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

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

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.

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.

By December 31, 2012, achieved a 96.80% agriculture loan repayment.
Community Economic Development

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).

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

100% repayment achieved for all 2012 CED loans.

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.

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.
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).

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

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.

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.

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.

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

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.

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 Mabera school heads and Ministry of Education officials to establish our outreach schedule and ensure smooth operations in January 2013.

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.

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.

Researched frequency and duration issues associated with intervention; prepared to test increased frequency of Outreach Program in Mabera 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 Mabera that will not be receiving Outreach.
## US Financial Information

### Public Support and Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Grants and Donations</td>
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<tr>
<td>In-Kind Donations</td>
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<td>Special Events</td>
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<td>Interest</td>
<td>1,401</td>
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<tr>
<td>Realized Gain on Investment</td>
<td>44</td>
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<tr>
<td>Sales (Net of Cost of Sales of $3,569)</td>
<td>(295)</td>
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<tr>
<td><strong>Total Public Support and Revenues</strong></td>
<td><strong>3,324,365</strong></td>
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### Functional Expenses and Losses

#### Program Services

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<td>International Development</td>
<td>2,281,423</td>
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<tr>
<td>Awareness</td>
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<td><strong>Total Program Services</strong></td>
<td><strong>2,972,903</strong></td>
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#### Management and General

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<td>Fundraising</td>
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<td><strong>Total Functional Expenses</strong></td>
<td><strong>3,880,723</strong></td>
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#### Unrealized Loss on Investments

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<tr>
<th>Description</th>
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<td><strong>Total Functional Expenses and Losses</strong></td>
<td><strong>3,885,481</strong></td>
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#### Net Assets

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<td>Change in Net Assets</td>
<td>(561,116)</td>
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<td>Net Assets, Beginning of Year</td>
<td>1,877,367</td>
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<tr>
<td><strong>Net Assets, End of Year</strong></td>
<td><strong>1,316,251</strong></td>
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Prepared by Elizabeth Atherton.

*All Figures in U.S. Dollars*
## KENYA FINANCIAL INFORMATION

### PUBLIC SUPPORT AND REVENUES

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<th>Source</th>
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<td>Donations &amp; Grants</td>
<td>884,464</td>
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<td>Program Revenue</td>
<td>501,324</td>
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<td>Exchange Gains</td>
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<td><strong>Total Revenue</strong></td>
<td><strong>1,390,665</strong></td>
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### EXPENSE SUMMARY

#### Program Services
- 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

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<tr>
<th>Asset</th>
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<td>Cash</td>
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<td>Program Loans Receivable</td>
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<tr>
<td>Program Inventories</td>
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<td><strong>Total Current Assets</strong></td>
<td><strong>731,092</strong></td>
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<td>Fixed Assets</td>
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<td>Other Long Term Assets</td>
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<td><strong>Total Assets</strong></td>
<td><strong>1,285,735</strong></td>
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### LIABILITIES AND EQUITY

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<td>Current Liabilities</td>
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<tr>
<td><strong>Total Net Assets (Unrestricted)</strong></td>
<td><strong>1,257,223</strong></td>
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<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
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<tr>
<td>Change in Net Assets</td>
<td>293,688</td>
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<tr>
<td>Beginning Net Assets</td>
<td>963,536</td>
</tr>
<tr>
<td><strong>Ending Net Assets</strong></td>
<td><strong>1,257,223</strong></td>
</tr>
</tbody>
</table>

Audited by: Obwanga and Associates, Certified Public Accountants (CPAK).

*All Figures in U.S. Dollars*
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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.