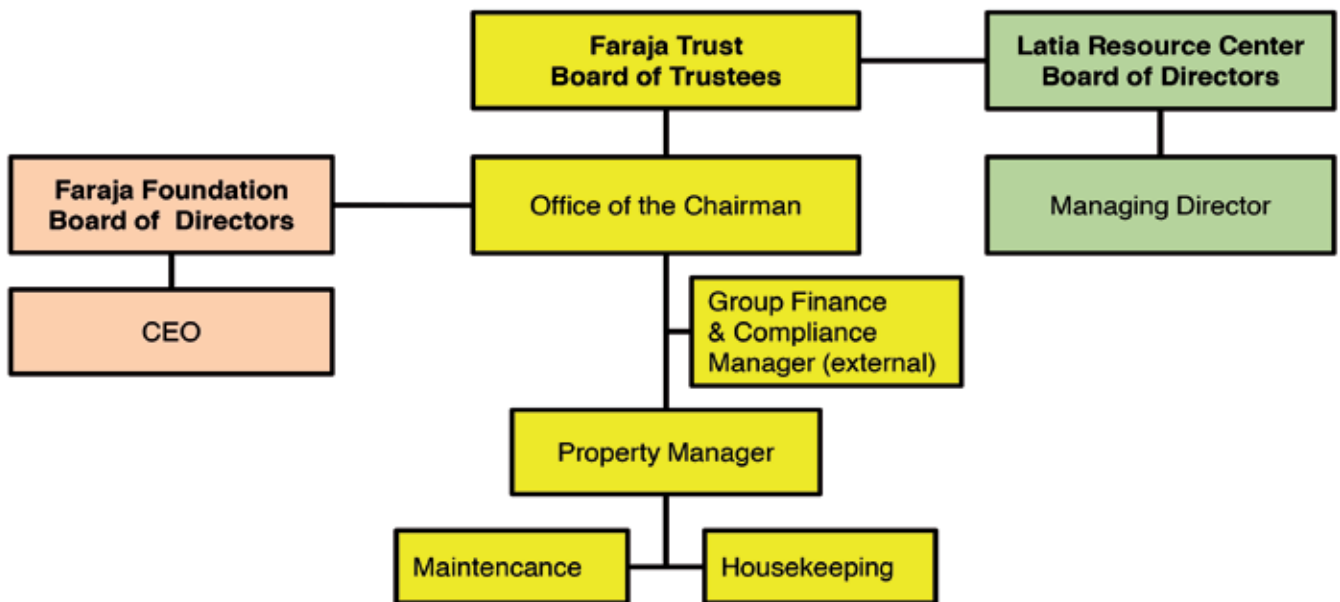


Faraja Trust

Annual Report 2015





Organization Chart as at 31st December 2015

Who We Are: Faraja's Structure and Management

Faraja is organized in three different legal entities: Faraja Trust, Faraja Foundation and the Latia Resource Center. Although legally independent, both entities Faraja Foundation and the Latia Resource Center are controlled by Faraja Trust. Faraja Trust itself is governed by a Board of Trustees consisting of the following members:

Mr. Fabian Waldmeier, Chairman
Mr. Peter Muthee, Vice-Chairman
Mrs. Ketaki Sheth, Company Secretary
Mr. Urs Boehlen
Mr. Christoph Meienberg

At the end of 2015, our founder and first Chairman, Fr. Peter Meienberg, resigned as a Trustee from Faraja Trust and was replaced by Mrs. Ketaki Sheth. The Trustees have thereafter declared Fr. Peter as the honorary Chairman of Faraja Trust for lifetime.

The Board of Trustees today is chaired by Fabian Waldmeier who also heads the Chairman's Office. The Chairman's office is supported by Kimutai Bett & Company CPA who act as the Trust's finance and compliance managers.

Part of Faraja's income is generated through rental properties in Nairobi. Faraja Trust owns two such properties: a complex of 24 furnished and serviced apartments in the upper-class area of Westlands as well as a smaller property in a middle-class neighbourhood in Nairobi's South B area. Both properties are managed by Patrick Kemei together with his team of locally employed staff.

In addition to the management of its properties,

Faraja Trust as the umbrella entity is responsible for the overall financial management within the Faraja group, for overseas fundraising, investments as well as for the monitoring & evaluation of projects. Also, Faraja Trust is providing management support to its affiliated entities.

The Latia Resource Center, which is a registered non-profit organization incorporated as a company limited by guarantee, runs the Latia Farm as well as all agricultural and entrepreneurial training activities under this project. Members and directors of this company are Urs Boehlen, Peter Muthee and Faraja Trust, the latter being represented by Fabian Waldmeier. Since 2014, Peter Muthee, who is also the Trust's Vice-Chairman, has been acting as Latia's Managing Director.

Finally, Faraja's social and humanitarian programmes are implemented by Faraja Foundation, which is also incorporated as a non-profit oriented company limited by guarantee. The members of the organization are Fr. Peter Meienberg and Faraja Trust, again represented by Fabian Waldmeier. The members also serve as directors – together with Marcelina Obudo, a professional counsellor with vast experience in prison work. The management of Faraja Foundation lies in the hands of Jane Kuria who has been coordinating Faraja's social and humanitarian programmes since 2009.

The graph on the previous page shows the organizational structure of Faraja Trust as at 31st December 2015. In all three entities, Faraja employs approximately 65 permanent staff, all of whom are locally employed professionals.



Graduation ceremony for peer-counselling courses



Latia Apprentices in front of the new, modern greenhouses

What We Do: Our Activity Report 2015

As mentioned before, the key activities of Faraja Trust are carried out by its two implementing agencies, Faraja Foundation and the Latia Resource Center.

In 2015, Faraja Foundation focused largely on counselling-based activities inside and outside prisons. More than 800 people benefitted from individual or group counselling sessions. Some clients, especially prisoners who are serving a long-term sentence, were equipped with peer counselling skills. This intervention is bearing fruits: officers observe a clear behaviour change among inmates with reduced levels of stress and more active interest in skills and learning activities.

Faraja Foundation also works with the prison staff. Again, more than 800 officers were trained, most of them in a programme called "performance for change", which focuses on psycho-social aspects as well as interpersonal skills. Other officers benefitted from training-of-trainer skills in such topics as well as from paralegal trainings. This focus on officers is complementing the work with prisoners and is contributing to a more conducive environment for rehabilitation in prisons.

Outside prison walls, Faraja Foundation is engaged in aftercare and reintegration programmes. Together with other partners and under a funding line from the EU, the Foundation successfully reintegrated almost 50 ex-convicts back into society.

But Faraja also works beyond its prison and re-integration ministry. Over 500 clients were provided with emergency humanitarian aid and business start-up support. Moreover, the Foundation runs a scholarship fund that supported some 60 students in secondary school and another 70 in vocational

training courses. The latter represents a shift in emphasis to support more youth in their quest to acquire practical skills rather than going through an academic formation that does not create enough employment opportunities for them.

At the Latia Resource Center, two groups of 40 students each signed up for the six months practical and entrepreneurial training programme in 2015. These students, which were trained in Latia's on-site farm, were placed with farms and other agribusinesses after their graduation. In future, this kind of training will be further enhanced with a comprehensive on-the-job mentoring for another six months.

In addition to that, Latia started two exciting new projects: The Growing Solutions Kenya (GSK) and the Agricultural Entrepreneurship Incubator Project (AEIP). These projects are run together with more than 15 local and international organizations and target commercially oriented small and medium-sized farmers and agri-entrepreneurs. The projects demonstrate modern farming technologies and support the entrepreneurs to increase the productivity and performance in their farms through tailor-made training and business services.

Moreover, Latia continued to work with the local community through its community outreach programme, which benefitted more than 400 farmers in 2015. Most of the beneficiaries were local Maasai women who were supported to set-up or enhance small production units of chicken, rabbits or small kitchen gardens.

For more information refer to the websites of Faraja Foundation (www.farajafoundation.or.ke) and Latia Resource Center (www.latiaresourcecenter.org).

Profit & Loss Statement 2015 (in KSH)

Income	2015	2014
Grants and Donations	43'441'162	42'433'630
Property Income	41'784'602	36'507'282
Other Income	4'093'366	5'474'886
Total Income	89'319'130	84'415'798

Expenses	2015	2014
Direct Project Expenses	35'265'856	41'398'470
Indirect Project Expenses	19'307'268	23'281'877
Property Expenses	24'432'019	22'832'458
Administrative Expenses	1'913'932	4'442'189
Total Expenses	80'919'075	91'954'994

Profit / Loss for the Year	8'400'055	-7'539'196
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Balance Sheet 31.12.2015 (in KSH)

Assets*	2015	2014
Current Assets	56'274'172	69'335'510
Non Current Assets	186'538'014	162'121'310
Total Assets	242'812'186	231'456'820

Liabilities	2015	2014
Current Liabilities	14'137'739	11'182'428
Capital Grants	55'000'000	55'000'000
Total Liabilities	69'137'739	66'182'428

Fund Balance	2015	2014
At the beginning of the year	165'274'392	172'813'588
Profit & Loss for the Year	8'400'055	-7'539'196
Total Fund Balance	173'674'447	165'274'392

* All assets are recognized at cost less depreciation / amortization.

These accounts have been audited by Horwath Erastus & Co., Morningside Office Park, 2nd Floor (Wing B), Ngong Road, Nairobi. A full audit report containing no qualification has been issued to the Board of Trustees.

How We Do: Financial Statements

After incurring an overall loss in 2014, the financial statements 2015 show a profit of 8.4 million KSH. However, this profit stands against capital investments of 22 million KSH in total, which are reflected in the increase of non-current assets. Moreover, Faraja Trust has increased its long-term funding for the Latia Resource Center by another 10 million KSH. This has further increased the non-current assets and in turn reduced the current assets (cash and cash equivalents).

While the driver behind the capital investments was the construction of new facilities for catering, processing as well as a new lecture hall in Latia, the increase in the long-term funding represents an effort to strengthen Latia's equity base.

Coming back to the Trust's balance sheet, the net profit has enabled Faraja Trust to re-charge its overall fund balance. As mentioned in earlier reports, the still relatively high cash and cash equivalents (included in the current assets) reflect a special grant of 55 Mio. KSH. The condition of this grant is that the equivalent of the same must be accumulated in a special account to be used for future investments into income generating projects. Currently, these funds are split between fixed-interest bearing deposits as well as long-term funding for Latia.

The value of the non-current assets is also quite substantial. This reflects the sustainability of Faraja's projects. On one side, there has been considerable spending for the set-up of the agricultural training institute Latia Resource Center. On the other side, there are the investments into income-generating activities. Both elements are meant to ensure the long-term running and financing of

the Trust's charitable projects. Importantly, none of these investments were done on externally borrowed funds.

On the profit & loss side, the overall income has been increased mainly as a result of better returns from Faraja's properties. This is almost entirely caused by rent increments done in late 2014, which came into full effect in 2015. However, this increased income from properties stands against a general rise in property costs.

The funding for the social and humanitarian programmes of Faraja Foundation remained more or less constant while the direct expenses for programmes at Latia have reduced significantly. This is mainly because in 2014, Faraja provided an extraordinary high funding for one-off community outreach activities, which were reduced in 2015.

Also, programme implementation costs (indirect project expenses) as well as administrative costs reduced significantly in 2015. One contributor to this development is that in 2014, there was an extraordinary position in the indirect project expenses in Latia, when Faraja Trust donated a vehicle to them. The other contributor is an extraordinary write-off of non-recoverable debit accounts in 2014.

Please note that contrary to earlier reports, administrative expenses do only reflect direct administrative costs for Faraja Trust while management support expenses for the implementing agencies Faraja Foundation and Latia Resource Center as well as depreciation charges for fixed assets at Latia are reflected under the indirect project expenses.

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