

Vitamin Angels 2014 Annual Report



A LETTER FROM OUR PRESIDENT AND FOUNDER, HOWARD SCHIFFER

Dear Friends,

2014 marks our 20th anniversary, an incredible achievement I didn't dare dream of when I founded Vitamin Angels. 20 years ago I wasn't thinking about changing the world but I knew I needed to change myself. I can tell you that Vitamin Angels has transformed me. But perhaps the biggest change is in the children and moms we are serving. We've delivered vitamins and minerals to well over 100 million children and women since we started – vitamins that are saving and improving lives. It is our belief in the power of vitamins that keeps us going. It is your belief in us, that makes it all possible. Thank you. Thank you for your ongoing support.

Upwards!



HOWARD. B SCHIFFER
PRESIDENT AND FOUNDER



INTRODUCTION



Vitamin Angels is a 501(c)3 tax-exempt organization, incorporated in the State of California (1998) and headquartered in Santa Barbara, California. Vitamin Angels operates globally, through recipients in Africa, Asia, Latin America, and the United States; and currently supports projects in 45 countries.

Our vision is to be a leading partner for the alleviation of essential micronutrient deficiency among underserved and at-risk infants and young children. Our mission continues to be to mobilize and deploy private sector resources to advance availability, access and use of micronutrients, especially vitamin A, among at-risk populations in need. In realizing our mission, we seek to reduce mortality and illness among infants and young children 6–59 months by connecting them with vitamin A; and to promote physical and cognitive development among infants and young children by connecting pregnant and new mothers, and young children 6-59 months with essential micronutrients (commonly known as multivitamins).

Vitamin Angels is driven by entrepreneurial individuals drawing upon private sector know-how and sound business practices to source and distribute essential micronutrients in the most efficient manner possible to achieve programmatic results that rest upon evidence-based research.

OUR IMPACT



As we celebrated 20 years of service, our partnerships, programs, and reach experienced tremendous growth. In 2014, Vitamin Angels supported projects reaching over 36 million women and children in 52 countries across Africa, Asia, Latin America, and the United States thanks to the partnerships with over 700 nonprofits. However, to achieve these gains in quantity, we did not sacrifice quality, in fact, we strengthened our efforts to ensure that our programs are administered at the highest level.

| 5 Year Growth | | | | |
|---------------|-------------------------|---------------------|-----------------------|---------------------------------------|
| | Number of Beneficiaries | Number of Countries | Number of U.S. States | Number of Field Partners ¹ |
| 2010 | 22,518,881 | 42 | 11 | 78 |
| 2011 | 24,846,455 | 41 | 9 | 127 |
| 2012 | 26,716,311 | 46 | 20 | 267 |
| 2013 | 28,143,737 | 45 | 36 | 418 |
| 2014 | 36,475,738 | 51 | 47 | 721 |

¹ Field partners are nonprofit organizations with a local presence who supplement their existing community healthcare or nutrition services with our vitamins. Implementation partners operating in multiple countries are counted as one partner.

| | |
|------------------------------------|---------------------|
| Doses Distributed | FY 2014 |
| Doses of vitamin A distributed | 55,236,500 |
| Doses of albendazole distributed | 32,965,500 |
| Doses of multivitamins distributed | 222,745,810 |
| Total Doses Distributed | 310,947,810 |
| Beneficiaries Served | |
| Beneficiaries Served in the U.S. | 93,568 |
| Beneficiaries Served Abroad | 36,382,170 |
| Total Beneficiaries Served | 36,475,738 |
| Financials | |
| Cash donations | \$10,486,428 |
| Gifts-in-Kind | \$44,907,967 |
| Total Revenues | \$55,394,395 |
| Personnel | |
| Number of employees | 32 |
| Interns | 4 |
| Board of Directors | 8 |
| Board of Advisors | 13 |

OUR INTERVENTIONS



We distribute vitamins and minerals based on international standards and recommendations from the World Health Organization (WHO) and UNICEF according to the specific needs of the populations we serve. Because vitamins and supplements are small and relatively easy to transport and distribute they are an incredibly cost-effective way to immediately save or improve lives.

In realizing our mission, we focus on four key products which are distributed to qualified field partners who deploy them without discrimination and according to best practices.

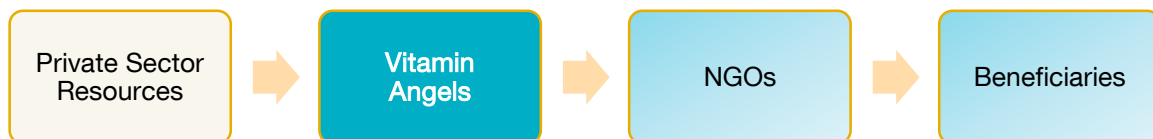
- Vitamin A: For infants and young children 6–59 months to save lives and reduce morbidity among undernourished preschool-aged children. Blue capsules contain 100,000 IU of vitamin A intended for children 6-11 months. Red capsules contain 200,000 IU of vitamin A intended for children 12-59 months. Dosing: twice annually.
- Deworming (Albendazole): For children 12-59 months to reduce the burden of soil transmitted helminthes (STH) – also known as intestinal parasites – and increase absorption of vitamin A by the body. Dosing: twice annually in combination with vitamin A.
- Prenatal Multivitamins (that include at least vitamin A, iron, folate, iodine and zinc): For pregnant and breastfeeding mothers to support fetal growth and increase birth weight, and thereby reduce neonatal and infant mortality. Dosing: daily
- Children's Multivitamins: For children 6-59 months to support physical growth and cognitive development among preschool-aged children. Dosing: daily

All vitamins are manufactured, or produced in accordance, with our specific formulation and specifications, which are consistent with those set by the WHO and UNICEF, all with the intent of ensuring their safety and efficacy.

OUR MODEL



Vitamin Angels' model is not only unique, it's incredibly efficient.



1. We leverage private sector resources to generate the funding and vitamins necessary for our programs.
2. Our team identifies and vets non-profit organizations who are targeting “hard to reach” beneficiaries who do not have regular access to micronutrient products from government health care services and have established programs in areas of health, nutrition, or sanitation that have a local presence and intimate understanding of the communities being served.
3. Vitamin Angels provides grants of vitamins and educational materials to these qualified organizations – our “field partners” – and works closely with them to tailor every project to the individual needs of the population being served. We also provide training to ensure the distribution of our vitamins is done in accordance with proven methods consistent with accepted best practices. Our field partners are responsible for financing, staffing, and executing the distribution of vitamins.
4. Our vitamins reach populations who would otherwise go unreached, through our field partners, and together we build a locally sustainable distribution system.

In 2014, we expanded our distribution network by about 60% to over 600 field partners, each of which plays a critical role in our ability to fulfill our mission.

OUR IMPACT: AMPLIFYING OUR EFFORTS IN INDIA



India has the highest rate of under-5 vitamin A deficiency in the world. According to Government of India statistics provided to the WHO, 62% of all preschool-age children are vitamin A deficient, leading the agency to classify VAD as a severe public health problem in India.

Government healthcare programs and those carried out by international organizations in conjunction with the Government of India are not reaching about one-third of children under age 5 who are eligible to receive vitamin A supplementation services and are unlikely to do so in the foreseeable future.

To address the critical need, Vitamin Angels continues to prioritize expansion of vitamin A supplementation programs in India. In 2014, we expanded our field partner base there by 100% (to nearly 300 organizations). NGOs collaborating with Vitamin Angels include such varied organizations as eye hospitals, general hospitals, orphanages and a range of community based organizations operated largely by volunteers.

Vitamin Angels reached more than 7.5 million children in India with vitamin A in 2014.



“Field partners in India are enthusiastically signing on to distribute vitamin A and other vital nutrients to young children in the communities they serve. They see an immediate need for the vitamins, and very often, they see an immediate benefit as well.”

*Dr. Shilpa Vinod Bhatte, MD
Senior Program Advisor, India*



In 2014, Vitamin Angels worked closely with Gencor to found the Indian charity, Operation Essential Nutrients (OPEN) in an effort to create a locally sustainable supply and distribution system. Vitamin Angels is also working to catalyze creation of a locally sustainable vitamin A supply and distribution system to meet the needs of all at-risk children under 5 years of age in India who access health service primarily from the NGO sector.

OUR IMPACT: EXPANDING AT HOME



Undernutrition in America looks a lot different than in other parts of the world. In the U.S. there is easy access to inexpensive foods that are calorie rich but nutrient poor. Purchasing high quality, healthy foods on a regular basis is still out of reach for many due to poverty, unemployment, limited access, and other factors.

In 2014, Vitamin Angels dramatically expanded our domestic reach from 36 states to 47 states. We distributed nearly 100,000 prenats to pregnant women and breastfeeding mothers and children's multivitamins and pre-school aged children through a variety of food banks, free clinics, and pregnancy resource centers that target underserved women and children.

Energy to play in California:

3-year-old Elizabeth (pictured above) was all smiles when we met her and her mother, Karina, during a multivitamin distribution in San Diego. The energy and enthusiasm we saw in Elizabeth as she ran around and danced with our team was nothing new to her mom.

"I love that fact that if they're playing, playing, playing, it means that they're healthy. I'd rather have them jumping on top of me, than lying on a hospital bed. They always bring a smile; they keep me strong." She continued, "Sometimes my mom (Elizabeth's grandmother) asks, 'why don't they ever sit down?' and I say, 'because they're healthy. Let them go.'"

Karina knows that her commitment to ensuring her children understand the importance of good nutrition, along with the multivitamins they've been taking for a year now, is making a huge difference.

OUR IMPACT: COMBINED INTERVENTIONS



(Above) Vitamin Angels' President Howard Schiffer with Bill Gates and other members of the newly founded STH coalition in Paris, April, 2014.

This year, we joined a global initiative facilitated by the Bill and Melinda Gates Foundation, to combat intestinal worms which are one of the most common parasitic infections in children.

Intestinal worm infections place children at greater risk for vitamin A deficiency (VAD) because the worms prevent their bodies from absorbing what little vitamin A they have in their diets. Pairing deworming treatments with vitamin A supplementation means we can eliminate worms and increase absorption of vitamin A at the same time. Delivering deworming treatments with vitamin A supplements has shown promising health outcomes, including reduced anemia, lower child mortality, improved child growth and development, and overall improved nutrition.

Within two years, we plan to expand our distribution of albendazole paired with vitamin A to every eligible pre-school aged child not reached by government programs in order to amplify the benefits of both interventions.

In 2014, we distributed a total of more than 85 million doses of vitamin A and albendazole, making us the largest distributor of vitamin A and albendazole to the non-profit community in the world.



Double the Impact in the DR

Three-year-old Wardin and two-year-old Nismael live with their mother, Claribel, (pictured above) in a remote, marginalized community in the Dominican Republic. They eat rice and beans for nearly every meal and have little access to health services or clean water. The children used to have low energy, suffer from painful intestinal worms, and sometimes cried for no apparent reason.

The children received vitamin A and the deworming treatment albendazole, and the benefits are clear. Lately, they have been more energetic and gotten sick less often. Claribel is grateful for the change she is seeing in her children. Inspired by her desire to see her children succeed, Claribel is now taking classes to receive her high school diploma and dreams that her children will one day find a good job doing something that makes them happy.

OUR FINANCIAL PERFORMANCE



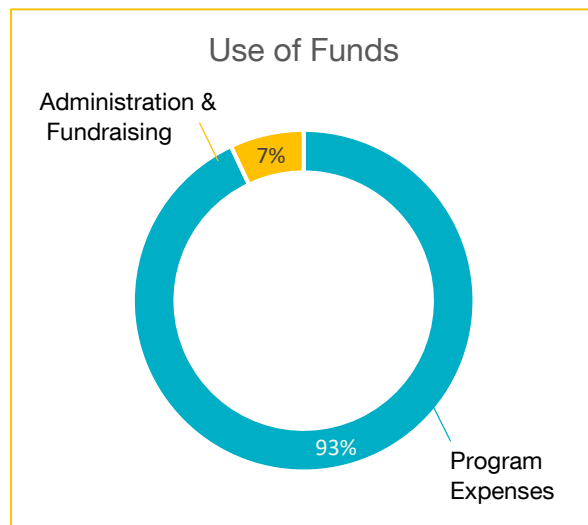
As support for Vitamin Angels' work continues to grow, we remain committed to responsible fiscal stewardship. We are proud of what we have achieved through the generous support of our corporate partners and all of our individual donors. Vitamin Angels is dedicated to reaching the children and mothers who are most in need with essential nutrients in the most efficient and effective way possible. We value every donation because we know it will help give children around the world the chance to survive and thrive.

In FY 2014, we experienced very strong financial performance, most notably:

- Exceeding our cash revenue targets through strong performance in corporate partner promotions where we excelled in expanding existing and building new campaigns in the natural channel, mass market and internationally.
- Direct corporate donations and events remain a good source of revenue as well.
- 14% growth in Gift-in-Kind donations to a value of nearly 45M.
- Efficiencies in administrative and fundraising expenses to reduce operating expenses.
- Receiving a 7th 4-star rating from Charity Navigator for Financial Health, Accountability and Transparency. Please see **ATTACHMENT I: AWARD NOTIFICATION LETTER FROM CHARITY NAVIGATOR.**

| Financial Performance Year-Over-Year | | | |
|--------------------------------------|----------------|--------------|---------------|
| | Cash Donations | Gift-in-Kind | Total Revenue |
| 2012 | \$5,501,785 | \$24,438,454 | \$29,940,239 |
| 2013 | \$10,098,796 | \$38,679,535 | \$48,778,331 |
| 2014 | \$10,486,428 | \$44,907,967 | \$55,394,395 |

| Annual Expenses Year-Over-Year | | | |
|---|---------------------|---------------------|---------------------|
| | 2012 | 2013 | 2014 |
| Administration Expenses | \$750,883 | \$925,065 | \$1,285,336 |
| Fundraising & Awareness | \$1,011,119 | \$1,370,957 | \$2,517,365 |
| Program Expenses | \$22,034,816 | \$24,938,110 | \$49,012,047 |
| TOTAL EXPENSES | \$23,796,818 | \$27,234,132 | \$52,814,748 |
| Program Expenses as a % of total expenses | 93% | 92% | 93% |



Financially responsible- Helping mothers and children is our priority. Over 90% of our revenue goes to bringing vitamins and minerals to those most in need worldwide.

OUR CORPORATE PARTNERS



Our work is made possible through the generosity of our corporate partners who make contributions of cash, products, and services. It is only through the ongoing support of our partners that we are able to continue expanding our reach and fulfilling our mission.

Our heartfelt thanks to those companies listed here for helping bring the power of vitamins to children around the world.

2014 CONTRIBUTORS*

\$5 MILLION+

Walgreens
The Worm Project
ProCaps Laboratories

\$1 MILLION+

Vitamin Shoppe Industries, Inc.
Vitamin World

\$500,000+

Bayer / Flintstones™

\$250,000+

Capsugel
Nature's Value
Pharmachem Laboratories, Inc.
Pharmavite
SmartyPants
Sprouts Farmer's Market
Vitamer Laboratories

\$100,000+

Barlean's Organic Oils, LLC
DSM
Natural Factors
NOW Foods
Rainbow Light

The Emerson Group
Univera, Inc.
Vitaquest International, LLC
Whole Foods Market

\$50,000+

Emergen-C [Pfizer Inc.]
Garden of Life
HealthWell Ventures
Irwin Naturals
Natrol
Neocell
Nutragenetics
Piping Rock
Purity Products
Technophar
Tishcon
The Community Foundation
USP Labs

\$20,000+

AIDP, Inc.
Emerson Ecologics
EuroPharma
Health First Network
Kowa
Lonza Inc.
Marine Nutraceutical Corp.
Metagenics
Nutegrity
Presence Marketing
Private Label Nutraceuticals
Puritan's Pride
Twinlab
vitaminwater®
Walman Optical

\$10,000+

Alpha Packaging
Barrington Nutritionals
Bodybuilding.com
Boiron USA
ClearlyContacts.com
DesignWorx
Evalar
Food Matters
Fruitful Yield
Glanbia Nutritionals
H&M USA, Inc.
Honibe
Horn
Informa Exhibitions
Ingredients by Nature
Iovate
Kyowa
Las Vegas Color Graphics
Life
LycorRed
Maty's Healthy Products, LLC
Maximum Human Performance (MHP)
MegaFood
Naturade
New Chapter
ON/Nawgan
Package All
Perrigo
Pharmaca
Pure Encapsulations
Sabinsa
SPINS
Stauber Performance Ingredients
Swanson Health Products
Tricor Braun
UNFI
Viva Labs

Note: Contribution values reflected here are consistent with Vitamin Angels recognition policy and do not necessarily reflect direct cash donation values or align with our audited financial information. See our financial statements for more information.

2014 SERVICES CONTRIBUTORS

Goodwin Procter LLP
Amazing Wellness Magazine
dicentra
Ingredients Insight
Natural Solutions Magazine

New Hope 360
Noor Pharmaceuticals
NutraIngredients-USA.com
Nutritional Outlook
Magazine

Overnight Labels, Inc.
Salani & Associates, Inc.
Select Nutrition
Total Health Magazine
Whole Foods Magazine

Corporate Partner Spotlight

Millions of lives in the U.S. and around the world benefit from the generous, unwavering support of our corporate partners. We extend our sincere thanks to the below companies for their outstanding support.



In 2013, Walgreens began a partnership with Vitamin Angels, supporting our efforts to provide vitamins to malnourished children and mothers worldwide. In 2014, Walgreens announced it would donate 1% of participating vitamin and supplement retail sales through 12/31/17 to Vitamin Angels – an astounding commitment intended to reach 100 million children.

"We are proud to support Vitamin Angels in its journey to provide life-changing vitamins and minerals. The impact that Walgreens and its customers can make to help minimize ailments related to the lack of essential nutrients, will improve millions of peoples' lives."

*Robert Tompkins
Group Vice President, Health and Wellness*



For more than a decade, The Worm Project has supported Vitamin Angels' efforts to reach the most at-risk children with the deworming medication, albendazole. With the 2014 announcement of our intention to expand deworming treatments to all eligible beneficiaries within the coming two years through our participation in the STH Coalition, our partnership with The Worm Project could not be more critical.

"The Worm Project is so thankful to have Vitamin Angels as a trusted partner in our mission to help provide deworming medicine to God's precious children in the neediest countries around the world."

*Gary Delp
Board President, The Worm Project*



In 2006, ProCaps Labs founder, Andrew Lessman, initiated a partnership with Vitamin Angels that has since become an integral part of our work reaching pregnant and breastfeeding mothers in the U.S. and abroad. Over the years, their ongoing commitment has established ProCaps as one of Vitamin Angels' leading gift-in-kind donors. Our sincere thanks to Andrew Lessman, the Andrew Lessman Foundation, everyone at ProCaps xLabs and Capsugel, and to the following vendors and manufacturers for their contributions: Lonza, LycoRed, Stauber Performance Ingredients, Las Vegas Graphics and Tricorbraun.



Since our partnership began in 2007, The Vitamin Shoppe's enthusiasm for our cause and steadfast commitment to the moms and children we serve has only multiplied. Twice a year, the retailer collects donations from customers who frequent their 600+ retail stores in addition to encouraging more than 30 of their vendors to select participating products and donate for every item sold during the promotion. 2014 also represents the 4th year the Vitamin Shoppe and partner, Nature's Value, have come together to host their hugely successful Charity Golf Outing.

"Our Vitamin Angels partnership allows our employees, customers and vendors the chance to come together in support of a cause that reflects The Vitamin Shoppe's values and commitment to health and nutrition."

*Doug Jones
Senior VP of Merchandising*

OUR BOARD LEADERSHIP



Whether it's raising funds or delivering vitamins to families in need, we rely on collaboration to achieve our mission. Our distinguished board members bring invaluable experience from the corporate, academic, and non-profit worlds to inform and enhance our efforts. We thank the following individuals for their invaluable support.

Board of Directors:

- Clayton Ajello, DRPH, MPH
- Robert Black, MD, MPH
- Michelle Goolsby
- Joanne Gray
- Robert Parker
- Howard Schiffer
- Tom Tolworthy
- Peter van Stolk (Chair)

Advisory Board:

- Tom Aarts
- Elliott Balbert
- Jeff Brams
- Dave Brubaker
- Peter Hefe
- Scott Holmes
- Barclay Hope
- Doug Jones
- Angela Kelly
- Luis Pacheco, MD
- Patrick Rea
- John Rubey
- Jim Tonkin

OUR THANKS TO YOU



We are grateful for your belief in the power of vitamins, your passion for helping women and children you may never meet, your dedication to serving those in most need, and your continued trust in our efficiency and effectiveness. We are thankful, every day for you.

Vitamin Angels is a 501(c)3 tax-exempt organization, incorporated in the State of California and headquartered in Santa Barbara, California.

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