region.

Alfanar works to identify and support bold social enterprises that are upskilling, training, and creating access to steady and dignified employment opportunities for the region's youth. In 2023, with generous support from GIZ, Drosos, L'Oreal and private individual donors, Alfanar's SUSTAIN employment portfolio generated steady jobs and livelihoods for 479 youth, of which 269 (56%) were women.

SEED



Lebanon YELA (Youth Employment For Lebanon), Powered by GIZ

1st Cycle

Beirut Bloomers - Supporting local artisans across Lebanon through funding, marketing, resale and design support.

Find A Nurse - Facilitating employment for qualified home care providers.

Nadeera - Enabling municipalities to reduce waste management costs by restoring value in discarded materials and alleviating health and environmental issues through waste management plans.

Plastic Lab - Upcycling plastic waste into valuable and educational items.

Siira - Providing accessible mental health support to vulnerable communities.

2nd Cycle

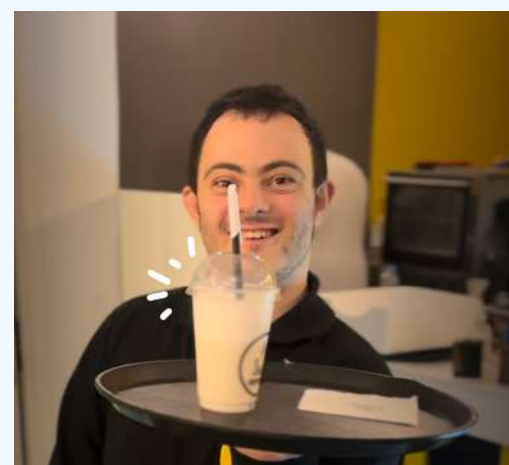
Agonista - Economically empowering individuals with different needs by providing them with safe and steady employment in their coffee shops.

Code Brave - Delivering classes in coding, robotics and other tech-related topics to teachers and students.

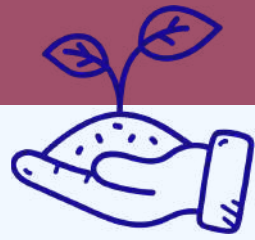
Little Melly - Providing meals for children between 6 months to 6 years through subscriptions and pharmacies.

Refuse- Offering community-based waste management services and creating employment for those in need.

The Volunteer Circle - A skill-sharing platform that matches volunteers with NGOs, start-ups, and local businesses.



SEED



3rd Cycle

D4Communities - Creating public and communal spaces that provide dignity, shelter, and security for local communities across Lebanon.

Espace Fann - Democratising art education in Lebanon by making it accessible and affordable for all.

Foodsight - Connecting agro-food businesses with multinational freelance experts and international service providers through an online marketplace.

IRAP - Specialising in the educational care and social integration of deaf children and young people.

UDiversity - Providing vocational training in cooking, food packaging, hospitality, character building, and social communication skills.

4th Cycle

Ahla Fawda - Promoting circular economic and eco-awareness, offering waste processing services and running green educational outreach.

Garbaliser - Addressing the environmental issue of excessive chemical fertiliser use by creating a natural liquid fertiliser from organic green waste.

Littera - Bridging educational gaps by creating accessible and engaging learning lessons.

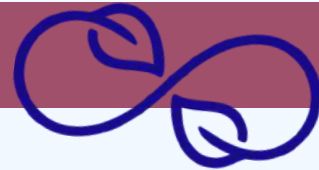
Supportful - Reducing brain drain across Lebanese by connecting youth to remote software engineering jobs with international tech companies.

UWYTA - Creating work opportunities for vulnerable women in upcycling.

Jordan Education and Employment SEED Cycle, Funded by the EU, Powered by Impact Europe

KUVRD: Economically empowering Palestinian and Syrian refugees to design, produce and sell apparel that features and celebrates their local culture and heritage.

SUSTAIN



Lebanon

Bridge.Outsource.Transform (B.O.T)

The first impact outsourcing platform in the Arab region is enabling youth from low-income communities to access digital freelance work, including specialist work in artificial intelligence data annotation in Arabic. With Alfanar's support, B.O.T has expanded its operations from Lebanon to Jordan and is proactively developing its business contracts in the Gulf and beyond.



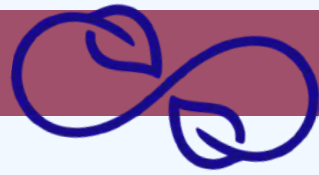
2023 Social Impact
337 youth employed
(64% women)



Cost Recovery
81%



SUSTAIN



SE Factory

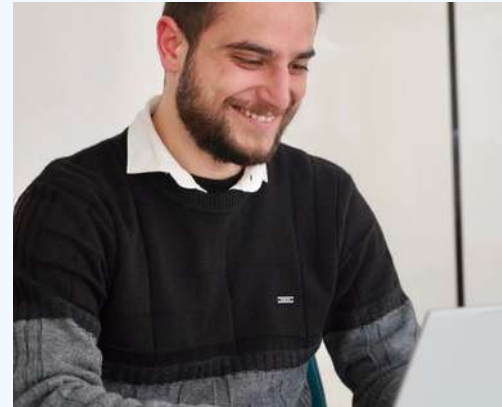
SE Factory provides intensive coding bootcamps to underprivileged youth across Lebanon, enabling them to develop the skills needed to secure steady employment in full stack web development and coding. Following bootcamp graduation, SE Factory facilitates employment opportunities with corporates in Lebanon and beyond. With Alfanar's support, SE Factory has not only created introductory trainings, but has also developed new streams of self-generated revenue through HR Factory, a specialised back-office service.



2023 Social Impact
283 youth employed & trained



Cost Recovery
34%



BEDCO

BEDCO is a social enterprise that economically empowers and employs marginalised youth from Jabal Mohsen and Bab el Debbaneh (neighbouring areas in the Tripoli area that are often embroiled in confessional violence and tension) through training and income-generating opportunities, especially in the construction sector. In addition to growing the number of work opportunities for youth, Alfanar is supporting BEDCO to improve cost recovery through sales, to develop an adaptable training programme, and to create a digital impact management system to better monitor performance.



2023 Social Impact
75 youth trained & employed



Cost Recovery
22%



NaTakallam

NaTakallam is creating dignified employment for refugees through the online economy as Arabic-language translators, interpreters and conversation partners. Since 2016, Alfanar has supported NaTakallam's growth and assisted with the development of a new digital platform.



2023 Social Impact
34 refugees employed



Cost Recovery
101%



ProAbled

Alfanar has supported ProAbled since 2022 to advance disability rights through a twofold approach: an online academy specialising in disability inclusion training, and a recruitment platform dedicated to facilitating employment for individuals with disabilities.



2023 Social Impact
128 people employed & trained



Cost Recovery
13%



Impact Highlight | ProAbled

Mazen refuses to let his multiple sclerosis (MS) diagnosis stop him from pursuing his goals.

As a husband and father of two, Mazen is determined to provide for his family. However, the combination of a difficult job market, especially in the wake of Lebanon's economic crisis, and the impact of MS has frequently left him jobless.

By connecting with ProAbled, Mazen found hope and new opportunities for his career.

ProAbled is a social enterprise that advances disability rights through an online academy specialising in disability inclusion training, as well as a recruitment platform that facilitates employment for individuals with disabilities.

Thanks to ProAbled, Mazen was able to obtain dignified employment and provide for his family. Beyond securing employment, ProAbled has empowered Mazen to advance his career goals and feel supported and accepted in the workplace.

Alfanar has supported ProAbled since 2022 as part of our GIZ-funded employment portfolio. The social enterprise has received funding and technical assistance through our ASSET training programme, alongside business development support. In 2023, ProAbled employed and trained 128 individuals across Lebanon, and our support will help the enterprise as it continues to lead disability inclusion efforts in the country and the wider Arab region.



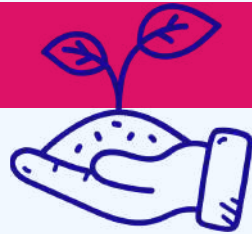


EMPOWERMENT

Cultivating gender equality within impoverished communities

Despite certain advancements for women's employment in the Arab region, especially in the fields of science, technology, engineering and maths (STEM) and entrepreneurship, steep barriers remain. The lack of women in formal employment continues to hamper economies, with only 29% of women formally employed in Lebanon, 18% in Palestine, 16% in Egypt and 13% in Jordan. Alfanar fosters the growth of social enterprises that enable women to access steady income-generating opportunities and dignified employment. In 2023, thanks to the continued belief and support of The Global Fund for Widows, the Egyptian Refining Company (ERC) and private individuals, Alfanar's SUSTAIN empowerment portfolio improved the take-home income and livelihoods of 4,143 women and their families, of which 3,698 were widows and female breadwinners.

SEED



Jordan Education and Employment SEED Cycle, funded by the EU, powered by Impact Europe

Hands of Sitti - Developing fashion product lines, from embroidery to soaps, that create dignified employment within refugee and displaced communities.

Palestine Inaugural SEED Cycle, powered by Alfanar and The Asfari Foundation

Al-Reef for Agriculture - Economically empowering female farmers through cooperative agriculture production and fair-trade promotion.

Sawaed 19 - Matching young people with volunteer opportunities across Palestine..

Spark for Entrepreneurship & Innovation - Supporting farmers in Gaza and beyond to adopt smart, sustainable farming methods.

Yalla Mishwar Tourism - Promoting and growing ethical tourism in Nablus.



SUSTAIN




Egypt

Future Eve Foundation (FEF)

Since 2012, Alfanar, The Global Fund for Widows and FEF have worked together to establish, develop and grow The Amal Project for Widows' Empowerment across 108 villages in Egypt, reaching over 22,000 widows. Meaning 'hope' in Arabic, The Amal Project is a multi-faceted programme, implemented by FEF, that aims to economically empower widows and female breadwinners through financial and vocational training, access to social microfinance and participation in Widows Savings and Loan Associations (WISALAs). FEF has expanded its reach significantly and with Alfanar's support, has strengthened its financial management and developed more effective monitoring and impact measurement systems. In 2024, support from an implementation consortium will allow Amal to reach widows in additional governorates in Egypt and in new countries, namely Lebanon and Palestine.



 **2023 Social Impact**
3,689 widows & female breadwinners

 **Cost Recovery**
120%

Lebanon

L'Artisan du Liban

One of Lebanon's oldest social enterprises, ADL aims to economically empower disadvantaged local artisans, most of whom are women, by facilitating more sales of their handmade textiles and accessories. To date, ADL has supported more than 1,000 artisans across Lebanon, mostly located in remote rural areas, and has saved four crafts from extinction. In addition to enabling ADL to support more artisans from disadvantaged communities, Alfanar is also providing management support to strengthen the organisation's long-term financial sustainability.



 **2023 Social Impact**
134 artisans employed

 **Cost Recovery**
96%





Impact Highlight | Hands of Sitti

“Working with Sitti Saop was a defining moment for me. They helped me stand firmly and become self-reliant.”

Often shy at first, Muna reveals her extroverted side once you ask her about her work. Her enthusiasm is clear as she discusses her daily tasks and the community she works with.

Muna is 50 years old and is a soap artisan for Hands of Sitti. As the breadwinner for her family of 10, and without Jordanian citizenship, working with Hands of Sitti has enabled her to provide a dignified life for herself and her family.

Hands of Sitti is a social enterprise that aims to empower refugees through income generation and fair work opportunities through the creation of bath and body products, apparel and other collections. Refugees are given training and employment that can help them attain financial security.

In 2023, Alfanar welcomed Hands of Sitti to our first SEED Cycle in Jordan, powered by Impact Europe and funded by the EU. Over the course of several months, Hands of Sitti, alongside four other social enterprises, were equipped with the tools and training needed to scale their impact, strengthen their operations and grow their financial sustainability.

With Alfanar’s training, Hands of Sitti has increased their impact and ability to support refugee and displaced communities.

*Pseudonym used





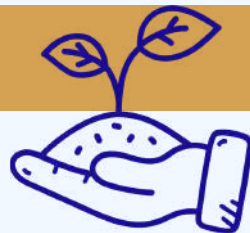
ENVIRONMENT

Fostering the establishment of eco-friendly consumption and production patterns

The Arab world is facing significant climate change impacts, with temperatures increasing higher and faster than the global average, and more frequent heat waves threatening crop production and food security. The region is also the most water-stressed in the world, consuming more than it can currently replenish.

In response to these challenges, Alfanar has been backing frontline social enterprises that recognise the imperative for both a social and environmental response to climate impacts. In 2023, we had support from private individuals, SODIC, The Asfari Foundation, the SEMD Programme – powered by GFA Consulting and the Swiss Development Corporation (SDC), WasteAid and Dow Chemicals, GIZ. Our SUSTAIN environmental portfolio recycled 84 tonnes of used clothing, which resulted in a CO2 emission reduction of 302 tonnes. In turn, the lives of 71,380 vulnerable individuals were improved through employment and access to affordable recycled goods. Additionally, we launched our first SEED cycles focused on identifying and supporting green social enterprises benefiting disadvantaged communities, paving the path for increased venture philanthropy support in this area.

SEED



Egypt Plastic Recycling Opportunities (PRO) Cycle, Powered by WasteAid & Dow Chemicals

Upfuse - Transforming disposed plastic and other waste into high-end products.

VeryNile - Creating up-cycled products, such as pouches and laptop sleeves, from PET single-use plastic bags that are donated from households or collected from the Nile.

Waste Management Control (WMC) - Developing and deploying smart solutions that help people generate income and understand the importance of recycling.

Egypt Green Employment SEED Cycle, Powered by SODIC

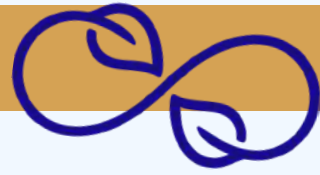
Banlastic - Rewarding customers for recycling their solid waste through an app, with discount coupons on services like restaurants and medical services.

Bekia - Reducing carbon emissions by teaching families how to sort waste from landfills.

Kendaka - Upcycling glass, used-plastic, weaving and textile-crochet into functional and creative products.

Plstka Technology - Rewards customers for recycling their solid waste through an app, with discount coupons on real services like restaurants and medical services.

SUSTAIN



Lebanon & Jordan

FabricAID

Originally established in Lebanon, now growing in Jordan and exploring expansion opportunities to Bahrain and Saudi Arabia, FabricAID is now the largest second-hand clothing collector in the Arab region. It works to ensure that every family can afford decent, quality clothing and that the fashion industry reduces its negative impact on society and the environment. FabricAID resolves inefficiencies in the second-hand clothing market by improving the efficiency of used clothing donations, resale, exchange and upcycling through multiple offerings, namely thrift, barter, vintage shops and an upcycled brand. Since 2018, Alfanar’s grant, equity and convertible loan financing coupled with management support has enabled FabricAID to scale from a team of 9 to 143, from serving 1,088 to over 71,380 clients, paving the way for impact investment and further impact and sales growth.



2023 Social Impact
143 employed & 71,380 customers



Cost Recovery
42%



FabricAID Spotlight: The Beban Show

Represented by Egypt Country Director Shenouda Bissada, Alfanar served as a judge on entrepreneurship-themed reality TV show The Beban Show. The third season, episode 9, aired on 6 March 2024, featuring Alfanar as a social enterprise and FabricAID as a contestant pitching for further investment. Alfanar confirmed its investment during this episode and helped encourage further investment from The HOPE Fund to support FabricAID with the expansion of their operations to Bahrain.

SUSTAIN



Egypt

Delta Oil

Delta Oil collects used cooking oil (UCO) from disadvantaged communities across the Alexandria and The Delta in exchange for payment, food baskets or social services after selling the UCO to biodiesel companies. Alfanar progressed Delta Oil to business planning and approved long-term SUSTAIN funding in Q3 2023. This will enable the social purpose company to expand across Egypt, employing 3,000 disadvantaged women as local collectors and, in turn, enabling over 300,000 families to access additional income and food packages in exchange for UCO. Alfanar is supporting Delta Oil to develop a transformation plan and a monitoring and evaluation framework that will help them to accurately measure their social impact over the life of the investment

"With our help, women in rural areas are learning about the importance of recycling used cooking oil, the proper use and disposal of cooking oil, and participating in a sustainable project that economically empowers them and supports the environment."
 - Sherif Foda, Alfanar Trustee



Palestine

Flowless

Flowless is headed by an innovative team that is tackling climate change while empowering vulnerable communities. It has devised a hardware/software solution that helps smallholder farmers and municipalities detect and reduce water leakages through greater knowledge and adjusted behaviour. Alfanar's long-term SUSTAIN support, approved in Q3 2023, aims to scale the organisation's impact and sales.



Impact Highlight | Flowless

Located in the West Bank, Salfeet's population has grown to over 15,000 residents, putting significant stress on the town's main water supply, the Salfeet Municipality Water System.

The current system has been dependent on human intervention for site inspection, particularly in monitoring water quality and consumption tracking. This has led to inefficient and delayed operations, underscoring the need for automation.

Flowless is a social enterprise that has created a smart system to monitor water supply and control operations. This automated system collects real-time data on water supply and water quality, monitoring water flows for active leak detections and controlling pump operations and reservoirs.

Thanks to the successful implementation of the Flowless system, Salfeet has managed to decrease losses in their water network, saving 10 million litres of fresh water monthly.

Alfanar supported Flowless through its Inaugural Palestine SEED Cycle in 2022/23, enabling them to scale their impact and strengthen operations. In 2023, Alfanar approved Flowless for multi-year SUSTAIN support, where we will help the team to scale and better track and assess their impact while growing sales in Palestine, Jordan and beyond.



EMERGENCY

Lebanon

In 2023, Alfanar made the final disbursements to Souk Al Tayeb and ShareQ as part of the culmination of our Emergency Lebanon Appeal. The appeal was originally set up to provide emergency support, reconstruction support and hunger relief to the thousands of families who were displaced and impacted by the 4 August 2020 Beirut Port explosion. Subsequently, the campaign was able to lengthen the duration of its support to families thanks to coordination with a private foundation. Together, support to these social enterprises enabled the delivery of 278,684 hot and vacuum-sealed meals, 2,520 food boxes as well as the creation of 66 kitchen staff positions and 67 food distribution jobs.

Palestine

Since the end of 2023, Alfanar has endeavoured to build a coalition of partners committed to responding to the humanitarian crisis in Gaza as well as the increasing difficulty faced by women, youth and children in the West Bank.

“In the face of unimaginable human suffering as we have seen unfold in Gaza for many months, it is imperative that we in the sustainable development space bring to bear our networks and capacities to respond,” – Myrna Atalla, Executive Director.

We are proud to have partnered with our 2023 zakat donors and Osman Consulting and to work with the Egyptian Food Bank to provide 6,464 families in Gaza with dried food and water boxes. Our two shipments were delivered on 25 November 2023 and 28 February 2024.

By the end of the year, we were incredibly dismayed that four of the eight social enterprises we had worked with during our 2022/23 Palestine SEED cycle had ceased operating. To help salvage and sustain the social enterprise ecosystem across the West Bank, we began developing an Emergency Support Programme for Social Enterprises to deliver crisis management and reforecasting support to social enterprises whose operations have been disrupted.

Leveraging Alfanar’s focus and experience in children’s education, we are bringing together a consortium of education social enterprises to help digitise the Palestinian primary school curriculum, pilot its use in the West Bank and prepare for further dissemination as soon as it is possible to do so with children in Gaza. We will be working with funding partners in 2024 to fund and deliver this programme as efficiently and as effectively as possible.



OUTREACH

In 2023, Alfanar participated in numerous conferences, interviews and public engagements aimed at building awareness of social investment and growing the venture philanthropy movement in the Arab region.

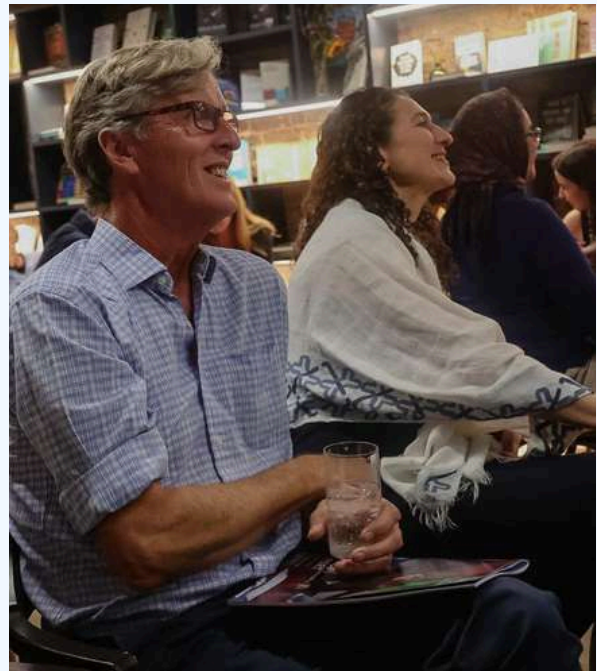
Notable highlights included:

- SEMD Regional Roundtables in Cairo and Amman
- Venture Philanthropy Teach-In at The Conduit in London in September 2023, with 75 guests
- The Arab Foundation Forum 2023 Annual Meeting Day 1 Plenary in September 2023: [The Future of Philanthropy – How Will the Sector Look in 2040?](#)
- Impact Europe Live Panel in Torino in November 2023: [What does it take to make impact during conflict?](#)

Alfanar's practical experience in supporting social enterprises in the Arab region to overcome a myriad of challenges and achieve lasting impact was further on display in podcasts with The Impact Room and Amaly Legacy and in articles published by The Innovating Justice Fund, Machine Lab, Egon Zehnder and Barclay's Guide to Giving. Links to these discussions and publications are available on Alfanar's website.



Alfanar Executive Director Myrna Atalla speaking at an Impact Europe panel about how venture philanthropy can address the needs of communities during times of crisis, and the value of investing in a long-term strategic approach.



Over 70 stakeholders joined our Executive Director, Myrna Atalla, at The Conduit in London for a discussion on Alfanar's 20-year journey driving sustainable impact in the Arab region through venture philanthropy.



LUMINARY INTERNSHIP PROGRAMME

We hosted our third cohort of Luminary interns in 2023, enabling motivated high school students to work with Alfanar and our social enterprises during the summer. As we continue to grow, our aspiration for SPREAD is to cultivate powerful voices that not only advocate for Alfanar's current initiatives, but also strengthen the capacity and promise of social entrepreneurship for years to come. The Luminary Internship is a competitive programme that provides high school students with an opportunity to learn about venture philanthropy, social enterprise and impact investment in the Arab region.

In 2023, Alfanar welcomed six Luminary interns across our teams in London, Beirut, Cairo and Amman. The interns worked virtually and in-person on projects related to fundraising, communications and research in the social enterprise space.

We would like to thank our 2023 Luminary Interns: Haddy, Jad, Layan, Rayan, Sofia and Yara for their support and commitment.

Luminary Testimonial

"I just completed my Luminary internship with Alfanar in Lebanon. It was incredible to say the least – from the people I was surrounded by, to the projects I was given.

I was exposed to multiple experiences that deepened my knowledge in social entrepreneurship. I learned so many things about how social enterprises run and how they remain resilient through hardship.

I would recommend this internship to anybody around my age, 17 or older, who is interested in gaining experience in the social entrepreneurship ecosystem."

– Rayan, 2023 Luminary Intern



Looking Ahead: In 2024, we will be accepting more Luminary interns to the programme, with an in-person offering for those based in London in addition to virtual positions for those in the region.

2023 RESULTS

Structured for Growth

In line with the ambitions of Alfanar's 2022-2026 plan, efforts were made to grow the team and strengthen internal culture, communication and coordination. We completed the recruitment of 3 positions – a new Lebanon Director, Head of Finance and Communications Manager.

Strategically growing Alfanar's team will enable greater internal efficiency and the achievement of impact and outreach targets. Additionally, with venue sponsorship from The Asfari Institute for Civil Society and Citizenship at The American University of Beirut, we held our first in-person team retreat since 2019 to revise key processes and encourage team alignment. In parallel, we began working on a streamlined family structure between Alfanar subsidiaries and affiliates. Our registration of a branch of the UK charity in Jordan was also approved in 2023.

Accelerated Reach through SEED Cycles

We ran 2 SEED cycles in Egypt (7 social enterprises), 4 in Lebanon (20 social enterprises), launched our first in Jordan (5 social enterprises) and completed our inaugural SEED cycle in Palestine (8 social enterprises) – building the capacities of 40 new social enterprises, up from 18 in 2022. 6 of these SEED enterprises progressed to business planning, and 3 were endorsed by the Investment Committee and approved by the Board for long-term SUSTAIN support.

Grew Impact through SUSTAIN

Alfanar directly improved 107,152 lives through 13 SUSTAIN social enterprises and emergency support in Lebanon and Gaza, representing a 11% increase from 2022. Our SUSTAIN portfolio generated £3,563,790 through the sale of goods and services. In 2023, the portfolio recovered an average of 66% of costs through self-generated revenue.

SCALED through Replication and Impact Investment

In 2023, Alfanar, the Global Fund for Widows and Future Eve Foundation began expanding the Amal Project for Widows Empowerment further across Egypt, enabling an additional 3,689 widows and female breadwinners across 108 villages in five governorates to set up their own businesses. With support from The Ford Foundation, we will document the social franchise manual for The Amal Project to guide further expansion in and beyond Egypt. Alfanar also helped advance pre-start-up steps for impact investment fund we are supporting the launch of, including legal and governance structure, recruitment of a Head of Investments and approval of an additional convertible loan investment.

SPREAD Venture Philanthropy across the MENA Region

Alfanar was featured in more podcasts, articles, and conferences in 2023. We held a teach-in on venture philanthropy and impact investment in the Arab region in partnership with The Conduit London, as well as our first Impact Connector event in Riyadh, Saudi Arabia. These outreach efforts helped build interest in and eventual support for Alfanar's venture philanthropy work across the Middle East and North Africa.

2024 PLANS

In line with Alfanar's 2022-2026 growth plan, Alfanar aims to achieve the following:

Strengthen the Foundations

Alfanar will complete an organisational mapping exercise to identify strengths and challenge areas within our governance and operating model and to lay out a plan for improving operational efficiency. Alfanar will send key staff from the investments team to become Global Reporting Initiative (GRI)-certified to strengthen our impact reporting and processes to ensure that we consistently meet external requirements.

Increase Reach through SEED Cycles

Alfanar aims to provide SEED support to 57 social enterprises across Egypt, Lebanon, Jordan and Palestine to continue strengthening the social enterprise ecosystem while building Alfanar's pipeline.

Grow Impact through SUSTAIN Support

In 2024, we aim to reach towards impacting 150,000 women and children through long-term SUSTAIN funding and support to at least 15 social enterprises. We look to increase our reach and impact in Egypt, Lebanon, Jordan and Palestine, to disburse +£1.5M in grants, with an additional £1m in management support provided to social enterprises.

SCALE through Replication or Impact Investment

We are looking to expand The Amal Project for Widows' Empowerment further in Egypt, and to Lebanon and Palestine over the coming three years. This will constitute a blueprint for future regional expansion through social franchising. We hope to support the launch of the first regional impact investment fund in 2024.

SPREAD Alfanar's Venture Philanthropy Approach

We will revise our fundraising strategy with the aim of reliably doubling income and impact within two years. Key to our fundraising in 2024 will be the delivery of a successful 20th Anniversary Leading the Change Gala in the summer of 2024. We will also develop a communications and outreach strategy to align messaging across all parts of the organisation. Finally, we aim to partner with the Arab Foundations Forum to hold a teach-in on venture philanthropy with peer foundations.



With Alfanar's support, we have been able to support widows and female breadwinners in seven governorates across Egypt.

Awany Mehany
Amal Manager, Future Eve
Alfanar Egypt SUSTAIN Portfolio



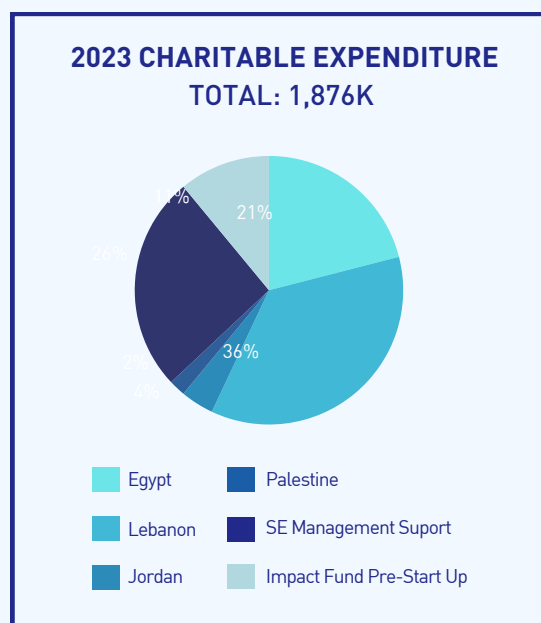
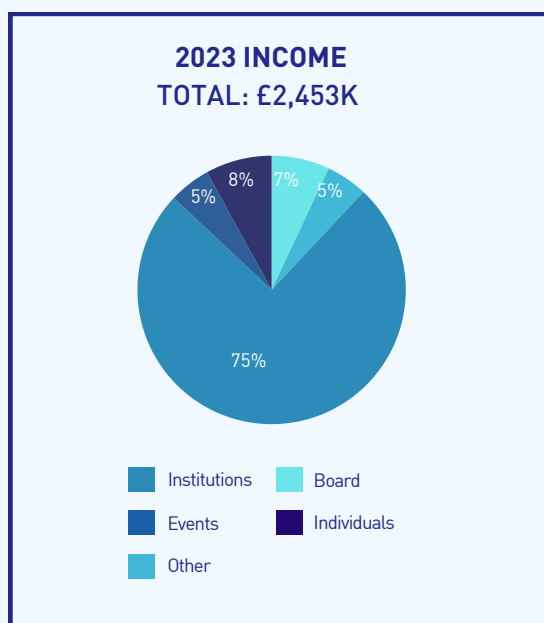
FINANCIAL REVIEW

In the year ended 31 December 2023, Alfanar raised £2,452k (2022: £2,504k). This represents a slight 2% decrease compared to prior year results, which is in part due to the fact that Alfanar did not host a Gala dinner within the year, but is hosting its next one in honour of its 20th anniversary in 2024.

We recognise and appreciate the generous support received from our Boards, with unrestricted donations of £165k, (2022: £323k), and the support of other individuals with unrestricted donations of £307k (2022: £344k). Additionally, we are grateful for the continued support of our affiliate Alfanar, Inc., US, which supported our venture philanthropy mission with £130k (2022: £56k). Together, these sources covered the Charity's fundraising and support costs in 2023, thus enabling any additional donations raised to be directed towards Alfanar's SEED awards, SUSTAIN grants, ASSET training AIM and other management support delivered to our social enterprises working to improve education, employment and economic empowerment to vulnerable children, youth and women.

Alfanar received significant support from corporate and institutional donors in 2023, including from Drosos, Egyptian Refining Company (ERC), Ford Foundation, GIZ, Global Fund for Widows, Impact Europe, L'Oreal, Osman Consulting, SODIC and WasteAid. Corporate donors provided Alfanar with £424k (2022: £182k), while institutional donors provided £1,434k (2022: £788k).

In 2023, resources expended amounted to £2,473k (2022: £2,053k), an increase of 20%. Of this amount, direct grants to social enterprises rose by 27% to £1,026k (2022: £807k). This is attributed to the transition in 2022 to Alfanar's revised investment cycle, which introduced SEED cycles. These new cycles enable Alfanar to work with more social enterprises while building up the pipeline for new SUSTAIN grantees following significant exits from our portfolio.



BOARD & TEAM

Trustees



Lubna S. Olayan
Chair of Executive Committee and Deputy Chairperson, Olayan Financing Company



Hussain Al Nowais
Chairman, AlNowais Investments



Samir Assaf
Senior Advisor, General Atlantic & HSBC



Charlotte Boyle
Chair of UK, UNHCR



Amjad Bseisu
CEO, Enquest PLC



Sherif Foda
Chairman and CEO, National Energy Services Reunited



Maysa Jalbout
Nonresident Fellow in the Center for Universal Education, Brookings



Julia Middleton
Founder, Common Purpose



Cynthia J. Oakes
Former Salomon Brothers, Morgan Guaranty Ltd, and Morgan Stanley

Alfanar Venture Philanthropy



Myrna Atalla
Executive Director



Nicolas Kröger
Operations Director



Fadel Zayan
Investment Director



Shenouda Bissada
Egypt Country Director



Maya Rahal
Lebanon Country Director



Suha Abdul Rahim
Jordan Country Director



Taskina Hadi
Head of Finance



Brian Dexter
Finance Manager



Noor Althafeer
Social Investment Manager



Ahmed El Nabarawi
Egypt Finance & Investment Manager



Sara Lobo
Communications Manager



Haifa Najjar
Business Development Manager



Reya Kanaan
Lebanon Portfolio Manager



Sabine Nacheff
Lebanon Programme Manager



Mohammed Alradi
Senior Investment Officer



Omar Eldahan
Development Officer



Abrar Mohamed Ali
Operations Officer



Nour Saade
Lebanon Impact Officer



Simon Jarjoura
Lebanon Finance Officer



Selena Chávez
Communications Coordinator



Myriam Hoballah
Social Business Advisor



Heba Shunbo
Development & Fundraising Advisor



Bassema Yousef
Strategic Advisor

Impact Investment Team



Youmna Assaf
Head of Investments



Michelle Mouracade
Head of Impact, Investor Relations & Operations

STRUCTURE, GOVERNANCE & MANAGEMENT

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.

In line with the strategy refresh process, Alfanar reviewed and revised its charitable objects to enable the organisation to pursue all its impact goals and strategies, including those related to programme-related investment and impact investment. Alfanar's Memorandum and Articles of Association were most recently updated on 26 April 2023, reflecting the changes in the charity's objects.

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). This company has yet to commence direct trading, but it did establish a subsidiary entity in Lebanon, which is a majority shareholder in – Alfanar Social Capital SAL (No. 1028982) – in November 2022. Alfanar's head office in London employed seven staff members as of December 2023, with three employees based in Egypt, seven employees in Lebanon and two employees based in Jordan.

Alfanar operates a branch in Egypt registered with the Ministry of Social Solidarity and International Cooperation (No. 67/2021, MOSS reference: 21991433314205) renewed in December 2021 for three years and which will require renewal in 2024. Alfanar in Egypt is led by a Country Director with the support of a Finance Manager. Our Development Officer is also based in Cairo.

Alfanar Lebanon (No. 907) is operating as a registered association in Lebanon since 2014. It opened its bank account at BEMO Bank in June 2021. Following Alfanar's review of its objects, Alfanar in Lebanon will also review its Articles of Association to match those reviewed objects and both entities will sign a revised affiliate agreement in 2024.

Alfanar Lebanon is led by a Country Director and supported by two Portfolio Managers. In 2022, they were joined by a Project Manager, a Portfolio Manager, an M&E Officer and a Finance Officer working on the "Youth Employment in Lebanon through Social Enterprise (YELA) Programme" funded by GIZ and BMZ.

Alfanar in Libya (No. 1651) is an affiliate of the UK registered Charity. Due to security issues, Alfanar's activity in Libya is suspended.

On 12 September 2023, Alfanar established a branch in Jordan, registered with the Ministry of Social Development (No. 2023072002). Alfanar in Jordan is led by the Country Director with the support of a Social Investment Manager.

Alfanar, Inc., US is an independent affiliate 501(c)(3) not-for-profit entity (EIN-75-31970321) that actively supports Alfanar's mission through fundraising outreach to increase public support and grants. 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. Alfanar seconds around 10% of the time of its Executive Director, Finance Manager and Communications Coordinator to support Alfanar, Inc., US with outreach and engagement, Board reporting and annual filings.

On 8 November 2022, Alfanar established a foundation, Stichting Alfanar, registered with the Netherlands Chamber of Commerce (No. 88110834). There is an affiliate agreement between the two entities and Stichting Alfanar will actively support Alfanar's mission through fundraising outreach to increase public support in the European Union and grants.

Objects of the Charity

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

- The advancement of education and learning for the public benefit, and in particular to educate men and women and young people of all ages from a broad range of geographical, ethnic, social and economic backgrounds in the Arab world, to enable them to realise their full potential as individuals, within society as a whole; and the relief and prevention of poverty, in particular among socially and economically disadvantaged communities in countries in the Arab world by providing or assisting in the provision of education, training and other support designed to enable members of those communities to generate a sustainable income and be self-sufficient; provided always that nothing contained herein shall authorise or be deemed to authorise the carrying on of any activity for any purposes except those regarded as charitable by the laws of England and Wales.
- In line with its venture philanthropy mission, Alfanar aims to support the growth of sustainable social enterprises delivering quality education, meaningful employment and lasting economic empowerment opportunities to vulnerable children, youth and women across the Arab world.
- Alfanar provides awards, grants zero-interest repayable grants and other forms of patient financing, high-engagement management support, training, mentorship and real-time impact management tools and dashboards to social enterprises that pass due diligence and various phases of our support programming and approval processes.

Our support packages – SEED, SUSTAIN, SCALE – aim to grow the impact and financial sustainability of the social enterprises we back. Alfanar UK, with the support of Alfanar, Inc., US, and Stichting Alfanar raises and disburses funds to support our venture philanthropy work across Egypt, Lebanon, Jordan, Palestine and elsewhere in the Arab region.

- Alfanar's Board of Trustees is responsible for the overall governance of the Charity; it makes decisions on the strategic direction and policies of Alfanar, reviews key and emerging risks and mitigations 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 term completion, resignation or death. The Trustees are members and directors for Companies Act purposes. They serve three-year terms and may be reelected five times, or exceptionally, six times. Cynthia J. Oakes serves as Director of Alfanar Inc. US and Julia Middleton serves as a Director of Stichting Alfanar. Alfanar, the Charity, was elected President of Alfanar in Lebanon in 2023 and is represented by Executive Director Myrna Atalla.

Trustee Induction and Training

Shortly after the appointment, new Trustees review their job description, and sub-committee Terms of Reference, and have an induction meeting with the Executive Director and the Senior Management Team to review and better understand Alfanar's business plan and targets, the way it selects and manages social enterprises to maximise impact and financial sustainability, the fundraising strategy and how to support in the achievement of income targets, financial reporting and other operations.

Board Meeting

The Board meets quarterly and has conducted virtual meetings since 2020. There are four sub-committees reporting to the Board each with specific terms of reference and functions delegated by the Board, which also meet four times a year. The Board endeavours to hold at least one Board meeting in one of the countries of operation every other year to ensure that Trustees witness Alfanar's venture philanthropy process and meet social enterprises first-hand. Alfanar endeavors to organise routine trips for board members to meet with social enterprises in-country.

Investment Committee

The Investment Committee reviews requests for long-term venture philanthropy grants and management support for SUSTAIN social enterprises presented by the Investment Director and Country Directors. The social business plans of suitable social enterprises are scrutinized and endorsed by the committee before review for approval by the Board.

Finance Committee

The Finance Committee scrutinizes Alfanar's business plans, budgets and management accounts and ensures proper financial procedures and controls are in place and operating. The committee also reviews broader operational matters, internal policy developments and the relationship between Alfanar subsidiaries and affiliates. It also oversees the audit process and reviews and endorses the statutory accounts ahead of Board review and approval.

Nominations Committee

The Nominations Committee helps the Board identify the appropriate mix of skills and capabilities it requires for effective leadership and oversight. Its primary function is to assess and cultivate prospective board members and to review the governance structure.

Impact Fund Task Force

The Impact Fund Taskforce helps oversee progress on Alfanar's efforts to extend the financing lifecycle for social enterprises and social purpose companies, explore impact investments and support the establishment of an independent, but affiliated impact investment fund. It reports on progress at Board meetings.

Membership of Trustee & Committees of the Board

Lubna S. Olayan (Chair - Trustee)
 Amjad Bseisu
 Charlotte Boyle
 Cynthia J. Oakes
 Hussain Alnowais
 Julia Middleton
 Maysa Jalbout
 Samir Assaf
 Sherif Foda

Investment Committee

Maysa Jalbout (Chair)
 Alfred Kettaneh
 Cynthia Oakes
 Dr.Barbara Ibrahim
 Nafez Dakkak
 Ryan Sturgill

Finance Committee

Charlotte Boyle (Chair)
 Laura Stojcevic
 Robert Cartwright
 Samir Assaf
 Siham Bortcosh

Nominations Committee

Lubna S Olayan (Chair)
 Amjad Bseisu
 Charlotte Boyle
 Samir Assaf

Impact Fund Task Force

Lubna S. Olayan (Chair - Trustee)
 Julia Middleton
 Samir Assaf
 Matthew Courey
 Walid Haram

Key Management Personnel

Alfanar'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, Alfanar's progress against the business plan impact and sustainability targets, and how the Charity is managing emerging risks. This ensures that Alfanar's venture philanthropy approach remains in line with best practices.

The Board of Trustees, the senior management team (Executive Director Myrna Atalla; Operations Director Nicolas Kroger; and Investment Director Fadel Zayan) and the global leadership team (Senior Management Team and Country Directors, Shenouda Bissada (Egypt), Maya Rahal (Lebanon) and Suha Abdul Rahim (Jordan) are 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. Alfanar appointed a new Country Director in Lebanon to join the global leadership team in June 2023. Alfanar aims to recruit a Director of Philanthropy and Partnerships in 2024 to join the senior management team.

Staff Pay

The pay of Alfanar's staff is set in line with its salary policy and is reviewed periodically concerning the achievement of performance targets and cost of living changes. The Trustees last approved cost of living adjustments in 2022. Given 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 midpoint of the range paid for similar roles. In 2023, the organisations started developing a global competency framework, which will also incorporate a revision of Alfanar's salary scale and approach in 2024.

Human Resources

In 2022, the Charity approved a revised delegation of authority, to ensure that roles are properly authorised according to level of responsibility and to maintain effective decision-making and segregation of responsibilities. In line with the approved business plan, the Charity developed a revised organigram forecasting human resource requirements over the coming years.

Fundraising Statement

We are grateful to the individual, corporate and institutional donors who either pledged or renewed their support to Alfanar in 2023 and longer term, and we thank all those who have contributed to Alfanar's mission with a donation of money, time, connection or expertise over the past year.

Alfanar received support from 69 donors in total (2022: 143 donors). 48 individual donors provided 19.6% of income (£481k), with 21 institutional donors (including trusts and foundations, corporate donors and international aid and bank interest) providing 80.4% of income (£1,971k).

38.4% of income (£942k) raised in 2023 was unrestricted (compared to 62% in 2022), this reduction is due to not hosting a Gala dinner in 2023.

Safeguarding

Alfanar endeavours to protect from harm those who work for and with us, as well as those our social enterprises serve.

As part of our due diligence process with prospective social enterprises, we check for the existence and active use of safeguarding policies and practices. Alfanar has rolled out a new ASSET training module on safeguarding with its social enterprises to ensure that all are effectively trained and supported to implement the systems required to reliably provide safe and effective care to those they serve. Since 2021, when the Board approved revised safeguarding policies as part of our internal staff handbook, all staff received training on these new policies. New joiners receive training on the staff handbook, including safeguarding, as part of induction. In addition, refresher trainings are organised on an annual basis.

Trustee Cynthia J. Oakes was appointed Board Safeguarding Representative in 2021.

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 organisations.

Alfanar has a risk register that identifies the major risks to the Charity. This register is regularly updated, and processes are put in place to mitigate risks. It is reviewed by the Trustees bi-annually.

The following were identified as the principal risks facing the Charity in 2023/2024:

Key Risk	Mitigations
Limited fundraising capabilities and over-reliance on small number of donors to cover core costs	<ul style="list-style-type: none"> • Ambitious recruitment plan to lead the new strategy and bolster the fundraising and communications resourcing. • 20th Anniversary dinner to be held in July 2024 • Continue work on cultivating and stewarding multi-year, long-term engagement from supporters.
Shortfall in operational capacities to effectively support country teams	<ul style="list-style-type: none"> • Continue improvements to our work-management systems and operations tools. This includes grant management and HR platforms. • Ensure backup operational arrangements, including banking arrangements, are in place
Ability to work in our countries of operations is compromised because of increased instability in the region	<ul style="list-style-type: none"> • Regularly monitor developments and ensure security protocols are in place where required • Continue working through duly vetted organisations only and in line with charity commission guidelines
Failure to launch impact fund	<ul style="list-style-type: none"> • Finalise recruitment of key persons • Ensure that the Fund is attractive to investors and structured to succeed in meeting its fundraising targets

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. On 31 December 2023, Alfanar's free reserves target range, based on an ambitious budget was £640k to £690k.

On 31 December 2023, reserves held totalled £1,435k (2022: £1,455k), of which £923k represented restricted funds (2022: £766k) and £512k represented unrestricted funds (2022: 689k). Designated funds on 31 December 2023 were £4k (2022: £30k), leaving general reserves at £508k (2022: £659K). Included within this is the value of a programme-related equity investment of £80k, which the trustees regard as not being free reserves, leaving free reserves at £428k. This is below the reserves target range. The Board are confident that the anniversary Gala dinner planned for July 2024 will significantly improve the position but continue to closely monitor expenditure during the early part of 2024 to ensure free reserves remain on target.

Statement of Trustee's Response

The Trustees who are also directors of Alfanar for the purpose of company law are responsible for preparing the Annual Report and the financial statements under applicable law and standard United Kingdom accounting practice (UK GAAP).

Company law requires trustees to prepare financial statements that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of those resources, including income and expenditure, of the charitable company for that period. In preparing these financial statements, the Board of Trustees are required to:

- Select suitable accounting policies and apply them consistently.
- Observe the methods and principles in the Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard 102.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a 'going concern' basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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 to make themselves aware of any relevant audit information, and to establish that the Charity's auditor is aware of that information.

This report was approved by the Trustees on 18 of June 2024 and is signed on their behalf.

TRUSTEE _____
Julia Middleton

INDEPENDENT AUDITORS REPORT

Opinion

We have audited the financial statements of Alfanar (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2023 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the 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 group's and of the parent charitable company's affairs as at 31 December 2023 and of the group's 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
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

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 group financial statements section of our report. We are independent of the group and parent 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Alfanar's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the trustees' annual report, other than the group financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the group 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the group financial statements themselves. 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
- 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 group and the parent charitable company and their 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 in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company 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 directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent 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 group's and the parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statement

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.

- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable 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 anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Orchard (Senior statutory auditor)
17 August 2024
for and on behalf of Sayer Vincent LLP, Statutory Auditor
110 Golden Lane, LONDON, EC1Y 0TG

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2023

Current Year	Note	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
INCOME					
Donations	2	472,256	8,630	480,886	1,520,827
Other trading activities	3	113,391	-	113,391	12,815
Income from charitable activities	4	355,958	1,502,426	1,858,384	970,211
TOTAL INCOME		941,605	1,511,056	2,452,661	2,503,853
EXPENDITURE					
Expenditure on raising funds		326,971	-	326,971	518,905
Expenditure on charitable activities		791,731	1,354,141	2,145,872	1,533,980
TOTAL EXPENDITURE	5	1,118,702	1,354,141	2,472,843	2,052,885
Net income		<i>(177,096)</i>	156,915	<i>(20,181)</i>	450,968
NET MOVEMENT IN FUNDS		<i>(177,096)</i>	156,915	<i>(20,181)</i>	450,968
TOTAL FUNDS BROUGHT FORWARD		688,796	766,394	1,455,190	1,004,222
TOTAL FUNDS CARRIED FORWARD		511,700	923,309	1,435,009	1,455,190
Prior Year					
	Note	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
INCOME					
Donations	2	1,369,534	151,293	1,520,827	646,142
Other trading activities	3	12,815	-	12,815	4,183
Income from charitable activities	4	157,644	812,567	970,211	1,476,445
TOTAL INCOME		1,539,993	963,860	2,503,853	2,126,770
EXPENDITURE					
Expenditure on raising funds		518,905	-	518,905	278,891
Expenditure on charitable activities		579,467	954,513	1,533,980	1,682,230
TOTAL EXPENDITURE	5	1,098,372	954,513	2,052,885	1,961,121
Net income		441,621	9,347	450,968	165,649
NET MOVEMENT IN FUNDS		441,621	9,347	450,968	165,649
TOTAL FUNDS BROUGHT FORWARD		247,175	757,047	1,004,222	838,573
TOTAL FUNDS CARRIED FORWARD		688,796	766,394	1,455,190	1,004,222

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023**

	Note	£	2023 £	£	2022 £
FIXED ASSETS					
Tangible assets	10		4,432		3,350
Investment Assets	11 i		1		1
Programme-related equity investments	11 ii		<u>80,260</u>		<u>80,260</u>
			84,693		83,611
CURRENT ASSETS					
Programme-related investments	13	82,953		15,697	
Debtors	14	116,171		551,952	
Cash at bank and in hand		<u>1,309,477</u>		<u>992,876</u>	
		1,508,601		1,560,525	
Creditors: amounts falling due within one year	15	(158,284)		(188,946)	
NET CURRENT ASSETS			<u>1,350,316</u>		<u>1,371,579</u>
NET ASSETS			<u>1,435,009</u>		<u>1,455,190</u>
Restricted funds	17		923,309		766,394
Unrestricted funds					
Designated funds	18	4,432		30,249	
General fund		<u>507,268</u>		<u>658,547</u>	
			<u>511,700</u>		<u>688,796</u>
			<u>1,435,009</u>		<u>1,455,190</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 18 June 2024 and signed on their behalf by:

Trustee
Julia Middleton

**CHARITY BALANCE SHEET
AS AT 31 DECEMBER 2023**

	Note	£	2023 £	£	2022 £
FIXED ASSETS					
Tangible assets	10		4,432		3,350
Investment Assets	11 i		1		1
Program-related equity investments	11 ii		80,260		80,260
			<u>84,693</u>		<u>83,611</u>
CURRENT ASSETS					
Programme-related investments	13	82,191		15,697	
Debtors	14	67,980		551,952	
Cash at bank and in hand		1,183,506		992,876	
		<u>1,333,677</u>		<u>1,560,525</u>	
Creditors: amounts falling due within one year	15	(157,926)		(188,946)	
NET CURRENT ASSETS			<u>1,175,751</u>		<u>1,371,579</u>
NET ASSETS			<u>1,260,444</u>		<u>1,455,190</u>
Restricted funds	17		730,118		766,394
Unrestricted funds					
Designated funds	18	31,331		30,249	
General fund		516,836		658,547	
			<u>530,326</u>		<u>688,796</u>
			<u>1,260,444</u>		<u>1,455,190</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 18 June 2024 and signed on their behalf by:

Trustee
Julia Middleton

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023		2022	
		£	£	£	£
Cash provided by operating activities					
Net movement in funds		(20,181)		450,968	
Add back depreciation charge		1,477		1,117	
(Increase) / Decrease in programme related investments		(67,256)		28,913	
(Increase) / Decrease in debtors		435,780		(186,164)	
(Decrease) / Increase in creditors		(30,662)		45,474	
Net cash generated/ (used in) operating activities			319,159		340,308
Cash flows from investing activities					
Purchase of tangible fixed assets		(2,558)		(1,836)	
Net cash generated from/(used in) investing activities			(2,558)		(1,836)
Increase in cash and cash equivalents in the year			316,601		338,472
Cash and cash equivalents at the beginning of the year					
Cash in hand		992,876		654,404	
			992,876		654,404
Total cash and cash equivalents at the end of the year	15		1,309,477		992,876

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. **Accounting policies**

Basis of preparation and Group Accounting

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.

Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the accounting policy or note.

These financial statements consolidate the results of the charity and its controlled subsidiaries, Stichting Alfanar (Netherlands) and Beacon Social Capital on a line by line basis. Transactions and balances between the charity and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the entities are disclosed in the notes to the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented as a summary of the result for the year is disclosed in the notes to the accounts.

The SORP 2015 stipulates that where overseas offices are legally registered in their country of operations as separate legal entities, this is an indication that they should be treated as subsidiaries for accounting purposes. However, having reviewed the governance and management procedures in place, oversight from ALFANAR in the UK is such that the office in Lebanon is in substance a branch and so are included in the results and position of the charity.

Going Concern

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. In particular, The charity's gala dinner, took place in December 2022 and was highly successful, and a 20th anniversary Gala Dinner is planned for the summer of 2024. The charity experienced a decline in support for on-line activities and campaigns, but this was not unexpected. Alfanar's Senior Management team evaluated progress achieved to date and used it to inform a revised 2022-2026 strategy aimed at accelerating the impact of Alfanar's support to social enterprises, driving regional growth, and positioning Alfanar as a noteworthy social enterprise expert and resource for the MENA region. The charity replenished free reserves to target levels by Q2 2023. Accordingly, the Trustees continue to adopt a going concern basis in preparing the financial statements.

Presentational currency

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 ongoing 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
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 a member of the senior management team.

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, such 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. In the instance when there is a strong likelihood of repayment, the grant is treated as a programme-related investment and held on the balance sheet in the fund used to disburse the payment to the investee.

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. The accounts also include unrealised losses in exchange rate movements in currencies held at the year end.

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

Programme-related investments

Programme-related investments that are in the form of concessionary loans and zero interest repayable grants are accounted for at the outstanding amount of the investment less any provision for unrecoverable amounts. Any impairment is charged to the Statement of Financial Activities classified as expenditure on charitable activities

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	Group			Charity		
	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	2023	2023	2023	2023	2023	2023
	£	£	£	£	£	£
Alfanar Boards	165,391	-	165,391	165,391	-	165,391
Other Individuals	94,981	8,630	103,611	94,981	8,630	103,611
Dinner Events	126,546	-	126,546	126,546	-	126,546
Donated Services	85,338	-	85,338	85,338	-	85,338
	472,256	8,630	480,886	472,256	8,630	480,886

Prior Year	Group and Charity		
	Unrestricted Funds	Restricted Funds	Total Funds
	2022	2022	2022
	£	£	£
Alfanar Boards	323,041	-	323,041
Other Individuals	243,293	121,293	364,586
Legacies	72,950	-	72,950
Dinner Events	702,110	30,000	732,110
Donated Services	28,140	-	28,140
	1,369,534	151,293	1,520,827

In 2023, £8,854 (2022: £21,510) of Gift Aid was receivable. This has been accounted along with the donations that attracted the claim. £7,500 (2022: £11,500) was included within Board income and £1,354 (2021: £10,010) was included within Other Individuals.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. OTHER TRADING ACTIVITIES

Current Year	Unrestricted	Restricted	Total	Total	
	Funds	Funds	Funds	Funds	
	2023	2023	2023	2022	
	£	£	£	£	
Social Enterprise Management Support	107,865	-	107,865	12,663	Consultancy
Bank Interest	5,526	-	5,526	152	Bank Interest
	<u>113,391</u>	<u>-</u>	<u>113,391</u>	<u>12,815</u>	
Prior Year	Unrestricted	Restricted	Total	Total	
	Funds	Funds	Funds	Funds	
	2022	2022	2022	2021	
	£	£	£	£	
Social Enterprise Management Support	12,663	-	12,663	4,183	
Bank Interest	152	-	152	-	
	<u>12,815</u>	<u>-</u>	<u>12,815</u>	<u>4,183</u>	

Social enterprise management support in 2023 includes funds from SANAD (£38,505) and Drosos (£69,028), for the delivery of support services to social enterprises.

4. INCOME FROM CHARITABLE ACTIVITIES

Current Year	GROUP			CHARITY		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Funds	Funds	Funds	Funds	Funds	Funds
	2023	2023	2023	2023	2023	2023
	£	£	£	£	£	£
Alfanar, Inc., US	130,805	23,504	154,309	130,805	23,504	154,309
The Asfari Foundation	-	60,000	60,000	-	60,000	60,000
Drosos Foundation	-	73,056	73,056	-	73,056	73,056
ERC	173,442	-	173,442	173,442	-	173,442
Impact Europe (previously EVPA)	-	169,362	169,362	-	28,702	28,702
Ford Foundation	-	169,170	169,170	-	169,170	169,170
L'Oreal	-	86,237	86,237	-	-	-
Global Fund for Widows	-	52,931	52,931	-	52,931	52,931
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	-	639,158	639,158	-	639,158	639,158
Osman Consulting	-	62,337	62,337	-	62,337	62,337
SODIC	20,446	81,943	102,389	20,446	81,943	102,389
USAID Lebanon	-	72,411	72,411	-	72,411	72,411
WasteAid	-	12,317	12,317	-	12,317	12,317
Other Organisations	26,265	-	26,265	26,265	-	26,265
UK Government Employment Allowance	5,000	-	5,000	5,000	-	5,000
	<u>355,958</u>	<u>1,502,426</u>	<u>1,858,384</u>	<u>355,958</u>	<u>1,275,529</u>	<u>1,631,487</u>
Prior Year	Unrestricted	Restricted	Total			
	Funds	Funds	Funds			
	2022	2022	2022			
	£	£	£			
Alfanar, Inc., US	56,273	-	56,273			
Other Corporate	-	100,000	100,000			
Drosos Foundation	67,630	73,425	141,055			
Global Fund for Widows	-	20,660	20,660			
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	-	450,092	450,092			
LIFE Generation Fund	-	40,979	40,979			
Oxfam	201	-	201			
SODIC	15,490	66,426	81,916			
WasteAid	-	53,485	53,485			
Other Trusts and Foundations	13,050	7,500	20,550			
UK Government Employment Allowance	5,000	-	5,000			
	<u>157,644</u>	<u>812,567</u>	<u>970,211</u>			

Income under Other Trusts and Foundations was received from 2 (2022: 3) organisations who wish to be anonymous in published financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

5. EXPENDITURE

Current Year	Direct staff costs	Other direct costs	Support costs	Total 2023
	£	£	£	£
Costs of raising funds	151,124	90,942	84,905	326,971
Charitable activities	480,421	1,395,539	269,912	2,145,872
	<u>631,545</u>	<u>1,486,481</u>	<u>354,817</u>	<u>2,472,843</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 2022
	£	£	£	£
Costs of raising funds	142,940	231,493	144,472	518,905
Charitable activities	331,563	1,007,077	195,340	1,533,980
	<u>474,503</u>	<u>1,238,570</u>	<u>339,812</u>	<u>2,052,885</u>

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

6. NET MOVEMENT IN FUNDS

	2023	2022
	£	£
This is stated after charging:		
Auditors' remuneration for audit (excluding VAT)	12,240	20,350
Auditors' remuneration for other services	2,448	1,653
Audit remuneration for previous year	22,181	-
Depreciation	1,477	1,117
Operating lease rentals: property	<u>29,574</u>	<u>14,806</u>

7. SUPPORT COSTS

	2023	2022
	£	£
Governance: audit fee (including irrecoverable VAT)	36,869	19,264
Staff costs	211,391	188,606
Staff development	4,355	1,759
Accounting, payroll and compliance	7,383	4,843
Rent overseas office space	7,224	12,515
Rent UK office space	22,351	8,400
Legal and professional fees	45,530	18,279
Bank charges	4,728	8,060
Insurance	3,650	1,862
Realised loss/(gain) on foreign exchange	(61,458)	(8,215)
exchange loss/(gain) on consolidation	(1,089)	-
* Unrealised loss on foreign exchange	42,580	21,919
Depreciation	1,477	1,117
Other	<u>29,827</u>	<u>61,403</u>
	<u>354,817</u>	<u>339,812</u>

354,817

* Losses on foreign exchange are matched by a reduction in other areas of expenditure as income in currency is normally disbursed in that currency.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

8. DIRECT COSTS OF CHARITABLE ACTIVITIES	2023	2022
Grants Awarded	£	£
- Egypt Portfolio (SUSTAIN)		
Brighter Tomorrow for Child Protection (BTCP)	15,025	19,330
Future Eve Foundation	115,534	18,953
Heya Masr	1,667	4,757
Life Vision for Development	-	12,989
Man Ahyaha Association	25,455	-
Startups Without Borders	13,343	-
Yadawee	3,634	10,376
Delta Oil	38,291	10,376
Duma	3,210	10,827
Emonovo (Marj3)	3,634	10,394
Nakoll	3,604	10,394
Sprints	3,634	10,394
Threads of Hope	3,662	10,378
	<u>230,693</u>	<u>129,168</u>
- Egypt Portfolio (SEED)		
Education		
Aata Charitable Association	-	4,236
Future Zone	-	4,728
Maharat Vocational Training	-	4,729
Makouk Walada Advanced Games for Children	-	4,729
Man Ahyaha Association Business Planning	1,561	4,236
Plastics Recycling Opportunities (PRO)		
Upfuse	8,231	-
Waste Management Company	8,231	-
Very Nile	8,231	-
	<u>26,253</u>	<u>22,658</u>
- Emergency Gaza Response		
Egyptian Food Bank	65,785	-
	<u>65,785</u>	<u>-</u>
- Lebanon Portfolio (SUSTAIN)		
Ana Aqra	-	66,007
Bridge.Outsource.Transform. (B.O.T.)	97,258	119,274
FabricAid	35,683	78,264
L'Artisan du Liban	45,682	37,364
Lebanese Alternative Learning (Tabshoura)	59,758	91,375
Souk El Tayeb	31,917	-
BEDCO by March NGO	29,968	47,130
SE Factory	54,120	116,970
ShareQ	44,064	24,753
ProAble - by ShareQ	62,832	-
Refugee Portfolio		
Inaash	14,846	20,063
NaTakallam	43,118	-
SE Factory- Refugee programme	-	16,101
WPA/Soufra/Nawras Preschool	-	13,520
	<u>519,246</u>	<u>630,821</u>
- Social Enterprise Support Fund Lebanon programme		
YELA Seed Cycle	159,914	-
	<u>159,914</u>	<u>-</u>
- Palestine Portfolio (SEED)		
Al Reef for Investment and Agriculture	-	4,052
Flowless Smart Water	-	4,104
Sawaed 19	-	4,132
Sindyan Educational Media	-	4,071
Spark for Innovation and Creative Society	-	4,143
Yalla Mishwar	3,997	-
Waselat Al Muffaker	-	4,071
	<u>3,997</u>	<u>24,573</u>
- Palestine Portfolio (SUSTAIN)		
Flowless Smart Water	24,424	-
Total Grants Awarded	<u>1,026,315</u>	<u>807,220</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

8. DIRECT COSTS OF CHARITABLE ACTIVITIES - continued

Total Grants Awarded		1,026,315	807,220
ASSET and AIM	1	9,785	12,768
Miscellaneous social enterprise support costs	2	149,063	76,172
Impact Fund pre-start up activity costs	3	208,970	108,640
Accelerate Study Mission		1,406	2,277
		<u>1,395,539</u>	<u>1,007,077</u>
			£ 1,395,539

1 ASSET (Alfanar Sustainable Social Enterprise Training) and AIM (Alfanar Impact Management) are two critical components of the support Alfanar provides to social enterprises beyond its grant funding.

2 Miscellaneous social enterprise support costs includes contracted-out support to social enterprises covering: business planning, business training, marketing and video production costs. It also includes £69,599 of expenditure relating to the impact monitoring tool, Qlik.

3 Impact Fund pre-start-up activity costs are costs incurred in the pre-start-up phase associated with impact fund team building, pipeline and investment strategy refinement and legal counsel informing the final structure.

INVESTMENT SPEND

8a Investment spend is the total of direct staff expenditure and other direct costs of charitable activities.

	2023	2022
	£	£
Direct costs of charitable activities	1,395,539	1,007,077
Direct staff costs on charitable activities	480,421	331,563
Investment spend	<u>1,875,960</u>	<u>1,338,640</u>

9. STAFF COSTS

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Gross salaries	389,125	340,794	389,125	340,794
Social security costs	44,494	40,169	44,494	40,169
Employer pension contributions	4,158	4,935	4,158	4,935
Salaries of overseas staff	399,960	273,610	399,960	273,610
Other overseas staff costs	5,198	3,601	5,198	3,601
	<u>842,935</u>	<u>663,109</u>	<u>842,935</u>	<u>663,109</u>

A total of 22 individual staff members were employed in the year (2022 : 20, 17 prior to Oct 2022).

Number of employees whose salaries were in the following bands:	2023	2022	
£90,000-£99,999	1	1	348896
£80,000-£89,999	-	-	
£70,000-£79,999	2	-	
£60,000-£69,999	-	1	
Aggregate employer's annual contributions to pension schemes for these staff	2,642	£1,321	

The key management personnel of the Charity comprises the Trustees, the Executive Director and the Senior Management Team. The total employee benefits of the key management personnel of the Charity were £401, 525 (2022: £251,800).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**10. TANGIBLE FIXED ASSETS**

	Office Equipment £
Cost	
At 1 January 2023	13,955
Additions in the year	2,559
Assets disposed during the year	<u>(150)</u>
At 31 December 2023	<u>16,364</u>
Depreciation	
At 1 January 2023	10,605
Charge for the year	1,477
Depreciation on assets disposed	<u>(150)</u>
At 31 December 2023	<u>11,932</u>
Net book value	
At 31 December 2023	<u>4,432</u>
At 31 December 2022	<u>3,350</u>

11. INVESTMENTS ASSETS AND SUBSIDIARIES

Alfanar's investment at the balance sheet date in the wholly-owned share capital of the following unlisted companies is as follows:

i) Beacon Social Capital (Dormant)	2023	2022
	£	£
Current assets	<u>1</u>	<u>1</u>
Total net assets	<u>1</u>	<u>1</u>
Called up share capital	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>
ii) Programme-related equity investment at the balance sheet date		
FabricAid \$100,000	<u>80,260</u>	80,260
	<u>80,260</u>	<u>80,260</u>

The equity investment in FabricAid consists of \$60,000 convertible grant made in 2021 which was converted to equity in 2022 plus a further equity investment of \$40,000 made in 2022. This equates to 10% of FabricAid's share capital.

iii) In February 2023, Stichting Alfanar was formed and registered in the Netherlands as a controlled subsidiary of Alfanar.

A summary of the results of the subsidiary for the period to 31 December 2023 are shown below:

	General Funds	Restricted Funds	Total
Income from Charitable Activities	13,973	244,912	258,885
Cost of Charitable Activities	<u>(10,093)</u>	<u>(92,945)</u>	<u>(103,038)</u>
Net Incoming Resources	<u>3,880</u>	<u>151,967</u>	<u>155,847</u>
Funds held			
Funds brought forward	-	-	-
Incoming resources for the period	<u>3,880</u>	<u>151,967</u>	<u>155,847</u>
Funds carried forward	<u>3,880</u>	<u>151,967</u>	<u>155,847</u>
The aggregate of Assets, Liabilities and reserves was			
Assets	3,880	201,794	155,847
Liabilities	-	49,827	-
Funds	<u>3,880</u>	<u>151,967</u>	<u>155,847</u>

12. PARENT CHARITY

The parent charity's gross income and result for the year are disclosed as follows:

	2023	2022
	£	£
Gross Income	2,225,170	2,503,853
Result for the year	<u>(194,746)</u>	<u>450,968</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

13. PROGRAMME-RELATED INVESTMENTS

	2023	2022
	£	£
Repayable Grants due within one year	<u>82,953</u>	<u>15,697</u>
	<u>82,953</u>	<u>15,697</u>

The programme-related investments are:

1. A repayable grant included in our 2020 agreement with Future Eve Foundation, repayable over three years in equal instalments. The final payment of £15,697 (EGP 471,300) was made in December 2023.
2. A further convertible repayable grant to FabricAid Holdings of \$100,000 (£82,953) was agreed and paid in 2023. This is due for repayment on or before 31 December 2024.

14. DEBTORS	Group		Charity	
	2023	2022	2023	2022
Due within one year	£	£	£	£
Grant debtors	85,802	166,228	-	166,228
Accrued income	15,495	376,452	15,495	376,452
Other debtors	12,760	131	544	131
Monies owed by Group entities	-	-	49,827	-
Beacon Social Capital	-	581	-	581
Prepayments	2,114	8,560	2,114	8,560
	<u>116,171</u>	<u>551,952</u>	<u>67,980</u>	<u>551,952</u>

15. CREDITORS	Group		Charity	
	2023	2022	2023	2022
Due within one year	£	£	£	£
Trade creditors	28,925	23,950	28,925	23,950
Taxation	-	12,419	-	12,419
Grants payable to investees	92,103	84,045	92,103	84,045
Defined contribution pension scheme payments	1,783	3,890	1,783	3,890
Other accruals	35,473	64,642	35,115	64,642
	<u>158,284</u>	<u>188,946</u>	<u>157,926</u>	<u>188,946</u>

16. ANALYSIS OF CHANGES IN NET DEBT

	At start of year	Cashflows	Acquisition/ disposal of subsidiaries	New finance leases	Other non-cash changes	At end of year
	£	£	£	£	£	£
Cash	992,876	316,601	-	-	-	1,309,477
Cash equivalents	-	-	-	-	-	-
Overdraft facility	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total	<u>992,876</u>	<u>316,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,309,477</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

17. RESTRICTED FUNDS	GROUP				
Current Year	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	£	£	£	£	£
Egypt					
Egypt Fund	13,700	3,000	7,700		9,000
Education in Egypt					
BTCP	88	4,251	4,339		-
Heya Masr	1,667	-	1,667		-
SODIC: Seed Cycle	3,792	35,697	1,561	(3,792)	34,137
Man Ahyaha Association	23,543	22,338	25,455	3,792	24,218
Women and Youth Employment in Egypt					
Future Eve Foundation	85,958	52,931	126,829		12,060
Delta Oil	-	25,508	25,508		-
SEMD Programme					
Technical Assistance	28,746	-	28,746		-
Emonovo (Marj3)	1,817	-	1,817		-
Delta Oil	3,634	-	3,634		-
Duma	3,651	-	3,651		-
Nakoll	4,087	-	4,087		-
Sprints	1,838	-	1,838		-
Threads of Hope	4,103	-	4,103		-
Startups Without Borders	13,343	-	13,343		-
Yadawee	4,105	-	4,105		-
Egypt Environment SEED					
WasteAid Seed Cycle	46,188	12,316	58,504		-
Egypt- Gaza Crisis Response					
Egyptian Food Bank	-	62,337	62,337		-
Lebanon					
Lebanon Fund	4,910	2,497	2,497		4,910
Education in Lebanon					
Tabshoura/Lebanese Alternative Learning	91,791	-	59,758		32,033
Women and Youth Employment in Lebanon					
BOT	38,213	36,528	59,626		15,115
SE Factory	62,198	8,131	54,120		16,209
GIZ EPL Project	207,051	639,158	507,979		338,230
Impact Europe	-	48,293	17,522		30,771
Refugees in Lebanon					
Natakalam	-	86,237	43,118		43,119
Emergency Response					
Emergency Lebanon Campaign					
Souk El Tayeb	31,917	-	31,917		-
ShareQ	44,064	-	44,064		-
Inaash	14,846	-	14,846		-
Jordan					
Impact Europe	-	148,069	28,768		119,301
Palestine					
Palestine SEED cycle	2,326	-	2,326		-
Flowless Smart Water	-	60,000	30,968	11,597	40,629
UK					
Accelerate Study Missions	17,221	-	1,474		15,746
Refugee Portfolio	-	13,168	-		13,168
AMAL Fund	-	5,493	-		5,493
Impact Investment Fund	-	72,411	72,411		-
Ford Foundation	-	169,170	-		169,170
Zakat Fund	-	3,522	3,522		-
Alfanar Development	11,597	-	-	(11,597)	-
TOTAL RESTRICTED FUNDS	766,394	1,511,056	1,354,141	-	923,309

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Current Year	Brought Forward	CHARITY		Transfers	Carried Forward
		Income	Expenditure		
	£	£	£	£	£
Egypt					
Egypt Fund	13,700	3,000	7,700	-	9,000
Education in Egypt					
BTCP	88	4,251	4,339	-	-
Heya Masr	1,667	-	1,667	-	-
SODIC: Seed Cycle	3,792	35,697	1,561	(3,792)	34,137
Man Ahyaha Association	23,543	22,338	25,455	3,792	24,218
Women and Youth Employment in Egypt					
Future Eve Foundation	85,958	52,931	126,829	-	12,060
Delta Oil	-	25,508	25,508	-	-
SEMD Programme					
Technical Assistance	28,746	-	28,746	-	-
Marj3	1,817	-	1,817	-	-
Delta Oil	3,634	-	3,634	-	-
Duma	3,651	-	3,651	-	-
Nakoll	4,087	-	4,087	-	-
Sprints	1,838	-	1,838	-	-
Threads of Hope	4,103	-	4,103	-	-
Start-ups without borders	13,343	-	13,343	-	-
Yadawee	4,105	-	4,105	-	-
Egypt Environment SEED					
WasteAid Seed Cycle	46,188	12,316	58,504	-	-
Egypt- Gaza Crisis Response					
Egyptian Food Bank	-	62,337	62,337	-	-
Lebanon					
Lebanon Fund	4,910	2,497	2,497	-	4,910
Education in Lebanon					
Tabshoura/ Lebanese Alternative Learning	91,791	-	59,758	-	32,033
Women and Youth Employment in Lebanon					
B.O.T.	38,213	36,528	59,626	-	15,115
SE Factory	62,198	8,131	54,120	-	16,209
GIZ EPL Project	207,051	639,158	507,979	-	338,230
Impact Europe	-	28,702	28,702	-	-
Refugees in Lebanon					
Natakalam	-	-	-	-	-
Emergency Response					
Emergency Lebanon Campaign					
Souk El Tayeb	31,917	-	31,917	-	-
ShareQ	44,064	-	44,064	-	-
Inaash	14,846	-	14,846	-	-
Jordan					
Impact Europe	-	27,001	27,001	-	-
Palestine					
Palestine SEED cycle	2,326	-	2,326	-	-
Flowless Smart Water	-	60,000	30,968	11,597	40,629
UK					
Accelerate Study Missions	17,221	-	1,474	-	15,747
Refugee Portfolio	-	13,168	-	-	13,168
AMAL Fund	-	5,493	-	-	5,493
Impact Fund	-	72,411	72,411	-	-
Ford Foundation	-	169,170	-	-	169,170
Zakat Fund	-	3,522	3,522	-	-
Alfanar Development	11,597	-	-	(11,597)	-
TOTAL RESTRICTED FUNDS	766,394	1,284,159	1,320,435	-	730,118

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Prior Year	CHARITY and GROUP				
	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	£	£	£	£	£
Egypt					
Egypt Fund	3,000	13,700	3,000		13,700
Education in Egypt					
Educate Me	11,936	-	-	(11,936)	-
BTCP	-	16,418	16,330		88
Heya Masr	-	6,424	4,757		1,667
Seed Cycle	-	41,352	37,560		3,792
General Education	-	11,607	-	11,936	23,543
Women and Youth Employment in Egypt					
Future Eve Foundation	85,958	23,660	23,660		85,958
Life Vision for Development	-	3,000	3,000		-
SEMD Programme					
Technical Assistance	75,266	-	46,520		28,746
Marj3	5,238	6,973	10,394		1,817
Delta Oil	5,238	8,774	10,378		3,634
Duma	5,238	9,240	10,827		3,651
Nakoll	5,238	9,243	10,394		4,087
Sprints	5,238	6,994	10,394		1,838
Threads of Hope	5,238	9,243	10,378		4,103
Startups Without borders	5,238	14,314	6,209		13,343
Yadawee	5,238	15,454	16,587		4,105
Egypt Environment SEED					
WasteAid Seed Cycle	-	53,485	7,297		46,188
Lebanon					
Lebanon Fund	1,560	3,350	-		4,910
Education in Lebanon					
Tabshoura/ Lebanese Alternative Learning	-	124,633	32,842		91,791
Women and Youth Employment in Lebanon					
Ana Aqra	66,005	-	66,005		-
B.O.T.	61,816	56,713	80,316		38,213
SE Factory	61,934	77,691	77,427		62,198
GIZ EPL Project		450,092	243,041		207,051
Environment Lebanon					
FabricAid	21,962	-	21,962		-
Refugees in Lebanon					
Shatila Studio	17,538	-	17,538		-
WPA Nawras Pre-School	12,547	-	12,547		-
Emergency Response					
Emergency Lebanon					
Emergency Lebanon Restricted General	161,807	-	70,980		90,827
Jordan					
	-	-	-		-
Palestine					
Palestine SEED	50,000	-	47,674		2,326
UK					
Accelerate Study Missions	19,498	-	2,277		17,221
Impact Investment Fund	-	1,500	1,500		-
Alfanar Development	64,316	-	52,719		11,597
TOTAL RESTRICTED FUNDS	757,047	963,860	954,513	-	766,394

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Transfers. Transfers between funds in the current year have been described within the following notes on each relevant fund.

Egypt fund holds income specifically restricted to social enterprise grants and support activities in Egypt. Allocation to specific projects is at the discretion of the Board. In 2023 funds were used to cover costs of technical assistance provided to the portfolio of Egypt investees.

Educate Me is an educational social enterprise which grew with Alfanar's support to run model community schools in disadvantaged communities and teacher training programmes across the country. Educate Me graduated from the Alfanar portfolio in 2022

Brighter Tomorrow for Child Protection (BTCP) is an education social enterprise in Alexandria, Egypt that provides affordable treatment and support to children with neurodevelopmental disorders. BTCP graduated from Alfanar's portfolio at break-even. BTCP received support through Alfanar's online campaigns.

Heyr Masr is a social enterprise that works to build resilience and character development in children preparing them for the toughest of lives. This pilot investment commenced in 2021 is supported by a generous individual.

SODIC seed cycle: This fund from SODIC is supporting the Egypt Education SEED cycle and the first graduate from that programme, Man Ahyaha.

Man Ahyaha is a social enterprise that graduated to Sustain from the first Egypt Education SEED cycle. This fund is supported by SODIC along with unrestricted funds provided by ERC

Future Eve Foundation (FEF) is an active investment and continues to be generously supported by the Global Fund for Widows (GFW). A growing portfolio of housing improvement loans launched by FEF is being supported by SODIC. GFW continues to provide funding and technical assistance to this investment.

Delta Oil is a social enterprise that graduated to Sustain from SEMD programme, see note below. The Sustain Investment is supported by SODIC and ERC.

Life Vision for Development is a social enterprise that economically empowers smallhold female farmers through Farmer Field Schools and literacy classes. It benefited from funds raised during online campaigns. Life Vision graduated from Alfanar's portfolio in 2022.

Strengthening Social Enterprise for Migration and Development (SEMD) Programme. This is a two year programme 50% funded by GFA with SDC funds. It involves the selection of eight social enterprises for financial and technical support. The first Grant payments were made in 2021 and the second payments were made in 2022. The programme was extended by GFA to April 2023. The final trainings and grant disbursements took place in 2023 and the programme was successfully closed.

WasteAid. Holds funds provided by WasteAid in 2022 and 2023 to enable an environmental focused SEED cycle. This provided technical support and grant awards to three social enterprises: Upfuse, Waste Management Company, and Bassita.

Gaza crisis response. This fund holds monies for the Egyptian Food Bank to cover the distribution of foodboxes to the people of Gaza on lorries entering the territory through the Rafa Gate. It is powered with the support of Osman Consulting.

Lebanon Fund. This holds funds from a combination of sources where the donor restricted the gift specifically for work in Lebanon. The balance will be allocated and spent in 2024.

Tabshoura (Lebanese Alternative Learning) is a social enterprise that has digitised the Lebanese curriculum and is supporting teachers to employ it. It was supported by a corporate donor and online campaigns.

Ana Aqra is an educational social enterprise that works to ensure that all children are able to read and write appropriately. Ana Aqra focuses on early childhood education. Alfanar received funding and support from Their World for Ana Aqra. It graduated from the Alfanar portfolio in 2022.

BOT (Bridge.Outsource.Transform.) is an impact outsourcing platform that enables hundreds of disadvantaged youth across Lebanon and Jordan to access digital freelance work. This investment has been supported by a private individual, online campaigns, The Drosos Foundation and GIZ.

SE Factory is a social enterprise that provides intensive coding training and then facilitates access to work after graduation for youth across Lebanon. This has been supported by Drosos and GIZ

GIZ EPL Project This holds funds from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, funding our Youth Employment in Lebanon programme running for 30 months, 2022-2024. The programme empowers two SEED cycles each year including Technical assistance and business planning along with sustain support to six social enterprises.

Impact Europe. This fund holds advances from Impact Together, formally EVPA, on our joint action in Lebanon and Jordan to strengthen and promote social economy as a vector for job creation and expansion of economic opportunities, leading to a more inclusive economy in the countries. The programme's focus is to increase access to finance for social enterprises and social businesses, through strengthening existing impact and/or venture philanthropy funds, or development of new financing vehicles, that will become strong ecosystem players, beyond the life of this action. In addition, the action will address several other social economy support organisations (SESOs), that play instrumental roles in the social economy ecosystem, as capacity builders, network builders or advocacy players.

NaTakallam is a social enterprise that facilitates income-generating opportunities for refugees as language-learning partners, translators and interpreters. It has received support from L'Oreal.

Inaash creates dignified employment for nearly 400 female Palestinian refugees through embroidery and high-quality textile production. It has received funding from our Emergency Lebanon campaign.

WPA Nawras Pre-School. In 2020, Alfanar concluded its venture philanthropy investment in WPA thanks to the support of generous individuals. Separately, as part of our Emergency Lebanon Appeal, we worked through Soufra to provide hot meals to hundreds of families impacted by the Beirut blast. Funds received late in 2020 were held in 2021 while we discussed with WPA and agreed the best use for the investment. These funds were disbursed in 2022.

AI Ghurair Foundation for Education (AGFE) is focussed on providing support to refugees. It provided funding for MMKN and SE Factory. This two year project commenced in August 2019 and was successfully closed out in 2023.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Emergency Response Funds. During 2020, Alfanar ran the Survive and Thrive campaign in response to the COVID-19 pandemic and the Emergency Lebanon Appeal in response to the 4 August 2020 Beirut port explosion. Emergency projects supported by these campaigns included facemask projects, foodboxes and hot meals to vulnerable families. Disbursements in 2022 provided finance and programme support to local social enterprises, March NGO, L'Artisan Du Liban and Inaash.

The total carried forward in this area is £90,827 (2021: £161,817), was disbursed in 2023 to Emergency food programmes along with closing out the agreements with SE's funded in 2021.

Palestine. Holds funds provided by Asfari Foundation to support our SEED cycles in Palestine in 2022 and a Sustain Investment in one graduate from that programme, Flowless Smart Water Solutions, in 2023.

Accelerate Study Missions expose our social entrepreneurs to best-in-class social enterprises in the developing South achieving scale and sustainability in their respective sectors. They were postponed in 2020 due to COVID-19. They are supported by a generous individual. In 2022, this funding enabled Alfanar to take two social enterprises to the Gala Dinner in London.

Impact Investment Fund includes funding dedicated to supporting Alfanar to cover part of the pre-start-up phase costs associated with impact fund team building, pipeline and investment strategy refinement and legal counsel informing the final structure. In 2023, USAID Lebanon provided its support

Ford Foundation: represents the BUILD grant Alfanar successfully secured in 2023. This support will enable Alfanar to develop a social franchise for the Amal project, research social protection for social entrepreneurs, and complete an organisational mapping exercise.

Zakat Fund holds Zakat donations received in 2023 that were used to support Zakat compliant programmes within our portfolio.

Alfanar Development Fund. This fund represents support from the Asfai Foundation to strengthen Alfanar's staff and impact model, including the development of learner animations for ASSET. Funds remaining in the restricted fund in 2023 were transferred to support Palestine SUSTAIN social enterprise, Flowless, with the agreement of the donor.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

18. DESIGNATED FUNDS

Current year	GROUP AND CHARITY				Carried Forward
	Brought Forward	Income	Expenditure	Transfer New Assets	
	£	£	£		£
Tangible fixed assets	3,350	-	(1,327)	2,409	4,432
Palestine Fund	26,899	-	(24,451)	(2,448)	-
TOTAL DESIGNATED FUNDS	30,249	-	(25,778)	(39)	4,432

The Fixed Asset Fund represents the net book value of tangible fixed assets in use and therefore not available to meet future expenditure. The Palestine designated fund is to support our new operations in that region, matching a fund provided by Asfari.

Prior Year	Brought Forward	Income	Expenditure		Carried Forward
	£	£	£		£
Tangible fixed assets	2,631	-	(1,117)	1,836	3,350
Palestine Fund	-	50,000	(23,101)	-	26,899
TOTAL DESIGNATED FUNDS	2,631	50,000	(24,218)	1,836	30,249

19. MOVEMENT OF FUNDS IN THE YEAR

Current year	Brought Forward 1 January 2023	Income	Expenditure	Transfers	Carried Forward 31 December 2023
	£	£	£	£	£
Designated funds	30,249	-	(25,778)	39	4,432
General fund	658,547	941,605	(1,092,923)	39	507,268
Restricted funds	766,394	1,511,056	(1,354,141)	-	923,309
TOTAL FUNDS	1,455,190	2,452,661	(2,472,842)	-	1,435,009

Prior year	Brought Forward 1 January 2022	Income	Expenditure	Transfers	Carried Forward 31 December 2022
	£	£	£	£	£
Designated funds	2,631	50,000	(24,218)	1,836	30,249
General fund	244,544	1,489,993	(1,074,154)	(1,836)	658,547
Restricted funds	247,175	1,539,993	(1,098,372)	-	688,796
Restricted funds	757,047	963,860	(954,513)	-	766,394
TOTAL FUNDS	1,004,222	2,503,853	(2,052,885)	-	1,455,190

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Current year	Group			Charity		
	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £
Tangible fixed assets	4,432	-	4,432	4,432	-	4,432
Investment Assets	80,261	-	80,261	80,261	-	80,261
Net current assets	<u>427,007</u>	<u>923,309</u>	<u>1,350,316</u>	<u>445,633</u>	<u>730,118</u>	<u>1,175,751</u>
	<u>511,700</u>	<u>923,309</u>	<u>1,435,009</u>	<u>530,326</u>	<u>730,118</u>	<u>1,260,444</u>
Prior year						
	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £			
Tangible fixed assets	3,350	-	3,350			
Investment Assets	80,261	-	80,261			
Net current assets	<u>605,185</u>	<u>766,394</u>	<u>1,371,579</u>			
	<u>688,796</u>	<u>766,394</u>	<u>1,455,190</u>			

21. RELATED PARTIES

Alfanar rents and pays for UK office space at less than market rates from 'Common Purpose', where Julia Middleton (Trustee) is the Founder and currently Innovations Officer. The cost in the year was **£21,400** (2021: £8,400). In the year, our occupancy grew as Covid restrictions and mitigations were relaxed.

Alfanar board member Cynthia Oakes, is also on the board of Alfanar Inc. In 2023, Alfanar received grants from Alfanar Inc., US amounting to **£302,026** (2022: £346,175)

Intragroup Transactions between Alfanar and Stichting Alfanar in 2023 amounted to:

1) Payments from Alfanar to Stichting Alfanar:

Grant towards start up costs **£ 5,289**

2) Fees payable to Alfanar from Stichting Alfanar

Technical assistance and support **£49,827**

As at 31 December 2023 amounts outstanding from Stichting Alfanar to Alfanar were **£49,827**.

During the year, trustees donated **£265,500** (2022: £323,228) in total, including board pledges, gifts at events and other campaign donations to Alfanar's general funds. In addition members of the Alfanar, Inc., US board donated **£15,224** (2022: £7,608)

22. LEASE COMMITMENT

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

	2023 £	2022 £
Less than 1 year	12,525	7,768
Between 2 and 5 years	-	-
	<u>12,525</u>	<u>7,768</u>



“

Thanks to Alfanar's generous venture philanthropy support, we have been able to enhance our work and make a lasting impact on the lives of women in need.

Mohamed Ezz
Business Development Lead, Delta Oil
Alfanar Egypt SUSTAIN Portfolio

THANK YOU

We would like to extend our heartfelt thanks to all our donors, advisors and pro-bono supporters for making our work possible.

Alfanar, Inc., US Board

Gretchen Welch (Chair)
 Carol Prendergast
 Cynthia J. Oakes
 Hadia Ghandour
 Mark Huang

Alfanar Lebanon Board & Advisors

Myrna Atalla (Alfanar Representative, President)
 Alfred Kettaneh
 Carine Assouad
 Caroline Fattal
 Cesar Kastoun
 Chadia El Meouchi
 Hadia Ghandour
 Nadim Aouad
 Randa Jamali
 Sallama Bu Haidar Al Sayegh

Advisors

Amanda Scott
 Badri & Salim El Meouchi
 Baker McKenzie
 Beirut Digital District
 Cherine Helmy
 Differentia Consulting
 Dr. Barbara Ibrahim
 Faiz Munshi
 Grant Thornton Egypt
 Hala Gorani
 Hend Sabry
 Laura Stojcevic
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 Nafez Dakkak
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 Robert Cartwright
 Ryan Sturgill
 Siham Bortcosh

Our Partners

We thank the numerous individual, corporate and institutional donors whose generous contributions in 2022-2023 made Alfanar’s venture philanthropy work possible.

Institutional & Corporate Partners



Gala Sponsors



ALFANAR

EMPOWERING ENTERPRISE FOR SOCIAL CHANGE

Alfanar UK

38 Artillery Lane, London E1 7LS
Company registration number: 5141908
Charity registration number: 1105048
Tel: +44 (0) 20 4570 6473
info@alfanar.org

Alfanar, Inc., US

c/o Hurwit & Associates, 1150 Walnut Street
(2nd Floor), Newton, Massachusetts 02461
EIN-75-31970321

Stichting Alfanar

Saturnusstraat 14, 2516AH The Hague, The Netherlands
KVK number: 88110834

Global Leadership Team

Myrna Atalla, Executive Director
Fadel Zayan, Investment Director
Nicolas Kröger, Operations Director
Shenouda Bissada, Egypt Director
Maya Rahal, Lebanon Director
Suha Abdul Rahim, Jordan / Palestine Director
Michelle Mouracade, Impact Fund Advisor
Younna Assaf, Impact Fund Advisor

Trustees

Lubna S. Olayan (Chair)
Hussain Al Nowais
Samir Assaf
Amjad Bseisu
Charlotte Boyle
Sherif Foda
Maysa Jalbout
Julia Middleton
Cynthia J. Oakes

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ALFANAR

England & Wales - Charity number 1105048

Accounts

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF ALFANAR

Opinion

We have audited the financial statements of Alfanar (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2022 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including 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 group's and the parent charitable company's affairs as at 31 December 2022 and of the group's 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 and the Charities Act 2011.

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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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. 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 course of 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 themselves. 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their 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 and the Charities Act 2011 require us to report to you if, in our opinion:

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 42, 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 group and parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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 group and parent 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 group and parent 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 group or parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

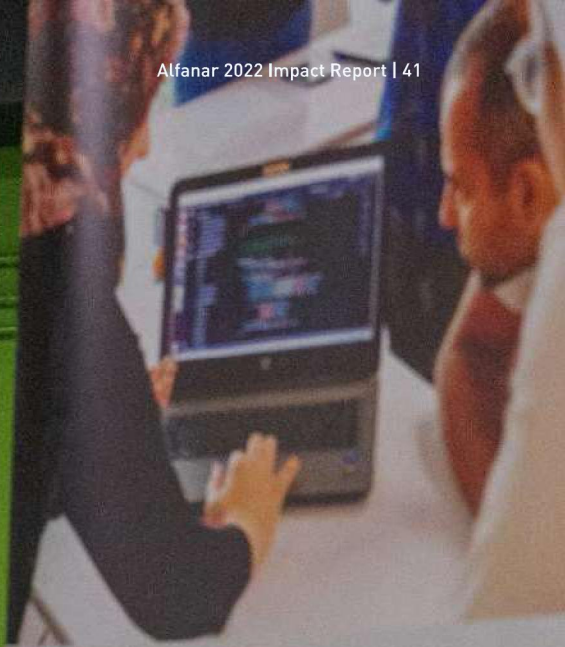
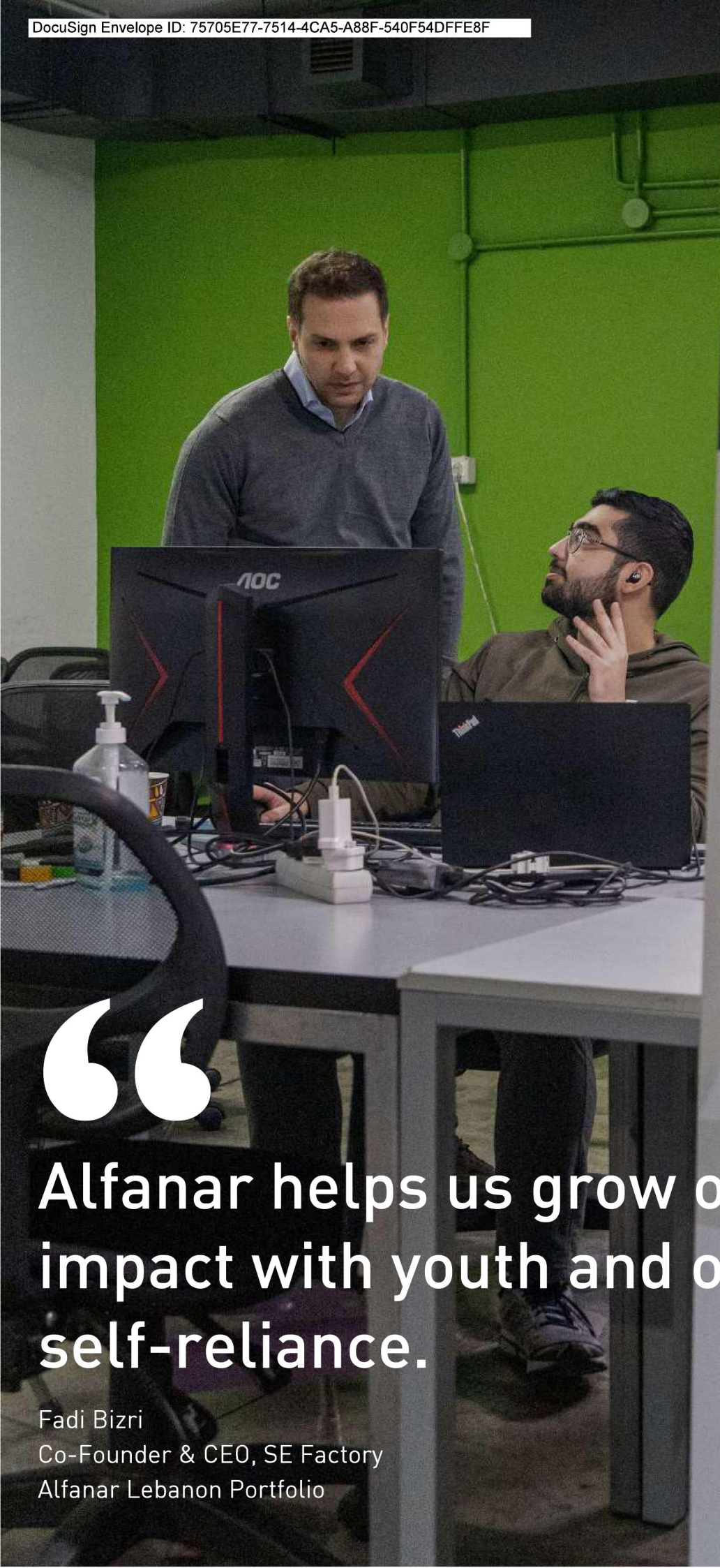
This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and, in respect of the consolidated financial statements, to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which 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, the charitable company's members, as a body, and the charity's trustees, as a body, for our audit work, for this report, or for the opinion we have formed

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

Date

6th Floor
9 Appold Street
London
EC2A 2AP

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.



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Alfanar helps us grow our impact with youth and our self-reliance.

Fadi Bizri
Co-Founder & CEO, SE Factory
Alfanar Lebanon Portfolio

ALFANAR (Company limited by guarantee no. 05141908)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2022

Current Year	Note	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
INCOME					
Donations	2	1,369,534	151,293	1,520,827	646,142
Other trading activities	3	12,815	-	12,815	4,183
Income from charitable activities	4	157,644	812,567	970,211	1,476,445
TOTAL INCOME		1,539,993	963,860	2,503,853	2,126,770
EXPENDITURE					
Expenditure on raising funds		518,905	-	518,905	278,891
Expenditure on charitable activities		579,467	954,513	1,533,980	1,682,230
TOTAL EXPENDITURE	5	1,098,372	954,513	2,052,885	1,961,121
Net income		441,621	9,347	450,968	165,649
NET MOVEMENT IN FUNDS		441,621	9,347	450,968	165,649
TOTAL FUNDS BROUGHT FORWARD		247,175	757,047	1,004,222	838,573
TOTAL FUNDS CARRIED FORWARD		688,796	766,394	1,455,190	1,004,222
Prior Year					
	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
INCOME					
Donations	2	555,369	90,773	646,142	887,554
Other trading activities	3	4,183	-	4,183	3,310
Income from charitable activities	4	228,241	1,248,204	1,476,445	1,299,455
TOTAL INCOME		787,793	1,338,977	2,126,770	2,190,319
EXPENDITURE					
Expenditure on raising funds		278,891	-	278,891	279,809
Expenditure on charitable activities		492,377	1,189,853	1,682,230	1,544,744
TOTAL EXPENDITURE	5	771,268	1,189,853	1,961,121	1,824,553
Net income		16,525	149,124	165,649	365,766
NET MOVEMENT IN FUNDS		16,525	149,124	165,649	365,766
TOTAL FUNDS BROUGHT FORWARD		230,650	607,923	838,573	472,807
TOTAL FUNDS CARRIED FORWARD		247,175	757,047	1,004,222	838,573

All of the Charity's operations are continuing.

ALFANAR (Company limited by guarantee no. 05141908)

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022**

	Note	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	10		3,350		2,631
Investment assets	11 i		1		1
Programme related equity investment	11 ii		80,260		-
			<u>83,611</u>		<u>2,632</u>
CURRENT ASSETS					
Programme related investments	12	15,697		124,870	
Debtors	13	551,952		365,788	
Cash at bank and in hand		992,876		654,404	
		<u>1,560,525</u>		<u>1,145,062</u>	
Creditors: amounts falling due within one year	14	(188,946)		(143,472)	
NET CURRENT ASSETS			<u>1,371,579</u>		<u>1,001,590</u>
NET ASSETS			<u>1,455,190</u>		<u>1,004,222</u>
Restricted funds	15		766,394		757,047
Unrestricted funds					
Designated funds	16	30,249		2,631	
General fund	17	658,547		244,544	
			<u>688,796</u>		<u>247,175</u>
			<u>1,455,190</u>		<u>1,004,222</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

2023 and signed on their behalf by:

Julia Middleton

DocuSigned by:

Julia Middleton

E467695575794DA...

Trustee

ALFANAR (Company limited by guarantee no. 05141908)

BALANCE SHEET (For Charity)
AS AT 31 DECEMBER 2022

	Note	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	10		3,350		2,631
Investment assets	11 i		1		1
Programme related equity investments	11 ii		80,260		-
			<u>83,611</u>		<u>2,632</u>
CURRENT ASSETS					
Programme related investments	12	15,697		124,870	
Debtors	13	554,303		358,540	
Cash at bank and in hand		975,727		643,810	
		<u>1,545,727</u>		<u>1,127,220</u>	
Creditors: amounts falling due within one year	14	(191,297)		(143,472)	
NET CURRENT ASSETS			<u>1,354,430</u>		<u>983,748</u>
NET ASSETS			<u>1,438,041</u>		<u>986,380</u>
Restricted funds	15		759,146		749,799
Unrestricted funds					
Designated funds	16	30,249		2,631	
General fund	17	648,646		233,950	
			<u>678,895</u>		<u>236,581</u>
			<u>1,438,041</u>		<u>986,380</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

2023 and signed on their behalf by:

Julia Middleton

DocuSigned by:
Julia Middleton
E467685575794DA...

Trustee

ALFANAR (Company limited by guarantee no. 05141908)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022		2021	
		£	£	£	£
Cash provided by operating activities					
Net movement in funds		450,968		165,649	
Add back depreciation charge		1,117		1,049	
(Increase) Decrease in programme related investments		28,913		(61,288)	
(Increase) Decrease in debtors		(186,164)		(269,091)	
(Decrease) Increase in creditors		45,474		(42,632)	
Net cash generated from (used in) operating activities			340,308		(206,313)
Cash flows from investing activities					
Purchase of tangible fixed assets		(1,836)		-	
Net cash (used in) / investing activities			(1,836)		-
Increase/(Decrease) in cash and cash equivalents in the year			338,472		(206,313)
Cash and cash equivalents at the beginning of the year					
Cash in hand		654,404		860,717	
			654,404		860,717
Total cash and cash equivalents at the end of the year			992,876		654,404

ANALYSIS OF CHANGES IN NET DEBT

	At start of year	Cashflows	Acquisition /disposal of subsidiaries	New finance leases	Other non-cash changes	At end of year
	£	£	£	£	£	£
Cash	654,404	338,472	-	-	-	992,876
Cash equivalents	-	-	-	-	-	-
Overdraft facility	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total	654,404	338,472	-	-	-	992,876

ALFANAR (Company limited by guarantee no. 05141908)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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.

Going Concern

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 charity continues to experience a decline in support for on-line activities and campaigns. Trustees regard this as reflecting the global economic downturn which is affecting support across the not for profit sector. The Trustees anticipate that this will continue to be the case for this level of engagement, however the charity's gala dinner, originally scheduled for 2020, took place in December 2022 and was highly successful. Trustees believe that this indicates that support from individuals can be maintained and grown through deeper and more meaningful engagement. The charity also gave due consideration to the continuing effects of the COVID-19 outbreak and associated restrictions, which continued to disrupt in-person gatherings and trainings, travel and in-person fundraising events throughout the early part of 2022, but by the end of 2022 was not of significant concern. Alfanar's senior management team evaluated progress achieved to date and used it to inform a revised 2022-2026 strategy aimed at accelerating the impact of Alfanar's support to social enterprises, driving regional growth, and positioning Alfanar as a noteworthy social enterprise expert and resource for the MENA region. This strategy, approved by the Trustees in the first quarter of 2022, balances donor engagement between long-term individual support, events and campaigns and growing support from institutional partners. This revised plan will enable Alfanar to not only meet its financial commitments to current social enterprises, but to grow it in the future. The charity aims to maintain free reserves at target levels in 2023. Accordingly, the Trustees continue to adopt a going concern basis in preparing the financial statements.

Presentational currency

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 book values 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.

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 authorised member of the senior management team.

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 funded. As it is uncertain that these repayments will be made, such 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. In the instance when there is a strong likelihood of repayment, the grant is treated as a programme related investment and held on the balance sheet in the fund used to disburse the payment to the investee.

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. The accounts also include unrealised losses in exchange rate movements in currencies held at the year end. Specific consideration has been made concerning the Lebanese Pound (LBP) which became a free floating currency having been benchmarked against the US Dollar for many years at a rate of 1,507 LBP/USD. Accordingly, year-end bank balances held by the charity and its subsidiaries in Lebanese pounds and the year-end payables due to be paid in LBP have been converted to USD at the parallel market closing rate of 42,300 LBP/USD to reflect their fair value at year-end 2022. Moreover, the USD counter values of the receipts and disbursements made during the year 2022 in LBP were adjusted at the average parallel market rate of 30,000 LBP/USD to reflect their fair value in US dollars.

ALFANAR (Company limited by guarantee no. 05141908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**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

Group accounting

The Charity has an overseas branch in Egypt. 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).

Alfanar Association Lebanon is a subsidiary of the UK charity, within the requirements outlined in the Charities SORP, because Alfanar has the power to govern financial and operating policies as set out in specific clauses included within Alfanar Association Lebanon's constitution documents. In addition to this and with reference to SORP FRS102 section 24.21, the vision, purpose and values of Alfanar Association Lebanon and Alfanar identical and the objects of both are closely matched within each respective memorandum and articles of association thus ensuring that Alfanar Association Lebanon contributes to the aims and purposes of Alfanar and benefits common beneficiaries. Alfanar Association Lebanon's financial activities have been consolidated on a line-by-line basis into the Group financial statements. Disbursements of grants under agreements with social enterprises in Lebanon which have been entered into directly by Alfanar are included in the parent company statements.

Programme related investments

Programme related investments that are in the form of concessionary loans and zero interest repayable grants are accounted for at the outstanding amount of the investment less any provision for unrecoverable amounts. Any impairment is charged to the Statement of financial activities classified as expenditure on charitable activities

Programme related investments that are in the form of equity or share capital are made to support the social enterprise to scale its impact. By taking an equity stake we aim to secure representation at board level. Any income or financial gain is incidental to the investment. Such investments are measured at fair value if this can be reliably quantified, or, if not, at cost less impairment. Any impairment will be taken to the SOFA.

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	Restricted	Total
	Funds	Funds	Funds
	2022	2022	2022
	£	£	£
Boards of Alfanar, subsidiaries and affiliates	323,041	-	323,041
Other individuals	243,293	121,293	364,586
Legacies	72,950	-	72,950
Dinner events	702,110	30,000	732,110
Donated services	28,140	-	28,140
	<u>1,369,534</u>	<u>151,293</u>	<u>1,520,827</u>
Prior Year	Unrestricted	Restricted	Total
	Funds	Funds	Funds
	2021	2021	2021
	£	£	£
Boards of Alfanar, subsidiaries and affiliates	185,926	-	185,926
Other individuals	337,380	90,773	428,153
Donated services	32,063	-	32,063
	<u>555,369</u>	<u>90,773</u>	<u>646,142</u>

In 2022 £21,510 (2021: £12,120) of Gift Aid was receivable. This has been accounted along with the donations that attracted the claim. £11,500 (2021: £11,500) was included within Board income and £10,010 (2021: £ 620) was included within Other individuals.

3. OTHER TRADING ACTIVITIES

Current Year	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	2022	2022	2022	2021
	£	£	£	£
Social enterprise management support	12,663	-	12,663	4,183
Bank interest	152	-	152	-
	<u>12,815</u>	<u>-</u>	<u>12,815</u>	<u>4,183</u>
Prior Year	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	2021	2021	2021	2019
	£	£	£	£
Social enterprise management support	4,183	-	4,183	3,310
	<u>4,183</u>	<u>-</u>	<u>4,183</u>	<u>3,310</u>

ALFANAR (Company limited by guarantee no. 05141908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. INCOME FROM CHARITABLE ACTIVITIES

Current Year

	Unrestricted Funds	Restricted Funds	Total Funds
	2022	2022	2022
	£	£	£
Alfanar, Inc., US	56,273	-	56,273
Drosos Foundation	67,630	73,425	141,055
Global Fund for Widows	-	20,660	20,660
GIZ	-	450,092	450,092
LIFE Generation fund	-	40,979	40,979
Oxfam	201	-	201
SODIC	15,490	66,426	81,916
Other corporates	-	100,000	100,000
WasteAid	-	53,485	53,485
Other trusts and foundations	13,050	7,500	20,550
UK government Employment Allowance	5,000	-	5,000
	<u>157,644</u>	<u>812,567</u>	<u>970,211</u>

INCOME FROM CHARITABLE ACTIVITIES

Prior Year

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
The Asfari Foundation	-	125,000	125,000
Alfanar, Inc., US	22,151	-	22,151
Al Ghurair Foundation for Education (AGFE)	-	157,298	157,298
Bank of America	36,918	-	36,918
British Council (LEEP)	9,908	-	9,908
Drosos Foundation	62,907	126,027	188,934
GFA Consulting Group GmbH (GFA)	-	207,090	207,090
Impact Lebanon	-	178,881	178,881
LIFE Generation fund	-	39,734	39,734
Oxfam	7,007	64,136	71,143
Plan: Jordan Mubaderoon project	12,674	77,011	89,685
SODIC	12,393	71,035	83,428
Their World	18,568	185,681	204,249
Other trusts and foundations	45,246	16,311	61,557
UK Covid Job Retention Scheme	469	-	469
	<u>228,241</u>	<u>1,248,204</u>	<u>1,476,445</u>

Income under other corporates represents donations from 1 (2021: nil) corporation which prefers to remain anonymous in published accounts.
Income under Other Trusts and Foundations was received from 3 (2021: 8) organisations who wish to be anonymous in published financial statements.
In 2022 we received grants from the UK government totalling £Nil (2021:£469) through the Covid Job Retention Scheme.

5. EXPENDITURE

Current Year	Direct Staff costs	Other Direct costs	Support costs	Total 2022
	£	£	£	£
Costs of raising funds	142,940	231,493	144,472	518,905
Charitable activities	331,563	1,007,077	195,340	1,533,980
	<u>474,503</u>	<u>1,238,570</u>	<u>339,812</u>	<u>2,052,885</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 2021
	£	£	£	£
Costs of raising funds	128,864	76,011	74,016	278,891
Charitable activities	219,253	1,337,045	125,932	1,682,230
	<u>348,117</u>	<u>1,413,056</u>	<u>199,948</u>	<u>1,961,121</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:	2022	2021
	£	£
Auditors' remuneration for audit (excluding VAT)	20,350	13,975
Auditors' remuneration for other services	1,653	1,745
Depreciation	1,117	1,049
Operating lease rentals: property	<u>14,806</u>	<u>12,636</u>

ALFANAR (Company limited by guarantee no. 05141908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7. SUPPORT COSTS	2022	2021
	£	£
Governance: audit fee (including irrecoverable VAT)	19,264	16,770
Staff costs	188,606	97,022
Staff development	1,759	-
Accounting, payroll and compliance	4,843	4,340
Rent overseas office space	12,515	11,410
Rent UK office space	8,400	2,814
Legal and professional fees	18,279	13,618
Bank charges	8,060	5,664
Insurance	1,862	1,437
Realised loss/(gain) on foreign exchange	(8,215)	2,296
* Unrealised loss/(gain) on foreign exchange	21,919	5,390
Depreciation	1,117	1,049
Other	61,403	38,138

	339,812	199,948
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- Losses on foreign exchange are matched by a reduction in other areas of expenditure as income in currency is normally disbursed in that currency.

8. DIRECT COSTS OF CHARITABLE ACTIVITIES	2022	2021
	£	£
Grants Awarded		
- Egypt Portfolio (Sustain)		
Brighter Tomorrow for Child Protection (BTCPC)	19,330	58,991
Delta Oil	10,376	10,221
Duma	10,827	10,221
Educate Me	-	36,036
Emonovo (Marj3)	10,394	10,221
Future Eve Foundation	18,953	37,653
Heya Masr	4,757	11,795
Life Vision	12,989	29,327
Nakoll	10,394	10,221
Sprints	10,394	10,221
Startups Without Borders	-	9,982
Takafoo	-	1,902
Threads of Hope	10,378	10,221
Yadawee	10,376	9,982
	129,168	256,994
- Egypt Portfolio (Seed)		
Ataa Charitable Association	4,236	-
Future Zone	4,728	-
Maharat Vocational Training and Skills	4,729	-
Makouk Welada Advanced Games for Children	4,729	-
Man Ahyha Association	4,236	-
	22,658	-
- Lebanon Portfolio (Sustain)		
Ana Aqra	66,007	47,827
Bridge,Outsource.Transform (B.O.T.)	119,274	24,762
FabricAid	78,264	14,671
Inaash- Refugee Programme	20,063	32,661
L'Artisan du Liban	37,364	17,332
Lebanese Alternative Learning (Tabshoura)	91,375	112,266
Bedco by MARCH	47,130	-
MMKN- Refugee programme	-	67,807
NaTakallam- Refugee Programme	-	11,080
SE Factory	116,970	50,574
SE Factory- Refugee programme	-	29,074
ShareQ	24,753	-
Shatila Studio - Refugee Programme	16,101	-
WPA/Soufra/Nawras Preschool	13,520	-
	630,821	408,054
- Lebanon Portfolio (Seed)		
LiveLoveLebanon	-	24,652
Marsa	-	24,479
Vanina	-	24,479
FabricAid	-	24,530
Souk El Tayeb	-	24,485
L'Artisan du Liban	-	24,484
	-	147,109
- Emergency Lebanon Response		
Bedco by MARCH - Reconstruction	-	181,487
	-	181,487

ALFANAR (Company limited by guarantee no. 05141908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**8. DIRECT COSTS OF CHARITABLE ACTIVITIES (Continued)****- Palestine Portfolio (Seed)**

Al Reef for Investment and Agriculture	4,052	-
Flowless Smart Water	4,104	-
Sawaed 19	4,132	-
Sindyar Educational Media	4,071	-
Spark for Innovation and Creative Society	4,143	-
Waselat Al Muffaker	4,071	-
	<u>24,573</u>	-
Total Grants Awarded	807,220	993,644

¹ ASSET and AIM	12,768	3,786
² Miscellaneous social enterprise support costs	76,172	88,499
Impact Fund pre-start up activity costs	108,640	130,227
Accelerate Study Mission	2,277	11,677
³ Programme direct services	-	109,212
Total Other Direct Costs of Charitable activities	1,007,077	1,337,045

¹ ASSET (Alfanar Sustainable Social Enterprise Training) and AIM (Alfanar Impact Management) are two critical components of the support Alfanar provides to social enterprises beyond its grant funding.

² Miscellaneous social enterprise support costs includes contracted-out support to social enterprises covering: business planning, business training, marketing and video production costs. These were funded in 2021 through our agreements with Oxfam, Plan and GFA and in 2022 through our agreements with GFA and Asfari Foundation.

³ Programme direct services: the cost of our on the ground consultants providing our tailored management support, training and advice to Social Enterprises in Lebanon.

8a INVESTMENT SPEND

Investment spend is the total of direct staff expenditure and other direct costs of charitable activities.

	2022	2021
	£	£
Direct costs of charitable activities	1,007,077	1,337,045
Direct staff costs on charitable activities	331,563	219,253
Investment spend	<u>1,338,640</u>	<u>1,556,298</u>

9. STAFF COSTS

	2022	2021
	£	£
Gross salaries	340,794	296,737
Social security costs	40,169	28,842
Employer pension contributions	4,935	4,545
Salaries of overseas staff	273,610	112,694
Other overseas staff costs	3,601	2,321
	<u>663,109</u>	<u>445,139</u>

A total of 20 individual staff members were employed by the Charity and subsidiaries in the year (2021 : 10).

Number of employees whose salaries were in the following bands:	2022	2021
£90,000-£99,999	1	-
£80,000-£89,999	-	1
£70,000-£79,999	-	-
£60,000-£69,999	1	1

Aggregate employer's annual contributions to pension schemes for these staff	£1,321	£1,319
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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 £ 251,800 (2021: £211,846).

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

10. TANGIBLE FIXED ASSETS (Group and Charity)

Cost	Office Equipment
	£
At 1 January 2022	12,119
Additions in the year	1,836
At 31 December 2022	<u>13,955</u>
Depreciation	
At 1 January 2022	9,488
Charge for the year	1,117
At 31 December 2022	<u>10,605</u>
Net book value	
At 31 December 2022	<u>3,350</u>
At 31 December 2021	<u>2,631</u>

ALFANAR (Company limited by guarantee no. 05141908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**11. INVESTMENTS ASSETS AND SUBSIDIARIES (Group and Charity)**

Alfanar's investment at the balance sheet date in the wholly-owned share capital of the following unlisted companies is as follows:

	2022	2021
	£	£
i) Current assets	<u>1</u>	<u>1</u>
Total net assets	<u>1</u>	<u>1</u>
Called up share capital		
Beacon Social Capital Limited (Dormant, incorporated 28 December 2018)	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>
ii) Programme related equity investment at the balance sheet date:		
FabricAid \$100,000	<u>80,260</u>	<u>0</u>
	<u>80,260</u>	<u>0</u>

The equity investment in FabricAid consists of the \$60,000 convertible grant made in 2021 which was converted to equity in 2022 plus a further equity of investment of \$40,000 made in 2022. For this investment we acquired 2% of FabricAid's share capital. The equity investment gives Alfanar a seat on the board of FabricAid where we can more closely direct the social purpose of the organisation. The investment is carried on the balance sheet at cost less impairment.

iii) Alfanar Association Lebanon ("Alfanar Lebanon") is an association (No. 907) registered with in Lebanon it is regarded as a subsidiary of Alfanar as stated in the group accounting policy, although Alfanar has no equity investment in Alfanar Association Lebanon.

Alfanar Lebanon Income and Expenditure statement	2022	2021
	£	£
Income		
From UK	155,232	34,435
From other sources	7,283	25,878
Expenditure	155,347	50,297
Net movement in funds	<u>7,168</u>	<u>10,016</u>
Alfanar Lebanon Balance Sheet	£	£
Bank	17,184	10,016
Net Assets	<u>17,184</u>	<u>10,016</u>
Restricted Fund		
General Fund	<u>17,184</u>	<u>10,016</u>
	<u>17,184</u>	<u>10,016</u>

12. PROGRAMME RELATED INVESTMENTS (Group and Charity)

	2022	2021
	£	£
Repayable grants due within one year	15,697	41,418
Repayable grants due after more than one year	-	83,452
	<u>15,697</u>	<u>124,870</u>

The Programme related investments are:

1. A repayable grant included in our 2020 agreement with Future Eve Foundation, repayable over three years in equal instalments. One payment of £15,697 (EGP 471,300) remains outstanding due in December 2023.

-The repayable grant included in our 2021 agreement with FabricAid has been converted to grant expenditure.

-The convertible repayable grant to FabricAid Holdings of \$60,000 (£44,933) in 2021 has been converted into equity in 2022.

13. DEBTORS

Due within one year	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Grant debtors	166,228	18,484	166,228	18,484
Accrued income	376,452	323,068	376,452	323,068
Other debtors	712	7,673	712	425
Alfanar Lebanon	-	10,627	2,351	10,627
Prepayments	8,560	5,936	8,560	5,936
	<u>551,952</u>	<u>365,788</u>	<u>554,303</u>	<u>358,540</u>

14. CREDITORS

Due within one year	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	23,950	12,732	26,301	12,732
Taxation	12,419	8,663	12,419	8,663
Grants payable to investees	84,045	71,665	84,045	71,665
Defined contribution pension scheme payments	3,890	1,770	3,890	1,770
Other accruals	64,642	48,642	64,642	48,642
	<u>188,946</u>	<u>143,472</u>	<u>191,297</u>	<u>143,472</u>

ALFANAR (Company limited by guarantee (no. 05141908))

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. RESTRICTED FUNDS	GROUP						CHARITY					
	Current Year	Brought Forward	Income	Expenditure	Transfers	Carried Forward	Brought Forward	Income	Expenditure	Transfers	Carried Forward	
	£	£	£	£	£	£	£	£	£	£	£	
Egypt												
Egypt Fund	3,000	3,000	13,700	3,000		13,700	3,000	13,700	3,000		13,700	
Education in Egypt												
Educate Me	11,936				(11,936)					(11,936)		
BTCP			16,418	16,330		88		16,418	16,330		88	
Heya Masr			6,424	4,757		1,667		6,424	4,757		1,667	
Seed Cycle			41,352	37,560		3,792		41,352	37,560		3,792	
General Education			11,607		11,936	23,543		11,607		11,936	23,543	
Women and Youth Employment in Egypt												
Future Eve Foundation	85,958		23,660	23,660		85,958		23,660	23,660		85,958	
Life Vision			3,000	3,000				3,000	3,000			
SEMD Programme												
Technical Assistance	75,266			46,520		28,746			46,520		28,746	
Emonovo (Mar3)	5,238		6,973	10,394		1,817		6,973	10,394		1,817	
Delta Oil	5,238		8,774	10,378		3,634		8,774	10,378		3,634	
Duma	5,238		9,240	10,827		3,651		9,240	10,827		3,651	
Nakoll	5,238		9,243	10,394		4,087		9,243	10,394		4,087	
Sprints	5,238		6,994	10,394		1,838		6,994	10,394		1,838	
Threads of Hope	5,238		9,243	10,378		4,103		9,243	10,378		4,103	
Start-ups without borders	5,238		14,314	6,209		13,343		14,314	6,209		13,343	
Yadawee	5,238		15,454	16,587		4,105		15,454	16,587		4,105	
Egypt Environment fund												
Seed Cycle			53,485	7,297		46,188		53,485	7,297		46,188	
Lebanon												
Lebanon Fund			3,350		1,560	4,910		3,350		1,560	4,910	
Education in Lebanon												
MMKN	1,560				(1,560)					(1,560)		
Tabshoura			124,633	32,842		91,791		124,633	32,842		91,791	
Women and Youth Employment in Lebanon												
Ana Aqra	66,005			66,005					66,005			
BOT	61,816		56,713	80,316		38,213		56,713	80,316		38,213	
SE Factory	61,934		77,691	77,427		62,198		77,691	77,427		62,198	
GIZ EPL Project			450,092	243,041		207,051		450,092	243,041		207,051	
Emergency/Environment Lebanon												
Lebanese Food Bank	21,962			21,962					(21,962)			
FabricAid					21,962				21,962			
Refugees in Lebanon												
Shatila Studio	17,538			17,538					17,538			
WPA Nawras Pre-School	12,547			12,547					12,547			
Emergency Response												
Emergency Lebanon Campaign												
Emergency Lebanon Restricted General	159,303			70,007		89,296			70,007		82,048	
Souffra - Hot meals	2,504			973		1,531			973		1,531	
Jordan												
Palestine												
Palestine SE programme	50,000			47,674		2,326			47,674		2,326	
UK												
Accelerate Study Missions	19,498			2,277		17,221			2,277		17,221	
Impact Investment pre start-up Fund			1,500	1,500				1,500	1,500			
Alfanar Development	64,316			52,719		11,597			52,719		11,597	
TOTAL RESTRICTED FUNDS	757,047		963,860	954,513		766,394		963,860	954,513		759,146	

ALFANAR (Company limited by guarantee no. 05141908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. RESTRICTED FUNDS	Prior Year	GROUP				CHARITY					
		Brought Forward	Income	Expenditure	Transfers	Carried Forward	Brought Forward	Income	Expenditure	Transfers	Carried Forward
		£	£	£	£	£	£	£	£	£	£
Egypt											
Egypt Fund	8,325	3,000	8,325		3,000	8,325	3,000	8,325		3,000	
Education in Egypt	67	25,654	13,785		11,936		25,654	13,785		11,936	
Educate Me	14,832	5,586	24,146	3,728	-		5,586	24,146	3,728	-	
BTCP											
Women and Youth Employment in Egypt											
Future Eye Foundation	64,423	47,274	25,739		85,958		47,274	25,739		85,958	
Life Vision	9,474	3,692	13,166		-		3,692	13,166		-	
Takafoo	487	-	487		-		487	487		-	
Together For You	3,728	-	-	(3,728)	-		-	-	(3,728)	-	
SEMD Programme											
Technical Assistance	-	157,091	81,825		75,266		157,091	81,825		75,266	
Emonovo (Marj3)	-	6,250	1,012		5,238		6,250	1,012		5,238	
Delta Oil	-	9,090	3,852		5,238		9,090	3,852		5,238	
Duma	-	6,250	1,012		5,238		6,250	1,012		5,238	
Nakoll	-	6,250	1,012		5,238		6,250	1,012		5,238	
Sprints	-	6,250	1,012		5,238		6,250	1,012		5,238	
Threads of Hope	-	8,250	3,012		5,238		8,250	3,012		5,238	
Start-ups without borders	-	8,663	3,425		5,238		8,663	3,425		5,238	
Yadawee	-	6,250	1,012		5,238		6,250	1,012		5,238	
Lebanon											
Education in Lebanon											
MMKN	(1,440)	3,000	-		1,560		(1,440)	-		1,560	
Tabshoura	8,299	77,453	85,752		-		8,299	85,752		-	
Women and Youth Employment in Lebanon											
Ana Agra	1,988	113,832	47,827		66,005		113,832	47,827		66,005	
BOT	31,337	84,590	24,762		61,816		1,988	24,762		61,816	
SE Factory	21,962	81,171	50,574		61,934		31,337	50,574		61,934	
Emergency/Environment Lebanon											
Lebanese Food Bank	-	-	-		21,962		-	-		21,962	
Refugees in Lebanon											
Inaash	-	6,778	6,778		-		-	6,778		-	
NatTakallam	134	3,547	3,681		-		134	3,681		-	
Shatila Studio	17,538	-	-		17,538		17,538	-		17,538	
WPA Nawras Pre-School	-	12,547	-		12,547		-	-		12,547	
AI Ghurair Foundation (AGFE) SE Factory	(19,988)	49,062	29,074		-		(19,988)	29,074		-	
AI Ghurair Foundation (AGFE) MMKN	(5,615)	73,591	67,976		-		(5,615)	67,976		-	
AI Ghurair Foundation (AGFE) SE Support	(18,375)	34,645	16,270		-		(18,375)	16,270		-	
Emergency Response											
Emergency Lebanon Campaign											
Emergency Lebanon Restricted General	178,263	44,854	63,814		159,303		178,263	45,184		152,055	
Impact Lebanon	94,356	178,881	273,237		-		94,356	178,881		-	
Soufira - Hot meals	2,504	-	-		2,504		2,504	-		2,504	
Pepsico/March NGO -Bedco for reconstruction	12,896	-	12,896		-		12,896	-		-	
Oxfam	47,443	64,136	111,579		-		47,443	111,579		-	
Jordan											
Plan- Mubadereon project	-	77,011	67,919		-		-	67,919		-	
Palestine											
Palestine SE programme	-	50,000	-		50,000		-	-		50,000	
UK											
Accelerate Study Missions	24,346	6,829	11,677		19,498		24,346	11,677		19,498	
Impact Investment pre start-up Fund	31,574	2,500	34,074		-		31,574	34,074		-	
Alfanar Capacity Building	30,000	-	30,000		-		30,000	30,000		-	
Alfanar Development	58,457	75,000	69,141		64,316		58,457	69,141		64,316	
TOTAL RESTRICTED FUNDS	607,923	1,338,977	1,189,853	-	757,047		607,923	1,313,099	1,171,223	-	749,799

ALFANAR (Company limited by guarantee no. 05141908)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Transfers. Transfers between funds in the current year have been described within the following notes on each relevant fund.

Egypt fund holds income specifically restricted to social enterprise grants and support activities in Egypt. Allocation to specific projects is at the discretion of the Board. In 2022 funds were used to support Bright Tomorrow for Child Protection (BTCP) (2021: BTCP £4,436 and Future Eve £3,889).

Educate Me runs an innovative community education programme which emphasises character development and self-actualisation alongside the traditional curriculum in 150 public schools across six governorates in Egypt. It also conducts teacher training to a wider group of nearly 5,000 educators. This social investment is generously supported by SODIC and funds raised during the 2020 Survive and Thrive campaign. Unused funds at the end of 2021 were transferred with the donor's approval to a general Egypt Education fund.

Brighter Tomorrow for Child Protection (BTCP) is based in Alexandria and supports the social and educational reintegration of children with disabilities, particularly those on the autism spectrum. It is financed from funds raised through the 2020 Survive and Thrive campaign and from the Egypt General fund.

Future Eve Foundation (FEF) is an active investment and continues to be generously supported by the Global Fund for Widows (GFW). A growing portfolio of housing improvement loans launched by FEF is being supported by SODIC. GFW continues to provide technical assistance to this investment. Delays in obtaining MOSS approval for the micro loans extension have resulted in a larger than anticipated carry forward figure. This will be spent in 2023.

Life Vision economically empowers smallhold female farmers through Farmer Field Schools and literacy classes. In 2022 a specific donation was made to support this investee. In 2021 this investment was covered by funds raised in the 2021 Join the Journey campaign.

Takafoo works in the Minya region training and helping women secure reliable, safe farm work. In 2021 this investment in was supported by the balance of funds raised in our 2020 Survive and Thrive campaign.

Strengthening Social Enterprise for Migration and Development (SEMD) Programme. This is a two year programme 50% funded by GFA Consulting Group GmbH with Swiss Development Corporation funds. It involves the selection of eight social enterprises for financial and technical support. The first grant payments were made in 2021 and the second payments were made in 2022. The programme was extended by GFA to April 2023. The final trainings and grant disbursements will take place in 2023.

MMKN. The small balance at the end of 2021 was transferred, with the donor's agreement, to the Lebanon Fund, specifically to cover funding gaps for the Lebanon portfolio.

Tabshoura (Lebanese Alternative Learning) provides a free, accessible and interactive online learning platform to support teachers and students with the Lebanese curriculum. This investment is supported by a corporate donor which wishes to remain anonymous, and an individual donor. In 2021 Their World's Digital Learning Early Childhood Education project supported the programme in addition to the funds raised in the 2020 Survive and Thrive campaign.

Ana Aqra advances literacy and autonomous learning for underprivileged children in Lebanese public schools. It has also expanded its services to address the educational, cultural and psychosocial needs of communities within and surrounding the public educational system. Ana Aqra's core programmes focus on student integration, student retention and teacher training towards long-term sustainability. 2021 saw our 4th year of investment in the programme. It was supported through Their World's Digital Learning Early Childhood Education project. Delays in the programme due to physical and economic disruptions led the project to underspend by \$51,245 (£46,174). We exited this programme in 2022, and returned to Their World the amount of the underspend.

BOT (Bridge.Outsource.Transform.) enables hundreds of disadvantaged, marginalised youth in Lebanon, opportunities to work in the digital freelance market. This investment in 2022 was supported by Drosos and the new GIZ programme. (2021: Drosos, Lebanese International Finance Executives (LIFE) and funds raised in our 2020 Survive and Thrive campaign).

SE Factory is an intensive, 3-month full-stack web development training programme and job placement initiative launched by the Nawaya Network, helping underprivileged youth to develop the skills and mindset needed to land coding jobs in the region's tech sector. 2022 SE Factory was part of our new programme supported by GIZ. This project also continued to receive Drosos support. (2021: Drosos and Bank of America Foundation supported our second year of Long Term Investment).

Lebanese Food Bank This pilot investment works in Lebanon to reduce food waste and alleviate hunger. It received support from our 2020 Survive and Thrive campaign. Funds in excess of our pilot involvement were received. In 2022 key donors agreed that we could use these funds to cover our support for FabricAid.

FabricAid. This Sustain investment is supported from funds raised in the emergency appeal, including the transfer from the Lebanese Food Bank project, in 2020 addressing the ongoing cost of living crisis in Lebanon and environmental issues. In 2022 it is part of our GIZ funded programme.

Inaash creates dignified employment for nearly 400 female Palestinian refugees through embroidery and high-quality textile production. This investment in 2021 was partially funded by funds raised through our 2021 Join the Journey campaign.

NaTakallam creates steady, dignified employment for Syrian refugees and vulnerable host community members as Arabic practice partners, teachers and translators for Arabic learners and institutions worldwide using online communication technology. In 2021, our investment was partly funded through funds raised in our 2021 Join the Journey Campaign. There was no activity with Natacallam in 2022 but we have secured funding for a new agreement in 2023.

ALFANAR (Company limited by guarantee no. 05141908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Shatila Studio provides dignified employment to Syrian refugees inside the Shatila refugee camp in Beirut by employing them as artisans in needlework, embroidery and textile production. This investment is supported by an individual supporter. Expenditure was on hold in 2021 awaiting a new business plan. Disbursements resumed in 2022.

WPA Nawras Pre-School is the culmination of a multi-year investment with the Women's Program Association (WPA) in Burj al Barajneh that led to the creation of the Soufra catering unit and foodtruck, microloans to women in the camp and the establishment of the Nawras preschool providing early childhood education to around 100 children. In 2020, Alfanar concluded its venture philanthropy investment in WPA thanks to the support of generous individuals. Separately, as part of our Emergency Lebanon Appeal, we worked through Soufra to provide hot meals to hundreds of families impacted by the Beirut blast. Funds received late in 2020 were held in 2021 while we discussed with WPA and agreed the best use for the investment. These funds were disbursed in 2022.

Al Ghurair Foundation for Education (AGFE) is focussed on providing support to refugees. It is helping to fund our work amongst refugees through MMKN and SE Factory. It provides for grants to be made and covers part of our technical assistance staff costs relating to these investees. This two year project commenced in August 2019.

Emergency Response Funds. During 2020, Alfanar ran the Survive and Thrive campaign in response to the COVID-19 pandemic and the Emergency Lebanon Appeal in response to the 4 August 2020 Beirut port explosion. Emergency projects supported by these campaigns included: facemask projects, foodboxes and hot meals to vulnerable families.

Disbursements in 2022 provided finance and programme support to local social enterprises, March NGO, L'Artisan Du Liban, Tabshoura and Inaash. The total carried forward in this area is £90,827 (2021: £161,817), has been disbursed in 2023 to Emergency food programmes (£70,083) and the final payments, in line with their agreements, to the four social enterprises funded in 2022.

PLAN-Mubaderoon Project is an EU-funded project that enabled Alfanar to train and build the capacities of 60 growth-stage social enterprises focused on women's empowerment across East Amman, Ajloun and Tafleeh in Jordan. This project finished in September 2021.

Palestine. This fund, provided by Asfari Foundation, is to enable us to expand our work to social enterprises based in Palestine. In 2022 we identified suitable social enterprises and set up our first SEED cycle providing training, mentoring and the first award payments to six successful social enterprises completing the programme. This is also funded from our Palestine designated fund

Accelerate Study Missions expose our social entrepreneurs to best-in-class social enterprises in the developing South achieving scale and sustainability in their respective sectors. They were postponed in 2020 due to COVID-19. They are generously supported by a generous individual. In 2022 we took two investees to a market exploration event in London. 2021 we ran a market place investigation with two Lebanese social enterprises partly supported by Institute Francaise.

Impact Investment pre start-up Fund represents pre-start-up ecosystem, pipeline and investment strategy analysis aimed at supporting the eventual launch of an impact investment vehicle to extend the financing life cycle for investor-ready social enterprises across the Arab region. In 2021 this investment received support from the IFC and a private foundation. In 2022 the project was supported from Alfanar general funds, other than some legal costs covered by an individual donor.

Alfanar Capacity Building Fund was made possible in 2021 by the generous donation of an individual supporter who restricted their donation to support Alfanar's growth.

Alfanar Development Fund. Alfanar received a generous three-year grant in 2019 from The Asfari Foundation to support the growth and strengthening of Alfanar's staff and business model. It includes funding for the development and digitisation of ASSET modules, hiring fundraising and other support and investing in staff development. Delays in 2020 arose as we pivoted our focus to respond to the pandemic and the Beirut blast; this development programme resumed in 2021 with a new budget agreed with Asfari. 2022 expenditure allowed us to use some of the funds towards our much needed new system for donor relationship and grant management. The fund carried forward balance will be used in 2023 to cover digitisation of our ASSET modules.

ALFANAR (Company limited by guarantee no. 05141908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16. DESIGNATED FUNDS (Group and Charity)

Current year	Brought Forward	Income	Expenditure	Transfer New Assets	Carried Forward
	£	£	£		£
Tangible Fixed Assets	2,631	-	(1,117)	1,836	3,350
Palestine Fund	-	50,000	(23,101)		26,899
TOTAL DESIGNATED FUNDS	2,631	50,000	(24,218)	1,836	30,249

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

The Palestine Fund represents an unrestricted donation from an individual supporter who was keen to support our new opportunities in Palestine. The board agreed to designate these funds for that purpose to be spent by the end of 2023.

Prior Year	Brought Forward	Income	Expenditure	Transfer New Assets	Carried Forward
	£	£	£		£
Tangible Fixed Assets	3,680	-	(1,049)	-	2,631
TOTAL DESIGNATED FUNDS	3,680	-	(1,049)	-	2,631

17. MOVEMENT OF FUNDS IN THE YEAR

Current year (Group)

	1 January 2022	Income	Expenditure	Transfers	31 December 2022
	£	£	£	£	£
Designated funds	2,631	50,000	24,218	1,836	30,249
General fund	244,544	1,489,993	1,074,154	1,836	658,547
	247,175	1,539,993	1,098,372	-	688,796
Restricted funds	757,047	963,860	954,513	-	766,394
TOTAL FUNDS	1,004,222	2,503,853	2,052,885	-	1,455,190

Current year (Charity)

	1 January 2022	Income	Expenditure	Transfers	31 December 2022
	£	£	£	£	£
Designated funds	2,631	50,000	24,218	1,836	30,249
General fund	233,950	1,482,675	1,066,143	1,836	648,646
	236,581	1,532,675	1,090,361	-	678,895
Restricted funds	749,799	963,860	954,513	-	759,146
TOTAL FUNDS	986,380	2,496,535	2,044,874	-	1,438,041

Prior year (Group)

	Brought Forward 1 January 2021	Income	Expenditure	Transfers	Carried Forward 31 December 2021
	£	£	£	£	£
Designated funds	3,680	-	(1,049)	-	2,631
General fund	226,970	787,793	(770,219)	-	244,544
	230,650	787,793	(771,268)	-	247,175
Restricted funds	607,923	1,338,977	(1,189,853)	-	757,047
TOTAL FUNDS	838,573	2,126,770	(1,961,121)	-	1,004,222

Prior year (Charity)

	Brought Forward 1 January 2021	Income	Expenditure	Transfers	Carried Forward 31 December 2021
	£	£	£	£	£
Designated funds	3,680	-	(1,049)	-	2,631
General fund	226,970	787,793	(780,813)	-	233,950
	230,650	787,793	(781,862)	-	236,581
Restricted funds	607,923	1,313,099	(1,171,223)	-	749,799
TOTAL FUNDS	838,573	2,100,892	(1,953,085)	-	986,380

ALFANAR (Company limited by guarantee no. 05141908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Current year	Group			Charity		
	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £
Tangible fixed assets	3,350	-	3,350	3,350	-	3,350
Investment Assets	80,261	-	80,261	80,261	-	80,261
Net current assets	605,185	766,394	1,371,579	595,284	759,146	1,354,430
	<u>688,796</u>	<u>766,394</u>	<u>1,455,190</u>	<u>678,895</u>	<u>759,146</u>	<u>1,438,041</u>
Prior year	Group			Charity		
	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £
Tangible fixed assets	2,632	-	2,632	2,632	-	2,632
Net current assets	244,543	757,047	1,001,590	233,949	749,799	983,748
	<u>247,175</u>	<u>757,047</u>	<u>1,004,222</u>	<u>236,581</u>	<u>749,799</u>	<u>986,380</u>

19. RELATED PARTIES

Alfanar rents and pays for UK office space at less than market rates from 'Common Purpose', where Julia Middleton (trustee) is the Founder and currently Innovations Officer. The cost in the year was **£8,400** (2021: £2,814). In the year, our occupancy grew as Covid restrictions and mitigations were relaxed.

During the year, Trustees donated **£323,228** (2021: £177,817) in total, including board pledges, gifts at events and other campaign donations to Alfanar's general funds. In addition members of the Alfanar, Inc., US board donated **£7,608** (2021: £8,109).

20. LEASE COMMITMENT

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

	2022 £	2021 £
Less than 1 year	7,768	4,219
	<u>7,768</u>	<u>4,219</u>

Thank You

We would like to extend our heartfelt thanks to all our donors, advisors and pro-bono supporters for making our work possible.

Alfanar Inc., US Board

Gretchen Welch (Chair)
Carol Prendergast
Cynthia J. Oakes
Mark Huang

Alfanar Lebanon Board & Advisors

Myrna Atalla (President)
Alfred Kettaneh
Carine Assouad
Caroline Fattal
Cesar Kastoun
Chadia El Meouchi
Hadia Ghandour
Nadim Aouad
Randa Jamali
Sallama Bu Haidar Al Sayegh

Advisors

Amanda Scott
Antonio Licata di Baucina
Badri & Salim El Meouchi
Baker McKenzie
Beirut Digital District
Cherine Helmy
Christie's
Differentia Consulting
Dr. Barbara Ibrahim
Freshfields Bruckhaus Deringer
Grant Thornton Egypt
Hala Gorani
Hend Sabry
Hogan Lovells
Qlik
Robert Cartwright
Siham Bortcosh
Laura Stojcevic
Matthew Courey
Nafez Dakkak
Ryan Sturgill
Tamtam

OUR PARTNERS

Individual Donors

We thank the 143 individual donors for their generous contributions to Alfanar's venture philanthropy mission in 2022.

Institutional & Corporate Partners



Empowering Enterprise for Social Change

Alfanar UK

38 Artillery Lane, London E1 7LS
Company registration number: 5141908
Charity registration number: 1105048
Tel: +44 (0) 207 608 8144
info@alfanar.org

Alfanar, Inc., US

c/o Hurwit & Associates, 1150 Walnut Street
(2nd Floor), Newton, Massachusetts 02461
EIN-75-31970321

Global Leadership Team

Myrna Atalla (Executive Director)
Fadel Zayan (Investment Director)
Nicolas Kröger (Operations Director)
Shenouda Bissada (Egypt Country Director)
Kim Issa (Lebanon Country Director)
Suha Abdul Rahim (Jordan Country Director)
Michelle Mouracade (Impact Fund Advisor)

Trustees

Lubna S. Olayan (Chair)
Hussain Al Nowais
Samir Assaf
Amjad Bseisu
Charlotte Boyle
Sherif Foda
Maysa Jalbout
Julia Middleton
Cynthia J. Oakes

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ALFANAR

England & Wales - Charity number 1105048

Accounts



2021 ANNUAL REPORT

*Empowering Enterprise
for Social Change*

ALFANAR

Our Vision

Educated and Economically Empowered Citizens

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

Our Mission

Turning Social Investment into Sustainable Change

Alfanar strives to improve the lives of underprivileged women, youth and children, including refugees, by supporting the growth of sustainable, scalable social enterprises.

Priority Areas

Education, Employment, Empowerment & Environment

We focus our efforts on the most vulnerable sections of society and work to progress the UN's Sustainable Development Goals in the following areas:

4 QUALITY
EDUCATION



8 DECENT WORK AND
ECONOMIC GROWTH



10 REDUCED
INEQUALITIES



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION

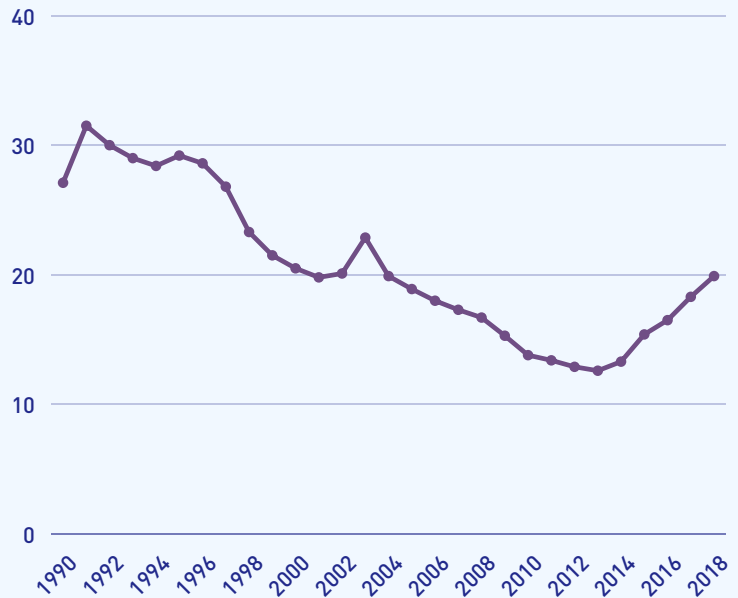


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While poverty rates continue to fall globally, the Middle East and North Africa (MENA) is the only region where poverty is rising.*



% of MENA Population Living Under \$3.20 US per day

- +50% of children in MENA countries suffer from “learning poverty”, meaning they cannot read and understand an age-appropriate text by age 10
- Youth unemployment rates in MENA countries have been the highest in the world for 25 years, rising above 30% in many countries and reaching 42% for young women
- Just 27% of women in the MENA region are represented formally in the labour market on average - the region with the world’s lowest rate of women’s participation in the labour force
- Regionally, MENA has hosted the largest number of refugees and migrants in the world, disproportionately bearing the burden of economic crisis and exclusion from the labour market. For example, 89% of refugees in Lebanon live in extreme poverty
- MENA uses more water than is replenished, undermining agricultural production & threatening human health

WELCOME

Dear Friends,

The challenges facing the Arab region are daunting. As the only region globally in which poverty is rising, over 50% of children are unable to read an age-appropriate text by the age of 10, over 30% of youth have no work and women remain persistently excluded, it can be difficult to know where to start to drive sustainable change.

At Alfano, through the tireless efforts of our teams in Cairo, Beirut, Amman and London, we find and support bold social entrepreneurs innovating effective solutions that reverse these dismal trends and uplift communities in need. Despite facing multiple crises, we are inspired and galvanised by their unwavering commitment, response and action.

Thanks to the support of hundreds of generous individuals and institutional partners, Alfano is proud to provide a critical lifeline to frontline social enterprises across the Arab region. This year, we have deployed our venture philanthropy funding, training, mentorship and impact management to enable over 100 social enterprises across Egypt, Lebanon and Jordan to: a) grow their impact for the vulnerable, b) strengthen their operations and c) increase their self-generated revenue and long-term financial sustainability.

Over the past 18 years, we have enabled our social entrepreneurs to directly improve the lives of over 180,000 vulnerable children, youth and women, including refugees. This includes over 37,000 children receiving quality education and over 22,000 disadvantaged women securing stable work and incomes with which to support their families. We have also enabled 52% of our social enterprises since 2015 to grow their impact sustainably or reach break even by increasing their self-generated (non-grant and non-donation-based) revenue.

Alfano is proud to provide a critical lifeline to frontline social enterprises across the Arab region



In the following pages, we invite you to learn more about the impact of Alfano's venture philanthropy support, the sustainable change our remarkable social enterprises are making and our plans to accelerate and scale our impact and reach over the coming four years.

We would like to thank our departing Board members Lady Plumbly and Dr. Laila Iskander for their many years of service and support in helping build up Alfano, and warmly welcome our newest Trustee Hussein Al Nowais.

It is only through your continued belief, support and partnership, especially during these uncertain times, that we are able to stand by social enterprises defying numerous obstacles to sustainably educate, employ and empower those in need across the Arab region.



Lubna S. Olayan
Board Chair



Myrna Atalla
Executive Director



Through Alfano's funding and management support over the years, we have seen how social enterprise can sustainably support women farmers across Egypt.

**Mona Wissa,
Life Vision CEO
Alfanar Egypt Portfolio**

2021 IN NUMBERS

22

social enterprises funded

108

social enterprises trained

8

mgmt support programmes

80,684

lives directly improved by social enterprises

£2.3M

revenue self-generated by social enterprises

12

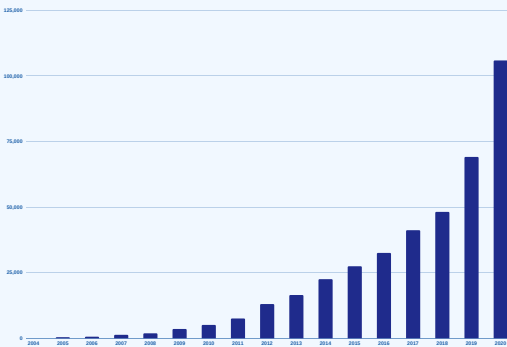
impact dashboards developed

15,531

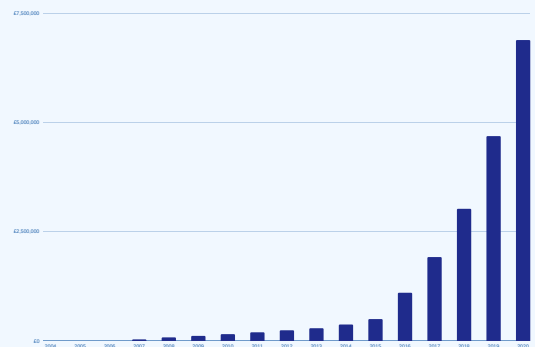
hours of Alfamar management support delivered

65%

cost recovery of social enterprises



40% Lives Impacted Growth Rate (CAGR)



36% Income Generation Growth Rate (CAGR)

OUR PROCESS

Alfanar's rigorous, tried-and-tested venture philanthropy methodology has been refined over the past 18 years.

Combining the spirit of philanthropy with the rigour of private sector investment, we support ambitious social enterprises (SEs) to grow their social impact on disadvantaged communities while increasing their financial sustainability.



Tailored Financing

Portfolio SEs can expect patient grants and interest-free loans over 3 to 5 years (often +£250k), providing the security they need to focus on growth and refine financial and impact models.



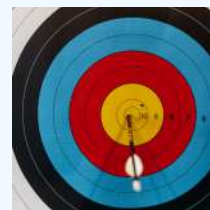
Mentorship

The mentorship we provide is the real glue to our venture philanthropy support and is regularly cited by our SEs as a significant benefit to their growth.



Training

Through Alfanar Sustainable Social Enterprise Training (ASSET), we provide SEs with the knowledge and tools they need to grow their businesses and impact sustainably.



Impact Management

Through real-time monitoring and evaluation apps, we help SEs track their performance and ensure that they are meeting key financial, organisational and social impact goals.



Business Planning

A key milestone in our process is the development of a backable three-year business plan, giving SEs a clear roadmap toward sustainable growth.



Access to Networks

We bring together our SEs on a quarterly basis and leverage our networks to facilitate relevant introductions based on our SEs' connection needs, from either a business or impact perspective.



Study Missions

We endeavour to expose our SEs to best practices, peers in other countries and meaningful contacts that will help further their impact aims.

OUR VENTURE PHILANTHROPY CRITERIA

We support social enterprises that are:

- Improving the lives of disadvantaged children, youth and women;
- Ambitious and entrepreneurial in spirit and drive;
- Working to impact more lives over time;
- Working to increase financial sustainability through sale of goods and services;
- Led by a backable CEO and a strong management team;
- Looking for and open to management support, organisational strengthening and capacity-building to grow;
- Addressing at least one of these Sustainable Development Goals:



SEED

Due Diligence

We identify promising, ambitious SEs that meet our key criteria, and conduct rigorous due diligence and background checks.

Pilot

Following approval from our Investment Committee and Board, SEs selected for pilot receive tailored financing, regular mentorship and technical support over a one-year period.

SUSTAIN

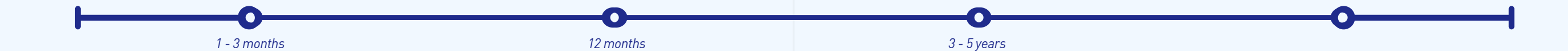
Long-Term Support

After pilot, we provide 3-5 years of funding and management support to the most promising SEs to help them to operate sustainably or become ready for impact investment.

SCALE

Exit and/or Invest

Once our SEs are financially and operationally sustainable and creating lasting social impact, we exit. Suitable SEs are recommended for impact investment. Alumni SEs continue to attend quarterly SE gatherings.



TRAINING & MENTORSHIP

In addition to Alfanar's signature long-term grant funding, a key aspect of our support is systematically providing social enterprises with the skills and know-how they need to strengthen their organisations, scale their impact and enhance their financial sustainability.

Alfanar's twelve module training programme, known as the Alfanar Sustainable Social Enterprise Training (ASSET), is delivered in full to all SEs within our portfolio as a core pillar of our venture philanthropy support.

We also work with corporates, foundations and ecosystem partners to provide ASSET training to social enterprises outside of our venture philanthropy portfolio who wish to grow their organisations, income and impact.

ASSET covers core topics including Theory of Change, Impact Modelling and Measurement, Financial Management and Business Planning.

Through Alfanar's training and mentorship, social enterprises are empowered to achieve 150+ key deliverables linked to best practice and good governance, including the development of vision, mission and values statements, logical frameworks, strategic plans, impact measurement systems, RACI matrices and policy handbooks.

In 2021, our dedicated team provided 15,531 hours of training and one-to-one mentorship to 108 social enterprises -- whether portfolio SEs or SEs benefiting from our management support programmes -- operating in Egypt, Lebanon, Jordan and across the MENA region.

ACCESS TO NETWORKS

Drawing on extensive professional networks, we connect our social enterprises to pro-bono supporters, sector experts, and new market opportunities.

Among the valuable contributions we endeavour to make to our social entrepreneurs is access to new networks and partnerships. We organise virtual or in-person Impact Connector events that enable our social entrepreneurs to connect with one another and with strategic partners that help scale their impact and drive their sales, thus creating opportunities for them in new markets.

For our donor networks and philanthropists, we host in-country visits to enable them to connect directly with our social entrepreneurs and see their impact live. Such in-person visits have proven effective in empowering long-term partnership from donors and philanthropists.

In October 2021, we led a market exploration study mission to Paris, France with the support of L'Institut Francais du Liban and a private donor. We enabled four social enterprises from Lebanon: Inaash, L'Artisan du Liban, Creative Space Beirut and FabricAID to unearth new market opportunities and build relationships with each other and with Alfanar's broader network. The exchange led to concrete business opportunities for participating social enterprises.

IMPACT MEASUREMENT & MANAGEMENT

Providing social enterprises with real-time impact management tools enables them to better analyse their performance and make evidence-informed management decisions.

Through Alfanar Impact Management (AIM), we work closely with our social enterprises to develop bespoke, social enterprise-specific digital applications that enable us to monitor their progress on key impact, operational and revenue metrics, ensuring that they are on track to meet growth targets and have the information they need to change course when issues arise.

By taking a rigorous approach to collecting, measuring and analysing data, Alfanar enables social enterprises to use data and evidence to refine their impact and revenue models and to make better decisions.

82%

of Alfanar SEs say that they benefit from **monitoring and evaluation support and coaching**

75%

of Alfanar SEs say that AIM helps them to **make better management decisions**

Through automation, AIM improves efficiency and reduces the burden of reporting, turning an obligation into a tool that can have significant strategic and management benefits.

In addition to supporting the professionalisation and development of our 22 portfolio SE's databases and Monitoring & Evaluation (M&E) systems, in 2021 we developed digital AIM dashboards for eight more social enterprises (Heya Masr, IECD, Creative Space Beirut, LAL Tabshoura, B.O.T, Inaash and NaTakallam).

We also created four collaborative special project applications for the following management support programmes:

- Mubaderoon, to track the learning outcomes for the 60 social enterprises receiving Alfanar's training in Jordan (see page 32 for more)
- Drosos, to track the impact of the 8 participating social enterprises receiving Alfanar's management support (see page 33 for more)
- Beirut Blast Reconstruction, to map BEDCO's Alfanar-funded reconstruction efforts for 67 small businesses and 3 schools damaged by the August 4th 2020 Beirut explosion
- Emergency Lebanon Food Relief, to track the collective food relief efforts of ShareQ, Souk El Tayeb and WPA throughout Lebanon.

We also developed and piloted a new digital system, the Social Enterprise Progress Tracker, that our Portfolio Managers use to systematise their management support. It allows our SE's to track and analyse their organisational development and growth, focusing on key areas such as impact management, business planning, governance, financial management, HR management and scaling, with the aim of improving organisational efficiencies, identifying key areas requiring improvement and enabling Alfanar to better target our mentorship and management support.

After a successful trial with our portfolio social enterprise in Lebanon LAL Tabshoura, in 2022 we aim to roll out this tool out for the benefit of additional portfolio SEs.



ENABLING SCALE THROUGH IMPACT INVESTMENT

Alfanar is working to extend the financing lifecycle for impact investment-ready social enterprises through the launch of a regional impact investment vehicle.

Many social entrepreneurs graduating from accelerators and incubators in the MENA region are left struggling to drive impact and revenue growth due to scarce resources and a lack of available growth-stage financing.

Several social enterprises within Alfanar's current portfolio are increasingly ready to grow through social franchising, branching, and other scaling options.

Alfanar seeks to address the critical financing and management support gap for social enterprises and social businesses in the scale up phase through the launch of the region's first impact investment vehicle.

The aim of this vehicle, which will be run as a sister entity to Alfanar, is to help social enterprises maximise their social or environmental impact and grow their social purpose or green businesses while achieving positive returns on investor capital.

Over the past two years, with the support of Alfanar's Board, the IFC, the Asfari Foundation, USAID in Lebanon and a private foundation, we have made significant progress on pre-start-up analysis required to launch of the fund.

In 2021, we made a repayable convertible grant to FabricAID, one of our Lebanon Portfolio social enterprises, which became our first equity investment in early 2022, enabling it to grow within Lebanon and expand to Jordan. Our investment came alongside a regional venture capital fund, marking a first critical step for Alfanar in the direction of impact investment.



BUILDING AWARENESS AND COMMUNITY

We build awareness of social enterprise and venture philanthropy through online events, panel appearances and speaking engagements.

Given continued COVID-19 restrictions throughout 2021, we took advantage of online tools to increase the touch points between Alfanar and our growing community of supporters. With the aim of building awareness and dialogue around how to practice strategic philanthropy and effectively support frontline social enterprises in uncertain times, we held a series of online events in early 2021 that brought together over 200 engaged attendees.

In January 2021, we kicked off the year with 'Maximising Your Impact in Times of Crisis', a two-part webinar series exploring perspectives on how to effectively deliver social impact in times of crisis. The first webinar featured impact experts Caroline Fiennes of Giving Evidence and Peter Greer of Hope International, moderated by Alfanar Innovation Advisor and Senior Lecturer at Yale School of Management Dr. Teresa Chahine.



Alfanar's virtual event 'Social Entrepreneurs Overcoming Incredible Odds' moderated by Egyptian explorer and social entrepreneur Omar Samra

This was followed by a second webinar with a leading expert in strategic philanthropy, Dan Pallotta, on the importance of investing in the growth of strong impact organisations, including their overhead and outreach needs.

On April 4th, Alfanar hosted an online event - 'Social Entrepreneurs Overcoming Incredible Odds' -- moderated by Egyptian explorer and social entrepreneur Omar Samra to kick off its spring 2021 fundraising campaign: 'Join the Journey: Educate. Employ. Empower'. During this virtual event, Samra not only underscored the need to cultivate resilience to overcome adversity, but also drive sustainable, impactful innovation, and explored how three of Alfanar's portfolio women-led social enterprises are able to do this every day for the vulnerable women, youth and refugees they serve with Alfanar's support. This event proudly featured Life Vision for Development's Mona Wissa (Egypt Portfolio), SE Factory's Zeina Saab (Lebanon Portfolio) and Natakallam's K-12 Coordinator and Former Conversation Partner Sally Wehbi (Refugee Portfolio).

Alfanar's work was featured in multiple print and web publications, including Philanthropy Age, Wamda, Le Commerce du Levant, MAGNiTT, Executive Magazine, ReliefWeb and DARPE, while Alfanar team members participated in numerous panel discussions hosted by partners including the World Bank, UNDP Jordan, Pearl Initiative, Midan, Executive Magazine and the New Economic Model for Lebanon Coalition.

Alfanar's email subscriber list grew by 18% from 2020, while overall website traffic increased by 15% from 2020.

LUMINARY INTERNSHIP PROGRAMME

In 2021, with the generous support of a private philanthropist, Alfanar was able to launch its first Luminary Internship Programme.

We welcomed 10 Luminary interns to take part in virtual summer internships covering strategy research, communications and social media, and social enterprise evaluation.

Alfanar received 21 applications reflecting a variety of backgrounds and wide-ranging interests and experiences. Of these applicants, we were able to offer internships to ten high school students motivated to learn more about MENA-based grassroots-driven economic development, social enterprise and strategic venture philanthropy aimed at creating sustainable education, employment and economic empowerment for children, youth and women.

We would like to thank the following luminary interns for their support: Yash Jain, Zoey Chen, Jacob Banit, Louisa Eaton, Zein Blanks, Bissan Kablawi, Jad Shehayeb, Charlotte El Hage, Roy El Hajj & Luqmaan Bamba

Additionally, we thank Noony Khouri, Victoria Assaf, Sophia Eilis Martin, and Natasha Stephenson, Hadley Copeland, Daniel Billings, Ramy Assaf & Selena Chávez for volunteering with us during 2021.



My name is Yash and I interned for Alfanar during the summer of 2021. It's difficult to describe just how rewarding and enriching my time at Alfanar was.

Being able to take part in an organisation that genuinely puts the people they help at the heart of everything they do taught me so much not only about development and the venture philanthropy industry but also how I see the world.

While at Alfanar I worked on evaluating organisations' social return on investment and finding the best ways to evaluate the non-monetary work that an organisation does - which allows them to get a deeper understanding of their work and growth as a company and also allows Alfanar to tailor their support to exactly what each individual organisation requires.

This dedication to truly helping the people they work with was inspiring as was my entire experience at Alfanar.

Yash Jain,
Investment Intern

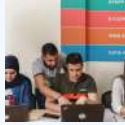







OUR PORTFOLIO

Despite continued lockdowns and adverse economic conditions, our 22 portfolio social enterprises displayed their resilience, determination and innovation throughout 2021 and improved the lives of 80,684 vulnerable individuals. This represents a 94% increase to impact over 2020 results.



With impact models ranging from vocational and life skills training to microfinance, handicrafts production and sales, tech-based education and employment opportunities, our diverse portfolio of social enterprises is bringing dignity and hope to disadvantaged communities across the region.



Employment



 <p>B.O.T Providing income opportunities for youth from low income communities through premium data services Cost recovery: 59% Social impact: 318 low-income youth employed</p>	 <p>SE Factory Providing opportunities to Lebanese youth through coding training & employment Cost recovery: 19% Social impact: 409 youth trained and employed as web developers</p>
 <p>BEDCO Empowering marginalised youth through on-the-job training and income opportunities in the construction sector Cost recovery: 30% Social impact target: 80 youth trained & employed</p>	 <p>L'Artisan du Liban Promoting Lebanese artisanal heritage by working with and empowering disadvantaged artisans Cost recovery: 112% Social impact target: 220 artisans employed</p>
 <p>Natakallam Employing refugees in the language sector through the digital economy Cost recovery: 139% Social impact: 88 refugees employed as Arabic-languages teachers and translators</p>	 <p>emonovo (formerly Marj3) Digitally connecting young refugees with international educational opportunities Cost recovery: 65% Social impact target: 645 women trained</p>
 <p>Sprints Providing edTech courses to disadvantaged youth Cost recovery: 88% Social impact target: 1,000 refugees trained & employed</p>	 <p>Startups Without Borders Backing aspiring refugee entrepreneurs to reach their social and economical goals Cost recovery: 146% Social impact target: 900 refugees trained</p>

Education

 <p>Educate Me Delivering high-quality education and training a new generation of educators Cost recovery: 109% Social impact: 15,743 children educated and teachers trained</p>	 <p>BTCP Caring for disadvantaged children with neurodevelopmental disorders Cost recovery: 61% Social impact: 1,364 children with autism receiving care</p>
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Environment



 <p>FabricAID Providing affordable, quality clothing while tackling the MENA region's textile waste crisis Cost recovery: 45% Social impact: 91,958 individuals given access to affordable clothing</p>	 <p>Delta Oil Creating jobs and sustaining the environment by converting used cooking oil into biodiesel Cost recovery: 111% Social impact target: 280 refugees & migrants employed</p>
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Empowerment

 <p>Future Eve Foundation Increasing incomes for widows and female breadwinners across Egypt through financial microcredit Cost recovery: 87% Social impact: 1,727 widows and female heads of household given training and microloans</p>	 <p>Life Vision Training women farmers to improve crop yields and take-home income in Minya, Egypt Cost recovery: 10% Social impact: 1,566 female farmers trained</p>
 <p>Threads of Hope Training and employing women refugees in Cairo as skilled embroiderers Cost recovery: 81% Social impact target: 240 refugee & migrant women trained and employed</p>	 <p>Yadawee Training and employing refugee women in Egypt as artisans Cost recovery: 66% Social impact target: 70 refugee & migrant women trained and employed</p>
 <p>Takafoo Improving working conditions and incomes for female farmers in Upper Egypt Cost recovery: 115% Social impact: 1,272 low-income women trained and employed</p>	 <p>Inaash Promoting Palestinian heritage and providing dignified employment for women refugees across Lebanon Cost recovery: 111% Social impact: 456 Palestinian refugees employed as skilled embroiderers</p>
 <p>Duma Creating handmade dolls and children's toys while employing disadvantaged Egyptian and refugee women Cost recovery: 57% Social impact target: 300 refugee women employed</p>	 <p>Nakoll Training aspiring chefs and enhancing their professional skills through online courses Cost recovery: 92% Social impact target: 300 women trained & employed</p>



 <p>LAL Tabshoura Providing a digital curriculum to support the education of disadvantaged students across Lebanon Cost recovery: 21% Social impact: 7,946 children provided with quality education</p>	 <p>Heya Masr Building the resilience of public-school students across Cairo through afterschool character-building programmes Cost recovery: 54% Social impact target: 300 children graduating from character-development programmes</p>
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LEBANON PORTFOLIO

PORTFOLIO

- L'Artisan du Liban
- BEDCO
- B.O.T
- FabricAID
- Inaash
- LAL Tabshoura
- NaTakallam
- SE Factory

LEBANON MANAGEMENT SUPPORT

See p.30 for more details on Alfano's management support programmes.

DROSOS

- B.O.T
- Creative Space Beirut
- GET
- LLWB
- SE Factory
- Semeurs d'Avenir
- Zoukak

SES FUND

- L'Artisan du Liban
- FabricAID
- Live Love Recycle
- Marsa
- Souk El Tayeb's Matbakh El Kel
- Vanina

EMERGENCY

- Lebanese Food Bank
- Souk El Tayeb's Matbakh El Kel
- shareQ
- Soufra
- Tawlet

OTHER SOCIAL ENTERPRISES TRAINED

- BioWayste
- Cubex
- Flowless
- Greeners
- Ground Vertical Farming
- Lebanon Waste Management
- Mruna
- Nakhla
- Senara
- Solvillion

- Comra
- Metropolis
- Reflection Art
- Simsara
- Waraq

EGYPT PORTFOLIO

- BTCP
- Educate Me
- Future Eve
- Heya Masr
- Life Vision

SEMD

- Delta Oil
- Duma
- Marj3
- Nakoll
- Startups Without Borders
- Threads of Hope
- Takafoo
- Yadawee

In 2021, Alfano provided management support, mentorship, training or funding to 108 social enterprises operating in Egypt, Lebanon, Jordan, Yemen, Iraq and Palestine.

JORDAN MANAGEMENT SUPPORT

MUBADEROON

60 social enterprises across Amman, Ajloun and Tafileh



Education

Ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all.

Alfanar supports social enterprises bringing quality educational tools and solutions to vulnerable children and educators across the Arab region.

Following the widespread disruption to education for over 100 million children in Arab countries due to COVID-19 school closures and economic crises, in 2021 our education social enterprises worked tirelessly to bring quality education to 13,139 children who had been shut out of education.

- In Lebanon, our social enterprise LAL Tabshoura provided quality education to over 2,500 disadvantaged children across the country, including refugees, through an innovative e-learning platform that provides a fully digitised national curriculum in three languages.
- Working with social enterprises Ana Aqra and Tabshoura, Theirworld's MyBestStart programme increased access to Early Childhood Education for vulnerable Lebanese and refugee children affected by COVID-19 closures in Lebanon. By rolling out Tabshoura's digital curriculum and teacher programme, and through the digitisation of Ana Aqra's early childhood educational content, over 3,000 students were able to continue attending school.
- In Egypt, we welcomed Heya Masr to the portfolio at the start of the year. As a promising education start-up working to develop the resilience of 300 public school students through customised after-school programmes, we are supporting Heya Masr to grow its social impact and professionalise its data collection and impact management systems.
- In Q4, we successfully exited from Educate Me, one of Alfanar's flagship SEs and a prime example of a scaled up social enterprise.

2021 HIGHLIGHTS

13,139

children given access to quality education by Alfanar SEs in 2021

193

schools supported by Alfanar SEs in 2021

1,469

teaching staff trained by Alfanar SEs in 2021

Education Social Enterprises Supported in 2021:

Ana Aqra | Educate Me | BTCP | Heya Masr | Tabshoura

With Generous Support From:



Over the span of Alfanar's six years of support, Educate Me has grown from a small afterschool programme to a registered community school in Talbeya and now a nationwide leader in education reaching thousands of children and educators across Egypt each year.



LAL/Tabshoura Student (Photo Credit: ©Theirworld / Diego Ibarra Sánchez.)



IMPACT HIGHLIGHT | LAL TABSHOURA

“With Tabshoura my students are resilient individuals, who hold the key to a better world.”

As a passionate educator of 12 years, Haigo’s teaching philosophy focuses on cultivating student resilience. For Haigo, it’s more than just teaching physics or chemistry; it’s about taking these scientific concepts and adapting them to real-life scenarios. Haigo hopes to empower her students to feel worthy and capable of overcoming any obstacles they may face.

However, in spite of her love for teaching, the economic crisis devastating Lebanon forced Haigo to search for a second source of income, as her teaching salary was not enough to sustain herself.

Haigo happened upon Lebanese Alternative Learning’s (LAL) website and was immediately impressed by their community-orientated approach. She believes that LAL lends a genuine ear to educators, providing them with the space to voice their concerns and thoughts.

Today, Haigo uses LAL’s Tabshoura platform -- developed with Alfano’s venture philanthropy support -- in her classes, providing free, enjoyable, and engaging courses to her students. Haigo also helps to continually enhance and develop the Tabshoura platform by providing feedback on the content being created. She envisions a Lebanon in which students are instilled with the notion of being fearless, educated individuals.

As the organisation continues to grow with Alfano’s support, LAL recently signed an agreement with the Ministry of Education’s Center of Education Research and Development that will see Tabshoura content made available in public schools throughout Lebanon in 2022.

Haigo is one of over 1,600 educators who were able to continue providing quality education in 2021 through Alfano’s support to innovative, high-potential social enterprises like LAL.



TABSHOURA BY LEBANESE ALTERNATIVE LEARNING

Portfolio SE since
2020

Location
Lebanon

Social Impact
7,946 children provided with high-quality digital education through the Tabshoura e-learning platform

Cost-Recovery
21%



Empowerment

Reducing inequality within and among countries.

Alfanar works to tackle the growing social and economic inequalities that women in the Arab region face by backing social enterprises creating safe, dignified work for women and improving education for girls.

In 2021, our social enterprises continued to deliver vocational training and provide jobs, creating income-generating opportunities for 3,320 women across the region.

- In Egypt, the Future Eve Foundation's Amal Project, a member of Alfanar's portfolio since 2012, provided 1,727 widows microloans and financial literacy, exceeding 18,000 widows and female breadwinners served across 83 villages. On average, participating women experience a 36% increase in their income. Following the approval of an ambitious three-year business plan developed with Alfanar's support, the Amal Project is now poised for regional expansion, with an aim to scale to an additional five governorates within Egypt and a new country in the Arab world.
- Life Vision for Development provided training for 1,566 female farmers in Minya, Egypt through its Farmer Field Schools and Farmer Business Schools, while achieving greater financial sustainability through its revenue-generating agricultural unit.
- Through the Strengthening Social Entrepreneurship for Migration Development (SEMD) programme, we welcomed Duma, Nakoll, Threads of Hope and Yadawee to the portfolio. These social enterprises aim to deliver training and employment opportunities to 910 women from refugee, migrant and host communities across Egypt during the project.

2021 HIGHLIGHTS

3,320

women employed or running micro-enterprises in 2021

36%

average increase to women's income in 2021

1,727

female breadwinners running businesses through microloans

Women's Empowerment Social Enterprises Supported in 2021:

Duma | Future Eve Foundation | Inaash | Nakoll | Takafoo | Threads of Hope | Yadawee

With Generous Support From:



- In Lebanon, social enterprise Inaash provided work and income to 270 Palestinian refugee women as skilled embroiderers. In light of the challenging economic situation, Alfanar continued to support Inaash's pivot to online sales in order to survive the ongoing crisis.



Future Eve Foundation loan recipient, Noor Al Hoda

IMPACT HIGHLIGHT | FUTURE EVE FOUNDATION

"This project is providing me with the income to feed myself, my mother and my three girls."

Noor Al Hoda is a determined woman, refusing to let her husband's abandonment hinder her from fulfilling her dreams, including one day sending her daughters to university.

Noor's life was transformed when she joined the Amal Project. Through its vocational, financial literacy training and funding she was able to open her own grocery store, enabling her to provide for her family's needs while saving for her daughters' futures.

Since 2012, through a unique partnership with the Global Fund for Widows and our social enterprise in Egypt the Future Eve Foundation, the Amal Project has provided dignity and opportunity to 18,000 widows and female breadwinners across 83 communities in Egypt.

We thank the generous supporters who have made this possible over the years, including Global Fund for Widows and our scale partner SODIC.

FUTURE EVE FOUNDATION

Portfolio SE since
2012

Location
Egypt

Social Impact
18,000 widows and female heads of household provided with microfinance and vocational training

Cost-Recovery
87%



Life Vision for Development Trainees



Yadawee Artisans



Life Vision for Development Training Cohort



Nakoll Trainees

Employment

Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Alfanar backs innovative social enterprises creating meaningful, sustainable employment opportunities -- particularly for youth from disadvantaged communities -- with a particular focus on in-demand digital skills.

Recognising the dearth of technical abilities needed to compete in an increasingly digital world, many of Alfanar's social enterprises focus on helping young people to secure training and employment in the region's growing tech sector. In 2021, Alfanar's employment-focused social enterprises provided training and employment opportunities to 374 low-income youth.

- As Bridge. Outsource. Transform (B.O.T) in Lebanon continued to grow and tap into international markets, they supported 204 youth across the region in securing digital freelancing opportunities in areas including web development, data visualisation and transcription.
- NaTakallam, an increasingly well-recognised name in the online language learning space, created 28 jobs for refugees as online Arabic language teachers and translators.
- SE Factory scaled its impact to new communities across Lebanon by switching to a hybrid model for its Full-Stack Web Development and Fundamentals of Computer Science bootcamps. In total, 169 low-income youth participated in four bootcamps, of which 63 subsequently found employment as coders and web developers
- BEDCO by March NGO created employment opportunities for 111 disadvantaged youth from Tripoli, Lebanon in construction work.

2021 HIGHLIGHTS

374

youth given vocational training by Alfanar SEs in 2021

366

youth employed by Alfanar SEs in 2021

£599

average monthly salary for youth employed by Alfanar SEs

Employment Social Enterprises Supported:

Artisan du Liban | BEDCO | BOT | Marj3 | Natakallam | SE Factory | Sprints | Startups without Borders

With Generous Support From:



- As part of the SEMD programme in Egypt, Marj3, Sprints, and Startups Without Borders aim to create 350 jobs for disadvantaged youth, including refugees in Egypt.

IMPACT HIGHLIGHT | BEDCO BY MARCH

“I just feel like I need to lend a hand. I have this thing in me where I can’t see someone in need and not help him.”

Ahmad Jalloul is a 30 year old father living with his wife and two sons, Abdallah and Omar, in Beb el Tebbeneh – Tripoli, right on the former demarcation lines that previously divided the city. Even though Ahmad is still young, he has diabetes and his son Abdallah has brain paralysis.

“All my life is dedicated to Abdallah”, Ahmad says.

Ahmad is also a participant of the BEDCO rehabilitation and reintegration programme, which provides youth from areas of conflict in Tripoli, Lebanon, with vocational skills in construction and the opportunity to fully integrate into society.

Ahmad came to BEDCO after spending his younger years taking part in local troubles, falling victim to the cycle of neglect, conflict and violence plaguing his area.

In late 2020, he became one of the 111 youth employed by BEDCO as part of the Alfanar backed reconstruction effort following the blast.

Trained by BEDCO as a foreman in plastering, Ahmad was very eager to put his newly learned skills into practice to help rebuild destroyed enterprises.

Ahmad is known for his helping hand and good humour. He is extremely proud to be part of the initiative helping those affected by the explosion to get back on their feet.

“I can feel how grateful they are when we start rehabilitating their shops. This makes me feel so happy.” This sense of appreciation is what gives him the motivation to continue helping to rebuild Beirut and master his craft.



BEDCO BY MARCH

Portfolio SE since
2020

Location
Lebanon

Social Impact
111 youth employed as
construction workers



Delta Oil Collector



Alfanar Meeting the Delta Oil Team



Environment

Ensuring sustainable consumption and production patterns

Increasingly, Alfanar is choosing to back social enterprises promoting environmental solutions and sustainable patterns of consumption and production.

- 2021 was a key year for FabricAID's growth and expansion to new markets. Despite the ongoing economic crisis in Lebanon, FabricAID grew rapidly throughout Lebanon to establish two further thrift stores selling quality recycled clothes at microprices to vulnerable communities. In parallel, FabricAID also opened a second-hand clothing shop in Jordan and began exploring the requirements for expansion of its impact model to Egypt. In late 2021, Alfanar made a repayable convertible grant to FabricAID. In early 2022 this became Alfanar's first equity impact investment, serving as a strong showcase as Alfanar works to launch the MENA region's first social impact investment vehicle.
- In Egypt, Delta Oil joined the portfolio in 2021 as part of the SEMD programme. Delta Oil is an innovative, green-focused social enterprise that collects used cooking oil from individuals in disadvantaged rural and suburban communities across Egypt and supplies it as raw material to biodiesel manufacturers in exchange for a fee, representing a monthly income to collectors.

2021 HIGHLIGHTS

165,600

kilogrammes of CO2 emissions offset by Alfanar SEs in 2021

46

tonnes of secondhand clothing recycled in 2021

2,418

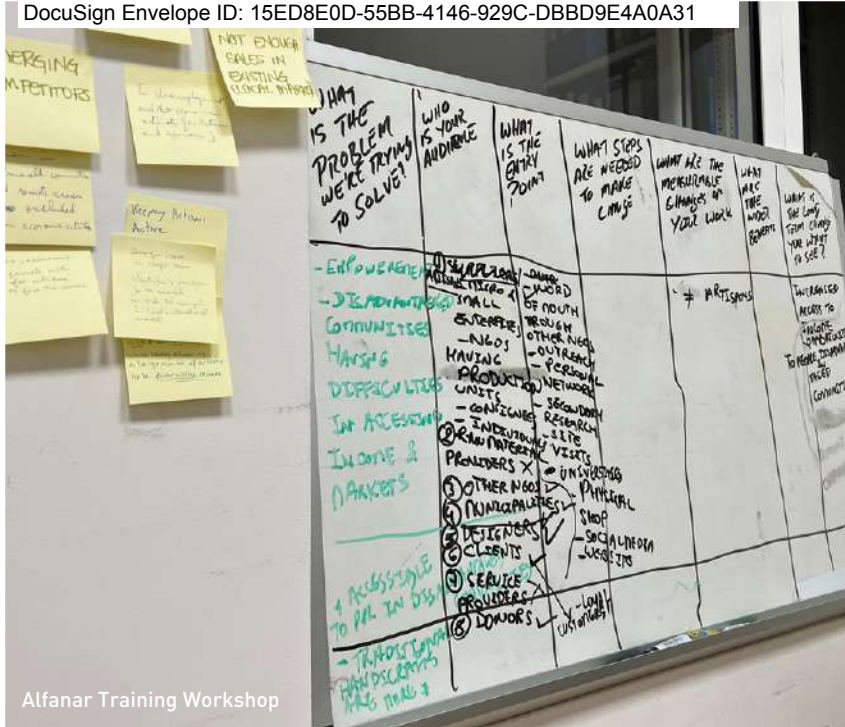
tonnes of used cooking oil recycled in 2021

Environment Social Enterprises Supported:

Delta Oil | FabricAID

With Generous Support From:





Alfanar Training Workshop



Alfanar and the LAL Team

MANAGEMENT SUPPORT PROGRAMMES

In addition to providing our portfolio social enterprises with the full suite of our venture philanthropy support, Alfanar also provides immersive management support, structured one-to-one mentorship, access to networks, impact management services and training to social enterprises outside of our portfolio.

In 2021 we led the following management support programmes in Egypt, Lebanon and Jordan:

- Oxfam Social Enterprise Support Fund (Lebanon)
- Drosos (Lebanon)
- EU Mubaderoon (Jordan)
- Theirworld My Best Start (Lebanon)
- GFA Strengthening Social Enterprise for Migration and Development (Egypt)
- GAME (regional)
- ACE II (regional)



BEDCO Construction Workers



Duma Doll Makers



Souk El Tayeb Food Preparation



EXPANSION TO JORDAN

Training the next generation of Jordanian social enterprises.

Since 2019 and in partnership with consortium partners Plan International, Ruwwad and EURICSE, Alfamar has provided training and management support to 60 social enterprises working to educate, employ and empower disadvantaged women and youth across East Amman, Ajloun and Tafileh in Jordan as part of the EU-funded Mubaderoon: Enterprises for Social Change initiative.

Following the delivery of ASSET training to the full cohort of participating social enterprises, Alfamar's Jordan country team have been providing trainees with follow-on one-to-one mentorship to support them in the practical application of ASSET training.

134 deliverables, including business plans, theories of change and M&E systems, were produced by Mubaderoon's 60 participating social enterprises as a result of Alfamar's support. 87% of trainees reported that they were able to improve their own social enterprise's performance as a direct result of Alfamar's training and support.

In October 2021, a ceremony was held in Amman to mark the successful completion of the two-year Mubaderoon initiative.

In addition to technical support for social enterprises, Alfamar also worked closely with consortium partners (including UNDP and Impact Hub) to develop and lobby for a legal framework that embeds and strengthens the status of social enterprises in Jordan. These efforts culminated in a policy paper which was presented to the advisory committee of the Ministry of Digital Economy and Entrepreneurship in November 2021.

AT A GLANCE

60

social enterprises trained

31

group training sessions delivered

59

coaching sessions delivered

With Generous Support From and In Partnership With:



Alfamar continues to explore opportunities for further expansion into Jordan. Following the Mubaderoon programme's completion in late 2021, senior Alfamar staff members visited Jordan twice to build networks and develop strategic partnerships to formalise Alfamar's presence in the country.

Social Enterprises Supported:

60 social enterprises across Jordan

IMPACT HIGHLIGHT | GREEN NUTRITION

“Our growth and strength are a result of Alfanoar’s belief in us.”

Fatimah Alzgoul is the founder and driving force behind Green Nutrition, one of the 60 social enterprises Alfanoar has supported in Jordan through the Mubaderoon project.

One day, Fatimah realised retirement was not for her. With three children in university, a low retirement salary, and a personal urge to work, she began to search for ways to support her community of Ajloun in Northern Jordan.

Fatimah knew women who had been cultivating their own delicious and organic herbs for decades but were unsuccessful in selling their products. Their unique sumac and wild, aromatic thyme were of the best quality Fatimah had come across, but for the most part, their products were being thrown away. Fatimah resolved to change this.

She founded Green Nutrition to provide local women producers from Ajloun with an opportunity to successfully market their produce and increase their families’ income. Today, Green Nutrition brings together the natural products of 20 women producers under the same brand and wants to grow.

With Alfanoar’s training, Fatimah and her team were able to organise their strategy, ensuring quality and value-for-money in their growth efforts. Thanks to Alfanoar’s in-person visits and management support, for example, Green Nutrition improved its branding and developed marketing strategies to become more relevant to international markets.

Alfanoar’s network also enabled Fatimah to meet with other social enterprises in Jordan who are now exporting to Canada and the U.S. These connections have equipped her with a better understanding of packaging and pricing standards, while also becoming more integrated into the social enterprise sector in Jordan.

Over the past two years, Alfanoar has provided 31 training sessions and continuous mentorship to 109 staff members from 60 remarkable social enterprises like Green Nutrition. 87% of trainees reported that they were able to improve their own social enterprise’s performance as a direct result of Alfanoar’s training and support.



GREEN NUTRITION

Established
2009

Founder
Fatimah Alzgoul

Location
Amman, Jordan

Social Impact
20 women producers
employed

TEAM & BOARD

Our dedicated team operates from offices in the UK, Egypt, Lebanon, Jordan and the UAE across Investments, Operations, Fundraising and Communications functions.

Alfanar's Board of nine Trustees meet quarterly and provide organisational oversight and strategic guidance. Four sub-committees for Investments, Finance, Nominations and Impact Fund Taskforce, each chaired by an Alfanar Trustee, create areas of efficiency and expertise at the governance level.

Trustees



Lubna S. Olayan
Chair of Executive Committee
and Deputy Chairperson,
Olayan Financing Company



Hussain Al Nowais
Chairman,
AlNowais Investments



Samir Assaf
Senior Advisor,
General Atlantic & HSBC



Charlotte Boyle
Chair of UK,
UNHCR



Amjad Bseisu
CEO,
Enquest PLC



Sherif Foda
Chairman and CEO,
National Energy Services
Reunited



Maysa Jalbout
Nonresident Fellow in the
Center for Universal
Education, Brookings



Julia Middleton
Founder,
Common Purpose



Cynthia J. Oakes
Former Salomon Brothers,
Morgan Guaranty Ltd, and
Morgan Stanley

Alfanar Venture Philanthropy



Myrna Atalla
Executive Director



Nicolas Kröger
Operations Director



Fadel Zayan
Investment Director



Shenouda Bissada
Egypt Country Director



Kim Issa
Lebanon Country Director



Suha Abdul Rahim
Jordan Country Director



Mohammed Alradi
Senior Investment Officer



Brian Dexter
Finance Manager



Abrar Mohamed Ali
Operations Officer



Freddie Fleischmann-Allen
Development Officer



Omar Eldahan
Development Officer



Ahmed El Nabarawi
Egypt Finance &
Investment Manager



Nadine Khalife
Egypt Portfolio Officer



Sally Gindy
Monitoring & Evaluation
Officer



Haifa Najjar
Lebanon Portfolio Manager



Reya Kanaan
Lebanon Portfolio Manager



Selena Chávez
Admin and Special Projects
Intern

Impact Investment Team



Amine Goraieb
Fund Manager*



**Michelle
Mouracade**
Impact Manager*

*Consultants

2021 RESULTS

We made significant progress toward realising the five key goals identified in our 2020 Annual Report.

1. SUSTAIN THE JOURNEY TO EDUCATE, EMPLOY & EMPOWER

We made significant progress toward our core goal of increasing venture philanthropy support to social enterprises in the Arab region, backing 22 portfolio social enterprises with management support and VP grants, and a further 86 social enterprises receiving management support, impact management and mentorship. Throughout the year the social enterprises we supported created education, training and employment opportunities for 80,684 women, youth, children and refugees, representing a 94% increase over 2020 impact results. We welcomed to the portfolio eight new social enterprises working to empower refugees and migrant communities across Egypt through the SEMD programme, backing the growth of each with funding, ASSET training, business planning and high-engagement management support. Our Emergency Lebanon programme continued to support the vulnerable to withstand economic crisis by working through social enterprises to deliver emergency food aid and supporting reconstruction efforts while creating jobs for conflict-affected youth. In total, we created or sustained 135 jobs, renovated 70 buildings to enable businesses and schools to reopen, distributed 250,000 hot meals and provided emergency food relief boxes to 3,750 families.

2. SCALE & STRENGTHEN SOCIAL ENTERPRISES

In 2021, we completed a two-year programme conducted in consortium with PLAN International, Ruwwad and Euricse supporting the growth of social enterprises in Jordan with a focus on women's economic empowerment and youth employment. In total we trained 60 Jordanian social enterprises across Amman, Ajloun and Tafileh through 31 group training sessions. We took significant steps towards the launch of a regional impact-investment vehicle, as we prepare to extend the financing lifecycle for suitable social enterprises and businesses with impact. We also helped a number of our portfolio social enterprises scale to new markets and territories, including B.O.T and FabricAID to expand from Lebanon to Jordan and the Amal Project for Widows' Empowerment's expansion to new communities across Egypt, including Alexandria. On average, Alfanar's portfolio social enterprises recovered 65% of operational costs through self-generated revenue, representing an 11% increase from 2020. In total, our 22 portfolio social enterprises self-generated £2.3m in revenue to support their continued impact and operations.

3. BUILD ALFANAR'S COMMUNITY OF SUPPORTERS & FOLLOWERS

We hosted three virtual events designed to bring together, inspire and educate our community of supporters about how Alfanar's support to social enterprises has helped them overcome multiple crises. Our virtual event on April 8th, 2021 moderated by Egyptian adventurer and social entrepreneur Omar Samra brought together over 100 supporters to engage with our social entrepreneurs. We ran two digital fundraising campaigns -- Join the Journey (April-May) and Spread Light (November-December) -- to showcase Alfanar case studies and stories of impact. Throughout the year, we ramped up outreach efforts for our Philanthropy Circles and secured our first commitments. During the summer we ran the inaugural Alfanar Luminary Internship Programme through which we hosted 10 high-school student age interns. We thank Lady Plumbly for her 12 years of service on Alfanar's Board (resigned June 2021). We were delighted to welcome Trustee Hussain Alnowais to Alfanar's Board at the end of 2021.

4. BUILD PRIDE & COMMITMENT AMONG SUPPORTERS

We made significant efforts to systematise our communications through increased posting on social media and periodic newsletters, with a focus on case studies and impact stories from Alfanar's SE and their beneficiaries. Alfanar's email subscriber list grew by 18% from 2020, while overall website traffic increased by 15% from 2020. Alfanar's work was featured in multiple print and web publications, including Philanthropy Age, Wamda, Le Commerce du Levant, MAGNiTT, Executive Magazine, ReliefWeb and DARPE, while Alfanar team members participated in numerous panel discussions hosted by partners including the World Bank, UNDP Jordan, Pearl Initiative, Midan, Executive Magazine and the New Economic Model for Lebanon Coalition. While renewing existing partnerships, we also made significant progress toward building new relationships with corporate and institutional partners across the region and in the UK and US.

5. REFRESH STRATEGY & FOCUS ON STRUCTURAL GROWTH

We underwent significant consultations with stakeholders in order to renew our 2022-2026 strategy. The draft strategy was endorsed by the Board in September 2021 and approved in Q1 2022. We also took steps toward introducing new internal systems, including a new customer relationship management and digital grants management system, in an effort to improve organisational efficiencies and deliver on the aspirations of the growth plan.

2022 GOALS

In 2022, we will work towards the following five strategic goals:

1. IMPLEMENT GROWTH STRATEGY

Building on the lessons learned over 18 years of MENA-based venture philanthropy work, we will finalise and implement an ambitious growth plan aimed at increasing Alfanar's reach to new social enterprises and scaling our social impact to new countries and communities in the MENA region. In parallel we will grow Alfanar's team and operations to deliver the revised business plan and achieve the key goals of the strategy.

2. ACCELERATE REACH THROUGH SEED CYCLES

We aim to increase Alfanar's reach among high-potential social enterprises in the MENA region through cohort-led Seed Cycles in Egypt, Lebanon, Jordan and a pilot Seed Cycle in Palestine. We aim to provide ASSET training to nearly 20 new social enterprises in 2022, thus building up Alfanar's pipeline of social enterprises. In coming years, we will endeavour to launch a regional social enterprise Seed Cycle to provide management support to and gain exposure to innovative social entrepreneurs further afield.

3. SUSTAIN SOCIAL ENTERPRISES IN EDUCATION, EMPLOYMENT, EMPOWERMENT & ENVIRONMENT

Through Alfanar's 2022-2026 growth strategy, we aim to grow the number of social enterprises benefiting from Alfanar's long-term Sustain grant package to 65 (up from 48 funded to date). Alfanar will provide 3-5 years of significant grant funding and 0-interest loans, enabling growing social enterprises to scale impact, grow their teams, and drive sales.

4. SCALE SUSTAINABLE CHANGE

We aim to scale the impact of select social enterprises to new communities, both within our countries of operation and regionally. For example, we aim to grow the Amal Project for Widows' Empowerment to reach at least 10,000 more widows through expansion to Luxor in 2022 and another MENA country by 2023. In addition, we are working to launch an independent, but affiliated regional impact investment vehicle for the MENA region, thus effectively extending the financing lifecycle for investment-ready social enterprises.

5. SPREAD AWARENESS ABOUT ALFANAR'S WORK

We will continue to spread awareness about Alfanar's venture philanthropy work more broadly through regular communication and outreach. We will work with Board members and brand ambassadors to host outreach and fundraising events in the UK, US and regionally. In particular, we will host our first London fundraising gala since 2018. We will increase outreach efforts in a bid to grow members of our Philanthropy Circles from 4 members to 17 [5 Visionary level, 5 Champion level, 7 Patron level]. We will launch our Ambassador Circles targeting on main global cities. We will grow our Board by adding at least one new Trustees with expertise in relevant areas, such as exposure to impact investment and relevant experience in Egypt. We will work with brand experts to tighten our brand messaging, helping us to build stronger corporate and institutional partnerships that not only fund the growth of Alfanar's VP work but build awareness in new communities.

FINANCIAL SUMMARY

Income raised in the year ended 31 December 2021 was £2,127k (2020: £2,190k).

Generous support from our Board, with unrestricted donations of £186k (2020: £231k), coupled with unrestricted grants, including funds from Alfanar, Inc., US of £22k (2020: £102k), and Bank of America £37k (2020: £53k) and other trusts and foundations £45k (2020: £55k) covered all of the Charity's fundraising and support costs in 2021, enabling additional donations raised from individuals to be directed towards Alfanar's grants and management support to social enterprise investees.

The Trustees appreciate the invaluable support from other individuals. Without the major campaigns we ran in 2020 this general support fell to £102k (2020: £261k) in the year, of which £38k (2020: £119k) was unrestricted.

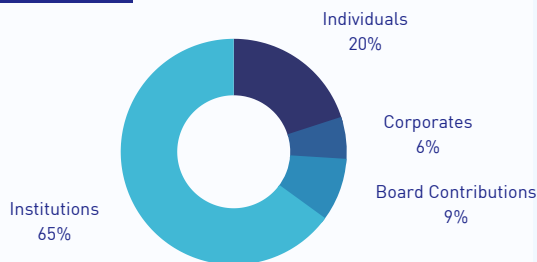
In 2021, we launched our Philanthropy Circles and were pleased that we received £299k of unrestricted income through this programme in 2021 with an expectation of significant growth in future years.

In 2021, resources expended amounted to £1,961k (2020: £1,825k), an increase of 7.5%. Of this amount, direct grants to 22 social enterprises amounted to £994k (2020: £1,055k).

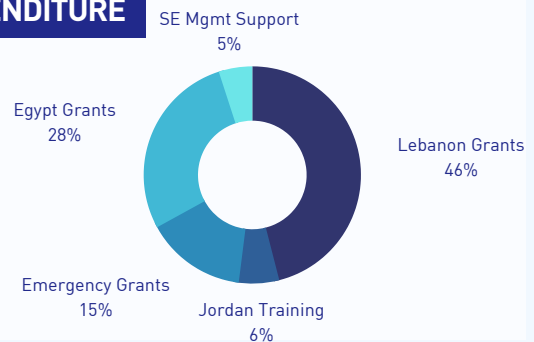
Staff costs in 2021 amounted to £445k (2020: £364k). Of this sum, £219k or 49% (2020: £142k, 39%), was expended on staff dedicated to the provision of training or management support to social enterprises. In addition to this support expenditure, the cost of consultants providing management support to social enterprises in 2021 was £109k (2020: £121k).

The total cost of raising funds was £279k (2020: £280k), representing 14% of total income (2020: 13%).

INCOME



EXPENDITURE



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. In line with the strategy refresh process, Alfanar intends on reviewing its charitable objects in 2022. 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). This company has yet to commence trading, but will do so in 2022.

Alfanar's head office in London employed seven staff members as of December 2021, with a further employee based in Jordan.

Alfanar operates a branch in Egypt registered with the Ministry of Social Solidarity and International Cooperation (No. 67/2015, MOSS reference: 21991433314205) renewed in December 2021 for three years. Alfanar in Egypt is led by a Country Director with the support of a Finance and Investment Manager, a Portfolio Officer and a Monitoring & Evaluation Officer.

Alfanar Lebanon (Association No. 907) is an affiliate of the UK registered Charity. It became active in June 2021 with the opening of its bank account at BEMO bank. For UK company law and accounting purposes, a parent-subsidiary relationship exists between Alfanar and Alfanar Lebanon. Alfanar Lebanon is overseen by a separate board, chaired by Alfanar UK's executive director, and managed by a Country Director.

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. Alfanar spends around 10% of the time of its Executive Director, Finance Manager and Development Officer to support Alfanar, Inc., US with outreach, Board reporting and annual filings.

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.

In line with its venture philanthropy mission, Alfanar aims to support the growth of sustainable social enterprises delivering quality education, meaningful employment and lasting economic empowerment opportunities to vulnerable children, youth and women across the Arab world. We provide grants and zero-interest repayable grants, management support, training, mentorship and performance evaluation to social enterprises that pass our due diligence and approval processes. Our support package aims to grow the impact and financial sustainability of the social enterprises we back. Alfanar in the UK, with the support of Alfanar, Inc., US, raises and disburses funds to support our work in Egypt, Lebanon and Jordan.

STRUCTURE, GOVERNANCE AND 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 confirm that they have given due regard to the Charity Commission's guidance on the Public Benefit requirement under the Charities Act 2011 when reviewing the Trust's aims and objectives and in planning future activities and setting their grant-making policies. 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 re-elected five times, or exceptionally, six times. In 2021 one new Trustee, Hussain Al Nowais, was added to the Board. Cynthia J. Oakes also serves as a Director of Alfanar Inc. US.

Trustee Induction

Shortly after their appointment, new Trustees have an induction meeting with the Executive Director to review and better understand Alfanar's business plan and targets, the way it selects and manages social enterprises, and other operations. They are also given the Charity Commission guidance, "The Essential Trustee". Trustees are provided with ongoing training to trustees to keep them abreast of changes in charity law.

Board Meetings

The Board meets four times a year and endeavours to hold at least one Board meeting in either Egypt or Lebanon every other year to ensure that Trustees witness Alfanar's venture philanthropy process and social enterprises first-hand. Due to travel restrictions, Board visits are currently on hold. The Board meets quarterly and has conducted virtual meetings since 2020. There are three sub-committees reporting to the Board, each with specific terms of reference and functions delegated by the Board, which also meet four times a year. In 2021 the board appointed member, Sherif Foda, to support fundraising and outreach.

Investment Committee

The Investment Committee reviews requests for venture philanthropy grant and management support from social enterprises presented by the Investment Director and Country Directors. Suitable social enterprises are scrutinised and endorsed by the committee before review for approval by the Board.

Finance Committee

The Finance Committee scrutinizes Alfanar's business plans, budgets and management accounts and ensures proper financial procedures and controls are in place and operating. The committee also reviews broader operations and human resources matters, the risk register, internal policy developments and the relationship among affiliates. It also oversees the audit process and reviews and endorses the statutory accounts ahead of Board review and approval.

Nominations Committee

The Nominations Committee helps the Board identify the appropriate mix of skills and capabilities it requires for effective leadership and oversight. Its primary function is to assess and cultivate prospective board members. Alfanar aims to add up to three new Trustees in the coming 12-18 months.

Impact Fund Taskforce

The Impact Fund Taskforce helps oversee progress on Alfanar's efforts to extend the financing lifecycle for social enterprises and social purpose companies, explore impact investments and potentially establish an independent, but affiliated impact fund. It meets with the team working on the impact fund and reports on progress at Board meetings.

Key Management Personnel

Alfanar'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, Alfanar's progress against impact and sustainability targets, and how the Charity is managing risks. This ensures that Alfanar's venture philanthropy 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.

Staff Pay

The pay of the senior staff is reviewed annually in conjunction with their performance targets. In view of the nature of the charity, the directors endeavor to benchmark against pay levels in other charities of a similar size. The remuneration benchmark is the midpoint of the range paid for similar roles. The Trustees last approved revised salary scales for the UK in 2019.

Strategy

In 2021 we began working on a revised strategy. In September 2021, we began revising the operational organisational chart to bring it in line with the new strategy in 2022.

HUMAN RESOURCES

In 2021, the Charity approved a revised delegation of authority, to ensure that roles are properly authorised according to level of responsibility and to maintain effective decision-making and segregation of responsibilities.

Nadine Khalife was appointed as Portfolio Officer in Egypt in April 2021. Abrar Mohamed Ali was appointed as Operations Officer in October 2021. Selena Chavez began a one-year internship with Alfanar under the Tier 5 scheme in March 2021. Ahmed El Nabarawi was promoted to Egypt Finance and Investment Manager in 2021.

At the conclusion of the Mubaderoon programme in Jordan, Suha Abdul Rahim was appointed Alfanar's Jordan Country Director in October 2021.

Alfanar accessed a small amount of support from the UK government Coronavirus Job Retention Scheme (CJRS) after furloughing a select number of staff members. In line with pandemic guidelines and since mid-March 2020, UK, Egypt and Lebanon staff members have worked remotely, returning to the office as and when national guidelines permitted and conducting most training and management support sessions virtually with social enterprises. Alfanar in the UK reduced its office space requirements in 2021 and moved files to a donated storage space.

Board of Trustees

Lubna S. Olayan
(Chair - Trustee)

Hussain Alnowais
(appointed 1 December 2021)

Samir Assaf

Amjad Bseisu

Charlotte Boyle

Sherif Foda

Laila Iskander
(resigned August 2022)

Maysa Jalbout

Julia Middleton

Cynthia J. Oakes

Nadia Plumbly
(resigned June 2021)

Investment Committee

Julia Middleton
(Chair - Trustee, resigned as Chair September 2021)

Matthew Courey
(resigned 2021)

Nafez Dakkak
(appointed March 2022)

Mark Huang

Barbara Ibrahim

Laila Iskander
(Trustee, resigned June 2021)

Maysa Jalbout
(Trustee, appointed to Chair September 2021)

Alfred Kettaneh

Cynthia J. Oakes
(Trustee)

Ryan Sturgill
(appointed March 2022)

Finance Committee

Charlotte Boyle
(Chair - Trustee)

Samir Assaf
(Trustee)

Siham Bortcosh

Robert Cartwright
(appointed Feb 2021)

Laila Iskander
(Trustee)

Laura Stojcevic

Nominations Committee

Lubna S. Olayan
(Chair & Trustee)

Samir Assaf
(Trustee)

Charlotte Boyle
(Trustee)

Amjad Bseisu
(Trustee)

FUNDRAISING STATEMENT

The remarkable generosity of our supporters and donors in 2021 enabled us to achieve our most impactful year to date. We are grateful for the individual, corporate and institutional donors who either pledged or renewed their support to Alfanar in 2021 and we thank all those who have contributed to Alfanar's mission with a donation of money, time or expertise over the past year.

A significant portion of our fundraising efforts are carried out by our senior management team across the UK, Egypt and Lebanon, led by our Executive Director and overseen by our Development Director. The team successfully identified and applied for new institutional partnerships and worked to strengthen key relationships with individual, corporate and institutional partners. In 2021, these efforts were supported primarily by our UK-based Development Officer and Senior Communications Coordinator with further input from Egypt and Lebanon team members, especially in relation to country-specific donors and leads. Alfanar benefited from the support of several interns to update social media channels.

Although income remained broadly consistent with 2020, the total number of donors giving to Alfanar in 2021 dropped significantly to 117 donors. This was largely due to the significant increase in the number of small donors giving in 2020 in response to our COVID-19 and Beirut Explosion emergency campaign, meaning that 2020 was something of an outlier year. As such, overall donor retention dropped to 16%, as many smaller donors did not renew their support. However, for high-level donors giving over £30k, retention was higher at 45%. The Development Director alongside our Executive Director have led on the new Fundraising strategy, particularly the Philanthropy Circles initiative.

The Philanthropy Circles initiative aims to build a community of top-level, highly-engaged supporters globally, through a programme of salon dinners and site visits to our social enterprises. It is our aim that by 2024 this initiative will be raising £1.3m per year in unrestricted funding.

We appointed a fundraising lead on the Board, Sherif Foda, to support targeted outreach efforts, particularly with regard to high-net worth donors.

In 2021 we focused fundraising on thematic areas, enabling donors to direct their support toward key areas of impact that Alfanar focuses on namely education, women's empowerment, youth employment, refugee employment and general support.

We ran two digital fundraising campaigns – Join the Journey and Spread Light – and ran three online events in an effort to engage our community.

The Trustees 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 virtual events, email communication, social media outreach and 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 and the Development Director of Alfanar. 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 social enterprises serve.

As part of our three to six month due diligence process with prospective social enterprises, we check for the existence and active use of safeguarding policies and practices. In 2021, we finalised 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.

In 2021, the Board approved revised safeguarding policies as part of our internal staff handbook, which all staff were trained on during the year. New joiners receive training on the staff handbook, including safeguarding, as part of induction.

Cynthia J. Oakes was appointed Board Safeguarding Representative in replacement of Nadia Plumbly following her resignation from the Board.

RISK MANAGEMENT

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. It is reviewed by the Trustees bi-annually.

Given significant health and other risks introduced by the COVID-19 pandemic, office shutdowns and broader lockdowns the Board and the senior management team assessed and responded to emerging risks more frequently over the course of 2021, also extending proactive support and training to all investee social enterprises to ensure their budgets and operating plans could withstand the various impacts of the pandemic.

Beyond the health concerns introduced by the pandemic, which were effectively managed throughout the organisation, the following were identified as the principal risks facing the Charity in 2021/2022, together with the plans for managing those risks:

- Given the uncertainty of income streams and the significant changes to fundraising and outreach channels, a reduction in our fundraising capabilities and/or dependence on the Board to cover costs were risks we monitored very closely over the course of the year through frequent reforecasts, outreach strategy pivots and regular communication. We appointed a part-time Development Director to further support the organisation with diversifying streams of income and ensuring fundraising meets impact targets. Although successfully managed in 2021, these remain risks we are monitoring in 2022 and which our fundraising plans for the year respond to.
- The risk of our work being stopped, particularly in Egypt, Lebanon or Jordan due to registration issues, lockdowns, violence, economic collapse or force majeure events is one we monitor and manage closely with the expert leadership of our country directors and representatives on the ground. Alfanar employs experienced development professionals who bring years of development experience and acumen to their jobs, and a deep understanding of the political and socioeconomic context on the ground, which enables them to monitor and mitigate arising risks more effectively.
- The growth in the number of institutional partners and contracts in need of review in 2021 introduced a new risk around fully understanding the impact of contractual obligations entered. Supported by the Finance Committee, which added retired lawyer Robert Cartwright as a member in February 2021, the senior management team has developed a risk assessment template to guide contract reviews and a policy to assess the impact of indemnities, which have become a more frequent feature in contracts and grant agreements.

Mitigation strategies are clarified and approved by the Board for all 24 risks identified in Alfanar's risk register.

We engaged ClearComm, a data specialist, to conduct an audit of our data protection policies and processes and to support us in updating and training our staff on revised policies. The policies were approved in 2022 and staff were subsequently trained. Additionally, we began researching alternative CRM, grant management and virtual server providers and taking further actions to assess and bolster the security of our website and systems. The new CRM and grant management system was implemented in May 2022.

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 2021 this target was £553k.

At 31 December 2021 reserves held totaled £881k (2020: £839k), of which £633k represented restricted funds (2020: £608k) and £247k represented unrestricted funds (2020: 231k). Designated funds as at 31st December 2021 were £3k (2020: £4k), leaving free reserves at £245K (2020: £227K).

This is £308k (2020: £185k) below the reserves target. The Board will closely monitor expenditure during the early part of 2022, with the aim that the organisation's fundraising strategy approved by the Board will bolster our income targets and see free reserves back to target levels by the end of 2022.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trustees who are also directors of Alfanar for the purposes of company law are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and standard United Kingdom accounting practice (UK GAAP).

Company law requires trustees to prepare financial statements that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of those resources, including income and expenditure, of the charitable company for that period. In preparing these financial statements, the Board of Trustees are required to:

- Selected suitable accounting policies and applied them consistently.
- Observe the methods and principles in the Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard 102.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a 'going concern' basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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 16 of September 2022 and is signed on their behalf.

TRUSTEE Charlotte Boyle

DocuSigned by:

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALFANAR

Opinion

We have audited the financial statements of Alfanar ('the company') for the year ended 31 December 2021 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 2021 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALFANAR

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 45, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALFANAR

Responsibilities of trustees (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALFANAR

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALFANAR

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.

Moore Kingston Smith LLP

Date: 21 September 2022

.....
Andrew Stickland (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP,
Statutory Auditor
6th Floor
9 Appold Street
London
EC2A 2AP

ALFANAR (Company limited by guarantee no. 05141908)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2021

Current Year	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
INCOME					
Donations	2	555,369	90,773	646,142	887,554
Other trading activities	3	4,183	-	4,183	3,310
Income from charitable activities	4	228,241	1,248,204	1,476,445	1,299,455
TOTAL INCOME		787,793	1,338,977	2,126,770	2,190,319
EXPENDITURE					
Expenditure on raising funds		278,891	-	278,891	279,809
Expenditure on charitable activities		492,377	1,189,853	1,682,230	1,544,744
TOTAL EXPENDITURE	5	771,268	1,189,853	1,961,121	1,824,553
Net income		16,525	149,124	165,649	365,766
NET MOVEMENT IN FUNDS		16,525	149,124	165,649	365,766
TOTAL FUNDS BROUGHT FORWARD		230,650	607,923	838,573	472,807
TOTAL FUNDS CARRIED FORWARD		247,175	757,047	1,004,222	838,573

Prior Year	Note	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
INCOME					
Donations	2	357,083	530,471	887,554	461,778
Other trading activities	3	3,310	-	3,310	5,644
Income from charitable activities	4	283,299	1,016,156	1,299,455	869,778
Other income: gain on foreign exchange		-	-	-	4,009
TOTAL INCOME		643,692	1,546,627	2,190,319	1,341,209
EXPENDITURE					
Expenditure on raising funds		279,809	-	279,809	256,594
Expenditure on charitable activities		346,213	1,198,531	1,544,744	1,220,492
TOTAL EXPENDITURE	5	626,022	1,198,531	1,824,553	1,477,086
Net income		17,670	348,096	365,766	(135,877)
NET MOVEMENT IN FUNDS		17,670	348,096	365,766	(135,877)
TOTAL FUNDS BROUGHT FORWARD		212,980	259,827	472,807	608,684
TOTAL FUNDS CARRIED FORWARD		230,650	607,923	838,573	472,807

All of the Charity's operations are continuing.

The annexed notes form part of these financial statements

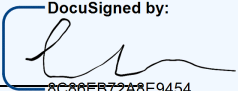
ALFANAR (Company limited by guarantee no. 05141908)

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	£	2021 £	£	2020 £
FIXED ASSETS					
Tangible assets	-		2,631		3,680
Investment Assets	11		<u>1</u>		<u>1</u>
			2,632		3,681
CURRENT ASSETS					
Programme related investments	12	124,870		63,582	
Debtors	13	365,788		96,697	
Cash at bank and in hand		<u>654,404</u>		<u>860,717</u>	
		1,145,062		1,020,996	
Creditors: amounts falling due within one year	14	(143,472)		(186,104)	
NET CURRENT ASSETS			1,001,590		834,892
NET ASSETS			1,004,222		838,573
Restricted funds	-		757,047		607,923
Unrestricted funds					
Designated funds	-	2,631		3,680	
General fund	-	<u>244,544</u>		<u>226,970</u>	
			247,175		230,650
			<u>1,004,222</u>		<u>838,573</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 16 September and signed on their behalf by:

Charlotte Boyle 
Trustee

ALFANAR (Company limited by guarantee no. 05141908)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
Cash provided by operating activities					
Net movement in funds		165,649		365,766	
Add back depreciation charge		1,049		1,252	
(Increase)/ Decrease in programme related investments		(61,288)		(63,582)	
(Increase)/ Decrease in debtors		(269,091)		(82,854)	
(Decrease)/ Increase in creditors		(42,632)		82,858	
Net cash (used in) operating activities			(206,313)		303,440
Cash flows from investing activities					
Purchase of tangible fixed assets		-		(1,611)	
Net cash (used in) / investing activities			-		(1,611)
Increase/(Decrease) in cash and cash equivalents in the year			(206,313)		301,829
Cash and cash equivalents at the beginning of the year					
Cash in hand		860,717		558,888	
			860,717		558,888
Total cash and cash equivalents at the end of the year	15		654,404		860,717

The annexed notes form part of these financial statements

ALFANAR (Company limited by guarantee no. 05141908)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

Going Concern

The charity has given due consideration to the effects of the COVID-19 outbreak and associated restrictions, the effects of which continued to disrupt in-person gatherings and trainings, travel and in-person fundraising events throughout 2021. 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. In particular, the Trustees considered and took decisions throughout the year to manage the effect of COVID-19 on a few critical areas of activity. For example, the charity's ability to raise income in 2021 was hampered by continued restrictions on travel and assembly. The charity's gala dinner, originally scheduled for 2020, was postponed until 2022. The charity continued to host virtual events and run online fundraising campaigns in 2021, as anticipated their effectiveness waned by the end of the year. Alfanar's Senior Management team evaluated progress achieved to date and used it to inform and elaborate a revised 2022-2025 strategy aimed at accelerating the impact of Alfanar's support to social enterprises, driving regional growth, and positioning Alfanar as a noteworthy social enterprise expert and resource for the MENA region. The Development Director, appointed in 2020, made progress in 2021, building out Alfanar's fundraising strategy to deliver on aspired impact growth for 2022-2025. This strategy, approved by the Trustees in Q1 2022, balances outreach between long-term individual support, events and campaigns and growing support from institutional partners. This revised plan will enable Alfanar to not only meet its financial commitments to current social enterprises, but to grow it in the future. The charity aims to replenish free reserves to target levels by Q1 2023. Accordingly, the Trustees continue to adopt a going concern basis in preparing the financial statements.

Presentational currency

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.

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 authorised Director.

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, such 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. In the instance when there is a strong likelihood of repayment, the grant is treated as a Programme Related Investment and held on the balance sheet in the fund used to disburse the payment to the investee.

ALFANAR (Company limited by guarantee no. 05141908)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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. The accounts also include unrealised losses in exchange rate movements in currencies held at the year end.

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

Group accounting

The Charity has an overseas branch in Egypt. 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). The Charity has a subsidiary in Lebanon, which became active during the year. The financial activities of the subsidiary have not been consolidated on a line by line basis as this would not materially affect the figures reported or the presentation of the financial statements. In future years, the Charity will consolidate Alfanar Lebanon's financial activities on a line-by-line basis into its financial statements. All costs of operating in Lebanon that continue to be borne directly by Alfanar UK are included in these statements.

Programme related investments

Programme Related Investments that are in the form of concessionary loans and zero interest repayable grants are accounted for at the outstanding amount of the investment less any provision for unrecoverable amounts. Any impairment is charged to the Statement of financial activities classified as expenditure on charitable activities

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	Restricted	Total
	Funds	Funds	Funds
	2021	2021	2021
	£	£	£
Boards	185,926	-	185,926
Other individuals	337,380	90,773	428,153
Donated services	32,063	-	32,063
	<u>555,369</u>	<u>90,773</u>	<u>646,142</u>
Prior Year	Unrestricted	Restricted	Total
	Funds	Funds	Funds
	2020	2020	2020
	£	£	£
Boards	230,637	38,790	269,427
Other individuals	119,021	491,681	610,702
Donated services	7,425	-	7,425
	<u>357,083</u>	<u>530,471</u>	<u>887,554</u>

In 2021 £12,120 (2020 : £31,793) of Gift Aid was receivable. This has been accounted along with the donations that attracted the claim. £11,500 (2020: £11,500) was included within Board income and £ 620 (2020: £ 20,293) was included within Other individuals. In 2021 Nil (2020: £5) of interest receivable from HMRC on Gift Aid claims has been included under Other individuals.

ALFANAR (Company limited by guarantee no. 05141908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3. OTHER TRADING ACTIVITIES

Current Year	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
	2021	2021	2021	2020
	£	£	£	£
Social Enterprise Management Support	4,183	-	4,183	3,310
	<u>4,183</u>	<u>-</u>	<u>4,183</u>	<u>3,310</u>
Prior Year	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
	2020	2020	2020	2019
	£	£	£	£
Social Enterprise Management Support	3,310	-	3,310	5,644
	<u>3,310</u>	<u>-</u>	<u>3,310</u>	<u>5,644</u>

4. INCOME FROM CHARITABLE ACTIVITIES

Current Year	Unrestricted Funds	Restricted Funds	Total Funds
	2021	2021	2021
	£	£	£
The Asfari Foundation	-	125,000	125,000
Alfanar, Inc., US	22,151	-	22,151
Al Ghurair Foundation for Education (AGFE)	-	157,298	157,298
Bank of America	36,918	-	36,918
British Council (LEEP)	9,908	-	9,908
Drosos Foundation	62,907	126,027	188,934
GFA Consulting Group GmbH (GFA)	-	207,090	207,090
Impact Lebanon	-	178,881	178,881
LIFE Generation Fund	-	39,734	39,734
Oxfam	7,007	64,136	71,143
Plan: Jordan Mubaderoon project	12,674	77,011	89,685
SODIC	12,393	71,035	83,428
Theirworld	18,568	185,681	204,249
Other Trusts and Foundations	45,246	16,311	61,557
UK Covid Job Retention Scheme	469	-	469
	<u>228,241</u>	<u>1,248,204</u>	<u>1,476,445</u>
Prior Year	Unrestricted Funds	Restricted Funds	Total Funds
	2020	2020	2020
	£	£	£
Alfanar, Inc., US	102,407	105,884	208,291
Al Ghurair Foundation for Education (AGFE)	-	130,801	130,801
Bank of America	52,803	72,869	125,672
British Council (DICE)	-	6,593	6,593
Consolidated Contractors Group S.A.L. (CCC)	3,016	12,731	15,747
Drosos Foundation	38,063	-	38,063
Genesis Foundation	3,777	37,616	41,393
Global Fund for Widows	-	99,889	99,889
International Finance Corporation (IFC)	-	37,594	37,594
IFC for Impact Fund	-	37,594	37,594
Impact Lebanon	-	101,124	101,124
LIFE Generation Fund	-	38,034	38,034
Oxfam	-	49,921	49,921
PepsiCo	7,761	69,844	77,605
Plan: Jordan Mubaderoon project	-	35,161	35,161
SODIC	14,937	74,686	89,623
Other Trusts and Foundations	55,052	105,815	160,867
UK Covid Job Retention Scheme	5,483	-	5,483
	<u>283,299</u>	<u>1,016,156</u>	<u>1,299,455</u>

Income under Other Trusts and Foundations was received from 8 (2020: 5) organisations who wish to be anonymous in published financial statements.

In 2021 we received grants from the UK government totalling £469 (2020:£5,483) through the Covid Job Retention Scheme.

ALFANAR (Company limited by guarantee no. 05141908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5. EXPENDITURE

Current Year	Direct Staff costs £	Other Direct costs £	Support costs £	Total 2021 £
Costs of raising funds	128,864	76,011	74,016	278,891
Charitable activities	219,253	1,337,045	125,932	1,682,230
	<u>348,117</u>	<u>1,413,056</u>	<u>199,948</u>	<u>1,961,121</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 2020 £
Costs of raising funds	121,405	63,744	94,660	279,809
Charitable activities	141,947	1,292,122	110,675	1,544,744
	<u>263,352</u>	<u>1,355,866</u>	<u>205,335</u>	<u>1,824,553</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:	2021 £	2020 £
Auditors' remuneration for audit (excluding VAT)	13,975	10,745
Auditors' remuneration for other services	1,745	1,955
Under/(over) audit accrual in prior year	-	-
Depreciation	1,049	1,252
Operating lease rentals: equipment	-	2,257
Operating lease rentals: property	12,636	19,378
	<u>12,636</u>	<u>19,378</u>

7. SUPPORT COSTS

	2021 £	2020 £
Governance: audit fee (including irrecoverable VAT)	16,770	12,894
Staff costs	97,022	101,013
Staff development	-	1,684
Accounting, payroll and compliance	4,340	2,737
Rent overseas office space	11,410	8,033
Rent UK office space	2,814	12,913
Legal and professional fees	13,618	5,138
Bank charges	5,664	7,371
Insurance	1,437	1,118
Realised loss on foreign exchange	2,296	17,928
* Unrealised loss on foreign exchange	5,390	23,885
Depreciation	1,049	1,252
Other	38,138	9,369
	<u>199,948</u>	<u>205,335</u>

* Losses on foreign exchange are matched by a reduction in other areas of expenditure as income in currency is normally disbursed in that currency.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2021	2020
	£	£
Grants Awarded		
- Egypt Portfolio		
Brighter Tomorrow for Child Protection (BTCP)	58,991	28,682
Educate Me	36,036	104,321
¹ Future Eve Foundation	37,653	63,714
Heya Masr	11,795	-
Life Vision	29,327	35,806
-Strengthening Social Enterprise for Migration and Development (SEMD)		
Startups Without Borders	9,982	-
Yadawee	9,982	-
Delta Oil	10,221	-
Duma	10,221	-
Marj3	10,221	-
Nakoll	10,221	-
Sprints	10,221	-
Threads of Hope	10,221	-
Takafoo	1,902	13,483
Together For You	-	3,348
Wataneya Society for the Development of Orphanages	-	7,727
	256,994	257,081
- Lebanon Portfolio		
Ana Aqra	47,827	7,717
Bridge.Outsource.Transform (B.O.T.)	24,762	44,726
FabricAid	14,671	81,438
L'Artisan du Liban	17,332	-
Lebanese Alternative Learning (Tabshoura)	112,266	22,716
Lebanese Food Bank	-	8,094
MMKN	-	7,440
SE Factory	50,574	78,616
ShareQ	-	5,985
- Refugee Portfolio		
Inaash	32,661	36,999
MMKN- Refugee programme	67,807	87,479
NaTakallam	11,080	18,797
SE Factory- Refugee programme	29,074	89,858
WPA/Soufra/Nawras Preschool	-	55,082
	408,054	544,947
- Social Enterprise Support Fund Lebanon programme		
LiveLoveLebanon	24,652	-
Marsa	24,479	-
Vanina	24,479	-
FabricAid	24,530	-
Souk El Tayeb	24,485	-
L'Artisan du Liban	24,484	-
	147,109	-
- Emergency Lebanon Response		
Inaash - Facemasks	-	7,858
Lebanese Food Bank Food boxes	-	90,021
March NGO Bedco - Reconstruction	181,487	72,590
ShareQ- Vacuum-Sealed meals	-	40,480
Soufra - Hot meals	-	23,927
Souk El Tayeb- Hot meals	-	7,638
Shatila Studio- Facemasks and Tablets	-	10,658
	181,487	253,172
Total Grants Awarded	993,644	1,055,200

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**
8. DIRECT COSTS OF CHARITABLE ACTIVITIES

Total Grants Awarded	b/fwd	993,644	1,055,200
² ASSET and AIM		3,786	5,342
³ Miscellaneous social enterprise support costs		88,499	25,859
Impact Fund pre-start up activity costs		130,227	84,571
Accelerate Study Mission		11,677	
⁴ Programme direct services		109,212	121,151
		1,337,045	1,292,122

¹ Future Eve Foundation: In 2020 the total amount awarded to Future Eve Foundation was £127,296. This included a sum of £63,582 repayable over three years at zero rate of interest. This repayable element is shown on the balance sheet under Programme related investments.

² ASSET (Alfanar Sustainable Social Enterprise Training) and AIM (Alfanar Impact Management) are two critical components of the support Alfanar provides to social enterprises beyond its grant funding.

³ Miscellaneous social enterprise support costs includes contracted-out support to social enterprises covering: business planning, business training, marketing and video production costs. These were funded in 2021 through our agreements with Oxfam, Plan and GFA.

⁴ Programme direct services: the cost of our on the ground consultants providing our tailored management support, training and advice to Social Enterprises in Lebanon (2021 and 2020) and Jordan (2020).

INVESTMENT SPEND

8a Investment spend is the total of direct staff expenditure and other direct costs of charitable activities.

	2021	2020
	£	£
Direct costs of charitable activities	1,337,045	1,292,122
Direct staff costs on charitable activities	219,253	141,947
Investment spend	1,556,298	1,434,069

9. STAFF COSTS

	2021	2020
	£	£
Gross salaries	296,737	282,515
Social security costs	28,842	25,571
Employer pension contributions	4,545	3,511
Salaries of overseas staff	112,694	51,205
Other overseas staff costs	2,321	1,563
	445,139	364,365

A total of 10 individual staff members were employed by the Charity in the year (2020 : 9).

Number of employees whose salaries were in the following bands:	2021	2020
£80,000-£89,999	1	1
£70,000-£79,999	-	-
£60,000-£69,999	1	-
Aggregate employer's annual contributions to pension schemes for these staff	1,319	£1,314

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 £ 211,846 (2020: £198,753).

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

10. TANGIBLE FIXED ASSETS

	Office Equipment £
Cost	
At 1 January 2021	12,119
Additions in the year	-
At 31 December 2021	12,119
Depreciation	
At 1 January 2021	8,439
Charge for the year	1,049
At 31 December 2021	9,488
Net book value	
At 31 December 2021	2,631
At 31 December 2020	3,680

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**NOTES TO THE FINANCIAL STATEMENTS
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11. INVESTMENTS IN SUBSIDIARIES

Alfanar's investment at the balance sheet date in the wholly-owned share capital of the following unlisted companies is as follows:

	2021	2020
	£	£
Current assets	1	1
Total net assets	<u>1</u>	<u>1</u>
Called up share capital		
Beacon Social Capital Limited (Dormant, incorporated 28 December 2018)	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

12. PROGRAMME RELATED INVESTMENTS

	2021	2020
	£	£
Repayable Grants due within one year	41,418	21,194
Repayable Grants due after more than one year	83,452	42,388
	<u>124,870</u>	<u>63,582</u>

The Programme related investments are:

1. A repayable grant included in our 2020 agreement with Future Eve Foundation, repayable over three years in equal instalments. Two payments of £20,391 remain outstanding due in Dec 2022 and December 2023 respectively.
2. A repayable grant included in our 2021 agreement with FabricAid. This to be repaid within two years.
3. A convertible repayable grant to FabricAid Holdings of \$60,000 (£44,933) to be repaid in 2023 or converted into equity in 2022.

13. DEBTORS

	2021	2020
	£	£
Due within one year		
Grant debtors	18,484	91,018
Accrued income	323,068	
Other debtors	425	
Alfanar Lebanon	17,875	
Prepayments	5,936	5,679
	<u>365,788</u>	<u>96,697</u>

14. CREDITORS

	2021	2020
	£	£
Due within one year		
Trade creditors	12,732	11,172
Taxation	8,663	7,633
Grants payable to investees	71,665	135,091
Defined contribution pension scheme payments	1,770	2,969
Other accruals	48,642	29,239
	<u>143,472</u>	<u>186,104</u>

15. ANALYSIS OF CHANGES IN NET DEBT

	At start of year	Cashflows	Acquisition/di sposal of subsidiaries	New finance leases	Other non-cash changes	At end of year
	£	£	£	£	£	£
Cash	860,717	(206,313)	-	-	-	654,404
Cash equivalents	-	-	-	-	-	-
Overdraft facility	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total	<u>860,717</u>	<u>(206,313)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>654,404</u>

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FOR THE YEAR ENDED 31 DECEMBER 2021

16. RESTRICTED FUNDS

Current Year	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	£	£	£	£	£
Egypt					
Egypt Fund	8,325	3,000	8,325		3,000
Education in Egypt					
Educate Me	67	25,654	13,785		11,936
BTCP	14,832	5,586	24,146	3,728	-
Women and Youth Employment in Egypt					
Future Eve Foundation	64,423	47,274	25,739		85,958
Life Vision	9,474	3,692	13,166		-
Takafoo	487	-	487		-
Together For You	3,728	-	-	(3,728)	-
SEMD Programme					
Technical Assistance	-	157,091	81,825		75,266
Marj3	-	6,250	1,012		5,238
Delta Oil	-	9,090	3,852		5,238
Duma	-	6,250	1,012		5,238
Nakoll	-	6,250	1,012		5,238
Sprints	-	6,250	1,012		5,238
Threads of Hope	-	8,250	3,012		5,238
Start-ups without borders	-	8,663	3,425		5,238
Yadawee	-	6,250	1,012		5,238
Lebanon					
Education in Lebanon					
MMKN	-	1,440	3,000	-	1,560
Tabshoura	-	8,299	77,453	85,752	-
Women and Youth Employment in Lebanon					
Ana Aqra	-	-	113,832	47,827	66,005
BOT	-	1,988	84,590	24,762	61,816
SE Factory	-	31,337	81,171	50,574	61,934
Emergency/Environment Lebanon					
Lebanese Food Bank	-	21,962	-	-	21,962
Refugees in Lebanon					
Inaash	-	-	6,778	6,778	-
NaTakallam	-	134	3,547	3,681	-
Shatila Studio	-	17,538	-	-	17,538
WPA Nawras Pre-School	-	-	12,547	-	12,547
Al Ghurair Foundation (AGFE) SE Factory	-	19,988	49,062	29,074	-
Al Ghurair Foundation (AGFE) MMKN	-	5,615	73,591	67,976	-
Al Ghurair Foundation (AGFE) SE Support	-	18,375	34,645	16,270	-
Emergency Response					
Emergency Lebanon Campaign					
Emergency Lebanon Restricted General	178,263	44,854	63,814		159,303
Impact Lebanon	94,356	178,881	273,237		-
Soufra - Hot meals	2,504	-	-		2,504
Pepsico/March NGO -Bedco for reconstruction	12,896	-	12,896		-
Oxfam	47,443	64,136	111,579		-
Jordan					
Plan- Mubaderoon project	-	9,092	77,011	67,919	-
Palestine					
Palestine SE programme	-	50,000	-		50,000
UK					
Accelerate Study Missions	24,346	6,829	11,677		19,498
Impact Fund	31,574	2,500	34,074		-
Alfanar Capacity Building	30,000	-	30,000		-
Alfanar Development	58,457	75,000	69,141		64,316
TOTAL RESTRICTED FUNDS	607,923	1,338,977	1,189,853	-	757,047

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

RESTRICTED FUNDS

Prior Year	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	£	£	£	£	£
Egypt					
Egypt Fund	8,325	-	-		8,325
British Council (DICE)	6,196	6,593	12,789		-
Education in Egypt					
Educate Me	-	104,388	104,321		67
BTCP	-	43,514	28,682		14,832
Women and Youth Employment in Egypt					
Future Eve Foundation	573	127,564	63,714		64,423
Life Vision	968	44,312	35,806		9,474
Takafoo	-	13,970	13,483		487
Together For You	7,076	-	3,348		3,728
Lebanon					
Education in Lebanon					
MMKN	-	6,000	7,440	-	1,440
Tabshoura	-	13,523	5,224		8,299
Women and Youth Employment in Lebanon					
BOT	-	26,323	24,335		1,988
SE Factory	14,264	95,689	78,616		31,337
ShareQ	-		-		-
Emergency/Environment Lebanon					
Shatila Studio - Tablets for SE's		2,647	2,647		-
FabricAid	20,525	20,795	41,320		-
Lebanese Food Bank	-	30,056	8,094		21,962
Refugees in Lebanon					
Inaash	-	18,797	18,797		-
NaTakallam	-	18,797	18,663		134
Shatila Studio	25,421	-	7,883		17,538
WPA Nawras Pre-School	14,910	40,172	55,082		-
Al Ghurair Foundation (AGFE) SE Factory	9,706	60,164	89,858	-	19,988
Al Ghurair Foundation (AGFE) MMKN	17,738	64,295	87,648	-	5,615
Al Ghurair Foundation (AGFE) SE Support	-	6,342	24,717	-	18,375
Emergency Response					
Survive and Thrive Restricted General					
Inaash - Facemasks		8,683	8,683		-
Shatila Studio - Facemasks		8,011	8,011		-
Lebanese Food Bank - Food Boxes		38,095	38,095		-
Emergency Lebanon Campaign					
Emergency Lebanon Restricted General		178,263	-		178,263
Impact Lebanon		101,124	6,768		94,356
Lebanese Food Bank		51,926	51,926		-
Souk El Tayeb- Hot meals		7,638	7,638		-
Soufra - Hot meals		26,431	23,927		2,504
ShareQ- Vacuum-Sealed meals		40,480	40,480		-
Pepsico/March NGO -Bedco for reconstruction		85,486	72,590		12,896
Oxfam		49,921	2,478		47,443
Jordan					
Plan- Mubaderoon project	18,779	35,161	63,032	-	9,092
UK					
Accelerate Study Missions	24,346	-	-		24,346
Impact Fund	-	115,584	84,010		31,574
Alfanar Capacity Building		55,883	25,883		30,000
Alfanar Development	91,000	-	32,543		58,457
TOTAL RESTRICTED FUNDS	259,827	1,546,627	1,198,531	-	607,923

Transfers. Transfers between funds in the current year have been described within the following notes on each relevant fund.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Egypt fund holds income specifically restricted to social enterprise grants and support activities in Egypt. Allocation to specific projects is at the discretion of the Board. In 2021 funds were used to help support Bright Tomorrow for Child Protection (BTCP) £4,436 and Future Eve £3,889.

Educate Me runs an innovative community education programme which emphasises character development and self-actualisation alongside the traditional curriculum in 150 public schools across six governorates in Egypt. It also conducts teacher training to a wider group of nearly 5,000 educators. In 2020, Educate Me shifted its teacher training online and continued to achieve impact despite lockdown. This social investment is generously supported by SODIC and funds raised during the 2020 Survive and Thrive campaign.

Brighter Tomorrow for Child Protection (BTCP) supports the social and educational reintegration of children with disabilities particularly those with autism, based out of Alexandria. It is funded from funds raised through the 2020 Survive and Thrive campaign and a transfer of excess funds from a donor, with their approval, previously supporting TFY.

Future Eve Foundation (FEF) is an active investment and continues to be generously supported by the Global Fund for Widows (GFW), Taher Ghargour and another individual. A growing portfolio of housing improvement loans launched by FEF is being supported by SODIC. GFW continues to provide technical assistance to this investment.

Life Vision economically empowers smallhold female farmers through Farmer Field Schools and literacy classes. In 2021 this investment was covered by funds raised in the 2021 Join the Journey campaign and funds raised in 2020 through the Survive and Thrive campaign.

Takafoo works in the Minya region training and helping women secure reliable, safe farm work. This investment in was supported by funds raised in our 2020 Survive and Thrive campaign.

Together For You (TFY) is an 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 have been covered by restricted funds from a number of generous individual donors. In 2020, Alfanar completed and exited its investment in TFY. Following discussions with the donor on how to use the surplus funds on this project these have been allocated to BTCP.

Strengthening Social Enterprise for Migration and Development (SEMD) Programme. This is a two year programme 50% funded by GFA with SDC funds. It involves the selection of eight social enterprises for financial and technical support. The first Grant payments were made in 2021 and the second payments will be made in 2022. The balance of £75,266 on the Technical Assistance line will be spent in 2022.

MMKN helps at-risk students in Lebanese public schools prepare for and pass the national Brevet (9th grade) exam, which is required for entry into high school, vocational schools and university. Historically an exam children in the Lebanese public school system are likely to fail, MMKN's tutoring curriculum helps students reach pass rates in the 90%. In 2020, this investment was partly covered by an individual supporter and AGFE. There was a small deficit at the start of the year end due to a timing difference. This was covered by the generous support of a regular donor.

Tabshoura (Lebanese Alternative Learning) provides a free, accessible and interactive online learning platform to support teachers and students with the Lebanese curriculum. Tabshoura proved essential to 10,000 students across Lebanon during COVID-19 lockdowns. This investment is supported by Theirworld's Digital Learning Early Childhood Education project and funds raised in the 2020 Survive and Thrive campaign.

Ana Aqra advances literacy and autonomous learning for underprivileged children in Lebanese public schools. It has also expanded its services to address the educational, cultural and psychosocial needs of communities within and surrounding the public educational system. Ana Aqra's core programs focus on student integration, student retention and teacher training towards long-term sustainability. 2021 saw our 4th year of investment in the program. It is supported through Theirworld's Digital Learning Early Childhood Education project.

BOT (Bridge.Outsource.Transform.) enables hundreds of disadvantaged, marginalised youth in Lebanon, opportunities to work in the digital freelance market. This investment in 2021 was supported by Drosos, Lebanese International Finance Executives (LIFE) and funds raised in our 2020 Survive and Thrive campaign.

SE Factory is an intensive, 3-month full-stack web development training programme and job placement initiative launched by the Nawaya Network, helping underprivileged youth to develop the skills and mindset needed to land coding jobs in the region's tech sector. 2021 saw our second year of investment. This is supported by Drosos and Bank of America Foundation.

Lebanese Food Bank This pilot investment works in Lebanon to reduce food waste and alleviate hunger. It received support from our 2020 Survive and Thrive campaign. Funds in excess of our pilot involvement were received. We are in discussions with key donors to agree a reallocation of these funds.

Inaash creates dignified employment for nearly 400 female Palestinian refugees through embroidery and high-quality textile production. This investment in 2021 was partially funded by funds raised through our 2021 Join the Journey campaign.

NaTakallam creates steady, dignified employment for Syrian refugees and vulnerable host community members as Arabic practice partners, teachers and translators for Arabic learners and institutions worldwide using online communication technology. In 2021, our investment was partly funded through funds raised in our 2021 Join the Journey Campaign.

Shatila Studio provides dignified employment to Syrian refugees inside the Shatila refugee camp in Beirut by employing them as artisans in needlework, embroidery and textile production. This investment is supported by an individual supporter. Expenditure was on hold in 2021 awaiting a new business plan. Disbursements resumed in 2022.

WPA Nawras Pre-School is the culmination of a multi-year investment with the Women's Program Association (WPA) in Burj al Barajneh that led to the creation of the Soufra catering unit and foodtruck, microloans to women in the camp and the establishment of the Nawras preschool providing early childhood education to around 100 children. In 2020, Alfanar concluded its venture philanthropy investment in WPA thanks to the support of generous individuals. Separately, as part of our Emergency Lebanon Appeal, we worked through Soufra to provide hot meals to hundreds of families impacted by the Beirut blast. Funds received late in 2020 were held in 2021 while we discussed with WPA and agreed the best use for the investment. These funds are being disbursed in 2022

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FOR THE YEAR ENDED 31 DECEMBER 2021

Al Ghurair Foundation for Education (AGFE) is focussed on providing support to refugees. It is helping to fund our work amongst refugees through MMKN and SE Factory. It provides for grants to be made and covers part of our technical assistance staff costs relating to these investees. This two year project commenced in August 2019. Due to delays in the project it has been granted a no cost extension into 2022.

Emergency Response Funds. During 2020, Alfanar ran the Survive and Thrive campaign in response to the COVID-19 pandemic and the Emergency Lebanon Appeal in response to the 4 August 2020 Beirut port explosion. Emergency projects supported by these campaigns included facemask projects, foodboxes and hot meals to vulnerable families. We are providing finance and programme support to local social enterprise, March NGO, enabling them to manage a major reconstruction project supporting small businesses, social enterprises and three schools damaged by the blast. This reconstruction work was completed in June 2021. Alfanar worked with Inaash, Shatila Studio, the Lebanese Food Bank, Souk el Tayeb's Community Kitchen, ShareQ and Soufra to respond to emergency needs. The Lebanese Food Bank received support from both campaigns as well as joining our portfolio as a pilot investment. Funds from Impact Lebanon and Oxfam are for projects that ran until April 2021 and Sept 2021 respectively providing support to enable resilience in these difficult circumstances. They covered programme services costs and grants to suitable social enterprises. The total carried forward in this area is £161,817 (2020: £335,462). All of this will be disbursed by the end of 2022.

PLAN-Mubaderoon Project is an EU-funded project that enabled Alfanar to train and build the capacities of 60 growth-stage social enterprises focused on women's empowerment across East Amman, Ajloun and Tafleeh in Jordan. This project finished in September 2021.

Palestine. This fund is to enable us to expand our work to Social Enterprises based in Palestine. It will be matched in 2022 by a generous supporter. We will look to identify suitable Social Enterprises and set up a SEED investment cycle.

Accelerate Study Missions expose our social entrepreneurs to best-in-class social enterprises in the developing South achieving scale and sustainability in their respective sectors. They were postponed in 2020 due to COVID-19. They are generously supported by a generous individual. We ran a market place investigation with two Lebanese social enterprises in 2021 partly supported by Institute Francaise.

Impact Investment Fund represents pre-start-up ecosystem, pipeline and investment strategy analysis aimed at supporting the eventual launch of an impact investment vehicle to extend the financing life cycle for investor-ready social enterprises across the Arab region. This investment received support from the IFC and a private foundation.

Alfanar Capacity Building Fund is made possible by the generous donation of an individual supporter who restricted their donation to support Alfanar's growth.

Alfanar Development Fund. Alfanar received a generous three-year grant in 2019 from The Asfari Foundation to support the growth and strengthening of Alfanar's staff and business model. It includes funding for the development and digitisation of ASSET modules, hiring fundraising and other support and investing in staff development. Delays in 2020 arose as we pivoted our focus to respond to the pandemic and the Beirut blast; this development programme resumed in 2021 with a new budget agreed with Asfari. This allows us to use some of the funds towards our much needed new system for donor relationship and grant management.

ALFANAR (Company limited by guarantee no. 05141908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

17. DESIGNATED FUNDS

Current year	Brought Forward	Income	Expenditure	Transfer New Assets	Carried Forward
	£	£	£		£
Tangible Fixed Assets	3,680	-	(1,049)	-	2,631
TOTAL DESIGNATED FUNDS	3,680	-	(1,049)	-	2,631

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
	£	£	£		£
Tangible Fixed Assets	3,321	-	(1,252)	1,611	3,680
TOTAL DESIGNATED FUNDS	3,321	-	(1,252)	1,611	3,680

18. MOVEMENT OF FUNDS IN THE YEAR

Current year	Brought Forward 1 January 2021	Income	Expenditure	Transfers	Carried Forward 31 December 2021
	£	£	£	£	£
Designated funds	3,680	-	1,049	-	2,631
General fund	226,970	787,793	770,219	-	244,544
Restricted funds	607,923	1,338,977	1,189,853	-	757,047
TOTAL FUNDS	838,573	2,126,770	1,961,121	-	1,004,222
Prior year	Brought Forward 1 January 2020	Income	Expenditure	Transfers	Carried Forward 31 December 2020
	£	£	£	£	£
Designated funds	3,321	-	(1,252)	1,611	3,680
General fund	209,659	643,692	(624,770)	(1,611)	226,970
Restricted funds	212,980	643,742	(626,072)	-	230,650
Restricted funds	259,827	1,546,627	(1,198,531)	-	607,923
TOTAL FUNDS	472,807	2,190,369	(1,824,603)	-	838,573

ALFANAR (Company limited by guarantee no. 05141908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**Current year**

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £
Tangible fixed assets	2,632	-	2,632
Net current assets	<u>244,543</u>	<u>757,047</u>	<u>1,001,590</u>
	<u>247,175</u>	<u>757,047</u>	<u>1,004,222</u>

Prior year

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
Tangible fixed assets	3,681	-	3,681
Net current assets	<u>226,969</u>	<u>607,923</u>	<u>834,892</u>
	<u>230,650</u>	<u>607,923</u>	<u>838,573</u>

20. RELATED PARTIES

Alfanar rents and pays for UK office space at less than market rates from 'Common Purpose', where Julia Middleton (trustee) is the Founder and currently Innovations Officer. The cost in the year was **£2,814** (2020: £12,913). In the year, our occupancy remained low due to COVID-19. Cynthia J. Oakes continues to serve as a director of Alfanar, Inc. US.

During the year, trustees donated £177,817 (2020: £206,893) in total, including board pledges, gifts at events and other campaign donations to Alfanar's general funds. In addition members of the Alfanar, Inc., US board donated £8,109 (2020: £19,273)

21. LEASE COMMITMENT

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

	2021 £	2020 £
Less than 1 year	4,219	9,085
Between 2 and 5 years	<u>-</u>	<u>1,189</u>
	<u>4,219</u>	<u>10,274</u>

Thank You

We would like to extend to all of our donors, advisors and pro-bono supporters our heartfelt thanks for making our work possible.

Alfanar Inc., US Board

Gretchen Welch (Chair)
 Andrea Collins
 Mark Huang
 Cynthia J. Oakes
 Carol Prendergast

Alfanar Lebanon Board & Advisors

Sallama Bu-Haydar Al-Sayegh (Chair)
 Myrna Atalla
 Nadim Aouad
 Carine Assouad
 Chadia El Meouchi
 Caroline Fattal
 Hadia Ghandour
 Randa Jamali
 Cesar Kastoun
 Alfred Kettaneh
 Ramy Sfeir
 Asmahan Zein

Advisors

Baker McKenzie
 Beirut Digital District
 Siham Bortcosh
 Robert Cartwright
 Matthew Courey
 Deloitte Egypt
 Dr. Barbara Ibrahim
 Sanam Majid
 McKinsey & Company
 Laura Stojcevic

OUR PARTNERS

Individual Donors

We thank the many individual donors who have backed Alfanar's venture philanthropy mission in 2022.

Institutional Partners

General Support



Strengthening Social Entrepreneurship for Migration & Development (SEMD)



Social Enterprise Support (SES) Fund Partners



Mubaderoon Partners



Empowering Enterprise for Social Change

Alfanar UK

38 Artillery Lane, London E1 7LS
Company registration number: 5141908
Charity registration number:1105048
Tel: +44 (0) 1158 88 2835
info@alfanar.org

Alfanar, Inc., US

c/o Hurwit & Associates, 1150 Walnut Street
(2nd Floor), Newton, Massachusetts 02461
EIN-75-31970321

Senior Management Team

Myrna Atalla (Executive Director)
Fadel Zayan (Investment Director)
Shenouda Bissada (Egypt Country Director)
Nicolas Kröger (Operations Director)
Michelle Mouracade (Lebanon Country Director)
Suha Abdul Rahim (Jordan Country Director)

Trustees

Lubna S. Olayan (Chair)
Hussain Al Nowais
Samir Assaf
Amjad Bseisu
Charlotte Boyle
Sherif Foda
Maysa Jalbout
Julia Middleton
Cynthia J. Oakes

www.alfanar.org

 [linkedin.com/company/alfanarvp](https://www.linkedin.com/company/alfanarvp)

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ALFANAR

England & Wales - Charity number 1105048

Accounts



2020

ANNUAL REPORT

BACKING BOLD SOCIAL ENTERPRISE LEADERS CREATING LASTING HOPE DIGNITY AND OPPORTUNITY FOR WOMEN, YOUTH AND CHILDREN IN THE ARAB WORLD

1 NO
POVERTY



4 QUALITY
EDUCATION



5 GENDER
EQUALITY



8 DECENT WORK AND
ECONOMIC GROWTH



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THANK YOU

2020 was unprecedented, complicated and incredibly difficult for everyone across the globe. We pray that you, your families and those around you are safe and healthy and hopefully enjoying a brighter 2021.

Alfanar and the social enterprises we support faced obstacles unlike any in our 17-year history. From a declining economic outlook across the Arab world to the COVID-19 pandemic, and the August 4th Beirut Port Explosion, Alfanar's social enterprises have been pillars of resilience and strength in the communities they serve.

Thanks to hundreds of supporters who reaffirmed their belief in our mission this year, Alfanar stood by its social enterprises to ensure that they received the funding and management support required to react rapidly to meet the critical and changing needs on the ground.

In response to COVID-19 and economic hardship in our countries of operation, we launched our Survive & Thrive Campaign in partnership with our sister charity Alfanar, Inc., US. This enabled our incredible community of donors to provide direct support to our frontline social entrepreneurs working tirelessly to meet the urgent needs of vulnerable children, youth and women across Egypt, Lebanon and refugee communities during the crisis. We directed over £400k to enable our social enterprises to adapt their models to quickly meet growing need.

Alfanar's Survive & Thrive funding made an enormous difference in vulnerable communities where physical distancing was nearly impossible to achieve, and not working because of lockdown translated into hunger. It allowed social enterprises like Educate Me, Tabshoura by LAL, The Nawras Preschool, MMKN, and SE Factory to deliver learning support and training virtually to thousands of children and youth locked out of formal education.

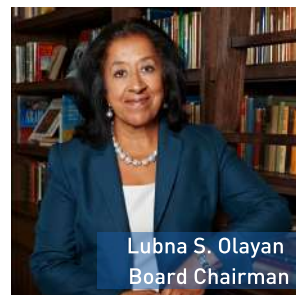
It also helped us provide immediate relief in the form of food boxes to families suffering from wage loss.

When the August 4th Port of Beirut Explosion killed more than 200 people and injured thousands, including some of our own social entrepreneurs, we launched the Emergency Lebanon Appeal to provide urgent funding and support to ailing communities through our social enterprises, providing food relief and reconstruction in areas most impacted by the blast.

Thanks to your incredible support we are able to direct over £250k to social enterprises providing emergency relief, including the Lebanese Food Bank, Souk el Tayeb, ShareQ, Soufra, and BEDCO by March NGO, with a further £520k secured for 2021. We also provided counselling and management support to our social enterprises impacted by the blast.

We thank the generous donors who backed our work this year. Despite the onslaught of crisis and difficulty, you enabled us to double down on our mission and to stand strong with our social enterprises, to help them reforecast and shift their budgets, to pivot their impact models and to continue showing up for the vulnerable communities they educate, employ and empower.

As we look towards 2021, Alfanar will look for and seize opportunities to scale some of our most effective, innovative and resilient social enterprises in order to create dignity for a growing number of vulnerable women, youth and children across the Arab world.



Lubna S. Olayan
Board Chairman



Myrna Atalla
Executive Director

Transforming Crisis into Opportunity

The Impact of 2020 on Alfanar's Social Enterprises

In under a year, COVID-19 has taken to new levels the hardship and inequity we work so hard to counter. 1.7 million jobs in the Arab world will be lost due to COVID-19, and an additional 8.3 million people will fall below the poverty line.

Alfanar helped deliver the funding, training, management support and access to networks that our social enterprises needed to adapt, innovate, and survive the crisis in order to continue creating sustainable impact.



With COVID-19 closing schools across the region, we worked with our social enterprises to ensure that children, parents and educators could access the learning resources needed to ensure continuity of education throughout the crisis.

We backed innovative education social enterprises, such as Tabshoura by LAL in Lebanon, to digitise curricula and bring online learning to underprivileged children across the country.

In Egypt, we helped Wataneya Society to shift its training for social workers and orphanage care workers online, enabling them to continue their social impact work throughout lockdown.

Women and widows are among the most vulnerable, not only tending to children at home but worrying about how to provide food for them as work dried up.

With revenues falling and jobs threatened, Alfanar worked to support employment-focused social enterprises like Inaash, which employs women refugees as embroiderers, to pivot and adjust their financial models in response.

By supporting Inaash and Shatila Studio to develop and implement an online sales strategy, as well as producing 2,000 face masks, Alfanar's flexible support helped ensure that hundreds of refugee women were able to continue working.

“

Alfanar was one of the first organisations that believed in us. Whatever we achieved, it was because of Alfanar.

”

Omar Itani
FabricAID Founder

“Alfanar has been an incredible partner for the Lebanese Food bank.”

Walid Maalouf
Lebanese Food Bank
Board Member



In Lebanon, COVID-19 compounded a desperate ongoing financial crisis. Poverty levels increased from 33% to 50% of the population in a matter of months and food insecurity grew dramatically.

As prices soared and lockdowns began, Alfanar supported frontline social enterprise The Lebanese Food Bank with targeted funding and management support to grow their support to vulnerable families from 500 to 50,000 food boxes per month.

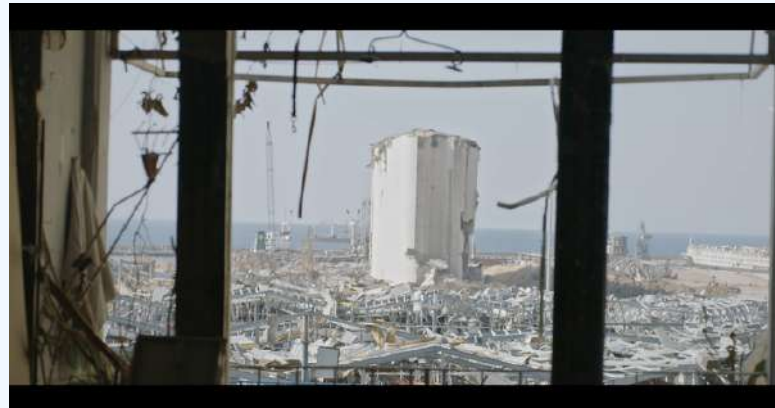
“Our focus has shifted from saving food from landfill to food relief, which means that our food boxes programme is now running on a national scale. We have been pushed by COVID to scale much faster than we anticipated,” says Walid Maalouf, a Lebanese Food Bank Board member.

“The money from Alfanar is very important, but the conversations we have had around building our capabilities as a team, to controlling and monitoring our impact, have been vital.”

The August 4th explosion at the Port of Beirut caused untold devastation across the city, and represents another major set-back to a country already reeling from a major economic crisis.

With loved ones lost, livelihoods destroyed, and the country facing even greater hardship, our growing community of donors and partners rallied to support our frontline social enterprises working tirelessly to deliver emergency relief to affected communities on the ground.

Alfanar has provided additional funding and support to social entrepreneurs across Lebanon who have risen to the challenge of rebuilding their city and responding to growing needs across the country.



“Alfanar has been with us every step of the way.”

Zeina Saab
SE Factory CEO

Thanks to your support, we increased our impact by 65% in 2020.

Despite the difficulty and uncertainty of this year, Alfano's commitment to helping ambitious social entrepreneurs access the funding, management support, training, network and data analytics they need to grow has not waned.

- Thanks to the support of over 600 donors across the globe, we supported 17 portfolio social enterprises with £1.3 million in venture philanthropy grants, training, mentorship, and data analysis.
- We gave 9,000+ hours of management support, training and mentorship to social enterprises in Egypt, Lebanon, Jordan and refugee communities, and developed monitoring and evaluation apps for seven social enterprises, helping them to better analyse their performance and make evidence-based decisions.
- Our venture philanthropy support enabled our portfolio of social enterprises to self-generate over £2.1 million in revenue in 2020, achieving an average cost recovery rate across the portfolio of 54%.
- Over the span of Alfano's venture philanthropy support, our social enterprises are able to grow their impact by 37% and self-generate 38% more revenue (CAGR).
- We added two new investments to our venture philanthropy portfolio (Lebanese Food Bank, Takafoo) and are preparing for two exits.

41k+

Lives Impacted
in 2020

£2.1M

Self-Generated
Revenue by
Investees in 2020

54%

Average Investee
Cost Recovery
in 2020

9,000+

Hours of
Management
Support in 2020

7

Impact Dashboards
Developed for
Investees in 2020

70

Social Enterprises
Given Management
Support in 2020

Note: This is the second edition of Alfano's 2020 Impact Report. All figures represent data as of March 2021. Some figures vary from those reported in the first version published in December 2020, which were based on projections as of November 2020 and data that has since been cleaned and validated for accuracy.



Alfanar's Response: Venture Philanthropy in Action

Alfanar is the first venture philanthropy organisation focused on the Arab region. We catalyse long-term sustainable social impact for women, youth and children by providing growth-stage social enterprises with funding, high-engagement management support, training, access to networks and digital impact evaluation.

A social enterprise is an organisation working to create social or environmental change for vulnerable communities by applying market-based solutions that ensure the entity's long-term sustainability and engagement.

This year, as lockdowns began, revenues dropped and communities suffered due to economic crisis, we galvanised our community of philanthropists to provide the key support our social entrepreneurs needed to continue improving lives throughout this moment of crisis:



TAILORED FUNDING

Focused, systematic funding helps each social enterprise measurably sustain and grow its impact on vulnerable women, youth and children.



MANAGEMENT SUPPORT

Whilst funding is crucial, it is not sufficient on its own for growth. This is why we amplify the impact of every £1 we give in grants with a further £0.47 in high-engagement technical support, training, mentorship and access to networks. Our goal is to help transform high-potential, market-based solutions into sustainable, scalable social enterprises that can effectively respond to the needs of the poor and vulnerable.



PERFORMANCE EVALUATION

Using customised business intelligence tools, we support social enterprises to better monitor and analyse their progress against social impact and financial sustainability targets. This approach reduces the cost of reporting whilst ensuring that management decisions are driven by evidence.

الشفقة
- الإلتزام بالعهود
- الحفاظ على حقوق الغير
- الحفاظ على نظام ومطابقة الغير
- التعاون مع الزعماء والإدارة
- عدم التدخل أو التورط في شؤون الإختصاص
- عدم التعرض للفتنة الدينية أو السياسية أو الرياضية



2020
SUSTAINABLE
IMPACT

Women's Empowerment

Economic participation among women in the Arab region is among the lowest in the world. In times of crisis, particularly this past year, women are most affected and bear the burden of supporting their families.

Women in the region make up 62% of the informal labour force, often working in sectors offering little job security, health insurance or employment rights. Over 39% of young Arab women are currently unemployed - a figure that is likely to increase as the impact of the COVID-19 public health crisis worsens and inequity deepens.

Alfanar tackles the social and economic barriers that women face by backing high-potential social enterprises creating safe, dignified work for women and improving education for girls. Out of 17 social enterprises, 82% are led by women entrepreneurs.

From helping widows in Upper Egypt establish their own microenterprises to employing refugee women as skilled embroiderers, our venture philanthropy support works to tackle the systemic challenges that too often deny women the opportunity to fulfil their potential.

We are grateful to the numerous individual donors who have backed our social enterprises economically empowering women. Special thanks to Scale Partners SODIC and the Global Fund for Widows for their multi-year backing, and to CCC and the British Council for their support this year.

Women's Empowerment: Institutional Partners



6,124

Women Employed or
Running Micro-
Enterprises in 2020

35%

Increase to Income for
Women Microloan
Recipients and
Farmers in 2020*

3,533

Female Breadwinners
Running Businesses
through Microloans

*Note: Women's average income in the portfolio grew by 25% for 2020.



“
**Joining the
Alfanar family
was one of the
best things that
ever happened
to Life Vision.**”

Mona Wissa
Life Vision CEO





IMPACT STORY: MANAR AHMAD

TOGETHER FOR YOU (TFY) TRAINEE - CAIRO, EGYPT

Manar Ahmad is a participant on the TFY training programme, which gives young women from low-income communities in Cairo the skills and qualifications they need to become professional caregivers to the elderly.

Manar came to TFY after she lost her business and her confidence. She felt lost in life and her health had declined.

After seeing an advertisement online for TFY's training programme, she decided to apply. She signed up reticently, uncertain whether the organisation could really help her develop new skills and give her a new career.

Over the 40-day training course with TFY, she not only gained the practical skills she needed to care for elderly patients, but she regained her confidence and hope.

Today, she not only provides for herself and her son, but has been at the frontlines serving vulnerable elderly patients throughout the pandemic. Aside from the financial independence regular work has provided, Manar feels prouder than ever because she is serving elderly patients who really depend on her.



Children's Education

The COVID-19 pandemic has disrupted education for over 100 million children in the Arab region.

In addition to pre-existing weaknesses in children's education, COVID-19 has locked millions of children, especially those from poor and disadvantaged communities, including refugees, out of meaningful learning.

Alfanar supports social enterprises bringing quality education tools and solutions to vulnerable children in Egypt, Lebanon, Jordan and refugee communities. Over the course of 2020, we worked closely with our education social enterprises to digitise curricula and to provide continued learning support to children and parents.

Two of our investees digitised curricula to bring learning online throughout the crisis (Tabshoura, Educate Me), while four (Educate Me, Wataneya, MMKN, Tabshoura) have signed agreements to become government-certified educators.

We are grateful to the numerous individual donors who have backed Alfanar's investments in social enterprises improving education delivery in the Arab region, as well as Scale Partner SODIC.

Children's Education: Institutional Partner



10,474

Children Given
Access to Quality
Education in 2020

351

Schools
Supported
in 2020

1,976

Teaching Staff
Trained
in 2020



“Alfanar helped us to conquer our fears, and to move out of our comfort zone.”

Yasmine El Hagry
Wataneya Society,
Deputy Executive Director



IMPACT STORY: SOUHAILA

TABSHOURA TEACHER - LEBANON

Souhaila Nassar is a chemistry teacher for middle- and high-school level students in Lebanon.

When Souhaila first heard about Tabshoura, she was delighted to find out that a free and accessible, interactive learning resource existed to support teachers. She was particularly interested in its ability to help her create her own digital content.

Prior to COVID-19, Souhaila was already using the Tabshoura platform regularly because she often struggled to teach those of her students who did not have laptops at school. Tabshoura's offline feature helped her to develop a strategy that successfully engaged these students. She would ask students to explore a topic at home using the digital platform, which she then explained in further detail the next day in class.

With schools closing due to COVID-19, in early 2020 Tabshoura soon became an increasingly significant part of Souhaila's teaching. In spite of the lockdown, Tabshoura gave her the ability to provide her students with engaging, interactive lessons remotely. She received such positive feedback from her students and her colleagues that they wanted to learn more about Tabshoura.

"I have had a great experience with the Tabshoura platform for middle school," she says. "Learning is contextual and this is what distinguishes the Tabshoura platform; it is aligned with the Lebanese curriculum and Lebanese culture."





Youth Employment

At least 30% of youth across the Arab region are out of work or education. The unemployment rate amongst young women is estimated to be 42%.

The need to create meaningful, sustainable jobs for youth in the region has never been more pressing. Young people represent a source of huge potential, yet the region's youth lack many of the skills required to secure work in an increasingly digital world.

In 2020, we worked closely with our social enterprises -- SE Factory and B.O.T. -- to support a growing number of disadvantaged youth, virtually during lockdown, to access coding, software development and other full-time or outsourced and remote digital employment opportunities. In 2020, Alfanar's social enterprises facilitated employment for youth with 31 companies located across eight different countries.

Whether employing underprivileged youth as digital freelancers (B.O.T) or training them and connecting them to employers to become full-stack web developers (SE Factory), Alfanar's Youth Employment Portfolio is helping create a new generation of skilled digital workers.

We thank the numerous individual donors who have backed Alfanar's investments in social enterprises creating sustainable employment opportunities for youth, as well as institutional partners Bank of America and LIFE.

Youth Employment: Institutional Partners

Bank of America
Merrill Lynch

life

290

Youth Given
Vocational Training
in 2020

244

Youth
Employed
in 2020

\$1,028

Average Monthly
Salary for
Youth Employed



**“
Alfanar are
advocates for
our mission.
They are with us
as partners and
passionate about
our cause. ”**

Marianne Bitar Karam
B.O.T CEO



IMPACT STORY: RAED GHANEM

SE FACTORY GRADUATE - LEBANON

Raed Ghanem completed his studies at a technical college in 2017 in his home town in Hasbaya, Lebanon. The lack of job opportunities in his village and his family's precarious financial situation kept Raed out of work for two years. Despite the lack of jobs, each day Raed would borrow his brother's laptop and search for new opportunities and training programmes online. He didn't know exactly what he wanted to do, but he knew that he wanted to continue learning, and that he wanted to work. He just didn't know where to start.

In 2019, a friend introduced Raed to SE Factory, a youth coding training and employment programme launched by The Nawaya Network. Raed signed up with the dream of starting his own programming company in his village. When the training ended, SE Factory offered Raed a position through which he could refine his programming skills and gain practical experience in the field. He jumped at the opportunity.

Raed went on to complete SE Factory's Foundations of Computer Science course and the intensive Full Stack Web Development Bootcamp with high scores, becoming one of their top students. Soon after graduating, he was hired as the lead web developer at a company in Beirut. SE Factory's training gave Raed the skills and confidence he needed to excel in his new role.

Raed recently enrolled in university to continue his studies alongside work, giving him control over his future and even greater prospects.

"SE Factory really changed me 180 degrees," he says. "I went from being someone who would open a borrowed laptop every day in search of something with no direction, to someone who is a successful lead developer at a company."

Raed is one of 150 youth who have been able to go through SE Factory's full-stack web development programme thanks to Alfano's venture philanthropy funding and support.



Refugee Empowerment

Refugee children are five times more likely to be out of school than their non-refugee peers, and fewer refugee girls will go to school than their male counterparts.

Even before the pandemic, host countries in the region lacked the resources and infrastructure to accommodate large influxes of refugees, placing huge strain on public services and often leading to high unemployment and dropout rates among refugees.

For many refugees COVID-19 has made a desperate situation worse, with 84% reporting a loss of livelihoods and income during the pandemic. With a majority of refugees dependent on day wages, lockdown quickly led to hunger and hardship for many families.

In 2020, Alfanar's remarkable community of donors continued to back social enterprises working to educate and create dignified employment for refugees, including WPA/Soufra, Inaash, MMKN, SE Factory, NaTakallam, and Shatila Studio. It also banded together to deliver two months of desperately needed food boxes to 500 vulnerable refugee families who had lost work.

Additionally, Alfanar backed a special project with social enterprises Inaash and Shatila Studio to create work for refugees embroidering facemasks, half of which could be sold and half of which would be distributed in camps for free.

We thank the numerous individual donors who have backed Alfanar's investments in social enterprises educating and employing refugees, as well as institutional partners the Abdulla Al Ghurair Education Foundation and Square Zero.

Refugee Empowerment: Institutional Partners



451

Refugees
Employed
in 2020

956

Refugee Children
with Access to
Quality Education

10

Number of
Refugee
Camps



“ Alfanar has been a great support, on both a technical and financial level. **”**

Mohammad Hassan,
Inaash General Manager



IMPACT STORY: FATIMA

SHATILA STUDIO EMPLOYEE

Fatima first came to Shatila Studio in 2014 as a Syrian refugee fleeing war. When she arrived in Lebanon with her family, she quickly realised that she would have to support her husband in providing for the family because of the difficult work conditions for Syrian refugees.

After receiving training that built upon her existing skills in embroidery and knitting, Fatima started working with Shatila Studio. Her exquisite needlework talent made her handmade items stand out. Fatima acknowledges that the work is demanding, particularly when balancing chores at home, but the feeling of being able to contribute to the family income and fulfill her children's needs makes it all worthwhile.



"I came to Shatila Studio because I needed a job," she says. "I did not have to work back in Syria, but then war took over, we had to leave Homs and we came to Lebanon. Conditions here are hard. I quickly realized that I have to support my husband in providing for our family."

When the COVID-19 pandemic hit, coupled with a deteriorating economic situation in Lebanon, demand for handmade products dropped -- as did work. With Alfano's support, Shatila Studio sent Fatima and her family food boxes to help feed her family.

In the future, Fatima hopes to be resettled along with her family somewhere where she can open her own atelier and provide a better life for her four children.



Responding to Crisis: Beirut Blast

The August 4th Beirut Port explosion was one of the largest non-nuclear blasts in history. In a matter of seconds, it stole the lives of over 200 people, left thousands injured, and destroyed the homes and livelihoods of hundreds of thousands more.

The longer-term effects of the explosion are myriad. Property destruction costs are estimated at \$3 billion. Widespread psychosocial trauma among children is reported, and damage and destruction to at least 163 schools around the blast site will constrain education for 85,000 affected learners for a long time to come.

At Alfamar, we banded with our social enterprises to provide direct support to those impacted by the blast, and also to alleviate hunger for thousands of impacted families through our food sector social enterprises -- Lebanese Food Bank, ShareQ, Soufra, and Souk el Tayeb -- delivering a mixture of dry food boxes, Lebanese 'mouneh' products, hot meals, and longer-lasting vacuum-packed meals. Beyond their focus on hunger alleviation, our food social enterprises have created 42 steady kitchen and distribution jobs.

£590k+

Emergency
Funding Raised

38,851

Hot Meals
Provided

1,770

Food Boxes
Distributed

30

Damaged Buildings
Renovated

35

Youth Employed
as Construction
Workers

10

Social Enterprises
Receiving Additional
Management Support

**The figures above represent results to date, but deployment will continue into 2021 to reach full targets*

“

**Being supported
by Alfamar in the
reconstruction
was extremely
important to us.**

”

Roula Haidar
L'artisan du Liban
General Manager



Alfamar also began working with social enterprise BEDCO by March NGO, which trains disadvantaged youth from Tripoli and the Beirut suburbs to pursue professions in the construction sector.

With BEDCO, Alfamar is not only repairing and enabling over 100 damaged small businesses and social enterprises in Mar Mikhael, Gemmayze and Karantina to re-open, but we are creating meaningful work for 80 disadvantaged youth and suppliers from Tripoli. We are incredibly grateful to ecosystem partners on the ground, including Stand for Women, the UN Global Compact Network, ACTED and many others, for their invaluable support in identifying businesses in need of repair, especially those that are women-led.

We have been absolutely overwhelmed by the generosity of over 300 individual donors to Alfamar's Emergency Lebanon Appeal, as well as corporate and institutional partners Impact Lebanon, PepsiCo, Bank of America Foundation, Genesis Charitable Trust, and Connolly England, who have helped us raise over £770,000 in emergency funding to support relief efforts through social enterprise.

Emergency Lebanon: Institutional Partners





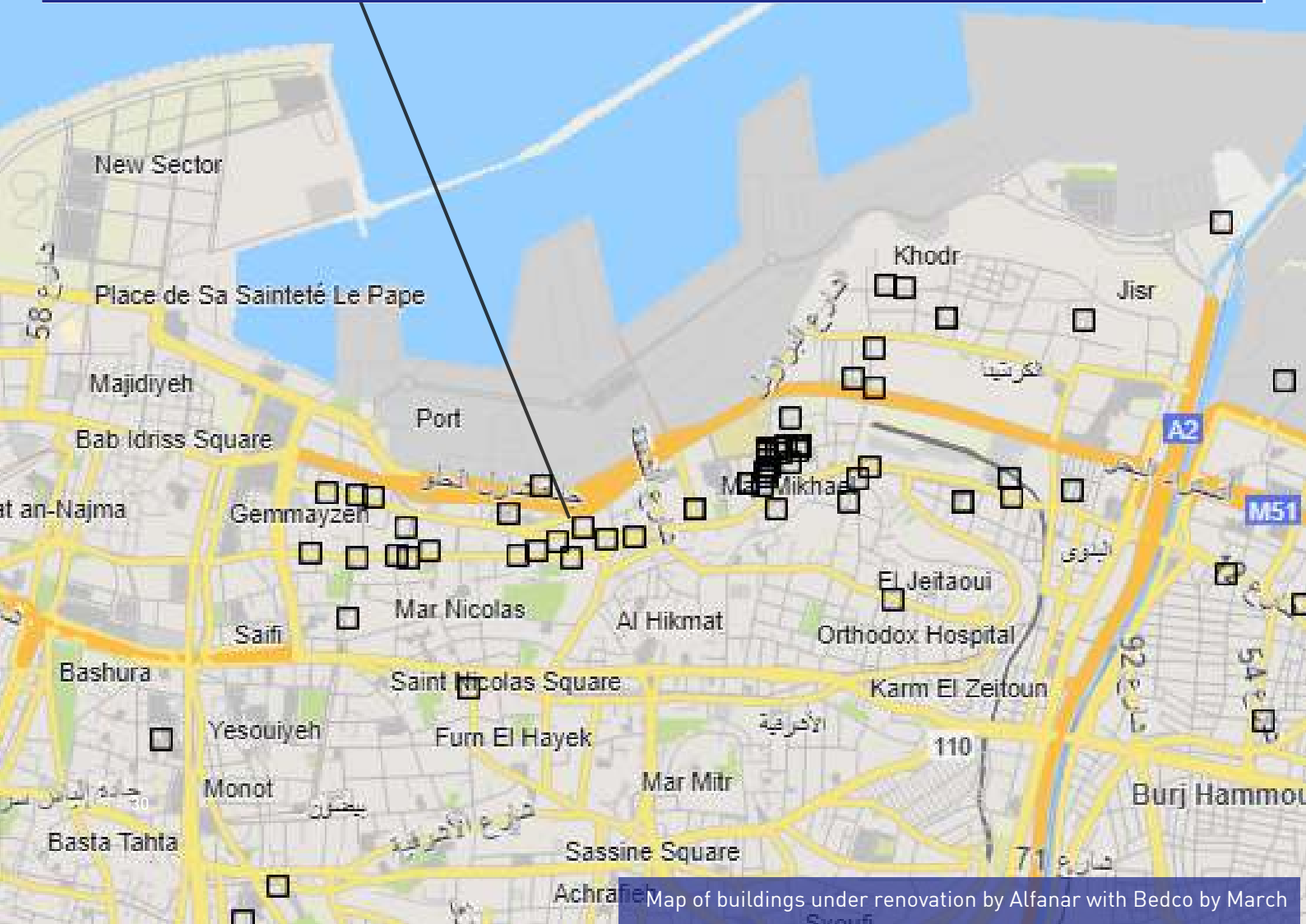
Back to Business after the Blast: L'artisan du Liban Show Room Refurbishment by BEDCO

Social enterprise L'artisan du Liban's showroom in Gemmayze is located in the immediate impact zone of the explosion, and was heavily damaged.

Alfanar's rapidly deployed emergency funding and support meant that L'artisan du Liban's showroom was repaired within 33 days of the explosion. Their showroom is once again open for business. L'artisan du Liban creates work for more than 1,000 artisans across the country.

L'artisan du Liban is the first of 100 such organisations whose premises will be refurbished thanks to Alfanar's Emergency Lebanon Appeal funds and support.

[Click here to read an interview with L'artisan du Liban's General Manager Roula Haidar](#)





Beyond the Blast: Social Enterprise Support Fund

After barely surviving the multiple crises that they have faced this year, social entrepreneurs impacted by the August 4th explosion now find themselves in a precarious strategic and financial position.

Alfanar has responded by developing a focused crisis management programme to support six social enterprises affected by the blast, ensuring that they can get back on their feet, sustain and scale their impact over the long term. The six social enterprises selected are: FabricAID, Souk el Tayeb, L'Artisan du Liban, Vanina, Live Love Recycle and Marsa.

We are grateful to be partnering with Oxfam for this initiative, with funding from Global Affairs Canada, the Humanitarian Coalition and Impact Lebanon.



Global Affairs
Canada

Affaires mondiales
Canada

Training Jordan's Social Enterprises

In 2019, we began supporting the growth and sustainability of Jordan's social enterprises by delivering training to social enterprises working to educate, employ and empower in East Amman, Ajloun and Tafileh.

In partnership with Plan International, Ruwwad and EURICSE, Alfamar is providing training, management support and impact analysis to accelerate the growth of 60 social enterprises, like Robotna (see below), as part of an EU-funded initiative.

This training focuses on social enterprises operating in three of Jordan's most impoverished districts, with the ultimate objective of empowering some of the country's most marginalised groups through job creation, social innovation and impact.



Training Jordanian Girls in STEM & Robotics

Robotna is a social enterprise that empowers young girls in Jordan to learn robotics.

Like many educational businesses that rely on in person training, Robotna had difficulty in switching their programmes online while maintaining high impact during COVID-19.

Alfamar supported them to overcome this challenge by helping them to measure their social impact and develop a long-term, strategic impact model.

Robotna is one of 60 Jordanian social enterprises that will receive Alfamar's training and management support between 2019-2021.

“
Alfamar helped us to measure our societal impact by developing a long-term, strategic impact model.
”

Jaser Al-Harasis
Founder, Robotna



Impact Investment

Preparing to Accompany Social Enterprises One Step Further

As the first venture philanthropy organisation in the Arab world, Alfanar has devised a unique approach to supporting the sustainable growth of bold social entrepreneurs creating lasting hope, dignity and opportunity for vulnerable women, youth and children across the Arab world. Over the past 17 years, we have iterated and formalised a rational effective social investment approach that aims to a) fill the funding gap for growth-stage social enterprises across the Arab region with meaningful long-term patient grants and zero-interest repayable grants, b) respond to their particular needs with tailored training and high-engagement management support and c) strengthen their response systems with real-time data analytics.

As Alfanar exits a growing number of impact investment-ready social enterprises, we have identified a growing need for social enterprises to be accompanied one step further with tailored financing, further management support and impact monitoring. In 2020, we continued working on evolving a regional impact investment strategy with the support of an impact fund advisor in Lebanon and part of our Lebanon Country Director's time.

This work has been supported by The Asfari Foundation, the IFC and another private foundation.



Outreach

Sadly, 2020 prevented us from gathering in person. Due to social distancing measures, we were forced to cancel our 15th Anniversary Dinner in London, where we celebrate the achievements of our social enterprises and raise the funds needed to take their work further.

In keeping with our focus on pivoting to transform crisis into opportunity, on 25th June 2020, we held a virtual gathering - Turning Crisis into Opportunity: Social Entrepreneurs Responding to COVID-19 & Economic Crisis.

CNN's Chief International Correspondent Clarissa Ward facilitated a fireside chat with three of Alfanar's social entrepreneurs -- Marianne Bitar Karam of B.O.T., Yasmine El Hagry of Wataneya Society, Mohammad Hassan of Inaash -- and explored how Alfanar's venture philanthropy support helped them innovate, adapt, and withstand the impact of COVID-19 and economic crisis.

Enormous thanks to the over 200 guests who joined us and contributed to the discussion.

[The event recording is available to watch online.](#)





2020 Performance

1

TURN CRISIS INTO IMPACT

In early 2020, we met targets to add two pilot investments in Egypt and Lebanon, Takafoo and The Lebanese Food Bank, respectively. However, once COVID-19 lockdowns began in March 2020 across all of Alfanar's operating environments, we pivoted our focus quickly to provide much needed management support to our 17 social enterprises as they adjusted their budgets and plans to withstand mounting pressures and to respond to growing need on the ground. We employed prudent flexibility in our grant and training support, delivering over 9,000 hours of management support with special emphasis on crisis management, risk mitigation, and digitisation to enable them to continue delivering on their missions. In addition, we launched our COVID-19 Survive & Thrive campaign, which included support for our social enterprises as well as emergency response efforts to support families who had lost work with our social enterprises because of lockdowns. In response to the August 4th Beirut explosion, we launched an Emergency Lebanon Appeal to raise additional funds aimed at a) backing social enterprises to provide food relief and reconstruction services to those impacted by the blast and b) to provide psychosocial support, additional funding and management support to social enterprises impacted by the blast. Despite the numerous challenges faced in 2020, we increased our grant funding by 41%, disbursing over £1 million in grant funding to social enterprises providing education, employment and economic empowerment to vulnerable communities. We increased our impact in 2020 by 65%, reaching over 41,000 vulnerable women, youth and children through our social enterprises. Amidst responding to multiple crises, Alfanar did not lose sight of its mission to help social enterprises increase their resilience and financial sustainability. In 2020, our portfolio recovered 55% of cost on average through self-generated revenue.

2

BOLSTER SOCIAL ENTERPRISES REGIONALLY

Beyond Alfanar's direct venture philanthropy support, we aim to bolster the growth of social enterprises more broadly across the Arab region. In 2020, with support from The Asfari Foundation, we began developing a new section of our website dedicated to sharing tools, animated learner videos of our ASSET curriculum and other relevant resources in English and Arabic. Completion of the learner videos was delayed to 2021 because of the need to manage the impact of COVID-19 on Alfanar and its social enterprises. In Amman, Ajloun and Tafileh, Jordan, we delivered two rounds of ASSET training to 60 aspiring social enterprises working to economically empower women and employ youth. Due to COVID-19 lockdowns, we adapted and ran a majority of our training and mentoring sessions in Jordan virtually. In Egypt, two of our social enterprises -- the Future Eve Foundation and Takafoo -- successfully grew their work from Upper Egypt to Alexandria, marking first steps towards further impact growth. Finally, with restricted funding for pre-start-up costs, we advanced work on an affiliated impact investment vehicle to extend the financing lifecycle available to social enterprises across the region.

3

BROADEN ENGAGEMENT

Due to ongoing lockdowns we postponed our 15th anniversary dinner in London, originally planned for June 2020, and redoubled our outreach efforts towards online fundraising, digital outreach and virtual gatherings. In 2020, Alfanar successfully partnered twice with its affiliate Alfanar, Inc., US to run the COVID-19 Survive & Thrive Campaign and the Emergency Lebanon Appeal. These campaigns, coupled with enhanced and more regular digital communication, drove a growth in Alfanar's newsletter signups and social media followers. Our June 25th virtual gathering, featuring three of Alfanar's social enterprises in conversation with CNN Chief International Correspondent Clarissa Ward, successfully engaged our community digitally and was well attended by over 200 supporters. Over the course of the year, a growth in media mentions about Alfanar's work and the participation of Alfanar senior management team members in virtual webinars and public speaking engagements helped grow Alfanar's community of supporters and followers even further.

4

GROW SUPPORT

In May 2020, we appointed a part-time Development Director to develop and oversee the implementation of a fundraising and outreach plan that helps us achieve the impact and growth goals approved in the 2019-2022 strategy while managing the significant changes to our fundraising, outreach and engagement channels introduced by the pandemic. Two targeted fundraising campaigns enabled us to grow income by 63% in 2020, to double our donor base from 2019 and to improve donor retention. Additionally, we secured a growing number of institutional partnerships as part of an effort to broaden and diversify support for our venture philanthropy work. The success of our campaigns and the growth in support from trusts and foundations resulted in 70% of 2020 income being restricted compared to 41% in 2019.

5

STRENGTHEN OPERATIONS

In response to COVID-19, Alfanar actively managed its cost base in the face of income uncertainty in the early part of the year. We furloughed selected UK staff members and conducted regular reforecasts to ensure responsiveness and agility in our support to social enterprises throughout the year. The Board approved a new staff handbook in Q1 2020, and we completed internal staff training around new policies in mid-2020. Following a data breach at our CRM host, which was promptly reported to our donors, the ICO and the Charity Commission, we engaged a GDPR consultant to help us renew our Data Protection policies. We also began assessing a new virtual server, CRM and grant management options. The growth in special projects funded through restricted partnerships allowed Alfanar to appoint two consultants to support with training and programme delivery.

2021 Targets

1 SUSTAIN THE JOURNEY TO EDUCATE, EMPLOY & EMPOWER

In 2021, Alfanar aims to grow its venture philanthropy support to social enterprises working to educate, employ and empower vulnerable children, youth and women across Egypt, Lebanon and refugee communities, helping them to continue responding to the impact of the pandemic, especially on education and employment, while remaining mission-driven and focused. We aim to exit at least one social enterprise in Egypt and Lebanon, respectively. In Egypt, in partnership with GFA and the Swiss Agency for Development and Cooperation, Alfanar will begin supporting up to eight social enterprises working to empower refugees and migrant communities across Egypt with funding, ASSET training, business planning and high-engagement management support. In 2021, we aim to complete our Emergency Lebanon food relief and reconstruction work as well as our grants and training to social enterprises impacted by the Beirut blast. Our efforts, in Lebanon, will nonetheless continue supporting social enterprises to withstand the deepening economic crisis and its effects on the vulnerable communities they serve.

2 SCALE & STRENGTHEN SOCIAL ENTERPRISES

In 2021, we will make available a new section of our website aimed at strengthening aspiring social enterprises with open-source tools, resources and learner videos in English and Arabic. In 2021, we will complete a two-year programme conducted in consortium with PLAN International, Ruwwad and Euricse supporting the growth of social enterprises in Jordan with a focus on women's economic empowerment and youth employment. As part of the consortium, we will be producing a lessons learnt report informing our future plans for Jordan and beyond. In 2021, we will work with many of our more mature investments on taking the first steps towards regional impact growth. We will develop business plans for the Amal Microloan Project for Widows' Empowerment with the Future Eve Foundation and Takafoo that inform growth across Egypt and potentially to other markets in the region. We will support at least two of our Lebanon Portfolio social enterprises -- FabricAID and B.O.T -- to begin impact expansion efforts to Jordan. Finally, we aim to complete pre-start up work on an affiliated impact investment vehicle.

3 BUILD ALFANAR'S COMMUNITY OF SUPPORTERS & FOLLOWERS

Alfanar will continue engaging and building its community of supporters through at least three more virtual gatherings in 2021 that aim to educate and inspire the community about how Alfanar's support to social enterprises has helped them overcome multiple crises. Our virtual event on April 8th, 2021 moderated by Egyptian adventurer and social entrepreneur Omar Samra brought together over 100 supporters to engage with our social entrepreneurs. In 2021, we will work with our affiliate Alfanar, Inc., US again to run a Spring campaign during Ramadan and an end-of-year fundraising campaign that showcase case studies underscoring stories of impact made possible through Alfanar's work. Alfanar will offer more internships in 2021 to build awareness of our venture philanthropy work with next generation ambassadors. As part of this effort, Alfanar will launch the first round of its new Luminary Summer Internship programme for high school students in 2021. Additionally, Alfanar will begin working to add up to three new Trustees over the next 12-18 months.

4 BUILD PRIDE & COMMITMENT AMONG SUPPORTERS

In 2021, Alfanar will increase the frequency and improve the quality of communication and engagement with our community of supporters in an effort to grow their understanding of, engagement in and pride about Alfanar's work. In parallel to the two fundraising and outreach campaigns we will run during Ramadan and the end of the year, Alfanar will launch a series of Philanthropy Circles to engage its longtime supporters more regularly through curated reporting and smaller gatherings. Finally, we will continue cultivating and diversifying the number of corporates, trusts and foundations we partner with to grow the impact of Alfanar's work. Our aim is to grow our support by an additional 30% in 2021 through these combined efforts.

5 REFRESH STRATEGY & FOCUS ON STRUCTURAL GROWTH

Alfanar will engage in a strategy and charitable objects review process with the aim of approving a revised 2022-2025 plan by year end. We will also conduct a reorganisation of team resources with the aim of identifying missing roles needed or reframing roles and responsibilities within the team. Alfanar aims to automate and join up key systems, including grant, donor and financial management, to ensure there is efficiency and effectiveness across these critical functions. Building on 2020's income and impact growth, Alfanar will dedicate time and resources in 2021 to building up our systems and processes to ensure continued growth moving forward.

EGYPT PORTFOLIO

EDUCATION



Brighter Tomorrow for Child Protection

Caring for Disadvantaged Children with Autism

Total Grant Since 2018: £44,134

Social Impact: 788 children with autism received 14,334 therapy sessions

Cost Recovery: 65%



Educate Me

Delivering High-Quality Education and Training a New Generation of Educators

Total Grant Since 2014: £471,569

Social Impact: 6,100 educators trained and 841 children educated

Cost Recovery: 97%



Wataneva

Improving Standards of Care and Learning in Egyptian Orphanages

Total Grant 2018: £15,013

Social Impact: 80 children in five orphanages with improved education and care

Cost Recovery: 20%

WOMEN'S EMPOWERMENT



Future Eve Foundation

Offering Hope to the Widows of Upper Egypt through Microcredit

Total Grant since 2012: £1,038,455

Social Impact: 16,321 widows and female breadwinners set up micro-enterprises

Cost Recovery: 90%



Life Vision for Development

Helping Women Farmers in Upper Egypt to Improve Yields

Total Grant: £177,145

Social Impact: 1,566 female farmers trained

Cost Recovery: 8%



Together For You

Training Low-Income Women to Become Caregivers to the Elderly

Total Grant 2016: £65,635

Social Impact: 543 women trained and 406 employed as caregivers

Cost Recovery: 93%



Takafoo

Improving Working Conditions and Incomes for Young Female Farmers

Total Grant since 2020: £19,071

Social Impact: 1,167 women in safe, dignified employment

Cost Recovery: 60%

LEBANON PORTFOLIO

EDUCATION



Tabshoura by LAL

Providing a Digital Curriculum to Support the Education of Underprivileged Students

Total Grant since 2020: £22,717

Social Impact: 6,091 children accessing online education

Cost Recovery: 10%



MMKN

Enabling Vulnerable Youth to Pass the Brevet Exam

Total Grant since 2015: £287,375

Social Impact: 10,264 students receiving support across 89 schools in Lebanon

Cost Recovery: 35%

EMPLOYMENT



B.O.T

Bridging the Gap Between Trained Youth and Employers

Total Grant Since 2019: £58,634

Social Impact: 177 disadvantaged youth placed in freelance employment

Cost Recovery: 78%



SE Factory

Training and Employing Youth in Coding

Total Grant Since 2018: £332,742

Social Impact: 164 Youth Trained and 74 Employed as Coders

Cost Recovery: 47%

EMERGENCY/ENVIRONMENT



FabricAID

Providing Access to Quality Second-Hand Clothing for Vulnerable Communities

Total Grant Since 2018: £138,065

Social Impact: 32,058 low-income people given access to quality clothing

Cost Recovery: 40%



Lebanese Food Bank

Alleviating Hunger and Reducing Food Waste

Total Grant: £98,115

Social Impact: 1,770 food boxes distributed

Cost Recovery: N/A

REFUGEE PORTFOLIO

EDUCATION & EMPOWERMENT



WPA/Soufra

Refugee Food Truck and Catering Business, Microloans and Preschool

Total Grant Since 2013: £478,601

Social Impact: 166 women employed and 181 children educated

Cost Recovery: 25%

EMPLOYMENT



Inaash

Employing Women Refugees in Embroidery

Total Grant Since 2015: £200,567

Social Impact: 443 refugee women employed as embroiderers

Cost Recovery: 57%



Natakallam

Online Arabic Learning Platform Employing Refugees

Total Grant Since 2016: £77,821

Social Impact: 81 refugees employed

Cost Recovery: 121%



Shatila Studio

Employing Women Refugees in Textile Production

Total Grant Since 2019: £24,988

Social Impact: 100 female refugees employed as artisans

Cost Recovery: 28%

2020 Financial Review

Income raised in the year ended 31 December 2020 was £2,190K (2019: £1,341K), an overall increase of 63% from the prior year.

Generous support from our Board, with unrestricted donations of £231k (2019: £186K), coupled with unrestricted grants, including funds from Alfanar, Inc., US of £102k (2019: £349K), and Bank of America £53k covered all of the Charity's fundraising and support costs in 2020, enabling additional donations raised from individuals and through a series of events and campaigns held throughout the year to be directed towards Alfanar's grants and management support to social enterprise investees.

The Trustees appreciate the invaluable support from other individuals. This increased dramatically in the year due to fundraising campaigns and amounted to £611k (2019: £270k) in the year, of which £119k (2019: £201k) is unrestricted.

Alfanar received significant support from institutional donors, notably from the Al Ghurair Foundation for Education (£131k), Impact Lebanon (101k), Oxfam (£50k) & LIFE (£38k).

We also received support for our Impact Fund development from IFC (£38k) and other institutions.

Corporate donors, notably SODIC, gave Alfanar £90K.

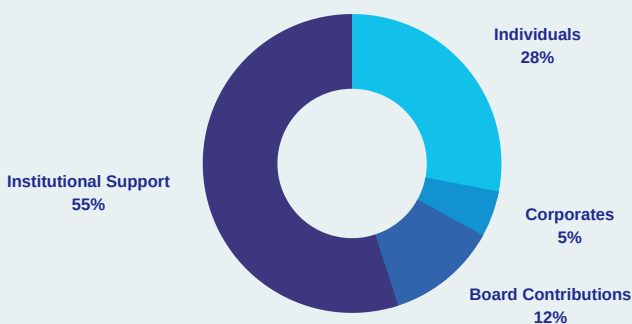
In 2020, resources expended amounted to £1,825k (2019: £1,477k), an increase of 23%. Of this amount, direct grants to social enterprises rose by 41% to £1,055K (2019: £747K).

Staff costs in 2020 amounted to £364K (2019: £334K). Of this sum, £142k or 39% (2019: £141K), was expended on staff dedicated to the provision of training or management support to social enterprises.

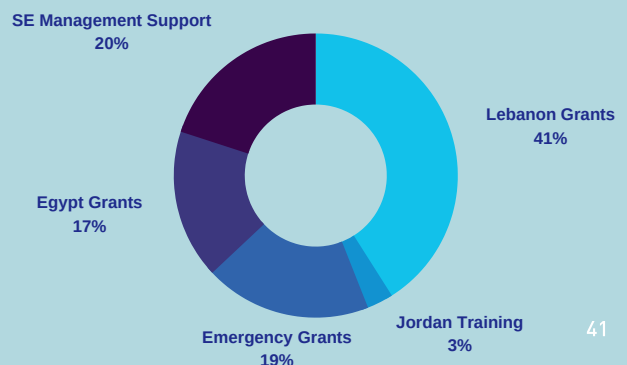
In addition to this support expenditure, the cost of consultants providing management support to social enterprises in 2020 was £121k (2019: £129k).

The total cost of raising funds was £280k (2019: £257k), representing 13% of total income (2019: 19%).

Income



Charitable Activities



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. In line with the strategy refresh process, Alfanar intends on reviewing its charitable objects in 2021. 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). This company has yet to commence trading.

Alfanar's head office in London employed six staff members as of December 2020, with a further employee based in Jordan. Alfanar operates a branch in Egypt registered with the Ministry of Social Solidarity and International Cooperation (No. 67/2015, expired 25 May 2020). In March 2021, following the publication of updated NGO legislation, Alfanar submitted a request to renew its registration. We have received confirmation from the Egyptian Ministry of Social Solidarity that we are able to continue operating in Egypt while our renewal is processed. Alfanar in Egypt is led by a Country Director and supported by a Finance Manager and a Portfolio Manager.

Alfanar in Lebanon (No. 907) is an independent affiliate of the UK registered charity. For the duration of 2020, all income and expenditure relating to Alfanar's work in Lebanon were undertaken by Alfanar in the UK. Alfanar in Lebanon is in the process of reviewing its Articles of Association ahead of signing an affiliate agreement. It established bank accounts in Lebanon in 2021. In 2020, Alfanar in Lebanon was led by a Country Director and supported by a Portfolio Manager. It also had two short-term consultants supporting projects related to Emergency Lebanon response efforts.

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. Alfanar seconds around 10% of the time of its Executive Director, Finance Manager and Development Officer to support Alfanar, Inc., US with outreach, Board reporting and annual filings.

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.

In line with its venture philanthropy mission, Alfanar aims to support the growth of sustainable social enterprises delivering quality education, meaningful employment and lasting economic empowerment opportunities to vulnerable children, youth and women across the Arab world. We provide grants and zero-interest repayable grants, management support, training, mentorship and performance evaluation to social enterprises that pass our due diligence and approval processes.

Our support package aims to grow the impact and financial sustainability of the social enterprises we back. Alfanar in the UK, with the support of Alfanar, Inc., US, raises and disburses funds to support our work in Egypt, Lebanon and Jordan.

Structure, Governance and 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 re-elected five times, or exceptionally, six times. In 2020 a new Trustee, Maysa Jalbout, was added to the Board.

Cynthia J. Oakes also serves as a Director of Alfanar Inc. US. Julia Middleton was re-elected in September 2020. Lubna S. Olayan was re-elected as Chair of the Board in December 2020.

Trustee Induction

Shortly after appointment, new Trustees have an induction meeting with the Executive Director to review and better understand Alfanar's business plan and targets, the way it selects and manages social enterprises, and other operations. They are also given the Charity Commission guidance, "The Essential Trustee".

Board Meetings

The Board endeavours to hold at least one Board meeting in either Egypt or Lebanon every other year to ensure that Trustees witness Alfanar's venture philanthropy process and social enterprises first-hand. Due to travel restrictions, Board visits are currently on hold.

The Board meets quarterly and has conducted virtual meetings since 2020. There are three sub-committees reporting to the Board each with specific terms of reference and functions delegated by the Board (updated in 2019), which also meet four times a year. In 2020, the Board removed the Fundraising Committee in an effort to spread fundraising responsibilities among all Board members. It also established an Impact Fund Taskforce to oversee the development of an independent, but affiliated impact fund.

Investment Committee

The Investment Committee reviews requests for venture philanthropy grant and management support from social enterprises presented by the Investment Director and Country Directors. Suitable social enterprises are scrutinized and endorsed by the committee before review for approval by the Board.

Finance Committee

The Finance Committee scrutinizes Alfanar's business plans, budgets and management accounts and ensures proper financial procedures and controls are in place and operating. The committee also reviews broader operations matters, the risk register, internal policy developments and the relationship among affiliates. It also oversees the audit process and reviews and endorses the statutory accounts ahead of Board review and approval.

Nominations Committee

The Nominations Committee helps the Board identify the appropriate mix of skills and capabilities it requires for effective leadership and oversight. Its primary function is to assess and cultivate prospective board members. Alfanar aims to add up to three new Trustees in the coming 12-18 months.

Impact Fund Taskforce

The Impact Fund Taskforce helps oversee progress on Alfanar's efforts to extend the financing lifecycle for social enterprises and social purpose companies, explore impact investments and potentially establish an independent, but affiliated impact fund. It meets with the team working on the impact fund and reports on progress at Board meetings.

Key Management Personnel

Alfanar'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, Alfanar's progress against impact and sustainability targets, and how the Charity is managing risks. This ensures that Alfanar's venture philanthropy 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.

In May 2020, Alfanar appointed a dedicated Development Director, with the primary aim of developing and implementing a growth-oriented fundraising and communication strategy.

Staff Pay

The pay of the senior staff is reviewed annually in conjunction with their 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 midpoint of the range paid for similar roles. The Trustees last approved revised salary scales for the UK in 2019.

Board of Trustees

Lubna S. Olayan (Chair)

Samir Assaf

Amjad Bseisu

Charlotte Boyle

Sherif Foda

Dr. Laila Iskander

Maysa Jalbout (appointed 30 June 2020)

Julia Middleton

Cynthia J. Oakes

Lady Plumbly (resigned 30 June 2021)

Finance Committee

Charlotte Boyle (Chair - Trustee)

Samir Assaf (Trustee)

Siham Bortcosh

Robert Cartwright (appointed Feb 2021)

Dr. Laila Iskander (Trustee)

Laura Stojcevic

Impact Fund Task Force

Samir Assaf (Chair - Trustee)

Amjad Bseisu (Trustee)

Lubna S. Olayan (Trustee)

Investment Committee

Julia Middleton (Chair - Trustee)

Matthew Courey

Mark Huang

Dr. Barbara Ibrahim

Dr. Laila Iskander (Trustee)

Maysa Jalbout (Trustee)

Alfred Kettaneh

Cynthia J. Oakes (Trustee)

Lady Plumbly (resigned 30 June 2021)

Nominations Committee

Lubna S. Olayan (Chair - Trustee)

Samir Assaf (Trustee)

Charlotte Boyle (Trustee)

Amjad Bseisu (Trustee)

Human Resources

In 2020, the Charity approved a revised delegation of authority, to ensure that roles are properly authorised according to level of responsibility and to maintain effective decision-making and segregation of responsibilities.

Following the full policy review undertaken throughout 2018 and early 2019, a revised policy handbook was approved by the Board in Q1 2020. Training for all staff on the new handbook was completed in Q3 2020.

Vanessa Zuabi was appointed as Development Director in June 2020. Suha Abdul Rahim was appointed as Senior Investment Officer for Jordan in September 2020. Haifa Najjar was appointed as Portfolio Manager in Lebanon in November 2020. Nadine Khalife was appointed as Portfolio Manager in Egypt in April 2021. Selena Chavez began a one-year internship with Alfanar under the Tier 5 scheme in March 2021.

Alfanar accessed a small amount of support from the UK government Coronavirus Job Retention Scheme (CJRS) after furloughing a select number of staff members. In line with pandemic guidelines and since mid-March 2020, UK, Egypt and Lebanon staff members have worked remotely, returning to the office as and when national guidelines permitted and conducting most training and management support sessions virtually with social enterprises. Alfanar in the UK reduced its office space requirements in 2020 and moved files to a donated storage space.

The multiple pressures of the past year and the protracted separation of team members brought on by lockdowns and physical distancing measures underscored the need to create more virtual spaces and opportunities for both the London team and the global team to connect beyond specific tasks and deliverables. In October 2020, we organised a virtual team retreat and explored topics of stress management and virtual communication tips, among other issues as a way of regrouping and reconnecting the team. We began holding optional, daily virtual catch-ups and regular monthly team meetings to encourage better communication across the team. We began a reassessment of our organisational chart in early 2021 and are in the process of identifying roles and responsibilities in need of filling to both ensure effective achievement of goals and objectives as well as team cohesion, satisfaction and mental health.

Fundraising Statement

The remarkable generosity of our supporters and donors in 2020 enabled us to achieve our most impactful year to date. We are grateful for the individual, corporate and institutional donors who either pledged or renewed their support to Alfanar in 2020 and we thank all those who have contributed to Alfanar's mission with a donation of money, time or expertise over the past year.

A significant portion of our fundraising efforts are carried out by our senior management team across the UK, Egypt and Lebanon, led by our Executive Director and overseen by our Development Director appointed in June 2020. The team successfully launched two online/offline fundraising campaigns, identified and applied for new institutional partnerships and worked to strengthen key relationships with individual, corporate and institutional partners. In 2020, these efforts were supported primarily by our UK-based Development Officer and Senior Communications Coordinator with further input from Egypt and Lebanon team members, especially in relation to country-specific donors and leads. Alfanar benefited from the support of several interns to update social media channels. The significant growth in the number of donors in 2020 increased the fundraising reporting and communications workload significantly compared to previous years.

In March 2020, we cancelled our 15th anniversary dinner, originally scheduled for June 2020. We organised one virtual gathering on June 25th, 2020, featuring three of Alfanar's social enterprises (Wataneya, B.O.T. and Inaash) in conversation with CNN Chief International Correspondent Clarissa Ward.

The event was organised to thank donors for their support of the Survive & Thrive Campaign and to begin engaging our community directly and digitally with our work. The event was attended by over 200 supporters. Over the course of the year, a growth in media mentions about Alfanar's work and the participation of Alfanar senior management team members in virtual webinars and public speaking engagements helped grow Alfanar's community of supporters and followers even further.

These collective efforts led to a 27% increase in the number of donors giving to Alfanar, and a 63% increase in income. Overall donor retention in 2020 was at 27% and reflects changes to our outreach and fundraising channels and the cancellation of our annual fundraising dinner, which has been a consistent fundraising and outreach tool for the charity since 2011.

The Trustees 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 virtual events, email communication, social media outreach and 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 and the Development Director of Alfanar. 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 social enterprises serve.

As part of our three to six month due diligence process with prospective social enterprises, we check for the existence and active use of safeguarding policies and practices. In 2020, we finalised 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.

In 2020, the Board approved revised safeguarding policies as part of our internal staff handbook, which all staff were trained on during the year. New joiners receive training on the staff handbook, including safeguarding, as part of induction.

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. It is reviewed by the Trustees bi-annually.

Given significant health and other risks introduced by the COVID-19 pandemic, office shutdowns and broader lockdowns as well as the Beirut explosion of August 4th, the Board and the senior management team assessed and responded to emerging risks more frequently over the course of 2020, also extending proactive support and training to all investee social enterprises to ensure their budgets and operating plans could withstand the various impacts of the pandemic.

Beyond the health concerns introduced by the pandemic, which were effectively managed throughout the organisation, the following were identified as the principal risks facing the Charity in 2020/2021:

- Given the uncertainty of income streams and the significant changes to fundraising and outreach channels, a reduction in our fundraising capabilities and/or dependence on the Board to cover costs were risks we monitored very closely over the course of the year through frequent reforecasts, outreach strategy pivots and regular communication. We appointed a part-time Development Director to further support the organisation with diversifying streams of income and ensuring fundraising meets impact targets. Although successfully managed in 2020, these remain risks we are monitoring in 2021 and which our fundraising plans for the year respond to.

- As a small and growing team, key staff leaving is a risk we monitor and manage closely. We held a virtual team retreat in October 2020, began holding optional, daily virtual catch-ups and regular monthly team meetings to encourage better communication. We also began a reassessment of our organisational structure in early 2021 with the aim of identifying key roles and responsibilities in need of filling.
- The risk of our work being stopped, particularly in Egypt, Lebanon or Jordan due to registration issues, lockdowns, violence, economic collapse or force majeure events is one we monitor and manage closely with the expert leadership of our country directors and representatives on the ground. Alfano employs experienced development professionals who bring years of development experience and acumen to their jobs, and a deep understanding of the political and socioeconomic context on the ground, which enables them to monitor and mitigate arising risks more effectively.
- The growth in the number of institutional partners and contracts in need of review in 2020 introduced a new risk around fully understanding the impact of contractual obligations entered. Supported by the Finance Committee, which added retired lawyer Robert Cartwright as a member in February 2021, the senior management team is developing a risk assessment template to guide contract reviews and is in the process of developing a policy to assess the impact of indemnities, which have become a more frequent feature in contracts and grant agreements.

Mitigation strategies are clarified and approved by the Board for all 24 risks identified in Alfano's risk register.

In August 2020, we were made aware of a data security incident in which Blackbaud, our CRM provider and a world leader in the provision of specialty software services to the charitable sector, discovered and stopped a ransomware attack. Alfano was one of many Blackbaud clients whose data was unfortunately affected by this data security incident. We were assured that the risk to our supporters was very low as no encrypted data, including credit card information or bank details, was affected. We informed all of our donors and supporters on August 20th and also filed a Serious Incident Report with the Charity Commission and a personal data breach report with the Information Commissioners' Office (ICO), both of which confirmed that they were satisfied with our organisation's actions, that we acted in line with the requirements of Article 28 of the GDPR and that no further action would be required from us.

Following the incident, we engaged an independent, third party specialist to conduct an audit of our data protection policies and processes and to support us in updating and training our staff on revised policies. This will be completed in 2021. Additionally, we began researching alternative CRM, grant management and virtual server providers and taking further actions to assess and bolster the security of our website and systems.

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 2020 this target was £422k.

At 31 December 2020 reserves held totalled £839k (2019: £473k), of which £608k represented restricted funds (2019: £260k) and £231k represented unrestricted funds (2019: 213k). Designated funds as at 31st December 2020 were £4k (2019: £3k), leaving free reserves at £227K (2019: £210K).

This is £185k (2019: £170k) below the reserves target. The Board will closely monitor expenditure during the early part of 2021 and are also confident that the organisation's fundraising strategy approved by the Board will bolster our income targets and see free reserves back to target levels by the end of 2021.

Statement of Trustees Responsibilities

The Trustees who are also directors of Alfamar for the purposes of company law are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and standard United Kingdom accounting practice (UK GAAP).

Company law requires trustees to prepare financial statements that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of those resources, including income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Board of Trustees are required to:

- Selected suitable accounting policies and applied them consistently.
- Observe the methods and principles in the Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard 102.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a 'going concern' basis unless it is inappropriate to presume that the charitable company will continue in business.

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

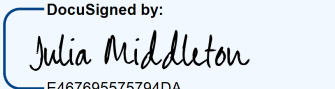
Each of the Trustees has confirmed that, so far as they are aware, there is no relevant audit information of which the Charity's auditor is unaware, and that they have taken all the steps that they individually ought to have taken as a Trustee in order to make themselves aware of any relevant audit information,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

Auditors

Moore Kingston Smith LLP have indicated their willingness to continue in office and are deemed to be reappointed in accordance with section 487(2) of the Companies Act 2006

Approval

This report was approved by the Trustees on 20 of July 2021 and is signed on their behalf.

TRUSTEE 
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Julia Middleton

7/20/2021

Partners & Supporters

Despite the numerous challenges everyone has faced this year, we have been overwhelmed by the incredible outpouring of support received from individual and institutional donors across the globe.

INDIVIDUAL DONORS

We thank the many individual donors who have backed Alfanar's venture philanthropy mission in 2020. This includes 254 individuals who supported our Survive & Thrive Campaign, 325 who gave to our Emergency Lebanon Appeal in the wake of the August 4th blast, as well as 60 general supporters.

INSTITUTIONAL PARTNERS



Independent Auditor's Report to the Members of Alfanar

For the Year Ending 31 December 2020

Opinion

We have audited the financial statements of Alfanar ('the company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement 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 2020 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Independent Auditor's Report to the Members of Alfanar

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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.

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.

Independent Auditor's Report to the Members of Alfanar

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 51, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit.

Independent Auditor's Report to the Members of Alfanar

However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.

We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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.

Independent Auditor's Report to the Members of Alfanar

- 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.

Moore Kingston Smith LLP

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

Date: 21 July 2021

Devonshire House
60 Goswell Road
London
EC1M 7AD

ALFANAR (Company limited by guarantee no. 05141908)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2020

Current Year	Note	Unrestricted	Restricted	Total	Total
		Funds	Funds	Funds	Funds
		2020	2020	2020	2019
		£	£	£	£
INCOME					
Donations	2	357,083	530,471	887,554	461,778
Other trading activities	3	3,310	-	3,310	5,644
Income from charitable activities	4	283,299	1,016,156	1,299,455	869,778
Other income: gain on foreign exchange		-	-	-	4,009
TOTAL INCOME		643,692	1,546,627	2,190,319	1,341,209
EXPENDITURE					
Expenditure on raising funds		279,809	-	279,809	256,594
Expenditure on charitable activities		346,213	1,198,531	1,544,744	1,220,492
TOTAL EXPENDITURE	5	626,022	1,198,531	1,824,553	1,477,086
Net income/(expenditure)		17,670	348,096	365,766	(135,877)
NET MOVEMENT IN FUNDS		17,670	348,096	365,766	(135,877)
TOTAL FUNDS BROUGHT FORWARD		212,980	259,827	472,807	608,684
TOTAL FUNDS CARRIED FORWARD		230,650	607,923	838,573	472,807
Prior Year					
	Note	Unrestricted	Restricted	Total	Total
		Funds	Funds	Funds	Funds
		2019	2019	2019	2019
		£	£	£	£
INCOME					
Donations	2	392,788	68,990	461,778	899,242
Other trading activities	3	5,644	-	5,644	12,832
Income from charitable activities	4	391,395	478,383	869,778	565,600
Other income: gain on foreign exchange		4,009	-	4,009	-
TOTAL INCOME		793,836	547,373	1,341,209	1,477,674
EXPENDITURE					
Expenditure on raising funds		256,594	-	256,594	332,097
Expenditure on charitable activities		710,692	509,800	1,220,492	915,793
TOTAL EXPENDITURE	5	967,286	509,800	1,477,086	1,247,890
Net (expenditure) / income		(173,450)	37,573	(135,877)	229,784
NET MOVEMENT IN FUNDS		(173,450)	37,573	(135,877)	229,784
TOTAL FUNDS BROUGHT FORWARD		386,430	222,254	608,684	378,900
TOTAL FUNDS CARRIED FORWARD		212,980	259,827	472,807	608,684

All of the Charity's operations are continuing.



The annexed notes form part of these financial statements

ALFANAR (Company limited by guarantee no. 05141908)

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	£	2020 £	£	2019 £
FIXED ASSETS					
Tangible assets	10		3,680		3,321
Investment Assets	11		1		1
			<u>3,681</u>		<u>3,322</u>
CURRENT ASSETS					
Programme related investments	12	63,582		-	
Debtors	13	96,697		13,843	
Cash at bank and in hand		860,717		558,888	
		<u>1,020,996</u>		<u>572,731</u>	
Creditors: amounts falling due within one year	14	(186,104)		(103,246)	
NET CURRENT ASSETS			<u>834,892</u>		<u>469,485</u>
NET ASSETS			<u>838,573</u>		<u>472,807</u>
FUNDS					
Restricted funds	16		607,923		259,827
Unrestricted funds					
Designated funds	17	3,680		3,321	
General fund	18	226,970		209,659	
			<u>230,650</u>		<u>212,980</u>
			<u>838,573</u>		<u>472,807</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 20 July 2021 and signed on their behalf by:-

DocuSigned by:

Julia Middleton

7/20/2021

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Trustee

Julia Middleton

The annexed notes form part of these financial statements

ALFANAR (Company limited by guarantee no. 05141908)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
Cash provided by operating activities					
Net movement in funds		365,766		(135,877)	
Add back depreciation charge		1,252		1,119	
(Increase)/ Decrease in programme related investments	-	63,582		-	
(Increase)/ Decrease in debtors	-	82,854		102,632	
(Decrease/ Increase in creditors		82,858		(26,266)	
Net cash (used in) operating activities			303,440		(58,393)
Cash flows from investing activities					
Purchase of tangible fixed assets	-	1,611		-	
Net cash (used in) / investing activities			- 1,611		-
Increase/(Decrease) in cash and cash equivalents in the year			301,829		(58,393)
Cash and cash equivalents at the beginning of the year					
Cash in hand		558,888		617,281	
			558,888		617,281
Total cash and cash equivalents at the end of the year	14		860,717		558,888

The annexed notes form part of these financial statements

ALFANAR (Company limited by guarantee no. 05141908)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

Going Concern

The charity has given due consideration for the effects of the Covid-19 outbreak, which occurred during the year and the effects of which continued into 2021. 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. In particular the Trustees have considered the effect of Covid-19 on: the charity's ability to raise income - restrictions on travel and assembly meant that the annual dinner had to be postponed in 2020 and in 2021, and the possible level of additional support required by our Investees. The new Development Director appointed in 2020 has made good progress, building our fundraising strategy for 2021 and beyond. The Trustees have revised the original business plan and cash flow for 2021 and 2022: refocusing our fundraising activities on-line and developing a new strategy for growing long term support from individual supporters, adjusting investee budgets and making overhead savings, particularly in travel and office expenditure. This revised plan indicates that Alfanar will continue to be able to meet its financial commitments through the year and for a period of at least one year from the date of approval of the financial statements. The charity will be able to move free reserves to the Trustees' target level by the end of 2021. Accordingly, Trustees continue to adopt a going concern basis in preparing the financial statements.

Presentational currency

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.

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, such 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. In the instance when there is a strong likelihood of repayment, the grant is treated as a Programme Related Investment and held on the balance sheet in the fund used to disburse the payment to the investee.

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. The accounts also include unrealised losses in exchange rates movements in currencies held at the year end.

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.

Programme related investments

Programme Related Investments that are in the form of concessionary loans and zero interest repayable grants are accounted for at the outstanding amount of the investment less any provision for unrecoverable amounts. Any impairment is charged to the Statement of financial activities classified as expenditure on charitable activities.

ALFANAR (Company limited by guarantee no. 05141908)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
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	Restricted	Total
	Funds	Funds	Funds
	2020	2020	2020
	£	£	£
Boards	230,637	38,790	269,427
Other individuals	119,021	491,681	610,702
Donated services	7,425	-	7,425
	357,083	530,471	887,554
Prior Year	Unrestricted	Restricted	Total
	Funds	Funds	Funds
	2019	2019	2019
	£	£	£
Boards	185,781	-	185,781
Other individuals	108,654	57,990	166,644
Annual dinner and events	92,087	11,000	103,087
Donated services	6,266	-	6,266
	392,788	68,990	461,778

Campaign Support: Increases in income from the Board and other individuals were driven by two campaigns Alfanar ran over the course of 2020, namely the Survive & Thrive Emergency COVID-19 Campaign, generating £331,707 and the Emergency Lebanon Appeal, which generated £224,787 in donations from individuals.

Gift Aid In 2020 £31,793 (2019 : £15,050) of Gift Aid was receivable. This has been accounted along with the donations that attracted the claim. £ 11,500 (2019: £11,500) was included within Board income and £ 20,293 (2019: £ nil) was included within Campaigns/other individuals and £ nil (2019 : £3,550) was included within the Annual dinner and events income. In 2020 £5 of interest receivable from HMRC on Gift Aid claims has been included under Other individuals.

3. OTHER TRADING ACTIVITIES

Current Year	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	2020	2020	2020	2019
	£	£	£	£
Social Enterprise Management Support	3,310	-	3,310	5,644
	3,310	-	3,310	5,644
Prior Year	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	2019	2019	2019	2018
	£	£	£	£
Social Enterprise Management Support	5,644	-	5,644	12,832
	5,644	-	5,644	12,832

ALFANAR (Company limited by guarantee no. 05141908)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
4. INCOME FROM CHARITABLE ACTIVITIES
Current Year

	Unrestricted Funds 2020	Restricted Funds 2020	Total Funds 2020
	£	£	£
Alfanar, Inc., US	102,407	105,884	208,291
Al Ghurair Foundation for Education (AGFE)	-	130,801	130,801
Bank of America	52,803	72,869	125,672
British Council (DICE)	-	6,593	6,593
CCC	3,016	12,731	15,747
Drosos Foundation	38,063	-	38,063
Genesis Foundation	3,777	37,616	41,393
Global Fund for Widows	-	99,889	99,889
International Finance Corporation (IFC)	-	37,594	37,594
IFC for Impact Fund	-	37,594	37,594
Impact Lebanon	-	101,124	101,124
LIFE Generation Fund	-	38,034	38,034
Oxfam	-	49,921	49,921
PepsiCo	7,761	69,844	77,605
Plan: Jordan Mubaderoon project	-	35,161	35,161
SODIC	14,937	74,686	89,623
Other Trusts and Foundations	55,052	105,815	160,867
UK Covid Job Retention Scheme	5,483	-	5,483
	<u>283,299</u>	<u>1,016,156</u>	<u>1,299,455</u>

Prior Year

	Unrestricted Funds 2019	Restricted Funds 2019	Total Funds 2019
	£	£	£
Alfanar, Inc., US	348,577	22,359	370,936
Al Ghurair Foundation for Education (AGFE)	-	140,597	140,597
Asfari Foundation	-	75,000	75,000
British Council (DICE)	-	15,591	15,591
CAF America Donor Fund	1,841	22,703	24,544
CCC	3,016	14,416	14,416
Life Generation Fund	-	38,644	38,644
Plan: Jordan Mubaderoon Project	-	51,949	51,949
SODIC	9,199	92,624	101,823
Other Trusts and Foundations	19,940	4,500	24,440
Refund of repayable grant: ShareQ	11,838	-	11,838
	<u>394,411</u>	<u>478,383</u>	<u>869,778</u>

Income in 2020 from IFC of £37,594, £14,233 from The Asfari Foundation and £77,990 from another foundation supported our pre-start-up work on impact investment.

Income under **Other Trusts and Foundations** was received from 5 (2019: 3) organisations who wish to be anonymous in published financial statements.

Campaign Support: Income from Genesis Foundation, Impact Lebanon, Oxfam and PepsiCo, and the restricted funds from Bank of America, were raised in response to our Emergency Lebanon Appeal.

In 2020 we received grants from the UK government totalling £5,483 through the Covid Job Retention Scheme.

ALFANAR (Company limited by guarantee no. 05141908)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
5. EXPENDITURE

Current Year	Direct Staff costs	Other Direct costs	Support costs	Total 2020
	£	£	£	£
Costs of raising funds	121,405	63,744	94,660	279,809
Charitable activities	141,947	1,292,122	110,675	1,544,744
	<u>263,352</u>	<u>1,355,866</u>	<u>205,335</u>	<u>1,824,553</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 2019
	£	£	£	£
Costs of raising funds	103,448	75,051	78,095	256,594
Charitable activities	141,129	972,822	106,541	1,220,492
	<u>244,577</u>	<u>1,047,873</u>	<u>184,636</u>	<u>1,477,086</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:	2020	2019
	£	£
Auditors' remuneration for audit (excluding VAT)	10,745	10,635
Auditors' remuneration for other services	1,955	2,567
Under/(over) audit accrual in prior year	-	2,126
Depreciation	1,252	1,119
Operating lease rentals: equipment	2,257	2,257
Operating lease rentals: property	19,378	32,403

7. SUPPORT COSTS

	2020	2019
	£	£
Governance: audit fee (including unrecoverable VAT)	15,240	12,762
Staff costs	101,013	89,325
Staff development	1,684	8,621
Accounting, payroll and compliance	391	375
Rent Overseas office space	8,033	5,486
Rent UK Office space	12,913	26,917
Legal and professional fees	5,138	2,084
Bank charges	7,371	5,088
Insurance	1,118	1,128
Realised loss on foreign exchange	17,928	-
* Unrealised loss on foreign exchange	23,885	14,913
Depreciation	1,252	1,119
Other	9,369	16,818
	<u>205,335</u>	<u>184,636</u>

* Losses on foreign exchange are matched by a reduction in other areas of expenditure as income in currency is normally disbursed in that currency.

ALFANAR (Company limited by guarantee no. 05141908)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
8. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2020 £	2019 £
Grants Awarded - Egypt Portfolio		
Brighter Tomorrow for Child Protection (BTCF)	28,682	4,434
Educate Me	104,321	95,611
*Future Eve Foundation	63,714	161,070
iStem	-	(8,770)
Life Vision	35,806	13,448
Takafoo	13,483	-
Together For You	3,348	9,924
Wataneya Society for the Development of Orphanages	7,727	-
	257,081	275,717
Grants Awarded - Lebanon Portfolio		
Ana Aqra	7,717	38,951
Bridge.Outsource.Transform (B.O.T.)	44,726	13,908
FabricAid	81,438	41,603
Lebanese Alternative Learning (Tabshoura)	22,716	-
Lebanese Food Bank	8,094	-
MMKN	7,440	25,805
SE Factory	78,616	72,768
ShareQ	5,985	56,643
Shatila Studio	-	14,330
Grants Awarded - Refugee Portfolio		
Inaash	36,999	52,822
MMKN- Refugee programme	87,479	45,231
NaTakallam	18,797	-
SE Factory- Refugee programme	89,858	61,777
WPA/Soufra/Nawras Preschool	55,082	47,189
	544,947	471,027
Grants Awarded - Emergency Lebanon Response		
Inaash - Facemasks	7,858	-
Lebanese Food Bank Food boxes	90,021	-
March NGO Bedco - Reconstruction	72,590	-
ShareQ- Vacuum-Sealed meals	40,480	-
Soufra - Hot meals	23,927	-
Souk El Tayeb- Hot meals	7,638	-
Shatila Studio- Facemasks and Tablets	10,658	-
	253,172	-
Total Grants Awarded	1,055,200	746,744
#ASSET and AIM	5,342	5,206
Miscellaneous direct costs	25,859	33,505
Impact fund pre-start up	84,571	58,488
-Programme services	121,151	128,879
	1,292,122	972,822

* **Future Eve Foundation:** In 2020 the total amount awarded to Future Eve Foundation was £127,296. This included a sum of £63,582 (2019: nil) repayable over three years at zero rate of interest. This repayable element is now shown on the balance sheet under Programme related investments.

ASSET (Alfanar Sustainable Social Enterprise Training) and **AIM** (Alfanar Impact Management) are two critical components of the support Alfanar provides to social enterprises beyond its grant funding.

- **Programme services:** the cost of consultants providing management support to Social Enterprises in Lebanon and Jordan.

8a INVESTMENT SPEND

Investment spend is the total of direct staff expenditure and other direct costs of charitable activities.

	2020 £	2019 £
Direct costs of charitable activities	1,292,122	972,822
Direct staff costs on charitable activities	141,947	141,129
Investment spend	1,434,069	1,113,951

ALFANAR (Company limited by guarantee no. 05141908)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
9. STAFF COSTS

	2020	2019
	£	£
Gross salaries	282,515	258,150
Social security costs	25,571	25,583
Employer pension contributions	3,511	2,145
Salaries of overseas staff	51,205	46,470
Other overseas staff costs	1,563	1,554
	<u>364,365</u>	<u>333,902</u>

A total of 9 individual staff members were employed by the Charity in the year (2019 : 9).

	2020	2019
Number of employees whose salaries were in the following bands: £80,000-£89,999	1	1

Aggregate employer's contributions to pension schemes for these staff	£1,314	£1,188
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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 £198,753 (2019 : £202,868).

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

10. TANGIBLE FIXED ASSETS

	Office Equipment £
Cost	
At 1 January 2020	10,508
Additions in the year	<u>1,611</u>
At 31 December 2020	<u>12,119</u>
Depreciation	
At 1 January 2020	7,187
Charge for the year	<u>1,252</u>
At 31 December 2020	<u>8,439</u>
Net book value	
At 31 December 2020	<u>3,680</u>
At 31 December 2019	<u>3,321</u>

11. INVESTMENTS IN SUBSIDIARIES

Alfanar's investment at the balance sheet date in the wholly-owned share capital of the following unlisted companies is as follows:

	2020	2019
	£	£
Current assets	<u>1</u>	<u>1</u>
Total net assets	<u>1</u>	<u>1</u>
Called up share capital		
Beacon Social Capital Limited (Dormant, incorporated 28 December 2018)	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

12. PROGRAMME RELATED INVESTMENTS

	2020	2019
	£	£
Repayable Grants due within one year	21,194	-
Repayable Grants due after more than one year	<u>42,388</u>	-
	<u>63,582</u>	-

This relates to the repayable grant included in our agreement with Future Eve Foundation. It is repayable over three years in equal instalments

ALFANAR (Company limited by guarantee no. 05141908)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. DEBTORS	2020	2019
Due within one year	£	£
Grant debtors	91,018	-
Gift Aid receivable	-	7,500
Prepayments	5,679	6,343
	<u>96,697</u>	<u>13,843</u>

14. CREDITORS	2020	2019
Due within one year	£	£
Trade creditors	11,172	19,697
Taxation	7,633	8,152
Grants payable to investees	135,091	28,617
Defined contribution pension scheme payments	2,969	1,384
Other accruals	29,239	45,396
	<u>186,104</u>	<u>103,246</u>

15. ANALYSIS OF CHANGES IN NET DEBT

	At start of year	Cashflows	Acquisition/ disposal of subsidiaries	New finance leases	Other non- cash changes	At end of year
	£	£	£	£	£	£
Cash	558,888	301,829	-	-	-	860,717
Cash equivalents	-	-	-	-	-	-
Overdraft facility	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total	558,888	301,829	-	-	-	860,717

ALFANAR (Company limited by guarantee no. 05141908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

16. RESTRICTED FUNDS

Current Year	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	£	£	£	£	£
Egypt					
Egypt Fund	8,325	-	-		8,325
British Council (DICE)	6,196	6,593	12,789		-
Education in Egypt					
Educate Me	-	104,388	104,321		67
BTCP	-	43,514	28,682		14,832
Women and Youth Employment in Egypt					
Future Eve Foundation	573	127,564	63,714		64,423
Life Vision	968	44,312	35,806		9,474
Takafoo	-	13,970	13,483		487
Together For You	7,076	-	3,348		3,728
Lebanon					
Education in Lebanon					
MMKN	-	6,000	7,440		(1,440)
Tabshoura	-	13,523	5,224		8,299
Women and Youth Employment in Lebanon					
BOT	-	26,323	24,335		1,988
SE Factory	14,264	95,689	78,616		31,337
Emergency/Environment Lebanon					
Shatila Studio - Tablets for SE's		2,647	2,647		-
FabricAid	20,525	20,795	41,320		-
Lebanese Food Bank	-	30,056	8,094		21,962
Refugees in Lebanon					
Inaash	-	18,797	18,797		-
NaTakallam	-	18,797	18,663		134
Shatila Studio	25,421	-	7,883		17,538
WPA Nawras Pre-School	14,910	40,172	55,082		-
Al Ghurair Foundation(AGFE) SE Factory	9,706	60,164	89,858		(19,988)
Al Ghurair Foundation(AGFE) MMKN	17,738	64,295	87,648		(5,615)
Al Ghurair Foundation(AGFE) PTA	-	6,342	24,717		(18,375)
Emergency Response					
Survive and Thrive Restricted General					
Inaash - Facemasks		8,683	8,683		-
Shatila Studio - Facemasks		8,011	8,011		-
Lebanese Food Bank - Food Boxes		38,095	38,095		-
Emergency Lebanon Campaign					
Emergency Lebanon Restricted General		178,263	-		178,263
Impact Lebanon		101,124	6,768		94,356
Lebanese Food Bank		51,926	51,926		-
Souk El Tayeb- Hot meals		7,638	7,638		-
Soufra - Hot meals		26,431	23,927		2,504
ShareQ- Vacuum-Sealed meals		40,480	40,480		-
Pepsico/March NGO -Bedco for reconstruction		85,486	72,590		12,896
Oxfam		49,921	2,478		47,443
Jordan					
PLAN- Mubaderoon project	18,779	35,161	63,032		(9,092)
UK					
Accelerate Study Missions	24,346	-	-		24,346
Impact Fund	-	115,584	84,010		31,574
Alfanar Capacity Building		55,883	25,883		30,000
Alfanar Development	91,000	-	32,543		58,457
TOTAL RESTRICTED FUNDS	259,827	1,546,627	1,198,531	-	607,923

ALFANAR (Company limited by guarantee no. 05141908)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
RESTRICTED FUNDS

Prior Year	Brought Forward	Income	Expenditure	Transfers	Carried Forward
	£	£	£	£	£
Egypt					
Egypt Fund	8,325	-	-		8,325
British Council (DICE)	-	15,591	9,395		6,196
Education in Egypt					
Educate Me	-	76,918	76,918		-
Nafham.com	4,268	-	-	(4,268)	-
BTCP	740	-	740		-
Women and Youth Employment in Egypt					
Future Eve Foundation	79,756	15,706	99,157	4,268	573
Life Vision	-	14,416	13,448		968
Together For You	3,000	14,000	9,924		7,076
Lebanon					
Lebanon Fund	11,084	-	-	(11,084)	-
Education in Lebanon					
MMKN	-	3,000	3,000		-
Women and Youth Employment in Lebanon					
ShareQ	20,000	-	20,000		-
SE Factory	-	61,347	47,083		14,264
FabricAid	-	20,525	-		20,525
Refugees in Lebanon					
WPA Nawras Pre-School	32,754	31,662	49,506		14,910
Shatila Studio	-	28,667	14,330	11,084	25,421
Al Ghurair Foundation(AGFE)	-	140,597	113,153		27,444
Jordan					
PLAN- Mubaderoon project	-	51,949	33,170		18,779
UK					
Accelerate Study Missions	7,327	14,019	-	3,000	24,346
Alfanar Development	55,000	58,976	19,976	(3,000)	91,000
TOTAL RESTRICTED FUNDS	222,254	547,373	509,800	-	259,827

Transfers. Transfers between funds in the current year have been described within the following notes on each relevant fund.

ALFANAR (Company limited by guarantee no. 05141908)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Egypt fund holds income specifically restricted to investment activities in Egypt. Allocation to specific projects is at the discretion of the Board. No allocations were made in 2019 or 2020 but allocations will be made in 2021.

DICE funding from British Council supported our collaboration with Egypt social enterprise Yadawee, a fair trade certified promoter of local Egyptian handicrafts. This programme ended in March 2020.

Educate Me runs an innovative community education programme which emphasises character development and self-actualisation alongside the traditional curriculum in 150 public schools across six governorates in Egypt. It also conducts teacher training to a wider group of nearly 5,000 educators. In 2020, Educate Me shifted its teacher training online and continued to achieve impact despite lockdown. This social investment is generously supported by SODIC and funds raised during the Survive and Thrive campaign.

Brighter Tomorrow for Child Protection (BTCP) supports the social and educational reintegration of children with disabilities particularly those with autism, based out of Alexandria. It is funded in 2020 from funds raised through the Survive and Thrive campaign.

Future Eve Foundation (FEF) is an active investment and continues to be generously supported by the Global Fund for Widows (GFW), Taher Ghargour and another individual. A growing portfolio of housing improvement loans launched by FEF is being supported by SODIC. GFW continues to provide technical assistance to this investment.

Life Vision economically empowers smallhold female farmers through Farmer Field Schools and literacy classes. In 2020 this investment was generously supported by CCC, another Foundation and a generous individual donor to the Survive and Thrive campaign.

Takafoo works in the Minya region training and helping women secure reliable, safe farm work. This investment in 2020 was supported by funds raised in our Survive and Thrive campaign.

Together For You (TFY) is an 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 have been covered by restricted funds from a number of generous individual donors. In 2020, Alfanar completed and exited its investment in TFY. We are in discussion with the donor on how to use the surplus funds on this project.

Lebanon Fund holds funds received from an individual donor specifically for refugee education and empowerment investments in Lebanon. The donor allocated these funds to the support of Shatila Studio in 2019 and 2020.

MMKN helps at-risk students in Lebanese public schools prepare for and pass the national Brevet (9th grade) exam, which is required for entry into high school, vocational schools and university. Historically an exam children in the Lebanese public school system are likely to fail, MMKN's tutoring curriculum helps students reach pass rates in the 90%. In 2020, this investment was partly covered by an individual supporter and AGFE. There is a small deficit at the year end due to a timing difference. It is being carried forward as we will receive funds to cover this deficit in the first quarter of 2021.

Tabshoura (Lebanese Alternative Learning) provides a free, accessible and interactive online learning platform to support teachers and students with the Lebanese curriculum. Tabshoura proved essential to 10,000 students across Lebanon during COVID-19 lockdowns. This investment in 2020 was supported by our Survive and Thrive campaign.

BOT (Bridge.Outsource.Transform.) enables hundreds of disadvantaged, marginalised youth in Lebanon, opportunities to work in the digital freelance market. This investment in 2020 was supported by our Survive and Thrive campaign as well as the Lebanese International Finance Executives (LIFE).

SE Factory is an intensive, 3-month full-stack web development training programme and job placement initiative launched by the Nawaya Network, helping underprivileged youth to develop the skills and mindset needed to land coding jobs in the region's tech sector. In 2018 its pilot investment was funded by Alfanar's general funds. In 2019 the programme was approved for long-term investment and is supported by Life Generation USA, Inc.(LIFE) and CAF America. Funds in 2020 were received from Bank of America.

ShareQ 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. Alfanar exited its venture philanthropy investment from ShareQ in 2020, but worked with this social enterprise as part of the Emergency Lebanon Appeal, delivering hot meals to thousands of families impacted by the blast.

Shatila Studio - Tablets for SE's. In the year 2020 we received a specific donation to support our Lebanese Investees in accessing IT equipment such as Tablets. In total thirteen media pad tablets were distributed to 5 social enterprises including Shatila Studio, BOT, Tabshoura and Inaash. The tablets were sourced through our investee Shatila Studio.

FabricAid is a social enterprise that collects, repairs, and resells quality, affordable second-hand clothing at its thrift and vintage stores to tens of thousands of vulnerable community members across Lebanon. In 2020, this investment was supported by Vovos Better World, The Asfari Foundation and our Survive and Thrive campaign.

Lebanese Food Bank This pilot investment works in Lebanon to reduce food waste and alleviate hunger. This pilot investment received support from our Survive and Thrive campaign.

Inaash creates dignified employment for nearly 400 female Palestinian refugees through embroidery and high-quality textile production. This investment in 2020 was partially funded by the IFC and Survive the Thrive campaign funds for an emergency facemask project.

NaTakallam creates steady, dignified employment for Syrian refugees and vulnerable host community members as Arabic practice partners, teachers and translators for Arabic learners and institutions worldwide using online communication technology. In 2020, our investment was partly supported by the IFC.

Shatila Studio provides dignified employment to Syrian refugees inside the Shatila refugee camp in Beirut by employing them as artisans in needlework, embroidery and textile production. This investment is supported by an individual supporter.

WPA Nawras Pre-School is the culmination of a multi-year investment with the Women's Program Association (WPA) in Burj al Barajneh that led to the creation of the Soufra catering unit and foodtruck, microloans to women in the camp and the establishment of the Nawras preschool providing early childhood education to around 100 children. In 2020, Alfanar concluded its venture philanthropy investment in WPA thanks to the support of generous individuals. Separately, as part of our Emergency Lebanon Appeal, we worked through Soufra to provide hot meals to hundreds of families impacted by the Beirut blast.

Al Ghurair Foundation for Education (AGFE) is focussed on providing support to refugees. It is helping to fund our work amongst refugees through MMKN and SE Factory. It provides for Grants to be made and covers part of our technical assistance staff costs (PTA) relating to these investees. This two year project commenced in August 2019. The negative balances reflect Alfanar pre-financing of disbursements to the investees and payments to the investment officer. These negative balances are covered in the funding received in 2021.

Emergency Response Funds. During 2020, Alfanar ran the Survive and Thrive campaign in response to the COVID-19 pandemic and the Emergency Lebanon Appeal in response to the 4 August 2020 Beirut port explosion. Emergency projects supported by these campaigns included facemask projects, foodboxes and hot meals to vulnerable families. In partnership with a local social enterprise, March NGO, we are managing a reconstruction project supporting small businesses, social enterprises and three schools damaged by the blast. This reconstruction work is expected to be completed by June 2021. Alfanar worked with Inaash, Shatila Studio, the Lebanese Food Bank, Souk el Tayeb's Community Kitchen, ShareQ and Soufra to respond to emergency needs. The Lebanese Food Bank received support from both campaigns as well as joining our portfolio as a pilot investment. Funds from Impact Lebanon and Oxfam are for projects that run until April 2021 providing support to enable resilience in these difficult circumstances. They will cover programme services costs and grants to suitable identified social enterprises in the first half of 2021. The total carried forward in this area is £335,462. All of this will be disbursed by autumn 2021.

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PLAN-Mubaderoon Project is an EU-funded project that enabled Alfanar to train and build the capacities of 60 growth-stage social enterprises focused on women's empowerment across East Amman, Ajloun and Tafleeh in Jordan. This project is expected to terminate in 2021. The negative balance is due to delays in disbursements from Plan International to cover programme costs. This was covered by a disbursement received in March 2021.

Accelerate Study Missions expose our social entrepreneurs to best-in-class social enterprises in the developing South achieving scale and sustainability in their respective sectors. They were postponed in 2020 due to COVID-19. They are generously supported by a generous individual and the Asfari Foundation.

Impact Fund, represents pre-start-up ecosystem, pipeline and investment strategy analysis aimed at supporting the eventual launch of an impact investment vehicle to extend the financing life cycle for investor-ready social enterprises across the Arab region. This investment received support from the IFC and a private foundation.

Alfanar Capacity Building Fund. Made possible by the generous donation of an individual supporter who restricted their donation to support Alfanar's growth.

Alfanar Development Fund. Alfanar received a generous three-year grant in 2019 from The Asfari Foundation to support the growth and strengthening of Alfanar's staff and model. It includes funding for the development and digitisation of ASSET modules, hiring fundraising and other support and investing in staff development. Delays in 2020 arose as we pivoted our focus to respond to the pandemic and the Beirut blast; this development programme will resume in 2021.

The agreed budget for 2019 included £3,000 specifically to enable an additional Alfanar staff member to attend an Accelerate Study Mission. This sum was transferred between the funds in 2019.

17. DESIGNATED FUNDS

Current year	Brought Forward	Income	Expenditure	Transfer New Assets	Carried Forward
	£	£	£		£
Tangible Fixed Assets	3,321	-	(1,252)	1,611	3,680
TOTAL DESIGNATED FUNDS	3,321	-	(1,252)	1,611	3,680

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
	£	£	£	£
Tangible Fixed Assets	4,440	-	(1,119)	3,321
TOTAL DESIGNATED FUNDS	4,440	-	(1,119)	3,321

18. MOVEMENT OF FUNDS IN THE YEAR

Current year	Brought Forward 1 January 2020	Income	Expenditure	Transfers	Carried Forward 31 December 2020
	£	£	£	£	£
Designated funds	3,321	-	1,252	1,611	3,680
General fund	209,659	643,692	624,770	1,611	226,970
Restricted funds	259,827	1,546,627	1,198,531	-	607,923
TOTAL FUNDS	472,807	2,190,319	1,824,553	-	838,573
Prior year	Brought Forward 1 January 2019	Income	Expenditure	Transfers	Carried Forward 31 December 2019
	£	£	£	£	£
Designated funds	4,440	-	(1,119)	-	3,321
General fund	381,990	793,836	(966,167)	-	209,659
Restricted funds	222,254	547,373	(509,800)	-	259,827
TOTAL FUNDS	608,684	1,341,209	(1,477,086)	-	472,807

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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Current year

	Unrestricted Funds	Restricted Funds	Total Funds
	2020	2020	2020
	£	£	£
Tangible fixed assets	3,681	-	3,681
Net current assets	<u>226,969</u>	<u>607,923</u>	<u>834,892</u>
	<u>230,650</u>	<u>607,923</u>	<u>838,573</u>

Prior year

	Unrestricted Funds	Restricted Funds	Total Funds
	2019	2019	2019
	£	£	£
Tangible fixed assets	3,322	-	3,322
Net current assets	<u>209,658</u>	<u>259,827</u>	<u>469,485</u>
	<u>212,980</u>	<u>259,827</u>	<u>472,807</u>

20. RELATED PARTIES

Alfanar rents and pays for UK office space at less than market rates from 'Common Purpose', where Julia Middleton (trustee) is the Founder and currently Innovations Officer. The cost in the year was £12,913 (2019: £26,917). In the year, we reduced our use of the office due to COVID-19 restrictions and mitigations.

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

During the year, trustees donated £206,893 (2019: £387,135) in total, including board pledges, gifts at events and other campaign donations to Alfanar's general funds.

21. LEASE COMMITMENT

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

	2020	2019
	£	£
Less than 1 year	9,085	16,244
Between 2 and 5 years	<u>1,189</u>	<u>12,665</u>
	<u>10,274</u>	<u>28,909</u>

Turning Social Investment into Sustainable Impact

Alfanar UK

38 Artillery Lane, London E1 7LS
Company registration number: 5141908
Charity registration number: 1105048
Tel: +44 (0) 207 608 8144
info@alfanar.org

Alfanar, Inc., US

c/o Hurwit & Associates, 1150 Walnut Street
(2nd Floor), Newton, Massachusetts 02461
EIN-75-31970321

Senior Management Team

Myrna Atalla (Executive Director)
Fadel Zayan (Investment Director)
Vanessa Zuabi (Development Director)
Shenouda Bissada (Egypt Country Director)
Michelle Mouracade (Lebanon Country Director)

Trustees

Lubna S. Olayan (Chair)
Samir Assaf
Amjad Bseisu
Charlotte Boyle
Sherif Foda
Maysa Jalbout
Dr Laila Iskander
Julia Middleton
Cynthia J. Oakes

www.alfanar.org

 [linkedin.com/company/alfanarvp](https://www.linkedin.com/company/alfanarvp)

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