



NURU

2009 ANNUAL REPORT

EQUIPPING THE POOR IN REMOTE, RURAL AREAS TO

END EXTREME POVERTY

IN THEIR COMMUNITIES WITHIN 5 YEARS

LETTER FROM THE CEO

Dear Friends,

I spent today as I've spent most days this past year - trekking through the muddy maize fields of impoverished farmers in Kuria, Kenya with James Magaigwa and Andrew Sinda, the leaders of Nuru's agriculture program for Kenya. James and Andrew both grew up in these fields, and their families still live and farm here. The three of us, assisted by a small army of Nuru field officers and field reps, train farmers on better planting techniques, provide them with loans of high quality maize seed and fertilizer, and equip them to lift themselves out of extreme poverty forever.

Today, however, as James, Andrew and I hurriedly walked through the maize fields, I was deep in thought remembering what life was like here in Kuria just one year ago, and how much everything has changed.

On January 1, 2009, Nuru had just conducted a baseline assessment of need in the community. The results: families were experiencing chronic hunger. Children were dying of preventable diseases. There was no reliable access to clean water. Malaria, typhoid, and amoebic dysentery were rampant and medical care was inadequate. Parents had no access to business training or startup capital and couldn't pay the meager school fees to keep their children in school.

Fast forward. As of December 31, 2009, 537 families in Kuria are no longer starving. Instead they are self-reliant, working their land and feeding their families from the fruits of their own hard labor. There are deep wells at primary schools providing reliable access to clean water for almost 2,000 people. The local medical center has been renovated, stocked with supplies, and outfitted with a laboratory to provide effective, 24-hour medical care. For the first time families are actually saving money, and the savings are deposited in their own bank accounts. The sounds of construction are everywhere as farmers build permanent homes made of bricks for their families instead of temporary shelters made of mud, dung, and debris. Teachers are being trained and parents are empowered to take an active

role in their children's education. The schools are filled because Nuru members can afford to keep their children enrolled, and hundreds of additional farmers are signing up to join Nuru's programs.

I don't know what 2009 held for all of you, but I can tell you that for 2,700 men, women, and children living in extreme poverty in Kuria, Kenya, 2009 was more than just another year - it was the beginning of a better life and lasting change.

In the past year Nuru experienced tremendous growth in every area. We are already leveraging 8 partnerships to increase our effectiveness and more efficiently use valuable resources. Through our service leadership program Nuru has trained and equipped over 60 leaders in the community who will continue Nuru's work long after our Western staff exits after 5 years. We also completed our first-ever third-party evaluation and are now in the process of analyzing and understanding that data to improve our model. We are generating revenues from our Agriculture and Community Economic Development programs that put us on the path towards long-term financial sustainability, and we have begun scaling to neighboring communities. Domestically, our organization continues to inspire and mobilize more and more people to get into the fight to end extreme poverty.

None of this would have been possible without your friendship and support. Thank you for joining with us to create sustainable change that is awakening the power of the poor to transform their own communities through opportunity and choices.



Stay in the fight,

Jake Harriman
Chief Executive Officer
Nuru International

THE PROBLEM OF EXTREME POVERTY

THE WORLD BANK DEFINES EXTREME POVERTY AS ANY individual living on less than \$1.25 a day.* But that is only an economic understanding of the condition that afflicts over 1.4 billion people worldwide. In order to better understand what extreme poverty feels, smells, and sounds like:

Imagine the look on a mother's face as she decides which of her starving children will not eat that day.

They're in desperate need of medical attention, but the clinic is one day's walk away and they are too weak to travel.

Imagine the pouring sweat and aching back of an 8-year-old girl walking two hours each day to fetch water for her family.

Imagine lying on the dirt floor of mud hut at night, dreaming of attending primary school, learning to read, or having a future other than living in extreme poverty the rest of your life.

NURU IS FIGHTING TO SEE AN END TO EXTREME POVERTY in our lifetime. We're starting first in Kuria, Kenya.

* adjusted for purchasing power parity

NURU'S MODEL IN-DEPTH

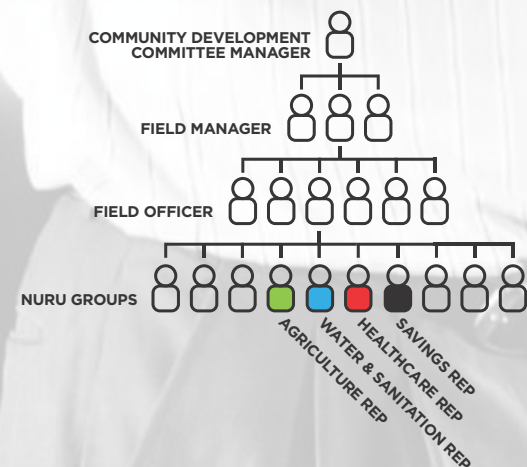


Project Location: Kuria, Kenya – 2nd poorest district in the nation
Start Date: September, 2008
Scope: 537 families in 17 villages
Community Penetration: 75%

Service Leadership

Nuru identifies, screens and mentors local leaders, training them in the principles of service leadership (humility, growth-focused engagement, leading by example, feedback driven approaches). We then mobilize the community into groups led by these local leaders. Our community mobilization model is an effective platform to introduce innovative solutions that address the community's needs. Nuru's Western staff remains behind the scenes, coaching the local leaders and supplying them with the expertise they need to implement all aspects of Nuru's model.

NURU LEADERSHIP MODEL



General Contractor of NGOs

Nuru's Research Team studies both the social and private sectors to identify the most effective methods of fighting extreme poverty in our five areas of development (Agriculture, Water & Sanitation, Healthcare, Education and Community Economic Development). Top organizations specializing in these methods (such as One Acre Fund and Living Water International) are invited to join Nuru in addressing the needs of our communities. Nuru coordinates these organizations simultaneously as a sort of "general contractor," leveraging our existing leadership network. This partnership maximizes both Nuru's and other organizations' effectiveness and efficiency.



Sustainability and Scalability

Nuru integrates revenue generation models into all five of our program areas.

Examples of Revenue Generating Activities:

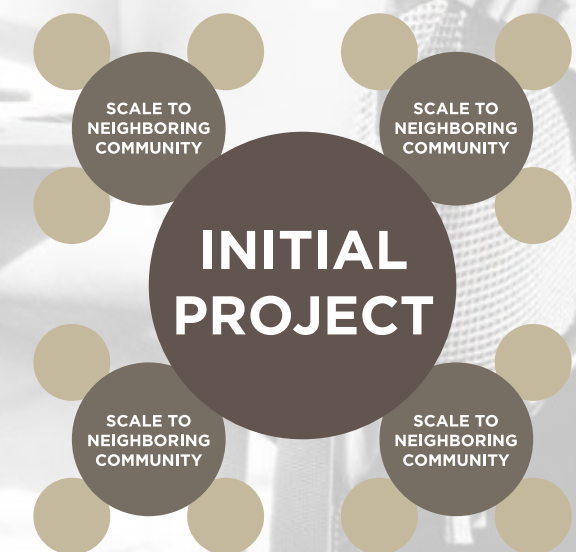
- Maize Sales: Nuru buys farmers' excess maize at a fair price and resells it at a small profit
- Well Buy-In Program: user fees for deep well access
- Healthcare Products: such as malaria nets and soap sold door to door by healthcare representatives
- Agriculture and Savings Clubs loan interest

Income generated by these activities is channeled into a rural microfinance program, which will enable the community to achieve financial self-sustainability. This enables the exit of all Western staff and funding after 5 years.

Nuru's projects scale to neighboring communities through our service leadership network. Because Nuru's model employs design thinking and is flexible and dynamic, we hope to scale our programs to neighboring districts and eventually achieve national impact.

Measurement and Evaluation

Nuru is pioneering a system of metrics to measure our own effectiveness and serve as a "universal measuring stick" to assess the poverty levels of communities where interventions are occurring. To ensure transparency we commission 3rd party research of both our methodology and the communities' poverty levels.



KURIA PROJECT RESULTS



JAN 1, 2009
CHRONIC HUNGER

DEC 31, 2009
300% INCREASE IN MAIZE YIELDS



JAN 1, 2009
WIDESPREAD WATERBORNE DISEASES DUE TO POOR SANITATION AND BAD WATER

DEC 31, 2009
DRAMATIC REDUCTION IN DISEASES THROUGH TRAINING AND HAND-WASHING STATIONS



JAN 1, 2009
NO YEAR-ROUND ACCESS TO CLEAN WATER

DEC 31, 2009
4 DEEP WELLS SERVING NEARLY 2,000 PEOPLE



JAN 1, 2009
NO PERSONAL SAVINGS OR ACCESS TO BANKING SERVICES

DEC 31, 2009
400 FAMILIES TRAINED IN FINANCIAL PLANNING, ESTABLISHED RURAL MICROFINANCE PROGRAM



JAN 1, 2009
LIMITED ACCESS TO MEDICAL CARE

DEC 31, 2009
24-HOUR ACCESS, ONSITE LAB TO TEST FOR DISEASES



JAN 1, 2009
INEFFECTIVE TEACHERS, UNINVOLVED PARENTS

DEC 31, 2009
TEACHER TRAINING, PARENTS EMPOWERED



JAN 1, 2009
HIGH MALARIA INFECTION RATE

DEC 31, 2009
1,000 SUBSIDIZED BED NETS DISTRIBUTED WITH EFFECTIVE TRAINING



JAN 1, 2009
LACK OF VISION AND UNITY IN THE COMMUNITY

DEC 31, 2009
60 SERVICE LEADERS MOTIVATING AND INSPIRING CHANGE

NURU MEMBERS TELL THEIR STORIES IN THEIR OWN WORDS*



Milka Asaji Marwa

SINCE NURU HAS COME, MY LIFE HAS REALLY CHANGED. MY HUSBAND AND I BOTH work on our farm. We were getting three bags of maize per acre. When Nuru came they gave us a loan of good seeds and fertilizer. We were able to get 18 bags of maize per acre. Now (that) we have enough maize (to eat), we can sell part of it. We used to work in the farms individually, but now we are working in groups and we're able to assist one another. I was chosen to be a leader of my group. I'm happy to be a woman leader because most leaders are men. They chose me because they saw how hardworking I was. Before Nuru came, when I had money, I never used to save anything. Nuru has come and taught us how to save. Now when I or my child get sick I'm able to use that savings and take that child to hospital. Our lives are better today than they were before.

* dictated to Nuru program staff, translated from Kiswahili

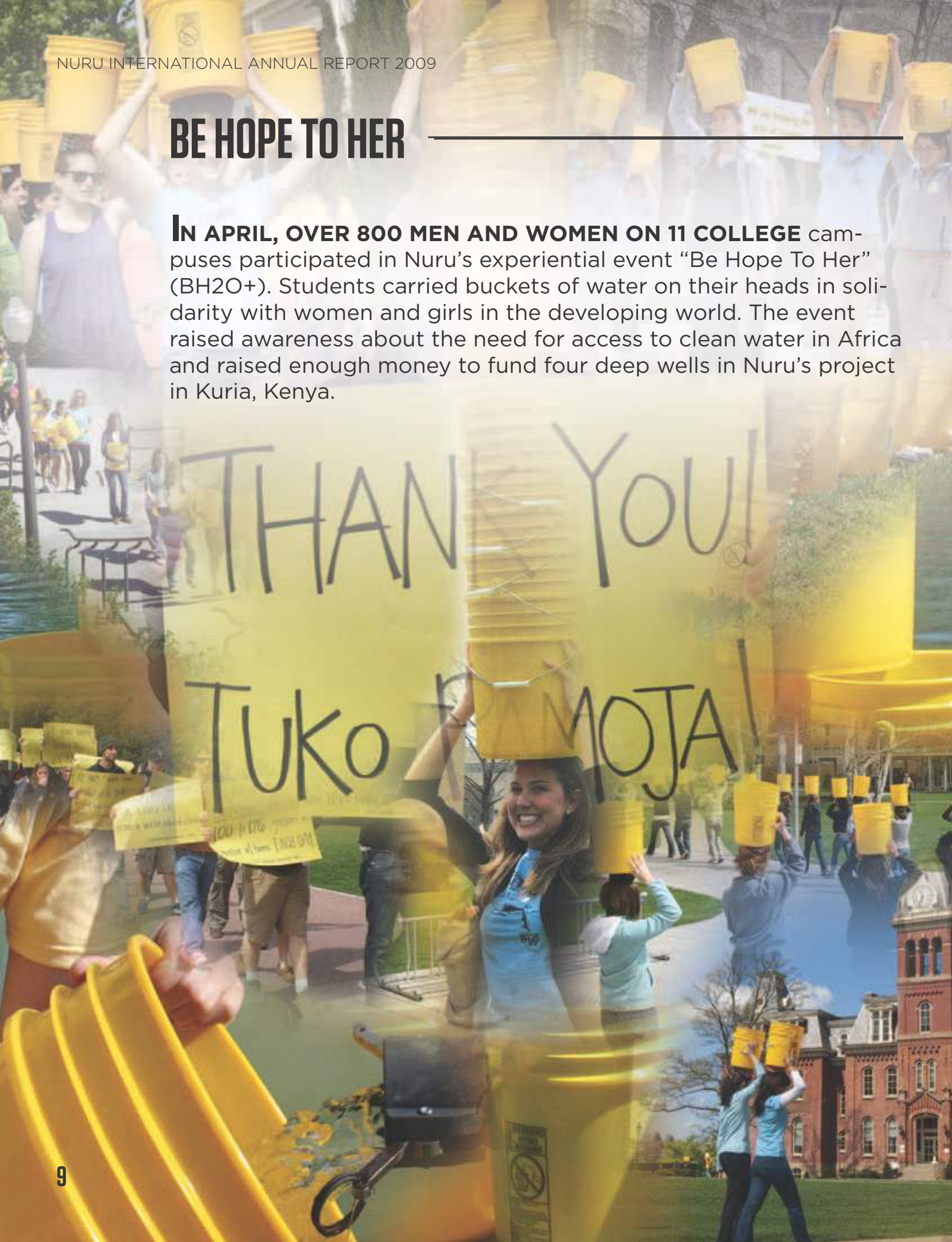


Francis Marua Mwita

LIFE BEFORE NURU WAS LIKE LIVING WITHOUT LIGHT. WE DIDN'T KNOW HOW TO cultivate our farms or save food and have harvests for future use. Our agriculture production was minimal because we didn't have fertilizer. Before, we harvested only three bags per acre. Now after following Nuru's program, we're getting 12 bags of maize per acre. After going through the program with Nuru, we now have money (so that) our children can stay in school, and we can save money for future use. Before Nuru, we had no water in the village so we usually went for water down by the stream. It took us a long time to boil water for drinking. Since Nuru came and drilled a well for us, we don't have to boil anymore. We now have clean water. There was a lot of sickness, malaria, diarrhea, and typhoid. We used to go several times to the hospital but the sickness would return. We did not wash our hands after using the toilet before we would eat our meals. We set up a hand-washing station and our health is much better.

BE HOPE TO HER

In April, over 800 men and women on 11 college campuses participated in Nuru's experiential event "Be Hope To Her" (BH2O+). Students carried buckets of water on their heads in solidarity with women and girls in the developing world. The event raised awareness about the need for access to clean water in Africa and raised enough money to fund four deep wells in Nuru's project in Kuria, Kenya.

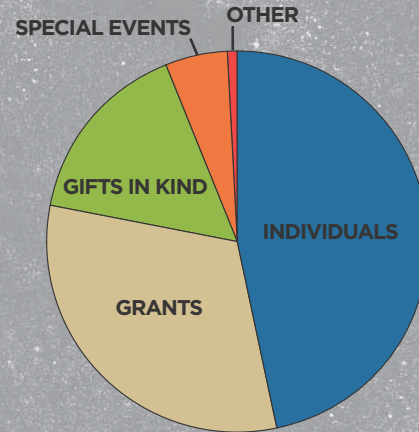


NURU INTERNATIONAL ANNUAL REPORT SUMMARY 2009

PUBLIC SUPPORT AND REVENUES

Donations	\$614,145	46.89%
Grants	408,700	31.21%
Gifts in Kind	207,249	15.82%
Special Events	71,133	5.43%
Royalties	5,970	0.46%
Other Fundraising	1,557	0.12%
Unrealized Gain on Investments	884	0.07%
Interest	5	0.00%
TOTAL REVENUE	\$1,309,643	

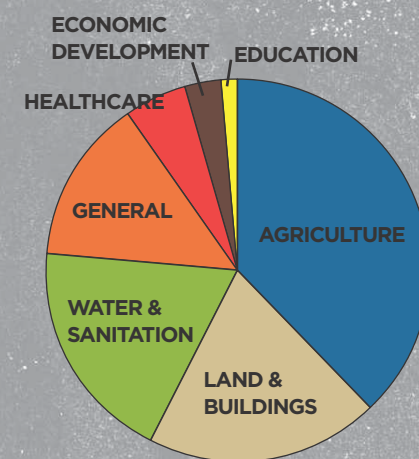
REVENUES 2009



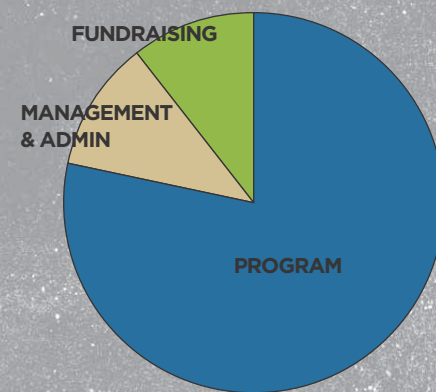
EXPENSES

INTERNATIONAL PROGRAM GRANT		
Agriculture	\$93,267	6.68%
Water and Sanitation	46,917	3.36%
Healthcare	13,141	0.94%
Education	3,425	0.25%
Economic Development	7,143	0.51%
Land and Buildings	48,771	3.49%
General	34,173	2.45%
TOTAL INTERNATIONAL PROGRAM GRANT	\$246,837	17.68%
Contract Services	30,363	2.17%
Facilities and Equipment	13,452	0.96%
Foundation Team Expense	24,719	1.77%
Insurance	18,441	1.32%
IT and Website	24,867	1.78%
Licenses and Fees	10,243	0.73%
Payroll and Benefits	829,806	59.43%
Rent	42,700	3.06%
Supplies and Printing	33,194	2.38%
Telecommunications	6,904	0.49%
Travel	114,779	8.22%
TOTAL EXPENSES	\$1,396,305	
EXPENSE SUMMARY		
Program	\$1,095,322	78.44%
Fundraising	147,338	10.55%
Management and Administrative	153,645	11.00%
TOTAL EXPENSES	\$1,396,305	

INTERNATIONAL PROGRAM GRANT



EXPENSE SUMMARY



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
NURU International

We have audited the accompanying statement of financial position of NURU International (a California not-for-profit organization) as of December 31, 2009 and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of NURU International's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NURU International as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedule, contained on page 13, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SPECIAL THANKS TO:

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Peery Foundation
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Todd Mace
Joel and Diana Peterson
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The Nicholas Foundation
Reynolds Family Foundation
Fenton Family Foundation
Saltoun Family Foundation
Challenge for Charity
Sand Hill Foundation
Trust For Conservation Innovation
Reece Duca
EROL Foundation

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LaMotte Company
Smart Choice Computer Solutions
Dry Tears

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Mail a check to:

Nuru International
71 Manzanita Rd
Atherton, CA 94027

Individuals, foundations, or corporations considering a gift of over \$10,000 please contact Development Director Don Jorgenson don.jorgenson@nuruinternational.org

Nuru gladly accepts donations of stock, frequent flyer miles, gifts-in-kind, and corporate matching.

Nuru International is a 501(c)(3) non-profit, public benefit charity.