

2012

ANNUAL REPORT



FROM THE CEO



“Thank you for making 2012 a year of significant advancement in the global fight against extreme poverty.”

Dear Friends,

In 2012, our steadfast focus was on making gains toward our near-term goal to achieve proof of concept of the Nuru Model. We wanted to build on the R&D of the previous years when we invested time researching best practices and testing various prototypes to tighten our model up and build a more efficient organization. I am proud to say that we are making great progress toward this end.

Our 2012 metrics showed us the tremendous impact the Nuru Model is having in Kenya: Nuru members experienced an average maize yield increase of 123%; our members repaid 96.8% of agriculture loans and 100% of cash loans distributed through our Community Economic Development Program. These achievements, along with the training offered by our Healthcare and Education Programs, are giving families the option to make meaningful choices to improve their lives in a sustainable way.

One of the things that impressed me most about Nuru’s growth this past year is the organization’s growing independence from me. Founder’s syndrome is a disease that kills many promising new companies before they can reach a catalytic growth phase, and we never want to fall into this trap. I am so humbled by the people and systems that we as a team have put in place to become a more sustainable organization.

2012 was an important year for transparency, accountability, iteration, and growth. We had third-party investors take a close look at the Nuru Model to identify weak areas so we can innovate to produce greater levels of impact and sustainability. Dalberg Strategic Advisory Firm conducted a robust, high level strategic review of the Nuru Model and organization as commissioned by key Nuru investors. Lessons learned from these strategic reviews are currently being incorporated into the Model to drive greater efficacy of our programs and greater efficiency in the organization.

Thank you for making 2012 a year of significant advancement in the global fight against extreme poverty. I look forward now to fighting next to you as we step into the 2013 together.

Stay in the fight,

Jake Harriman
Chief Executive Officer

Nuru International is ending extreme poverty in remote, rural areas.

THE NURU MODEL

Nuru currently works in East Africa training local leaders to solve problems in their communities related to four areas of need: hunger; inability to cope with economic shocks; preventable disease and death; and lack of quality education for children.

Nuru concurrently recruits successful local business people to start profitable businesses to fund its poverty-fighting work. Nuru's vision is to create a world where people living in extreme poverty can make meaningful choices to improve their lives in a sustainable way.



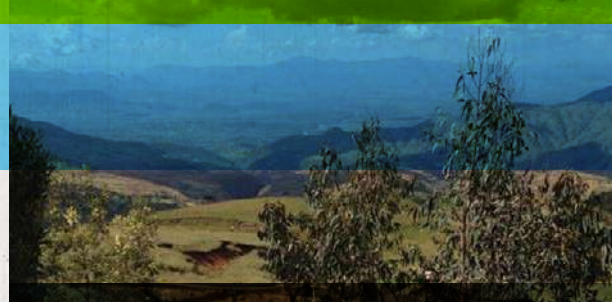
View all of Nuru's videos at nuruinternational.org/video

PROOF OF CONCEPT

Nuru seeks to prove that its successful impact can continue to scale without dependence on external staff and resources. We believe in the power of true local ownership in optimizing design, innovation, and sustainability in fighting poverty.

This means that in order to fully prove that the Nuru Model works, the international staff must exit the project. In order to do that, we need to have clearly defined exit criteria enabling us to know when we have achieved success—criteria showing that we have created a completely self-sustaining entity that is improving the lives of families in the project area. In 2012, the M&E Team was able to refine what those exit criteria look like so that we can now clearly describe what the successful end state looks like for Nuru Kenya that will facilitate exit.

Another pillar of proof of concept is successfully implementing the Nuru Model in a second country to show that the Nuru Model is not just a Kenya success phenomenon. In 2012, we were able to overcome significant obstacles to establish Nuru Ethiopia, a registered, international NGO in Ethiopia. We conducted a rigorous situational analysis, hired a senior Ethiopian management team, established an administrative and logistics infrastructure for the project and began construction of the Foundation Team compound there. Nuru Ethiopia program training will commence in March 2013 with the insertion of the Scout Team.



✓ GROUNDBREAKING OF THE NURU COMPOUND IN ETHIOPIA





FROM THE CFO



“As always, we are committed to financial accountability & transparency.”

Dear Supporters,

2012 marked the beginning of my time with Nuru, and while I've only been on board a few months, this amazing adventure filled with growth, and yes, challenges, is one that I'm extraordinarily lucky to be a part of.

As we prepared to expand to Ethiopia, we spent considerable time and resources tightening our finance and accounting processes and policies in Kenya and the US so that we could replicate these systems in Ethiopia. We created and implemented financial policy manuals for both Kenya and the US and completed our audits for both countries seamlessly. (Our audits and Form 990s are always available to the public on our website.) We are proud of the accounting rigor we have in place and will continue to strive for financial excellence in 2013, focusing on budget processes and reporting. As always, we are committed to financial accountability and transparency.

In Kenya, we invested heavily in our Social Enterprises (formerly IGA) program, the foundation of our financial sustainability model. Nuru Kenya was able to achieve a sustainability ratio (Social Enterprises revenue/total Nuru Kenya expenses) of 60%. This was in large part due to the success of our Agribusiness unit, which includes maize trade and maize loans. By hiring a Social Enterprise Business Consultant as well as MBA interns and research assistants, we have laid the groundwork to expand our dairy and consumer products businesses in 2013.

We continued to be honored by the generous support of our donors which enabled us to move closer to proof of concept by laying the groundwork for Ethiopia, continuing to scale in Kenya, growing our Social Enterprises business, and investing in our most important asset, our people. While our cost base increased in 2012, we spent every dollar wisely and positioned ourselves well for scaling and sustainability.

I look forward to continuing to share our story with you. Thank you for joining us in the fight to end extreme poverty.

Nisha Chakravarty
Chief Financial Officer



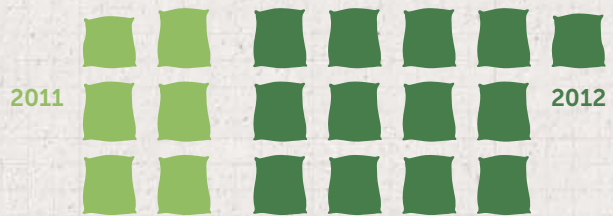
IMPACT IN NURU KENYA

Agriculture

OVERCOMING HUNGER



Increased yields for 2,783 farmers producing an approximate total of 43,744 bags (90 kg) or 3,937 metric tonnes of maize.



New farmers averaged 12.9 bags (each weighing 90 kg) per acre in 2012 long rains season compared to 5.8 bags per acre in 2011 long rains season.



On average, farmers new to Nuru in the 2012 long rains season experienced a **123% yield increase** in comparison with 2011 long rains yields.

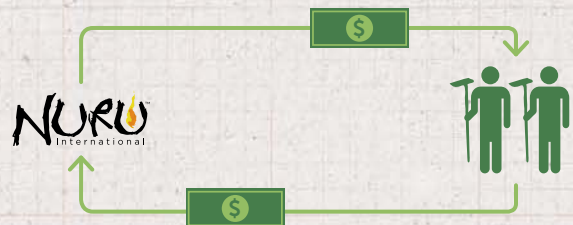
Non-Nuru Farmer Gross Income

Nuru Farmer Potential Gross Income

Developed a model to determine that with a 123% yield increase for 2012, Nuru farmers have the potential to **increase their gross income by 135%** (revenue minus cost of farm inputs) compared to the income of non-Nuru farmers, on average per acre of maize farmed.



Initiated 2013 long rains season through farmer recruitment events and farm inputs distribution, putting the Agriculture Program on track to meet the milestone of **distributing agricultural loans to 4,500 farmers** during 2013 long rains.



By December 31, 2012, achieved a **96.80% agriculture loan repayment.**

SEASON:

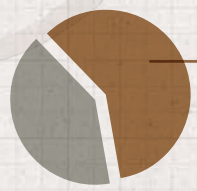
NAME	T. LOAN	
DUKE MAROA	313260	12
S NGABIYA	347310	45
UB TOTAL	1511820	38
S N.MASIAGA	326880	40
HACHA MASWI	517560	23
RIOBA	531180	20

IMPACT IN NURU KENYA



Community Economic Development

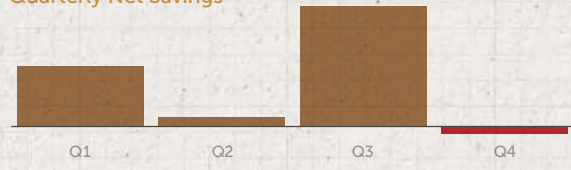
COPING WITH ECONOMIC SHOCKS SUCCESSFULLY



participation in savings programs

59.5% of 1,491 Community Economic Development (CED) members regularly participated in savings programs (*qualified as attending 75% of the meetings and saving 75% of the time*).

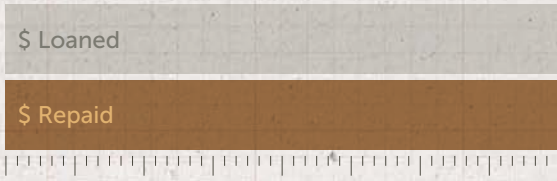
Quarterly Net Savings



Data collected indicates that CED members are saving money during the harvest seasons of Q1 & Q3, and withdrawing from savings during lean (hunger) seasons of Q2 & Q4 to cope with shocks.



2,738,130 Ksh | \$32,213.29 USD
Total amount loaned



100% repayment achieved for all 2012 CED loans.



Economic Shock

Nuru Savings

POTENTIAL CRISIS

Conducted a short qualitative survey among CED members to determine their preparedness levels to shocks; **100% reported that they would use their Nuru savings to cope** if a blight like Maize Lethal Necrosis Disease (MLND) hit their farm/maize.



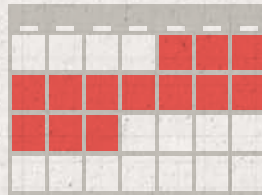
IMPACT IN NURU KENYA

Healthcare

AVERTING PREVENTABLE DISEASE & DEATH



Launched new Kikundi (unit of Field Officers), **training 12 new Field Officers (FOs)** in the Kehancha Division to cover four additional sub-locations (*Ihore-Tisinye, Ihore-Nguku, Nyamaranya and Nyamotambe*).



Nuru Kenya Healthcare Training Manager facilitated a **13-day participatory training series** for 18 FOs, covering topics related to specific diseases and health complications, behavior change, communication and sales.



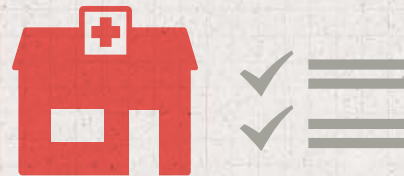
Healthcare team developed and implemented the **HC monitoring system** to track Field Officer performance and community health trends.



1,496 households in Isebania and Kehancha Divisions received monthly visits from Nuru Healthcare FOs who used Tailored Interpersonal Communications to teach ten healthy behaviors.



Our newly developed Social Marketing (SM) Team launched their first campaign for the NuChoo which features a concrete slab latrine that is affordable, durable and safer than currently used structures; the launch coincided with maize sales and a total of **26 latrines were sold**.



The Healthcare Team conducted **Barrier Analysis for Antenatal Clinic (ANC) Visits** for use in 2013 SM campaign.



IMPACT IN NURU KENYA

Education

OFFERING ACCESS TO QUALITY EDUCATION FOR CHILDREN



Conducted Education Outreach Program for **3,806 students in 9 schools** throughout Isebania division bi-weekly for grades Pre-Unit through Standard 7 throughout 2012.



Completed baseline and follow-up data collection in 9 primary schools in Isebania Division using the Uwezo tool to **measure Standard 2 level literacy** among 100% of students in Standard 2-7 classes.

Standard 2 Levels

Nuru School Students

Concluded work at our test school,

PAG Primary, because students consistently exceeded Standard 2 levels; our observations and assessments confirmed that schools in more central town settings have higher achievement levels, have better resources and do not fit within our target population.



Mid-year, the Learning Center welcomed its largest student population to date, **registering over 700 students** using newly implemented student attendance and tracking systems; however, a change to the Kenyan school schedule has resulted in us discontinuing the Learning Center program and focusing on the Outreach Program.



Hired and trained additional staff to fill gaps, including a Training Manager in preparation to **scale to three new schools** in January 2013; our staff solidified relationships with Maberia school heads and Ministry of Education officials to establish our outreach schedule and ensure smooth operations in January 2013.

Researched frequency and duration issues

associated with intervention; prepared to test increased frequency of Outreach Program in Maberia beginning January 2013 (*1 hour per week/grade/school as compared with current Outreach Program of 1 hour bi-weekly/grade/school in Isebania*) and to measure 3 comparison schools in Maberia that will not be receiving Outreach.

US FINANCIAL INFORMATION

PUBLIC SUPPORT AND REVENUES

Grants and Donations	3,093,410
In-Kind Donations	226,572
Special Events (Net of Direct Benefits to Donors of \$0)	3,233
Interest	1,401
Realized Gain on Investment	44
Sales (Net of Cost of Sales of \$3,569)	(295)
Total Public Support and Revenues	3,324,365

FUNCTIONAL EXPENSES AND LOSSES

<i>Program Services</i>	
International Development	2,281,423
Awareness	691,480
Total Program Services	2,972,903
Management and General	714,621
Fundraising	193,199
Total Functional Expenses	3,880,723
Unrealized Loss on Investments	1,228
Loss on Disposition of Fixed Assets	3,530
Total Functional Expenses and Losses	3,885,481

NET ASSETS

Change in Net Assets	(561,116)
Net Assets, Beginning of Year	1,877,367
Net Assets, End of Year	1,316,251

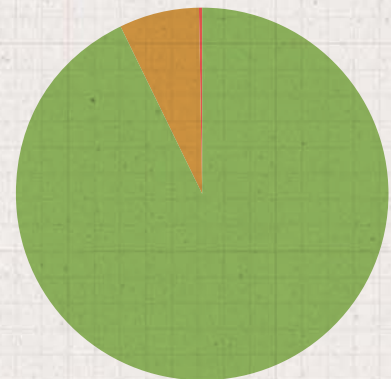


Knutte & Associates, P.C.

Prepared by Elizabeth Atherton.

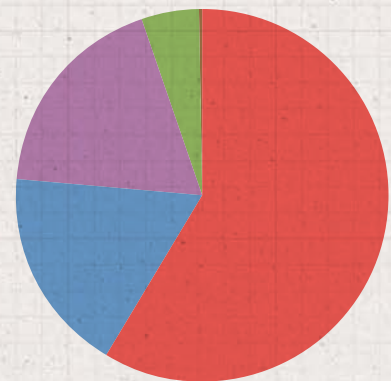
*All Figures in U.S. Dollars

Nuru International is a 501(c)(3) non-profit, public benefit charity and meets all 20 Better Business Bureau Charity Standards. Nuru has been awarded the Independent Charities Seal of Excellence for certifying, documenting and demonstrating that we meet the highest standards of public accountability, program effectiveness and cost effectiveness. "Nuru" is a Kiswahili word meaning light.



PUBLIC SUPPORT AND REVENUES

- Grants and Donations
- In-Kind Donations
- Special Events
- Interest
- Realized Gain on Investment



FUNCTIONAL EXPENSES AND LOSSES

- International Development
- Awareness
- Management and General
- Fundraising
- Unrealized Loss on Investments
- Loss on Disposition of Fixed Assets



KENYA FINANCIAL INFORMATION

PUBLIC SUPPORT AND REVENUES

Donations & Grants	884,464
Program Revenue	501,324
Exchange Gains	4,877
Total Revenue	1,390,665

EXPENSE SUMMARY

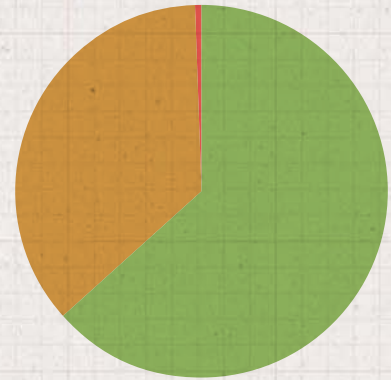
<i>Program Services</i>	
Healthcare Program	39,753
Education Program	31,816
Community Economic Dev	23,982
Agriculture Program	112,558
Leadership	18,809
Monitoring & Evaluation	27,724
IGA	94,293
IGA - Cost of Goods Sold	562,219
Total Program Expenses	911,153
Management and Administrative	185,824
Total Functional Expenses	1,096,977

ASSETS

Cash	188,927
Program Loans Receivable	93,309
Program Inventories	448,855
Total Current Assets	731,092
Fixed Assets	538,435
Other Long Term Assets	16,208
Total Assets	1,285,735

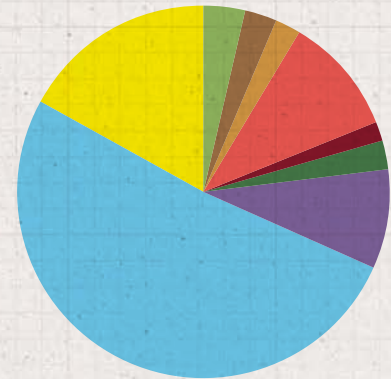
LIABILITIES AND EQUITY

Current Liabilities	28,511
Total Net Assets (Unrestricted)	1,257,223
Total Liabilities and Net Assets	1,285,735
Change in Net Assets	293,688
Beginning Net Assets	963,536
Ending Net Assets	1,257,223



PUBLIC SUPPORT AND REVENUES

- Donations & Grants
- Program Revenue
- Exchange Gains



EXPENSES

- Healthcare Program
- Education Program
- Community Economic Dev
- Agriculture Program
- Leadership
- Monitoring & Evaluation
- IGA
- IGA - Cost of Goods Sold
- Management and Administrative

Audited by: Obwanga and Associates, Certified Public Accountants (CPAK).
 *All Figures in U.S. Dollars



DONOR RECOGNITION

DONORS WITH GIFTS \$5000+

Aaron Fu
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 Beachwood Community Fund
 Bryan Kidd
 David and Lavila Nancarrow
 Erol Foundation
 Gary and Michelle Dillabough
 Goldman Sachs Gives: Gene Sykes
 Goldman Sachs Gives: Joe Gleberman
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 Vivian Lu
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 Zack Arnold
 Anonymous (9)





NURU INTERNATIONAL LEADERSHIP

NURU INTERNATIONAL STRATEGIC LEADERSHIP TEAM

Jake Harriman, Chief Executive Officer

Jake graduated with distinction from the U.S. Naval Academy and served seven and a half years as an Infantry and Special Operations Platoon Commander in the Marine Corps. He led four operational deployments and was awarded the Bronze Star for actions in combat. From his experiences, Jake came to believe that the “War on Terror” won’t be won on the battlefield alone: the contributing causes of terrorism – disenfranchisement, lack of education, and extreme poverty – must also be eradicated. Jake left his military career and enrolled at the Stanford Graduate School of Business to build an organization focused on tackling extreme poverty.

Nisha Chakravarty, Chief Financial Officer

Nisha earned a B.A./B.S. at the Wharton School and an M.A. in Quantitative Methods in Social Sciences at Columbia University. She led shared service strategy in Vice President roles at Lehman Brothers in India and Goldman Sachs in New York and served as Chief Financial and Operating Officer for KIPP LA.

Charles Molloy, Chief Development Officer

Charles has over 30 years of success as a fundraising executive. He has served on the senior management teams at CARE International and MAP International and lead development teams at Bread for the World, American Humane and Rockefeller University.

Aerie Changala, Director of International Operations

Aerie earned his BA in International Affairs from John Cabot University (Rome, Italy) and his MA in International Conflict Analysis from the University of Kent (Canterbury, UK). He speaks seven languages and served as a Peace Corps Volunteer in Burkina Faso before joining Nuru in 2008 as Team Leader and CED Program Manager for Nuru Kenya.

Gabrielle Blocher, Director of Monitoring and Evaluation

Gaby earned her MBA from Columbia Business School and her BS in Oceanography from the U.S. Naval Academy. She served as a logistics officer and an officer recruiter for the U.S. Marines for five years and worked as a management consultant for Booz and Company. She has led Nuru’s M&E Team since January 2009.

Karina Sobieski, Director of HR and Administration

Karina earned her Master’s Degree in Psychology from the Warsaw School of Social Psychology in Poland. Formerly, Karina managed the recruiting activities at McKinsey & Company Poland and developed and managed the recruitment process for Citigold Wealth Management Division in Poland.

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- Andy Cogar
- Trey Dunham
- Kim Keating
- Jake Harriman

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- Irv Grousbeck
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