VITAMIN ANGEL ALLIANCE, INC.

FINANCIAL STATEMENTS

December 31, 2013

VITAMIN ANGEL ALLIANCE, INC.
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DAMITZ
BROOKS
NIGHTINGALE
TURNER
MORRISSET

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vitamin Angel Alliance, Inc.

We have audited the accompanying financial statement of financial position of Vitamin Angel Alliance, Inc. (a nonprofit organization) as of December 31, 2013 and the related statements of activity, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Vitamin Angel Alliance, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Vitamin Angel Alliance's 2012 financial statements, and our report dated October 22, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Damitz, Brooks, Nightingale, Turner & Morrisset

Damitz, Brooks, Nightingale,
Turner & Morrisset
Santa Barbara, California
October 17, 2014

VITAMIN ANGEL ALLIANCE, INC.
Statement of Financial Position
December 31, 2013
(With Summarized Comparative Totals for 2012)

Assets	Unrestricted	Temporarily Restricted	Total 2013	Total 2012
Cash and cash equivalents	$ 3,238,042	$ -	$ 3,238,042	$ 3,118,874
Investments	4,058,904	-	4,058,904	8,231
Inventory	24,357,442	-	24,357,442	7,559,948
Pledges receivable	-	1,085,623	1,085,623	426,332
Prepaid expenses and deposits	23,703	-	23,703	23,068
Office furniture and equipment, net	37,515	-	37,515	35,971
Total assets	$ 31,715,606	$ 1,085,623	$ 32,801,229	$ 11,172,424
Liabilities and Net Assets				
Liabilities				
Accounts payable	$ 279,451	$ -	$ 279,451	$ 168,469
Accrued liabilities	152,693	-	152,693	147,039
Total liabilities	432,144	-	432,144	315,508
Net Assets				
Unrestricted				
Board designated	4,058,904	-	4,058,904	-
Other unrestricted net assets	27,224,558	-	27,224,558	10,430,584
Temporarily restricted	-	1,085,623	1,085,623	426,332
Total net assets	31,283,462	1,085,623	32,369,085	10,856,916
	$ 31,715,606	$ 1,085,623	$ 32,801,229	$ 11,172,424

VITAMIN ANGEL ALLIANCE, INC.
Statement of Activity
Year Ended December 31, 2013
(With Summarized Comparative Totals for 2012)

	Unrestricted	Temporarily Restricted	Total 2013	Total 2012
Revenues and Other Support				
In-kind contributions	$ 38,827,413	$ -	$ 38,827,413	$ 24,618,335
Contributions	8,578,755	1,085,623	9,664,378	5,158,529
Special event income	633,006	-	633,006	446,807
Investment income	1,559	-	1,559	1,152
Net assets released from restrictions	426,332	(426,332)	-	-
Total revenues and other support	48,467,065	659,291	49,126,356	30,224,823
Expenses				
Nutrition and health projects	25,011,099	-	25,011,099	22,122,984
Management and general	1,001,588	-	1,001,588	842,596
Special events and fundraising	1,601,500	-	1,601,500	1,127,664
Total expenses	27,614,187	-	27,614,187	24,093,244
Increase in net assets	20,852,878	659,291	21,512,169	6,131,579
Net assets, beginning of year	10,430,584	426,332	10,856,916	4,725,337
Net assets, end of year	$ 31,283,462	$ 1,085,623	$ 32,369,085	$ 10,856,916

VITAMIN ANGEL ALLIANCE, INC.
Statement of Functional Expenses
Year Ended December 31, 2013
(With Summarized Comparative Totals for 2012)

	Program Services	Supporting Services		Total	
	Nutrition and Health Projects	Management and General	Special Events and Fundraising	2013	2012
Salaries	$ 548,159	$ 612,648	$ 451,424	$ 1,612,231	$ 1,324,813
Payroll taxes and benefits	106,150	118,638	87,418	312,206	192,037
Total salaries and benefits	654,309	731,286	538,842	1,924,437	1,516,850
Conferences and meetings	-	14,910	-	14,910	2,146
Consulting	294,238	36,904	106,524	437,666	286,781
Depreciation and amortization	8,184	3,273	4,910	16,367	14,289
Development and promotion	-	-	460,709	460,709	290,575
Information technology	48,150	19,260	28,890	96,300	57,108
Insurance	20,960	8,384	12,575	41,919	19,997
Legal and accounting	76,787	113,141	-	189,928	245,659
Loss on disposal of asset	1,167	467	700	2,334	-
Occupancy	39,839	15,936	23,903	79,678	74,139
Office expenses	46,416	18,566	27,849	92,831	84,430
Postage and shipping	209,544	2,313	-	211,857	131,460
Products distributed - contributed	22,174,550	-	-	22,174,550	19,837,686
Products distributed - purchased	1,157,071	-	-	1,157,071	926,147
Program direct expense	182,210	-	-	182,210	238,756
Special events	-	-	229,843	229,843	116,545
Travel	97,674	37,148	166,755	301,577	250,676
	$ 25,011,099	$ 1,001,588	$ 1,601,500	$ 27,614,187	$ 24,093,244

VITAMIN ANGEL ALLIANCE, INC.
Statement of Cash Flows
Year Ended December 31, 2013
(With Summarized Comparative Totals for 2012)

	2013	2012
Cash flows from operating activities		
Increase in net assets	$ 21,512,169	$ 6,131,579
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Amortization	500	4,667
Depreciation	15,895	9,622
Donated securities	-	(1,439)
Net realized gain on investments	(1,403)	(53)
Net (increase) reduction in unrealized gain on investments	508	(503)
Net realized loss on disposal of fixed assets	2,334	-
(Increase) decrease in:		
Inventory	(16,797,494)	(4,695,344)
Pledges receivable	(659,291)	(218,125)
Prepaid expenses and deposits	(1,135)	(12,497)
Increase (decrease) in:		
Accounts payable	110,982	92,336
Accrued liabilities	5,654	61,577
Net cash provided by operating activities	4,188,719	1,371,820
Cash flows from investing activities		
Purchase of investments	(4,058,944)	(1,959)
Proceeds from sales of investments	9,166	1,873
Purchase of office furniture and equipment	(19,773)	(18,666)
Net cash used by investing activities	(4,069,551)	(18,752)
Net increase in cash and cash equivalents	119,168	1,353,068
Cash and cash equivalents, beginning of year	3,118,874	1,765,806
Cash and cash equivalents, end of year	$ 3,238,042	$ 3,118,874

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Vitamin Angel Alliance, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Nature of Organization

The Organization, a California nonprofit corporation, was founded in 1998 and is headquartered in Santa Barbara, California. The mission of the Organization is to mobilize and deploy private sector resources to advance availability, access and use of micronutrients, especially vitamin A, for at-risk populations around the world.

The Organization's program services consist of providing essential micronutrients and health supplies in the form of vitamins (vitamin A and various formulations of multivitamins) and anti-parasitic agents to qualified non-governmental organizations in the United States and a range of developing countries designated by the World Health Organization (WHO) as experiencing moderate to severe micronutrient deficiency. These local organizations in turn deploy these products to communities and individuals at-risk and eligible for universal supplementation as defined by WHO. The primary focus of the Organization is reduction of childhood mortality and morbidity through preventative universal supplementation of infants and young children ages 6 to 59 months and lactating women with vitamin A. An important, secondary focus of the Organization is promoting cognitive and physical growth of infants and young children through preventative universal supplementation of infants and young children ages 6 to 59 months and pregnant and lactating women with multiple micronutrient supplements. Additionally, the Organization sponsors the distribution of anti-parasitic agent tablets in conjunction with vitamin A or multivitamins (except in the United States) to maximize the absorption of essential micronutrients.

The majority of products distributed by the Organization through its assistance programs are donated by manufacturers, wholesalers, and other organizations involved with the dietary supplement industry and/or the pharmaceutical industry. The Organization also purchases products for its programs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Financial Statement Presentation

GAAP requires that the Organization report information regarding its financial position and activities according to three classes of net assets based on the existence and nature of donor imposed restrictions as follows:

Unrestricted net assets generally result from unrestricted contributions and investment income less expenses incurred in providing program services, fund-raising and other administrative expenses.

Temporarily restricted net assets are classified as such based on donor stipulations that they be used in a later period or for a specific purpose. When a restriction expires or is met, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the accompanying statement of activities as net assets released from restriction.

Permanently restricted net assets consist of assets where the donor has imposed permanent restrictions on use of the principal of assets donated. Interest, dividends and unrealized gains or losses recognized on such assets are either reported as an increase or decrease to permanently restricted net assets or temporarily restricted net assets in conformance with the donor imposed restrictions. As of December 31, 2013 and 2012, the Organization had no permanently restricted net assets.

Prior-Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but are not presented by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the organization’s financial statements for the year ended December 31, 2012 from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consists of cash on hand, cash in banks, and cash in money market funds with an original maturity of three months or less, and excludes cash equivalents held by investment custodians.

Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges receivable consist primarily of promises from corporate donors. The Organization uses the allowance method to determine uncollectible pledges. The allowance is based on prior years’ experience and management’s analysis of specific promises made. There was no allowance for uncollectible pledges at December 31, 2013 and 2012. There were no pledges receivable with expected due dates beyond December 31, 2014.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Conditional promises to give are those that are dependent on conditions other than the passage of time or demand. If the likelihood of meeting the conditions is not certain, the organization considers the promise to give as conditional. The Organization had written conditional promises totaling $500,000 at December 31, 2012 that were recognized as revenue when received from the donor during 2013.

Inventory

General

Inventory consists primarily of vitamins, supplements, and anti-parasitic tablets. The Organization's policy is to distribute inventory at the earliest practical date, consistent with sound programmatic principles. While the distribution typically occurs in the same year of receipt, it may occur in the following year. The expense ‘products distributed’ is recorded when inventory is shipped. Inventory consists of the following as of December 31:

	2013	2012
Health supplies – Anti-parasitic tablets	$ 20,476,500	$ 5,618,740
Multivitamins	2,830,724	1,242,763
High-dose vitamin A	937,466	682,946
Other	112,752	15,499
	$ 24,357,442	$ 7,559,948

Contributed Inventory

The Organization values gifts in-kind (GIK) at fair value. Accounting Standard Codification (ASC) 820 *Fair Value Measurements and Disclosures* issued by the Financial Accounting Standards Board (FASB) defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date,” The Organization has identified four categories of GIK products: anti-parasitic tablets, high-dose vitamin A, multivitamins, and branded products.

In the case of anti-parasitic tablets donated to the Organization, the principal market for this product is limited to the international commercial marketplace where non-governmental organizations, governments, and local pharmacies can transact for this product. The anti-parasitic tablets are an important program service as they increase the efficacy of vitamin A. No beneficiary market exists in the United States for anti-parasitic tablets because the high-dose levels that are intended for international use are not approved by the United States Food and Drug Administration. In addition to the market in which non-governmental organizations and government Ministries of Health procure the product for distribution to beneficiaries, there exists a robust local pharmacy marketplace. The exit price the Organization would receive in exchange for selling anti-parasitic tablets would be the price between a wholesaler and a local pharmacy, or “trade level.” The Organization defines its market as the priority countries for vitamin A supplementation as listed by WHO and the United Nations Children’s Fund (UNICEF).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Organization determines fair value for this product using the mean trade level data for its market, provided by IMS Health, a company that provides market intelligence to pharmaceutical and healthcare industries. The Organization reviews the IMS Health data and updates fair values for anti-parasitic tablets every two years effective January 1. The fair values for anti-parasitic tablets procured during the year ending December 31, 2013 were based on 2013 IMS Health data. The prior year fair values for anti-parasitic tablets were based on 2011 IMS Health data effective January 1, 2011.

In the case of high-dose vitamin A donated to the Organization, the principal market for this product is limited to the international commercial marketplace where similar non-governmental organizations and governments can transact for these products. No beneficiary market exists in the United States for high-dose vitamin A because the dosage levels that are intended for international use are not approved by the United States Food and Drug Administration. The only identifiable market is that in which organizations like the Organization and government Ministries of Health procure the product for distribution to beneficiaries. The Organization uses the mean price per the International Drug Price Indicator (IDPI) to determine fair value for high-dose vitamin A. The IDPI is published by an international nonprofit organization based on prices from 25 sources including pharmaceutical suppliers, international development organizations and government agencies. The Organization reviews the IDPI data and updates fair values for high-dose vitamin A every two years effective January 1. The fair values for high-dose vitamin A procured during the year ending December 31, 2013 were based on 2011 IDPI data, which was the most current data available at January 1, 2013. The prior year fair values for high-dose vitamin A were based on 2010 IDPI data effective January 1, 2011.

In addition to high-dose vitamin A and anti-parasitic tablets, the Organization receives multivitamin products that are manufactured by companies in the United States to a formulation specified by the Organization and are distributed domestically and internationally. These formulations are based on the WHO formulation for essential multiple micronutrients for children and for pregnant and lactating women, are non-branded, and not for sale in the United States. Similar to high-dose vitamin A and anti-parasitic tablets, there is no commercial market for these products in the United States. If these generic WHO formulation essential micronutrients are not listed in the IDPI or the “Sources and Prices of Selected Medicines for Children” guide published annually by UNICEF and WHO, then as a last resort, the average wholesale price of the most similar products found in RedBook ® is used as a suitable pricing reference. RedBook ® is published by Thomson Reuters and is based on United States manufacturers’ suggested wholesale prices. The Organization reviews the RedBook ® data and updates fair values for multivitamin products every two years effective January 1. The fair values for multivitamin products procured during the year ending December 31, 2013 were based on 2013 RedBook ® data. The prior year fair values for multivitamin products were based on 2011 RedBook ® data effective January 1, 2011.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Organization often receives branded products as GIK. These donations mainly consist of multivitamins for children and multivitamins for pregnant and lactating women and can be bought and sold in the United States commercial marketplace. The value of branded products donated to the Organization is established by estimating the price that the Organization would receive if it were to sell the asset.

Purchased Inventory

Purchased inventory is carried at cost, unless the purchase price has been discounted. If the Organization is able to purchase from a vendor at a price below the valuation price, the Organization records the discount as a GIK contribution. The discount is the difference between the amount that would be paid for the quantity of product purchased in an orderly transaction between market participants, and the purchase price paid by the Organization.

Investments

The Organization accounts for its investments at fair value. Information about fair value of investments and the unrealized gains and losses are discussed in Note 2.

Fair Value Measurements

ASC 820 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. Pursuant to ASC 820, assets and liabilities recorded at fair value are categorized based upon the level of judgment associated with the inputs used to measure fair value. ASC 820 establishes a three-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Organization has no liabilities measured at fair value. Following is a description of the valuation methodologies used for cash and investments measured at fair value:

Cash and money market funds

Valued at face value (Level 1)

Equities and mutual funds

Valued utilizing quoted prices available in active markets for identical investments as of the reporting date. (Level 1)

Office Furniture and Equipment

Office furniture and equipment are carried at cost, or if acquired by gift, at the estimated fair market value on the date of donation. Expenditures for major renewals that extend the useful lives of office furniture and equipment are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of office furniture and equipment as follows:

	Years
Furniture and fixtures	5-7
Computers and equipment	5

Cash versus In-kind Support

The Organization's activities are planned and executed on an operating (or cash) budget that is approved by the Board of Directors prior to the onset of the fiscal year. The cash budget is not directly affected by the value of contributed products. The Organization's program model involves obtaining in-kind donations of essential vitamins, anti-parasitics, and supplements. Cash donations are used to pay for program products as well as the logistics, warehousing, transportation, program oversight, administration, fundraising, salaries, product solicitation, and all other expenses.

Revenue Recognition

The Organization records contributions in the period received or promised as unrestricted revenues unless the donor stipulates any restrictions which are not met within the year the donation is received. Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements. Donor restricted contributions whose restrictions are not met within the same year as received are recorded as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires due to purpose and/or time, temporarily restricted net assets are reclassified as unrestricted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Contributed Services

The Organization recognizes contribution revenue for specialized services that would otherwise be purchased by the Organization in an amount equal to the fair value of those services. The legal consulting services were donated by a related party (Note 8). The following amounts were contributed and recognized as revenue:

Service Donated	2013 Fair Value	2012 Fair Value	Purpose
Accounting services	$ 4,200	$ 3,500	General
Legal consulting	143,600	176,300	General

Functional Expenses

Direct expenses are charged to the appropriate program or supporting services. Indirect expenses, which are less than ten percent of total expenses, have been allocated to program services and supporting services based on management estimates.

Tax Exempt Status

The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, and is considered a public charity.

Uncertain Tax Positions

The Organization's IRS Form 990 is subject to review and examination by Federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. The Foundation's tax returns from the year 2010 to the present remain subject to examination by the IRS for federal tax purposes, and the tax years from 2009 to the present remain subject to examination by the state of California.

Use of Estimates

Financial statements prepared in accordance with GAAP require management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant accounting estimates include valuation of contributed products and functional expense allocations. Actual results could differ from those estimates.

Reclassifications

Certain items in the 2012 financial statements were reclassified in order to conform to the 2013 presentation.

Subsequent Events

Management has evaluated subsequent events through October 17, 2014, the date that the financial statements were available to be issued.

2. INVESTMENTS

At December 31, 2013, unrestricted investments consist of the following:

	Cost (Level 1)	Fair Value (Level 1)	Excess of Fair Value over Cost (Level 1)
Money market funds	$4,058,904	$4,058,904	$ -

At December 31, 2012, unrestricted investments consist of the following:

	Cost (Level 1)	Fair Value (Level 1)	Excess of Fair Value over Cost (Level 1)
Equities	$ 1,439	$ 1,439	$ -
Mutual funds	6,284	6,792	508
	$ 7,723	$ 8,231	$ 508

Investment income (loss) for the years ending December 31, 2013 and 2012 consists of the following:

	2013	2012
Interest and dividends	$ 664	$ 596
Net realized gain	1,403	53
Net increase (reduction) in unrealized gain	(508)	503
	$ 1,559	$ 1,152

3. OFFICE FURNITURE AND EQUIPMENT

Office furniture and equipment are summarized by major classifications as follows at December 31:

	2013	2012
Furniture and fixtures	$ 16,342	$ 13,229
Computers and office equipment	45,687	45,907
Less accumulated depreciation	(24,514)	(23,165)
	$ 37,515	$ 35,971

Depreciation expense for the years ended December 31, 2013 and 2012 was approximately $15,900 and $9,600, respectively.

4. OPERATING LEASE

The Organization leases its office under a non-cancelable operating lease agreement with an expiration date of July 31, 2015. The Organization has the option to renew the lease for an additional five years. Monthly lease payments due under the lease are adjusted by the annual change, if any, in the Consumer Price Index. Annual adjustments will have a minimum increase of 2% and a maximum increase of 5%. The Organization is also required to pay common area costs, including property taxes.

Future annual minimum lease payments under the operating lease are as follows:

Year ending December 31,	
2014	$ 69,000
2015	41,000
	$ 110,000

Rent expense for the building including common area costs and property taxes was approximately $65,800 and $63,000 for the years ended December 31, 2013 and 2012, respectively.

5. BOARD DESIGNATED NET ASSETS

As of December 31, 2013, the board has designated unrestricted net assets in the amount of $4,058,904 as an operating reserve fund which is the approximate amount of cash operating expenses budgeted for a six month period.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of pledges receivable totaling $1,085,623 and $426,332 as of December 31, 2013 and 2012, respectively. These amounts will be unrestricted upon collection.

7. CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. As of December 31, 2013, substantially all of the Organization's cash was maintained in financial institutions. The cash balances held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 for interest-bearing accounts. Cash balances held in brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC) up to $250,000 per institution. The Organization's uninsured cash balances totaled approximately $6,042,000 at December 31, 2013.

8. RELATED PARTY TRANSACTIONS

A board member provided consulting services to the Organization totaling $120,000 and $124,000 for the years ended December 31, 2013 and 2012, respectively. A board member is a principal in a law firm that contributed legal consulting services in the amount of $143,600 and $176,300 for the years ended December 31, 2013 and 2012, respectively (Note 1). The Organization purchased vitamin A product for approximately $1,055,400 from a company at which a board member is an officer. The fair value of this product was approximately $1,830,700 resulting in an in-kind donation of approximately $775,300.

9. EMPLOYEE BENEFITS

Effective April 1, 2013, the Organization established a qualified profit sharing retirement plan with a 401(k) deferred compensation provision covering substantially all employees. Employees must meet the minimum hours of service requirement of one year and be 21 years old in order to qualify for inclusion in the plan. Under the plan, qualified employees may elect to defer up to 90% of their salaries, subject to the Internal Revenue Code (IRC) limits. The Organization makes safe harbor contributions equal to 3% of each participant's compensation, which are 100% vested as of the date of contribution. In addition, the Organization may elect to make discretionary contributions to the plan, subject to IRC limits, which are allocated to participants in accordance with the plan document. Expenses of the plan are paid by the Organization and are included in the financial statements as a component of general and administrative expenses. The Organization's contribution to the plan, consisting of safe harbor and a discretionary component, totaled approximately $81,000 for the year ended December 31, 2013.