growth
Each year, as the year comes to an end, and we prepare for the year ahead, I carve out time to reflect on the growth of Nuru over the past twelve months. 2016 was a year of growth and exciting new changes for Nuru and me. Nuru has matured as an organization as we’ve begun to find our place in the sector, and I got engaged and moved from my long-time US base in Southern California to Dallas…it was quite a year! We had our fair share of challenges this year, but overall, 2016 was a year of growth for Nuru.

Model Growth As Nuru has grown over the years, we continue to apply best practices from the industry and internal lessons learned to further refine our model to be of better service to the farm families whom we serve. We have successfully adopted an adaptive management to further improve our decision-making and ability to react quickly in ever changing environments.

Team Growth I have never been so excited as I am now about the team we have at Nuru. The team has grown in both industry experience and Nuru expertise. We now have a strong group of senior and mid-level managers that have been with the organization for four to eight years. This has enabled us to build a solid base of institutional knowledge at Nuru – a base that allows us to really leverage lessons learned as we grow to ensure we are not repeating mistakes that we or others have made in the past.

Awareness Growth 2016 was a great year for visibility for Nuru. We began getting greater attention and recognition in academic, government, and international development circles. Numerous team members spoke on panels and presented our work at numerous industry conferences. InsideNGO highlighted us with the Excellence in Finance Award for Beth Atherton, Nuru’s Finance Director, and a feature on Nuru COO, Marc Rahives.

Thank you all so much for all you have done to support and believe in the work we are doing at Nuru. Without you, none of the groundbreaking change that took place in 2016 and previous years would have been possible.

Stay in the fight,

Jake Harriman
Founder and CEO
Kenya

Nuru Kenya is now 100% locally led and continuing to scale, Bringing hope to new communities.

Pauline Wambeti (left) and her incredible team of Kenyan staff are continuing to adapt and change Nuru’s model for serving households in Kenya as they expand into new communities. As they expanded in 2016, they shifted their approach to a cooperative-based model. This approach has led to increased ownership of programs by local communities, and increased accountability for loan repayment and more. Through cooperatives, farmers have access to all Nuru programs and services, including agriculture loans and market linkages for selling surplus crops at a fair rate.

Kenya

Nuru Kenya is now 100% locally led and continuing to scale, Bringing hope to new communities.

Progress Towards Impact

<table>
<thead>
<tr>
<th>PHASE 1</th>
<th>PHASE 2</th>
<th>PHASE 3</th>
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<tbody>
<tr>
<td>Relevance</td>
<td>Effectiveness</td>
<td>Impact</td>
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<tr>
<td>AGRICULTURE</td>
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<td>FINANCIAL INCLUSION</td>
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<td>HEALTHCARE</td>
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<tr>
<td>EDUCATION</td>
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- Achieved
- On track. Early evidence of impact demonstrated, attributable impact assessment in progress.
- Not achieved
- Not yet measured

Leadership

Migori County

Launched in 2008

This approach has led to increased ownership of programs by local communities, and increased accountability for loan repayment and more. Through cooperatives, farmers have access to all Nuru programs and services, including agriculture loans and market linkages for selling surplus crops at a fair rate.
In 2016, Nuru Kenya made a bold transition to begin running all of its programs through community organized and community led cooperatives. This move will make programs more sustainable locally in the long term, and will add to the skill sets of our Kenyan staff who are piloting this change.

The results are in, and they are fantastic! Harvests were strong as farmers profited $152 per acre, an income increase of 107% compared to non-intervention farmers. Not only that, but by shifting to the cooperative approach, farmers had greater “ownership” of their loans, and loan repayment for 2016 in Kenya was 87%. These results are setting a strong foundation of what Nuru Kenya will be able to do in the future, and helping to restore agency for thousands of households.

The Financial Inclusion Program began offering mobile banking services to members through an intervention offered in partnership with Kenya Commercial Bank. After working together with these households to improve financial literacy, these households are better prepared to work with more traditional financial institutions. We are incredibly excited for this step forward for participants who were at one time not saving at all as they transition to be able to take loans and move forward to improve their lives and livelihoods.

Historically, through participation in Nuru’s Financial trainings these households have been better equipped to use savings to cope with financial shocks when they come, and as they move forward with Nuru’s programs, they are also increasing income and capacity to withstand shocks when they come.

Healthcare

The Healthcare Program initiated service provision to healthcare groups through cooperatives and saw average adoption of 10 healthy behaviors among the impact group reached 81% compliance. As has been demonstrated many times in a variety of cultural contexts, when people begin adopting healthy behaviors, they get sick less often. When people are sick less often, they are able to work more, attend school more often, and they aren’t spending time and money visiting a clinic for medication.

Education

Outreach and teacher training activities offered by the Education Program contributed to impact including a 23% increase in progress towards literacy and two times more fluent readers after one year of Nuru’s services. Our Education Program has had one goal in mind from its inception, improve literacy among young people, so they can go further in their education, and have even more opportunities for their future. And, thanks to your help, we are laying a strong foundation for future generations in Migori County, Kenya.
Ethiopia

Nuru Ethiopia has launched its integrated approach through cooperatives in two Woredas, Kucha and Boreda this year. Agriculture, Financial Inclusion, Healthcare, and Education programs are all going strong.

2,125 Nuru households received agricultural inputs from 14 cooperatives established by farmers with support from Nuru Ethiopia. In addition, Nuru launched Hidota Union, to serve these cooperatives and allow members to gain an even better return for their surplus food crops.

In order to test the efficacy of the integrated model, Nuru Ethiopia has selected a comparison group of farmer households that will receive only the Nuru Agriculture intervention versus the fully integrated model. This study will test the efficacy of integrated programming as it compares to only agriculture-based programming and non-intervention comparison, contributing much needed evidence for the Nuru Model and the sector as a whole.


Agriculture

Increasing crop yields, food security and income

The Hidota Union was established to expand market access and consistent input provision supply to nearly 2,300 farmers in 2016. Each cooperative created in the Gamo Gofa Zone has the ability to serve approximately 250 households. The idea behind these cooperatives is simple, and the formation of a union increases the power of these cooperatives. Each cooperative member is able to receive agricultural inputs in the form of a loan from the cooperative. At the end of the growing season, farmers repay their loan, and they are able to leverage the collective buying and selling power of the individual cooperative to get a better price for their surplus crops during harvest, and a better price for their inputs during planting season. The formation of a cooperative union means that these same individual farmers are able to further aggregate their surplus yields, and in the same fashion that the cooperative functions to provide better returns on surplus by selling to regional markets, the union is able to do the same at a national and international level. The union is able to sell an even greater volume of surplus harvest because it is pooling the surpluses from several Nuru established cooperatives across the Gamo Gofa Zone. We are tremendously excited for what the formation of this cooperative will mean for the long-term sustainability of interventions in Ethiopia!

Financial Inclusion

Increasing ability to cope with economic shocks and diversify income

Nearly 800 savers participated in savings and income generating loans. As farmers join cooperatives and receive agricultural extension services and loans of seeds and fertilizer, their spouses also joined the cooperative. These spouses have been participating in savings clubs, and learning how to budget, save, and track expenses. Consistent savers are given the opportunity to take an income generating loan. These loans are typically used to purchase an animal like a goat. The goat can be purchased and then fattened over a period of a few months. Then the fattened goat can be sold during a holiday season for a profit. The outcome of this program is that households are not only learning to save and budget, but they are able to diversify their livelihoods. As the 2015 drought in Ethiopia demonstrated, not every year produces a surplus of crops for farmers.

Healthcare

Decreasing maternal and child morbidity and mortality through healthy behaviors

The first impact report for the Healthcare Program reported a 40% increase in healthy behavior adoption rates among 969 participants for 8 healthy behaviors. These results translate long-term to lowered incidence of preventable disease and death in the communities where Nuru works. And, given that this increase in adoption rate happened so quickly, it means that the program that was co-created by Nuru Ethiopia and Nuru International staff was culturally relevant and should continue to reap healthy dividends for these communities for many years to come.

Education

Decreasing maternal and child morbidity and mortality through healthy behaviors

Increasing literacy of children in rural farmer households

Over the course of one year of Nuru’s education intervention, Nuru farmer children grew by 40% more on progress towards literacy metrics over non-intervention children. Nuru provided trainings to local teachers to improve literacy in their schools, invested in libraries for these schools, and established book banks (similar to community libraries) in each of the cooperatives. Children of cooperative members are able to check out books, and parents (who may not be literate themselves) are trained in ways they can support their children’s path to literacy. Nuru Ethiopia will continue to adapt and improve these interventions in the years ahead to move the needle even further for literacy among children in these and other communities.
2016 was a major year of major investment and growth for Nuru Social Enterprises (NSE). Nuru made the decision to move NSE’s base of operations to a larger city in western Kenya, Kisumu. This new base of operations will not only allow NSE to expand its operations, but also situates it perfectly to begin regional distribution of yogurt and eggs across southwestern Kenya. the rains are over (both figuratively and literally) and we’ve broken ground on our amazing 100,000 unit poultry facility in Kisumu. So the last few times I started writing this letter, I wanted to end after this update. But then I thought, if I take you on this journey with me, you’ll of course realize just how great this adventure that we’re lucky enough to call Nuru Social Enterprises (NSE) truly is.

In fact, NSE expanded the size of its cow herd and its number of chickens for laying eggs. By the end of 2016, had a 30% increase in production of milk, and had expanded its number of chickens to 30,000.

In addition, Nuru hired a new president for NSE, Frank Kitonga. Frank had previously worked for Nestle and Bottom Of The Pyramid Innovations, and, while working for corporate Africa, came face-to-face with the daily challenges experienced by smallholder farmers. He is excited to use his experience to work toward building NSE into a more profitable enterprise that can help financially support interventions in Kenya.

In fact, during his first weeks in his role with Nuru, he visited Nuru Kenya Country Director Pauline Wambeti. During this meeting they both realized a new synergy that could help Nuru Kenya farmers establish market linkages for their surplus grains, and at the same time lower costs for NSE. NSE was paying marked-up prices for chicken feed for its 30,000 hens through purchase from larger feed distributors. By purchasing grains from Nuru farmer cooperatives, NSE could create its own feed, and save approximately 30% on feeding its hens; NSE also had the added benefit of knowing the grains were high quality. In addition, Nuru farmers were able to receive a fair price for their surplus grains, and Nuru cooperatives were able to secure a viable buyer during their first year of operations. It has been a win for everyone, especially for our farmers, and we are excited to see what new synergies are brought about in the years ahead.
# Nuru International Dashboard

## Financial Ratios

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<tr>
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<tr>
<td>Program Efficiency Ratio</td>
<td>0.79</td>
<td>0.86</td>
<td>0.86</td>
<td>0.88</td>
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<tr>
<td>Operating Reliance Ratio</td>
<td>0.83</td>
<td>1.09</td>
<td>0.88</td>
<td>1.32</td>
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<tr>
<td>Fundraising Efficiency Ratio</td>
<td>11.72</td>
<td>25.40</td>
<td>17.34</td>
<td>35.79</td>
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## Financial Information

### PUBLIC SUPPORT AND REVENUES

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<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Grants and Donations</td>
<td>5,649,756</td>
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<tr>
<td>In-Kind Donations</td>
<td>412,582</td>
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<tr>
<td>Interest</td>
<td>188</td>
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<td>Gain on Disposition of Fixed Assets</td>
<td>1,457</td>
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<tr>
<td>Miscellaneous Income</td>
<td>4</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>6,062,530</strong></td>
</tr>
</tbody>
</table>

### EXPENSES AND LOSSES

- **Program Services**
  - International Development: 5,419,189
  - Awareness: 254,684
  - Total Program Services: 5,673,873
- **Management and General**: 567,167
- **Fundraising**: 201,233
- **Total Functional Expenses**: 6,442,273
- **Unrealized Loss on Investments**: 9,674
- **Realized Loss on Investments**: 4,910
- **Loss on Disposition of Fixed Assets**: 2,939
- **Total Expenses**: 6,459,796

### NET ASSETS

- **Change in Net Assets**: (397,266)
- **Net Assets, Beginning of Year**: 1,751,142
- **Net Assets, End of Year**: 1,353,876

Prepared by Elizabeth Atherton, CPA

All figures in U.S. dollars

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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.
With your help we have continued to cultivate hope and transform the lives of whole communities in Kenya and Ethiopia.

This woman represents one of hundreds of households changed for good through contributions to Nuru.
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. Jake’s experiences convinced him that the “War on Terror” can’t be won on the battlefield alone; the contributing causes of terrorism - specifically extreme poverty - must also be eradicated. Jake left the military and enrolled at Stanford Graduate School of Business to found Nuru International. Upon graduation, Jake led a team to launch Nuru’s first project in Kenya.

Marc Rahlves, Chief Operating Officer
Marc worked nine years with Bain & Company in the US, Europe, Asia and Australia and served as the Chief Financial Officer of Escuela Nueva before joining the Bridgespan Group in New York. Marc earned his M.B.A. with emphasis on entrepreneurship from UC Berkeley and B.S. in Business Administration from the University of Colorado at Boulder.

Beth Atherton, Finance Director
Elizabeth is a licensed Certified Public Accountant and Certified Global Management Accountant who earned her BS in Business Administration and her Masters of Accountancy with honors from The University of Montana. Prior to Nuru, she provided audit and advisory services to public companies, nonprofits, and governmental organizations at KPMG.

Aerie Changala, Director of International Operations
Aerie speaks seven languages and served as a Peace Corps Volunteer in Burkina Faso before joining Nuru in 2008 as Team Leader and Financial Inclusion Program Manager for Nuru Kenya. He earned his B.A. in International Affairs from John Cabot University (Italy) and his M.A. in International Conflict Analysis from the University of Kent (UK).

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