

EXECUTIVE SUMMARY

This is the 15th regular Report to the Ramsey County District Court and the Minnesota State Legislature from ClearWay MinnesotaSM. We are a statewide nonprofit organization working to reduce tobacco's harm in Minnesota. Since 1998, we have helped reduce smoking in Minnesota from 22 percent to 14 percent, provided more than 130,000 Minnesotans with quit-smoking help through QUITPLAN® Services, broken ground in research, advanced policies that reduce tobacco's harm, raised awareness of commercial tobacco's burden in diverse communities and created powerful media campaigns.

ClearWay Minnesota is funded with 3 percent of the Minnesota tobacco settlement. We were created as a private nonprofit corporation in accordance with the Court's Consent Judgment of May 8, 1998, in *State by Humphrey, et al., v. Philip Morris, Incorporated, et al.*, Ramsey County District Court File No. C 1-94-8565 (August 1994). We are an independent nonprofit organization with a limited lifetime of 25 years. Our mission is to enhance life in Minnesota by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration.

ClearWay Minnesota operates under the supervision of the Ramsey County District Court and we are required to report on our activities to the Court and the Minnesota Legislature on an annual basis. The information in this Report covers Fiscal Year 2015 (July 1, 2014 – June 30, 2015). From inception through the end of this period, more than \$216 million has funded our operations, including cessation, research, policy, community development and outreach projects throughout the state.

Fiscal Year 2015 Initiatives and Developments

Organization

ClearWay Minnesota Board activities during Fiscal Year 2015 included evaluating progress made toward our long-term strategic goals, engaging in educational opportunities about board diversity and other topics, and additional activities.

Program grants and contracts

Cessation

ClearWay Minnesota continued providing comprehensive tobacco cessation services to adult Minnesotans through QUITPLAN Services, our effective, science-based programs that have given Minnesota tobacco users free tools to quit since 2001. In Fiscal Year 2015, we evaluated outcomes among QUITPLAN Services participants. We also started an initiative to link smokers of low socioeconomic status to cessation services, funded two additional health systems that are working to make addressing tobacco use a routine part of health care delivery, dedicated resources toward policy efforts to ensure that all Minnesota smokers have access to comprehensive tobacco dependence treatment by 2023, and partnered with other organizations to advance both cessation services and policies.

Research

ClearWay Minnesota funds and conducts research that will lead to reduced tobacco use and secondhand smoke exposure in Minnesota. We awarded \$410,000 in grant funding for four research projects during Fiscal Year 2015. Topics to be explored include exercise interventions to help young adult smokers make quit attempts and efforts to increase quit attempts in American Indian health systems. The Minnesota Adult Tobacco Survey (MATS), a large-scale surveillance project that tracks tobacco use in our state, was finalized, and findings were released. This year also saw dissemination of findings from several ClearWay Minnesota-funded or -conducted research projects. These and other findings were disseminated in publications and at presentations given in Minnesota and across the country.

Policy

During Fiscal Year 2015 at the State Legislature, ClearWay Minnesota focused on defending and maintaining high tobacco prices and passing new legislation supporting work to reduce menthol cigarettes' harm among African Americans. We also funded local efforts to organize public support for tobacco control policies, and engaged in outreach and education on such topics as flavored tobacco and smoking in the movies.

Community development

During Fiscal Year 2015, ClearWay Minnesota continued engaging members of Minnesota's diverse communities in tobacco control efforts and working to reduce the harm that commercial tobacco causes them. (*Commercial tobacco* refers to manufactured products such as cigarettes, not to the sacred and traditional use of tobacco by American Indians and other groups.) We supported American Indian advocates in Minnesota in their work to improve health and reduce cigarette smoking on tribal lands, built advocacy and leadership skills for effective tobacco control among members of diverse communities, and conducted other activities.

Communications and outreach

Advertising

In Fiscal Year 2015, our advertising efforts promoted QUITPLAN Services through an ad campaign, a television infomercial and a quit-tobacco contest. We also created specific advertising to reach American Indian audiences in Minnesota and educated about the tobacco industry's role in creating new smokers with such tactics as product flavorings.

Community outreach

In addition to paid advertising, ClearWay Minnesota used earned and social media in Fiscal Year 2015 to raise awareness of tobacco's dangers, and of ClearWay Minnesota as a resource on tobacco issues.

I. INTRODUCTION

This is the 15th regular Report to the Ramsey County District Court and the Minnesota State Legislature from ClearWay MinnesotaSM. We are a statewide nonprofit organization working to reduce tobacco's harm in Minnesota. Since 1998, we have helped reduce smoking in Minnesota from 22.1 percent to 14.4 percent. We have provided more than 130,000 Minnesotans with quit-smoking help through QUITPLAN[®] Services, broken ground in research, advanced policies that reduce tobacco's harm, raised awareness of commercial tobacco's burden in diverse communities and created powerful media campaigns.

We were created as a private nonprofit corporation in accordance with the Court's Consent Judgment of May 8, 1998, in *State by Humphrey, et al., v. Philip Morris, Incorporated, et al.*, Ramsey County District Court File No. C 1-94-8565 (August 1994), and are funded with 3 percent of the Minnesota tobacco settlement. We are an independent nonprofit organization with a limited lifetime of 25 years. Our mission is to enhance life in Minnesota by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration.

We operate under the supervision of the Ramsey County District Court and are required to report on our activities to the Court and the Minnesota Legislature on an annual basis. This Report consists of this introduction, three sections explaining our operations and activities for Fiscal Year 2015, and a conclusion. Additional materials are found in accompanying appendices.

This information in this Report covers Fiscal Year 2015 (July 1, 2014 – June 30, 2015). From inception through the end of this Fiscal Year, more than \$216 million has funded our operations, including cessation, research, policy, community development and outreach projects throughout the state.

In addition to Court oversight, we conduct thorough evaluations of our own work. Evaluation findings measure programs' impact, help to improve them and inform strategic planning. Since 2001, we have spent more than \$6.9 million for services to support a rigorous evaluation agenda. (The U.S. Centers for Disease Control and Prevention [CDC] identifies evaluation as an essential component of a comprehensive tobacco control program.) Findings from recent evaluations are included throughout this report to give a picture of our overall impact.

ClearWay Minnesota was established with a directive not to duplicate the services of other Minnesota tobacco control organizations, and for this reason we do not conduct youth-specific initiatives. However, many ClearWay Minnesota programs, including policy initiatives and media campaigns, have a proven impact on youth, and we do support additional public funding of efforts to reduce tobacco use among this population.

Documents referred to in this Report but not included in the appendices are available from our office. Members of the ClearWay Minnesota Board of Directors and staff are available to provide further information to the Court or Legislature. Please contact staff at 952-767-1400 or info@clearwaymn.org for additional information.

II. ORGANIZATION

A. GOVERNANCE

ClearWay Minnesota has a 19-member Board of Directors, comprising 11 at-large members and eight appointees. The Board seeks out at-large Board candidates and recommends their approval, ensuring diverse professional expertise in the organization's governing body. The Board also strives to recruit members who broadly represent all Minnesotans, including those from diverse ethnic and cultural backgrounds and from both urban and rural regions. (See *Fiscal Year 2015 Board Initiatives – Board Development and Education – Diversity*, p. 9.)

The ClearWay Minnesota Board has five standing committees:

- The Executive/Governance Committee;
- The Audit/Finance Committee;
- The Nominating and Board Development Committee;
- The Program Grants and Program Contracts Committee; and
- The Strategic Development and Planning Committee.

Each of the standing committees of the Board has a Board-adopted charter that sets forth its duties and authority. The Board may also convene working groups as needed.

Additionally, an Investment Advisory Committee serves as an advisory committee to the Audit/Finance Committee. (See *Finances – Investments – Ongoing Investment Oversight and Performance Evaluation*, pp. 17-18.) While the Investment Advisory Committee is not a standing committee of the Board, the Board determined that it should also have a charter. (See *ClearWay MinnesotaSM Board and Committee Charters*, Appendix A.)

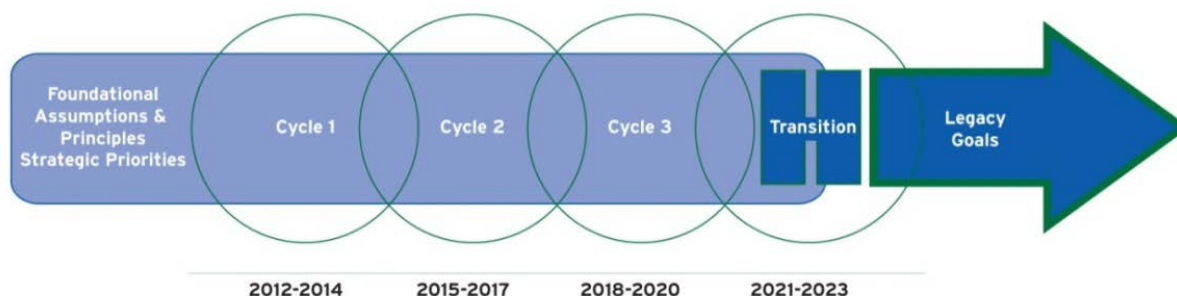
ClearWay Minnesota's Board and staff are governed by a Conflict of Interest Policy that outlines the organization's process for disclosing, documenting and addressing conflicts of interest and the appearance of such conflicts. (See *ClearWay MinnesotaSM Conflict of Interest Policy Adopted September 19, 2012*, Appendix B.)

Fiscal Year 2015 Board Initiatives

During Fiscal Year 2015 the Board of Directors provided oversight and guidance for the organization's activities, and undertook a number of actions.

Strategic planning

The Board of Directors and one of its standing committees, the Strategic Development and Planning Committee, are responsible for guiding the strategic direction of the organization. During Fiscal Year 2015, ClearWay Minnesota undertook several initiatives in this area.



Long-term strategic planning model, showing three-year planning cycles

Long-term planning

ClearWay Minnesota was created by order of the Ramsey County District Court in 1998 as an independent, nonprofit organization. The court order entrusted the organization with 3 percent (\$202 million) of Minnesota’s tobacco settlement funds to be used for tobacco control purposes, and specified that we would have a limited lifespan of 25 years. In 2006, the Board of Directors created a new Strategic Plan identifying planning for the end of our limited life as a priority for the organization. Since that time, planning efforts for our end of life have been underway, notably through the development of our Legacy Framework, a long-term planning tool adopted by the Board in 2009. (See *Legacy Framework*, below.)

In 2015, staff provided the Board with initial long-term planning recommendations in the areas of programs, finance, governance and administration, and previewed a timeline for this work with the Board for the coming year. Information about any action by the Board of Directors on this subject will be included in next year’s Report to the Court. Any proposal to alter ClearWay Minnesota’s governance or organizational structure in a significant way will be brought to the Court for approval before it is adopted by the organization.

Legacy Framework

The Strategic Development and Planning Committee’s major efforts in Fiscal Year 2015 concerned the process to revise our Legacy Framework. Created in 2009, the Framework is a long-term strategic planning tool that sets Legacy Goals, specific targets we hope to achieve by the end of our lifespan in 2023. (See *ClearWay MinnesotaSM 2023 Framework Executive Summary*, Appendix C.)

The Legacy Framework contains three Legacy Goals – long-term objectives designed to drive ClearWay Minnesota’s work until we close our doors in 2023. The Legacy Goals are:

- *The prevalence of smoking among adult Minnesotans will have declined to less than 9 percent by 2023.*
- *Less than 5 percent of nonsmoking adult Minnesotans will be exposed to secondhand smoke in any location by 2023.*
- *One hundred percent of Minnesota smokers will have access to comprehensive tobacco dependence treatment by 2023.*

Progress made toward achieving these Legacy Goals is assessed on an ongoing basis. (See *Legacy Evaluation*, below.)

The Legacy Framework is a flexible document and was designed to be revisited in light of new information. Since its creation in 2009, it has been revised once, in 2011. In March of 2015, the Strategic Development and Planning Committee agreed that criteria for updating the Framework have again been met, and developed a process and timeline for doing so.

In June, staff made specific suggestions for updating the Framework to the Committee; Committee Members discussed them at length and asked staff to prepare an updated Framework draft to be considered by the Committee and the full Board in Fiscal Year 2016. An account of subsequent developments will be included in next year's Report to the Court.

Legacy Evaluation

ClearWay Minnesota measures the progress made toward reaching our three Legacy Goals through a Legacy Evaluation. (See *Legacy Framework*, preceding page.) The evaluation assesses progress made toward benchmark measures associated with the Goals. In May of 2015, findings from the Legacy Evaluation were presented to the Board of Directors, along with new evaluation data from the 2014 Minnesota Adult Tobacco Survey and additional programmatic data sources.

The following evaluation findings were shared:

Legacy Goal 1: *The prevalence of smoking among adult Minnesotans will have declined to less than 9 percent by 2023.*

Relevant findings:

- The prevalence of smoking among adults in Minnesota has declined from 22.1 percent in 1999 to 14.4 percent in 2014.
- Smoking among young adults, who historically have smoked at the highest rates, decreased by 6.4 percentage points since 2010 (from 21.8 to 15.3 percent).
- These declines are due to Minnesota's comprehensive approach to tobacco control, including price increases, smoke-free policies, media campaigns, quit-smoking services and youth access laws. Notably, a state tobacco price increase in 2013 was cited by smokers as a top reason for quitting and making quit attempts. (See also *Program Grants and Contracts – Research – Dissemination – Surveillance: Minnesota Adult Tobacco Survey (MATS) 2014*, pp. 33-39.)

Legacy Goal 2: *Less than 5 percent of nonsmoking adult Minnesotans will be exposed to secondhand smoke in any location by 2023.*

Relevant findings:

- Minnesota passed and implemented the comprehensive statewide indoor smoke-free policy, the Freedom to Breathe Act, in 2007.
- Since then, many localities have adopted additional smoke-free policies in places such as multi-unit housing structures, outdoor public spaces like parks, and college campuses.
- Voluntary smoke-free policies in private homes and cars have also increased over time. In 1999, 64.5 percent of Minnesotans implemented voluntary smoke-free home rules. This number rose to 89.3 percent in 2014.
- According to new research, 3.4 percent of nonsmokers in Minnesota reported being exposed to secondhand smoke in the past week in their homes, 7.6 percent in a car and 31.7 in a community location other than the home or car. The most commonly reported community location for exposure was a building entrance (20.4 percent), another place outside (16.3 percent) or a patio (12.8 percent). (See also *Program Grants and Contracts – Research – Dissemination – Surveillance: Minnesota Adult Tobacco Survey [MATs] 2014*, pp. 33-39.)

Legacy Goal 3: *One hundred percent of Minnesota smokers will have access to comprehensive tobacco dependence treatment by 2023.*

Relevant findings:

- Gaps are being closed as many state agencies are ensuring that health plans are covering tobacco dependence treatment.
- Capacity is being built within health care systems to ensure that all Minnesotans are being screened for tobacco use and are being appropriately counseled and referred to quitting resources.
- Through quality measurement systems, efforts are underway to better measure tobacco use and treatment indicators as well as factors associated with tobacco use. (See also *Program Grants and Contracts – Cessation – Cessation Policy*, pp. 27-29.)

The evaluation also suggested a need to focus on preventing new smokers from starting in order to continue driving smoking prevalence down. Overall, significant progress is being made towards reaching our Legacy Goals. The Legacy Evaluation will continue to track and measure our progress towards our longest term goals.



This Strategic Plan is flexible, and allows Board and staff to react nimbly and appropriately to new opportunities or challenges. Work toward these Strategies and Goals will aim for long-term impacts with major implications for reducing tobacco's harm in Minnesota.

POLICY:

Support policies that reduce tobacco use and exposure to secondhand smoke.

- Goal 1: Advance policies that reduce access to tobacco products, especially for youth.
- Goal 2: Advance policies that protect people from secondhand smoke.
- Goal 3: Advance commercial tobacco-free policies on tribal lands.
- Goal 4: Advance policies to increase access to comprehensive tobacco dependence treatment.

QUITTING:

Support Minnesotans in quitting tobacco use.

- Goal 1: Work to make addressing tobacco use standard practice in health care.
- Goal 2: Increase use of cessation services, including QUITPLAN® Services.
- Goal 3: Increase quit attempts among populations with the highest rates of tobacco use.

Our strategic
priorities *AND* goals for the
next three years

ENVIRONMENT:

Create an environment that supports a tobacco-free future for Minnesotans.

- Goal 1: Influence public attitudes and behaviors to make tobacco use less acceptable among all Minnesotans.
- Goal 2: Create an environment that provides more opportunity, support and motivation for people to quit tobacco use.
- Goal 3: Foster the development and implementation of innovative ideas that advance progress toward ClearWay Minnesota's Legacy Goals.

PLANNING:

Plan for ClearWay Minnesota's limited life.

- Goal 1: Advance programs that reduce tobacco-related health disparities and increase health equity around tobacco for all Minnesotans.
- Goal 2: Build capacity for tobacco control leadership in priority populations.
- Goal 3: Develop and sustain partnerships to support innovations that reduce tobacco's harm.
- Goal 4: Increase public and private resources dedicated to reducing tobacco's harm in Minnesota.
- Goal 5: Facilitate planning the future of tobacco control efforts in Minnesota with strategic partners.

ClearWay Minnesota's current Strategic Plan covers four planning areas

2015-2017 Strategic Plan

Progress toward our Legacy Goals is driven by three-year Strategic Plans, which are developed by the Strategic Development and Planning Committee and approved by the full Board. Our Strategic Plans represent ClearWay Minnesota's best judgment about appropriate priorities for reducing the harms of tobacco over a specific period. They provide programmatic direction to staff, and are the basis for annual budgeting.

In Fiscal Year 2014, the Board of Directors adopted a Strategic Plan covering fiscal years 2015-2017. The Plan, from which annual workplans are developed, identifies four strategic priorities:

- Supporting policies that reduce tobacco use and exposure to secondhand smoke;
- Supporting Minnesotans in quitting tobacco use;
- Creating an environment that supports a tobacco-free future for Minnesotans; and
- Planning for ClearWay Minnesota's limited life.

This Strategic Plan took effect on July 1, 2014.

Other developments

Also this year, the Board of Directors and Strategic Development and Planning Committee considered other topics affecting the future of ClearWay Minnesota, including our organizational appetite/tolerance for risk, the importance of innovation in ClearWay Minnesota's work and culture, findings from a Board self-evaluation and questions that were raised during the previous strategic planning cycle.

Board development and education

Diversity

The Nominating and Board Development Committee recommends at-large nominees to the ClearWay Minnesota Board of Directors, discusses possible nominees for appointed vacancies, recommends Board officers and oversees ongoing development of Board Members.

ClearWay Minnesota's Board seeks to attract Board Members who exemplify the diversity of Minnesota – diversity of gender, race, geography, skills and background, etc. However, for the last several years, the Nominating and Board Development Committee has encountered challenges recruiting candidates who fully reflect that diversity.

Board Members have expressed interest to learning more about diversity and inclusion. In September of 2014, the Board discussed these topics at length in a session facilitated by board leadership consultant Rena Henderson Mason of Bold Agenda.

Other education

The Strategic Development and Planning Committee and the Nominating and Board Development Committee together identify ongoing topics for discussion by the Board of Directors, and presentations on these topics are made to the full Board on a regular basis.

Information from these presentations provides important context about the work of ClearWay Minnesota, and helps the Board make important decisions about our strategic direction.

Board education topics for Fiscal Year 2015 were:

- **July 16, 2014** – *Emerging Trends in Nonprofit Governance*, presented by J. Patrick Plunkett, Larkin Hoffman
- **September 17, 2014** – *Addressing Diversity Among Board Membership*, presented by Rena Henderson Mason, Bold Agenda (see *Diversity*, preceding page)
- **November 12, 2014** – *The Tobacco End Game*, presented by Dr. Dorothy Hatsukami, University of Minnesota
- **November 20, 2014** – *2014 Minnesota Youth Tobacco Survey*, presented by Pete Rode, Minnesota Department of Health; *Planning for Limited Life*, presented by staff
- **January 21, 2015** – *The Minnesota Adult Tobacco Survey (MATS) 2014*, presented by staff
- **March 18, 2015** – *Board Evaluation Survey Results*, presented by Maryanne O'Brien, Live Dynamite
- **May 20, 2015** – *ClearWay MinnesotaSM Legacy Evaluation*, presented by staff

Public policy

ClearWay Minnesota engaged in a number of public policy initiatives, authorized by the Board, during Fiscal Year 2015. These initiatives are detailed in *Program Grants and Contracts – Policy*, pp. 47-60. ClearWay Minnesota's lobbyist of record for Fiscal Year 2015 was Lockridge Grindal Nauen P.L.L.P.

The Board also adopted public policy statements outlining the organization's positions on critical tobacco control issues and reasons for supporting those positions. (See *ClearWay MinnesotaSM Policy Statements*, Appendix D.)

CEO compensation

Pursuant to the Court's Order of June 13, 2005, ClearWay Minnesota discloses the Chief Executive Officer's annual salary in this Report.

The CEO's annual performance and salary review is conducted by the full Board of Directors, which thoroughly evaluates that officer's execution of the duties described in the CEO position description. A salary merit increase, if any, is determined as a component of the CEO's performance, and is linked to the CEO salary range and merit increase percentage, established by the Board the preceding January.

Pursuant to their annual review of the CEO's performance, the Executive/Governance Committee, in its role to oversee the organization's human resources, recommended a salary increase totaling 3.5 percent. This increase, effective November 1, 2014, was approved by the Board on January 21, 2015.

In a separate process, the Board annually reviews salary ranges for all ClearWay Minnesota staff, based upon a biannual compensation study conducted by an outside consultant, and supplemented in off years by an applicable salary survey. On October 15, 2014, the Executive/Governance Committee approved the recommendation of Keystone Compensation Group, L.L.C., that all salary ranges be revised and realigned consistent with their market analysis. As a result, the salary range for the CEO was set at \$132,000-\$198,000 (\$165,000 midpoint), effective January 1. In addition, Keystone recommended a budget pool of 3.0 percent, plus 0.5 percent for merit, for Fiscal Year 2015. These recommendations were subsequently approved by the Board in January, and they will be taken into consideration during the next CEO annual review in the fall of 2015.

As a result of the CEO annual review in the fall of 2014, and the review recommendations approved in January of 2015, as of June 30, 2015, the CEO's annual salary was set at \$166,376.

Other activities

In addition, the Board also undertook the following initiatives in Fiscal Year 2015:

- Reviewed and updated the Interim Chief Executive Officer (CEO) Succession Plan;
- Approved the selection of J. Patrick Plunkett of Larkin Hoffman as ClearWay Minnesota's new Governance Counsel;
- Approved revisions to the Board Charter;
- Approved revisions to the Executive/Governance Committee Charter;
- Approved revisions to the Audit/Finance Committee Charter; and
- Approved revisions to the Strategic Development and Planning Committee Charter.

Fiscal Year 2015 Board Roster

Board Members filling the 11 at-large positions at various times during Fiscal Year 2015 were:

- **Ellen Denzen**, researcher with the National Marrow Donor Program (New Hope);
- **Kelly Drummer**, President and CEO of the Tiwahe Foundation (Minneapolis);
- **David Jones**, former Chief Financial Officer and Chief Operating Officer of Allina Health and Interim Chief Executive Officer of Hennepin County Medical Center (Arden Hills) (resigned October 2014);
- **Russel Kuzel**, Chief Medical Officer and a Senior Vice President at UCare (Minneapolis);
- **Laurie Lafontaine**, former Vice President of Allina Health (Plymouth);
- **Pamela Lux**, Director of Human Resources Communications at Travelers Insurance and former Vice President of Marketing and Communications at Blue Cross and Blue Shield of Minnesota (Shoreview);
- **Vivian Jenkins Nelsen**, cofounder, president and CEO of the INTER-RACE Institute, a diversity think-tank at Augsburg College (Minneapolis);
- **Howard Orenstein**, Senior Assistant Hennepin County Attorney and former partner at Robins, Kaplan, Miller & Cerisi (now Robins Kaplan L.L.P.) (St. Paul);

- **Jenny Peterson**, Executive Director at Generations Health Care Initiatives (Duluth);
- **Joy Rikala**, independent consultant, former Minnesota Bureau of Criminal Apprehension special agent and former police chief for the City of Minnetonka and the University of Minnesota Police Department (Plymouth);
- **Lyn Stepaniak**, Director of Cardiac Rhythm Disease Management for Medtronic (Minneapolis) (term expired September 2014);
- **Joel A. Swanson II**, President at Risdall Public Relations (Mounds View); and
- **Anne Vars**, Health Strategy Project Manager at Target Corporation (Minneapolis).

Appointed Board Members serve at the pleasure of the appointing authorities within term limitations. The appointing authorities, each of whom appoints two members, are the Governor, the Speaker of the House, the Senate Majority Leader and the Attorney General. The eight appointed Board Members ensure continuing public input and oversight.

Governor Mark Dayton appointed:

- **Jim Rhodes**, Endowments and Pension Director for the Minneapolis Portfolio Management Group, L.L.C., and a former State Representative (St. Louis Park); and
- **Thomas Weaver**, CEO of Achieve Services, Inc., and former Chief Operating Officer of the Metropolitan Council (Anoka).

(Note: Both Rep. Rhodes and Mr. Weaver were first appointed to the Board by Governor Tim Pawlenty and subsequently reappointed by Governor Dayton.)

Former Speaker of the House Paul Thissen appointed:

- **Janet Keysser**, former manager of the state's asthma program at the Minnesota Department of Health (Golden Valley).

Former Speaker of the House Kurt Zellers appointed:

- **Bob Boerschel**, eFinancial Senior Counsel at Wells Fargo (Lakeville).

Senate Majority Leader Thomas Bakk appointed:

- **Galen Vetter**, former executive at Rust Consulting/Kinsella Media, Franklin Templeton Investments and McGladrey (Minneapolis, Lake City) (resigned March 2015).

Former Senate Majority Leader Lawrence J. Pogemiller appointed:

- **Daniel Johnson**, nonprofit consultant, former executive at the National Multiple Sclerosis Society and past president of the United Health Foundation and the Blue Cross and Blue Shield of Minnesota Foundation (West St. Paul).

Attorney General Lori Swanson appointed:

- **Brian Short**, Chief Executive Officer of Leamington Co. and former U.S. Magistrate Judge (Minneapolis); and
- **Steven McWhirter**, Executive Vice President of Dougherty & Company, L.L.C. (Maple Plain).

ClearWay Minnesota Board Officers in Fiscal Year 2015 were:

- **Thomas Weaver, Chair** (September 2013 –)
- **Joy Rikala, Vice Chair** (September 2014 –)
- **Joel Swanson , Vice Chair** (September 2013 – September 2014)
- **Bob Boerschel, Treasurer** (September 2013 –)
- **Vivian Jenkins Nelsen, Secretary** (September 2014 –)
- **Daniel Johnson, Secretary** (September 2013 – September 2014)

A full roster of Board Members and Officers for Fiscal Year 2016 (July 1, 2015 - June 30, 2016) will be reported in next year's Report to the Court.

B. STAFF

ClearWay Minnesota's staff is made up of individuals with expertise in public health, cessation, research, public affairs, community development, marketing and communications, finance and nonprofit administration. (See *ClearWay MinnesotaSM Organization Chart Fiscal Year 2015*, Appendix E.) For Fiscal Year 2015, the Management Team of the organization consisted of:

- **Chief Executive Officer David J. Willoughby, M.A.;**
- **Vice President Andrea Mowery;**
- **Vice President Barbara Schillo, Ph.D.;**
- **Chief Financial Officer Steven Bader;**
- **Director of Research Programs Raymond Boyle, Ph.D., M.P.H.;**
- **Director of Marketing and Communications Marietta Dreher;**
- **Director of Cessation Programs Paula Keller, M.P.H.;**
- **Director of Community Development Jaime Martínez, M.Ed.; and**
- **Director of Public Affairs Molly Moilanen, M.P.P.**

(See *ClearWay MinnesotaSM Management Team Biosketches*, Appendix F.)

C. FINANCES

ClearWay Minnesota strives to be a good steward of the settlement funds with which the organization was created, and many practices are in place to ensure appropriate financial management and maximum cost-effectiveness of programs and operations. Annual budgets are developed based on three-year Strategic Plans. (See *Governance – Fiscal Year 2015 Board Initiatives – Strategic Planning – 2015-2017 Strategic Plan*, p. 9.)

Audits

For Fiscal Year 2015, Olsen Thielen & Co., Ltd., was retained for a ninth year by the Audit/Finance Committee as independent auditor. At its meeting on June 25, 2015, the Committee reviewed and approved the audit plan presented by the auditors. On August 27, 2015, the audited numbers for the fiscal years ended June 30, 2015 and 2014, were presented to the Audit/Finance Committee by representatives of Olsen Thielen. (The audits were presented to and accepted by the Board of Directors on September 16, 2015.)

As in every previous year, the audits found that in all material respects, ClearWay Minnesota's financial statements fairly present the organization's financial position and changes in net assets and cash flows. These statements were also determined to conform to accounting principles generally accepted in the United States of America. (See *ClearWay MinnesotaSM Financial Statements, June 30, 2015 and 2014*, Appendix G, and *ClearWay MinnesotaSM Independent Auditors' Report to the Board of Directors and the Audit/Finance Committee, August 27, 2015*, Appendix H.)

Consistent with practices instituted in recent years, the Chief Executive Officer and the Chief Financial Officer certified the accuracy of the audited financial statements. Although not required by any regulation or law, this financial certification was adopted as a good governance and accountability practice. (See *ClearWay MinnesotaSM Audited Financial Statement Certification*, Appendix I.)

Total operating expenses for Fiscal Year 2015 were \$15,148,752, and are summarized in the following table:

Table 1
Expenses for Fiscal Year 2015

	12 months ended June 30, 2015	
Cessation	\$12,060,970	79.6%
Research and other tobacco control purposes	\$1,906,344	12.6%
General and administrative	\$1,181,438	7.8%
TOTAL	\$15,148,752	

Required Filings

As a nonprofit organization, ClearWay Minnesota is required to file IRS Form 990 annually. We also post our Form 990 and attachments on our website at www.clearwaymn.org. In addition, as a Minnesota nonprofit corporation, ClearWay Minnesota is required to file a Charitable Organization Annual Report with the Office of the Attorney General. (See *ClearWay MinnesotaSM IRS Forms 990 and 990T, June 30, 2015*, Appendix J, and *ClearWay MinnesotaSM Charitable Organization Annual Report June 30, 2015*, Appendix K.)

Investments

ClearWay Minnesota has adopted the general investment guidelines of the Minnesota State Board of Investment (Minnesota Statutes, Chapter 11A, Section 24). In addition, our Bylaws prohibit investing directly in securities issued by firms that generate revenues from tobacco products.

Consistent with prior years, ClearWay Minnesota's investment objective is to grow capital prudently over the organization's lifetime, which ends in 2023.

Investment strategy

As of June 30, 2015, ClearWay Minnesota structured its investments in four categories:

- **Treasury Ladder/Cash** (42 percent of the portfolio). The Treasury ladder provides adequate and timely availability of funds to meet ClearWay Minnesota's budgeted spending for fiscal years 2016-2017 and for fiscal years 2021-2023. The ladder will be invested in one- to three-year Treasury securities with the intention of holding to maturity.
- **Fixed Income** (21 percent of the portfolio). The fixed-income portfolio provides adequate and timely availability of funds to meet ClearWay Minnesota's budgeted spending for fiscal years 2018-2020. The portfolio will include several actively managed bond strategies and will be adjusted quarterly to maintain durations consistent with the duration of budgeted spending needs.
- **Capital Appreciation** (19 percent of the portfolio). The capital appreciation portfolio provides adequate and timely availability of funds to meet ClearWay Minnesota's budgeted spending for fiscal years 2021-2023. The portfolio will include a diversified mix of several capital appreciation asset classes to capitalize on the longer timeframe to invest these assets over the next two years.
- **Private Equity** (18 percent of the portfolio). The net cash flow from the private-equity portfolio will be used each year to offset a portion of the anticipated budgeted spending. The private-equity cash flow assumptions assume a normal (or average expected return) environment for the U.S. equity market.

At least annually, ClearWay Minnesota reviews and refines, if deemed necessary, our investment strategy in light of three major investment constraints: limited life, prohibition on investing directly in tobacco-related companies and liquidity needs. This past fiscal year, ClearWay Minnesota reduced our risk profile and secured future cash flows by transferring 33 percent or \$28 million of investment assets from fixed-income securities to the Treasury ladder portfolio. At year end, a total of 15 distinct investment vehicles were used across the four investment strategies, as detailed in Table 2 (see *Ongoing Investment Oversight and Performance Evaluation*, below).

Ongoing investment oversight and performance evaluation

ClearWay Minnesota's Audit/Finance Committee uses an Investment Advisory Committee (IAC) to give advice on matters relating to the investment portfolio. The IAC meets quarterly to review the investment mix, fund performance and investment policies. The IAC also evaluates investments recommended by ClearWay Minnesota's investment consultant (currently Ellwood Associates). The IAC's advice is offered to the Audit/Finance Committee to help guide that committee's decision-making. This advice includes recommending and monitoring the investment custodian, investment consultant and investment managers. As of June 30, 2015, the IAC is comprised of four institutional investment experts and one Board Member. The Board Member serves as Committee Chair.

As in prior years, the investment consultant provided a performance report to the Investment Advisory Committee and ClearWay Minnesota staff each quarter. The consultant also performs regular qualitative analysis of each investment manager's organization, philosophy, account and key personnel changes. In addition to other detailed information, the quarterly written reports cover:

- Total time-weighted returns over various periods;
- Comparisons of returns to appropriate benchmark indices; and
- An analysis, by investment manager, of performance relative to their benchmarks and any issues or concerns that may have arisen.

Portfolios are checked for compliance with the objectives, targets and policy guidelines specified in ClearWay Minnesota's Statement of Investment Objectives and Policies.

ClearWay Minnesota ended the year with the following 15 investment vehicles (sorted by strategy):

Table 2
Investment Manager by Strategy
June 30, 2015

<u>STRATEGY</u>	<u>TYPE</u>	<u>MANAGER</u>
Money Market/Cash	Institutional money market ICS (FDIC insured product)	Wells Fargo Bank, N.A. Venture Bank
U.S. Treasuries	U.S. Treasuries Notes U.S. Treasuries TIPS	
Fixed Income	Fixed income Global Fixed income Intermediate Fixed income Short	Templeton Global Bonds JP Morgan Core Bond JP Morgan Short Duration
Capital Appreciation	U.S. Stocks Non-U.S. Stocks Non-U.S. Stocks Commodities Hedge Funds	iShares Russell 3000 Index Dodge & Cox International Stock Fund iShares MSCI ACWI ex US Index CFI Multi-Strategy Commodities Fund Blackstone Park, GAM, Coast
Private Equity	Private Equity Manager Private Equity Manager Private Equity Manager	Mesirow Coller Weathergage

Summary of investment performance

Returns on ClearWay Minnesota's investment components are measured against their respective return objectives over a full market cycle. Market cycles may differ markedly in length, and there is no standardized measure for a market cycle's term. For ClearWay Minnesota's purposes, a full market cycle includes both a down leg and an up leg, in either order. The up or down portions will each be of at least two consecutive quarters in length. Therefore, a full market cycle may be as short as one year, although most market cycles are expected to last from three to five years. Return shortfalls are permitted over portions of the market cycle, provided that ClearWay Minnesota's return objectives are met over the full market cycle.

For the 12-month period ended June 30, 2015, ClearWay Minnesota's investments returned +2.4 percent, compared with a weighted benchmark return of +.9 percent. Since inception, ClearWay Minnesota's investments have generated \$78 million in investment returns, and positive earnings have been experienced in 13 of the 17 years of the organization's existence.

III. PROGRAM GRANTS AND CONTRACTS

A. CESSATION

Since inception through June 30, 2015, ClearWay Minnesota has funded \$53.3 million in cessation program grants and contracts. ClearWay Minnesota's cessation work focuses on both cessation services and cessation policy.

Currently, all Minnesotans have access to cessation services either through their health insurance or through ClearWay Minnesota. Because our limited lifetime will end in 2023, we are working to ensure that comprehensive cessation services remain available in the future. (See *Governance – Fiscal Year 2015 Board Initiatives – Strategic Planning – Legacy Framework*, pp. 5-6.) To facilitate this, ClearWay Minnesota also supports cessation policy and systems change work among partners and systems that could provide such services. By supporting both direct service delivery and cessation policy initiatives, we strive to ensure that all Minnesota smokers, regardless of insurance status, will have access to treatments to help them quit.

Cessation Services Contracts

QUITPLAN® Services

ClearWay Minnesota's cessation services are referred to as QUITPLAN Services. QUITPLAN Services are effective, science-based programs that have given



Minnesota tobacco users free tools to quit since 2001. Consistent with the U.S. Public Health Service Clinical Practice Guideline and the U.S. Preventive Services Task Force's recommendations, QUITPLAN Services offers both behavioral interventions and cessation medications. To date, the program has helped more than 130,000 Minnesotans in their efforts to quit tobacco use.

In Fiscal Year 2015, ClearWay Minnesota offered the following suite of QUITPLAN Services (all available in English and Spanish unless noted):

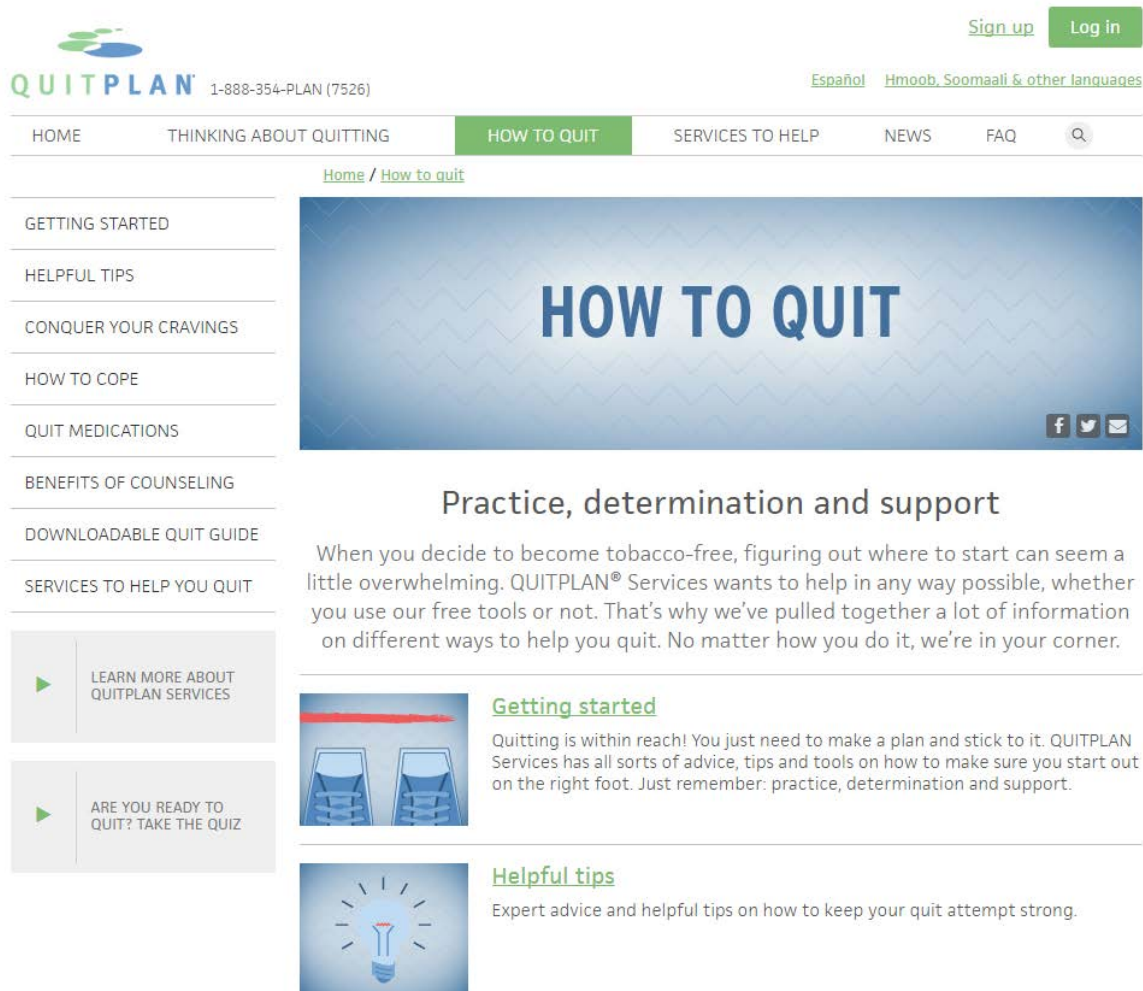
The QUITPLAN Helpline:

- Telephone counseling by trained coaches with integrated text and email support, printed materials and nicotine replacement therapy (if appropriate), provided to uninsured and underinsured Minnesotans.

Individual QUITPLAN Services:

- Nicotine replacement therapy (NRT) starter kits (two week supply of NRT) for all Minnesota tobacco users;
- Text-messaging support program for all Minnesota tobacco users (English only);
- Email support program for all Minnesota tobacco users; and
- A printed Quit Guide (self-help workbook) for all Minnesota tobacco users.

Alere Wellbeing, Inc., is the vendor that provides QUITPLAN Services.



The QUITPLAN® Services website helps tobacco users select options to help them quit

The QUITPLAN Services website, www.quitplan.com, provides free information, tools and resources to all visitors. Tobacco users can register for all QUITPLAN Services either online or by telephone. Online social support (cessation advice) is provided for all Minnesota tobacco users using the QUITPLAN Services Facebook page.

QUITPLAN Services encourages all tobacco users to think about quitting and to try to quit. In order to drive down smoking prevalence, we need to target tobacco users at all stages of readiness to quit and to make resources and services available to them regardless of their readiness. Recognizing that tobacco dependence is a chronic, relapsing condition and that it takes most tobacco users multiple attempts to quit successfully, tobacco users are encouraged to return to QUITPLAN Services and enroll in additional services if they need further support in quitting or would like to try again to quit.

Quit rates for QUITPLAN Services are strong and comparable to what is seen in published literature for cessation services. (See *Evaluation of QUITPLAN® Services*, pp. 22-25.)

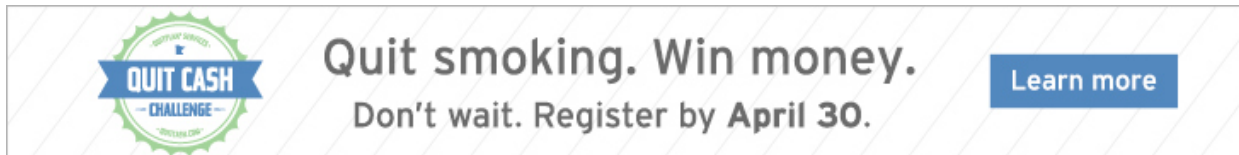
Media campaign

QUITPLAN Services is promoted with a large-scale mass-media campaign, incorporating television and various other types of advertising. Ads were aired throughout Fiscal Year 2015 to complement the program's approach and reflect our caring, compassionate approach to delivering QUITPLAN Services.



QUITPLAN® Services ads, like these at a Minneapolis light-rail station, are placed in areas where tobacco users are likely to see them

Additionally, in Fiscal Year 2015 the services were also promoted with a statewide quit-tobacco contest, The QuitCash Challenge™. (See *Communications and Outreach – Advertising – QUITPLAN® Services Campaign*, pp. 75-79.)



***The statewide QuitCash Challenge™ contest
motivated Minnesota smokers to make quit attempts***

Tobacco users served

ClearWay Minnesota tracks both numbers of people who visit our website and contact us by phone and the numbers of enrollments in QUITPLAN Services. In Fiscal Year 2015, 17,932 people called QUITPLAN Services and 115,028 people visited the quitplan.com website.

In Fiscal Year 2015, 14,955 tobacco users enrolled in QUITPLAN Services.

- 2,090 tobacco users enrolled in the QUITPLAN Helpline's multi-call counseling program
 - 1,608 tobacco users received NRT patches, lozenges or gum as part of their Helpline enrollment
- 12,865 tobacco users enrolled in one or more of the Individual QUITPLAN Services (NRT starter kit, text messaging, email and/or quit guide)
 - 12,303 tobacco users received a NRT starter kit
 - 9,628 tobacco users received a quit guide
 - 4,670 tobacco users signed up for email messages
 - 3,007 tobacco users signed up for text messages

As reported in last year's Report to the Court, in Fiscal Year 2014, the QUITPLAN Services program offerings were redesigned and their promotions reimagined. As a result, the year following the launch of the improved program saw increased interest in QUITPLAN Services and tobacco cessation in Minnesota. Quit attempts have increased, with nearly 15,000 tobacco users enrolling in QUITPLAN Services, and many more being served by their health plans. The last time a comparable number of tobacco users enrolled in QUITPLAN Services was in 2009.

Evaluation of QUITPLAN® Services

ClearWay Minnesota uses evaluation data and other scientific evidence to guide our decision-making about service offerings. We recognize that services will need to be enhanced or modified to meet changing patterns of demand, to expand the reach of services and to incorporate new evidence-based practices as they emerge. We also recognize that programs that are less effective or cost-effective will need to be modified or transitioned.

ClearWay Minnesota uses an external evaluation firm, Professional Data Analysts, Inc. (PDA), to evaluate QUITPLAN Services. In Fiscal Year 2015, PDA worked closely with the ClearWay Minnesota Cessation Department to implement process and outcome evaluations of the new QUITPLAN Services. The Fiscal Year 2015 evaluation plan included multiple studies that focused

on user satisfaction, user outcomes and cost of services. PDA conducted a brief online satisfaction survey to monitor participant satisfaction trends. Following the satisfaction survey, an in-depth study of participants' outcomes, including quit rates and cost analyses, was conducted. Both studies showed that QUITPLAN Services provide programs that satisfy users, help tobacco users quit, make quit attempts and change other behaviors to make future quitting more likely, and do so at a reasonable program cost. All evaluation findings were shared with Alere Wellbeing to help them improve their programs.

User satisfaction

The user satisfaction survey sought to monitor participant satisfaction with QUITPLAN Services and identify opportunities to improve the quality of services. Between September and December of 2014, PDA randomly sampled participants approximately two months after their enrollment date and requested their participation in the online survey via email.

PDA received 311 completed online surveys (a response rate of 19.3 percent), which included satisfaction ratings and open-ended responses. The survey showed that the majority of participants were either very satisfied (57 percent) or mostly satisfied (29 percent) with the service they chose. When asked what traits best describe QUITPLAN Services, 89 percent of respondents chose positive words, such as *straightforward*, *respectful* and *non-judgmental*.



***QUITPLAN® participants used words like
“respectful” and “non-judgmental” to describe the program***

Almost all participants reported having no trouble signing up for services (97 percent) and would recommend QUITPLAN Services to another tobacco user (92 percent). Seventy-seven percent of participants had immediately attempted to quit smoking after enrollment. Some feedback from participants is below:

- “This program and the people are truly doing good for the health of people.”
- “Thank you for helping me quit!!! It has been a long struggle!!”
- “Such a helpful plan for someone who can't afford the materials to quit and for someone who is scared to quit.”
- “The patches and moral support was wonderful. I've quit smoking since July 25, 2014. I've saved a lot of money, and now cigarette smoke really smells bad to me. Thank you so much QUITPLAN! It's an awesome life change.”

Outcome study

The outcome study measured cessation outcomes, both quit attempts and long-term abstinence, achieved through the new set of QUITPLAN Services. A survey was conducted with QUITPLAN Services users between December 15, 2014, and March 9, 2015, approximately seven months after their enrollment. Participants were sampled according to the program that they registered for. 1,170 individuals completed the survey either online or by phone for a response rate of 58 percent.

A primary outcome measure was the 30-day point prevalence abstinence rate (quit rate). This measures whether someone has used tobacco within 30 days of the survey and is a standard measure of quit rates for tobacco cessation programs. The quit rate for all QUITPLAN Services combined was 26.1 percent. The quit rate was 29.6 percent for Helpline participants and 25.5 percent for those using Individual QUITPLAN Services. (See *QUITPLAN® Services*, pp. 19-21.)

Another way to calculate quitline quit rates has been proposed by the North American Quitline Consortium (NAQC). Using these criteria, PDA calculated the NAQC responder rate for the QUITPLAN Helpline and compared it to the 30-percent quit rate goal that NAQC has established for quitlines in North America. The QUITPLAN Helpline quit rate was 31.8 percent, exceeding the NAQC goal. (NAQC does not have a standard quit rate methodology or goal for Individual Services such as those offered by QUITPLAN Services, so participants who enrolled in Individual QUITPLAN Services were excluded from this analysis.)

The quit rates for QUITPLAN Services are strong and comparable to what is seen in the published literature for cessation services. For example, the 2008 U.S. Public Health Service Clinical Practice Guideline synthesized data from multiple quitline research studies and found that quit rates ranged from 24.5-32 percent. The quit rate for the QUITPLAN Helpline is in that range. While there is not a direct comparison for the quit rate for Individual QUITPLAN Services, a useful metric is the impact of Nicotine Replacement Therapy (NRT) on quit rates, because most Individual QUITPLAN Services registrants choose the NRT starter kit as a quitting option. A 2012 Cochrane review found that NRT, regardless of type or setting in which it was administered, increased quit rates by 50-70 percent compared to a scenario where no quit

intervention was used (“cold turkey”). Since studies of tobacco users who quit without assistance suggest quit rates at 6-12 months of between 4 and 7 percent, the quit rates seen in this evaluation demonstrate QUITPLAN Services’ effectiveness in helping tobacco users quit.

Participants reported strong secondary outcomes as well; 83.7 percent of participants quit for at least 24 hours, and 41.5 percent quit for at least 30 days sometime post-enrollment. The majority of respondents, 91.3 percent, reported using at least one cessation medication. In addition, non-abstinent individuals reported other behavioral changes related to tobacco use even though they did not quit. Those who did not already have personal smoking bans in place at enrollment reported stricter rules about tobacco use in their home (60 percent) and their cars (49 percent) at follow-up. The results suggest that for those participants who did not quit, QUITPLAN Services encouraged quit attempts and behavior changes related to tobacco use, both of which are positive steps towards future quit attempts.

Cost analysis

ClearWay Minnesota also asked PDA to examine the cost-effectiveness of QUITPLAN Services to guide the organization’s allocation of resources. Cost-effectiveness was calculated in terms of the overall cost per quit for each intervention over a 12-month period. Cost-per-quit figures provide a metric for estimating how much money, on average, ClearWay Minnesota can expect to invest to assist one person in quitting. The total dollar amount included programmatic costs and NRT and excluded costs for development, media and advertising, evaluation and ClearWay Minnesota staff time to manage the programs.

Combined, the overall cost per quit for the first 12 months of QUITPLAN Services was \$375.05. The cost per quit for the Helpline was \$640.65, and the cost per quit for Individual Services was \$328.91. As expected, the Individual Services cost per quit is lower than the Helpline because of the higher intensity of services provided through the Helpline program.

A large body of research has found smoking cessation interventions to be both effective and cost-effective. These analyses demonstrate that high-quality services are being provided, and that ClearWay Minnesota is getting good value for its expenditures. Past evaluations of the QUITPLAN Helpline found a cost per quit that ranged from \$1,070 to \$1,470. Costs per quit will vary over time due to changes in programmatic costs, program enrollments and quit rates. Other researchers have calculated the cost per quit of smoking cessation interventions, finding that these costs range from a few hundred to a few thousand dollars per quit. Compared to the costs of treating tobacco-related disease (e.g., the estimated cost for the first year of treatment of lung cancer exceeds \$60,000), the cost of smoking cessation interventions is modest.

Evaluation results suggest that all QUITPLAN Service offerings produce strong outcomes at a modest cost. Offering both the QUITPLAN Helpline and Individual QUITPLAN Services allows ClearWay Minnesota to use resources efficiently and provides tobacco users with a variety of service options that meet their varying needs.

Community Engagement Grant Initiative

As part of our focus to reach populations that continue to smoke at higher rates, ClearWay Minnesota launched the Community Engagement Grant initiative in Fiscal Year 2015.

Research shows that low-income people smoke at higher rates and have heavy health burdens from tobacco use. In fact, socioeconomic status (SES) is a top predictor of smoking. In Minnesota, 24 percent of adult smokers are in the lowest income bracket, and among those with education levels lower than a college degree, one in every five individuals smokes.

With this knowledge, the goal of the Community Engagement Grant initiative is to link smokers of low SES to existing cessation services through grants to community-based organizations – trusted sources where people of low SES are already receiving health services. A total of \$350,647 was granted to eight community organizations to help make these connections. All awards are for 12-month projects.

Community Engagement grantees for Fiscal Year 2015 are:

- **The American Indian Cancer Foundation**, an organization working to reduce the cancer burden on American Indian families;
- **The American Lung Association of the Upper Midwest**, a nonprofit with the mission to save lives by improving lung health and preventing lung disease, working in partnership with organizations in both Mankato and Washington County;
- **Comunidades Latinas Unidas En Servicio (CLUES)**, an organization that works to improve quality of life for Latinos in Minnesota;
- **Lake Superior Community Health Center**, a community clinic that provides health care to low-income and uninsured residents in the Duluth area;
- **Mental Health Resources, Inc.**, a nonprofit with the mission to foster hope, health and recovery for those affected by mental illness;
- **The National Alliance on Mental Illness (NAMI) Minnesota**, which works to improve the lives of children and adults living with mental illness, and of their families;
- **Native American Community Clinic**, an organization that promotes wellness and health in American Indian families; and
- **RESOURCE, Inc.**, which provides chemical and mental-health services, education and employment services.

Some of the key areas of work include hiring community health workers to make connections to existing cessation services, conducting community outreach, integrating tobacco conversations into intake processes and programs, developing culturally and linguistically appropriate materials to promote cessation resources, and using media and communications strategies to engage tobacco users and educate them about available cessation services. All organizations are conducting this work in a manner that is culturally appropriate to the specific populations served.

We are also planning an evaluation of this initiative. Findings will be shared in future Reports to the Court.

Cessation Policy

The Cessation Department also dedicates resources toward a series of policy efforts to help ClearWay Minnesota achieve our third Legacy Goal (that 100 percent of Minnesota smokers will have access to comprehensive tobacco dependence treatment by 2023). (See *Organization – Governance – Fiscal Year 2015 Board Initiatives – Strategic Planning – Legacy Framework*, pp. 5-6.)

Three areas serve as the foundation for our cessation policy work. These areas are:

Benefit design

The goal of this area is to ensure that all health insurance products include comprehensive tobacco cessation benefits (barrier-free coverage for all forms of counseling and for FDA-approved medications). In Fiscal Year 2015, staff continued work with state agencies and other key decision-makers around strengthening health insurance benefits within private and publicly funded health insurance products regulated by the state.

We continued to engage in health care reform activities at the state level as they related to new and modified health insurance requirements, including educational efforts around requirements related to tobacco dependence treatment. As a result, regulatory compliance staff at state agencies are aware of and using additional guidance about cessation coverage under the Affordable Care Act in their review of insurance products, and Minnesota Health Care Program enrollees will no longer be responsible for a copayment when accessing coverage for preventive services, including cessation counseling and medications. Staff also continued planning efforts for future work in this area. (See also *Policy – Statewide Policy Work – Legislative Developments*, pp. 47-51.)

Quality measurement

In order to enhance routine delivery of best-practice tobacco dependence treatment within health care provider organizations, this area of work aims to strengthen tobacco-related quality measures used in health care. Activities in Fiscal Year 2015 included continued relationship-building with key stakeholders from the quality measurement community. Planning for future work in this area continues, including potential opportunities to partner with the Minnesota Department of Health in efforts to better measure how tobacco use is assessed and addressed.

Staff continued exploring opportunities to strengthen data collection related to social determinants of health (e.g. race, ethnicity, language, etc.) to help interpret health care quality measures. Because tobacco use is not distributed evenly across the entire population, collecting additional data and integrating it with quality measures related to tobacco has the potential to assist health systems in better understanding where gaps in tobacco treatment delivery exist and to identify strategies to help close those gaps. Staff supported efforts of the Safety Net

Coalition, a group of organizations working to improve the health and health care of low-income, uninsured and disadvantaged Minnesotans as well as other interested stakeholders to advance policies to begin addressing these measurement system gaps. Staff continues work in this area as a way to improve delivery of best practice tobacco dependence treatment to all patients in Minnesota.

System integration

The goal of this area is twofold: to ensure that tobacco dependence treatment is integrated into routine health care, and to foster integration of protocols to address tobacco into Minnesota's public programs that serve populations with high smoking rates (e.g., Head Start, Women, Infants and Children [WIC], etc.).

Health system integration

One approach to our health systems change initiative is to provide grants to support health systems in undertaking a comprehensive approach to systems change. Through our granting initiative we have funded five health systems. Three of those health systems were funded in Fiscal Year 2014.

In Fiscal Year 2015, ClearWay Minnesota released a new Request for Proposals titled *Health Systems Change for Treating Tobacco Dependence*. By normalizing the treatment of tobacco dependence within health care, we anticipate that not only will patients' health be improved, health care systems will also have the potential to realize cost savings.

Two grants were awarded, totaling \$392,950, to advance health systems changes that ensure addressing tobacco use is fully integrated into the health care experience for patients. These two-year grants were awarded to Apple Tree Dental and Essentia Health.

Apple Tree Dental serves populations at high risk for tobacco use. They aim to fully integrate tobacco dependence diagnosis and treatment processes at all of their clinics and community site locations. Essentia Health's goal is to implement health systems change that integrates evidence-based care for tobacco dependence across all Essentia Health primary care clinics in Minnesota. Through this work, they seek to improve their use of technology and data to increase the delivery of tobacco dependence treatment.

Continued support of health systems change is a priority for ClearWay Minnesota. We conducted an environmental scan to assess changes in the environment over the past year to guide our future work, and underwent a planning process to help determine how we could increase capacity on assessing and addressing tobacco among Minnesota health systems. We also continue to build relationships to inform future work and partnerships in this area.

Systems change in public programs

ClearWay Minnesota continued its work with publicly funded programs to integrate tobacco conversations into service delivery. Key activities include continued work with Head Start (e.g., trainings to increase staff comfort to have tobacco conversations with families) and presenting at the Community Action Partnership state conference, which resulted in identification of

additional programs and individuals to work with on systems change in public programs. ClearWay Minnesota will continue these efforts in the upcoming fiscal year, guided by strategic partnerships that have been developed over the past two years of this work.

Halleland Habicht Consulting, L.L.C., has been assisting ClearWay Minnesota in our cessation policy work, and they continued to provide assistance during Fiscal Year 2015. In May of 2015, the Board approved a subsequent contract with Halleland Habicht to continue assisting us through Fiscal Year 2016.

Cessation policy evaluation

In Fiscal Year 2015, ClearWay Minnesota staff and external evaluator Professional Data Analysts, Inc. (PDA), continued using an evaluation framework finalized in 2014 to effectively assess our cessation policy work. PDA prepared a report documenting progress towards our cessation policy goals and summarizing work in this area. ClearWay Minnesota also worked with PDA to create and implement a process evaluation plan for our health systems change grants. The plan will allow us to understand how the work is progressing, to identify lessons learned for other health systems and to judge whether progress made during the grant period is sustained after funding has ended.

Other Initiatives

State and national partnerships

ClearWay Minnesota has been instrumental in forging relationships and partnerships to advance both cessation services and policies. Such partnerships help improve these services and policies for Minnesotans, facilitate coordination and avoid duplication of efforts. Key partnerships include:

- *Call it Quits Collaborative*: The Call it Quits Collaborative is a partnership that includes the major health insurers in Minnesota (Blue Cross and Blue Shield of Minnesota, HealthPartners, Medica, PreferredOne and UCare) and ClearWay Minnesota. The Minnesota Department of Health is an ex officio member. A primary goal of the collaborative is to allow health care providers to have better access to the tobacco quitline services operated by each organization. As a result of the collaborative's work, health care providers can use a single form and fax number to refer patients who use tobacco to quitline support. Quitline services and cessation benefits offered by the insurers have also been strengthened.
- *Minnesota Department of Health*: The Minnesota Department of Health and ClearWay Minnesota collaborate on many activities, including cessation-focused work. ClearWay Minnesota partnered with the Department on a grant proposal to the U.S. Centers for Disease Control and Prevention (CDC) in Fiscal Year 2014, which was funded in Fiscal Year 2015. These funds supported a new outreach initiative targeting Medical Assistance and MinnesotaCare enrollees, informing them that they have cessation coverage through their health insurance. A proposal to continue this work for a second year is under review at CDC. Additionally, as a part of our benefit design work (see

Benefit Design, p. 27), staff have worked with the Department to facilitate implementation of the Affordable Care Act's changes to tobacco cessation coverage.

- *Minnesota Department of Human Services*: ClearWay Minnesota is working with the Minnesota Department of Human Services to identify ways to help address tobacco use among Minnesota Medical Assistance and MinnesotaCare enrollees. In Fiscal Year 2015, this partnership focused on expanding access to cessation services by removing copayments for cessation medications and ensuring clinics are able to be reimbursed for education and counseling services provided by tobacco cessation counselors. (See also *Policy – Statewide Policy Work – Legislative Developments*, pp. 47-51.)
- *Minnesota Department of Commerce*: As a part of our benefit design work (see *Benefit Design*, p. 27), staff members have worked with the Minnesota Department of Commerce to facilitate implementation of the Affordable Care Act's changes to tobacco cessation coverage.
- *North American Quitline Consortium*: The North American Quitline Consortium (NAQC) is a consortium of quitlines across North America that shares information and best practices. ClearWay Minnesota is an active member of NAQC and shares information about QUITPLAN Services with Consortium members on an ongoing basis. The Consortium also serves as a repository of knowledge and best practices, allowing ClearWay Minnesota to continue to learn and improve services.
- *Minnesota Head Start Association*: The Minnesota Head Start Association (MHSA) provides a unified voice for Head Start programs to speak about and act on issues affecting low-income children and families, and works to improve Head Start programs and policies. In July of 2014, the MHSA board approved a partnership with ClearWay Minnesota to begin addressing tobacco with Head Start parents on a regular and systematic basis. Our work with the MHSA and Head Start programs has been part of our systems change in public programs work. (See *Systems Change in Public Programs*, pp. 28-29.)

Dissemination

ClearWay Minnesota Cessation staff actively disseminates research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings. For details, please see *Research – Dissemination*, pp. 32-46.

B. RESEARCH

ClearWay Minnesota funds research that will lead to reduced tobacco use and secondhand smoke exposure in Minnesota. We encourage research that addresses tobacco use in communities most affected by tobacco use and most targeted by tobacco industry marketing. Since inception through June 30, 2015, ClearWay Minnesota has funded \$28.8 million in research program grants and contracts (plus an additional \$6.9 million for evaluation projects).

Research Grants

ClearWay Minnesota awarded \$410,000 in grant funding for four research projects during Fiscal Year 2015. Two grants are to advance knowledge about increasing quitting among adult smokers – one through an exercise intervention, and one through a culturally tailored approach within American Indian health systems. Another grant was for dissemination of previously funded research on legal and policy options for the regulation of menthol tobacco. Finally, one grant will fund a pilot project to test culturally appropriate cessation materials for American Indians through the University of Minnesota's Program in Health Disparities Research.

Specifically, the grants were awarded to:

- The University of Minnesota, for "Exercise to Promote Quit Attempts in Young Adults." This 18-month project, not to exceed \$124,910, will examine whether high-intensity exercise interventions can help young adult smokers make quit attempts. The project will partner with several SNAP Fitness locations in the Twin Cities metro area.
- The American Indian Cancer Foundation, for "American Indian Health Systems Support for Improving Quit Assistance and Quit Rates." This 32-month project, not to exceed \$250,000, will engage American Indian health systems in a culturally tailored intervention to increase quit attempts, effective cessation assistance and quit rates.
- The Public Health Law Center, for a dissemination award to distribute findings from a previously-funded project, "Regulation of Menthol Cigarettes in Minnesota." This 12-month award, not to exceed \$10,000, will allow researchers to share the findings of their project on regulation of menthol cigarettes.
- The University of Minnesota Program in Health Disparities Research, for a 12-month grant, not to exceed \$25,000, to fund a pilot project, "American Indian Response to Targeted Cancer Education and Outreach Materials," testing the impact of references to Native culture in smoking cessation messages directed toward American Indians.

Research Contracts

Minnesota Adult Tobacco Survey (MATS)

The Minnesota Adult Tobacco Survey (MATS) is a statewide telephone-based survey. The survey asks a representative sample of adult Minnesotans about smoking and quitting behaviors, secondhand smoke exposure, and attitudes and beliefs about tobacco. MATS is the most comprehensive tobacco surveillance project conducted in Minnesota, and its findings are used

in program planning and evaluation efforts. MATS is conducted every three to four years, with prior surveys conducted in 1999, 2003, 2007 and 2010. During Fiscal Year 2015, data collection and analysis for MATS were conducted with our partners at the Minnesota Department of Health and our survey vendor, Westat. In addition to standard methods used in prior MATS surveys, the 2014 MATS examined differences across eight regions of the state. Data analysis, report writing and dissemination of findings were finalized in Fiscal Year 2015, with a public release in January of 2015. (See *Dissemination – Surveillance: Minnesota Adult Tobacco Survey [MATS] 2014*, pp. 33-39.)

Since the release, Westat has continued to work with ClearWay Minnesota staff on several projects involving MATS data, including studies on concurrent use of multiple tobacco products, and on disparities in tobacco use over time. (See *Dissemination – Publications*, pp. 39-41.)

Technical assistance

The University of Wisconsin Center for Tobacco Research and Intervention (UW-CTRI) provides technical assistance to research staff and grantees, including:

- Reverse site visits to discuss progress;
- Manuscript review and critique;
- Assistance preparing for conferences or other dissemination efforts; and
- Improving research design and other support as needed.

The UW-CTRI technical assistance team also provides staff with collaboration and dissemination opportunities and reference librarian services as needed. Additionally, UW-CTRI holds weekly seminars on tobacco control and other health topics. Finally, in Fiscal Year 2015, UW-CTRI provided consultation on a number of special projects, including a meeting of ClearWay Minnesota secondhand smoke grantees, a visit to the Mayo Clinic Nicotine Dependence Center, and a symposium on quitline effectiveness at the Society for Research on Nicotine and Tobacco (SRNT) annual conference. (See *Dissemination – Conference Presentations – Society for Research on Nicotine and Tobacco [SRNT] Annual Meeting*, pp. 43-45.)

Dissemination

We place a high priority on translation and dissemination of ClearWay Minnesota-funded research and programs. Consequently, we encourage grantees to explore opportunities to publicize and share findings, and we make dissemination awards for activities that share knowledge and tools resulting from ClearWay Minnesota-funded research. In addition, ClearWay Minnesota staff actively disseminates research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings. Dissemination of this sort has established ClearWay Minnesota as a tobacco control leader, and our findings have advanced knowledge, practices and policies that reduce tobacco's harm.

Surveillance: Minnesota Adult Tobacco Survey (MATS) 2014

The Minnesota Adult Tobacco Survey (MATS) is a large-scale surveillance project that monitors progress in reducing tobacco use among Minnesotans. MATS collects in-depth surveillance data on tobacco use, and cigarettes in particular, in the adult population of Minnesota. MATS is the most comprehensive source of information about smoking prevalence, behaviors, attitudes and beliefs in this population. Additionally, MATS provides a scientific base from which ClearWay Minnesota evaluates many activities and programs.

ClearWay Minnesota, in collaboration with partner organizations, previously conducted four rounds of MATS (in 1999, 2003, 2007 and 2010). Technical reports and fact sheets are available at www.mnadulttobaccosurvey.org.

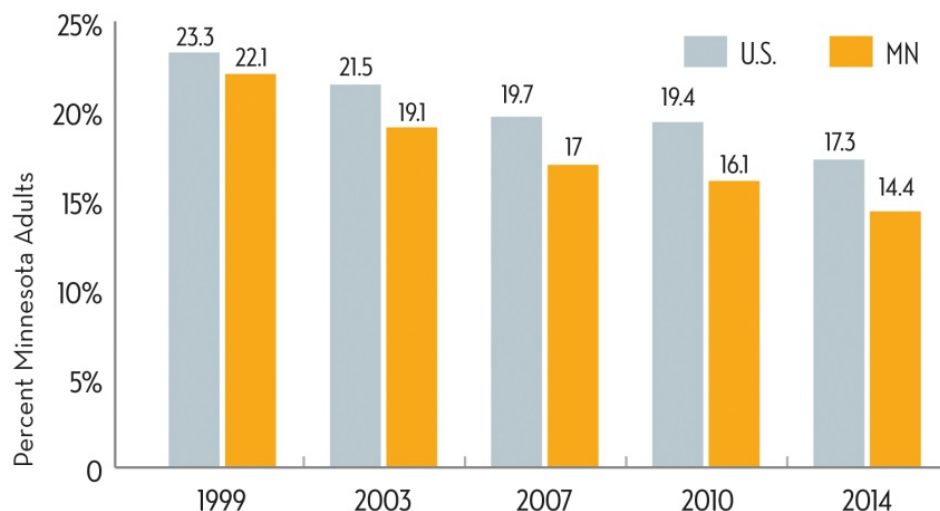
In Fiscal Year 2014, ClearWay Minnesota again took the administrative lead in planning and managing MATS, in partnership with the Minnesota Department of Health. Data collection occurred between March and July of 2014. Results were released in January and shared widely to a variety of audiences.

The 2014 MATS shows that Minnesota is making significant progress in reducing tobacco use. Key findings follow.

Cigarette smoking

The percentage of adult Minnesotans who smoke cigarettes has dropped to 14.4 percent (approximately 580,000 adults), down from 16.1 percent in 2010, and from 22.1 percent when the first MATS was conducted in 1999. The decline from 2010 to 2014 was statistically significant, and Minnesota's smoking rate is lower than the national average.

SMOKING PREVALENCE IN MINNESOTA & NATIONALLY, 1999-2014

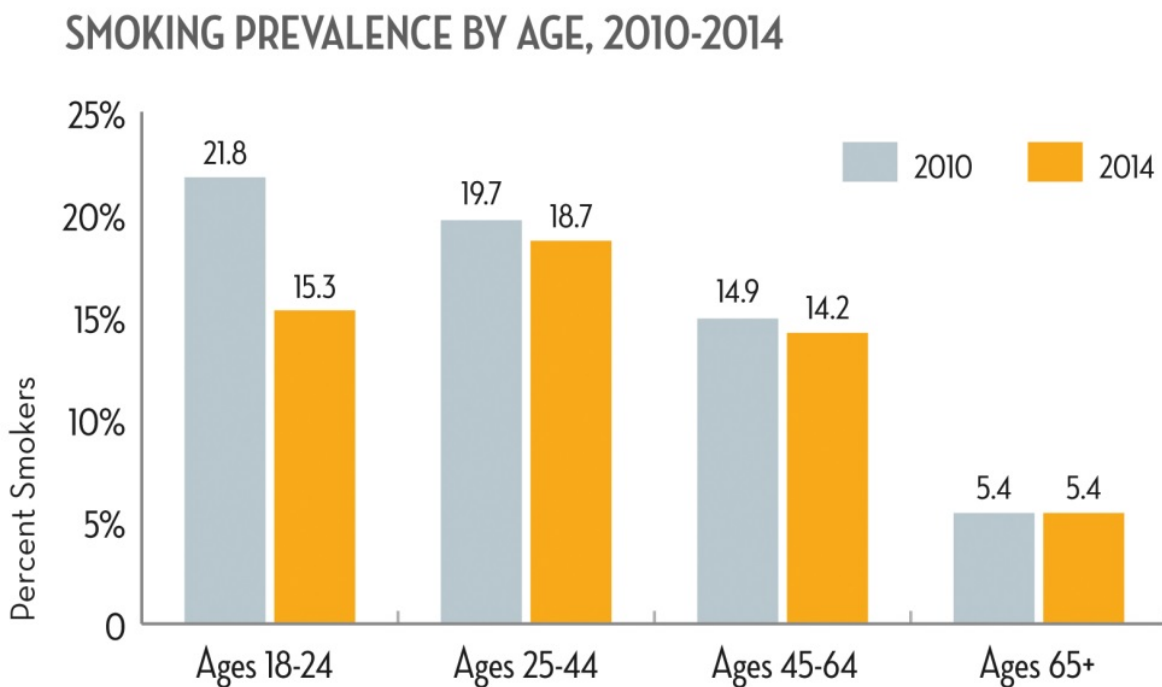


Sources: Minnesota Adult Tobacco Survey and National Health Interview Survey

Minnesota's smoking rate continues to be lower than the national average

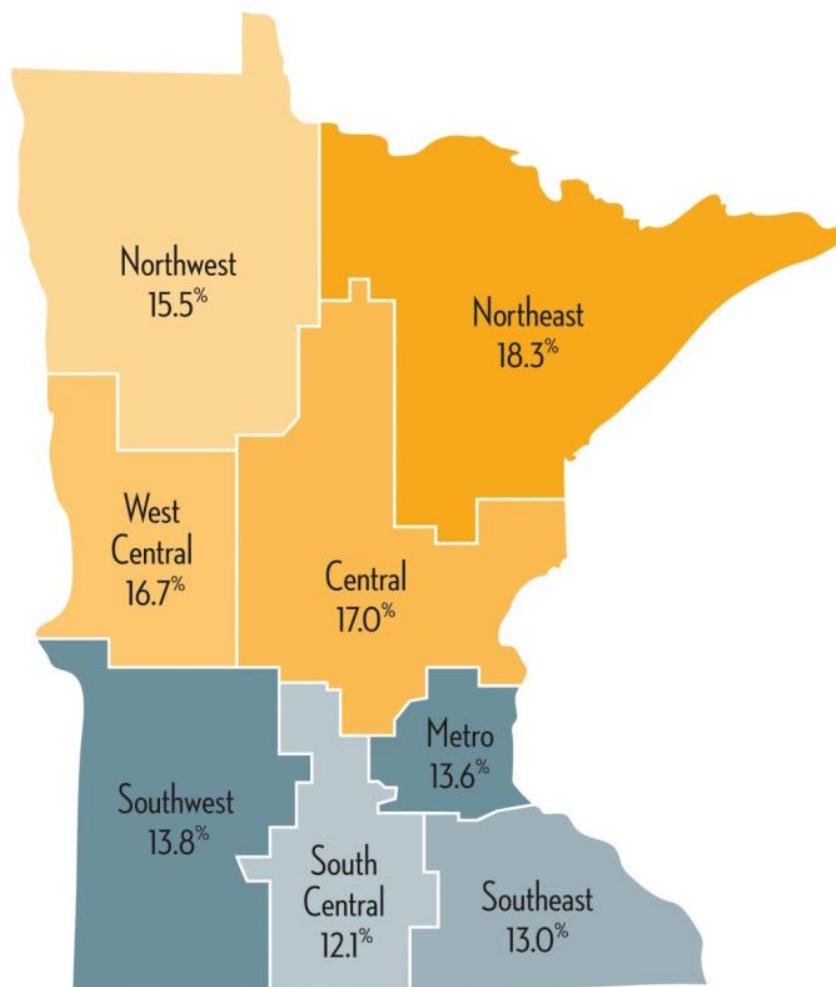
MATS showed adult smokers in Minnesota are more likely to be male, to have completed fewer years of education and to have lower incomes than nonsmokers. Minnesotans with just a high-school education or less have the highest smoking rate (28.6 percent). There was a significant decline in smoking between 2010 (20.0 percent) and 2014 (15.6 percent) among those with some college education. Minnesotans who completed a college education smoke at the lowest levels observed (5.1 percent).

By age, the group with the highest smoking rate is now adults aged 25-44 years. For the first time, young adults (18-24 years old) were not found to have the highest rate. Young adult smoking decreased by 6.4 percentage points in the past four years, from 21.8 percent to 15.3 percent (the only significant decline found in any age group). This drop mirrors a decline in youth smoking (under 18) also found by the Minnesota Department of Health in 2014. (See *Teens and Tobacco in Minnesota: 2014 Update, Executive Summary, Appendix L.*)



For the first time, young adults were not found to have the highest smoking rate

Cigarette smoking in Minnesota varies by region. While the differences are not statistically significant, smoking rates tend to be higher in northern Minnesota and lower in southern Minnesota.



Cigarette smoking in Minnesota varies by region

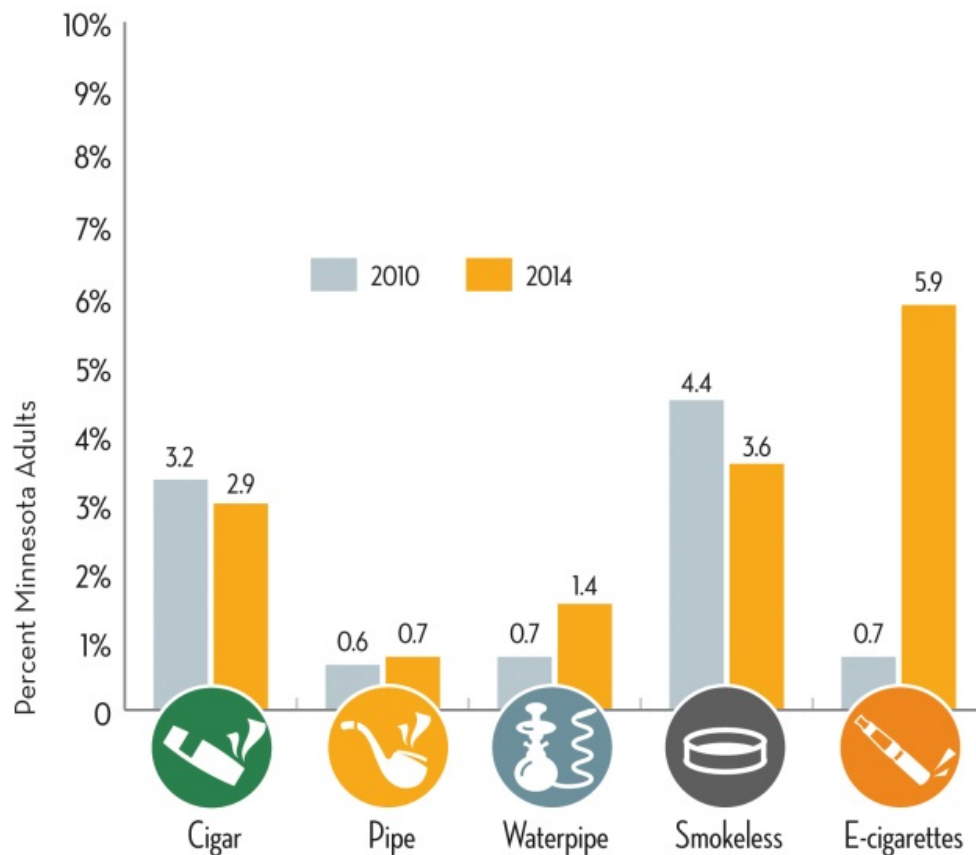
MATS also examined menthol tobacco use. Menthol is a flavoring agent added to cigarettes that gives a cooling sensation and masks the harshness of tobacco smoke. Menthol cigarettes increase smoking initiation among youth and make it harder for smokers to quit. They are also disproportionately marketed to African Americans and other targeted populations.

In Minnesota, 25.1 percent of smokers smoke menthol cigarettes. Women use menthol cigarettes at higher rates than men (29.2 compared to 21.9 percent). Young adults have the highest menthol use rate of any age group (31.6 percent).

Use of other tobacco products

Cigarettes are the most commonly used tobacco product, but MATS also tracks the use of other products such as cigars, pipes, smokeless tobacco and electronic cigarettes (e-cigarettes). Since 2010, there were small changes in the use of most of these products, but the percentage of those who reported using e-cigarettes at least once in the past 30 days increased from 0.7 to 5.9 percent.

USE OF OTHER TOBACCO PRODUCTS IN THE PAST 30 DAYS, 2010-2014



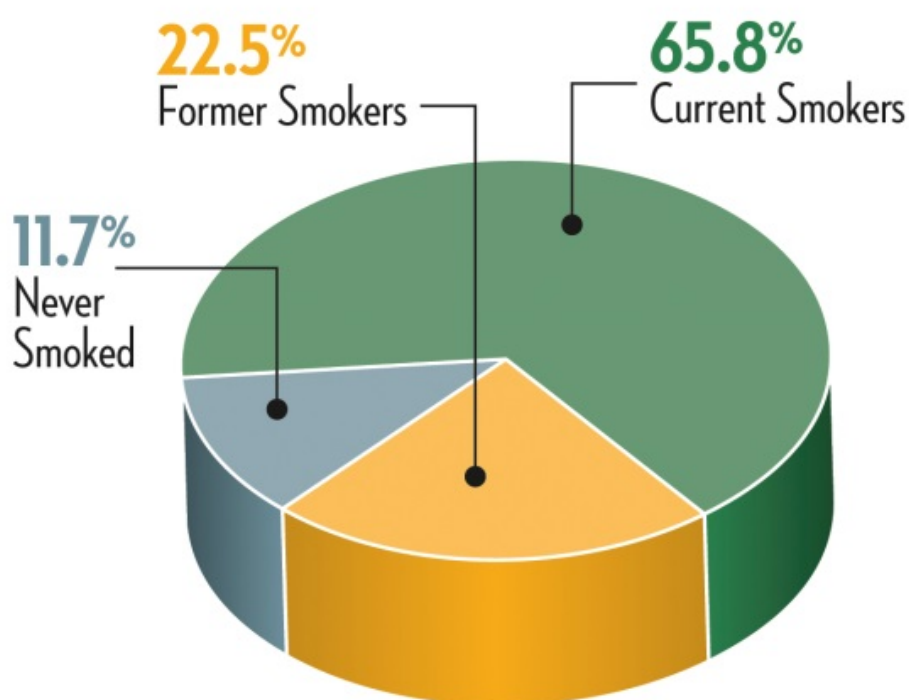
The percentage of Minnesotans who use e-cigarettes has risen significantly

Electronic or e-cigarettes are battery-operated devices containing nicotine, flavors and other chemicals that produce a vapor inhaled by the user. There have been no long-term studies conducted on the health impacts of e-cigarette use. (See also *Policy – Statewide Policy Work – Local Community Grants – Local Grassroots Accomplishments – E-Cigarette Policies*, pp. 54-57.)

MATS found that 17.8 percent of adult Minnesotans have tried an e-cigarette at least once. 78.2 percent of adults who tried them reported doing so out of curiosity. 51.2 percent reported trying them because they thought they were less harmful than other tobacco products, 50.1 percent in an attempt to cut down on other tobacco use and 45.7 percent in an attempt to quit using tobacco.

The percentage of Minnesotans who reported using e-cigarettes at least once in the past 30 days has risen significantly since 2010. Most e-cigarette users also used cigarettes. Two thirds (65.8 percent) of Minnesotans who used e-cigarettes in the past 30 days are current smokers, 22.5 percent are former smokers and 11.7 percent have never smoked. 27.3 percent of current smokers used e-cigarettes in the past 30 days, and 12 percent used them daily.

SMOKING STATUS AMONG THOSE WHO USED E-CIGARETTES AT LEAST ONCE IN THE PAST 30 DAYS



Most e-cigarette users also smoked cigarettes

E-cigarette use in the past 30 days has increased across all age groups since 2010, with 18-24-year-olds having the highest 30-day prevalence (12.8 percent).

Quitting in Minnesota

MATS found most smokers want to quit smoking. In 2014, 53.4 percent of current adult Minnesota smokers (307,000 individuals) stopped smoking for at least one day in an attempt to quit. The percentage of those who successfully quit rose from 12.8 to 15.6 percent since 2010.

Use of scientifically recognized cessation services and products declined significantly since 2010. Use of medications such as nicotine replacement therapy dropped from 46.3 to 28.1 percent. Similarly, use of counseling declined from 20.1 to 9.1 percent. For the first time, smokers were asked about using e-cigarettes in quit attempts. 45.4 percent of smokers who tried to quit used e-cigarettes in their last attempt.

MATS showed that increasing the price of tobacco supports smokers in quitting. In 2013, Minnesota increased the tax on cigarettes by \$1.60 per pack. Smokers reported the increase influenced their smoking, with 60.8 percent thinking about quitting, 48.1 percent cutting down on smoking and 44.2 percent making quit attempts. Of those who successfully quit in the past year, 62.8 percent reported the price increase helped them make a quit attempt, and 62.7 percent reported it helped keep them from smoking again.

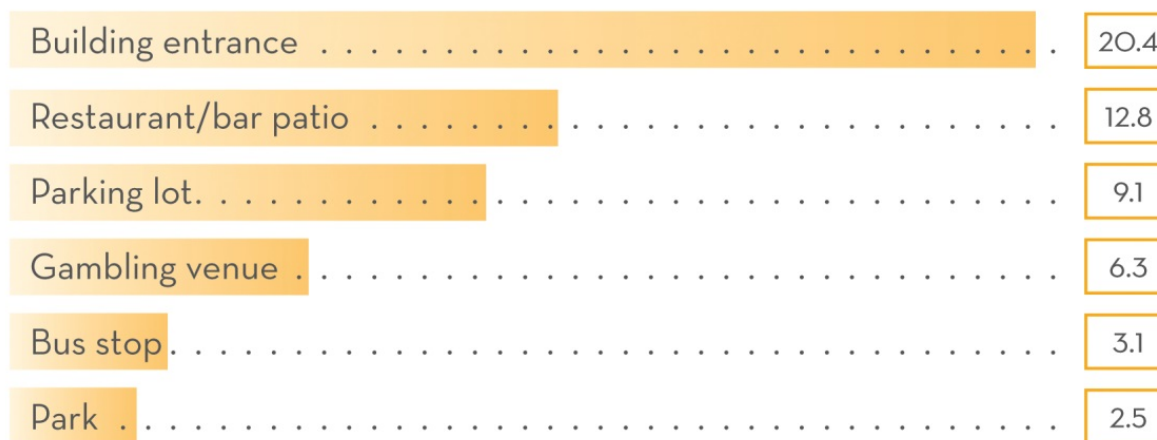
Secondhand smoke exposure

Since all workplaces became smoke-free in 2007, Minnesotans increasingly make their homes smoke-free. The percentage of smoke-free homes increased from 83.2 percent in 2007 to 89.3 percent today. Even 61.4 percent of smokers now make their homes smoke-free (up from 49.6 percent in 2007).

Minnesotans are also making their cars smoke-free, with 77.6 percent reporting that smoking is not allowed in their vehicles. Among smokers, 25.0 percent have smoke-free car rules.

Secondhand smoke exposure varies by setting. Nonsmoking Minnesotans are more often exposed in the community at large (31.7 percent) than in a car (7.6 percent), and least often at home (3.4 percent). Building entrances were where people were most often exposed.

SECONDHAND SMOKE EXPOSURE IN THE PAST SEVEN DAYS AMONG NONSMOKERS IN COMMUNITY SETTINGS



Building entrances are the most common setting for secondhand smoke exposure

MATS 2014 release and dissemination

Findings from the 2014 MATS were released in January of 2015 and shared widely among several stakeholder groups. This information is used by partner organizations for program planning, evaluation and policy efforts. A presentation was shared both in person and via webinar with ClearWay Minnesota's Board of Directors and grantees as well as with partner organizations. ClearWay Minnesota staff also shared MATS 2014 fact sheets and related material at community and legislative visits, with media outlets and on social media. The clippings below illustrate two of the dozens of the media impressions in print, radio and television following the release.

Minnesota tobacco use down

The anti-tobacco work of ClearWay Minnesota in conjunction with other tobacco cessation efforts has had remarkable results in reducing smoking rates among all age groups in Minnesota. It's a record worthy of high praise. It's unambiguous evidence that focused, science-based anti-tobacco campaigns can work.

Numbers released last week by ClearWay show only 14.4 percent of Minnesotans smoke cigarettes, down from 22.1 percent in 1999. The decline through the time period has been steady, and corresponds to increased education and imposition of legal restrictions on smoking in public places. Add new medical research about second-hand smoke, and graphic anti-smoking television advertising, and it appears the multi-faceted message is getting through.

But not to every age cohort.

In ClearWay statistics from 2010 to 2014, smoking hardly dipped at all (1 percent) in the 25-44 year-old group, from 19.7 percent to 18.7 percent. A similar slight improvement was measured in the 45-64 year-old cohort, compared with a huge drop (from 21.8 percent to 15.3 percent) in Minnesotans age

Our View: Smoking decline shows local, state efforts paid off

Story Comments

Print Font Size: + -

Recommend 1 Tweet 0 +1 0 Share 0

Posted: Monday, January 26, 2015 10:25 am

Sometimes what you don't see can make a difference.

When discussing the latest [Minnesota Adult Tobacco Survey](#), Dr. Raymond Boyle, director of Research Programs for ClearWay Minnesota, noted today's young adults grew up without seeing smokers in the workplace, which has led to the study's most surprising result.

MATS received coverage in major news media around the state

Publications

Staff from ClearWay Minnesota's Research Department authored a number of articles on findings from the Minnesota Adult Tobacco Survey (MATS) in peer-reviewed journals.

- "Tobacco Use Among Minnesota Adults, 2014," by Raymond Boyle, Michael Amato, Pete Rode, Ann Kinney and Ann St. Claire, *American Journal of Health Behavior*. This paper shared general findings from MATS.
- "Quitting and Switching: Menthol Smokers' Responses to a Menthol Ban," by Joanne D'Silva, Michael Amato and Raymond Boyle, *Tobacco Regulatory Science*. This paper examined e-cigarette use among menthol smokers and the role of e-cigarettes in response to a proposed ban on menthol cigarettes.
- "How to Define E-Cigarette Prevalence?: Finding Clues in the Frequency Distribution," by Michael Amato, Raymond Boyle and David Levy, *Tobacco Control*. This paper identifies a need to define "regular e-cigarette use" among adults (to differentiate from experimentation).

In addition to the MATS publications described above, ClearWay Minnesota staff, grantees and partners published several other peer-reviewed papers during Fiscal Year 2015.

- “Research Highlight: Enhancing QUITPLAN Services of ClearWay Minnesota,” by Marietta Dreher, Molly Hull and Valeria Esqueda, in *Social Marketing 5: Changing Behaviors for Good*. In this article, ClearWay Minnesota’s formative research with smokers and former smokers was highlighted as a case study.
- “Seizing an Opportunity: Increasing Use of Cessation Services Following a Tobacco Tax Increase,” by Paula Keller, Lija Greenseid, Matthew Christenson, Raymond Boyle and Barbara Schillo, *BMC Public Health*. This paper reported tracked a substantial increase in cessation service enrollments following a cigarette price increase in Minnesota.
- “Facilitators of Health Systems Change for Tobacco Dependence Treatment: A Qualitative Study of Stakeholders’ Perceptions,” by Amanda Jansen, Traci Capesius, Randi Lachter, Lija Greenseid and Paula Keller, *BMC Health Services Research*. This evaluation study demonstrated that health systems can make changes to achieve routine treatment of tobacco dependence in a relatively short timeframe.
- “Building an Organizational Culture That Supports Philanthropy in Indian Country: A Funder’s Story,” by Adam Kintopf, Nicole Toves Villaluz, Jaime Martínez, Barbara Schillo and Y. Elaine Rasmussen, *Foundation Review*. This paper discussed a project to educate nonprofit personnel about conducting philanthropic work in Indian Country, using commercial tobacco control as an example.
- “Higher Price, Fewer Packs: Evaluating a Tobacco Tax Increase With Cigarette Sales Data,” by Michael Amato, Raymond Boyle and Betsy Brock, *American Journal of Public Health*. This policy brief provides evidence that, despite reduced prevalence and increased tobacco control efforts, tax increases remain an effective tobacco control strategy.
- “Tobacco Product Prices Before and After a Statewide Tobacco Tax Increase,” by Betsy Brock, Kelvin Choi, Raymond Boyle, Molly Moilanen and Barbara Schillo, *Tobacco Control*. This study found evidence suggesting the tobacco industry over-shifted prices to consumers in the face of a cigarette tax increase.
- “Tobacco Industry Marketing: An Analysis of Direct Mail Coupons and Giveaways,” by Betsy Brock, Barbara Schillo and Molly Moilanen, in *Tobacco Control*. This observational study investigated direct marketing by the tobacco industry in response to registrations on websites.
- “The Effect of Survey Non-Response on Quitline Abstinence Rates: Implications for Practice,” by Rebecca Lien, Barbara Schillo, Cynthia Goto and Lauren Porter, *Nicotine & Tobacco Research*. This study, led by our partners at Professional Data Analysts, concluded that to increase accuracy of quit rates, quitlines should focus on increasing survey response rates, and provided suggestions for improving those rates.

- “A Comparison of Two Methods for Assessing Awareness of Anti-Tobacco Television Advertisements,” by Michael Luxenberg, Lija Greenheid, Andrea Mowery, Marietta Dreher, Lindsay Larsen and Barbara Schillo, *Tobacco Control*. This study found that methodology can distort evaluation of media campaigns.

Conference presentations

ClearWay Minnesota staff members, grantees and contractors also gave several presentations at conferences and other events that shared findings from ClearWay Minnesota-funded research projects.

American Evaluation Association Annual Conference

Contractor Dr. Linda Bosma presented evaluation findings from the third LAAMPP Institute at the 28th Annual Conference of the American Evaluation Association in Denver (October 2014). The LAAMPP Institute is a culturally tailored program that trains and mobilizes leaders from Minnesota diverse communities for tobacco control interventions and policies. (See *Community Development – Community Development Contracts – Leadership and Advocacy Institute to Advance Minnesota’s Parity for Priority Populations [LAAMPP] – Findings From the LAAMPP [III] Evaluation*, pp. 70-72.)

American Public Health Association (APHA) Annual Meeting

ClearWay Minnesota staff, grantees, partners and LAAMPP Fellows attended the 142nd Annual Meeting of the American Public Health Association (APHA), which took place in November of 2014 in New Orleans. APHA is focused on sharing the latest research, promoting best practices and advocating for public health issues. The event also included a rally to support New Orleans’s smoke-free ordinance, which passed earlier in the year.



At the meeting, ClearWay Minnesota Senior Research Program Manager Joanne D’Silva presented a talk titled “Waiting for the Other Shoe to Drop: Implications of FDA (In)Action on Menthol Cigarettes,” which highlighted the potential for regulatory action on menthol tobacco to save lives.

Research grantee Mike Freiberg, J.D., of the Public Health Law Center presented on policy approaches state and local governments could adopt to address menthol tobacco.

In addition, Brandie Buckless of the American Indian Cancer Foundation presented on using systems change to address commercial tobacco dependence. Her presentation highlighted findings from a research project that assessed the feasibility of a specific cessation model in Minnesota's tribal health systems.

LAAMPP Fellow e. shor presented "Minnesota Transgender Health Coalition Needs Assessment: An Example of Community-Based Research." This presentation highlighted barriers for transgender people in Minnesota to obtain culturally competent health care services.

LAAMPP Alumni Jennifer S. Irving and Isaiah Brokenleg presented on a panel titled "Priorities, Practice and Partnerships – Lessons in Tribal Environmental Public Health." This presentation highlighted public and environmental health challenges in tribal communities and discussed strategies for solutions.



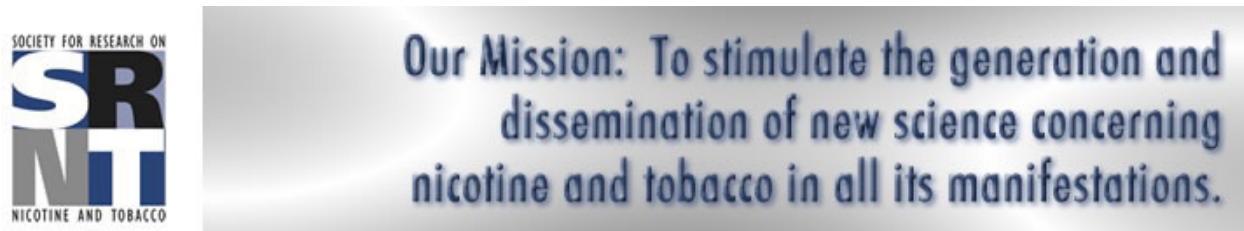
***LAAMPP Alumni Jennifer S. Irving and Isaiah Brokenleg
at the Annual Meeting of the American Public Health Association***

LAAMPP Evaluator Dr. Linda Bosma facilitated a panel with ClearWay Minnesota Senior Community Development Senior Manager Nicole Toves Villaluz, LAAMPP organizer Rod Lew and others on "Investing in Health Equity to Reduce Health Disparities." Mr. Lew discussed the LAAMPP institute and its policy-focused approach to creating change in communities. Ms.

Villaluz presented historical context on American Indians’ “two tobacco ways” – sacred tobacco use vs. commercial tobacco abuse – and discussed ongoing tribal tobacco control work.

Dr. Bosma and Mr. Lew also presented “Engaging Priority Populations in Tobacco Control Advocacy and Policy: The LAAMPP Experience.” They highlighted the need for leadership development opportunities for diverse communities and shared evaluation outcomes from LAAMPP.

(For more information about LAAMPP, see *Community Development – Community Development Contracts – Leadership and Advocacy Institute to Advance Minnesota’s Parity for Priority Populations* [LAAMPP], pp. 70-72.)



Society for Research on Nicotine and Tobacco (SRNT) Annual Meeting

Several staff, grantees and partners attended the 21st Annual Meeting of the Society for Research on Nicotine and Tobacco (SRNT) in Philadelphia (February 2015). The conference provided opportunities to learn about cutting-edge tobacco science and policy research.

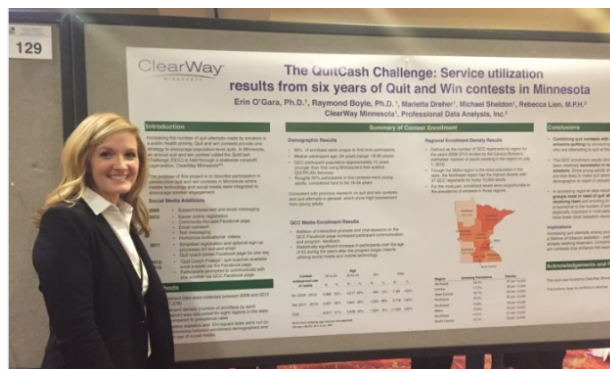
Our Director of Research Dr. Raymond Boyle chaired a symposium titled “Innovative Strategies to Increase the Reach of Quitlines,” which featured ClearWay Minnesota grantees and partners. The symposium highlighted research projects, some funded by ClearWay Minnesota, that tested ways to reach smokers for cessation assistance in telephone helplines.

A paper was also presented by Senior Research Program Manager Joanne D’Silva and Senior Community Development Program Manager Nicole Toves Villaluz. The presentation, “How is Sovereignty Used in Commercial Tobacco Control on Tribal Lands?”, focused on how the commercial tobacco industry exploits Native people, and called for innovations to combat this.

Additionally, ClearWay Minnesota staff, grantees and partners presented posters, including:

Authors	Poster Title
Paula Keller, Rebecca Lien, Marietta Dreher, Matt Christensen, Barbara Schillo	If You Build It, Will They Come?: Initial Impact of Expanding QUITPLAN® Services
Erin O’Gara, Raymond Boyle, Marietta Dreher, Mike Sheldon, Rebecca Lien	The QuitCash Challenge™: Service Utilization Results from Six Years of Quit-and-Win Contests in Minnesota
Michael Amato, Raymond Boyle, Kelvin Choi	Changes in Cigarette Sales and Industry Pricing Strategies After a Cigarette Tax Increase: Evidence From Nielsen Scantrack Data

Anne Betzner, Michael Amato, Melissa Haynes, Ann St. Claire, Raymond Boyle	Perceptions of Secondhand Smoke Risk and Restrictions: Challenges and Opportunities for New Policies
Melissa Haynes, Anne Betzner, Ann St. Claire, Raymond Boyle, Michael Amato	Measurement of Secondhand Smoke Exposure Using Self-Report Survey Methods: Complexities, Challenges and Recommendations



ClearWay MinnesotaSM staff presented posters at the Society for Research on Nicotine and Tobacco Annual Meeting

Finally, Senior Research Program Manager Joanne D'Silva was acknowledged for her recent service as co-chair of the Tobacco-Related Health Disparities Network by the SRNT Board of Directors.



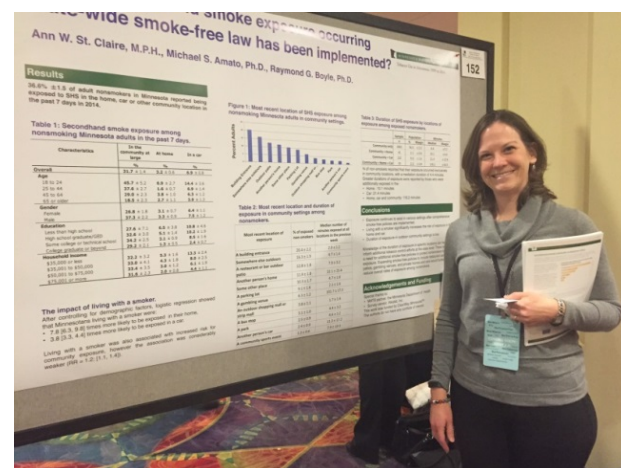
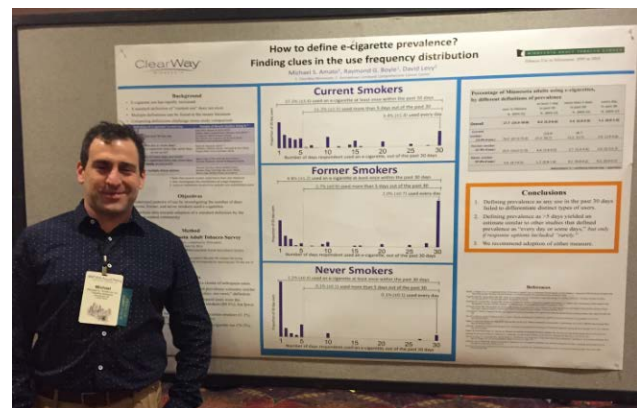
Senior Research Program Manager Joanne D'Silva

ClearWay Minnesota staff also presented posters sharing findings from the Minnesota Adult Tobacco Survey (MATS) at the SRNT Annual Meeting. (See *Surveillance: Minnesota Adult Tobacco Survey [MATS] 2014*, pp. 33-39.)

Authors	Poster Title
Ann St. Claire, Raymond Boyle, Michael Amato	Secondhand Smoke Exposure: Where is it Occurring and What Can Be Done After Statewide Smoke-Free Law Implementation?
Joanne D'Silva, Michael Amato, Raymond Boyle	Menthol-Flavored Cigarettes and E-Cigarettes: Where Do They Intersect?
Michael Amato, Raymond Boyle, David Levy	How to Define E-Cigarette Prevalence: Finding Clues in the Use Frequency Distribution
Eva Sharma, Erin O'Gara, Kristie Taylor, Ann Kinney, Peter Rode, Ann St. Claire, Raymond Boyle	Poly Tobacco Use Among Minnesota Adults
Kristie Taylor, Troy Agnew, Michael Amato, Ann Kinney, Peter Rode, Ann St. Claire, Raymond Boyle	Minnesota Adult Cigarette Smokers' Reactions to a Tax Increase

Other presentations

ClearWay Minnesota staff members, grantees and contractors presented at a number of other conferences throughout the year, including a meeting of the U.S. Centers for Disease Control and Prevention (CDC) regarding their *Tips From Former Smokers* advertising campaign, the National Conference on Health Communication, Marketing and Media, the 20th anniversary conference of Asian Pacific Partners for Empowerment, Advocacy and Leadership, the 2015 Health Care Homes Minnesota Accountable Health and State Innovation Models Learning Days Conference, a webinar on Tobacco Cessation and Private Insurance under the Affordable Care Act, webinars and meetings on e-cigarette taxation, and meetings with Blue Cross and Blue Shield of Minnesota and the University of Minnesota School of Public Health.



ClearWay MinnesotaSM staff and their posters

Public Health Law Center Menthol Toolkit

ClearWay Minnesota grantee the Public Health Law Center at the William Mitchell College of Law has created a toolkit focused on menthol tobacco products. A collection of resources produced by investigators Mike Freiberg, J.D., and Kerry Cork, J.D., the toolkit includes informational guides for state and local advocates on policy options to reduce the impact of menthol tobacco use in their communities. The toolkit has received national attention and is becoming a valuable resource in local tobacco control efforts to restrict the sale and consumption of menthol cigarettes. The toolkit and additional information on this topic can be found at Public Health Law Center's website:

<http://www.publichealthlawcenter.org/topics/special-collections/menthol-toolkit>

C. POLICY

Research shows public policies that reduce secondhand smoke exposure and make tobacco products less accessible work with quit-smoking services to reduce tobacco's harm to the public.

In compliance with the Court Order of February 25, 2003, approving ClearWay Minnesota's New Comprehensive Plans for Governance and Individual Smoking Cessation Activities, ClearWay Minnesota spends at least as much on individual cessation as on environmental approaches that reduce tobacco's harm, such as policy change. As long as parity between individual cessation and environmental programs is maintained, the Court permits the ClearWay Minnesota Board of Directors to approve work supporting the creation, implementation and defense of public policies to reduce tobacco's harm. From inception, ClearWay Minnesota has awarded \$41 million to programs supporting individual-level cessation and \$22.2 million to environmentally based programs. In addition, \$9.8 million has been spent on surveillance/assessment programs, \$9.1 million on capacity-building programs and \$1 million on other programs.

Statewide Policy Work

Legislative developments

During the 2015 Legislative Session, ClearWay Minnesota focused on defending the historic tobacco tax increase passed in 2013, continuing to advocate for the inclusion of e-cigarettes in the Freedom to Breathe Act and starting a conversation about reducing the harms created by menthol and other flavored tobacco products.

With Blue Cross and Blue Shield of Minnesota, we again led Raise it for Health, a coalition of more than 30 organizations including the American Cancer Society – Cancer Action Network, the American Heart Association, the American Lung Association, the Minnesota Medical Association and Mayo Clinic. The coalition came together around the goal of increasing and maintaining high tobacco prices – one of the most effective ways to help current tobacco users quit and to prevent youth from starting.



Reduce Tobacco's Harm in Minnesota

In 2013, the coalition had successfully lobbied for passage of a significant tobacco tax increase. This year, we focused on keeping the price of tobacco high and opposing any efforts to roll back or weaken the tax. Fortunately, no significant attempts to roll back the legislation occurred, and legislators were further educated about the importance of keeping our state's tobacco prices high.

A number of other tobacco-related proposals made it through the legislative process this year that will benefit health in Minnesota in various ways, including:

- Funding work to address the harms of menthol-flavored tobacco among African Americans, a demographic group disproportionately harmed by tobacco (\$200,000);
- Fully funding the Statewide Health Improvement Program (SHIP), an initiative that funds local units of government to conduct work around tobacco, obesity and other health issues (\$35 million);
- Continuing to fund the state's tobacco prevention efforts at current levels (\$6.4 million);
- Ensuring that Minnesota's health care quality measurement system takes into account data on race, ethnicity, preferred language, country of origin and other patient characteristics; and
- Removing copays for preventive services (including tobacco cessation interventions) available to Medical Assistance and MinnesotaCare enrollees. (See also *Cessation – Cessation Policy – State and National Partnerships*, pp. 29-30.)

The session was also notable for the proposals that did not make it through the legislative process. Bills were introduced that would have amounted to \$80 million in tax breaks for the tobacco industry. One bill introduced during session, House File 1544, sought to reduce the maximum tax on premium cigars from \$3.50 to just 50 cents. If the bill had passed, it would have lowered the tax on cigars by as much as 85 percent in Minnesota.



Advocates argued against a tax break for cigars this year

Other proposals would have changed taxation for e-cigarettes in ways that benefit tobacco companies, repealed an annual cigarette tax increase and used state funds to pay tobacco merchants for complying with tax laws. The Minnesota State Legislature was not able to reach consensus and pass a tax bill in 2015, so none of these potential tobacco industry tax breaks passed into law.

Minnesotans from around the state helped achieve these outcomes. Grassroots advocates organized hundreds of citizens to visit lawmakers at the Capitol in April. Doctors, health experts, members of diverse communities and other citizens gave testimony about the importance of making tobacco prevention a public policy priority. And the Raise it for Health coalition, a group of leading health organizations, helped to keep attention on the bills that needed it most.

Policy Champions

This year, the Association for Nonsmokers – Minnesota was awarded a new contract to help coordinate the Policy Champions project. This project provides alumni from the Leadership and Advocacy Institute to Advance Minnesota’s Parity for Priority Populations (LAAMPP) program with an opportunity to apply their knowledge, networks, skills and experiences to ClearWay Minnesota’s state and local



tobacco control policy campaigns. (See *Community Development – Community Development Contracts – Leadership and Advocacy Institute to Advance Minnesota’s Parity for Priority Populations* [LAAMPP], pp. 70-72.) Policy Champions are compensated for their work up to \$5,000 per year.

Policy Champions and Association for Nonsmokers staff

In Fiscal Year 2015, eight Policy Champions were selected, and they contributed to all of ClearWay Minnesota’s policy priorities, including defending and maintaining high tobacco prices, securing state funding to address menthol tobacco use in the African American community, restricting access to flavored tobacco products and including electronic cigarettes in clean indoor air policies. In Fiscal Year 2015, Policy Champions:

- Provided testimony at five public hearings;
- Met with 25 elected officials;
- Sent 180 letters to elected officials;
- Submitted 10 letters to the editor;
- Organized and presented at many community outreach events; and
- Participated in 12 training events.

Day at the Capitol

On April 29, 2015, ClearWay Minnesota hosted an advocacy Day at the Capitol for our local policy grantees and their networks as well as other advocates.



Minnesotans at Day at the Capitol 2015

Nearly 300 participants, many of them youth, traveled from around the state to meet with lawmakers and receive advocacy training. Participants met with their lawmakers and asked them to support:

- Maintaining high prices for tobacco products;
- Including e-cigarettes in the Freedom to Breathe Act; and
- Restricting the sale of kid-friendly flavored tobacco products.

Attendees also heard inspirational words from lawmakers at a morning rally.



Rep. Rena Moran (St. Paul), author of a bill to address menthol tobacco use, talks to advocates at Day at the Capitol

We used this event to leverage earned and social media. Participants wrote letters to the editor while at the Capitol, and after the event, ClearWay Minnesota sent out locally tailored press releases to newspapers around the state detailing meetings attendees had with their legislators. We also experienced the largest following of our event on social media to date.



Lilia Fremling @lilia_fremling · Apr 29

Tobacco cost my grandfather a lung and his life lost my papa Proof that tobacco effects more than just those who use it. #ClearWayDAC



Southside Coalition @DrugfreeMpls · Apr 29

Thanks Rep. Hornstein for meeting with us and for your continued work to protect our youth from tobacco! #ClearWayDAC



jeff hayden @jeffreyhayden · Apr 29

Great to see some young advocates who are here to make sure we keep MN healthy and stop smoking. #mnleg #ClearWayDAC

Our Day at the Capitol hashtag trended for much of the day on Twitter

Public Affairs Contracts

In Fiscal Year 2015, ClearWay Minnesota's Public Affairs Department contracted with the following vendors:

- Lockridge Grindal Nauen, P.L.L.P., for government relations services;
- Himle Rapp & Company for public affairs services;
- Cision (formerly Vocus) for media tracking and analysis; and
- The Association for Nonsmokers Minnesota for tracking and analyzing tobacco companies' marketing tactics and for coordinating the LAAMPP Alumni Policy Champions project.

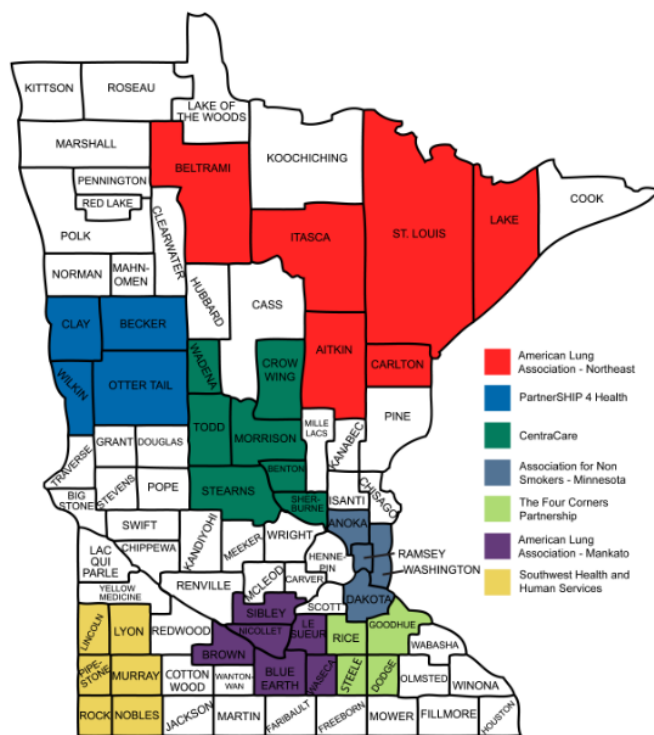
In Fiscal Year 2015, the Public Affairs Department completed a competitive bid process for coordination of the LAAMPP Alumni Policy Champions project. The Association for Nonsmokers – Minnesota was awarded the contract in November of 2014. (See *Statewide Policy Work – Legislative Developments – Policy Champions*, p. 49.) In compliance with ClearWay Minnesota's long-term contracting policies, the Public Affairs Department also facilitated a competitive bid process for its government relations vendor. In May 2015, five firms were invited to respond to the Request for Qualifications and in July 2015 (Fiscal Year 2016), the Board of Directors approved a new contract with Lockridge Grindal Nauen, P.L.L.P., which began on August 1, 2015. Finally, the Public Affairs Department also assessed our media tracking and analysis

vendor and decided to use a new vendor, CustomScoop, starting at the beginning of Fiscal Year 2016. (See *Communications and Outreach – Community Outreach – Media Analysis*, pp. 87-88.)

Local Community Grants

ClearWay Minnesota funds local efforts to organize public support around tobacco control policies and related issues. This year, seven grantees completed their second year of funding under Request for Proposals (RFP) PA-2012-01:

- The Greater Mankato chapter of the American Lung Association in Minnesota;
- The Northeast chapter of the American Lung Association in Minnesota;
- The Association for Nonsmokers – Minnesota (covering the City of Minneapolis and the metro area);
- CentraCare Health Foundation (organizing the Crave the Change initiative);
- Clay-Wilkin Community Health Board (organizing PartnerSHIP 4 Health);
- Goodhue County (organizing the 4 Corners Partnership); and
- Southwest Health and Human Services (organizing the Southwest Community Health Improvement Program).



Policy deliverables included:

- Establishing, expanding and mobilizing local coalitions of grassroots advocates through community outreach and organizing;
- Educating the public about tobacco cessation, QUITPLAN Services and public policy and research aligned with ClearWay Minnesota's Strategic Plan; and
- Supporting statewide initiatives to reduce the harm of flavored tobacco products.

In addition, the grantees selected optional policy advocacy deliverables to pursue, including:

- Increasing the availability of smoke-free multi-unit housing;
- Establishing tobacco-free college campuses;
- Passing smoke-free policies in foster homes and daycares;
- Updating and strengthening local tobacco ordinances;

- Creating tobacco-free grounds policies at workplaces and healthcare facilities; and
- Addressing tobacco advertising and promotions in retail environments.

During Fiscal Year 2015, local policy grantees helped advance policies that reduce tobacco's harm at both the state and local level.

Local grassroots accomplishments

Strengthening local tobacco policy in the city of Bloomington

Nearly a decade ago, the city of Bloomington prohibited smoking in all workplaces, including bars and restaurants, a full two years before Minnesota passed the Freedom to Breathe Act at the state level. This year, Bloomington showed it is still a health leader by passing two important policies to decrease the visibility and accessibility of tobacco products, particularly for youth.

In November of 2014, the City Council voted to:

- Set a minimum price for single cigars at \$2.60 each, unless sold in packs of five or more; and
- Prohibit e-cigarette use anywhere conventional smoking is already banned as well as in e-cigarette retail shops.

Single or "little" cigars are often sold in kid-friendly flavors like strawberry and grape, and research shows that flavored tobacco products appeal to children and teens. Single cigars are typically sold for much less than cigarettes – sometimes as little as 99 cents for three cigars, making them cheaper than most types of candy. Setting a minimum price for these products will help make them less affordable and appealing to youth.



Cheap, sweet-flavored "little" cigars

Our local policy grantee, the Association for Nonsmokers – MN, worked with the city to set a minimum price of \$2.60 for a single cigar, and to ensure that as pack sizes increase, so does the price.

Bloomington was not the first city in Minnesota to set a minimum price for cigars, but they were the first to set the price at \$2.60. We expect the dramatic increase in price to make these products less enticing and affordable to young people.

Bloomington Passes Ordinance To Ban E-Cigs In Indoor Public Spaces

November 18, 2014 1:29 PM

9

View Comments



(credit: CBS)

Related Tags: [Bloomington](#), [E-cigarettes](#), [E-Cigs](#), [Indoor Public Places](#), [Minnesota](#), [Ordinance](#), [Passed](#)

MINNEAPOLIS (WCCO) — With the increasing popularity of e-cigarettes, many cities are taking action to ban the use of them in certain places.

E-cigarettes remained the focus of media attention in 2015

E-cigarette policies

E-cigarettes are electronic devices that deliver nicotine and flavors into the body through an inhaled aerosol. ClearWay Minnesota's view of e-cigarettes, like that of the U.S. Surgeon General and the U.S. Centers for Disease Control and Prevention (CDC), is scientifically conservative. E-cigarette aerosol has lower levels of toxins than conventional cigarette smoke, but it does contain nicotine, heavy metals, formaldehyde and other carcinogens. There is not yet a body of evidence proving e-cigarettes are safe to use or effective at helping people quit combustible tobacco. As of this writing, the U.S. Food & Drug Administration (FDA), which reviews and approves medications and regulates tobacco products including e-cigarettes, has not endorsed them as safe or approved them as aids for smoking cessation.

There is also concern about the relationships between cigarette smoking, youth tobacco initiation and e-cigarette use. In Minnesota, most people who use e-cigarettes also smoke. We know that people are often using them in attempts to quit smoking, but it is unclear whether e-cigarettes are sustaining ongoing tobacco use or initiating new users. E-cigarette marketing appeals to kids, and youth experimentation and use in Minnesota and around the country have risen dramatically in recent years. Most e-cigarettes contain nicotine, which is addictive and harmful to adolescent brain development. Kids and teens should not be trying e-cigarettes or using them regularly.

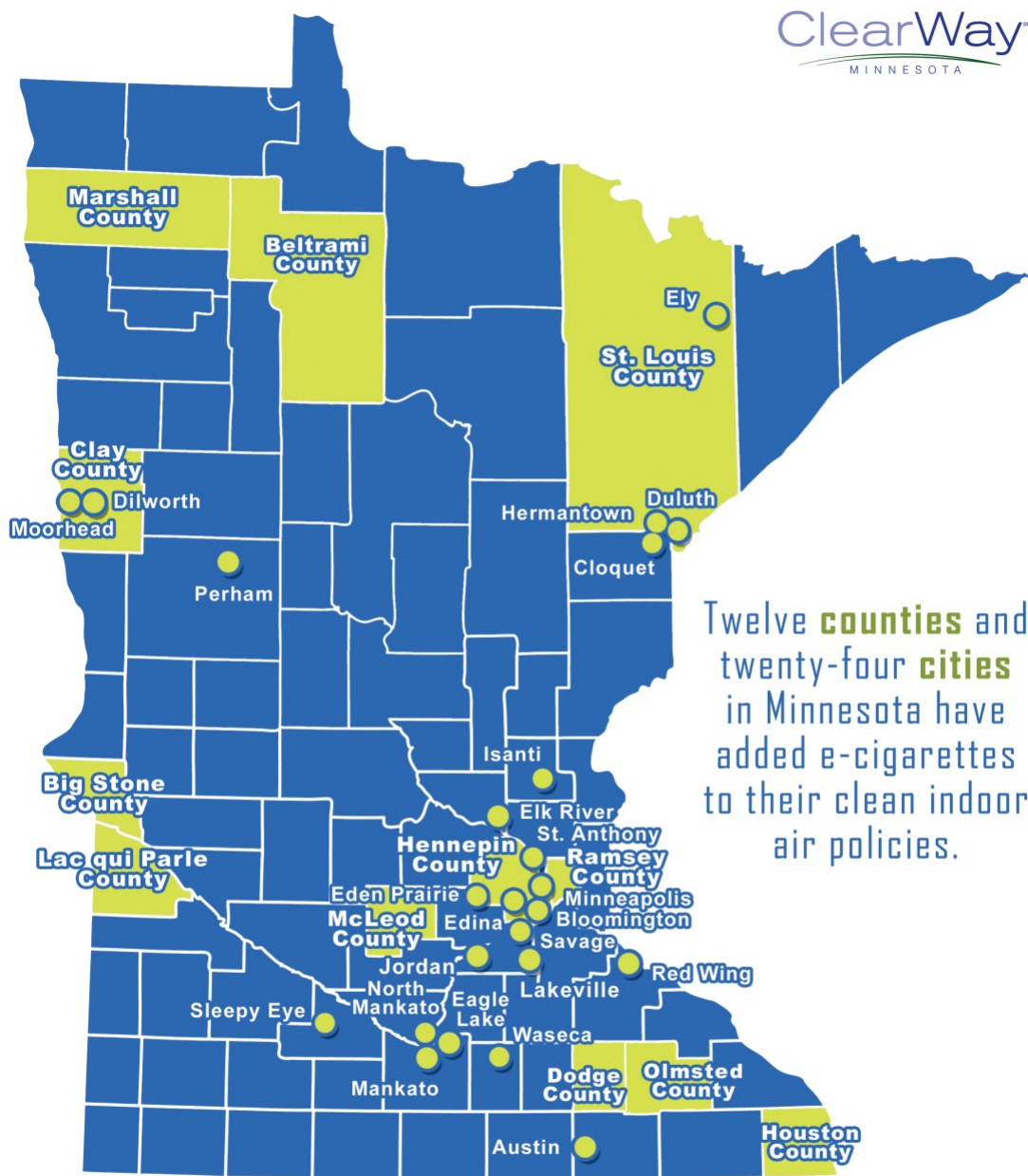
Minnesota classifies e-cigarettes as tobacco products, and ClearWay Minnesota supports including e-cigarettes in smoke- and tobacco-free policies. Regardless of how they are being used, e-cigarettes do not belong in indoor public spaces. A scientific review found they contribute to indoor air pollution and should be included in existing smoke-free policies. Keeping them out of public places does not prevent any smoker from using them as part of a quit attempt, but it does prevent bystanders from being exposed to the chemicals in their aerosol, and also prevents kids from seeing e-cigarette use modeled in public settings.



Minnesota classifies e-cigarettes as tobacco products

Minnesota does not currently include e-cigarettes in its statewide smoke-free law. This year, a proposal was once again introduced in the State Legislature to do so, but no action was taken on it. At the local level, however, advocates are working to make sure e-cigarette use is prohibited in local jurisdictions. By the end of Fiscal Year 2015, 26 Minnesota communities had included e-cigarettes in their clean indoor air policies. Since then, the number has grown even

more, and as of this writing, 12 counties and 24 cities have adopted such policies, protecting 46 percent of Minnesotans.



Twelve **counties** and twenty-four **cities** in Minnesota have added e-cigarettes to their clean indoor air policies.

Currently, 46% of Minnesotans are covered by clean indoor air policies that include e-cigarettes.

Updated 11/10/2015

Many Minnesota communities have added e-cigarettes to their tobacco policies

ClearWay Minnesota will continue to support local efforts to protect Minnesotans from e-cigarette use and to build momentum towards a statewide policy. Additionally, ClearWay Minnesota will support local communities in making additional updates to their tobacco ordinances as they address e-cigarettes, such as capping tobacco license numbers, limiting tobacco retailer proximity to schools and other youth-frequented areas, and raising the minimum age to sell tobacco to 18.



Success in Minneapolis!

Minneapolis unanimously passes ordinance prohibiting the use of electronic cigarettes in indoor public spaces.



Minneapolis City Council Members with advocates following passage of the city's strong e-cigarette policy

Evaluation of local policy grants

At the beginning of each year of funding, grantees are required to submit objectives and to track and report progress toward achieving targets on a quarterly basis. Our staff reviews and approves all objectives and provides tracking and feedback in response to the quarterly reports.

Additionally, each quarter, grantees are required to submit reports on their progress toward measurable outcomes in the areas of public education, coalition building and policy advocacy. In Fiscal Year 2015, the local policy grantees accomplished the following:

- Published 250 pieces of earned media;
- Placed 22 pieces of paid media;
- Made 109 public presentations about tobacco's harm, QUITPLAN Services and tobacco policies;
- Participated in 100 community events;
- Conducted 265 activities that reached out to elected officials; and
- Passed 45 local policies that reduce exposure to secondhand smoke and decrease tobacco use.

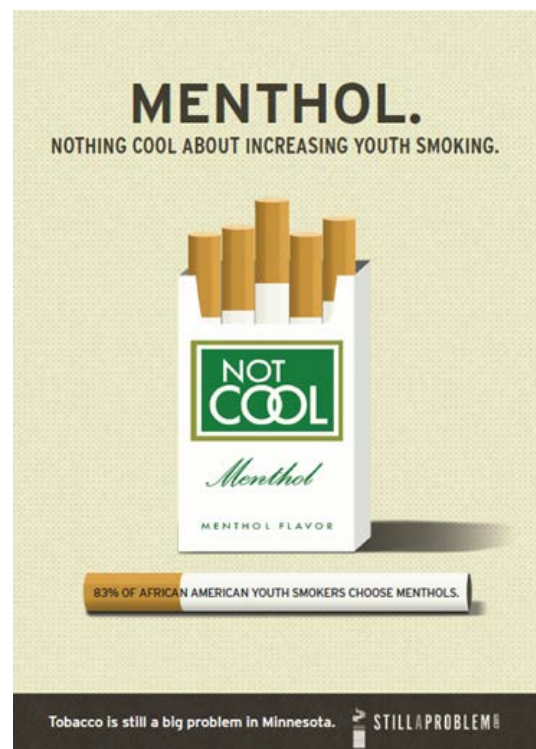
We will continue to track the progress of local policy grantees and report their outcomes annually.

Menthol community conversations

This year ClearWay Minnesota began educating legislators, partners and the public about the harm of menthol and other flavored tobacco products.

The chemical menthol when added to tobacco gives an anesthetic effect that makes cigarettes easier to smoke. Adding menthol to cigarettes also makes it harder for smokers to quit. The tobacco industry targets menthol products to youth and other priority populations – especially African Americans, who smoke menthol cigarettes at much higher rates and are more likely to suffer and die from smoking-related diseases.

To raise awareness of this issue, ClearWay Minnesota cohosted a series of community conversations in the metro area about the history and harms of menthol cigarettes. Three national leaders and founders of the African American Tobacco Control Leadership Council (AATCLC), Dr. Phil Gardiner, Carol McGruder and Dr. Valerie Yerger, joined us to help educate and



engage elected officials and grassroots advocates in this important work. In conjunction with our outreach efforts, we released two new videos: One is a [primer on the issue of menthol](#), and one highlights the collaboration, participation and energy surrounding the menthol [community conversations](#).

In addition, ClearWay Minnesota and our community partners worked with legislators to pass a one-time appropriation of \$200,000 aimed at addressing the high use of menthol cigarettes among African Americans in Minnesota. (See *Statewide Policy Work – Legislative Developments*, 47-51.) This legislation and the community conversations were positive steps in building awareness and growing grassroots support for this important health equity issue.



Paid media and outreach is raising awareness of menthol tobacco's impact on African Americans

Educational campaign: Smoking in the movies kills in real life

This year, ClearWay Minnesota also helped to educate about the relationship between depictions of tobacco in movies and youth smoking in real life.

Research shows a causal link between movie smoking and youth smoking initiation. Kids – especially teens – are impressionable, and actors lighting up onscreen make smoking look fun and socially acceptable. That sends a message to kids that smoking is okay, exactly the opposite of what parents and educators try to teach them.



Research shows a relationship between cinematic smoking and kids starting, as well as a clear dose effect: the more kids see movie smoking, the greater the chance they will start themselves.

Many PG-13 rated movies and lower contain smoking. Movie studios work hard to get PG-13 ratings, because they know teenagers and kids are a huge part of the movie-going public. They would lose potential box office earnings with an R rating.

The tobacco industry is well aware of the connection between movie smoking and smoking in real life. Every year adolescents start smoking because they see their favorite actors smoking. Many of them become addicted for a lifetime and the tobacco companies enjoy the profits. Leading health organizations have endorsed ways to address this problem, including requiring any movie with smoking to automatically receive an R rating. This would decrease the number of teens who see smoking in movies during a time in their lives when they are likely to try it.



In conjunction with the 2015 Academy Awards, we shared email, website and social media postings on this topic, ran a newspaper ad educating about the issue, and submitted several letters to the editor in local papers.

Dissemination

ClearWay Minnesota Public Affairs staff actively disseminates research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings. For details, please see *Research – Dissemination*, pp. 32-46.

D. COMMUNITY DEVELOPMENT

During Fiscal Year 2015, ClearWay Minnesota engaged members of diverse communities in efforts to reduce the harm that commercial tobacco causes them. (*Commercial tobacco* refers to manufactured products such as cigarettes, not to the sacred and traditional use of tobacco by American Indians and other groups.)

ClearWay Minnesota identifies as “priority populations” groups of people who:

- Have higher prevalence of tobacco use;
- Are disproportionately impacted by tobacco’s harm;
- Are less likely to use tobacco cessation services; and/or
- Are targeted by the tobacco industry.

These populations include American Indians; Africans and African Americans; Chicanos/Latinos; Asians, Asian Americans and Pacific Islanders; Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities; and other populations.

ClearWay Minnesota supports community development through grants and planning grants, contracts, technical assistance and training to develop leadership in these populations.

Community Development Grants

Tribal Tobacco Education and Policy initiative (TTEP)

Commercial tobacco abuse in American Indian Nations is a health crisis. Fifty-nine percent of American Indians in Minnesota smoke (compared to 14 percent of all Minnesota adults), and five of the six leading causes of death among Native people are linked to commercial tobacco.

ClearWay Minnesota supports Minnesota’s American Indian advocates in work to advance smoke-free policies on tribal lands. In 2015, we continued funding a Tribal Tobacco Education and Policy (TTEP) initiative promoting American Indian health and advancing smoke-free tribal government policies on tribal lands in Minnesota by:

- Restoring traditional and sacred tobacco use;
- Addressing and reducing tobacco industry marketing and influence;
- Creating formal and informal smoke-free policies and system changes; and
- Creating businesses and casinos that are smoke-free.

The TTEP initiative funded grants to Bois Forte Band of Chippewa, Fond du Lac Band of Lake Superior Chippewa, Mille Lacs Band of Ojibwe, Upper Sioux Community and the White Earth Band of Ojibwe. Each reservation developed strategies based on ClearWay Minnesota guidelines and the readiness of their unique environments, with a goal of preparing their communities to advance smoke-free tribal policies. Core elements across all grants included:


- Building staff capacity, community support and resources for ongoing sustained efforts;
- Restoring traditional/sacred tobacco traditions;
- Addressing and reducing tobacco industry marketing and influence;
- Creating formal and informal smoke-free policies and system changes; and
- Making businesses and casinos in tribal communities smoke-free.

Notable activities and outcomes for each grantee for the past year included:

Bois Forte Band of Chippewa

- Participated in cultural gatherings that educated about traditional tobacco;
- Organized collaborations between various Bois Forte units of government on the tobacco issue; and
- Educated Bois Forte communities on commercial vs. traditional tobacco and secondhand smoke.

Respect traditional tobacco use and avoid tobacco abuse



Bois Forte Health and Human Services
wants to help you live a happier, healthier life.

For information and help in beating addiction to unhealthy tobacco use, contact Linda Tibbetts Barto, Coordinator of the Tobacco and Education Policy Development Program at 218- 757-3295 ext. 284 ltbarto@boisforte-nsn.gov or Rebecca Adams, Community Wellness Coordinator 218-757-3295 ext. 280 radams@boisforte-nsn.gov.

Bois Forte newspaper ad

Fond du Lac Band

- Held a smoke-free outdoor powwow;
- Helped pass a smoke-free policy for the first floor of the Fond-du-Luth Casino;
- Passed a smoke-free dining room policy for the Black Bear Casino and Resort;
- At community events, educated on commercial vs. traditional tobacco; and
- Held celebrations and gatherings to inform people about new smoke-free policies.



Signage at smoke-free outdoor powwow (Fond du Lac)

Mille Lacs Band of Ojibwe

- Revised a smoke-free buffer zone policy to extend to 50 feet;
- Created a no-smoking clinic policy that includes no smoking in cars;
- Created relationships to establish smoke-free foster homes in Mille Lacs;
- Helped educate the community to create smoke-free ceremonial spaces;
- Continued smoke-free “tiny tots” celebrations, and;
- Partnered with a traditional healer/leader to help provide tobacco education to all three districts and urban communities.

Upper Sioux Community

- Created a smoke-free “tiny tots” celebration at their annual powwow;
- Created bingo sessions to educate about commercial vs. traditional tobacco;
- Monitored and enforced smoke-free buffer policies;
- Mass-mailed information to all Upper Sioux Community members; and
- Collaborated with Minnesota Department of Health-funded tribal programs to educate on tobacco issues and promote QUITPLAN Services.

White Earth Nation

- Created a smoke-free employee breakroom in the Shooting Star Casino;
- Conducted an indoor air quality study at the casino to help move the smoke-free policy forward;
- Made all White Earth outdoor powwows smoke-free;
- Posted smoke-free signage at key community centers throughout White Earth;
- Educated about and provided access to traditional tobacco for cultural events; and
- Collaborated with Minnesota Department of Health-funded tribal programs to educate the community on tobacco issues and to promote QUITPLAN Services.



White Earth Nation sign outside of powwow grounds

Evaluation of the Tribal Tobacco Education and Policy initiative (TTEP)

Scott Consulting has evaluated the TTEP projects since 2009, and was re-awarded the contract through a competitive process in 2014. The ongoing evaluation informs both TTEP grantees and ClearWay Minnesota on the initiative's progress.

TTEP sites have developed their own strategies tailored to their unique tribal communities. The newest grantee, Fond du Lac, had prepared the ground for policy change by working diligently on cessation and community education over the past decade. This groundwork paid off in 2015, when Fond du Lac passed a no-smoking buffer zone policy for all tribal buildings and a smoke-free tribal vehicle policy. Fond du Lac also created smoke-free powwows and one smoke-free floor in its Fond-du-Luth Casino – a first for the state.

Other TTEP grantee policy achievements in the past year include:

- Smoke-free indoor and outdoor powwow grounds (Bois Forte)
- Smoke-free arenas (White Earth)
- "Tiny tots" dance sessions (Mille Lacs)
- Special smoke-free family powwow (Upper Sioux)
- Smoke-free casino breakroom (White Earth)
- Smoke-free tribal vehicles (Mille Lacs, pending written approval)
- Smoke-free big drum ceremonies (Mille Lacs)

In addition, all grantees collaborated with others to enhance enforcement, and worked with tribal leaders to spread the message of cultural strength through traditional tobacco use only.

Findings from the evaluation have been disseminated in various ways. (See *Research – Dissemination – Conference Presentations*, pp. 41-45.)

Leech Lake Tribal College commercial tobacco-free campus policy

In Fiscal Year 2014, ClearWay Minnesota funded a grant to Leech Lake Tribal College (LLTC), located on the Leech Lake Band of Ojibwe Nation. This was a unique project that successfully created and implemented a commercial tobacco-free campus policy by the start of the 2014 fall term. The project educated students, faculty and staff about traditional uses of tobacco and the harmful health effects of commercial tobacco. LLTC engaged students, staff and community in the planning, promoted the policy in local media, did a quit-and-win contest to entice students and promoted QUITPLAN services.

In Indian Country, only one other college and one technical college have adopted commercial tobacco-free campus policies.

Evaluation of Leech Lake Tribal College commercial tobacco-free policy

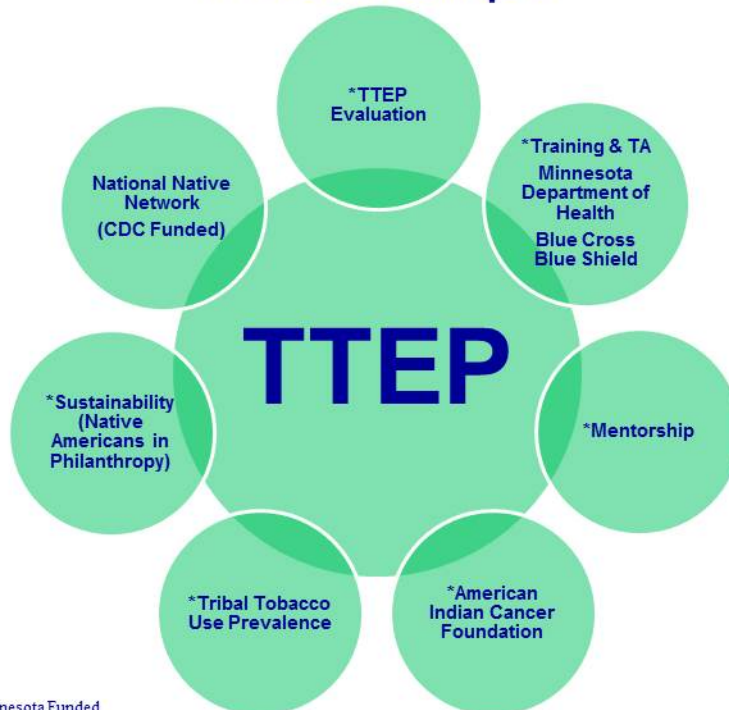
The LLTC commercial tobacco-free policy project was evaluated separately. This evaluation is being supported in collaboration with Blue Cross and Blue Shield of Minnesota and the American Indian College Fund. LLTC, the evaluator and funders are working on a dissemination plan to promote this initiative as a model for other tribal campuses to go commercial tobacco-free.

Tribal Tobacco Education and Policy (TTEP) partnerships

Many components help make the TTEP initiative successful. Evaluation identifies the project's strengths and challenges. (See *Evaluation of the Tribal Tobacco Education and Policy initiative [TTEP]*, preceding page.) Training, technical assistance and mentorship build skills to accomplish policy goals. Tribal Tobacco Use Project (TTUP) studies provide data to expand knowledge and inform grantees' work. Partnerships with Native Americans in Philanthropy (NAP), the National Native Network (NNN) and the American Indian Cancer Foundation are building statewide and national initiatives to advance commercial tobacco-free policies on tribal lands. Additionally, together with NAP, we communicated with foundations and tribal leadership in efforts to build long-term sustainability for promoting health in Indian Country.



Partnerships



*ClearWay Minnesota Funded

1

Keep Tobacco Sacred Campaign

In February, ClearWay Minnesota launched a mural project in the urban American Indian community. Community dialogues were held to develop mural concepts communicating the message “Keep Tobacco Sacred” – a theme developed by ClearWay Minnesota with American Indians to remind Native people of the differences between the two tobacco ways. (See also *Communications and Outreach – Advertising – Keep Tobacco Sacred Campaign*, pp. 80-81.) A Native artist, Gregg Deal, participated in the dialogues, and this spring the murals were unveiled at the Minneapolis American Indian Center and at Little Earth of United Tribes in Minneapolis. The response from the American Indian community has been very positive and the murals are continuing to educate about health in Minneapolis’s urban American Indian communities.



Keep Tobacco Sacred mural at the Minneapolis American Indian Center



Artist Gregg Deal (fourth from left) and American Indian community members collaborated on the murals

Gathering of Native Americans (GONA)

In April, ClearWay Minnesota, together with the Shakopee Mdewakanton Sioux Community (SMSC), Blue Cross and Blue Shield of Minnesota, and the Intertribal Agricultural Council, sponsored the first ever Gathering of Native Americans (GONA) that focused on traditional tobacco. SMSC hosted the event, where American Indian community members gathered to discuss historical trauma, the two tobacco ways, and ways to heal and protect communities from the harms that commercial tobacco causes. Two goals of the GONA were to provide training that offers hope, encouragement and a positive foundation for action, and to present a prevention strategy framework based on values inherent in traditional Native cultures. All 11 Minnesota Indian Nations, as well as neighboring Nations from South Dakota, participated in the GONA, as did ClearWay Minnesota and Minnesota Department of Health staff and grantees.



GONA participants before the gifting of traditional tobacco and other cultural items

Dialogues With Indian Gaming

American Indian Nations are sovereign, and so Minnesota's smoke-free law does not apply to reservation workplaces, including their popular casinos. To support ongoing education about secondhand smoke in the context of American Indian workplaces, in Fiscal Year 2015 we continued to support the American Indian Cancer Foundation (AICAF) to have a presence at regional and national meetings of organizations such as the National Indian Gaming Association (NIGA), National Indian Health Board and National Council of American Indians. These meetings have led to invitations to visit individual tribal communities working on tobacco and cancer issues. Indian gaming and tribal decision-makers have been provided with inaccurate information by the commercial tobacco industry to deter them from making positive changes. It

is important for us to develop trusted relationships with tribal leadership, businesses and gaming to show how they can be part of the solution.

This past year, some key activities of this project were:

- In August of 2014, American Indian Cancer Foundation Executive Director Kris Rhodes participated with the U.S. Centers for Disease Control and Prevention (CDC) tribal advisory meeting in Michigan, discussing plans to assess American Indian smoking prevalence.
- In September of 2014, AICAF tribal health equity staff convened a group of Elders for conversations on tobacco issues.
- Also in September, Ms. Rhodes met with the Grand Portage Tribal Council to discuss tobacco issues in the context of their casino/resort development.
- In April, Ms. Rhodes presented at National Indian Gaming Association (NIGA) meeting in San Diego on clean indoor air options for tribal gaming facilities.
- Also in April, Ms. Rhodes participated in a closing plenary panel on tobacco issues and opportunities at the National Indian Health Board (NIHB) annual meeting.
- In May, Ms. Rhodes was asked to present at the National Congress of American Indians (NCAI) Annual Meeting.

Community Development Contracts

Tribal technical assistance, training and mentorship

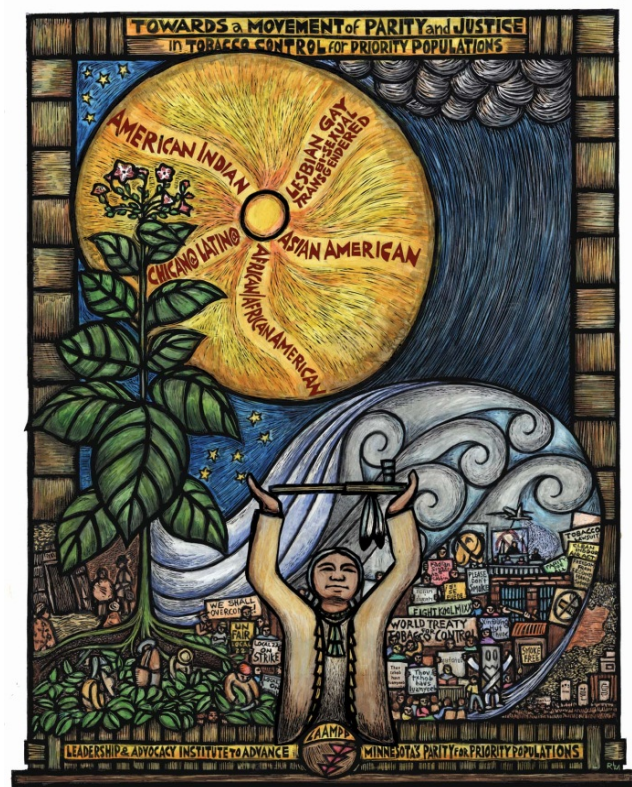
In Fiscal Year 2015, ClearWay Minnesota continued to provide technical assistance, training and mentorship to Minnesota's American Indian communities supporting efforts to advance smoke-free policies on tribal lands. ClearWay Minnesota also continued our partnership with the Minnesota Department of Health, the Statewide Health Improvement Program (SHIP) and Blue Cross and Blue Shield of Minnesota, all of which work to promote health in Indian Country. These partners have shared resources to accomplish trainings.

Our contractors for training and mentorship are Wellstone Native American Leadership Program and Mahnokini & Associates. These two contractors are uniquely qualified for this work. This year, Lori New Breast of Mahnokini & Associates traveled to Tribal Tobacco Education and Policy grantee sites to provide tailored consultation and mentorship on how to engage communities and develop leadership to advance smoke-free policies. The Wellstone Native American Leadership Program complemented this effort with several training activities.

Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations (LAAMPP)

Since 2005, the cornerstone of our work with diverse communities in Minnesota has been the Leadership and Advocacy Institute to Advance Parity for Minnesota's Priority Populations (LAAMPP). LAAMPP builds advocacy and leadership skills for effective tobacco control among members of Minnesota's African and African American; American Indian; Asian, Asian American and Pacific Islander; Chicano/Latino; and Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) populations.

Asian Pacific Partners for Empowerment, Advocacy and Leadership (APPEAL) is the contractor for the Leadership Institute, facilitating and organizing all trainings. APPEAL has been the LAAMPP contractor since 2005. The most recent LAAMPP Institute, the third since inception, was co-funded by the Minnesota Department of Health and ClearWay Minnesota.



LAAMPP trainings increase the capacity of community teams to create change in their communities. LAAMPP Fellows also build relationships across communities that continue beyond the Institute. The collaborative, cross-cultural environment encourages current and former Fellows to work together, share resources and support each other's tobacco control efforts.

These efforts have resulted in many successful policy changes, including:

- Smoke-free foster homes;
- Tobacco-free Hmongtown Market;
- Tobacco-free multi-unit housing;
- Smoke-free church grounds; and
- Tobacco-free LGBTQ Pride celebrations.

In Fiscal Year 2015, we focused on dissemination of evaluation findings from the third LAAMPP Institute and on planning for a fourth. A significant part of the planning included outreach to other foundations/funders that could potentially join in supporting a fourth Institute.

Developing a LAAMPP model that has multiple funders will help demonstrate that leadership and capacity-building in priority populations can be accomplished collaboratively.

Findings from the LAAMPP (III) evaluation

Throughout Fiscal Year 2014, an evaluator interviewed LAAMPP Fellows and staff and observed trainings and related activities; the evaluation was completed in September of 2014. Evaluation of LAAMPP looked beyond individual impact to document change at the systems and community level resulting from LAAMPP Fellows' actions.



LAAMPP III Fellows

The mixed-methods evaluation included qualitative key informant interviews with LAAMPP Fellows and community and project contacts, a Skills Assessment Tool, project case studies, and an analysis of the Fellows' tobacco control social networks at baseline and follow-up.

Findings indicated that at follow-up, Fellows' tobacco control networks were larger, more extensive and diverse, and included more actors perceived to be influential in tobacco control. Fellows' skills increased in core competencies (tobacco control, advocacy, facilitation, collaboration, and cultural or community competence) and Fellows used tobacco advocacy and cultural/community competencies more frequently. Four of five cohorts successfully passed policies. The results of LAAMPP suggest that a cross-cultural leadership institute contributes to the successful development of capacity and leadership skills among priority populations and may be a useful model for others working toward health equity.

ClearWay Minnesota plans to use the results of this evaluation, in conjunction with other evaluation efforts, to contribute to promising and/or best practices in building priority population leaders for tobacco control and health equity. LAAMPP evaluation presentations have been made to the U.S. Centers for Disease Control and Prevention (CDC), the Robert Wood Johnson Foundation and at the 2014 American Public Health Association annual conference. (See *Research – Dissemination – Conference Presentations*, pp. 41-45.)

Post-program survey report – LAAMPP II

The second LAAMPP Institute was held from 2009-2011. We conduct follow-up surveys with each cohort of LAAMPP for three years. In Fiscal Year 2015, we conducted our third survey with alumni to determine their ongoing progress in tobacco control and leadership development. The survey was made available to all 29 Fellows who had completed LAAMPP II; 26 of 29 Fellows completed surveys (a 90 percent response rate).

In the third follow-up survey, 25 of 26 Fellows, or 96 percent, reported applying knowledge and skills acquired through the Leadership Institute some three years after conclusion of the formal trainings. Further, more than two thirds of the Fellows reported applying knowledge and/or skills from all five core competencies (tobacco prevention and control, facilitation, advocacy, collaboration, and cultural or community competence). Close to half of all respondents were involved in tobacco control 38-40 months following the conclusion of the formal trainings. Nearly half of all respondents reported involvement in cross-cultural collaborations or initiatives outside of their respective priority populations, and 20 Fellows reported their leadership efforts resulted directly or indirectly from their participation in LAAMPP II.



LAAMPP II Fellows

Dissemination

ClearWay Minnesota Community Development staff actively disseminates research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings. For details, please see *Research – Dissemination*, pp. 32-46.

Conferences

Healthy Native Communities: The role of tribes and funders

As part of ClearWay Minnesota's ongoing commitment to build sustainability for our work in Indian country we continued our partnership with Native Americans in Philanthropy (NAP) in Fiscal Year 2015 to hold a series of dialogues with funding partners and tribal leadership. Two meetings were held this past year in October and May. NAP and ClearWay Minnesota invited American Indian leaders and the philanthropic community for a conversation on roles in supporting healthy American Indian communities in Minnesota. The meetings were attended by funders, American Indian leaders and tribal college representatives. Participants committed themselves to continuing this discussion in an effort to form a partnership to promote health in Indian Country in Minnesota. These dialogues will continue in Fiscal Year 2016.

Phoenix Equity Group

In 2015 ClearWay Minnesota joined the Phoenix Equity Group, an alliance of public health professionals, scientists and community advocates who are committed to



**Phoenix Equity
Group**

accelerating the process of advancing and achieving health equity for all people. The mission of the Phoenix Group is to serve as an agent of change dedicated to improving systems, organizations and processes that lead to improved health by reducing commercial tobacco disparities and improved outcomes for populations experiencing disparities, especially for people of color, American Indian Nations and LGBTQ (Lesbian, Gay, Bisexual, Transgender and Queer) communities.

The Phoenix Equity Group's key strategies to move towards equity are:

- Ensure health equity standards and accountability through measures/metrics;
- Develop leaders within priority populations;
- Advance impactful programs, models and promising practices;
- Advance science, through inclusive data collection and research to practice for all communities; and
- Fund, sustain and champion health equity work.

Key leadership of the Phoenix group includes the Truth Initiative (formerly the American Legacy Foundation); Asian Pacific Partners for Empowerment, Advocacy and Leadership; the U.S. Centers for Disease Control and Prevention (CDC); the Network for LGBT Health Equity; the National Latino Alliance for Health Equity; Horizons Foundation; and ClearWay Minnesota.



Phoenix Equity Group members

The Phoenix Equity Group will work with several states, including Minnesota, to advance an equity agenda. In June, the group convened its first meeting in Minnesota, attended by LAAMPP Fellows (see *Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations [LAAMPP]*, pp. 70-72) and leadership from the Minnesota Department of Health, Blue Cross and Blue Shield of Minnesota, and ClearWay Minnesota. The summit included reviewing an equity survey draft for state health departments and organizations, identifying priorities for health equity, exploring how to move health equity forward and identifying needs to build equity in Minnesota.

IV. COMMUNICATIONS AND OUTREACH

Communications and outreach activities help ClearWay Minnesota to promote QUITPLAN Services, to motivate Minnesotans to attempt to quit using tobacco and to educate the public about the dangers of tobacco use and secondhand smoke. Within a social marketing framework that combines traditional marketing with the leading practices of the public health field, ClearWay Minnesota develops campaigns after extensive research and planning, using guidelines from the U.S. Centers for Disease Control and Prevention (CDC) and learning from the experiences of national and state partners.

In addition to our advertising activities – such as paid advertising on television, Internet and radio, and in print media and out-of-home venues (bus sides and billboards, e.g.) – we also conduct outreach to raise awareness of our efforts with Minnesota community leaders and the general public. Our media work is developed with input from current and former tobacco users and from community members, using findings from surveys, focus groups and research studies. Our communications work also includes customized outreach to diverse communities.

A. ADVERTISING

Through our work with Minneapolis advertising firm Clarity Coverdale Fury, ClearWay Minnesota employs mass-media strategies to educate the public about the harms of tobacco. In Fiscal Year 2015, our advertising efforts included continued promotion of QUITPLAN Services, along with a new QuitCash Challenge quit-tobacco contest. Our media work also continued to raise awareness of tobacco's dangers to change social norms around tobacco use in Minnesota, especially flavored tobacco, and to help build support for public policy initiatives that reduce tobacco's harm.

QUITPLAN® Services Campaign

The *QUITPLAN® Services* advertising campaign builds knowledge of the best ways to quit smoking and increases awareness, positive understanding and knowledge about QUITPLAN Services, ClearWay Minnesota's free program that provides quitting support to Minnesota tobacco users. (See *Program Grants and Contracts – Cessation – Cessation Services Contracts – QUITPLAN® Services*, pp. 19-25.)

Advertising campaign – “No Judgments. Just Help.”

ClearWay Minnesota strategically sponsors programming that Minnesota smokers are most likely to see or hear. In Fiscal Year 2015, the *QUITPLAN® Services* media campaign – consisting of TV, radio, out-of-home and digital ads – reached 99 percent of Minnesota adults an average of 71 times throughout the year. Ads are targeted at populations known to have high tobacco prevalence rates, including low socio-economic communities and communities of color.

The current campaign – “No Judgments. Just Help.” – continued throughout this fiscal year. Created by Clarity Coverdale Fury, the campaign reflects QUITPLAN Services’ aim to provide tobacco users with a hopeful, nonjudgmental approach to quitting with few barriers. Television ads used stop-motion animation to present a compassionate view of smokers struggling to quit. The campaign also used radio, online banner ads, bus interiors, restroom posters, transit stop advertising and light rail train wraps. QUITPLAN Services advertises in both English-language and Spanish-language media.



QUITPLAN® Services ads promised tobacco users “No Judgments. Just Help.”

ClearWay Minnesota works to ensure that messages reach specific communities including African American, Chicano/Latino, American Indian and LGBTQ (Lesbian, Gay, Bisexual, Transgender and Queer) communities. In many cases, this work supplements grantee efforts. While our mass-media advertising reaches many of these target audiences, we also employ specific tactics including Spanish-language television and radio, community newspapers, sponsorship of *tpt's Native Report* in Duluth and billboard campaigns in Indian Country. (See *Keep Tobacco Sacred Campaign*, pp. 80-81.)

TV infomercial

QUITPLAN Services strives for the most effective means to reach all Minnesota smokers, and in early 2015, we had the unique opportunity to test a new approach. We filmed [a 30-minute infomercial](#) to promote our free services and increase awareness of all the help available from QUITPLAN Services.

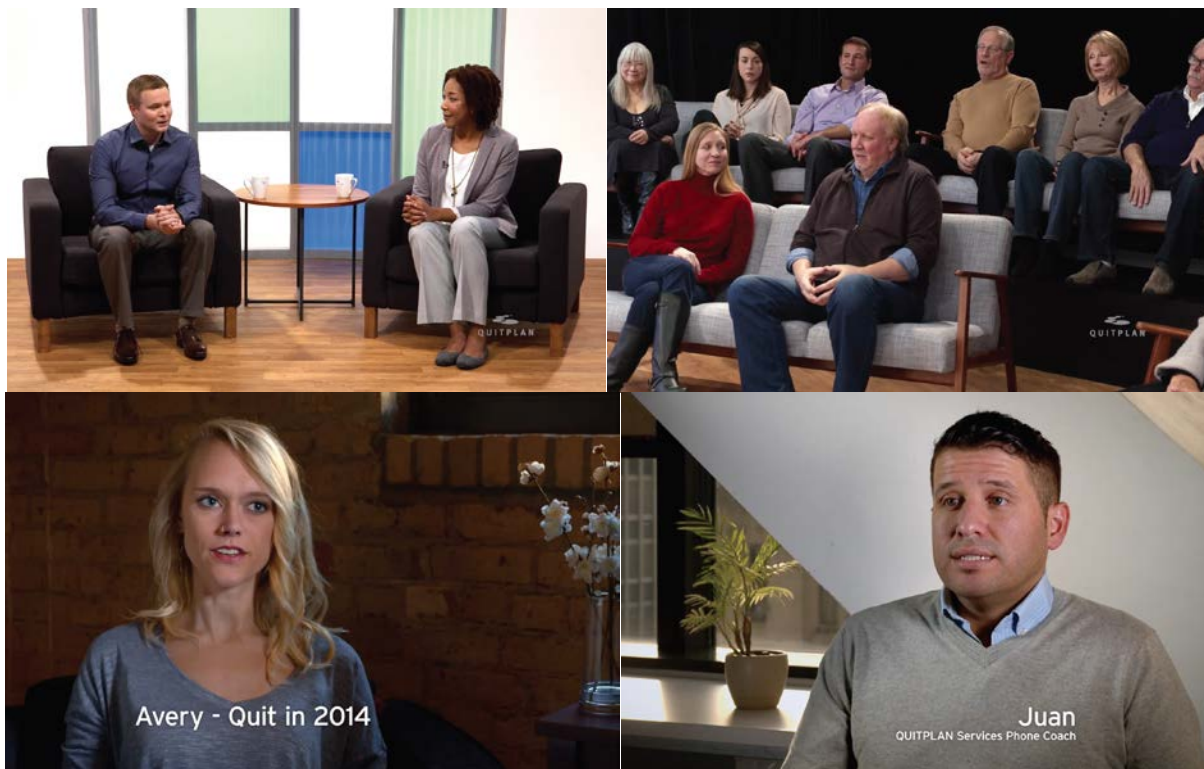
Smokers watch infomercials. From our market research, we know that smokers of low socioeconomic status (a significant part of the smoking population) are 23 percent more likely to watch infomercials, and 45 percent more likely to watch overnight television than the general population.

The infomercial format allowed us to address common questions about QUITPLAN Services that are too involved for short-advertising formats. Presenters discussed how QUITPLAN Services is available free of charge for Minnesota tobacco users, examined what the user experience is like, and reviewed all of the available tools from QUITPLAN Services in depth. QUITPLAN phone coaches were also interviewed.

The infomercial also provided us with an opportunity to interview smokers and QUITPLAN program participants. We filmed smokers about the difficulties with quitting and the judgments they encounter from others. We filmed testimonials from QUITPLAN Services users who were successful in quitting and could pass along tips and encouragement to others. We also included a segment from Dr. Richard Hurt of the Mayo Clinic Nicotine Dependence Center on the science of addiction and how smoking changes an individual's brain.

Video from the infomercial was also used in different ways – shared via social media, posted on our QUITPLAN Services website and presented at conferences.

Evaluation showed the QUITPLAN Services infomercial resonated with the tobacco users who viewed it and was successful at providing new and helpful information about cessation services. The cost of producing and purchasing media for the infomercial was significantly less than for a traditional television commercial.



Stills from the QUITPLAN® Services infomercial

The QuitCash Challenge™

In Fiscal Year, 2015 ClearWay Minnesota sponsored the seventh QuitCash Challenge, a statewide contest that encourages Minnesota tobacco users to make quit attempts and promotes our range of free QUITPLAN Services. (See *Program Grants and Contracts – Cessation – Cessation Services Contracts – QUITPLAN® Services*, pp. 19-25.) Participants register for the contest, and attempt to quit using tobacco for a contest period covering one month. The grand prize winner is randomly drawn, with tobacco-free status verified by urinalysis.

This year, Michelle Runge of Grand Rapids successfully quit smoking in the contest month of May, and became the winner of the \$5,000 grand prize. A smoker for 43 years, Michelle quit after being diagnosed with emphysema.

“I’d seen a decline in my health due to smoking,” she said. “My husband suggested that I call QUITPLAN. Their advice was wonderful, especially for a long-time smoker.”

Through QUITPLAN Services, Michelle got free phone coaching support and nicotine lozenges to help her quit successfully.

“I’m absolutely thrilled that I was the winner,” she said, “and I’ve won twice, because I quit smoking too.”



**Michelle Runge (r.), winner of the 2015 QuitCash Challenge,™
with ClearWay MinnesotaSM Vice President Andrea Mowery**

This year's QuitCash Challenge was the first to feature "mini-quits" – a series of contests aimed at preparing them to quit for good by making temporary lifestyle changes around their tobacco use. For instance, mini-quits throughout the final months of 2014 asked smokers to stop smoking in their vehicles for an entire week, not to smoke while drinking during the Thanksgiving weekend, and to make their homes smoke-free for the week leading up to the New Year's holiday. Select participants received small prizes after completing the mini-quits, which helped drive excitement for the full contest in the spring of 2015.



A QuitCash Challenge™ "mini-quit" asked participants to make their homes smoke-free for the final week of the year

QUITPLAN® Services at the Minnesota State Fair

ClearWay Minnesota also continued our presence at the Minnesota State Fair. In 2014, the QUITPLAN Services booth featured giveaways, a prize wheel, lung-function testing for smokers, message boards for quitters and information on QUITPLAN Services. The booth also promoted the QuitCash Challenge contest. (See *The QuitCash Challenge™*, preceding page.)



QuitCash Challenge™ bean-bag game at the QUITPLAN® Services State Fair booth

Keep Tobacco Sacred Campaign

American Indians have an ancient and complicated relationship with tobacco. Traditionally, tobacco is seen as a sacred medicine, bestowed by the Creator and central to tribal culture. But for generations, the commercial tobacco industry has corrupted Native tobacco practices, and has marketed directly to American Indians by exploiting their images in advertisements.



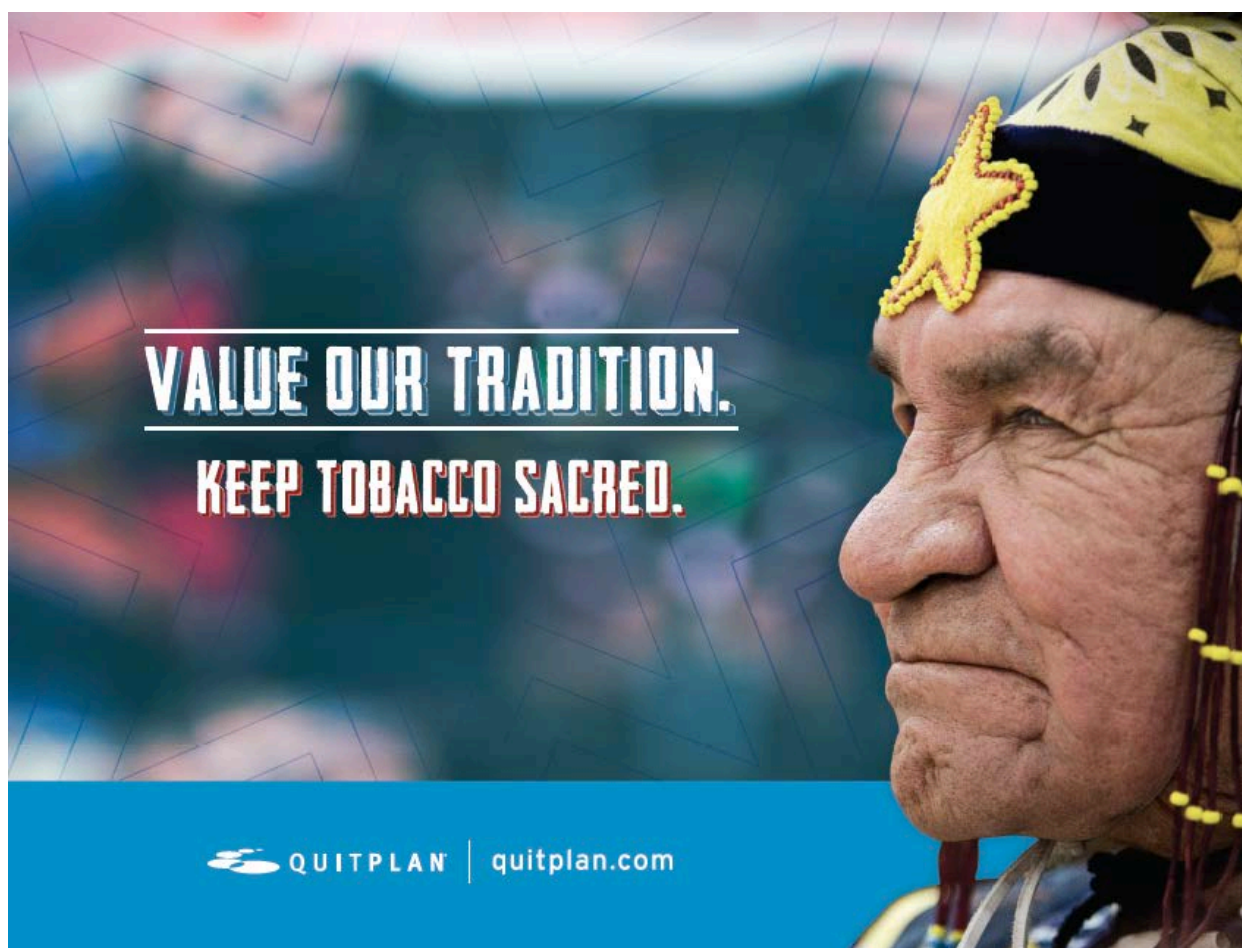
Commercial tobacco marketing sometimes uses American Indian imagery

Today the cigarette smoking rate among American Indians in Minnesota is enormously high: 59 percent compared to 14 percent in the general population. Smoking-related diseases are the top killers in Native communities, with cancer and heart disease at epidemic levels.

There are a number of reasons smoking among American Indians has not declined as fast as in the mainstream population. Indian Nations are sovereign, and so state policies that reduce smoking, like cigarette taxes and the smoke-free law, don't apply to them. Many American Indians are also cautious, considering the damage historically done to their culture by outsiders trying to "improve" their ways.

ClearWay Minnesota is addressing these challenges by working directly with tribes. Through our Tribal Tobacco Education and Policy Initiative, we fund reservations that are working to advance smoke-free policies and raise awareness of the dangers of commercial tobacco use and secondhand smoke exposure. The project allows the tribes themselves to drive the work, and to determine readiness for specific changes within their communities. (See *Program Grants and Contracts – Community Development – Community Development Grants – Tribal Tobacco Education and Policy Initiative [TTEP]*, pp. 61-66.)

A tailored advertising campaign created by ClearWay Minnesota is also reaching American Indian communities around the state. Billboards remind Native audiences that there is a difference between sacred tobacco practices and commercial tobacco use like cigarette smoking – a traditional teaching.

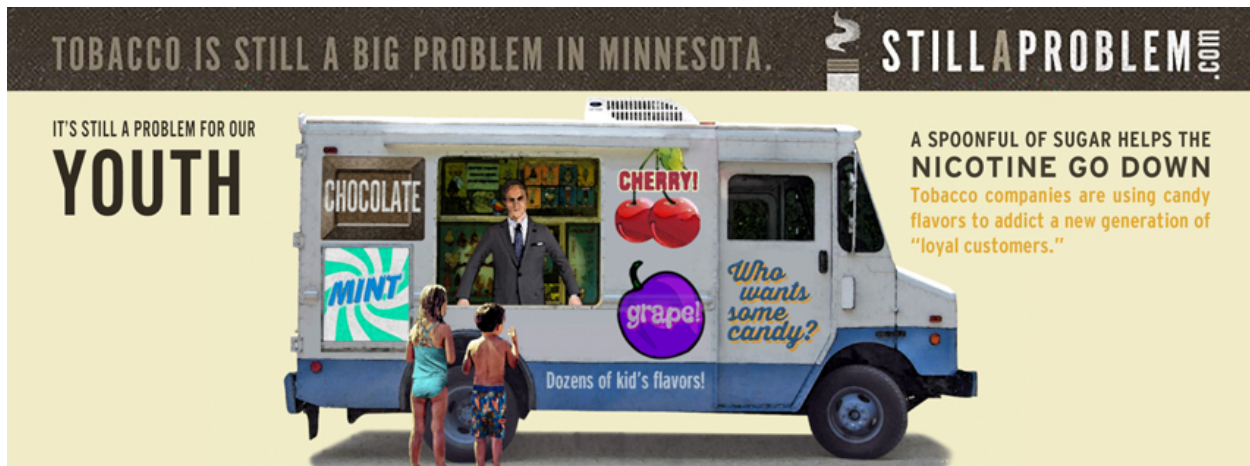


**Keep Tobacco Sacred ads reinforce
traditional teachings against commercial tobacco abuse**

The campaign was created in partnership with American Indians in a spirit of collaboration and respect. Keeping tobacco sacred is a concept that has deep meaning for Native peoples, and the *Keep Tobacco Sacred* ads respect their traditions while educating about the harms of smoking.

Still a Problem campaign

ClearWay Minnesota continued promoting the *Still a Problem* campaign, which aims to make Minnesotans aware of the ongoing problem of tobacco use in our state. In Fiscal Year 2015 the campaign was expanded to include a focus on the impact flavored tobacco has on youth. Notable elements include a new TV ad that aired around the state, which uses the metaphor of neighborhood kids being lured to an ice-cream truck driven by a tobacco executive.



Still a Problem ads remind Minnesotans of the tobacco industry's role in creating new smokers

The tobacco industry has a long history of deliberately using flavors to attract kids. Internal documents revealed these quotes from industry insiders:

- "The base of our business is the high-school student."
- "It's a well-known fact that teenagers like sweet products."
- "It was suggested that we investigate the possibility of borrowing/switching study data from the company which produces Life Savers as a basis for determining which flavors enjoy the widest appeal [for young people]."

Cigarettes containing flavors other than menthol can no longer be sold in the United States – but many other tobacco products, including single cigars, cigarillos, chew and e-cigarettes, are still sold in kid-friendly flavors such as bubble gum, strawberry and grape.

And menthol cigarettes are targeted to and disproportionately used by groups including African Americans, young people, and Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities.

NO ES UNA COINCIDENCIA.

Las compañías tabacaleras aun tienen como
objetivo a los jóvenes de MN.



Más información en stillaproblem.com

Ads are tailored to reach specific populations

More information about how tobacco companies use flavors can be found at the *Still a Problem* website, stillaproblem.com. Other campaign elements include another new TV ad, and new radio and out-of-home (billboards, bus interiors and bus shelters) ads focused on flavored tobacco. The *Still a Problem* media campaign reached 99 percent of Minnesota adults an average of 34 times during Fiscal Year 2015.



Still a Problem *bus shelter ad*

Evaluation

ClearWay Minnesota rigorously evaluates our communications efforts to measure our progress and identify areas for improvement. Every few years, we conduct an intensive evaluation of our media campaigns. During Fiscal Year 2014, we completed a large-scale media evaluation that covered four years of media tracking through longitudinal and cross-sectional surveys. This past year, our approach to evaluating media efforts was to use online market research surveys, focus groups, service volume tracking and vendor evaluations. These combined efforts allow us to determine the effectiveness of our campaigns, and strategically inform any changes we make to them throughout the year.

Evaluation activities this year included an online message survey pre-testing existing advertisements to assess and select ads to incorporate into our *Still a Problem* campaign. (See *Still a Problem* campaign, pp. 82-84.) Ads were tested to see which most effectively influenced target audiences' attitudes around the dangers of flavored tobacco and communicated that more should be done to protect kids. Based on the message testing, we selected two new ads for the *Still a Problem* campaign: "[Kids and the Tobacco Predator](#)" from California and "[31 Flavors](#)" from Florida.



***Evaluation helps us understand which advertisements
will resonate best with Minnesotans***

In Fiscal Year 2015 we also created a new 30-minute QUITPLAN Services infomercial. To evaluate the impact of the infomercial, ClearWay Minnesota contracted with Professional Data Analysts (PDA) to conduct an exploratory investigation of the relationship between the infomercial and QUITPLAN Services inbound calls, website visits and registrations. In addition, we conducted three focus groups of tobacco users who had not seen the infomercial previously to gauge reactions and identify opportunities to optimize the infomercial. Please see QUITPLAN® Services *Campaign – TV Infomercial*, pp. 76-77, for more details.

In addition to the above measurements, our contractors are evaluated each year using the following criteria. ClearWay Minnesota considers these criteria when renewing contracts or initiating new projects.

- **Return on investment:** Meets marketing goals, helps to advance ClearWay Minnesota's mission and vision, strives to exceed expectations, tenaciously stewards our budget, negotiates value-added or pro-bono placements and leverages communication efforts.
- **Timeliness:** Meets or beats deadlines.
- **Counsel:** Anticipates needs, demonstrates problem-solving ability and provides counsel.
- **Staff:** Assigns appropriate staff and is professional when representing ClearWay Minnesota.
- **Organizational skills:** Uses our time efficiently and communicates clearly.
- **Creativity:** Consistently demonstrates outstanding creativity in work product.
- **Goals:** Meets or exceeds process goals.
- **Budget:** Completes duties as outlined in the contract within the specified budget.

ClearWay Minnesota strives to provide the greatest return on investment to Minnesotans. Pro-bono and value-added media are required as a part of the advertising media buy. In Fiscal Year 2015, ClearWay Minnesota received \$399,412 in value-added media and saved \$487,555 due to negotiating efforts by our advertising vendor Clarity Coverdale Fury, from a combination of savings over average cost of broadcast media and out-of-home rate card discounts.

Dissemination

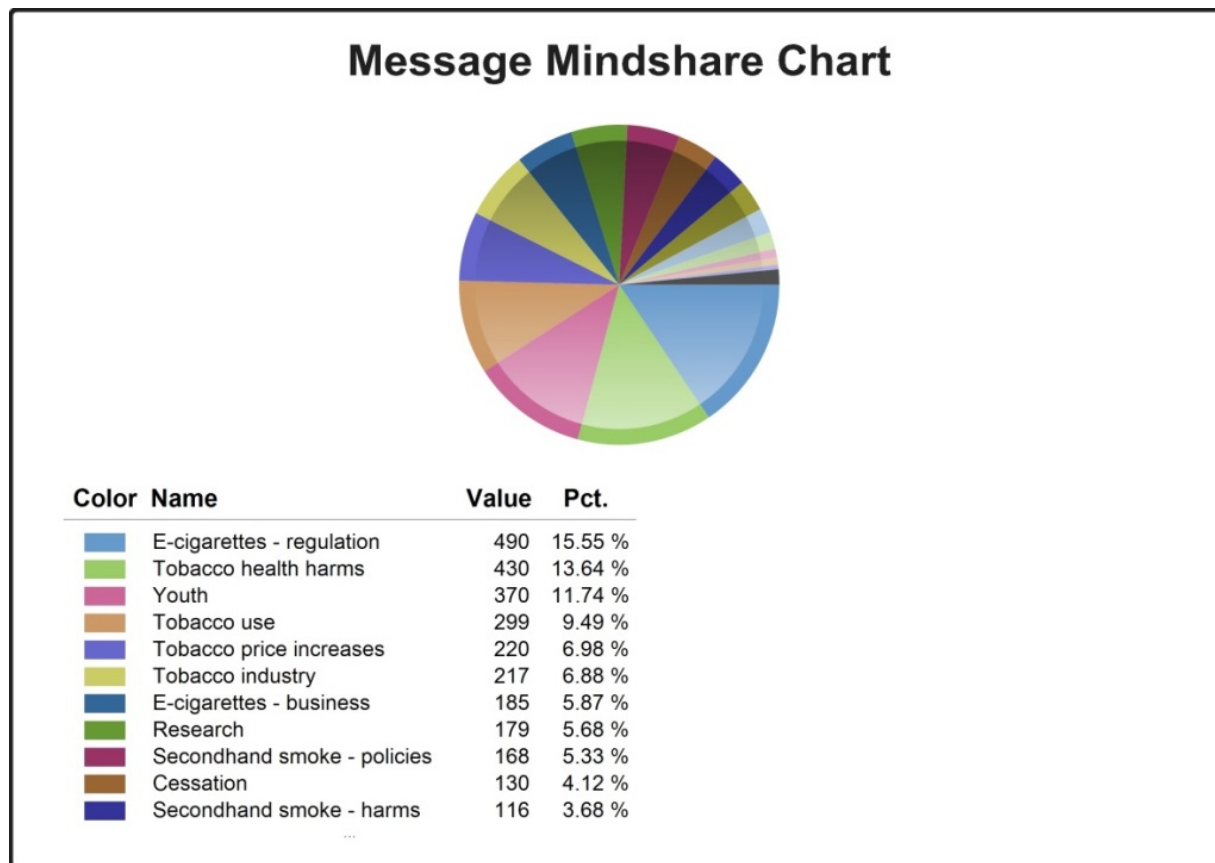
ClearWay Minnesota Marketing and Communications staff actively disseminates research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings. For details, please see *Research – Dissemination*, pp. 32-46.

B. COMMUNITY OUTREACH

Community outreach is an important way for ClearWay Minnesota to ensure that Minnesotans are aware of our activities, including QUITPLAN Services, programmatic work and educational campaigns. In addition to paid advertising, we reach Minnesotans through traditional media such as print, television and online news outlets, as well as through online social media including Twitter and Facebook. Regular contact with Minnesota individuals and communities is important so that we can develop the most effective programs possible and remain accountable to the public.

Media Analysis

Media analysis helps ClearWay Minnesota to understand how tobacco issues are being communicated to Minnesotans in the media, and allows us to evaluate our efforts to educate the public and raise awareness of our programs, services and objectives. In Fiscal Year 2015, our earned and digital media efforts and outcomes reinforced the integrity of our brands and campaigns, and our reputation to key audiences.



*Analysis helps us to understand how tobacco issues
are being communicated to Minnesotans in the media*

This year, ClearWay Minnesota influenced a majority of news stories about tobacco in Minnesota. An overwhelming majority of stories were positive or neutral in tone, and mentions of our brands and campaigns on television doubled, greatly increasing our ability to reach Minnesotans with helpful information about health, tobacco use and quitting. Mentions of ClearWay Minnesota by name increased this year as well.

All of these outcomes help raise awareness of ClearWay Minnesota as a resource on tobacco issues for our key audiences. The release of the Minnesota Adult Tobacco Survey (MATS) and the Minnesota Youth Tobacco Survey (MYTS) were stand-out stories this year. (See *Program Grants and Contracts – Research – Dissemination – Surveillance: Minnesota Adult Tobacco Survey [MATS] 2014*, pp. 33-39.) These stories were positive in tone and wide-ranging across media throughout the state. Coverage carried the good news of decreased tobacco use and helped the public understand the causes for the decline. Many public policy-related stories also gained earned media attention, including coverage of local ordinances and new policy options like restricting access to flavored tobacco products. E-cigarette regulation was the most-covered message in our market this year.

In Fiscal Year 2015, ClearWay Minnesota's digital media strategy proved effective in reaching key audiences, increasing engagement from previous years and maintaining a consistent voice and tone without being distracted by opposition trolling. Grassroots and newsletter communications used messages that were interesting to audiences and were able to grow our following.

V. CONCLUSION

Studies from around the country are again finding declines in U.S. smoking after a period of stagnation. For more than a decade, Minnesota has been ahead of the national pace in this area, and now, new findings from the Minnesota Adult Tobacco Survey (MATS), our major research collaboration with the Minnesota Department of Health, shows rates are continuing to fall significantly in our state. Minnesota's adult smoking rate continues to be below the national average, and this past year hit an all-time low of 14 percent. What's more, youth and young adult populations are also seeing significant smoking declines; in fact, for the first time since MATS measurements began, young adults are no longer smoking at the highest rates among Minnesota adults.

There are many reasons this is happening. The new MATS found that a 2013 tobacco tax increase passed by the Minnesota Legislature had a significant effect on smoking behaviors, with more than 62 percent of Minnesota smokers who quit saying the increase helped them make quit attempts or stay smoke-free. This finding reinforced what science has already observed about the relationships between tobacco pricing and smoking declines.

But that alone doesn't tell the whole story. Previous research in Minnesota has found that in reality, it is a combination of many factors working together which lower smoking rates over time. In addition to price increases, these include tobacco-free public policies, media campaigns that educate about tobacco's harm, and individual cessation services that help existing tobacco users quit – all activities that have been ClearWay Minnesota priorities for years.

The United States has seen a sustained public health campaign against tobacco use for decades now. The smoking declines we are seeing today are the benefits of these efforts, which not only helped tobacco users quit, they changed the environment so that fewer young people would take up smoking and become addicted in the first place. Today, whole generations of youth are growing up in a tobacco-free world, and that gives us hope for the future.

At ClearWay Minnesota, we are proud of how we've helped create this reality – but we also know not everyone is benefiting equally from this progress. Smoking in the general population is down, but it's still high, even at epidemic rates, among groups like American Indian Nations. And the tobacco industry is always trying to get back into the game, by using sweet candy flavors to attract youth, by target-marketing minority populations and by coopting new, addictive nicotine products that have appeal for existing and beginning tobacco customers.

ClearWay Minnesota has a limited lifespan, but as long as we are here, we will continue to help smokers quit and – just as important – prevent new ones from initiating tobacco use. As you have seen, our cessation, research, policy, community development, communications and outreach activities are all playing roles in reducing tobacco's harm in our state, and we thank all those who have joined us, and continue to join us, in this important fight.





Appendix A

Board and Committee Charters

ClearWay MinnesotaSM

Charter of the Executive/Governance Committee Board Approved March 18, 2015

Purpose:

The Executive/Governance Committee provides general oversight of the administration of the organization. The Committee shall have the authority to act on behalf of the ClearWay Minnesota Board of Directors regarding matters that require immediate attention or action between regularly scheduled Board Meetings with ratification by the Board at the next Board meeting. The Committee shall provide a forum for Directors to address all issues of corporate governance and human resource-related policy items. The Committee shall meet at the call of the Chair.

Committee Structure:

The members of the Committee will include the Board's officers and the chairs of the standing committees, which shall not constitute a majority of the Board. The Chair of the Board will chair the Executive/Governance Committee.

Authority:

The principal elements of the Charter of the Executive/Governance Committee shall be:

Executive duties:

1. Provide advice and counsel to the Chief Executive Officer. (This duty is shared with all other Board Members.)
2. Facilitate an annual review of the Chief Executive Officer on behalf of the Board and report to the Board the results of the review, including a recommended compensation package, for action by the Board. The review process shall be conducted in a closed session of the Board, in accordance with the Minnesota Open Meeting Law.
3. Recommend to the Board the selection and replacement, if necessary, of the CEO. Provide for the development of a succession plan for the CEO and the key employees of the corporation.
4. Review changes to human resource-related policy items such as the Personnel Handbook and give input as necessary. Review and recommend major changes (as determined by the CEO) to employee benefit plans and make recommendations to the Board for final approval.
5. Approve biennially the compensation study contractor. The Board Chair shall appoint a member of the Committee to serve as a liaison for the study. Annually

- review and recommend changes to executive compensation, salary ranges and budgeted merit increases and make recommendations to the Board for final approval.
6. Review Policy Statements annually as a first read prior to Board approval. Policy Statements guide the Board and staff decision making and help to set priorities.

Governance duties:

1. Assure that policies and procedures are in place and being implemented to ensure that the Board, and its individual members, operate with the highest ethical standards and integrity, including duties of care and loyalty. Act on issues of conflict of interest that come before the Board as set forth in ClearWay Minnesota's Conflict of Interest Policy.
2. Approve standing committee assignments, including committee chair assignments, at the first Executive/Governance Committee Meeting after a new Board Chair takes office, or as needed and permitted by Article IV, Section 3 of the Bylaws. Committee assignments are brought to the Board for ratification.
3. Ensure that policies and procedures are in place and being implemented to ensure that the committees of the Board are fulfilling their obligations as defined by their respective charters. Provide a process for each committee to review and update its charter annually.
4. Ensure that at least once every two years, the Board of Directors Charter, Conflict of Interest Policy, Director Job Description, and other relevant policies, as listed in the Board Handbook, be reviewed and updated as needed with final approval from the Board.
5. Review periodically the governance processes, including Board organization and structure, frequency of meetings and attendance and make any necessary recommendations to the Board in accordance with the Two-Read Policy.
6. Ensure that orientation and training are in place for both new and current Board Members, as appropriate.
7. Provide for a Board self-evaluation at least every two years.
8. Review annually the attendance and participation of Board Members and refer any recommended action to the Board. It is ClearWay Minnesota's policy that Minnesota-based Board Members must be present for 50 percent of Board meetings annually, and no Board Member may be absent for more than three consecutive meetings unless there are extenuating circumstances. Failure to meet these guidelines will be grounds for consideration for asking the Board Member to resign from their position.

9. Develop the agenda for meetings of the Board of Directors, including the distribution of Executive/Governance Committee minutes to the Board.

ClearWay MinnesotaSM

Charter of the Audit/Finance Committee

Board Approved January 15, 2015

Purpose:

The Audit/Finance Committee shall assist the Board in fulfilling its oversight responsibility for the integrity of ClearWay Minnesota's financial and operational results, the system of internal control, the audit process, ClearWay Minnesota's investment policies and portfolio, and compliance with legal and regulatory requirements.

The Committee will meet at least four times per year, with authority to convene additional meetings, as circumstances require. The Committee may invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. The Committee may meet separately with auditors, with staff voluntarily excusing themselves, to discuss the audit process and results.

Committee Structure:

The Committee shall consist of no more than seven members of the Board of Directors, including the Treasurer (who may or may not chair the Committee), and the chair of the Investment Advisory Committee. The Board Chair shall appoint the Audit/Finance Committee Chair. Committee Members shall be appointed by the Board Chair, approved by the Executive/Governance Committee and ratified by the Board.

Each member will have an understanding of audit and financial functions. At least one member shall be designated by the Board as the "Financial Expert," based on the guidelines attached under Appendix A. The Committee will annually recommend a member or members for designation as Financial Expert to the Board for its consideration.

Authority:

The Committee has authority to conduct or authorize special audits and investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, terminate and oversee the work of any public accounting firm employed by ClearWay Minnesota.
- Resolve any disagreements between management and the external auditors regarding financial or operational control and reporting.
- Pre-approve all audit and non-audit services provided by our independent auditor.
- Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.
- Review and accept the external auditor's reports along with management's written responses when appropriate.

- Be immediately informed by the auditor of all unresolved matters that obstruct the conduct of an audit or review, after, where feasible, such matters were first brought to the attention of the Chief Executive Officer and/or Chief Financial Officer.
- Review and approve the external auditor's audit plans.
- Seek any information it requires from employees – all of whom are directed to cooperate with the Committee's requests – or with external auditors, legal counsel or others as necessary.
- Oversee the performance of the responsibilities of the Investment Advisory Committee (IAC), in accordance with the IAC's Charter, including receiving periodic reports from the IAC and periodically reporting to the Board regarding the management and performance of Clearway's financial assets.

Responsibilities:

The Committee will carry out the following responsibilities:

Financial and Operational Review Oversight

- Report to the Board on financial risks facing ClearWay Minnesota. The Committee members should develop sufficient knowledge of the financial statements and assess risk areas including understanding the critical judgments and estimates contained therein. The Committee shall manage and understand issues related to the tobacco settlement and Court restrictions on fund uses, and approval of uses of funds.
- Advise the Board on the Statement of Investment Objectives and Policies. With input from the Investment Advisory Committee, the Committee will periodically review the Statement and recommend changes to the Board as appropriate. The Committee shall make such other recommendations to the Board on such other policies and procedures regarding stewardship and oversight of ClearWay Minnesota's financial assets as the Committee shall from time to time determine.
- Select and terminate when appropriate, after reviewing any analysis and recommendations of the Investment Advisory Committee and ClearWay Minnesota's CFO, the investment custodian; the investment consultant; the investment managers; and investment vehicles consistent with ClearWay Minnesota policies.
- Review significant accounting, operational and reporting issues and understand their impact on the financial and operating results on the overall ClearWay Minnesota system of internal control.
- Review and discuss the annual audited financial statements results with management and the external auditors.
- Periodically review current internal financial statements of ClearWay Minnesota.

Internal Control

- Evaluate the effectiveness of ClearWay Minnesota's internal control system, including information technology security and control.
- Understand the scope of external auditor's review of internal control over financial and operational reporting and obtain reports on significant findings and recommendations, together with management's responses.

Other Responsibilities

- Perform other activities related to this Charter as requested by the Board of Directors.
- Institute and oversee special investigations within the Committee's area of responsibility.
- Review and assess the adequacy of the Committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

APPENDIX A

Guidelines for determination of a qualified Financial Expert:

The Audit/Finance Committee determines who qualifies as a Financial Expert by considering such things as the person's education level, whether the person has any professional certifications, whether the person has served as a principal financial officer, controller or principal accounting officer of a company and the person's duties in that position, the person's experience and familiarity with financial statements and accounting rules, past experience on audit committees and any other relevant experiences. The Audit/Finance Committee will look at the director's qualifications and experiences taken as a whole when determining whether or not such director qualifies as a Financial Expert.

A Financial Expert is defined as a person who has experience such as:

- Public accountant
- Auditor
- Principal financial officer
- Controller
- Principal accounting officer
- Who has obtained such attributes through experience that involved the performance of similar functions
- Or, in the judgment of the Audit/Finance Committee, results in similar expertise and experience. These attributes include the following:
 - An understanding of Generally Accepted Accounting Principles (GAAP) and financial statements;
 - Experience applying GAAP in connection with the accounting for estimates, accruals and reserves;
 - Experience preparing or auditing financial statements that present accounting issues;
 - Experience with internal controls and procedures for financial reporting;
 - An understanding of audit committee functions; and
 - Understanding of investment performance and principles.

This definition is not intended to impose a higher burden or level of responsibility on the Financial Expert than on other audit committee members and should not be construed to decrease the role of the other members of the Audit/Finance Committee.

ClearWay MinnesotaSM

Charter of the Nominating and Board Development Committee Board Approved January 16, 2013

Purpose:

The Nominating and Board Development Committee shall recommend at-large nominees to the ClearWay Minnesota Board of Directors to fill all at-large vacancies and discuss possible nominees for appointed vacancies. The Committee shall recommend officers to the Board of Directors. The Committee shall oversee a plan for ongoing development of Board Members.

Committee Structure:

The Committee shall consist of seven members: four Board Members (of whom at least two will be at-large members) and three -external community members who are not on the Board. Committee members who are currently seated Board Members shall be appointed by the Board Chair and approved by the Executive/Governance Committee. The Board Chair shall appoint the Nominating and Board Development Committee Chair.

Authority:

The principal elements of the Charter of the Nominating and Board Development Committee shall be:

1. Within two weeks of an at-large vacancy, to convene and solicit nominations to fill the open Board position(s).
2. To assure that the solicitation of nominees shall proceed in a manner to be prescribed by the Board.
3. To assess the Board's current composition and identify needs to actively recruit candidates for at-large Board positions.
4. To strive for a Board that broadly represents all Minnesotans.
5. To give special consideration in their nominee selection and recommendation to persons who, in addition to dedication to ClearWay Minnesota's vision, mission and values, have expertise in one or more of the following areas:
 - Governance of a not-for-profit organization
 - Finance
 - Communications
 - Tobacco control/cessation

- Community organizing
 - Health care
 - Health insurance
 - Populations at risk
 - Public affairs
 - Human resources
 - Grant making
 - Research and evaluation
 - Legal
 - Political expertise or experience
6. To utilize a peer nomination process that develops and presents annually to the Board of Directors a slate of candidates to serve as Board officers for the upcoming year. A Committee Member who is nominated as an officer of the Board shall not vote on, or participate in deliberation of the position. The three external community members do not participate in the selection of the slate of officers.
 7. To present annually to the Board of Directors a slate of at large Board Members who have completed their first three year terms and who are eligible and qualified, and who wish to serve another term on the Board. A Committee Member who is nominated to serve an additional term on the Board shall not vote on, or participate in discussion of, his or her own nomination.
 8. To identify key learning topics with Board input and provide opportunity for training for on-going Board development.

ClearWay MinnesotaSM

Charter of the Program Grants and Program Contracts Committee Board Approved January 15, 2014

Purpose:

The Program Grants and Program Contracts Committee (“PGPCC”) shall assist the Board in fulfilling its oversight and fiduciary duties with respect to program grants and program contracts (“Program Grants and Contracts”) in excess of \$75,000¹.

The primary function of the PGPCC is to provide oversight of the process and to recommend the funding of Program Grants and Contracts pursuant to which ClearWay Minnesota staff:

- Solicits requests for applications for Program Grants and Contracts;
- Executes a process to review applications for Program Grants and Contracts; and
- Presents recommendations as to which applicant organizations should be awarded Program Grants and Contracts.

Program Grants and Contracts are specific grants and contracts that the Research, Cessation, Community Development and Public Affairs departments of ClearWay Minnesota make to accomplish the strategic goals of the organization, consistent with the most current Strategic Plan approved by the Board of Directors. Program Grants and Contracts do not include contracts which support the administration of ClearWay Minnesota’s governance and business affairs or the Marketing and Communications Department, which are reviewed and recommended for funding by the Audit/Finance Committee.

The PGPCC shall meet no fewer than two times per year, and as many additional times as the PGPCC Chair deems necessary to discharge its duties and responsibilities.

Committee Structure:

The PGPCC will be comprised of no more than seven members of the Board of Directors. Committee Members shall be appointed by the Board Chair, approved by the Executive/Governance Committee and ratified by the Board. The Board Chair shall appoint the PGPCC Chair.

Authority:

Provide oversight to ClearWay Minnesota staff in connection with the process for soliciting, reviewing and recommending for approval applications for Program Grants and Contracts. (See Attachment A for an annotated flowchart of the Program Grants and

¹ See *ClearWay Minnesota’s Policies, Procedures and Guidelines Manual*.

Contracts Competitive Review Process.)

1. Meet with staff to review proposed funding priorities and make final recommendations on funding priorities to the Board.
2. Exercise oversight to ensure that the grant and contract process established and managed by the staff meets rigorous review processes consistent with ClearWay Minnesota's policies and procedures.
 - a. A member of the PGPCC may be designated to annually observe a review-panel meeting to assure the integrity of the review-panel process.
 - b. The Chair or any member of the PGPCC may review documents that include the date and title of all grant and contract review panels listed by fiscal year, a list of staff present for all reviews conducted and documentation from the review members, facilitator or chair that the summaries produced by staff are a fair and accurate representation of the review-panel recommendations. These documents also include a list of all individuals who served as reviewers (both external and staff) by fiscal year, along with their curriculum vitae (for external reviewers only) and signed conflict of interest forms.
3. Discuss and recommend funding for applicants to the Board based on the recommendation of the review panels and financial due diligence reports from ClearWay Minnesota staff.
4. Review staff reports regarding progress of funded recipients with respect to their achieved outcomes and/or performance of responsibilities. Report findings of progress to the Board or the Executive/Governance Committee, as appropriate.
 - a. The PGPCC may request from the Chief Executive Officer or his or her designee, advice and information concerning the performance of grantees and contractors.
5. Annually review the charter of the PGPCC and make recommendations to the Board regarding desired changes.

The PGPCC's authority shall not include routine programmatic monitoring or involvement with programmatic activities of ClearWay Minnesota grantees or contractors, participation in the review-panel process, or interacting with applicants with respect to their application, grant or contract before, during or after the application review and funding process.

The PGPCC Members will treat all information regarding funding priorities, the funding process and funding decisions as confidential and may not disclose, use or discuss confidential application materials except in the context of fulfilling committee obligations.

ATTACHMENT A

Program Grant and Contract Competitive Review Process

Step 1: Based on the Strategic Plan, and approved budgets, a funding announcement is developed.

Step 2: The Funding announcement is released to potential applicants based on eligibility requirements.

Step 3: Letters of Intent are due from potential applicants; staff invite full applications from those that meet qualifying criteria (this step is optional).

Step 4: Applicants submit full proposals.

Step 5: Review panel(s) meets. May include both external reviewers and ClearWay Minnesota staff.

Step 6. Staff present review-panel funding recommendations to the PGPCC for action.

Step 7. Full Board makes final funding decisions.

Note that grants and contracts often have a multilayered review process that could include multiple review panels, a revise and resubmit process, site visits and/or request for additional information before a recommendation is made to the PGPCC.

ClearWay MinnesotaSM

Charter of the Strategic Development and Planning Committee Board Approved January 15, 2014

Purpose:

The Strategic Development and Planning Committee shall lead ClearWay Minnesota's Strategic Planning efforts, monitor performance towards Legacy Goals and periodically review the 2023 Framework.

Committee Structure:

The Strategic Development and Planning Committee shall consist of no more than eight members of the Board. The Strategic Development and Planning Committee Chair and Committee Members shall be appointed by the Board Chair, approved by the Executive/Governance Committee and ratified by the Board.

Authority:

The principal elements of the Charter of the Strategic Development and Planning Committee shall be:

1. To oversee the timing, development and modification of the Strategic Plan. The Strategic Plan and modifications to the Strategic Plan will be recommended to and approved by the full Board.
2. To oversee the timing, development and modification of the 2023 Framework. The Framework and modifications to the Framework will be recommended to and approved by the full Board.
3. To monitor research and trends in the field and national and state environment that impact development of the Strategic Plan and 2023 Framework.
4. To review ClearWay Minnesota's annual evaluation findings and apply them to the development, execution and modification of ClearWay Minnesota's Strategic Plans and 2023 Framework.
5. To recommend education for the Board on issues that impact ClearWay Minnesota's strategic direction.
6. To plan and oversee regular Board retreats for the purpose of strategic planning.
7. To ensure that at least once every two years, the Strategic Development and Planning Committee Charter is reviewed and updated as needed.

CLEARWAY MINNESOTA

CHARTER OF THE INVESTMENT ADVISORY COMMITTEE

Board Approved 9-20-06

I. PURPOSE:

The Investment Advisory Committee (the “Committee”) shall give advice on matters relating to the investment policies and portfolio of ClearWay Minnesota. The Committee shall be advisory only, and shall report to the Audit/Finance Committee.

II. COMPOSITION:

The Committee shall be comprised of no more than five persons appointed by the Chair of the Board of Directors, subject to the concurrence of the Board. The term of each member shall be one year, or until his or her successor is appointed, subject to a member’s earlier resignation, removal by the Board, or unavailability for service. There shall be no maximum number of terms for which a member may serve.

The Committee’s Chair shall be appointed by ClearWay Minnesota’s Board Chair, and shall be a member of ClearWay Minnesota’s Board of Directors.

Each member shall be entitled to vote on all matters brought before the Committee.

Qualifications for Committee membership shall include an interest and knowledge in capital investing, support for ClearWay Minnesota’s mission; and the ability to attend Committee meetings. Experience in institutional investing is strongly preferred. A candidate, who in the past ten years has (had) any affiliation with any business or organization which manufactures or sells tobacco products, is barred from Committee membership.

III. AUTHORITY:

The Committee is advisory only, and shall report to the Audit/Finance Committee.

IV. DUTIES AND RESPONSIBILITIES:

Responsibilities of the Committee include advising ClearWay Minnesota’s Audit/Finance Committee and ClearWay Minnesota’s Chief Financial Officer (the “CFO”) on the Statement of Investment Objectives and Policies. The Committee will periodically review the Statement, including investment objectives, guidelines, strategies, risk and return parameters, and performance measurement standards, and recommend changes as appropriate. The Committee shall make such other recommendations to ClearWay Minnesota’s Audit/Finance Committee and CFO on such other policies and

procedures regarding ClearWay Minnesota's financial assets as the Committee shall from time to time determine.

In addition the Committee shall:

1. Recommend the selection and termination as appropriate, after receiving the recommendations of ClearWay Minnesota's CFO, a custodian bank; and receive periodic reports through the CFO regarding performance, evaluation, and compensation of such custodian bank.
2. Recommend the selection and termination as appropriate, after receiving the recommendations of the CFO, an Investment Consultant to assist in structuring and monitoring ClearWay Minnesota's investment portfolio; and receive periodic reports through the CFO regarding performance, evaluation, and compensation of such Investment Consultant.
3. Recommend the selection and termination as appropriate, after receiving the recommendations of the CFO, Investment Managers, commingled ("pooled") funds, mutual funds, and other appropriate investment vehicles consistent with ClearWay Minnesota policy; and receive periodic reports through the CFO regarding performance, evaluation, and compensation of such investment managers, funds, and other vehicles.
4. Periodically meet with the CFO and Investment Consultant to review an evaluation of the overall performance of portfolio investments, and the consistency of those investments with ClearWay Minnesota's mission, principles, and policies; and recommend corrective action deemed prudent and appropriate if investment performance is below expectations.
5. The Committee Chair shall periodically report to the Audit/Finance Committee regarding the activities of the Committee, and provide such information as the Audit/Finance Committee reasonably requests regarding the actions of the Committee.

V. MEETINGS AND NOTES:

The Committee shall meet in person no fewer than two times per year, and as many additional times as the Committee deems necessary.

The Committee shall prepare written notes of its meetings. Such meeting notes shall be made available to the Audit/Finance Committee or Board if requested.



Appendix B

Conflict of Interest Policy Adopted September 19, 2012



Conflict of Interest Policy

**Approved by the
ClearWay Minnesota Board of Directors September
19, 2012**

**Approved by the
Ramsey County District Court
May 14, 2013**

ClearWay MinnesotaSM
Restated Policy Concerning Conflicts of Interest
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ClearWay MinnesotaSM
Restated Policy Concerning Conflicts of Interest
Approved by the ClearWay Minnesota Board of Directors September 19, 2012
Approved by the Ramsey County District Court May 14, 2013

I. Introduction

The Board of Directors of ClearWay MinnesotaSM is committed to governing the organization in a manner that takes appropriate care to identify, minimize the impact of and, where possible, eliminate actual, possible or perceived conflicts of interest. This policy is intended to assist ClearWay Minnesota Board Members and employees in identifying actual conflicts of interest and situations in which there might be a conflict or the appearance of a conflict even if no actual conflict exists. This document also describes the procedures that the Board has established for disclosing and resolving conflict situations that arise.

Every Board Member and employee is responsible for knowing and following this policy. Board Members and employees receive regular training in how to follow and apply this policy. Each year, every Board Member and employee reviews a list of current ClearWay Minnesota grantees and contractors and discloses any relationships with organizations that have grants or contracts with ClearWay Minnesota before submitting a mandatory certificate of compliance with this policy. ClearWay Minnesota informs its vendors and grantees of this policy and its application.

II. Definitions

1) A ClearWay Minnesota Board Member or employee is “**affiliated**” with an organization (and has an “**affiliation**” with an organization) if he or she or a family member is an officer of, director of, employed by, an independent contractor for, receiving proceeds from a ClearWay Minnesota grant or contract, or has a financial interest in the organization.

2) A “**Board Member**” is a person who is on the ClearWay Minnesota Board. A Board Member may be appointed or elected.

3) “**Family members**” of a person are the person’s spouse or domestic partner, parents, stepparents, siblings, children, stepchildren, and spouses or domestic partners of the person’s children and stepchildren.

4) “**Relatives**” of a person are the person’s aunts and uncles.

5) A person has a “**financial interest**” if the person has, directly or indirectly, through governance, business or investment:

a) An existing, foreseeable or recent (within the past year) ownership interest of more than 2 percent in any entity with which ClearWay Minnesota has, or is negotiating, a grant, contract or other arrangement; or

b) An existing, foreseeable or recent (within the past year) compensation arrangement

with ClearWay Minnesota or with any entity or person with which ClearWay Minnesota has, or is negotiating, a grant, contract or other arrangement.

III. Actual Conflict of Interest

To ensure that the decisions of the ClearWay Minnesota Board and employees are objective and independent, the Board prohibits giving contracts and grants to Board Members or ClearWay Minnesota employees, or the family members of either. If a Board Member or employee is affiliated with an organization with which ClearWay Minnesota is considering a grant or contract, the person may have an actual conflict of interest. The Board has created the following rules and procedures for such situations.

1) Absolute Prohibition on Contracts and Grants with Board Members, Employees or Their Family Members. ClearWay Minnesota will not give grants to, or enter into contracts with, a ClearWay Minnesota Board Member or ClearWay Minnesota employees (except for employment contracts) or the family members of either while the person is serving ClearWay Minnesota and for one year after the person ceases to be a Board Member or employee of ClearWay Minnesota.

2) Contracts with or Grants to Organizations Affiliated with Board Members. ClearWay Minnesota will not give grants to, or enter into contracts with, organizations with which a Board Member is affiliated at the time of his or her election or appointment to the ClearWay Minnesota Board or at any time during his or her service as a Board Member unless:

a) The Board Member promptly resigns from the affiliated organization and for one year thereafter does not participate in discussions or decisions by ClearWay Minnesota about awarding or managing grants and contracts with the affiliated organization; or

b) The Board Member promptly resigns from the ClearWay Minnesota Board; ClearWay Minnesota sends the affiliated organization a certification form; and within 30 days, that organization returns the form verifying that the person will not, for one year following his or her resignation, participate in discussions or decisions of the organization regarding seeking or fulfilling grants or contracts with ClearWay Minnesota.

3) Contracts with or Grants to Organizations Affiliated with Family Members or Relatives of Board Members. If a family member or relative of a Board Member is, or becomes, affiliated with an organization that has a grant or contract with ClearWay Minnesota, that organization must:

a) Certify in writing to ClearWay Minnesota that the family member or relative will not solicit, supervise, manage, administer or have a financial interest in the ClearWay Minnesota grant or contract for the duration of that grant or contract;

b) Submit the certification within 30 days after the disclosure of the relationship to the affiliated organization or a written request from ClearWay Minnesota; and

c) Promptly update the certification if the status of the family member or relative changes.

4) Contracts with or Grants to Organizations Affiliated with Employees. ClearWay Minnesota will not give grants to, or enter into contracts with, organizations with which a ClearWay Minnesota employee is affiliated unless:

a) The employee promptly resigns from the affiliated organization and for one year thereafter does not participate in discussions or decisions by ClearWay Minnesota about awarding or managing grants and contracts with the affiliated organization; or

b) The employee promptly resigns from ClearWay Minnesota; ClearWay Minnesota sends the affiliated organization a certification form; and within 30 days, that organization returns the form verifying that the person will not, for one year following his or her resignation, participate in discussions or decisions of the organization regarding seeking or fulfilling grants or contracts with ClearWay Minnesota.

5) Contracts with or Grants to Organizations Affiliated with Family Members or Relatives of Employees. If a family member or relative of a ClearWay Minnesota employee is, or becomes, affiliated with an organization that has a grant or contract with ClearWay Minnesota, that organization must:

a) Certify in writing to ClearWay Minnesota that the family member or relative will not solicit, supervise, manage, administer or have a financial interest in the ClearWay Minnesota grant or contract for the duration of that grant or contract;

b) Submit the certification within 30 days after disclosure of the relationship to the affiliated organization or a written request from ClearWay Minnesota; and

c) Promptly update the certification if the status of the family member or relative changes.

IV. Procedure for Disclosing an Actual Conflict of Interest

1) **ClearWay Minnesota Board Members and Chief Executive Officer (CEO).** Every Board Member and the CEO is responsible for disclosing any conflict as described in Section III to the Chair of ClearWay Minnesota's Board (Board Chair) or, if the Board Chair has the conflict, to the Vice Chair of the Board as soon as he or she discovers the conflict. If any action has been taken before the disclosure, the process outlined in Section VII.1.b will be followed.

2) **ClearWay Minnesota Employees.** Every employee is responsible for disclosing any conflict as described in Section III to the CEO as soon as he or she discovers the conflict. If any action has been taken before the disclosure, the process outlined in Section VII.2.b will be followed.

V. Possible Conflict of Interest

Depending on the specific circumstances, a ClearWay Minnesota Board Member or employee could have a conflict in the following situations. (Examples are provided for illustrative purposes only and are not intended to be all-inclusive.) To ensure that the decisions of the ClearWay Minnesota Board and employees are objective and independent, the Executive/Governance Committee of the ClearWay Minnesota Board will determine whether an actual conflict of interest exists in these and similar situations following the process detailed in Section VII. The Executive/Governance Committee also may delegate the resolution of a possible conflict issue to another Board committee.

- 1) There is a proposed action involving ClearWay Minnesota in which a family member or relative of a ClearWay Minnesota Board Member or employee has a financial interest; or
- 2) A person or an organization involved in decisions regarding the performance or supervision of a ClearWay Minnesota grant or contract has a personal, social or business relationship with a ClearWay Minnesota Board Member, employee, or a family member of either; or
- 3) A family member or relative of a ClearWay Minnesota Board Member or employee is affiliated with an organization that has a grant or contract with ClearWay Minnesota.

VI. Appearance of Conflict (Perceived Conflict)

A perception that the ClearWay Minnesota Board or employees are not making a fair, objective and independent decision may be created by circumstances that fall outside of the definition of an actual conflict of interest. The following examples (provided for illustrative purposes only and not intended to be all-inclusive) demonstrate when the interests or concerns of Board Members or employees, or their relationships with family members, relatives, or other persons or entities, could be seen as affecting the decisions of ClearWay Minnesota. To protect the integrity and reputation of ClearWay Minnesota, the Executive/Governance Committee will determine how a perceived conflict of interest will be handled in these and similar situations following the process detailed in Section VII. The Executive/Governance Committee also may delegate the resolution of a perceived conflict issue to another Board committee.

- 1) ClearWay Minnesota considers a grant to an organization, and a ClearWay Minnesota Board Member was previously on the board of that organization.
- 2) An appointed Board Member's allegiance, or perceived allegiance, to his or her appointing authority is perceived as influencing his or her objectivity on an issue before the ClearWay Minnesota Board.
- 3) A ClearWay Minnesota employee or his or her spouse has a close friend (not a family member or relative) who has a financial interest in a ClearWay Minnesota vendor or grantee.

VII. Procedures for Disclosing, Assessing and Addressing a Possible or Perceived Conflict or an Actual Conflict Disclosed after Action has been Taken

1) For ClearWay Minnesota Board Members and the Chief Executive Officer

Every Board Member and the CEO must disclose to the Board Chair the relevant facts of any proposed action involving ClearWay Minnesota in which he or she has a possible or perceived conflict as soon as it is discovered. If the Board Chair has a possible or perceived conflict, he or she must disclose to the Vice Chair the relevant facts of the possible or perceived conflict.

Every Board Member and the CEO must notify the Board Chair (or the Vice Chair if the matter involves the Chair) if he or she thinks there is a conflict of interest with another Board Member or the CEO on a particular action.

a) If the disclosure is made before the Board or a Board committee considers the action

- i. The Executive/Governance Committee will review the possible or perceived conflict and decide by majority vote if the person has a conflict. The person may be present at the Executive/Governance Committee meeting and, if the person is a member of the committee, he or she may be counted toward a quorum. The Executive/Governance Committee may ask the person for relevant information about the situation but the person will not participate in the discussion or voting.
- ii. If the committee decides that the Board Member or CEO does not have a conflict, he or she may participate in the consideration of the proposed action. If the committee decides that the Board Member or CEO does have a conflict, he or she will not participate in the consideration of the proposed action.
- iii. The Board Member or CEO may appeal the Executive/Governance Committee's decision to the ClearWay Minnesota Board. The Board will decide the issue without the participation of the person whose conflict is in question.

b) If the disclosure is made after the Board or a Board committee considers the action

- i. If a possible or perceived conflict is not discovered before the Board or Board committee decides on the action, the Board Member or the CEO must disclose the possible or perceived conflict to the Board Chair (or the Vice Chair, if the Board Chair has the possible or perceived conflict) as soon as it is discovered.
- ii. The Executive/Governance Committee will follow the process outlined in

the VII.1.a to determine whether there is a conflict and, if so, what remedial action should be taken. The Board Member or CEO may appeal both the decision as to whether there is a conflict and the remedy to the Board.

2) For a ClearWay Minnesota Employee

Every ClearWay Minnesota employee must disclose to the CEO the relevant facts of any proposed ClearWay Minnesota action in which the employee has a possible or perceived conflict as soon as it is discovered. Every employee also must notify the CEO or the Board Chair (if the matter involves the CEO) if he or she thinks there is a conflict of interest with another employee on a particular action.

a) If the disclosure is made before the Board considers the action

- i. The CEO will review the possible or perceived conflict and decide if the employee has a conflict. In the case of an employee who reports directly to the CEO, the CEO will advise the Board Chair of the decision about the existence of a conflict, and the Board Chair will obtain the Executive/Governance Committee's confirmation of the proposed decision before finalizing it.
- ii. If the employee has a conflict, he or she will not participate in the deliberation or decision by ClearWay Minnesota regarding the action unless the Board Chair or the CEO asks him or her to provide information.
- iii. The employee may appeal the conflict decision to the ClearWay Minnesota Board, which will decide the issue.

b) If the disclosure is made after the Board considers the action

- i. If a possible or perceived conflict is not discovered before the Board or a Board committee decides on the action, the employee must disclose the possible or perceived conflict to the CEO as soon as it is discovered.
- ii. The CEO will review the possible or perceived conflict and decide if the employee has a conflict. If the employee has a conflict, the CEO will determine whether any remedial action will be taken.
- iii. In the case of an employee who reports directly to the CEO, the CEO will advise the Board Chair of the decision about the existence of a conflict and any necessary remedial action, and the Board Chair will obtain the Executive/Governance Committee's confirmation of the proposed decision before finalizing it.
- iv. If the Board Chair or the CEO decides that the questions of a conflict or remedial action should be referred to the Board or the Executive/Governance Committee, the procedure described in Section VII.1.a will be followed.

- v. The employee may appeal the conflict decision to the ClearWay Minnesota Board, which will decide the issue.

VIII. Records

Appropriate records will be kept to document the handling and resolution of all matters involving conflicts.

IX. Policy Enforcement; Education and Training

The Executive/Governance Committee will consider and determine the enforcement of this policy, as well as the education of ClearWay Minnesota Board Members and employees about this policy.

X. Gifts

No ClearWay Minnesota Board Member or employee may receive a gift, including tickets to sporting or cultural events, from any third party in connection with their service to ClearWay Minnesota if the value of such gift is greater than \$5.00. ClearWay Minnesota employees must report any gifts they receive to their supervisor. Gifts from prospective grantees or vendors will not be accepted.

Gifts of food or flowers with a value greater than \$5.00 will be placed in a common area of the office and shared with all employees and visitors. The aggregate value of the food or flowers cannot be greater than \$100.00. Any gift may be returned; gifts worth more than \$100 must be returned.

ClearWay Minnesota employees may consume food or beverages provided by partners, vendors or grantees while attending events or meetings as part of conducting ClearWay Minnesota business. Employees do not have to pay the host organization for food or beverages consumed at such events or meetings. Employees are not required to report meals consumed while conducting ClearWay Minnesota business unless they are seeking reimbursement.

XI. Consultant Fees, Honoraria

All ClearWay Minnesota employees and Board Members are encouraged to participate in community and professional activities. If the activities are part of their ClearWay Minnesota duties and responsibilities, any payment received must be turned over to ClearWay Minnesota. This includes any fees derived from ClearWay Minnesota reports, activities, events, speaking engagements or honoraria while employed by ClearWay Minnesota or while serving on the ClearWay Minnesota Board.

XII. Loans

ClearWay Minnesota will not loan money or property to, or guarantee the obligations of, any person.

AMENDED AND RESTATED BYLAWS
of
CLEARWAY MINNESOTASM
Effective July 17, 2013

ARTICLE VI
CONFLICT OF INTEREST; ACCEPTANCE OF GIFTS

Conflicts of interest, including policies relating to loans and gifts, are governed by ClearWay Minnesota's Restated Conflict of Interest Policy, adopted by ClearWay Minnesota's Board of Directors September 19, 2012.

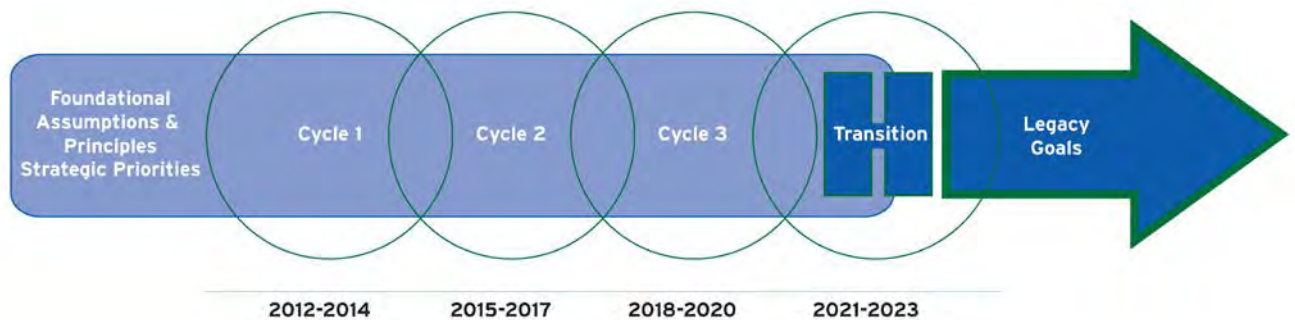
Enforcement of the Conflict of Interest Policy shall be considered and determined by the Executive/Governance Committee of the ClearWay Minnesota Board. Any final decision relating to any conflict of interest matter involving ClearWay Minnesota shall be made by the ClearWay Minnesota Board on the recommendation of the Executive/Governance Committee, or a committee designated by the Executive/Governance Committee, of the ClearWay Minnesota Board.



Appendix C

2023 Framework Executive Summary

ClearWay MinnesotaSM 2023 Framework Report



CONFIDENTIAL

**Approved by the ClearWay Minnesota Board of Directors
July 15, 2009**



Executive Summary

Introduction

In 1998, ClearWay MinnesotaSM was created as an independent nonprofit organization with a 25-year lifespan. Through research, action and collaboration we work to reduce the harm – the negative health, economic and emotional consequences¹ – of tobacco use in Minnesota.²

ClearWay Minnesota's programs and activities are directed by three-year Strategic Plans approved by our Board of Directors. Recognizing our unique position as a catalyst for ongoing health initiatives, our Board, through the fifth strategy of our 2007-2011 Strategic Plan, directed us to begin planning for our transition out of existence through the creation of a Framework, a new tool to complement the remaining strategic planning cycles. This Framework will assist ClearWay Minnesota:

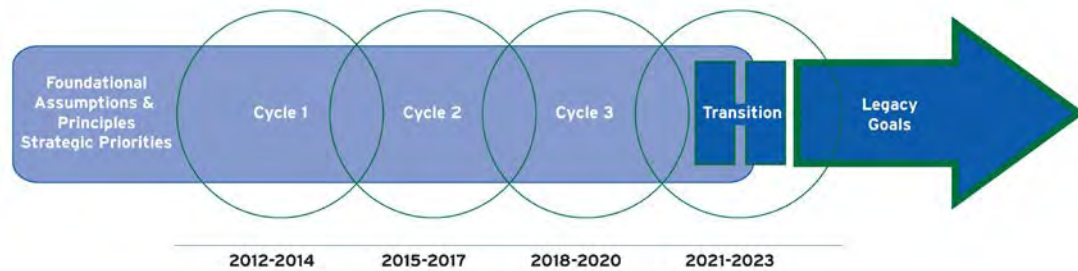
- 1) In effectively using resources to reach our goals by our 2023 transition or phase-out;
- 2) In identifying ClearWay Minnesota's desired legacy, and laying out a specific Legacy Statement and Legacy Goals; and
- 3) In informing the remaining three-year strategic Planning Cycles, which will shape the work of our remaining years.

¹ ClearWay Minnesota defines tobacco's harm as the negative health, economic and emotional consequences of tobacco use and secondhand smoke exposure. As of this writing, smoking accounts for an estimated 438,000 deaths each year in the U.S. – nearly one in every five deaths nationally. Smoking harms nearly every organ of the body, causing many diseases and reducing the health of smokers in general. It causes heart disease, the leading cause of death for Americans. In Minnesota alone, smoking causes 5,600 deaths annually, and costs nearly \$2 billion in health care costs; each individual pack of cigarettes smoked costs an estimated \$8.85 in medical expenses and lost productivity. Over \$215 million is spent each year in Minnesota to treat conditions caused by secondhand smoke, such as respiratory illness and heart disease. At this time, 634,000 Minnesotans – mothers, fathers, sons, daughters, brothers, sisters, aunts, uncles and friends – continue to smoke, and smoking-related disease and death impacts not only them but their families and loved ones as well. Children of smokers are almost twice as likely to smoke as those of nonsmokers.

² This document refers numerous times to "tobacco use." It should be noted that this term refers specifically to the use of *commercial* tobacco products such as cigarettes, and not to the sacred and indigenous uses of tobacco practiced by American Indian communities and other groups.

With the knowledge that difficult decisions will be necessary to maximize impact during our remaining 14 years, ClearWay Minnesota has created a 2023 Framework Report to serve as a resource for making ongoing decisions about our work.

Framework Model



Method

In 2007 and 2008, steps were taken to develop the Framework, which is intended to help find answers to the following questions:

- ***What should ClearWay Minnesota's enduring impact be?***
- ***What long-term goals will help us get there?***

Staff combined their expertise and knowledge with external resources to develop the 2023 Framework Recommendations.

Findings and Recommendations

In creating the Framework, ClearWay Minnesota staff used available information to draw conclusions about limited lifetime models, and to create findings and recommendations for the organization.

Findings

Few limited lifetime models exist. Since few comparable nonprofit organizations with limited lifetimes exist, ClearWay Minnesota has little access to models for best practices.

Foundational Assumptions and Principles are important for short-term and long-term strategic planning. These will foster shared understanding of the perspective from which this Framework has been developed, and from which future Strategic Plans will be created.

ClearWay Minnesota's Legacy Statement should articulate the desired lasting impact we will have, and our Legacy Goals clearly define specific, measurable outcomes that we hope to achieve. For a limited lifetime organization in particular, outcome-driven priorities are critical for achieving the greatest impact.

Strategic Priorities should be set to maximize ClearWay Minnesota's impact until we transition or phase out of existence. We must invest our time and energy in activities that have the highest value, deliver that value in the shortest timeframe and have an enduring impact on health-related work in this state beyond our final days as an organization.

ClearWay Minnesota's remaining Planning Cycles are limited. To be effective, we must inform the remaining three Planning Cycles with appropriate financial forecasting and with key strategic guidance from the Framework.

Recommendations

The Framework is informed by staff findings, and includes recommendations for five key elements.

Foundational Assumptions and Principles

These should create a common understanding of ClearWay Minnesota's environmental, operational and strategic context.

Environmental	<ul style="list-style-type: none">• ClearWay Minnesota will transition or phase out of existence in 2023.• The tobacco industry and the problems caused by tobacco will persist after 2023.• Our work has greatly helped reduce tobacco's harm in Minnesota.• Our programs and knowledge will have value after we have transitioned out of existence.• The Framework will be a tool for strategic planning in our remaining years.• The Framework must be flexible to account for environmental change.• The Framework should promote decisions designed to pass on our knowledge, expertise and mission to other organizations and efforts.
Operational	<ul style="list-style-type: none">• We will adhere to all court-authorized guiding documents.• We will excel through our last day of operation.• We will plan for strategic planning, transfer and transition phases.
Strategic	<ul style="list-style-type: none">• Our vision, mission, business definition and values will continue to guide us.

	<ul style="list-style-type: none"> • Our Legacy Statement and Legacy Goals will help us prioritize our future work. • Research, innovation and partnership will remain priorities for us. • We value evaluation as an important aid in achieving our desired legacy. • We are a learning organization, capable of evolving and prioritizing as we approach the end of our lifespan. • Priority areas are those that will have the greatest lasting impact. • Planning and prioritizing for the future – both during our lifetime and after our transition or phase-out – is increasingly important. • Some of our knowledge, processes, programs and services will be sustainable and transferable to our partners.
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Legacy Statement and Legacy Goals

ClearWay Minnesota’s Legacy Statement is a defining statement of our desired lasting impact, and articulates what we hope will remain after we transition or phase out of existence. Our Legacy Goals are specific, measurable goals that will direct long-term planning.

Legacy Statement

- *By 2023, ClearWay Minnesota’s work will have changed Minnesota in ways that have a lasting, tangible impact on the lives and health of its people.*
 - *We will have reduced tobacco-related harms, improved health and created a tobacco-free future for more and more individuals and communities statewide.*
 - *We will have created capacity and infrastructure for ongoing, sustainable tobacco control work, by developing operational tools and strategies to create a lasting impact on the health and wellbeing of Minnesotans.*
 - *We will have changed the overall environment in Minnesota so that tobacco use is less acceptable than it was before our work began.*

Legacy Goals

- *The prevalence of smoking among adult Minnesotans will have declined to less than 5 percent by 2023.*
- *Less than 5 percent of nonsmoking adult Minnesotans will be exposed to secondhand smoke in any location by 2023.*
- *One hundred percent of Minnesota smokers will have access to comprehensive tobacco dependence treatment by 2023.*

Strategic Priorities

This Framework lays out Strategic Priorities, broad directional guidelines to inform ClearWay Minnesota's strategic planning and our work to achieve our Legacy Goals. Priority areas are those that are likely to have the most lasting impact on reducing tobacco's harm in Minnesota within our remaining time and budget, and beyond our transition or phase-out in 2023. ClearWay Minnesota's future work must continue to be founded in evidence-based science and research, and be supported by media campaigns and other efforts to change social norms around tobacco use in this state.

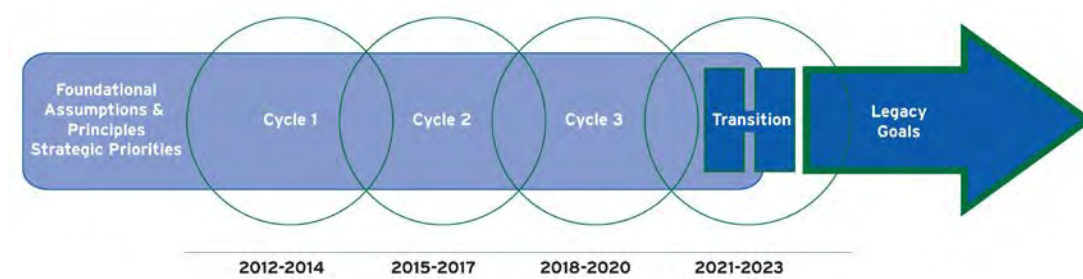
- ***Policy will be the priority, as research and practice have shown policy change has the most lasting impact to reduce tobacco's harm.***
- ***Cessation services will be focused on treating those with the highest rates of tobacco use, the greatest challenges in quitting and the least access to such services.***
- ***ClearWay Minnesota will prioritize our work with priority populations to create lasting benefits for the most impacted communities among them.***
- ***We will plan for a limited lifetime by creating sustainable structures, including operational tools and other strategies, to support change and transition.***

Financial Forecasting

ClearWay Minnesota's strategic planning will include creating financial forecast summaries by fiscal year, through 2023. These summaries will be formulated consistent with the goals of this Framework, and will include expense projections based on estimated program support and staffing levels, as well as revenue forecasts based on both average expected investment returns and returns assuming a minus one standard deviation rate. These financial forecast summaries will be updated, along with ongoing strategic and other planning, as new information becomes available.

Planning Cycles

ClearWay Minnesota is guided by three-year strategic Planning Cycles and annual assessments. We are charted for three more strategic Planning Cycles over our lifetime (2012-2014, 2015-2017 and 2018-2020), as well as for a three-year Transition Cycle (2021-2023). This schedule promotes continuous evaluation and adjustment, both proactive and reactive, based on environmental changes and new knowledge. Moving forward, these Planning Cycles should be informed by this Framework.



The 2023 Framework offers perspective to help plan for mission sustainability beyond our transition or phase-out. It suggests that ClearWay Minnesota:

- During the 2012-2014 strategic Planning Cycle: continue to build assets (knowledge, processes, products or services), continue financial summaries and plan and conduct a pilot transfer/incubator project;
- During the 2015-2017 strategic Planning Cycle: build and transfer assets, respond appropriately to pilot transfer from previous cycle, and plan transition;
- During the 2018-2020 strategic Planning Cycle: continue to build and transfer assets; plan and begin implementing transition; and
- During the transition period, 2021-2023: continue to transfer assets and implement transition strategies.

Conclusion

This Framework is intended to provide clarity for programmatic and financial prioritization during ClearWay Minnesota's remaining years. It will serve as a strategic guide for our Board and staff throughout the rest of our lifetime, as we continue to excel, to meet our long-term goals and to have the maximum impact in a changing environment.



Appendix D

Fiscal Year 2015 Policy Statements

ClearWay MinnesotaSM Policy Position One:

**ClearWay Minnesota supports maintaining and increasing
Minnesota's tobacco prices.**

Facts:

- **Increasing the price of tobacco is one of the most effective methods for preventing and reducing tobacco use.** Every 10 percent increase in the real price of tobacco reduces smoking prevalence by 1.5 percent and overall cigarette consumption by approximately 3 to 5 percent.¹
- **Increasing the price of tobacco is one of the most effective methods for preventing youth initiation and use among young adults.** Every 10 percent increase in the real price of tobacco reduces the number of youth who smoke by more than 5 percent,¹ and the number of youth who start smoking by 10 percent.² Youth are two to three times more responsive than the general population to price increases, and are more likely to quit or cut back on smoking in order to avoid the cost.³ In a University of Minnesota study involving youth and young adults, 76 percent of those who had smoked in the past 30 days reported being aware of a recent price increase (Minnesota's 2005 health impact fee increased cigarette pack prices by \$0.75). Among the same group of smokers, 17 percent reported quit attempts and 24 percent reported reducing smoking because of the price increase.⁴
- **Certain smokers are more responsive to changes in the price of cigarettes.** Cigarette price and tax increases have been shown to reduce smoking among youth, young adults, African Americans and Chicanos/Latinos. Pregnant women are also more likely to reduce or quit smoking when tobacco prices rise.^{5,6} A recent research review found individuals with low income or education were more likely than the general population to reduce both smoking and cigarette consumption following price increases.⁷
- **Tobacco use remains a persistent problem in Minnesota.** In Minnesota, each year tobacco use is responsible for more than 5,100 deaths. Additionally, the annual cost of smoking in Minnesota is estimated to be \$2.87 billion in direct health care costs.⁸ As of 2014, 14.4 percent of Minnesota adults continue to smoke, and 15.3 percent of the state's 18-24-year-olds smoke.⁹
- **There is more work to be done nationally to reduce smoking rates.** In 2013, a new low of 17.8 percent of U.S. adults were current cigarette smokers.¹⁰ The states that have seen some of the largest reductions in youth prevalence (e.g., Maine, New York and Washington) have all pursued comprehensive tobacco control programs that include significantly increasing the price of tobacco products.¹¹ At the same time, many states have made little progress with tobacco control efforts such as increasing tobacco taxes and passing comprehensive smoke-free workplace laws that cover places such as bars and restaurants.
- **Smokeless tobacco continues to be popular.** In 2014, 7.2 percent of Minnesota adult males used smokeless tobacco. Among smokers 7.4 percent reported using smokeless tobacco in addition to cigarettes in 2014. This reflects the tobacco industry's marketing of smokeless tobacco products to smokers.⁹
- **Minnesota's cigarette tax ranks high in the United States.** In 2013, Minnesota's cigarette excise tax and sales tax increased the price of cigarettes by \$1.75 per pack. This led to a 12 percent reduction in sales of cigarettes for July to December 2013, compared to the same period in 2012.¹² As of

August 1, 2013, Minnesota ranked seventh in the United States for its cigarette tax. Six states (New York, Massachusetts, Rhode Island, Connecticut, Hawaii and Washington) currently have cigarette tax rates over \$3.00 per pack.¹³

- **Higher tobacco prices encourage smokers to quit.** In-state evidence shows that cigarette price increases prompt many smokers to quit or cut back.¹⁴ In 2009, a 63-cent cigarette tax increase took effect nationwide. When asked about the tax increase, 65 percent of a cohort of Minnesota smokers said it helped them think about quitting, 47 percent said it helped them cut down on cigarettes and 29 percent said it helped them make a quit attempt.¹⁵ Quit attempts by Minnesotans increased dramatically after taxes on cigarettes increased by \$1.75 per pack on July 1, 2013. During the first two weeks of July 2013, QUITPLAN Services received 256 percent more calls than in the first two weeks in July 2012, and saw a 289 percent increase in visits to quitplan.com.
- **Tobacco's harm disproportionately impacts low-income smokers who are more likely to quit or cut back following price increases.** Opponents of tobacco taxes frequently argue that a cigarette price increase will fall heavily on the economically disadvantaged, since tobacco is disproportionately used by low-income individuals. However, low-income populations are 70 percent more responsive to price increases than affluent populations. Consequently, low-income smokers are considerably more likely to stop or reduce tobacco use following a price increase. Since low-income smokers suffer disproportionately from the health effects of smoking, a larger proportion of the eventual benefits of quitting (and the correspondent savings on health care) will accrue to this low-income population.¹⁶
- **Tobacco taxes are a stable and predictable source of revenue.** Tobacco taxes are less volatile than other state revenue sources, such as income or corporate taxes, because tobacco sales are less affected by economic slowdowns or recessions.¹⁷ Minnesota's revenue estimates are reliable for predicting new revenue from increased tobacco taxes and fees. In 2013, when Minnesota raised the tax on cigarettes and other tobacco products, the Minnesota Department of Revenue estimated tobacco tax revenue would generate approximately \$593,271 million in revenue in Fiscal Year 2014. The actual revenue reported by Minnesota Management and Budget was \$607,120 million –\$13,849 higher than the original estimate.¹⁸ Minnesota's model to estimate revenue from tobacco taxes takes into account declines in consumption, smoking rates and youth initiation.

Background Notes:

- On May 23, 2013, Governor Mark Dayton signed into law a bill significantly increasing excise tax rates on cigarettes and other tobacco products and making several other important changes to Minnesota tobacco tax laws. Highlights of the new law include:
 - The excise tax on cigarettes increased by \$1.60 per pack (from \$1.23 per pack to \$2.83 per pack).
 - The excise tax on other tobacco products increased from 70 percent to 95 percent of wholesale price.
 - The definition of a "cigarette" for excise tax purposes has been amended to include so-called little cigars. As a result, products that bear a close resemblance to standard cigarettes will now be taxed as cigarettes, even if they are labeled as "cigars," "small cigars," "cigarillos" or "mini-cigarillos."
 - As of January 1, 2014, a minimum tax was applied to containers of "moist snuff." The excise tax will be either 95 percent of the wholesale price or \$2.83 per container (whichever is greater).

- A full summary of the tobacco tax components of the new law can be found on the Public Health Law Center's website.
- For the purposes of taxation in Minnesota, all tobacco products except cigarettes are considered "other tobacco products" (OTPs). Any increase in Minnesota's cigarette tax should be accompanied by an equivalent increase in the OTP tax rate. Maintaining tax equity between cigarettes and OTPs is becoming increasingly important, as a large price disparity between cigarettes and OTPs may encourage product substitution and undermine the cessation impact of a tax increase. Additionally, the tobacco industry has been advocating for lower excises taxes on tobacco products that they argue are less harmful than cigarettes. ClearWay Minnesota supports keeping the price of cigarettes and OTPs equally high and not adjusting tax rates on some products based on tobacco industry claims.
- Electronic cigarettes (e-cigarettes) are battery-operated devices that allow the user to inhale a vapor produced from cartridges filled with nicotine, flavors and other chemicals. Currently, Minnesota taxes the nicotine cartridges of electronic cigarettes as tobacco products, at 95 percent of the wholesale price. Minnesota should continue to impose the same excise tax rate on e-cigarettes as all other tobacco products and should monitor future regulatory guidance by the FDA.
- "Little cigars" are filtered, often sweet-flavored products that are similar in size, shape, product engineering and packaging to cigarettes. The 2013 law that expanded Minnesota's definition of *cigarettes* to include these products has increased the price of most brands, making them less attractive to youth and other price-sensitive populations.
- Minnesota taxes tobacco products other than cigarettes using an *ad valorem* approach. This ensures that the tax burden does not decline over time by automatically adjusting for increases in the wholesale price of tobacco. Currently, Minnesota taxes non-cigarette tobacco products at 95 percent of their wholesale price. In recent legislative sessions, Philip Morris has aggressively pursued legislation to change the method of taxing moist snuff from an *ad valorem* system to a weight-based one. Weight-based taxes result in a declining tax burden on OTPs (including moist snuff) and are therefore not in the best interest of public health. Philip Morris is currently the market leader in premium moist snuff brands, and a change to weight-based taxes would significantly benefit the company by solidifying its market share. Other tobacco manufacturers oppose what they see as a competitive advantage for Philip Morris.
- When the price of cigarettes increases, some smokers look for cheaper options, such as making cigarettes using loose-leaf or "roll-your-own" tobacco. In 2009, the federal tobacco excise tax increased, making the federal tax on roll-your-own tobacco equal to the federal cigarette tax. At the same time, pipe tobacco continued to be taxed at a much lower rate. As a result, many roll-your-own companies re-labeled their tobacco as "pipe tobacco" to avoid the higher rate. In 2013, Minnesota increased the tax on loose-leaf tobacco and pipe tobacco from 70 percent to 95 percent of wholesale. Continued efforts to raise the price of all tobacco products and create tax uniformity across products will help deter individuals and companies from replacing high-tax tobacco products with lower-tax ones.
- For several years, ClearWay Minnesota and Blue Cross and Blue Shield of Minnesota have convened a group of more than 30 of the state's leading health and nonprofit organizations to work in coalition to increase taxes on tobacco products. The coalition was the driving force behind the significant 2013 tobacco tax increase. A complete list of partners can be found at www.raiseitforhealth.org.

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ClearWay MinnesotaSM Policy Position Two:

ClearWay Minnesota supports the adoption, implementation and enforcement of policies (public and voluntary) that protect people from the dangers of secondhand smoke.

Facts:

- **Secondhand smoke is a threat to public health.** In June of 2006, the U.S. Surgeon General released the most comprehensive scientific report ever produced on the health harms of secondhand smoke. This was the first report issued by the Surgeon General on secondhand smoke since 1986. The Surgeon General concluded that there is “massive and conclusive scientific evidence” about the health dangers of secondhand smoke. Key findings from the report include:¹
 - The scientific evidence that secondhand smoke causes serious diseases, including lung cancer, heart disease and respiratory illnesses, is massive and conclusive. There is no longer a scientific controversy or any scientific debate.
 - There is no risk-free level of exposure to secondhand smoke.
 - Exposure to secondhand smoke has substantial and immediate adverse effects on the cardiovascular system.
- **Smoke-free policies protect Minnesotans from secondhand smoke.** From 2003 to 2010 there was a large decrease in the percentage of Minnesotans who reported that someone had smoked near them in any location in the past seven days (from 67 percent in 2003 to 46 percent in 2010).² In 2014, 31.7 percent of adult nonsmokers in Minnesota reported being exposed to secondhand smoke in a location other than in the home or car in the past seven days.³ Decreased exposure corresponds with an increase in public, worksite and voluntary home and vehicle smoke-free policies. In 1999, 65 percent of Minnesotans reported having smoke-free policies for their own homes. That percentage rose significantly to 89.3 percent in 2014.³ Along with these reductions in exposure, awareness of the dangers of secondhand smoke is high. According to the 2014 Minnesota Adult Tobacco Survey (MATS), 92.6 percent of Minnesotans believe that secondhand smoke is very or somewhat harmful to health.³
- **The Freedom to Breathe Act protects people from the dangers of secondhand smoke.** According to a March 2008 study, Minnesota’s smoke-free law reduced exposure to NNAL (a tobacco-specific cancer-causing chemical) in nonsmoking hospitality workers by 77 percent, and their levels of cotinine (a marker for nicotine exposure) decreased by 83 percent.⁴
- **Smoke-free policies create a supportive environment for quitting.** Several studies of health and economic impacts of smoke-free legislation have found increased interest in quitting and reduced cigarette consumption following smoke-free laws being implemented. Some studies indicate the longer a smoke-free law is in place, the more likely smokers may be to quit.⁵ In 2010 (three years after Minnesota’s comprehensive smoke-free law was implemented), current and former smokers were asked, “What effects, if any, do smoking restrictions at work, home, restaurants, bars or elsewhere have on your smoking?” More than 40 percent of current and recently quit smokers say that smoke-free policies made them think about quitting. In addition, 62 percent of current smokers say that smoke-free policies have made them cut down on cigarettes, and 49 percent of former smokers who quit in the past five years say that smoke-free policies made them cut down before quitting.²

- **Children and youth are particularly vulnerable to the health effects of secondhand smoke exposure because their bodies are still developing.** According to the 2014 Minnesota Youth Tobacco Survey, 41.7 percent of nonsmoking middle-school students and 47.8 percent of nonsmoking high-school students were exposed to secondhand smoke in the past seven days.⁶ Recent studies demonstrate significantly higher exposure to toxins in secondhand smoke in the back seats of cars than in other indoor environments, such as restaurants and bars.^{7,8} Children are particularly vulnerable to the effects of secondhand smoke as their bodies are still developing. Secondhand smoke is a known cause of Sudden Infant Death Syndrome (SIDS), potentially fatal respiratory tract infections, frequent and severe asthma attacks, and frequent ear infections, which often contribute to hearing problems.⁹ Since 2007, the American Academy of Pediatrics has called for policies that prohibit smoking in cars with minors.¹⁰ Currently five U.S. states and several other local jurisdictions ban smoking in cars with children riding in them.¹¹ In 2014, the Minnesota Legislature passed legislation requiring a smoke-free environment (homes and vehicles) for all Minnesota children in licensed foster care.
- **Specific populations within Minnesota are disproportionately exposed to secondhand smoke.** Data from the Tribal Tobacco Use Survey, a study of Minnesota's tribal communities, illustrate that American Indians are far more likely to be exposed to secondhand smoke at home (43 percent) and in indoor workplaces (37 percent) and other community settings (71 percent) than the general Minnesota population (10 percent, 9 percent and 34 percent respectively).^{2,12} Although multi-unit housing structures in Minnesota are increasingly adopting voluntary smoke-free policies (including government-subsidized housing complexes), about 17 percent of all Minnesotans living in multi-unit housing structures reported smelling smoke in their unit in the past seven days, according to the 2014 MATS.³ Low-income populations tend to have higher rates of secondhand smoke exposure. Nationally, 60 percent of those living below the poverty level were exposed to secondhand smoke in 2007-2008.¹³ The 2014 MATS found significantly higher exposure to secondhand smoke among those who reported incomes of \$35,000 or less both at home (5.8 percent) and in the car (14.1 percent) than among those with incomes of \$75,000 or more (2.1 percent and 4.8 percent respectively).³

Background Notes:

- The Freedom to Breathe Act of 2007, the comprehensive smoke-free law prohibiting smoking in workplaces, is a public policy success. It has improved health, has been adopted and widely embraced by business owners and is popular with Minnesotans:
 - A September 2012 public opinion survey found that 85 percent of Minnesotans support the statewide smoke-free law.¹⁴
 - The Freedom to Breathe Act applies to virtually all businesses in the state. As of July 2010, the Minnesota Department of Health had received minimal reports of violations of the three-year-old Freedom to Breathe Act.¹⁵
- ClearWay Minnesota supports additional policies to reduce exposure to secondhand smoke. Activities include, but are not limited to local smoke-free ordinances, smoke-free higher education campuses, smoke-free childcare sites, smoke-free foster homes, smoke-free worksites, smoke-free vehicles with minors as passengers, smoke-free multi-unit housing and smoke-free casinos.
- Fewer Minnesotans are exposed to secondhand smoke (2003 [61 percent] to 2010 [38 percent]) and more Minnesotans are adopting voluntary smoke-free home rules (1999 [65 percent], 2010 [87 percent]). Such a trend is notable, since secondhand-smoke policy efforts in Minnesota have mainly

been concerned with workplaces, not homes. This positive change in social norms suggests that policies for public settings might also impact practices in private ones.¹⁶ Exposure in the home has continued to decline, dropping from 4.4 percent among nonsmoking adult Minnesotans in 2007 to 3.2 percent in 2014.³

- While the harm of secondhand smoke exposure indoors is undeniably shown by research, the harm of exposure in outdoor settings is less evident.¹⁷ Exposure in outdoor settings is more variable than in indoor ones.¹⁸ Caution should be taken, however, by those with preexisting health conditions, which can be aggravated even by brief secondhand exposures.¹⁹ In addition, the U.S. Centers for Disease Control and Prevention (CDC) recommends creating smoke-free environments as one of the most effective ways to promote durable social norm changes around tobacco use.²⁰ These combined factors provide a solid foundation for restricting smoking outdoors. ClearWay Minnesota supports some public policies restricting smoking in outdoor settings, including worksite campuses, higher education campuses, parks, zoos and community events.
- Electronic cigarettes (e-cigarettes) have now joined other tobacco products in the marketplace. E-cigarettes are battery-operated devices that contain nicotine, flavors and other chemicals and produce a vapor that is inhaled by the user. Consistent with the recent mass marketing of these products, rates of Minnesota adults ever trying them have increased dramatically over a short period of time. In 2014, 5.9 percent of adult Minnesotans use e-cigarettes; this has increased from 0.7 percent in 2010.³ The health impacts of using these products and inhaling the vapor is unknown. Because of these unknowns, we need to make sure indoor air is kept clean.
 - While research on secondhand vapor from e-cigarettes is limited, studies have found that e-cigarette vapor contains heavy metals, toxic compounds and nanoparticles which can be inhaled deep into the lungs by users or non-users.²¹⁻²⁴ More research is needed to identify the chemicals and quantities of chemicals that exist in secondhand vapor.
 - In 2014, the Minnesota Legislature passed legislation regulating the sales and use of e-cigarettes. Under the new law, e-cigarette use (and therefore exposure to secondhand vapor) is prohibited in various settings, including all government-owned and -licensed buildings such as public schools, hospitals, correctional facilities and daycares. Many local jurisdictions in Minnesota have gone further, prohibiting e-cigarette use in all places covered by the Freedom to Breathe Act, including Duluth, Mankato, Eden Prairie and Moorhead.
 - Similarly, organizations such as the World Health Organization (WHO) are also making recommendations to prohibit exposure to secondhand vapor in public places.²⁵
 - ClearWay Minnesota supports the adoption, implementation and enforcement of policies (public and voluntary) that prohibit e-cigarette use in all indoor workplaces, including bars and restaurants, in order to uphold the standard of clean indoor air that Minnesotans expect and support.

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ClearWay MinnesotaSM Policy Position Three:

ClearWay Minnesota opposes state laws that preempt the authority of local governments to pass local standards for public health that go beyond the Minnesota Clean Indoor Air Act.

Facts:

- **Preemption of public policies is a tobacco industry strategy.** Preempting local ordinances is a priority for tobacco companies because they are difficult to stop, and because tobacco companies know that such ordinances effectively reduce tobacco use and hurt tobacco industry profits.¹ Victor L. Crawford, a former lobbyist for the tobacco industry trade group the Tobacco Institute, said, “We could never win at the local level . . . so the Tobacco Institute and tobacco companies’ first priority has always been to preempt the field.”²
- **A preemptive tobacco law would erase progress made at the local level.** Preemption limits local tobacco control efforts and has historically been very difficult to reverse. In Minnesota, many local ordinances go beyond the statewide smoke-free law.³ Any type of statewide preemptive language, including outdoor preemption, would weaken those local ordinances.

Background Notes:

- Currently, 13 states have partial or complete preemption. They are Nebraska, Wisconsin, Utah, South Dakota, Oklahoma, Florida, Tennessee, North Carolina, Virginia, Pennsylvania, Connecticut, New Hampshire and Michigan.⁴
- Broad support exists for allowing local action on smoke-free ordinances. Organizations that oppose preemption laws include the American and Minnesota Medical Associations, the U.S. Centers for Disease Control and Prevention (CDC), the American Cancer Society – Midwest Division, the American Heart Association – Northland Affiliate, the League of Minnesota Cities, the Campaign for Tobacco-Free Kids, the Tobacco Technical Assistance Consortium, the National Association of County and City Health Officials and the National Association of Local Boards of Health.
- Many localities in Minnesota have enacted policies that go above and beyond the standards included in the Minnesota Clean Indoor Air Act. For example, cities and counties have passed policies that restrict smoking within certain distances of entrances and exits, ban the sampling of tobacco products in retail stores and prohibit the use of e-cigarettes anywhere conventional smoking is not allowed.

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ClearWay MinnesotaSM Policy Position Four:

ClearWay Minnesota supports additional public funding of evidence-based efforts and promising practices to reduce tobacco use, especially among priority populations, young adults and youth.

Facts:

- **A comprehensive approach is the key to reducing and preventing tobacco use.** The U.S. Centers for Disease Control and Prevention (CDC) recommends evidence-based, statewide tobacco control programs that are comprehensive, sustained and accountable. These include state, community and health-system-based interventions; cessation services; counter-marketing; policy development and implementation; surveillance; and evaluation.¹
- **Minnesota's investment in tobacco prevention falls short.** CDC recommends that Minnesota spend \$58.4 million a year in order to have an effective, comprehensive tobacco control program.¹ In Fiscal Year 2014, Minnesota only spent \$21.3 million, or 40.2 percent of CDC's recommendation, on tobacco control.² In contrast, in Fiscal Year 2014 the state of Minnesota collected an estimated \$748 million from ongoing settlement payments and tobacco taxes and fees; this funding is not dedicated to public health or tobacco control.² Furthermore, recent reports show the tobacco industry spends more than \$165 million annually on advertising and marketing in Minnesota.³ The state of Minnesota needs to increase tobacco control funding to recommended levels.⁴
- **Preventing youth from beginning tobacco use is essential to lowering prevalence rates.** In Minnesota, 78.3 percent of smokers tried their first cigarette when they were 18 or younger,⁵ and more than 90 percent of smokers nationwide start before leaving their teens.⁶ Approximately 19.3 percent of Minnesota high school students used some form of tobacco in the past 30 days.⁴
- **Adequately funded mass-media campaigns aimed at youth are cost-effective and successful.** According to the U.S. Surgeon General, evidence is sufficient to conclude that mass-media campaigns are an important part of comprehensive statewide tobacco control programs that can prevent the initiation of tobacco use and reduce its prevalence among youth.⁷ Research has shown that tobacco prevention investments produce short- and long-term health care cost savings.⁸
- **The U.S. Centers for Disease Control and Prevention (CDC) recommends funding multicultural organizations and networks.** CDC best practices recommend a comprehensive approach to preventing and reducing commercial tobacco use (differentiated from the sacred tobacco practices of American Indians and other groups), which includes funding multicultural organizations and networks to collect data and develop and implement culturally appropriate interventions for specific communities.¹
- **Some of Minnesota's diverse populations have much higher rates of smoking than Minnesota's population as a whole.** Several studies have documented higher rates in specific communities, including American Indian, African American, Chicano/Latino, Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) and Asian, Asian American and Pacific Islander communities.⁹⁻¹²

Background Notes:

- Although increasing the price of tobacco products is one of the most effective ways to prevent youth from starting to use tobacco, the lack of a youth-focused counter-marketing campaign creates a significant gap in Minnesota youth prevention efforts. The 2014 Minnesota Youth Tobacco Survey showed that 19.3 percent of Minnesota students have used any tobacco products in the last 30 days.⁴
- ClearWay Minnesota actively pursues opportunities to leverage state and federal funding for tobacco prevention and cessation. A recent example is a one-time appropriation of \$100,000 for the Minnesota Department of Revenue to study and propose recommendations for improving compliance with the state's tobacco tax collection system. Additionally, ClearWay Minnesota participates in the Statewide Health Improvement Program (SHIP) Coalition, which advocates for increased funding for obesity and tobacco prevention funds. The SHIP coalition's work resulted in increased program funding for these purposes (from \$15 million for fiscal years 2012-2013 to \$35 million for fiscal years 2014-2015).
- In line with a 2009 report published by the Robert Wood Johnson Foundation, *Voices in the Debate: Minority Action for Tobacco Policy Change*, ClearWay Minnesota supports building a tobacco control movement that is responsive to the history, culture, language, geography, socioeconomic status, gender and sexual orientation of Minnesota's growing and heterogeneous communities.¹³ ClearWay Minnesota's efforts include building leaders in priority populations through the LAAMPP Institute (a program that develops skills for tobacco control efforts among diverse-community leaders), developing campaigns that reach these populations in multiple languages, supporting culturally-based research and providing free cessation services and the Tribal Tobacco Education and Policy (TTEP) project, a granting initiative resulting in education and policy activities among Minnesota's American Indian populations.
- Achieving health equity, eliminating health disparities and improving the health of all Americans are overarching goals to improve and protect the nation's health. The future health of the nation will be determined, to a large extent, by how effectively federal, state and local agencies and private organizations work with communities to eliminate health disparities among populations experiencing a disproportionate burden of disease, disability and death.¹⁴

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ClearWay MinnesotaSM Policy Position Five:

ClearWay Minnesota supports public and private sector efforts to ensure that all Minnesotans have access to comprehensive cessation services.

Facts:

- **Research shows that people are much more likely to successfully quit tobacco use if they receive help.**¹ Quitting is extremely difficult for many smokers. Among current smokers who made quit attempts in the past 12 months, over half (56.6 percent) made multiple attempts to quit.² The 2008 U.S. Clinical Practice Guideline Update *Treating Tobacco Use and Dependence* describes how medication, counseling and a combination of the two are effective in helping tobacco users successfully quit.¹ Tobacco cessation treatment is also one of the services that receive a top grade from the U.S. Preventive Services Task Force (USPSTF). Additionally, data show that advice from health care providers increases the use of evidence-based cessation treatments and improves outcomes.³
- **The majority of Minnesota smokers want to quit.** According to the 2014 Minnesota Adult Tobacco Survey (MATS), more than half (53.4 percent) of current adult smokers made a quit attempt in the past year.²
- **There are barriers to accessing health care, and these affect tobacco dependence treatment.** Barriers such as cost of health insurance, co-payments and prior authorization disproportionately impact low-income populations.⁴ Decreasing barriers to tobacco dependence treatment increases use of cessation pharmacotherapy, quit attempts and sustained abstinence rates.^{3,5} Additionally, barriers to accessing health insurance, such as tobacco surcharges, could result in tobacco users being charged prohibitively high health insurance premiums. A study in California showed that an average tobacco user could end up paying 19 percent of his annual income in premiums because of surcharges.⁶
- **Cessation services are cost-effective and yield a positive return on investment.** The Clinical Practice Guideline demonstrates that effective treatments for tobacco users exist and should become a part of standard health care. Tobacco treatment is one of the most cost-effective preventive services, providing substantial return on investment in the short and long term.¹
- **Helping patients quit smoking is a core responsibility of health care systems, and there are opportunities for improvement.** Data show that advice from health care providers increases use of evidence-based cessation treatments and improves outcomes.^{3,7} However, 2014 MATS data shows about 78.9 percent of current smokers are advised not to smoke by health care providers, but only half (52.6 percent) received referrals for assistance in quitting smoking.² Evidence indicates that institutional or systems support, including prompts, reminder systems, and measuring and reporting on adherence to best practices, improves the rates of delivering effective clinical interventions around tobacco use.^{8,9}
- **Minnesota's health care system is undergoing major transformations.** The roles, accountability and financial incentives of health plans, providers and government public health agencies are changing. There are opportunities within existing health care reform activities for ClearWay Minnesota to influence benefit design and health system innovations to ensure that tobacco

dependence treatment is routinely provided. ClearWay Minnesota must capitalize on these reform efforts by providing resources, influence and expertise.

- **Addressing the social determinants of health is necessary to reduce tobacco use among low-socioeconomic status populations.**¹⁰⁻¹² Social determinants of health include living and working conditions that influence individual and population health (e.g., place of residence, occupation, religion, education, income and health insurance status). Accounting for social determinants in the analysis of health data, such as data on tobacco use and treatment delivery, provides a more complete picture of the health of population groups.¹³ Strengthening data systems around social determinants of health can enhance strategies to effectively address the root causes of health disparities.¹⁴

Background Notes:

- ClearWay Minnesota defines a comprehensive cessation benefit to include both counseling (individual, group and telephone) and medications (all FDA-approved cessation medications) for at least two quit attempts per year. These benefits should be provided with no co-payments or coinsurance and should not be subject to prior authorization or deductibles, or to annual or lifetime dollar limits.¹ This definition of a comprehensive benefit is consistent with other definitions, including the Clinical Practice Guideline¹ and the Federal Employees Health Benefit Program.¹⁵ ClearWay Minnesota advocates for barrier-free, comprehensive cessation benefits within all insurance products, including commercial and self-insured products, the State Employees Group Insurance Program and publicly funded programs (e.g., Medical Assistance, MinnesotaCare).
- Minnesota Health Care Programs (MHCP - Medical Assistance and MinnesotaCare) reimburse for services provided by physicians and Physician Extenders. Physician Extenders are health care professionals who are not physicians but who perform medical activities typically performed by a physician (e.g. nurses and pharmacists). One way to expand access to cessation services for MHCP enrollees is to ensure that all types of health care professionals who deliver cessation services are able to be reimbursed for doing so. Recently, Certified Tobacco Treatment Specialists (CTTSs) were added to the definition of a Physician Extender, allowing the health systems that employ them to be reimbursed for their delivery of cessation counseling to MHCP enrollees. These CTTSs must be employed by a physician or by the same provider organization that employs the physician, and must meet the supervision requirements of a physician extender as defined by Minnesota Health Care Programs. The new policy was implemented on November 1, 2014. ClearWay Minnesota supports ongoing, successful implementation of this new reimbursement policy.
- The Patient Protection and Affordable Care Act (ACA) allows health insurers to charge up to 50 percent more than standard rates for people who use tobacco. Such premium surcharges would be paid entirely by the individual, and would mean highly disproportionate cost increases for lower-income persons. These cost increases have potential to be prohibitively high, leading to a lack of insurance coverage and therefore becoming a barrier to accessing cessation services.⁶ Additionally, there is no research demonstrating that tobacco surcharges are effective for encouraging smokers to quit or reducing tobacco use. Under the ACA, states can impose stricter standards and could choose to disallow tobacco rating entirely or to limit the tobacco-rating factor to lesser amounts. ClearWay Minnesota supports efforts to minimize or prohibit tobacco user surcharges.
- ClearWay Minnesota supports the tobacco cessation treatment changes implemented by the Patient Protection and Affordable Care Act. These changes include:

- Since 2010, all state Medicaid programs are required to cover smoking cessation services recommended by the Public Health Service Clinical Practice Guideline for pregnant women without co-payments.
- Since 2011, any smoker enrolled in Medicare will have coverage for cessation counseling. The new policy will apply to services under Parts A and B and will not change the prescription drug benefit (Part D) or state policies for Medicaid or the Children's Health Insurance Program. The new benefit will cover two individual cessation counseling attempts a year. Each attempt may include up to four sessions, with a total annual benefit covering up to eight sessions per patient.
- Since January 1, 2014, state Medicaid Programs can no longer exclude smoking cessation medications from their formularies.
- Since 2010, all new and significantly changed health plan products, including private products as well as products for Medicaid-expansion populations, must cover all preventive services given an 'A' or 'B' rating from the U.S. Preventive Services Task Force (USPSTF) with no cost-sharing (co-pays, co-insurance, deductibles). Tobacco cessation treatment is one of the services that receive an 'A' rating from the USPSTF. However, the USPSTF cessation recommendation does not provide detailed guidance on how to translate this into insurance coverage.
- On May 2, 2014, the U.S. Departments of Health and Human Services, Labor and Treasury issued guidance on insurance coverage of tobacco cessation as a preventive service. The guidance states that, to comply with ACA preventive services requirements, health plans should, for example, cover the following benefit:
 - Screening for tobacco use.
 - Two quit attempts per year, consisting of:
 - Four sessions of telephone, individual or group cessation counseling lasting at least 10 minutes each per quit attempt; and,
 - All medications approved by the FDA as safe and effective for smoking cessation, for 90 days per quit attempt, when prescribed by a health care provider.

The guidance also reiterates that plans must not include cost-sharing for these treatments, and that plans should not require prior authorization for any of these treatments.

- Minnesota's 2008 Health Reform Law requires the Commissioner of Health to establish a standardized set of quality measures for health care providers across the state. These mandatory statewide measures are collectively called the Statewide Quality Reporting Measurement System (SQRMS). These measures are publically reported for use by consumers, health plans and other health care entities. The Commissioner of Health is required to annually evaluate the measures included in the standardized set of quality measures. Measures within SQRMS are written into state statute and can only be amended through formal rule-making. ClearWay Minnesota supports efforts to strengthen measurement of tobacco use and treatment within health care quality measurement systems.
- The Statewide Quality Reporting and Measurement System (SQRMS) currently includes clinical-based quality measures (e.g. tobacco use status, glucose level, cholesterol, blood pressure). SQRMS does not take into account other non-clinical factors that impact a provider's ability to keep their patients healthy (e.g. race, ethnicity, language, other social determinants of health). These non-clinical factors impact a health systems' ability to be successful on clinical quality measures, such as measures on tobacco use and treatment. Because tobacco use is not distributed evenly across the entire population, collecting additional data on the social determinants of health and integrating it with quality measures, including those related to tobacco, has the potential to assist health systems in better understanding where gaps in tobacco treatment delivery exist and identify strategies to help close those gaps.¹³ ClearWay Minnesota supports efforts to collect data related to the social

determinants of health within SQRMS. These data can also be used to risk-adjust, or weight, measures within SQRMS. The goal of risk adjustment is to ensure health care quality measures are capturing the full picture of the quality of care delivered, including information on the social determinants of health of a health system's patient population. ClearWay Minnesota also supports the development and implementation a risk adjustment methodology based on social determinants of health data within SQRMS.

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ClearWay MinnesotaSM Policy Position Six:

ClearWay Minnesota supports Minnesota's American Indian Nations in their efforts to reduce commercial tobacco use and pass policy initiatives to prevent exposure to secondhand smoke in workspaces, including restaurants, bars and casinos, on Indian lands in Minnesota.

Facts:

- **Commercial tobacco use is a leading cause of death for American Indians.** In Minnesota, five of the six leading causes of death among American Indians – heart disease, cancer, diabetes, stroke and lower respiratory disease¹ – are related to commercial tobacco use.^{*2}
- **Smoking prevalence rates are high in Minnesota's American Indian communities.** Statewide, 59 percent of American Indians are current smokers (compared to 14.4 percent of all Minnesota adults).^{3,4}
- **Most American Indians in Minnesota are regularly exposed to secondhand smoke.** Seventy-one percent of American Indian adults in Minnesota are exposed to secondhand smoke at community locations on a regular basis (compared to 34 percent total Minnesota adults⁵), and 37 percent of employed American Indian adults who work in indoor environments are exposed to secondhand smoke (compared to 9 percent of Minnesota adults overall).^{3,5}
- **In Minnesota, casino employees are not protected from secondhand smoke.** Recent reports show that, in Minnesota, tribal gaming and government provide 41,700 jobs.⁶ Many of these employees work in tribal casinos and are exposed to the dangers of secondhand smoke in their workplaces. A recent study of casinos concluded that less than two hours of exposure to secondhand smoke is enough to impair the heart's ability to pump blood, placing susceptible casino patrons and workers at acute risk of heart disease.⁷
- **Smoking in casinos exposes patrons and workers to high levels of dangerous toxins.** In 2003, a study was conducted on the effects of secondhand smoke in nonsmokers who visited casinos for an average of a little over four hours. The study measured a tobacco-specific carcinogen, NNK, and found an average increase of 112 percent in a four-hour period. Study findings "demonstrate that exposure of nonsmokers to ETS (environmental tobacco or secondhand smoke) in a commercial setting results in uptake of a tobacco-specific lung carcinogen." This study is evidence that customers, employees and tribal members are being subjected to known carcinogens.⁸ This exposure has the potential to be prevented with the expansion of smoke-free policies. Research conducted in 2005-2006 by the National Institute for Occupational Safety and Health (NIOSH) on secondhand smoke confirmed that dealers at casinos in Las Vegas exposed to secondhand smoke were found to have increased levels of NNAL (another cigarette carcinogen) over an eight-hour work shift.⁹
- **Ventilation or air cleaning systems found in some casinos are ineffective at reducing the health risks of secondhand smoke.** It has been proven that ventilation and air cleaning systems do not control health risks from secondhand smoke exposure. Only comprehensive smoke-free air policies in all indoor locations adequately reduce exposure levels to those comparable to outdoor air quality.⁷

^{*} *Commercial tobacco* refers to manufactured products such as cigarettes, and not to the sacred, traditional use of tobacco by American Indians and other groups.

- **There is public support for smoke-free casinos.** A recent study shows that 54 percent of casino patrons were more likely to visit if casinos were smoke-free.¹⁰

Background Notes:

- ClearWay Minnesota recognizes the unique indigenous cultural and ceremonial tobacco traditions of American Indians and seeks to address health disparities that stem from commercial tobacco use and exposure to secondhand smoke. The core principles that guide this work at ClearWay Minnesota are:
 - We recognize the sovereign rights of American Indian Nations, rights secured under Indian treaties and agreements with the United States, and all other rights and benefits to which American Indian Nations are entitled under the laws of the United States and the state of Minnesota.
 - Building trust and establishing long-term working relationships is paramount to working with tribal communities.
 - The use and cultivation of traditional tobacco for spiritual and ceremonial use is an infinite and inherent right of the American Indian spiritual, religious and ceremonial traditions and practices as guaranteed under the American Indian Religious Freedom Act (1978).¹¹
 - We recognize that for many American Indian cultures there are “Two Tobacco Ways”: Traditional tobacco use honors the Creator and is governed by cultural protocol for spiritual, ceremonial and cultural uses. Manufactured/commercial tobacco addiction and product use causes sickness, disease and death in communities.¹²
 - Restoring traditional/sacred tobacco traditions is fundamental to advancing smoke-free tribal policies, cessation and to promoting American Indian health.
- Advancing policies in partnership with American Indian Nations advances health equity. According to a recent report released by the Minnesota Department of Health, causes of health inequities in American Indian communities are directly linked to determined and deliberate efforts of American federal, state and local governments to uproot the American Indian people from their land, eradicate their languages and destroy their way of life.¹³
- The Freedom to Breathe Act of 2007 does not apply to sovereign nations in Minnesota.

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ClearWay MinnesotaSM Policy Position Seven:

ClearWay Minnesota supports the U.S. Food and Drug Administration (FDA) using its full legal authority in regulating tobacco products.

Facts:

- **In 2009, an historic law gave the U.S. Food & Drug Administration (FDA) the authority to regulate tobacco products for the first time.** On June 22, 2009, President Obama signed the Family Smoking Prevention and Tobacco Control Act into law, granting the FDA authority to regulate the manufacturing, marketing and sale of tobacco products for the first time. The law also lifted federal preemption on states' ability to further regulate tobacco products.¹
- **FDA now has comprehensive regulatory authority over tobacco products.** A Center for Tobacco Products was created within the FDA to administer the law. The FDA has jurisdiction to regulate both traditional and newer tobacco products (such as e-cigarettes), to require ingredient disclosure, to restrict tobacco marketing and advertising, to strengthen cigarette and smokeless tobacco warning labels, to reduce federal preemption of state cigarette advertising restrictions and to increase efforts to block sales to minors.²
- **Lifting of federal preemption provides states with new policy tools to reduce tobacco use.** With the full implementation of the law, states will be able to pursue policies that were previously preempted by federal law, most notably the location, color, size, number and placement of cigarette advertisements.

Background Notes:

- **In 2014, the FDA announced plans to regulate “newly-deemed” tobacco products, including e-cigarettes.** The new rules would require makers of new products to comply with marketing, reporting and sales rules that apply to existing tobacco products.³ ClearWay Minnesota submitted a public comment urging the FDA to apply the same flavoring, advertising and marketing restrictions for e-cigarettes as conventional cigarettes, to eliminate the menthol exemption from the flavor ban (see below) and to implement any new restrictions as quickly as possible, without extending comment periods or delaying implementation dates.⁴ ClearWay Minnesota also supports extending the ban on flavoring in cigarettes to all tobacco products.
- Significant portions of the law have already gone into effect, including a ban on flavored cigarettes (menthol exempted) on September 20, 2009, and prohibition of the advertising or labeling of tobacco products with the terms “light,” “mild,” “low” or similar descriptors without an FDA order on June 22, 2010. Requirements that new, larger health warning labels for smokeless tobacco also went into effect on June 22, 2010. Requirements that cigarette packaging contain color graphics depicting the negative health consequences of smoking are currently being litigated, and have yet to be implemented.⁵ ClearWay Minnesota has provided public support for the components of the law already in effect and that are being held up in the courts.
- The Family Smoking Prevention and Tobacco Control Act is being legally challenged on multiple fronts. In different courts, tobacco manufacturers and retailers have challenged provisions in the law

related to outdoor advertising regulations, modified-risk tobacco products, warning labels, flavored cigarettes and cigars, flavored rolling papers, and the authority and composition of the Tobacco Products Scientific Advisory Committee.

- The law's success relies on the public health community providing necessary input and scientific evidence to support the FDA's regulatory actions. It is imperative that the tobacco control community provides strong support and stands up to the tobacco industry's efforts to derail the regulatory process.⁵
- As the FDA advances its regulatory agenda and legal parameters become clear, ClearWay Minnesota will look to incorporate new policy tools into our work.
- Minnesota's federal elected officials have urged the FDA to exert its authority and regulate e-cigarettes and other tobacco products quickly and decisively. U.S. Senator Amy Klobuchar has challenged e-cigarette makers publicly to stop using celebrity endorsements and kid-friendly flavors to market e-cigarettes to youth. Senator Al Franken sits on the U.S. Senate Committee for Health, Education, Labor and Pensions, which has met with officials at the FDA and CDC and which introduced the Protecting Children from Electronic Cigarette Advertising Act. ClearWay Minnesota supports these efforts, and will work with our Congressional delegation where appropriate.

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ClearWay MinnesotaSM Policy Position Eight

ClearWay Minnesota supports regulatory action to reduce the impact of menthol cigarettes.

Facts:

- **Availability of menthol cigarettes decreases smoking cessation, particularly among African Americans.** African American menthol users are more likely to consider quitting smoking than African American non-menthol cigarette smokers, but are less likely to successfully quit.^{1,2} In addition, African American menthol smokers are less successful in long-term abstinence than African American non-menthol smokers.³
- **Menthol increases smoking initiation rates among youth.** As an additive, menthol gives a cooling sensation and masks the harshness of cigarette smoke, thereby making it easier for adolescents to start smoking.^{4,5} Nationally, adolescents 12-17 years of age smoke menthol cigarettes at higher rates than any other age group. Compared to those who have been smoking for more than a year, youth who recently began smoking are more likely to smoke menthols.⁶ About half of Minnesota teen smokers (44.3 percent of high school students) smoke menthol cigarettes. Preference for menthol cigarettes among Minnesota students has more than doubled since 2000.⁷
- **Menthol cigarettes have been disproportionately targeted to priority populations and youth.** Tobacco industry documents show that the tobacco industry used targeting strategies intentionally tailored to market menthols to African Americans and Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities at disproportionate rates.^{8,9} Advertising studies also show that menthol cigarette advertising is more highly concentrated in storefronts of minority-populated areas, as well as in magazines with African American and Chicano/Latino readerships.^{10,11} Another study demonstrated that menthol levels in cigarettes were deliberately manipulated by the industry to broaden the appeal of cigarettes to youth.¹²

Background Notes:

- Menthol is a cigarette additive that is either extracted from mint oils or produced synthetically. It is added to cigarettes for its cooling and counter-irritant properties and gives menthol cigarettes their characteristic flavor.¹³ Ninety percent of cigarettes contain some menthol, and there are over 350 different varieties of menthol cigarettes.¹⁴
- ClearWay Minnesota supports a federal ban on menthol in cigarettes and in all other tobacco products. The 2009 Family Smoking Prevention and Tobacco Control Act gave the FDA the authority to regulate tobacco products. The Act also banned all flavored cigarettes except those containing menthol. The FDA created the Tobacco Products Scientific Advisory Committee (TPSAC) and charged the committee with developing a report and recommendations that address “the issue of the impact of the use of menthol in cigarettes on the public health including such use among children, African Americans, Hispanics and other racial and ethnic minorities.”¹⁵
- The position to support an FDA ban of menthol from cigarettes is supported by several public health entities, including the American Legacy Foundation, the American Cancer Society, the American Heart Association, the American Lung Association, the Campaign for Tobacco-Free

Kids, the National African American Tobacco Prevention Network, the American Academy of Pediatrics, the American Public Health Association and the Center for American Progress.

- The TPSAC used a rigorous process and well-established standards to review evidence from the scientific community and the tobacco industry and to arrive at its recommendations. The TPSAC report, presented to the FDA on March 18, 2011, concluded that “menthol cigarettes adversely affect U.S. public health and that there is no public health benefit to menthol cigarettes.”¹⁴
- The FDA also conducted its own independent review of the literature and in July 2013 concluded that menthol cigarettes lead to increased smoking initiation, greater addiction and decreased quitting. The report concluded that “these findings, combined with the evidence indicating that menthol’s cooling and anesthetic properties can reduce the harshness of cigarette smoke and the evidence indicating that menthol cigarettes are marketed as a smoother alternative to non-menthol cigarettes, make it likely that menthol cigarettes pose a public health risk above that seen with non-menthol cigarettes.”¹⁶
- The FDA then issued an Advanced Notice of Proposed Rule Making to invite public input. The docket closed in November 2013. Action from the FDA is still pending.
- ClearWay Minnesota also supports the rights of state and local governments to regulate menthol to the extent it is legally permissible. Potential regulatory options include restricting the sale of menthol tobacco products, restricting point-of-sale advertising and taxing menthol tobacco products at a higher rate.
- In the United States, there are 19.2 million menthol cigarette smokers, including 1.1 million adolescents ages 12-17.¹⁷ In Minnesota, 25.1 percent of smokers report smoking menthol cigarettes.¹⁸ Eighty-three percent of African American youth⁶ and 70 percent of LGBTQ youth report smoking menthol cigarettes.¹⁹ LGBTQ adult smokers are also more likely to smoke menthol cigarettes than heterosexual/straight smokers.²⁰
- Research suggests that if menthol were banned in the U.S., 39 percent of menthol smokers, including 47 percent of black menthol smokers, would quit smoking.²¹ Therefore, banning menthol has the potential to reduce tobacco-related disparities. It is estimated that by 2050, there would be a 10 percent reduction in overall smoking prevalence and 633,252 lives would be saved.²²

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ClearWay MinnesotaSM Policy Position Nine

ClearWay Minnesota supports restricting the sale of flavored tobacco products, including menthol cigarettes and electronic cigarettes, at the local, state and national levels.

Facts:

- **The tobacco industry uses flavors to target youth.** Tobacco industry documents show that tobacco companies have used fruit, candy and alcohol flavors to attract new users. As documented in their internal communications:
 - “Sweetness can impart a different delivery taste dimension which younger adults may be receptive to”¹;
 - “It’s a well-known fact that teenagers like sweet products”²;
 - “Flavored products would have appeal in the under-35 age group, especially in the 12-24 group.”³
- **Flavored tobacco products appeal to youth and young adults.** Research shows that fruit, candy and alcohol flavors are attractive to minors and young adults.⁴ Flavored tobacco products exploit sensory cues associated with candy and drinks that are popular with youth, such as Kool-Aid, Jolly Ranchers and Life Savers.^{5,6} In a recent national survey of students in grades 6 to 12, 35.9 percent of current cigar smokers were using flavored cigars.⁷ In Minnesota, the vast majority of students who have tried cigars used flavored cigars. According to the 2011 Minnesota Youth Tobacco Survey, 35.4 percent of Minnesota students have tried flavored cigar products.⁸
- **Use of flavored tobacco products, including menthol, by youth is rising.** From 2000 to 2014, menthol cigarette use by high-school students in Minnesota increased from 20 to 44 percent.⁹ Moreover, youth are much more likely to smoke menthol cigarettes than are adult smokers,⁹ with 25.1 percent of adult smokers usually smoking menthol cigarettes.¹⁰
- **Flavored smoking products lead many children and young adults to become lifetime smokers.** The earlier youth initiate smoking, the more likely they are to become addicted as adults. Almost 90 percent of adult smokers started smoking as teenagers.¹¹ Flavored cigarettes (except menthol) are prohibited by law, but many youth smokers are using flavored tobacco products such as cigars and cigarillos. According to the Centers for Disease Control and Prevention, 42 percent of middle-school and high-school students who smoke were using flavored smoking products.¹² In New York City, teens who tried (non-menthol) flavored tobacco products were nearly three times more likely to smoke than those who had never tried them.¹³ Candy and fruit flavors mask the harsh taste of tobacco, making it easier for kids to start using tobacco products. Once youth start using one tobacco product, they are more likely to experiment with others.¹⁴
- **Flavored tobacco products are just as addictive and dangerous as non-flavored tobacco products.** Research shows that youth believe flavored tobacco products are less dangerous and addictive than non-flavored tobacco.¹⁵ All tobacco products contain nicotine, which is the addictive chemical manipulated by the tobacco industry to make it hard to quit. No form of tobacco is safe. According to leading national health institutes, regular cigar smoking causes cancer, heart disease and chronic obstructive pulmonary disease. Cigar smoke contains the same toxins as cigarette smoke.¹⁶

Smokeless tobacco causes oral cancer, pancreatic cancer, and cancer of the esophagus.¹⁷ And as reported in the 2014 Surgeon's General Report, evidence suggests that nicotine exposure during adolescents, a critical window for brain development, may have lasting adverse consequences for brain development.¹⁸

- **Since the FDA banned flavored cigarettes, cigar use has increased.** In the 1960s, the tobacco industry worked to expand their appeal to youth with flavored little cigars and other cheap flavored products.¹⁹ Federal law prohibits flavoring in cigarettes, but users often do not distinguish between cigarettes and flavored “little cigars.” Since 2009 when flavored cigarettes were prohibited, little cigar and cigarillo use among young adults (18-24 year olds) has increased. In 2011, 18.5 percent of young adult tobacco users reported using flavored tobacco products, compared to 11.9 percent in 2005. In the last 12 years, sales of cigars in the US have increased from 6 billion cigars to more than 13 billion.²⁰

Background:

- In 2009, the U.S. Food and Drug Administration banned the use of most flavoring agents in cigarettes. Menthol was exempted from the flavor ban, which also does not apply to non-cigarette tobacco products. State and local governments have the authority to create their own regulations around tobacco sales, including restrictions around flavoring.
- States and local jurisdictions have the authority to restrict the sale of flavored tobacco products. New York City, Providence, Rhode Island, Chicago and Newton, Massachusetts, have passed restrictions on the sale of flavored tobacco products. Federal courts have upheld state and local governments' authority to create such policies.
- ClearWay Minnesota also supports expanding the federal prohibition on flavoring in cigarettes to all tobacco products.

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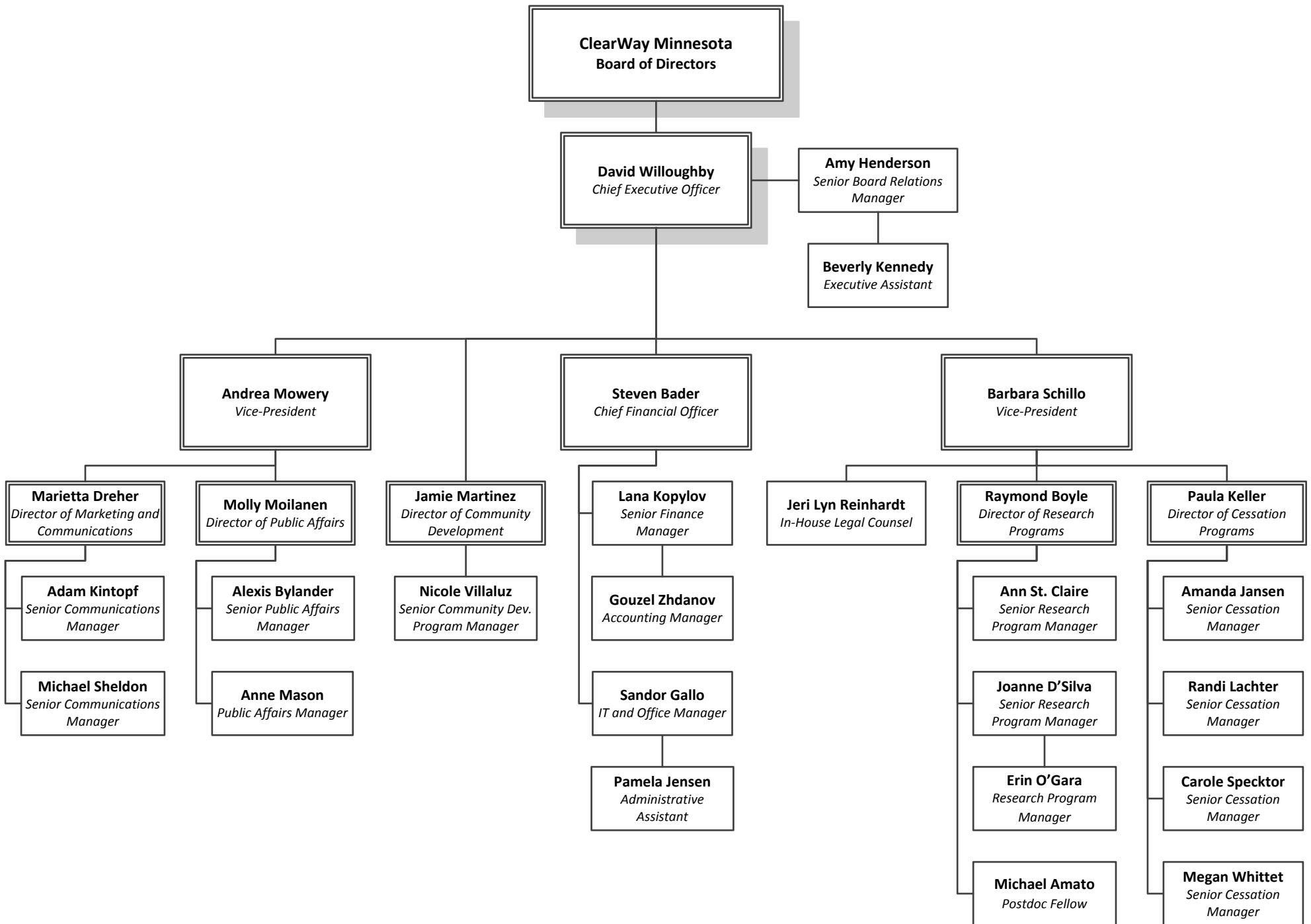
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Appendix E

Organization Chart Fiscal Year 2015





Appendix F

Management Team Biosketches

ClearWay MinnesotaSM Senior Management Team Biosketches

ClearWay Minnesota's staff is made up of individuals with expertise in public health, tobacco cessation, research, community development, finance, investments, communications, public affairs and nonprofit administration. For Fiscal Year 2014, the Senior Management Team of the organization consisted of:

Chief Executive Officer David J. Willoughby, M.A.

David J. Willoughby has served as CEO since November of 2000, and leads ClearWay Minnesota's efforts in all areas, including cessation, research, communications and public affairs, community development and other initiatives.

In addition to his responsibilities at ClearWay Minnesota, Willoughby has developed collaborative initiatives to reduce commercial tobacco's harm and promote long-term health in Indian Country. Willoughby also served on the Board of the North American Quitline Consortium (NAQC) for five years and was Board Chair of that organization for three years.

Before joining ClearWay Minnesota, Willoughby was Vice President of Cancer Prevention and Control for the Southwest Division of the American Cancer Society in Arizona. He also served on the Arizona Advisory Council on Tobacco Prevention and Cessation.

Willoughby is bilingual in Spanish and English and holds a Bachelor of Arts degree in theology and a Master's in counseling.

Vice President Andrea Mowery

Andrea Mowery oversees the Communications and Public Affairs Departments and organizational strategic planning for ClearWay Minnesota. Mowery has more than 20 years of experience in the strategic communications and public affairs fields.

Mowery has shared her experience and skills with other states and organizations, helping them select contractors, evaluate their programs and learn from Minnesota-based initiatives. Mowery has presented at a number of conferences since joining ClearWay Minnesota, including the National Conference on Tobacco or Health, the Society for Research on Nicotine and Tobacco, the University of South Florida's Social Marketing Conference and the U.S. Centers for Disease Control and Prevention's Media and Messaging Conference.

Formerly an account supervisor and the Health and Wellness Specialty Director at Tunheim in Minneapolis, Mowery developed and managed strategic communications programs on behalf of that agency's clients, including United Health Group and Target Corporation. Prior to joining Tunheim, Mowery worked as the Assistant Director of Special Projects at the Minnesota Attorney General's Office, developing social marketing and community relations campaigns to advance policy.

Vice President Barbara A. Schillo, Ph.D.

Vice President Dr. Barbara Schillo provides oversight for research, cessation and knowledge management initiatives and provides strategic and operational direction for the organization. As a community psychologist, Dr. Schillo has directed projects, published and lectured in areas of tobacco control, community health promotion and disease prevention, substance abuse, and health policy.

Dr. Schillo currently serves as a Board Member for the North American Quitline Consortium. Prior to her joining ClearWay Minnesota, she served as a Senior Program Director for the Michigan Public Health Institute. Dr. Schillo received her doctorate and M.A. in community psychology at Michigan State University and a B.A. in psychology from the University of Minnesota.

Chief Financial Officer Steven Bader

Director of Research Programs Raymond Boyle, Ph.D., M.P.H

Dr. Raymond Boyle leads ClearWay Minnesota's Research Department. He is responsible for oversight of the grants and contracts within the research portfolio.

Dr. Boyle has enjoyed a 20-year career in tobacco control research. He completed his doctorate at the University of Oregon and has a Master of Public Health degree in epidemiology from the University of Minnesota. Dr. Boyle came to ClearWay Minnesota in 2009 from the University of Minnesota, Department of Family Medicine and Community Health. He has published over more than 70 peer-reviewed articles.

Director of Marketing and Communications Marietta Dreher

Marietta Dreher oversees all communications and mass-media strategies for ClearWay Minnesota, including advertising, public relations, social media, event planning and general communications. She has been with ClearWay Minnesota for more than 10 years. She is currently a member of the Office on Smoking and Health Media Network's Stakeholder Committee and an advisor to the Centers of Disease Control and Prevention's Media Campaign Resource Center.

Prior to joining ClearWay Minnesota, Dreher spent over a decade working in advertising in the Twin Cities. Formerly an account supervisor at BBDO, Dreher worked on the New Jersey Department of Health's Comprehensive Tobacco Control Program, developing social marketing campaigns in youth prevention and adult cessation. Dreher also worked in account management at Clarity Coverdale Fury and Kruskopf Olson.

Dreher earned her Bachelor's degree at the University of St. Thomas in economics.

Director of Cessation Programs Paula Keller, M.P.H.

Paula Keller oversees all aspects of ClearWay Minnesota's smoking cessation initiatives, including QUITPLAN® Services, policy initiatives, evaluation and strategic planning.

Keller has more than 20 years of experience in tobacco cessation, tobacco control policy and public health. Prior to joining ClearWay Minnesota in 2010, Keller was Senior Policy Advisor

for the University of Wisconsin Center for Tobacco Research and Intervention. She also had key roles with the Subcommittee on Cessation of the Interagency Committee on Smoking and Health and in disseminating the 2008 U.S. Public Health Service Clinical Practice Guideline Update. In addition, Keller served as Deputy Director for the Addressing Tobacco in Managed Research Grants Program and served as Co-Principal and Project Director for tobacco control policy research projects. She has published and presented on several tobacco control topics. Prior to joining the University of Wisconsin, she managed various public health programs for the Wisconsin Medical Society and the Health Resources and Services Administration.

Keller earned a Bachelor's degree in community health education from the University of Wisconsin – La Crosse and a Master's of Public Health in public health policy and administration from the University of Michigan.

Director of Community Development Jaime Martínez, M.Ed.

As Director of Community Development, Jaime Martínez oversees efforts to improve the capacity of priority population communities to expand the tobacco control movement in Minnesota. These populations include American Indians; Africans and African Americans; Chicanos/Latinos; Asians, Asian Americans and Pacific Islanders; Lesbian, Gay, Bisexual, Transgender and Queer (GLBTQ) communities; groups of low socio-economic status; and other populations.

Martínez's education includes Bachelor of Science and Master of Education degrees and he has completed coursework toward a Ph.D. He has been a Kellogg Fellow in education with the Institute for Education Leadership at the University of Minnesota and a Fellow in the Advocacy Institute's Tobacco Control Leadership Fellows Program in Washington, D.C. He has more than 20 years of experience in alcohol and tobacco policy in Minnesota.

Martínez's community activities include having served on the boards of the Smoke-Free Coalition and Minnesota Join Together Coalition to Reduce Youth Alcohol Use, the Minneapolis Advisory Committee on Alcohol, Tobacco and Other Drug Problems, Minnesota Department of Human Services State Alcohol and Other Drug Abuse Advisory Council, and the Minnesota Public Health Association, where he served as President.

Martínez has been at ClearWay Minnesota since 2000 and previously worked for the Community Prevention Coalition of Hennepin County, a community initiative with the Hennepin County Community Health Department. His work in alcohol policy has been featured in a publication titled *Case Histories in Alcohol Policy*, by the Trauma Foundation, San Francisco General Hospital, San Francisco, California, 2001. His work has received numerous honors and awards and he is often guest faculty at the School of Public Health, University of Minnesota.

Director of Public Affairs Molly Moilanen-, M.P.P.

Molly Moilanen leads ClearWay Minnesota's public policy efforts. She is responsible for advancing tobacco control policies at the local and state level using grassroots organizing, direct lobbying and public relations. Since Moilanen joined ClearWay Minnesota in 2004, she has managed various QUITPLAN programs and developed the local policy grant program. She also served on the organization's internal strategic planning team and currently co-chairs a coalition

of more than 30 health and nonprofit organizations committed to passing statewide policies to further reduce tobacco's harm in Minnesota.

Before coming to ClearWay Minnesota, Moilanen served as a Senior Program Officer at ServeMinnesota, where she oversaw the state's AmeriCorps programs. She also worked for Minnesota Senator Steve Kelley and taught Master's-level public policy courses at Concordia University in St. Paul.

Moilanen graduated from Grinnell College with a B.A. in political science and earned a Master's degree in public policy from the Humphrey School of Public Affairs at the University of Minnesota.



Appendix G

**Financial Statements,
June 30, 2015 and 2014**

CLEARWAY MINNESOTASM

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2015

CLEARWAY MINNESOTASM

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Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
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Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
ClearWay MinnesotaSM
Bloomington, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of ClearWay MinnesotaSM (a nonprofit organization) which comprise the statement of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 of material misstatement.

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 ClearWay MinnesotaSM as of June 30, 2015 and 2014 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

St. Paul, Minnesota
August 27, 2015

Olsen Thielen & Co., Ltd.

CLEARWAY MINNESOTASM**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014**

ASSETS		
	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 18,485	\$ 18,486
Accounts receivable	99,414	65,451
Prepaid expenses	50,090	58,495
Investments	71,968,643	84,977,918
Equipment and leasehold improvements, net	<u>30,213</u>	<u>42,590</u>
 TOTAL ASSETS	 <u>\$ 72,166,845</u>	 <u>\$ 85,162,940</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 1,101,133	\$ 687,807
Accrued expenses	179,773	172,050
Grants payable	<u>3,023,520</u>	<u>3,312,649</u>
Total liabilities	<u>4,304,426</u>	<u>4,172,506</u>
 NET ASSETS:		
Unrestricted - designated for tobacco research and other tobacco control purposes	<u>67,862,419</u>	<u>80,990,434</u>
Total net assets	<u>67,862,419</u>	<u>80,990,434</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 72,166,845</u>	 <u>\$ 85,162,940</u>

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

CLEARWAY MINNESOTASM**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
REVENUE AND GAINS:		
Net investment income	\$ 1,896,782	\$ 8,413,327
Contributions and grants	<u>123,955</u>	<u>204,097</u>
Total revenue and gains	<u>2,020,737</u>	<u>8,617,424</u>
EXPENSES:		
Program services:		
Tobacco cessation	12,060,970	12,321,138
Research and other tobacco issues	<u>1,906,344</u>	<u>3,436,667</u>
Total program services	<u>13,967,314</u>	<u>15,757,805</u>
Supporting services:		
General and administrative	<u>1,181,438</u>	<u>1,201,002</u>
Total expenses	<u>15,148,752</u>	<u>16,958,807</u>
CHANGE IN NET ASSETS	(13,128,015)	(8,341,383)
NET ASSETS at beginning of year	<u>80,990,434</u>	<u>89,331,817</u>
NET ASSETS at end of year	<u>\$ 67,862,419</u>	<u>\$ 80,990,434</u>

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

CLEARWAY MINNESOTASM

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2015 AND 2014

	2015				2014			
	Program Services		General and Administrative	Grand Total	Program Services		General and Administrative	Grand Total
	Tobacco Cessation	Research and Other Tobacco Issues			Tobacco Cessation	Research and Other Tobacco Issues		
Salaries	\$ 1,315,641	\$ 549,152	\$ 775,563	\$ 2,640,356	\$ 1,284,176	\$ 437,614	\$ 1,721,790	\$ 2,494,464
Benefits	310,934	110,014	169,063	590,011	311,646	106,227	417,873	604,045
Payroll taxes	94,742	39,945	56,031	190,718	89,790	30,642	120,432	174,427
Total personnel expenses	1,721,317	699,111	1,000,657	3,421,085	1,685,612	574,483	2,260,095	3,272,936
Consultants	32,727	9,160	11,585	53,472	40,498	1,969	42,467	42,467
Evaluation fees	302,967	171,805	-	474,772	212,762	235,959	448,721	448,721
Professional fees	57,059	23,312	36,077	116,448	57,412	20,442	77,854	107,901
Occupancy	67,188	19,413	42,846	129,447	80,787	23,342	104,129	155,646
Telephone	15,071	5,197	6,765	27,033	15,245	5,435	20,680	27,831
Equipment rental and repair	14,493	4,187	9,241	27,921	21,688	6,858	28,546	40,769
Printing	85,760	687	146	86,593	77,861	26	77,887	77,945
Postage	3,712	1,621	2,323	7,656	3,843	967	4,810	6,935
Office supplies	12,144	3,872	7,013	23,029	11,777	3,507	15,284	22,361
Program supplies	17,333	5,405	2,774	25,512	17,685	5,994	23,679	25,837
Conferences and meetings	74,571	21,469	35,025	131,065	83,797	25,947	109,744	153,363
Travel	51,377	27,619	7,604	86,600	46,524	28,118	74,642	82,028
Insurance	9,422	2,722	6,009	18,153	9,377	2,709	12,086	18,065
Public education/relations	5,580,561	1,459	2,282	5,584,302	5,941,193	1,439	5,942,632	5,945,808
Program grants and contracts	3,997,875	904,279	-	4,902,154	3,990,544	2,492,383	6,482,927	6,482,927
Depreciation	12,887	3,724	8,218	24,829	16,633	4,806	21,439	32,046
Miscellaneous	4,506	1,302	2,873	8,681	7,900	2,283	10,183	15,221
Total functional expenses	\$ 12,060,970	\$ 1,906,344	\$ 1,181,438	\$ 15,148,752	\$ 12,321,138	\$ 3,436,667	\$ 15,757,805	\$ 16,958,807
Percent of total expense	79.6%	12.6%	7.8%	100.0%	72.6%	20.3%	92.9%	100.0%

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

CLEARWAY MINNESOTASM

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (13,128,015)	\$ (8,341,383)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	24,829	32,046
Unrealized (gains) losses on investments	233,007	(3,156,025)
Realized gains on investments	(1,396,086)	(4,511,088)
Change in assets and liabilities:		
Accounts receivable	(33,963)	47,203
Prepaid expenses	8,405	1,976
Accounts payable	413,326	(479,241)
Accrued expenses	7,723	48,441
Grants payable	(289,129)	761,629
Net cash used in operating activities	<u>(14,159,903)</u>	<u>(15,596,442)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(12,452)	(10,021)
Purchase of investments	(108,840,965)	(82,315,453)
Proceeds from sale of investments	123,013,319	97,922,507
Net cash provided by investing activities	<u>14,159,902</u>	<u>15,597,033</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1)	591
CASH AND CASH EQUIVALENTS at beginning of year	<u>18,486</u>	<u>17,895</u>
CASH AND CASH EQUIVALENTS at end of year	<u>\$ 18,485</u>	<u>\$ 18,486</u>

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

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

ClearWay MinnesotaSM is an independent, nonprofit organization that works to improve the health of all Minnesotans by eliminating the harm caused by tobacco. ClearWay Minnesota was created in 1998 to administer 3 percent (\$202 million) of Minnesota's tobacco settlement funds over a period of 25 years.

ClearWay Minnesota's mission is to enhance life in Minnesota by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration. The organization's work is grounded in sound science and public health best practices, and includes a comprehensive body of tobacco cessation programs (marketed as QUITPLAN® Services), extensive grant-making activities in areas of research, policy and community development, and media campaigns to raise awareness of the harms of tobacco use and secondhand smoke exposure.

Basis of Presentation

Financial statement presentation follows generally accepted accounting principles as outlined in the Financial Accounting Standards Board's *Accounting Standards Codification* (ASC) 958. Under ASC 958 ClearWay Minnesota is required to report information regarding its financial position and activities according to three classes of net assets, unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. ClearWay Minnesota has no temporarily or permanently restricted net assets.

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

ClearWay Minnesota considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents except for money market and short-term investment funds, which are detailed in Note 3.

Accounts Receivable

Receivables are reported at the amount the Organization expects to collect on balances outstanding at year end. The Organization monitors outstanding balances and periodically writes off balances that are determined to be uncollectible. The Organization has concluded that losses on balances outstanding at year end will be immaterial.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment and Leasehold Improvements

Equipment and leasehold improvements are carried at cost or, if donated, at the approximated fair value at the date of donation. Additions, improvements or major renewals are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gain or loss thereon is reflected in the statement of activities. ClearWay Minnesota capitalizes assets with a cost of \$2,500 or greater.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	5 - 10 Years
Furniture and fixtures	7 Years
Office equipment	5 Years
Computer software and equipment	3 Years

Revenue Recognition

Grants are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant are made. Expenditures under government grants are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these grants, the Organization will record such disallowance at the time the final assessment is made.

Fair Value of Financial Instruments

The carrying value of accounts receivable, prepaid expenses, accounts payable and accrued expenses are reasonable estimates of their fair value due to the short-term nature of these financial instruments.

Investments in marketable securities are stated at fair value, which is determined by quoted market prices at June 30, 2015 and 2014. Alternative investment fund of funds and private equity fund of funds, for which there is no public market, are valued at net contributions to the fund plus allocated share of undistributed profit and losses, including realized and unrealized gains and losses based on the financial information provided by the investee funds' management, which may include audited financial statements of the investee funds. Because these alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investment existed.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investment will occur in the near future and that such changes could materially affect the investment balances.

Included in investments on the statement of financial position are money market and short-term investment funds. The money market and short-term investment funds are readily convertible to cash and are stated at cost plus accrued interest, which approximates fair value.

Grants payable are stated at fair value by discounting payments due in more than one year. Grants payable cancelled in a subsequent year are recorded in the year of cancellation.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Under generally accepted accounting principles as outlined in the Financial Accounting Standards Board's *Accounting Standards Codification* (ASC) 820, fair value is 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. ASC 820 establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1

Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2

Financial assets and liabilities are valued using inputs that are quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations and private corporate debt securities.

Level 3

Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity and alternative investments.

The fair values of the Organization's investments were determined based on inputs as presented in Note 3.

Functional Allocation of Expense

The costs of providing various programs and services are summarized on a functional basis on the statement of activities. Accordingly, certain costs were allocated among the programs or services benefited based on best estimates by management.

Program Grants and Contracts

Program grants and contract expenses are reported on the statements of functional expenses net of grant cancellations, if any.

Income Taxes

ClearWay Minnesota is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Minnesota income taxes.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization follows the current accounting guidance related to uncertainty in income taxes. This guidance clarifies the recognition threshold and measurement requirements for income tax positions taken or expected to be taken in income tax returns. This includes positions that the entity is exempt from income taxes or not subject to additional income tax liability on unrelated business income. Under the standards, the Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities. The Organization has identified no significant income tax uncertainties. The Organization files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

The Organization's federal and state information returns are open to examination for tax years 2012 through 2014.

Advertising Expense

Advertising expense is expensed as incurred.

NOTE 2 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at June 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 26,243	\$ 26,243
Furniture and fixtures	72,586	72,586
Office equipment	50,761	61,759
Computer software and equipment	<u>213,496</u>	<u>204,767</u>
	363,086	365,355
Less accumulated depreciation	<u>332,873</u>	<u>322,765</u>
Net equipment and leasehold improvements	<u>\$ 30,213</u>	<u>\$ 42,590</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$24,829 and \$32,046, respectively.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS

Investments are stated at fair value at June 30, 2015 and 2014, and consisted of the following:

	<u>2015</u>	<u>2014</u>
Money market and short-term investment funds	\$ 8,371,489	\$ 2,183,427
Bonds and pooled bond funds	37,262,743	51,280,391
U.S. equity fund - all cap index	4,321,571	4,994,295
International equities	3,999,317	4,332,898
Alternative investment fund of funds	3,596,528	5,243,264
Private equity fund of funds	12,887,018	14,358,368
Commodity index fund	<u>1,529,977</u>	<u>2,585,275</u>
Total	<u>\$ 71,968,643</u>	<u>\$ 84,977,918</u>

Net investment income for the years ended June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Interest income	\$ 870,792	\$ 948,131
Realized gains on sales of investments	1,396,086	4,511,088
Unrealized gains (losses) on investments	(233,007)	3,156,025
Management fees	<u>(137,089)</u>	<u>(201,917)</u>
Total	<u>\$ 1,896,782</u>	<u>\$ 8,413,327</u>

The following tables, as of June 30, 2015 and 2014, provide information by Level for assets that are measured at fair value.

Description	Total	Fair value measurements using inputs considered as		
		Level 1	Level 2	Level 3
2015:				
Money market and short-term investment funds	\$ 8,371,489	\$ 8,371,489	\$ —	\$ —
Bonds and pooled bond funds	37,262,743	37,262,743	—	—
U.S. equity fund - all cap index	4,321,571	4,321,571	—	—
International equities	3,999,317	3,999,317	—	—
Alternative investment fund of funds	3,596,528	96,667	562,997	2,936,864
Private equity fund of funds	12,887,018	—	—	12,887,018
Commodity index fund	<u>1,529,977</u>	<u>—</u>	<u>1,529,977</u>	<u>—</u>
Totals	<u>\$ 71,968,643</u>	<u>\$ 54,051,787</u>	<u>\$ 2,092,974</u>	<u>\$ 15,823,882</u>

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Continued)

Description	Total	Fair value measurements using inputs considered as		
		Level 1	Level 2	Level 3
2014:				
Money market and short-term investment funds	\$ 2,183,427	\$ 2,183,427	\$ -	\$ -
Bonds and pooled bond funds	51,280,391	51,280,391	-	-
U.S. equity fund - large cap enhanced index	4,994,295	4,994,295	-	-
International equities	4,332,898	4,332,898	-	-
Alternative investment fund of funds	5,243,264	-	742,996	4,500,268
Private equity fund of funds	14,358,368	-	-	14,358,368
Commodity index fund	2,585,275	-	2,580,311	4,964
Totals	<u>\$ 84,977,918</u>	<u>\$ 62,791,011</u>	<u>\$ 3,323,307</u>	<u>\$ 18,863,600</u>

Fair value measurements of investments in entities which utilize inputs classified as Level 2 and Level 3 include alternative investment fund of funds, private equity fund of funds, and the commodity index fund. The Organization uses the net asset value of these investment entities to determine the fair value of these investments which do not have a readily determinable fair value and either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company.

Alternative investment fund of funds includes investments in limited partnerships. These limited partnerships are invested in investment funds which in turn are invested in domestic or foreign stocks and bonds. The fair value of the investment in the limited partnerships are based on quoted market prices for the underlying securities which comprise the net asset value of the partnerships or the capital balances reported by the underlying partnerships.

Private equity fund of funds are invested in limited partnerships which have invested primarily in venture capital and limited partnerships, which in turn are invested in domestic and foreign stocks. The fair value has been estimated based on quoted market prices for the underlying securities or the capital balances reported by the underlying partnerships.

Commodity index funds include investments in multi-strategy commodity funds. The funds allocate assets across a broad spectrum of commodity-oriented asset categories. The fair value has been estimated based on the investment balances reported by the commodity fund.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Continued)

The following table provides summary of changes in fair value of the Organization's Level 3 financial assets for the years ended June 30, 2014 and 2015:

	<u>Total</u>	<u>Investments in Investee Funds by Class</u>		
		<u>Alternative Investments Fund of Funds</u>	<u>Private Equity Fund of Funds</u>	<u>Commodity Index Fund</u>
Balance at June 30, 2013	\$ 17,762,050	\$ 5,336,135	\$ 12,417,516	\$ 8,399
Purchases	905,000	—	905,000	—
Sales	(6,544,153)	(3,378,860)	(3,165,293)	—
Net realized and unrealized gains on investments	4,763,085	561,453	4,201,145	487
Investment expense	(87,606)	(87,622)	—	16
Transfers in and out of Level 3	<u>2,065,224</u>	<u>2,069,162</u>	<u>—</u>	<u>(3,938)</u>
Balance at June 30, 2014	18,863,600	4,500,268	14,358,368	4,964
Purchases	—	—	—	—
Sales	(5,306,616)	(1,902,547)	(3,404,069)	—
Net realized and unrealized gains on investments	2,238,678	305,959	1,932,719	—
Investment Expense	(50,148)	(50,148)	—	—
Transfers in and out of Level 3	<u>78,368</u>	<u>83,332</u>	<u>—</u>	<u>(4,964)</u>
Balance at June 30, 2015	<u>\$ 15,823,882</u>	<u>\$ 2,936,864</u>	<u>\$ 12,887,018</u>	<u>\$ —</u>

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2015 and 2014 are as follows:

	<u>2015 Net Asset Value</u>	<u>2014 Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Alternative investment fund of funds	\$ 3,596,528	\$ 5,243,264	\$ —	Annual	90 days
Private equity fund of funds	12,887,018	14,358,368	720,000	N/A	N/A

NOTE 4 - CONCENTRATIONS

Financial instruments which potentially subject ClearWay Minnesota to concentrations of credit risk consist principally of cash and investments. At times during fiscal years 2015 and 2014, cash balances exceeded federally insured limits. The investments are not insured and involve risks, including the possible loss of the principal invested.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - GRANTS PAYABLE

Grants payable at June 30, 2015 and 2014, are as follows:

	<u>2015</u>	<u>2014</u>
Payable in less than one year	\$ 2,342,919	\$ 2,280,519
Payable in one to five years	<u>740,710</u>	<u>1,129,822</u>
Subtotal	3,083,629	3,410,341
Less: discount to present value at 7.00%	<u>60,109</u>	<u>97,692</u>
Total grants payable	<u>\$ 3,023,520</u>	<u>\$ 3,312,649</u>

NOTE 6 - RETIREMENT PLAN

ClearWay Minnesota participates in a 401(k) defined contribution retirement investment plan that covers all employees who meet eligibility requirements. For the years ended June 30, 2015 and 2014, the plan provided eligible employees with a 50% matching contribution up to 5% of the employee's compensation, a safe harbor contribution of 3% and a discretionary employer contribution of 7%. ClearWay Minnesota's contributions to the plan totaled \$334,210 and \$329,546 for the years ended June 30, 2015 and 2014, respectively.

NOTE 7 - COMMITMENTS

ClearWay Minnesota has entered into leases for office space and equipment. Future minimum lease payments for the next five years under these lease agreements are as follows:

<u>Years Ending June 30:</u>	
2016	\$ 135,572
2017	137,475
2018	29,500
2019	5,280
2020	<u>4,840</u>
Total	<u>\$ 312,667</u>

Occupancy expense for the years ended June 30, 2015 and 2014, was \$129,447 and \$155,646, respectively.

NOTE 8 - SUBSEQUENT EVENTS

ClearWay Minnesota evaluated its June 30, 2015 financial statements for subsequent events through August 27, 2015, the date the financial statements were approved by ClearWay Minnesota's Audit/Finance Committee. ClearWay Minnesota is not aware of any subsequent events which would require recognition or disclosure in the financial statements.



Appendix H

**Independent Auditor's Report
to the Board of Directors and the Audit/Finance
Committee
August 27, 2015**



Certified Public Accountants & Consultants

Board of Directors and Audit/Finance Committee
ClearWay MinnesotaSM
Bloomington, Minnesota

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements of ClearWay MinnesotaSM as of and for the year ended June 30, 2015 in accordance with auditing standards generally accepted in the United States of America, we considered ClearWay Minnesota'sSM internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This information is intended solely for the use of the Board of Directors and Audit/Finance Committee and management of the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Olsen Thielen & Co., Ltd.

St. Paul, Minnesota
August 27, 2015



Certified Public Accountants & Consultants

REPORT TO BOARD OF DIRECTORS AND AUDIT/FINANCE COMMITTEE

Board of Directors and Audit/Finance Committee
ClearWay MinnesotaSM
Bloomington, Minnesota

We have audited the financial statements of ClearWay MinnesotaSM for the year ended June 30, 2015, and have issued our report thereon dated August 27, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 4, 2015, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Organization. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our discussion of planning matters on June 25, 2015.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were as follows:

<u>Estimate</u>	<u>Management's Method of Determination</u>
Marketable Securities	Based on fair market value determined by quoted market prices.
Alternative Investments and Private Equity Fund of Funds	Based on net contributions to the fund plus allocated share of undistributed profit and losses including realized and unrealized gains and losses.
Functional Expense Allocation	Based on review of employee duties and time studies and estimated program use of facilities, services and office expenses

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit. We wish to thank the Organization's management and staff for their assistance.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No such misstatements were identified.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Significant Audit Findings (Continued)

Management Representation

We have requested certain representation from management that are included in the management representation letter dated August 27, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and Audit/Finance Committee and management of the Organization and is not intended to be and should not be used by anyone other than these specified parties.

St. Paul, Minnesota
August 27, 2015

Olsen Thielen & Co., Ltd.



Appendix I

Audited Financial Statements Certification

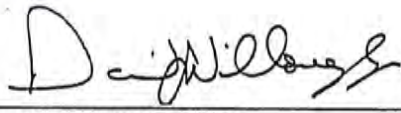


AUDITED FINANCIAL STATEMENT CERTIFICATION

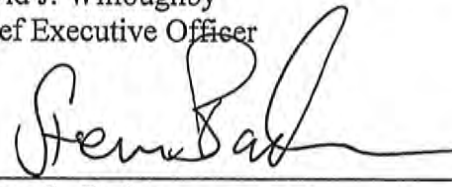
David J. Willoughby/Steven L. Bader individually certify that:

1. Each has reviewed the audited financial statements for the years ended June 30, 2015 and 2014 of ClearWay Minnesota;
2. Based on the knowledge of each of the undersigned, after due review and consideration, the financial statements, and other financial information included in the statements, fairly present in all material respects the financial condition, results of operations and cash flows of ClearWay Minnesota as of, and for, the period presented in these financial statements.
3. Based on the knowledge of each of the undersigned, there are appropriate procedures, processes and adequate systems of internal controls in place at ClearWay Minnesota to support the undersigned's representation in paragraph 2 above that the financial statements fairly represent the financial condition, results of operations and cash flows of ClearWay Minnesota, and to detect noncompliance with applicable laws and regulations and with the governing documents and policies of ClearWay Minnesota.

Dated: 8-20-15

Signature: 
David J. Willoughby
Chief Executive Officer

Dated: 8-20-15

Signature: 
Steven L. Bader
Chief Financial Officer



Appendix J

**RS Form 990 and 990T
June 30, 2015**

Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

OMB No. 1545-0047

2014Open to Public
Inspection

Do not enter social security numbers on this form as it may be made public.

Information about Form 990 and its instructions is at www.irs.gov/form990.**A** For the 2014 calendar year, or tax year beginning **JUL 1, 2014** and ending **JUN 30, 2015****B** Check if applicable:

- ☐ Address change
☐ Name change
☐ Initial return
☐ Final return/terminated
☐ Amended return
☐ Application pending

C Name of organization**CLEARWAY MINNESOTA (SM)**

Doing business as

Number and street (or P.O. box if mail is not delivered to street address)

Room/suite

TWO APPLETREE SQ, 8011 34TH AVE S**400**

City or town, state or province, country, and ZIP or foreign postal code

MINNEAPOLIS, MN 55425**F** Name and address of principal officer: **DAVID J. WILLOUGHBY****SAME AS C ABOVE****D** Employer identification number**41-1921094****E** Telephone number**952-767-1400****G** Gross receipts \$**124,008,066.****H(a)** Is this a group returnfor subordinates? ☐ Yes ☒ No**H(b)** Are all subordinates included? ☐ Yes ☐ No

If "No," attach a list. (see instructions)

H(c) Group exemption number**I** Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) () (insert no.) ☐ 4947(a)(1) or ☐ 527**J** Website: **WWW.CLEARWAYMN.ORG****K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other**L** Year of formation: **1998****M** State of legal domicile: **MN****Part I Summary**

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: CLEARWAY MINNESOTA (SM) IS AN INDEPENDENT NONPROFIT ORGANIZATION THAT WORKS TO IMPROVE THE HEALTH
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.
	3	Number of voting members of the governing body (Part VI, line 1a) 19
	4	Number of independent voting members of the governing body (Part VI, line 1b) 19
	5	Total number of individuals employed in calendar year 2014 (Part V, line 2a) 30
	6	Total number of volunteers (estimate if necessary) 22
	7a	Total unrelated business revenue from Part VIII, column (C), line 12 0.
7b	Net unrelated business taxable income from Form 990-T, line 34 <3,885.>	
Revenue	8	Contributions and grants (Part VIII, line 1h) 204,097.
	9	Program service revenue (Part VIII, line 2g) 0.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d) 5,459,219.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 0.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) 5,663,316.
	Expenses	13
14		Benefits paid to or for members (Part IX, column (A), line 4) 0.
15		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 3,272,936.
16a		Professional fundraising fees (Part IX, column (A), line 11e) 0.
b		Total fundraising expenses (Part IX, column (D), line 25) 0.
17		Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) 7,404,861.
18		Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) 17,160,724.
19		Revenue less expenses. Subtract line 18 from line 12 <11,497,408.>
Net Assets or Fund Balances	20	Total assets (Part X, line 16) 85,162,940.
	21	Total liabilities (Part X, line 26) 4,172,506.
	22	Net assets or fund balances. Subtract line 21 from line 20 80,990,434.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer	Date			
	DAVID J. WILLOUGHBY, CHIEF EXEC OFFICER Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name LINDA M. NELSON	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN P00205567
	Firm's name OLSEN THIELEN & CO., LTD	Firm's EIN 41-1360831	Firm's address 2675 LONG LAKE ROAD ST. PAUL, MN 55113	Phone no. 651-483-4521	

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☒ **X**

- 1**
- Briefly describe the organization's mission:

SEE PART I, LINE 1

- 2**
- Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?
- ☒
- X**
- Yes
- ☐
- No

If "Yes," describe these new services on Schedule O.

- 3**
- Did the organization cease conducting, or make significant changes in how it conducts, any program services?
- ☐
- Yes
- ☒
- X**
- No

If "Yes," describe these changes on Schedule O.

- 4**
- Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 7,423,639. including grants of \$ 1,695,535.) (Revenue \$ 0.)**COMMUNICATIONS AND PUBLIC AFFAIRS**

COMMUNICATIONS AND OUTREACH ACTIVITIES HELP CLEARWAY MINNESOTA PROMOTE CESSATION SERVICES, MOTIVATE MINNESOTA TOBACCO USERS TO QUIT AND EDUCATE MINNESOTANS ABOUT TOBACCO'S DANGERS. CLEARWAY MINNESOTA DEVELOPS ITS COMMUNICATIONS CAMPAIGNS AFTER EXTENSIVE RESEARCH AND PLANNING, USING GUIDELINES FROM THE U.S. CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC) AND LEARNING FROM THE EXPERIENCES OF NATIONAL AND STATE PARTNERS.

CLEARWAY MINNESOTA CONDUCTS STATEWIDE ADVERTISING CAMPAIGNS CONSISTING OF PAID BROADCAST, INTERNET, PRINT AND OUT-OF-HOME ADVERTISING. ADDITIONALLY, CLEARWAY MINNESOTA CONDUCTS OUTREACH INCLUDING COMMUNITY

4b (Code:) (Expenses \$ 1,732,721. including grants of \$ 904,279.) (Revenue \$ 0.)**RESEARCH**

CLEARWAY MINNESOTA PROVIDES GRANTS TO ACADEMIC, PROFESSIONAL AND COMMUNITY-BASED ORGANIZATIONS AROUND THE STATE TO CONDUCT RESEARCH THAT ADVANCES SCIENTIFIC KNOWLEDGE OF EFFECTIVE TOBACCO CONTROL PROGRAMS AND POLICIES. DURING FISCAL YEAR 2015, CLEARWAY MINNESOTA AWARDED FOUR RESEARCH GRANTS. TWO WILL ADVANCE KNOWLEDGE ABOUT INCREASING QUIT ATTEMPTS IN ADULT SMOKERS - ONE THROUGH AN EXERCISE INTERVENTION, AND ONE THROUGH A CULTURALLY-TAILORED APPROACH WITHIN AMERICAN INDIAN HEALTH SYSTEMS. CLEARWAY MINNESOTA AWARDED ONE DISSEMINATION GRANT TO DISTRIBUTE RESEARCH FINDINGS ON LEGAL AND POLICY OPTIONS FOR REGULATING MENTHOL TOBACCO PRODUCTS. FINALLY, ONE GRANT WAS AWARDED FOR A PILOT PROJECT TESTING CULTURALLY APPROPRIATE CESSATION MATERIALS FOR AMERICAN

4c (Code:) (Expenses \$ 3,976,319. including grants of \$ 1,624,843.) (Revenue \$ 0.)**CESSATION**

CLEARWAY MINNESOTA SERVES MINNESOTANS BY PROVIDING EVIDENCE-BASED OR PROMISING PROGRAMS TO HELP PEOPLE QUIT TOBACCO USE. SINCE INCEPTION, QUITPLAN SERVICES HAS HELPED MORE THAN 100,000 MINNESOTANS IN THEIR ATTEMPTS TO QUIT.

CLEARWAY MINNESOTA ALSO HELPS DIRECT MINNESOTANS TO APPROPRIATE CESSATION SERVICES, EITHER THROUGH QUITPLAN SERVICES OR THROUGH THEIR HEALTH PLANS.

QUITPLAN SERVICES CONSISTS OF THE QUITPLAN HELPLINE AND INDIVIDUAL QUITPLAN SERVICES. THE QUITPLAN HELPLINE PROVIDES TELEPHONE COUNSELING

- 4d**
- Other program services (Describe in Schedule O.)

(Expenses \$ 834,635. including grants of \$ 677,497.) (Revenue \$ 0.)**4e** Total program service expenses **13,967,314.**

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	1 X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	2 X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>	3	X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	4 X	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>	5	X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>	6	X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>	7	X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	8	X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>	9	X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	10	X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	11a X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	11b X	
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>	11c	X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	11d	X
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	11e	X
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	11f X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	12a X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	12b	X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	13	X
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>	14b X	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>	15	X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>	16	X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>	17	X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	18	X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>	19	X
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	20a	X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21 X	
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22 X	
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23 X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a	X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a	X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b	X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>	26	X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27	X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30	X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31	X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32	X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37	X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38 X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

☒

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	35	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	30	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	X	
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
b	If "Yes," has it filed a Form 990-T for this year? If "No," to line 3b, provide an explanation in Schedule O	X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	X	
b	If "Yes," enter the name of the foreign country: SEE SCHEDULE O See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the sponsoring organization make any taxable distributions under section 4966?		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state?	13a	
Note. See the instructions for additional information the organization must report on Schedule O.			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

☒**Section A. Governing Body and Management**

	1a	1b	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year	19			
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.				
b Enter the number of voting members included in line 1a, above, who are independent		19		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?				X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?				X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?				X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?				X
6 Did the organization have members or stockholders?				X
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?				X
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?				X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a The governing body?			X	
b Each committee with authority to act on behalf of the governing body?			X	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O				X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
10a Did the organization have local chapters, branches, or affiliates?		X
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
b Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
13 Did the organization have a written whistleblower policy?	X	
14 Did the organization have a written document retention and destruction policy?	X	
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official	X	
b Other officers or key employees of the organization	X	
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed **MN**

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
☒ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records: **LANA KOPYLOV - 952-767-1400**
8011 34TH AVE S, STE 400, MINNEAPOLIS, MN 55425

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) TOM WEAVER BOARD CHAIR	7.00	X		X				0.	0.	0.
(2) JOEL SWANSON VICE CHAIR (THRU SEPTEMBER '14)	1.00	X		X				0.	0.	0.
(3) JOY RIKALA VICE CHAIR (BEGINNING SEPTEMBER '14)	6.00	X		X				0.	0.	0.
(4) BOB BOERSCHER TREASURER	4.00	X		X				0.	0.	0.
(5) DANIEL JOHNSON SECRETARY (THRU SEPTEMBER '14)	3.00	X		X				0.	0.	0.
(6) VIVIAN JENKINS NELSEN SECRETARY (BEGINNING SEPTEMBER '14)	2.00	X		X				0.	0.	0.
(7) ELLEN DENZEN DIRECTOR	1.00	X						0.	0.	0.
(8) KELLY DRUMMER DIRECTOR	1.00	X						0.	0.	0.
(9) DAVID JONES DIRECTOR (THRU OCTOBER '14)	2.00	X						0.	0.	0.
(10) RUSSEL KUZEL, MD DIRECTOR	2.00	X						0.	0.	0.
(11) PAMELA LUX DIRECTOR	1.00	X						0.	0.	0.
(12) STEVEN MCWHIRTER DIRECTOR	2.00	X						0.	0.	0.
(13) HOWARD ORENSTEIN DIRECTOR	1.00	X						0.	0.	0.
(14) JENNY PETERSON DIRECTOR	3.00	X						0.	0.	0.
(15) BRIAN SHORT DIRECTOR	1.00	X						0.	0.	0.
(16) LYN STEPANIAK DIRECTOR (THRU SEPTEMBER '14)	3.00	X						0.	0.	0.
(17) GALEN VETTER DIRECTOR (THRU MARCH '15)	3.00	X						0.	0.	0.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) JIM RHODES DIRECTOR	4.00	X						0.	0.	0.
(19) JANET KEYSER DIRECTOR (BEGINNING JULY '14)	1.00	X						0.	0.	0.
(20) LAURIE LAFONTAINE DIRECTOR (BEGINNING MAY '15)	1.00	X						0.	0.	0.
(21) ANNE VARS DIRECTOR (BEGINNING SEPTEMBER '14)	1.00	X						0.	0.	0.
(22) DAVID J. WILLOUGHBY CHIEF EXECUTIVE OFFICER	40.00			X				154,090.	0.	42,785.
(23) STEVEN BADER CHIEF FINANCIAL OFFICER (BEG JAN '15)	40.00			X				0.	0.	0.
(24) PAUL R. ORMAN CHIEF FINANCIAL OFFICER (THRU AUG '14)	40.00			X				86,360.	0.	26,673.
(25) BARBARA SCHILLO VICE PRESIDENT	40.00					X		136,555.	0.	38,721.
(26) ANDREA MOWERY VICE PRESIDENT	40.00					X		137,220.	0.	32,919.
1b Sub-total								514,225.	0.	141,098.
c Total from continuation sheets to Part VII, Section A								336,431.	0.	79,678.
d Total (add lines 1b and 1c)								850,656.	0.	220,776.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **8**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
CLARITY COVERDALE FURY, INC., 120 SOUTH SIXTH ST, STE 1300, MINNEAPOLIS, MN 55402	MEDIA BUY AND ADVERTISING SERVICES	5,020,967.
PROFESSIONAL DATA ANALYSTS, INC., 219 MAIN STREET SE, STE 302, MINNEAPOLIS, MN 55414	QUITPLAN AND MEDIA EVALUATION	351,205.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **2**

SEE PART VII, SECTION A CONTINUATION SHEETS

Part VIII Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	123,280.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	675.				
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f			123,955.			
Program Service Revenue			Business Code				
	2 a						
	b						
	c						
	d						
	e						
	f All other program service revenue						
g Total. Add lines 2a-2f							
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			870,792.			870,792.
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	(ii) Personal				
	b Less: rental expenses						
	c Rental income or (loss)						
	d Net rental income or (loss)						
	7 a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
	b Less: cost or other basis and sales expenses						
	c Gain or (loss)						
	d Net gain or (loss)						
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a					
	b Less: direct expenses	b					
	c Net income or (loss) from fundraising events						
	9 a Gross income from gaming activities. See Part IV, line 19	a					
	b Less: direct expenses	b					
	c Net income or (loss) from gaming activities						
	10 a Gross sales of inventory, less returns and allowances	a					
	b Less: cost of goods sold	b					
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue			Business Code				
11 a							
b							
c							
d All other revenue							
e Total. Add lines 11a-11d							
12 Total revenue. See instructions.			2,390,833.	0.	0.	2,266,878.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.				
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	4,808,914.	4,808,914.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22	93,240.	93,240.		
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	307,175.	217,347.	89,828.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	2,388,774.	1,687,109.	701,665.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	307,609.	219,466.	88,143.	
9 Other employee benefits	226,809.	161,819.	64,990.	
10 Payroll taxes	190,718.	134,687.	56,031.	
11 Fees for services (non-employees):				
a Management				
b Legal	23,555.	16,257.	7,298.	
c Accounting	21,933.	15,138.	6,795.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	137,089.		137,089.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	70,960.	48,976.	21,984.	
12 Advertising and promotion				
13 Office expenses	197,744.	169,482.	28,262.	
14 Information technology				
15 Royalties				
16 Occupancy	129,447.	86,601.	42,846.	
17 Travel	86,600.	78,996.	7,604.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	131,065.	96,040.	35,025.	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	24,829.	16,611.	8,218.	
23 Insurance	18,153.	12,144.	6,009.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a PUBLIC EDUCATION/RELATI	5,584,302.	5,582,020.	2,282.	
b EVALUATION FEES	474,772.	474,772.		
c CONSULTANTS	53,472.	41,887.	11,585.	
d OTHER EXPENSES	8,681.	5,808.	2,873.	
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	15,285,841.	13,967,314.	1,318,527.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here ☐ if following SOP 98-2 (ASC 958-720)

Part X Balance SheetCheck if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	18,486.	1	18,485.
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net	60,387.	3	96,334.
	4 Accounts receivable, net	5,064.	4	3,080.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	58,495.	9	50,090.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 363,087.		
	b Less: accumulated depreciation	10b 332,874.		
	11 Investments - publicly traded securities	62,791,011.	11	53,955,120.
	12 Investments - other securities. See Part IV, line 11	22,186,907.	12	18,013,523.
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11		15	
16 Total assets. Add lines 1 through 15 (must equal line 34)	85,162,940.	16	72,166,845.	
Liabilities	17 Accounts payable and accrued expenses	859,857.	17	1,280,906.
	18 Grants payable	3,312,649.	18	3,023,520.
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25	4,172,506.	26	4,304,426.
	Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.		
27 Unrestricted net assets		80,990,434.	27	67,862,419.
28 Temporarily restricted net assets			28	
29 Permanently restricted net assets			29	
Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.				
30 Capital stock or trust principal, or current funds			30	
31 Paid-in or capital surplus, or land, building, or equipment fund			31	
32 Retained earnings, endowment, accumulated income, or other funds			32	
33 Total net assets or fund balances		80,990,434.	33	67,862,419.
34 Total liabilities and net assets/fund balances		85,162,940.	34	72,166,845.

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response or note to any line in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	2,390,833.
2	Total expenses (must equal Part IX, column (A), line 25)	2	15,285,841.
3	Revenue less expenses. Subtract line 2 from line 1	3	<12,895,008.>
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	80,990,434.
5	Net unrealized gains (losses) on investments	5	<233,007.>
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	67,862,419.

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII ☐

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? _____		X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits _____		

Form 990 (2014)

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support
Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2014

Open to Public
Inspection

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 ☐ A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: _____
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 ☒ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g.
- a ☒ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
- b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
- c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
- d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
- e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

f Enter the number of supported organizations 1

g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see Instructions)	(vi) Amount of other support (see Instructions)
			Yes	No		
SEE		6	X			
Total					0.	0.

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2013 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2014. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test - 2013. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10% -facts-and-circumstances test - 2014. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10% -facts-and-circumstances test - 2013. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

Schedule A (Form 990 or 990-EZ) 2014

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ► ☐

Section C. Computation of Public Support Percentage

15 Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2013 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2014 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2013 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2014. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ► ☐

b 33 1/3% support tests - 2013. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ► ☐

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► ☐

Part IV Supporting Organizations

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No" describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>	X	
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		X
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		X
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.</i>		X
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		X
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations; (b) individuals that are part of the charitable class benefited by one or more of its supported organizations; or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>	X	
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		X
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		X
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		X
b Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		X
c Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		X
10a Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer (b) below.</i>		X
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		X
b A family member of a person described in (a) above?		X
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI .		X

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
1	X	
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		
2		X

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		
1		

Section D. Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
1		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
2		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		
3		

Section E. Type III Functionally-Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions):			
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.			
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.			
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).			
2 Activities Test. Answer (a) and (b) below.		Yes	No
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.			
2a			
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.			
2b			
3 Parent of Supported Organizations. Answer (a) and (b) below.			
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI .			
3a			
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.			
3b			

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

- 1** ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970. **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1		
2 Recoveries of prior-year distributions	2		
3 Other gross income (see instructions)	3		
4 Add lines 1 through 3	4		
5 Depreciation and depletion	5		
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7 Other expenses (see instructions)	7		
8 Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8		

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
a Average monthly value of securities	1a		
b Average monthly cash balances	1b		
c Fair market value of other non-exempt-use assets	1c		
d Total (add lines 1a, 1b, and 1c)	1d		
e Discount claimed for blockage or other factors (explain in detail in Part VI):			
2 Acquisition indebtedness applicable to non-exempt-use assets	2		
3 Subtract line 2 from line 1d	3		
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4		
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6 Multiply line 5 by .035	6		
7 Recoveries of prior-year distributions	7		
8 Minimum Asset Amount (add line 7 to line 6)	8		

Section C - Distributable Amount			Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2 Enter 85% of line 1	2		
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4 Enter greater of line 2 or line 3	4		
5 Income tax imposed in prior year	5		
6 Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6		
7 <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions).			

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions			Current Year
1	Amounts paid to supported organizations to accomplish exempt purposes		
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity		
3	Administrative expenses paid to accomplish exempt purposes of supported organizations		
4	Amounts paid to acquire exempt-use assets		
5	Qualified set-aside amounts (prior IRS approval required)		
6	Other distributions (describe in Part VI). See instructions.		
7	Total annual distributions. Add lines 1 through 6.		
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.		
9	Distributable amount for 2014 from Section C, line 6		
10	Line 8 amount divided by Line 9 amount		

Section E - Distribution Allocations (see instructions)		(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1	Distributable amount for 2014 from Section C, line 6			
2	Underdistributions, if any, for years prior to 2014 (reasonable cause required-see instructions)			
3	Excess distributions carryover, if any, to 2014:			
a				
b				
c				
d				
e	From 2013			
f	Total of lines 3a through e			
g	Applied to underdistributions of prior years			
h	Applied to 2014 distributable amount			
i	Carryover from 2009 not applied (see instructions)			
j	Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4	Distributions for 2014 from Section D, line 7: \$			
a	Applied to underdistributions of prior years			
b	Applied to 2014 distributable amount			
c	Remainder. Subtract lines 4a and 4b from 4.			
5	Remaining underdistributions for years prior to 2014, if any. Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions).			
6	Remaining underdistributions for 2014. Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions).			
7	Excess distributions carryover to 2015. Add lines 3j and 4c.			
8	Breakdown of line 7:			
a				
b				
c				
d	Excess from 2013			
e	Excess from 2014			

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12.

Also complete this part for any additional information. (See instructions).

PART I, LINE 11G

(I) & (II) STATE OF MINNESOTA THROUGH THE SECOND JUDICIAL DISTRICT COURT. CLEARWAY MINNESOTA (SM) WAS CREATED BY (AND REMAINS SUBJECT TO THE AUTHORITY OF) THE STATE OF MINNESOTA'S JUDICIAL BRANCH, HAVING BEEN FORMED BY ORDER OF THE STATE'S SECOND JUDICIAL DISTRICT COURT TO RECEIVE AND ADMINISTER FUNDS WON BY THE STATE OF MINNESOTA IN THE STATE'S SUCCESSFUL LAWSUIT AGAINST A CONGLOMERATE OF TOBACCO COMPANIES FOR REMEDIES AND RELIEF FROM INJURIES TO THE HEALTH AND WELFARE OF THE PEOPLE OF THE STATE. FROM INCEPTION THE ORGANIZATION'S GOVERNANCE STRUCTURE HAS BEEN UNDER CONTROL OF THAT COURT, AND THE ORGANIZATION'S BOARD IS COMPRISED IN PART OF APPOINTEES WHO SERVE AT THE PLEASURE OF THE STATE'S LEGISLATURE AND EXECUTIVE BRANCHES.

(IV) AS EXPLAINED IN CLEARWAY MINNESOTA (SM)'S EXEMPTION APPLICATION, THERE IS NO SPECIFIC NAMING OF A "SUPPORTED" ORGANIZATION IN THE ARTICLES OF INCORPORATION, BUT THE ARTICLES WERE PART OF THE COURT'S ORDER WHICH ITSELF BOTH CREATES THE ORGANIZATION WITH PURPOSES AND GOVERNANCE STRUCTURE FURTHERING THE STATE'S NEEDS AS MANDATED BY THE COURT ORDER.

(V) & (VI) 100% OF EXPENDITURES AS MANDATED BY TERMS OF THE ORGANIZATION'S FORMATION BY THE COURT AND ORGANIZATIONAL DOCUMENTS. (SEE EXPLANATION OF RELATIONSHIP TO THE STATE OF MINNESOTA IN (I) AND (II) ABOVE.)

PART IV, SECTION A, LINE 6

HISTORICALLY, AND IN LINE WITH REPORTING OBLIGATIONS TO THE STATE'S COURTS AND OFFICIALS, CLEARWAY MINNESOTA HAS REPORTED PAYMENTS TO

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12.

Also complete this part for any additional information. (See instructions).

ORGANIZATIONS ISSUED UNDER RFPS, AND SOME PAYMENTS TO INDIVIDUALS PROVIDED UNDER RFPS, AS "GRANTS," IN LARGE PART TO ENSURE SYNCHRONICITY WITH THE EXPANDED REPORTING ON SUCH "GRANTS" EFFECTED UPON SCHEDULE I AND REPORTING TO THE STATE'S COURT CLEARWAY MINNESOTA MAKES ON AN ANNUAL BASIS. HOWEVER, THE CHARACTERIZATION OF THE RECIPIENTS AS GRANTEEES RATHER THAN AS PROVIDERS OF SERVICES IN LINE WITH THE "GRANT" PROGRAMS' RFPS HAS ALWAYS BEEN AN ISSUE IN PREPARATION OF FORM 990'S PART IX STATEMENT OF FUNCTIONAL EXPENSES, AS THE EXPENDITURES COULD BE REPORTED UPON LINE 11 RATHER THAN LINE 1 (IN THE CASE OF "GRANT" AGREEMENTS WITH ORGANIZATIONS) OR LINE 2 (IN THE CASE OF "GRANT" AGREEMENTS WITH INDIVIDUALS), AND THE EXPANDED REPORTING UPON SAME IN SCHEDULE I). ACCORDINGLY, THE "YES" ANSWER AT PART IV SECTION A LINE 6 IS NOT INDICATIVE OF A VIOLATION OF REG. 1.509(A)-4(I)(2), AS CLEARWAY MINNESOTA RECOGNIZES THAT AS A SUPPORTING ORGANIZATION IT MUST ENGAGE SOLELY IN ACTIVITIES THAT SUPPORT OR BENEFIT ITS SUPPORTED ORGANIZATION AND NOT DEVIATE FROM THIS REQUIREMENT, WHICH PER THE CITED REGULATIONS IN GENERAL MEANS THAT SUPPORTING ORGANIZATIONS ARE ALLOWED TO:

- MAKE GRANTS DIRECTLY TO SUPPORTED ORGANIZATIONS;
- PROVIDE SERVICES AND FACILITIES DIRECTLY TO ITS SUPPORTED ORGANIZATIONS;
- MAKE GRANTS OR PROVIDE SERVICES OR FACILITIES TO EITHER INDIVIDUAL MEMBERS OF THE CHARITABLE CLASS BENEFITED BY ITS SUPPORTED ORGANIZATION OR OTHER SUPPORTING ORGANIZATIONS THAT ALSO SUPPORT OR BENEFIT ITS SUPPORTED ORGANIZATION.

CLEARWAY MINNESOTA'S OPERATION OF RFP'S TO EFFECT THE "GRANTS" PROGRAMS EFFECTUATED IN THE SPECIFIC PROGRAM ARENAS NOTED IN THIS FORM'S PART

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12.

Also complete this part for any additional information. (See instructions).

III LINES 4A-4D (AND FULLY DISCUSSED IN FLOW-OVER NARRATION FROM THAT
PART TO SCHEDULE O) IS THE METHODOLOGY THAT THE STATE OF MINNESOTA
EMBRACED, BOTH WHEN CLEARWAY WAS CREATED AND FUNDED WITH THE STATE OF
MINNESOTA'S MONIES AND AS THE STATE CONTINUES TO MAKE GRANTS AND HAVE
REPORTING ON SAME PROVIDED BACK TO THE STATE'S COURT AND OFFICIALS.

Schedule B(Form 990, 990-EZ,
or 990-PF)Department of the Treasury
Internal Revenue Service**Schedule of Contributors**

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and
its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2014

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☒ 501(c)(3) (enter number) organization☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation☐ 501(c)(3) taxable private foundationCheck if your organization is covered by the **General Rule** or a **Special Rule**.**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.**General Rule**

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- ☐ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2014)

Name of organization	Employer identification number
CLEARWAY MINNESOTA (SM)	41-1921094

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	MINNESOTA DEPARTMENT OF HEALTH P.O. BOX 64975 ST. PAUL, MN 55164	\$ 123,280.	Person <input checked="checked" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Employer identification number

41-1921094

Part II

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	<div></div> <div></div> <div></div> <div></div>	\$ <div></div>	<div></div>
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	<div></div> <div></div> <div></div> <div></div>	\$ <div></div>	<div></div>
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	<div></div> <div></div> <div></div> <div></div>	\$ <div></div>	<div></div>
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	<div></div> <div></div> <div></div> <div></div>	\$ <div></div>	<div></div>
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	<div></div> <div></div> <div></div> <div></div>	\$ <div></div>	<div></div>
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	<div></div> <div></div> <div></div> <div></div>	\$ <div></div>	<div></div>
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	<div></div> <div></div> <div></div> <div></div>	\$ <div></div>	<div></div>

Name of organization	Employer identification number
CLEARWAY MINNESOTA (SM)	41-1921094

Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) ▶ \$

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

- ▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.**

OMB No. 1545-0047

2014

**Open to Public
Inspection**

If the organization answered "Yes," to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes," to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax) (see separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (see separate instructions), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization CLEARWAY MINNESOTA (SM)	Employer identification number 41-1921094
--	---

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.

2 Political expenditures ▶ \$

3 Volunteer hours ▶

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV.

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527
exempt function activities ▶ \$

3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL,
line 17b ▶ \$

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990 or 990-EZ) 2014

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A** Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B** Check ☐ if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		60,982.													
b Total lobbying expenditures to influence a legislative body (direct lobbying)		58,550.													
c Total lobbying expenditures (add lines 1a and 1b)		119,532.													
d Other exempt purpose expenditures		15,029,220.													
e Total exempt purpose expenditures (add lines 1c and 1d)		15,148,752.													
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.		907,438.													
<table border="1"> <thead> <tr> <th>If the amount on line 1e, column (a) or (b) is:</th> <th>The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.			
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
g Grassroots nontaxable amount (enter 25% of line 1f)		226,860.													
h Subtract line 1g from line 1a. If zero or less, enter -0-		0.													
i Subtract line 1f from line 1c. If zero or less, enter -0-		0.													
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?			<input type="checkbox"/> Yes <input type="checkbox"/> No												

4-Year Averaging Period Under section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.

See the separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(e) Total
2a Lobbying nontaxable amount	859,535.	894,080.	997,940.	907,438.	3,658,993.
b Lobbying ceiling amount (150% of line 2a, column(e))					5,488,490.
c Total lobbying expenditures	106,065.	171,709.	149,099.	119,532.	546,405.
d Grassroots nontaxable amount	214,884.	223,520.	249,485.	226,860.	914,749.
e Grassroots ceiling amount (150% of line 2d, column (e))					1,372,124.
f Grassroots lobbying expenditures	58,910.	117,623.	90,396.	60,982.	327,911.

Schedule C (Form 990 or 990-EZ) 2014

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?			
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? ..			
c Media advertisements?			
d Mailings to members, legislators, or the public?			
e Publications, or published or broadcast statements?			
f Grants to other organizations for lobbying purposes?			
g Direct contact with legislators, their staffs, government officials, or a legislative body?			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i Other activities?			
j Total. Add lines 1c through 1i			
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No," OR (b) Part III-A, line 3, is answered "Yes."

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a Current year	2a	
b Carryover from last year	2b	
c Total	2c	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5 Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (see instructions); and Part II-B, line 1. Also, complete this part for any additional information.

PART II-A - BRIEF DESCRIPTION OF ORGANIZATION'S LOBBYING ACTIVITIES:

PUBLIC POLICIES THAT PROTECT PEOPLE FROM SECONDHAND SMOKE, MAKE
 QUIT-SMOKING HELP MORE ACCESSIBLE, MAKE IT HARDER FOR TOBACCO COMPANIES TO
 DO BUSINESS AND GENERALLY CHANGE THE ENVIRONMENT SO TOBACCO IS LESS
 ACCEPTABLE HAVE A SIGNIFICANT IMPACT ON REDUCING THE HARM TOBACCO CAUSES
 INDIVIDUALS AND COMMUNITIES. BECAUSE SUCH POLICIES HELP REDUCE SMOKING

Part IV Supplemental Information (continued)

RATES AND REDUCE EXPOSURE TO SECONDHAND SMOKE, CLEARWAY MINNESOTA SUPPORTS WORK IN THIS AREA.

IN FISCAL YEAR 2015, CLEARWAY MINNESOTA RENEWED ITS DIRECT LOBBYING CONTRACT WITH A QUALIFIED VENDOR. THIS YEAR'S DIRECT LOBBYING WORK FOCUSED ON DEFENDING THE TOBACCO TAX INCREASE PASSED IN 2013, ADVANCING POLICIES THAT REDUCE ACCESS TO FLAVORED TOBACCO PRODUCTS INCLUDING MENTHOL CIGARETTES, ADVOCATING FOR PROPOSALS ADDING E-CIGARETTES TO CLEAN INDOOR AIR POLICIES AND SUPPORTING NEW REGULATIONS TO INCREASE ACCESS TO COMPREHENSIVE TOBACCO TREATMENT SERVICES. OTHER LOBBYING ACTIVITIES INCLUDED GRASSROOTS, COMMUNICATIONS AND PUBLIC RELATIONS EFFORTS. THIS YEAR, CLEARWAY MINNESOTA AWARDED EIGHT POLICY GRANTS TO NONPROFIT ORGANIZATIONS AND LOCAL UNITS OF GOVERNMENT TO REDUCE THE HARM TOBACCO CAUSES MINNESOTA THROUGH COALITION BUILDING, POLICY ADVOCACY AND PUBLIC EDUCATION. UP TO 3 PERCENT OF THEIR GRANT AWARD CAN BE USED FOR LOBBYING ACTIVITIES. IN ADDITION, THE LAAMPP ALUMNI POLICY CHAMPIONS PROJECT ENGAGES INDIVIDUALS FROM PRIORITY POPULATIONS TO HELP ADVANCE CLEARWAY MINNESOTA'S POLICY AGENDA, AND A SMALL PORTION OF THESE CONTRACTS SUPPORT DIRECT AND GRASSROOTS LOBBYING ACTIVITIES. FINALLY, CLEARWAY MINNESOTA ALSO AWARDED GRANTS TO AMERICAN INDIAN TRIBES TO SUPPORT THE DEVELOPMENT OF RESERVATION INITIATIVES TO PROMOTE HEALTH AND ADVANCE SMOKE-FREE POLICIES ON TRIBAL LANDS IN MINNESOTA. A SMALL PORTION OF THESE GRANTS (UP TO \$2,000 PER GRANT) IS USED FOR LOBBYING TO ADVANCE SMOKE-FREE POLICIES ON TRIBAL LANDS.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**
▶ **Attach to Form 990.**

▶ **Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No. 1545-0047

2014

Open to Public Inspection

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included in Form 990, Part VIII, line 1

(ii) Assets included in Form 990, Part X

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenue included in Form 990, Part VIII, line 1

b Assets included in Form 990, Part X

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

a ☐ Public exhibition

b ☐ Scholarly research

c ☐ Preservation for future generations

d ☐ Loan or exchange programs

e ☐ Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII ☐

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment %

b Permanent endowment %

c Temporarily restricted endowment %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

(i) unrelated organizations

(ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? ☐

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements		26,243.	19,238.	7,005.
d Equipment		336,844.	313,636.	23,208.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				30,213.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) ALTERNATIVE INVESTMENT		
(B) FUND OF FUNDS	3,596,528.	END-OF-YEAR MARKET VALUE
(C) PRIVATE EQUITY FUND OF		
(D) FUNDS	12,887,018.	END-OF-YEAR MARKET VALUE
(E) COMMODITY INDEX FUND	1,529,977.	END-OF-YEAR MARKET VALUE
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ►	18,013,523.	

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ►		

Part IX Other Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ►	

Part X Other Liabilities.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value	
(1) Federal income taxes		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ►		

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☒

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	2,020,737.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains (losses) on investments	2a	<233,007.>
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d	2e	<233,007.>
3	Subtract line 2e from line 1	3	2,253,744.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	137,089.
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	137,089.
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)	5	2,390,833.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	15,148,752.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d	2e	0.
3	Subtract line 2e from line 1	3	15,148,752.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	137,089.
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	137,089.
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)	5	15,285,841.

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART X, LINE 2:**FIN 48 (ASC 740) DISCLOSURE FROM AUDITED FINANCIAL STATEMENTS:**

CLEARWAY MINNESOTA IS EXEMPT FROM FEDERAL INCOME TAXES UNDER THE PROVISIONS OF SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. THE ORGANIZATION IS ALSO EXEMPT FROM MINNESOTA INCOME TAXES.

THE ORGANIZATION FOLLOWS THE CURRENT ACCOUNTING GUIDANCE RELATED TO UNCERTAINTY IN INCOME TAXES. THIS GUIDANCE CLARIFIES THE RECOGNITION THRESHOLD AND MEASUREMENT REQUIREMENTS FOR INCOME TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN IN INCOME TAX RETURNS. THIS INCLUDES POSITIONS THAT THE ENTITY IS EXEMPT FROM INCOME TAXES OR NOT SUBJECT TO ADDITIONAL INCOME TAX LIABILITY ON UNRELATED BUSINESS INCOME. UNDER THE STANDARDS, THE

Part XIII Supplemental Information *(continued)*

ORGANIZATION RECOGNIZES TAX BENEFITS FROM UNCERTAIN TAX POSITIONS ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITIONS WILL BE SUSTAINED ON EXAMINATION BY TAXING AUTHORITIES. THE ORGANIZATION HAS IDENTIFIED NO SIGNIFICANT INCOME TAX UNCERTAINTIES. THE ORGANIZATION FILES INFORMATION RETURNS AS A TAX-EXEMPT ORGANIZATION. SHOULD THAT STATUS BE CHALLENGED IN THE FUTURE, ALL YEARS SINCE INCEPTION COULD BE SUBJECT TO REVIEW BY THE IRS.

THE ORGANIZATION'S FEDERAL AND STATE INFORMATION RETURNS ARE OPEN TO EXAMINATION FOR TAX YEARS 2012 THROUGH 2014.

**SCHEDULE F
(Form 990)**Department of the Treasury
Internal Revenue Service**Statement of Activities Outside the United States**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 14b, 15, or 16.

▶ Attach to Form 990.

▶ Information about Schedule F (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2014**Open to Public
Inspection**

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 14b.

1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☐ No

2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

3 Activities per Region. (The following Part I, line 3 table can be duplicated if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
EUROPE (INCLUDING ICELAND & GREENLAND) - ALBANIA, ANDORRA, AUSTRIA, BELGIUM			INVESTMENT IN COLLER INTERNATIONAL PARTNERS V-B, L.P. FUND		2,402,361.
3 a Sub-total	0	0			2,402,361.
b Total from continuation sheets to Part I	0	0			0.
c Totals (add lines 3a and 3b)	0	0			2,402,361.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule F (Form 990) 2014

Part IV Foreign Forms

- 1** Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* ☐ Yes ☒ No
- 2** Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A; do not file with Form 990)* ☐ Yes ☒ No
- 3** Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations (see Instructions for Form 5471)* ☐ Yes ☒ No
- 4** Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund (see Instructions for Form 8621)* ☐ Yes ☒ No
- 5** Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships (see Instructions for Form 8865)* ☐ Yes ☒ No
- 6** Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713; do not file with Form 990)* ☐ Yes ☒ No

SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**
Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.

► Attach to Form 990.

► Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2014

Open to Public
Inspection

Name of the organization

CLEARWAY MINNESOTA (SM)

Part I General Information on Grants and Assistance

Employer identification number
41-1921094

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ALERE WELLBEING, INC. 999 THIRD AVENUE, SUITE 2100 SEATTLE, WA 98104	20-0231080	FOR PROFIT CORP	9,515.	0.			FAX AND TELEPHONE REFERRAL SERVICES
ALERE WELLBEING, INC. 999 THIRD AVENUE, SUITE 2100 SEATTLE, WA 98104	20-0231080	FOR PROFIT CORP	1,010,475.	0.			QUITPLAN HELPLINE
AMERICAN INDIAN CANCER FOUNDATION 615 FIRST AVENUE NE, SUITE 125 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	250,000.	0.			SMOKING CESSATION FOR AMERICAN INDIANS
AMERICAN INDIAN CANCER FOUNDATION 615 FIRST AVENUE NE, SUITE 125 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	20,000.	0.			ADVANCING SMOKE FREE CASINO POLICIES II
AMERICAN INDIAN CANCER FOUNDATION 615 FIRST AVENUE NE, SUITE 125 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	49,945.	0.			FY'15 COMMUNITY ENGAGEMENT GRANT
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - P.O. BOX 2252 - MANKATO, MN 56003	20-4392201	501C(3)	149,956.	0.			FY'15 LOCAL POLICY GRANT

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table

3 Enter total number of other organizations listed in the line 1 table

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2014)

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)							
(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 490 CONCORDIA AVENUE - ST. PAUL, MN 55103	20-4392201	501C(3)	50,000.	0.			FY'15 COMMUNITY ENGAGEMENT GRANT
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 424 WEST SUPERIOR STREET - DULUTH, MN 55802	20-4392201	501C(3)	159,947.	0.			FY'15 STATEWIDE LOCAL POLICY GRANT
APPLE TREE DENTAL 8960 SPRINGBROOK DRIVE NW, SUITE 15 MINNEAPOLIS, MN 55406	36-3411437	501C(3)	193,103.	0.			SYSTEMS CHANGE FOR TREATING TOBACCO DEPENDENCE
APPEAL 300 FRANK H. OGAWA PLAZA, SUITE 620 OAKLAND, CA 94612	20-2028771	501C(3)	26,019.	0.			LAAMP III PROJECT
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE. W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	150,000.	0.			FY'15 LOCAL POLICY GRANT
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE. W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	132,301.	0.			FY'15 LOCAL POLICY GRANT TO WORK IN CITY OF MINNEAPOLIS
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE. W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	41,617.	0.			TRACKING TOBACCO INDUSTRY MARKETING TACTICS
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE. W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	17,041.	0.			POLICY CHAMPIONS OVERSIGHT
CENTRACARE HEALTH FOUNDATION 1406 6TH AVENUE NORTH ST. CLOUD, MN 56303	41-1855173	501C(3)	174,980.	0.			FY'15 LOCAL POLICY GRANT-CENTRAL MN

Schedule I (Form 990)

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CLAY-WILKIN COMMUNITY HEALTH BOARD 715 11TH ST. NORTH, SUITE 303 MOORHEAD, MN 56560	41-6005775	2 W CENTRAL COUNTIES	147,172.	0.			FY'15 LOCAL POLICY GRANT-WESTERN MN
COMUNIDADES LATINAS UNIDAS EN SERVICIO (CLUES) - 797 EAST 7TH STREET - ST. PAUL, MN 55106	41-1386986	501C(3)	50,000.	0.			FY'15 COMMUNITY ENGAGEMENT GRANT
ESSENTIA HEALTH 407 EAST 3RD STREET DULUTH, MN 55802	20-0360007	501C(3)	199,846.	0.			SYSTEM CHANGE FOR TREATING TOBACCO DEPENDENCE
FOND DU LAC RESERVATION 927 TRETTEL LANE CLOQUET, MN 55720	41-0965719	TRIBAL NATION	225,651.	0.			TRIBAL TOBACCO EDUCATION AND POLICY SUPPORT FOR FOND DU LAC SMOKING POLICY PROJECT
GOODHUE COUNTY HEALTH AND HUMAN SERVICES - 509 WEST 5TH STREET, ROOM 104 - RED WING, MN 55066	41-6005797	GOODHUE COUNTY	176,947.	0.			FY'15 LOCAL POLICY GRANT-SOUTH EAST MN
HALLELAND HABICHT CONSULTING 33 SOUTH 6TH STREET, SUITE 3900 MINNEAPOLIS, MN 55402	27-2428394	FOR PROFIT CORP	84,880.	0.			CONSULTING SERVICES FOR CESSATION POLICY STRATEGIC PLAN IMPLEMENTATION
HIMLE RAPP & COMPANY, INC. 333 SOUTH SEVENTH STREET, SUITE 240 MINNEAPOLIS, MN 55402	41-1426445	FOR PROFIT CORP	288,283.	0.			PUBLIC AFFAIRS
LAKE SUPERIOR COMMUNITY HEALTH CENTER - 4325 GRAND AVENUE - DULUTH, MN 55807	23-7167576	501C(3)	40,000.	0.			FY'15 COMMUNITY ENGAGEMENT GRANT
LOCKRIDGE GRINDAL NAUEN P.L.L.P. 100 WASHINGTON AVENUE SOUTH, SUITE MINNEAPOLIS, MN 55401	41-1340615	FOR PROFIT PART	120,000.	0.			STATEWIDE LOBBYING

Schedule I (Form 990)

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MENTAL HEALTH RESOURCES, INC. 762 TRANSFER ROAD, SUITE 21 ST. PAUL, MN 55114	41-1273885	501C(3)	29,999.	0.			FY '15 COMMUNITY ENGAGEMENT GRANT
NAMI MINNESOTA 800 TRANSFER ROAD, SUITE 31 ST. PAUL, MN 55114	41-1317303	501C(3)	30,706.	0.			FY '15 COMMUNITY ENGAGEMENT GRANT
NATIVE AMERICAN COMMUNITY CLINIC 1213 EAST FRANKLIN AVENUE MINNEAPOLIS, MN 55404	03-0445789	501C(3)	50,000.	0.			FY '15 COMMUNITY ENGAGEMENT GRANT
NATIVE AMERICANS IN PHILANTHROPY 2801 21ST AVENUE SOUTH, SUITE 132D MINNEAPOLIS, MN 55407	56-1949598	501C(3)	38,896.	0.		DIALOGUE FACILITATION TO ADVANCE HEALTH EQUITY IN INDIAN COUNTRY	
NORTH AMERICAN RESEARCH & ANALYSIS, INC. - 1016 11TH AVENUE - FARIBAULT, MN 55021	26-3210860	FOR PROFIT CORP	41,210.	0.		SUPPORT QUITPLAN SERVICES TRANSITION IMPLEMENTATION	
NORTH AMERICAN RESEARCH & ANALYSIS, INC. - 1016 11TH AVENUE - FARIBAULT, MN 55021	26-3210860	FOR PROFIT CORP	51,709.	0.		SUPPORT FOR QUITPLAN SERVICES CONTRACT MANAGEMENT	
PROFESSIONAL DATA ANALYSTS, INC. 219 MAIN STREET S.E., SUITE 302 MINNEAPOLIS, MN 55414	41-1862390	FOR PROFIT CORP	7,796.	0.		SECONDHAND SMOKE FORMATIVE RESEARCH DISSEMINATION	
PROFESSIONAL DATA ANALYSTS, INC. 219 MAIN STREET S.E., SUITE 302 MINNEAPOLIS, MN 55414	41-1862390	FOR PROFIT CORP	13,185.	0.		TA IN REVIEWING QUITPLAN SERVICES REPORTS	
PUBLIC HEALTH LAW CENTER, INC. 875 SUMMIT AVENUE ST. PAUL, MN 55105	41-1896367	501C(3)	10,000.	0.		DISSEMINATION FOR RESEARCH ON THE BANNING OF MENTHOL FLAVORED CIGARETTES	

Schedule I (Form 990)

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
REGENTS OF THE UNIVERSITY OF WISCONSIN - 750 UNIVERSITY AVENUE, 4TH FLOOR - MADISON, WI 53706	39-6006492	WI LAND/GRANT ENTITY	159,996.	0.			PROVISION OF TECHNICAL ASSISTANCE TO CLEARWAY MINNESOTA GRANTEEES
REGENTS OF THE UOM OFFICE OF SPA, 200 OAK STREET, SUITE MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRANT ENTITY	124,910.	0.			TESTING THE EFFECT OF 2 EXERCISE INTERVENTIONS ON INCREASING QUIT ATTEMPTS IN ADULT SMOKERS.
REGENTS OF THE UOM OFFICE OF SPA, 200 OAK STREET, SUITE MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRANT ENTITY	25,000.	0.			HEALTH DISPARITIES PILOT GRANT
RESOURCE, INC. 1900 CHICAGO AVENUE SOUTH MINNEAPOLIS, MN 55404	41-0828779	501C(3)	49,998.	0.			FY'15 COMMUNITY ENGAGEMENT GRANT
SOUTHWEST HEALTH AND HUMAN SERVICES - 605 WEST MAIN STREET, SUITE 100 - MARSHALL, MN 56258	27-3107061	5 SOUTHWEST COUNTIES	149,994.	0.			FY'15 LOCAL POLICY GRANT-SOUTHWEST MN
WELLSTONE ACTION FUND 2446 UNIVERSITY AVENUE WEST, SUITE ST. PAUL, MN 55114	35-2191193	501C(3)	44,261.	0.			TA FOR TRIBAL TOBACCO EDUCATION AND POLICY GRANTEEES
WESTAT, INC. 1650 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	234,539.	0.			MINNESOTA ADULT TOBACCO SURVEY (MATS) 2014
WESTAT, INC. 1650 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	20,482.	0.			ANALYSIS OF MATS DATA BY SUBGROUPS AND LONGITUDE
WESTAT, INC. 1650 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	44,408.	0.			FY'15 MATS FOLLOW-UP STUDY

Schedule I (Form 990)

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)							
(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
GRANT CANCELLATIONS			<191,731.>	0.			
GRANTS \$5,000 AND UNDER			11,227.	0.			
GRANT-RELATED EXPENSES			66,989.	0.			
CHANGE IN GRANT NET PRESENT VALUE			37,582.	0.			
HEALTH PLAN REIMBURSEMENTS			<9,920.>	0.			

Part III**Grants and Other Assistance to Domestic Individuals.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
CONSULTING AND TECHNICAL ASSISTANCE FOR AMERICAN INDIAN TOBACCO POLICY PROGRAM INITIATIVE	1	65,000.	0.	N/A	N/A
THE LAAMPP ALUMNI POLICY CHAMPIONS PROJECT	8	28,240.	0.	N/A	N/A

Part IV**Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.**PART I, LINE 2:**

CLEARWAY MINNESOTA'S GRANT MONITORING PROCEDURES ARE SET FORTH IN THE GRANT-MAKING PROCESS GUIDELINES. THIS DOCUMENT IS UPDATED WHENEVER ANY OF CLEARWAY MINNESOTA'S GRANT-MAKING DEPARTMENTS REVISES ITS GRANT-MAKING PROCEDURES. THIS DOCUMENT SERVES AS OFFICIAL DOCUMENTATION OF CLEARWAY MINNESOTA'S GRANT-MAKING PROCESS AND AS A GUIDE FOR EMPLOYEES AS THEY CREATE OPPORTUNITY ANNOUNCEMENTS, PLAN GRANT-REVIEW PROCESSES AND MONITOR AWARDED GRANTS.

Part IV Supplemental Information

CLEARWAY MINNESOTA RECOGNIZES THAT GRANT MONITORING IS ESSENTIAL IN SUPPORTING THE CAPACITY OF GRANTEEES TO MAKE SIGNIFICANT CONTRIBUTIONS TO THE FIELD OF TOBACCO CONTROL IN MINNESOTA. THE PURPOSE OF MONITORING GRANTEEES IS:

- TO ENSURE ACCOUNTABILITY AND PROPER USE OF GRANT FUNDS;
- TO VERIFY COMPLIANCE WITH LEGAL AND GRANT-MAKING REQUIREMENTS;
- TO ENSURE TIMELY PROGRESS IN MEETING PROJECT GOALS;
- TO IDENTIFY ISSUES AND WORK WITH THE GRANTEE TO ADDRESS THEM;
- TO ENCOURAGE CONTINUOUS IMPROVEMENT OF PROGRAM QUALITY; AND
- TO IDENTIFY OPPORTUNITIES FOR DISSEMINATION AND SUPPORT FOR FINDINGS/RESULTS.

THE FOLLOWING IS A GENERAL OUTLINE OF THE PROCEDURES THAT CLEARWAY MINNESOTA USES FOR GRANT MONITORING.

GRANTEE ORIENTATION:

ONCE GRANTS ARE APPROVED BY THE BOARD, GRANT MANAGERS COMMUNICATE WITH GRANTEEES AS NEEDED, EITHER IN PERSON, BY TELEPHONE OR VIA WRITTEN COMMUNICATION. THESE INITIAL COMMUNICATIONS PROVIDE BACKGROUND TO GRANTEEES ABOUT KEY ELEMENTS CONTAINED IN THEIR GRANT AGREEMENTS, WITH A FOCUS ON PROGRESS AND FINANCIAL REPORTING REQUIREMENTS. AFTER GRANT AGREEMENTS ARE EXECUTED, GRANTEEES RECEIVE AN ORIENTATION PACKET AND ADDITIONAL RELEVANT INFORMATION.

THE INITIAL GRANT PAYMENT IS MADE AFTER EXECUTION OF THE GRANT AGREEMENT, AFTER THE GRANT IS RECORDED IN THE GENERAL LEDGER AND AFTER RECEIPT OF IRB APPROVAL, IF REQUIRED.

Part IV Supplemental Information

REPORTING:

REPORTS ARE THE PRIMARY TOOL USED TO MONITOR GRANTEE PROGRESS, CHALLENGES AND FINANCIAL STATUS. THROUGHOUT THE GRANT PERIOD, GRANTEES SUBMIT PROGRESS AND FINANCIAL REPORTS ON A REGULAR BASIS. IN-PERSON MEETINGS ARE SCHEDULED ON AN AS-NEEDED BASIS DEPENDING ON THE SCOPE, NEEDS AND PROGRESS OF THE FUNDED GRANT. PAYMENTS ARE RELEASED ACCORDING TO THE APPROVED PAYMENT SCHEDULE, AND ONLY IF ALL PROGRESS AND FINANCIAL REPORTS HAVE BEEN APPROVED.

SITE VISITS:

CLEARWAY MINNESOTA GRANT MANAGERS MAY OPT TO SPEND TIME WITH GRANTEES AT THEIR WORKSITES. THE SCOPE AND FREQUENCY OF SITE VISITS VARIES BY DEPARTMENT AND GRANT TYPE.

TECHNICAL ASSISTANCE:

AS CLEARWAY MINNESOTA GRANT MANAGERS REVIEW PROGRESS AND FINANCIAL REPORTS, THEY NOTE AREAS IN WHICH GRANTEES MAY NEED ADDITIONAL TRAINING OR ASSISTANCE WITH THIRD-PARTY EXPERTS AS NEEDED.

THE ORGANIZATION IS REPORTING PRIOR YEAR CANCELLED AND RETURNED GRANTS AS A CREDIT AGAINST GRANTS PAID, INSTEAD OF REPORTING THIS AMOUNT AS AN ADJUSTMENT OF NET ASSETS. THIS REPORTING IS CONSISTENT WITH THE AUDITED FINANCIAL STATEMENTS.

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2014

Open to Public
Inspection

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee | <input checked="" type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input checked="" type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

a Receive a severance payment or change-of-control payment?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

c Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

a The organization?

b Any related organization?

If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

a The organization?

b Any related organization?

If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

Yes No

1b		
2		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2014

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

[illegible]

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990

OMB No. 1545-0047

2014

Open to Public
Inspection

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number
41-1921094

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

OF ALL MINNESOTANS BY ELIMINATING THE HARM CAUSED BY TOBACCO. CLEARWAY
MINNESOTA WAS CREATED IN 1998 TO ADMINISTER 3 PERCENT (\$202 MILLION) OF
MINNESOTA'S TOBACCO SETTLEMENT FUNDS OVER A PERIOD OF 25 YEARS.

CLEARWAY MINNESOTA'S MISSION IS TO ENHANCE LIFE FOR ALL MINNESOTANS BY
REDUCING TOBACCO USE AND EXPOSURE TO SECONDHAND SMOKE THROUGH RESEARCH,
ACTION AND COLLABORATION.

THE ORGANIZATION'S WORK IS GROUNDED IN SOUND SCIENCE AND PUBLIC HEALTH
BEST PRACTICES, AND INCLUDES A COMPREHENSIVE BODY OF TOBACCO CESSATION
PROGRAMS (MARKETED AS QUITPLAN (R) SERVICES), EXTENSIVE GRANT-MAKING
ACTIVITIES IN AREAS OF RESEARCH, POLICY AND COMMUNITY DEVELOPMENT, AND
MEDIA CAMPAIGNS TO RAISE AWARENESS OF THE HARMS OF TOBACCO AND
SECONDHAND SMOKE EXPOSURE AND TO PROMOTE QUITTING.

FORM 990, PART III, LINE 2, NEW PROGRAM SERVICES:

IN FISCAL YEAR 15, CLEARWAY MINNESOTA BEGAN A NEW FUNDING INITIATIVE TO
LINK ADULT SMOKERS OF LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION
SERVICES. THIS INITIATIVE IS DESCRIBED IN LINE 4C.

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

VISITS, MEDIA INTERVIEWS AND MEETINGS WITH COMMUNITY LEADERS. THIS WORK
PROVIDES OPPORTUNITIES FOR THE PUBLIC TO LEARN MORE ABOUT CLEARWAY
MINNESOTA'S MISSION, PROGRAMS AND ACTIVITIES, AND TO GIVE CLEARWAY
MINNESOTA FEEDBACK. CLEARWAY MINNESOTA'S COMMUNICATIONS WORK ALSO

Name of the organization

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INCLUDES CUSTOMIZED OUTREACH TO DIVERSE COMMUNITIES.

IN FISCAL YEAR 2015, CLEARWAY MINNESOTA'S ADVERTISING AND OUTREACH WORK FOCUSED ON PROMOTING QUITPLAN SERVICES AND THE QUITCASH CHALLENGE, AND ON EDUCATING ABOUT THE HEALTH AND ECONOMIC COSTS OF SMOKING, THE IMPACT OF FLAVORED TOBACCO USE AND THE ROLE PLAYED BY THE TOBACCO INDUSTRY IN CREATING THOSE EFFECTS.

IN FISCAL YEAR 2015, CLEARWAY MINNESOTA'S MASS MEDIA CAMPAIGNS REACHED 99 PERCENT OF MINNESOTA ADULTS AN AVERAGE OF 103.5 TIMES THROUGHOUT THE YEAR. FURTHERMORE, 99 PERCENT OF MINNESOTA SMOKERS SAW MESSAGES RELATING TO SMOKING CESSATION AN AVERAGE OF 71.5 TIMES DURING THE YEAR.

IN ADDITION, CLEARWAY MINNESOTA PRODUCED A TELEVISION INFOMERCIAL PROMOTING ITS FREE QUITPLAN CESSATION SERVICES, AND PARTNERED WITH THE MINNESOTA DEPARTMENT OF HEALTH ON A CAMPAIGN TO EDUCATE MEDICAID ENROLLEES ABOUT CESSATION BENEFITS AVAILABLE TO THEM. CLEARWAY MINNESOTA LEVERAGED CDC'S NATIONAL MEDIA CAMPAIGN BY PLACING TIPS FROM FORMER SMOKERS PRINT ADS IN PUBLICATIONS AROUND THE STATE. CLEARWAY MINNESOTA'S PROGRAMS, SERVICES OR KEY MESSAGES ALSO RECEIVED COVERAGE BY MINNESOTA MEDIA MORE THAN 850 TIMES OVER THE COURSE OF THE YEAR.

THIS YEAR, CLEARWAY MINNESOTA ALSO AWARDED EIGHT GRANTS TO MINNESOTA NONPROFITS AND LOCAL UNITS OF GOVERNMENT TO REDUCE TOBACCO'S HARM THROUGH COALITION BUILDING, POLICY ADVOCACY AND PUBLIC EDUCATION. ALL GRANTEEES CONTRIBUTED TO CLEARWAY MINNESOTA'S STATEWIDE POLICY GOALS BY DEFENDING TOBACCO TAXES, SUPPORTING LEGISLATION TO ADDRESS MENTHOL CIGARETTE USE IN MINNESOTA'S AFRICAN AMERICAN COMMUNITY AND ADVOCATING

Name of the organization

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FOR INCLUDING E-CIGARETTES IN MINNESOTA'S CLEAN INDOOR AIR ACT. THEY ALSO CONTRIBUTED TO REDUCING TOBACCO'S HARM THROUGH PUBLIC EDUCATION AND POLICY ENGAGEMENT ACTIVITIES. MOST NOTABLY, THEY HELPED PASS DOZENS OF NEW POLICIES, SUCH AS INCREASING THE PRICE OF CIGARS, ADDING E-CIGARETTES TO LOCAL CLEAN-AIR POLICIES, INCREASING THE MINIMUM AGE TO SELL TOBACCO AND ADVANCING VOLUNTARY TOBACCO-FREE HOUSING AND COLLEGE CAMPUS POLICIES.

FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:

INDIAN COMMUNITIES THROUGH THE UNIVERSITY OF MINNESOTA'S PROGRAM IN HEALTH DISPARITIES RESEARCH.

CLEARWAY MINNESOTA ALSO CONTRACTS TO EVALUATE MAJOR PROGRAMMATIC EFFORTS. IN ADDITION, SURVEILLANCE RESEARCH IS CONDUCTED TO MONITOR TOBACCO USE, ATTITUDES AND BEHAVIORS OVER TIME AND TO MEASURE THE IMPACT OF TOBACCO CONTROL POLICIES AND PROGRAMS. THE 2014 MINNESOTA ADULT TOBACCO SURVEY (MATS), A MAJOR RESEARCH PROJECT PROVIDING DETAILED DATA ON TOBACCO USE IN MINNESOTA, WAS CONCLUDED AND FINDINGS WERE MADE PUBLICLY AVAILABLE IN FISCAL YEAR 2015. RESULTS FROM THESE RESEARCH AND EVALUATION PROJECTS ARE USED TO ADVANCE AND GUIDE CLEARWAY MINNESOTA'S ACTIVITIES.

GRANTEE DISSEMINATION HIGHLIGHTS IN FISCAL YEAR 2015 INCLUDED FIVE NATIONAL CONFERENCE PRESENTATIONS, DISTRIBUTION OF A MENTHOL REGULATION POLICY AND LAW TOOLKIT, PUBLICATION OF ONE MANUSCRIPT, DEVELOPMENT OF THREE MANUSCRIPTS FOR PUBLICATION AND DISTRIBUTION OF DISSEMINATION MATERIALS THROUGH LISTSERVS AND WEBINARS.

Name of the organization

CLEARWAY MINNESOTA (SM)

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DURING FISCAL YEAR 2015 CLEARWAY MINNESOTA, IN PARTNERSHIP WITH MINNESOTA TOBACCO CONTROL RESEARCHERS, PARTICIPATED IN NUMEROUS NATIONAL, STATE AND LOCAL CONFERENCE PRESENTATIONS AND PUBLISHED IN SEVERAL PEER-REVIEWED PUBLICATIONS. CLEARWAY MINNESOTA RESEARCH STAFF PUBLISHED SIX PEER-REVIEWED SCIENTIFIC PAPERS. STAFF FACILITATED ONE SYMPOSIUM (FOCUSED ON INCREASING THE REACH OF QUITLINES) AND PRESENTED A PAPER AT THE ANNUAL MEETING OF THE SOCIETY FOR RESEARCH ON NICOTINE AND TOBACCO (SRNT). THE PAPER ADDRESSED THE TOBACCO INDUSTRY'S EXPLOITATION OF SACRED TOBACCO AND TARGETING OF AMERICAN INDIANS. RESEARCH STAFF ALSO PRESENTED NINE POSTERS AT THE SRNT ANNUAL CONFERENCE. IN ADDITION TO SRNT, RESEARCH STAFF PRESENTED ON MENTHOL TOBACCO PRODUCTS AT THE ANNUAL AMERICAN PUBLIC HEALTH ASSOCIATION (APHA) CONFERENCE.

FORM 990, PART III, LINE 4C, PROGRAM SERVICE ACCOMPLISHMENTS:
AND PRINTED MATERIALS TO UNINSURED MINNESOTANS AND THOSE WHOSE INSURANCE DOES NOT COVER CESSATION HELP. OVER-THE-COUNTER NICOTINE REPLACEMENT PRODUCTS IN THE FORM OF PATCHES, GUM AND LOZENGES ARE PROVIDED AS APPROPRIATE. HELPLINE ENROLLEES MAY ALSO ADD INTEGRATED TEXT MESSAGING AND/OR EMAIL SUPPORT SERVICES AS PART OF THE HELPLINE PROGRAM.

INDIVIDUAL QUITPLAN SERVICES INCLUDE NICOTINE REPLACEMENT STARTER KITS, A TEXT-MESSAGING PROGRAM, AN EMAIL PROGRAM AND/OR A PRINTED QUIT GUIDE. ALL ADULT MINNESOTANS CAN RECEIVE INDIVIDUAL QUITPLAN SERVICES. TOBACCO USERS CAN REGISTER FOR ANY QUITPLAN SERVICE EITHER ONLINE (AT WWW.QUITPLAN.COM) OR BY PHONE.

Name of the organization

CLEARWAY MINNESOTA (SM)

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DURING FISCAL YEAR 2015:

-2,090 TOBACCO USERS ENROLLED IN THE QUITPLAN HELPLINE; AND

-13,087 TOBACCO USERS ENROLLED IN INDIVIDUAL QUITPLAN SERVICES.

CLEARWAY MINNESOTA ALSO PARTNERS WITH MAJOR MINNESOTA HEALTH PLANS THAT PROVIDE TELEPHONE COUNSELING SERVICES THROUGH THE CALL IT QUILTS COLLABORATIVE. THIS COLLABORATIVE PROVIDES A FORUM FOR ALL MINNESOTA QUITLINE SERVICE PROVIDERS TO SHARE INFORMATION AND LEARN ABOUT BEST PRACTICES. THE CALL IT QUILTS COLLABORATIVE ALSO SUPPORTS THE CALL IT QUILTS REFERRAL PROGRAM, WHICH ALLOWS HEALTH CARE PROVIDERS TO USE A SINGLE FORM AND FAX NUMBER TO REFER PATIENTS TO QUITLINE SUPPORT, REGARDLESS OF INSURANCE STATUS.

AS PART OF ITS EFFORTS TO REACH POPULATIONS THAT SMOKE AT HIGHER RATES, CLEARWAY MINNESOTA LAUNCHED A NEW FUNDING INITIATIVE TO CONNECT ADULT SMOKERS OF LOW SOCIOECONOMIC STATUS TO EXISTING SMOKING CESSATION SERVICES. EIGHT COMMUNITY-BASED ORGANIZATIONS RECEIVED GRANTS UNDER THIS INITIATIVE.

CLEARWAY MINNESOTA STAFF IS ALSO ACTIVELY INVOLVED IN CESSATION POLICY WORK TO ENSURE THAT ALL MINNESOTANS HAVE ACCESS TO COMPREHENSIVE TOBACCO DEPENDENCE TREATMENT. THIS WORK ENTAILS EDUCATING ABOUT AND ADVOCATING FOR COMPREHENSIVE TOBACCO CESSATION BENEFITS AS PART OF HEALTH INSURANCE COVERAGE, PROMOTING SYSTEMS CHANGES TO INTEGRATE TOBACCO DEPENDENCE TREATMENT INTO HEALTH CARE AND PUBLIC PROGRAMS, AND ADVOCATING FOR HEALTH CARE QUALITY MEASURES ON TOBACCO TREATMENT DELIVERY. TO HELP ADVANCE OUR SYSTEMS CHANGE WORK, WE HAVE FUNDED FIVE HEALTH SYSTEMS CHANGE GRANTS. THESE GRANTS SUPPORT MINNESOTA HEALTH

Name of the organization

CLEARWAY MINNESOTA (SM)

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41-1921094

SYSTEMS TO IMPLEMENT PROCESSES MAKING DELIVERY OF TOBACCO DEPENDENCE
TREATMENT A STANDARD PRACTICE OF CARE.

QUITPLAN SERVICES AND OUR CESSATION POLICY EFFORTS ARE EVALUATED TO AID
IN PROGRAM MONITORING, TO ENHANCE QUALITY AND TO GUIDE DECISION-MAKING
AND RESOURCE ALLOCATION.

CLEARWAY MINNESOTA CESSATION STAFF MEMBERS SHARE FINDINGS FROM OUR WORK
THROUGH LOCAL, STATE AND NATIONAL CONFERENCE PRESENTATIONS.

FORM 990, PART III, LINE 4D, OTHER PROGRAM SERVICES:

COMMUNITY DEVELOPMENT

CLEARWAY MINNESOTA FUNDS EFFORTS IN PRIORITY POPULATIONS (AFRICANS AND
AFRICAN AMERICANS, AMERICAN INDIANS, ASIANS, ASIAN AMERICANS, PACIFIC
ISLANDERS, CHICANOS/LATINOS, LESBIAN, GAY, BISEXUAL, TRANSGENDER AND
QUEER [LGBTQ] COMMUNITIES, AND OTHER GROUPS) TO CREATE AWARENESS ABOUT
TOBACCO'S HARMS, TO PROMOTE STOP-SMOKING SERVICES AND TO BUILD TOBACCO
CONTROL LEADERSHIP SKILLS. PRIORITY POPULATIONS HAVE A DISPROPORTIONATE
TOBACCO-RELATED DISEASE BURDEN AND DISPARITIES.

IN FISCAL YEAR 2015, CLEARWAY MINNESOTA CONTINUED EFFORTS IN INDIAN
COUNTRY TO ADVANCE COMPREHENSIVE COMMERCIAL TOBACCO-FREE POLICIES AND
PROMOTE HEALTH ON MINNESOTA TRIBAL LANDS. ("COMMERCIAL TOBACCO" USE
LIKE CIGARETTE SMOKING IS DIFFERENTIATED FROM SACRED, TRADITIONAL USES
OF TOBACCO BY AMERICAN INDIANS.) THESE EFFORTS ARE EVALUATED TO
DOCUMENT PROGRESS AND CONTRIBUTE TO PROMISING AND BEST PRACTICES IN THE
TOBACCO CONTROL FIELD. THIS YEAR SAW A PROJECT TO EDUCATE MINNESOTA AND
NATIONAL INDIAN GAMING ASSOCIATIONS ABOUT COMMERCIAL TOBACCO AND

Name of the organization

CLEARWAY MINNESOTA (SM)

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SECONDHAND SMOKE IN AN EFFORT TO ADVANCE SMOKE-FREE CASINO POLICIES.

ALSO IN FISCAL YEAR 2015, LEECH LAKE TRIBAL COLLEGE, FUNDED BY CLEARWAY MINNESOTA, WAS SUCCESSFUL IN MAKING ITS CAMPUS COMMERCIAL TOBACCO-FREE.

FINALLY, SINCE CLEARWAY MINNESOTA'S LIMITED LIFESPAN ENDS IN 2023, THE ORGANIZATION IS INVOLVED IN A DIALOGUE WITH MINNESOTA FOUNDATIONS AND TRIBAL LEADERSHIP ABOUT THE FUTURE OF HEALTH PROMOTION WORK IN INDIAN COUNTRY.

CLEARWAY MINNESOTA ALSO CONTINUED THE LEADERSHIP AND ADVOCACY INSTITUTE TO ADVANCE MINNESOTA'S PARITY FOR PRIORITY POPULATIONS (LAAMPP). LAAMPP IS A FELLOWSHIP PROGRAM THAT BUILDS CAPACITY AND LEADERSHIP FOR TOBACCO CONTROL WORK IN PRIORITY POPULATION COMMUNITIES. ADDITIONALLY, A LAAMPP ALUMNI POLICY CHAMPIONS PROJECT ENGAGES LAAMPP FELLOWS IN PUBLIC POLICY EFFORTS IN MINNESOTA.

IN FISCAL YEAR 2015, CLEARWAY MINNESOTA COMPLETED THE EVALUATION OF THE THIRD LAAMPP INSTITUTE. RESULTS WILL CONTRIBUTE TO PROMISING AND/OR BEST PRACTICES IN CULTIVATING PRIORITY POPULATION LEADERS FOR TOBACCO CONTROL. ADDITIONALLY, CLEARWAY MINNESOTA SUPPORTED COMMUNITY DIALOGUES ON HEALTH EQUITY IN TOBACCO CONTROL INVOLVING LAAMPP FELLOWS AND LOCAL AND NATIONAL LEADERS IN EFFORTS TO REDUCE DISPARITIES. CLEARWAY MINNESOTA ALSO WORKED TO DEVELOP RELATIONSHIPS AND PARTNERSHIPS AMONG OTHER MINNESOTA FUNDERS TO COLLABORATIVELY LAUNCH A FOURTH LAAMPP INSTITUTE IN FISCAL YEAR 2016.

EXPENSES \$ 834,635. INCLUDING GRANTS OF \$ 677,497. REVENUE \$ 0.

FORM 990, PART V, LINE 4B, LIST OF FOREIGN COUNTRIES:

GUERNSEY, CAYMAN ISLANDS, BRITISH VIRGIN IS

Name of the organization

CLEARWAY MINNESOTA (SM)

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FORM 990, PART VI, SECTION B, LINE 11:

THE IRS FORM 990 AND ATTACHMENTS ARE COMPLETED BY THE INDEPENDENT AUDITOR AND REVIEWED BY STAFF AND LEGAL COUNSEL. THE FORM IS PRESENTED TO THE AUDIT/FINANCE COMMITTEE AND THE BOARD OF DIRECTORS FOR REVIEW AND APPROVAL. THE COMMITTEE AND BOARD RECEIVE THE DOCUMENT APPROXIMATELY ONE WEEK IN ADVANCE OF THE RESPECTIVE MEETING AT WHICH IT IS REVIEWED. THE INDEPENDENT AUDITOR IS AVAILABLE TO ANSWER ANY QUESTIONS THAT MAY ARISE. COPIES OF THE FORM 900 ARE DISTRIBUTED TO ALL BOARD MEMBERS, WHO APPROVE THE 990 PRIOR TO THE RETURN BEING FILED WITH THE INTERNAL REVENUE SERVICE.

FORM 990, PART VI, SECTION B, LINE 12C:

CONFLICTS OF INTEREST, INCLUDING POLICIES RELATING TO LOANS AND GIFTS, ARE GOVERNED BY CLEARWAY MINNESOTA'S CONFLICT OF INTEREST POLICY.

ENFORCEMENT OF THE CONFLICT OF INTEREST POLICY SHALL BE MADE BY THE CLEARWAY MINNESOTA BOARD, ON THE RECOMMENDATION OF THE EXECUTIVE/GOVERNANCE COMMITTEE OF THE BOARD, OR OF A COMMITTEE DESIGNATED BY THAT COMMITTEE.

CLEARWAY MINNESOTA REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY. THE BOARD REQUIRES EACH BOARD MEMBER AND EMPLOYEE TO BE ADVISED OF THIS POLICY, AND PROVIDED A COPY, IMMEDIATELY UPON ASSUMING THEIR CLEARWAY MINNESOTA DUTIES OR RELATIONSHIP, AND TO BE PERIODICALLY REMINDED OF THIS POLICY AND EDUCATED CONCERNING ITS APPLICATION. EVERY BOARD MEMBER AND EMPLOYEE IS RESPONSIBLE FOR KNOWING AND OBSERVING THE POLICY.

EACH BOARD MEMBER AND EMPLOYEE IS REQUIRED TO SUBMIT A CERTIFICATE OF

Name of the organization

CLEARWAY MINNESOTA (SM)

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COMPLIANCE ANNUALLY. THE CERTIFICATE OF COMPLIANCE REQUIRES BOARD MEMBERS AND EMPLOYEES TO REVIEW A LIST OF CURRENT CLEARWAY MINNESOTA GRANTEES AND CONTRACTORS AND TO DISCLOSE AFFILIATIONS WITH ANY ORGANIZATIONS THAT HAVE GRANTS OR CONTRACTS WITH CLEARWAY MINNESOTA.

CLEARWAY MINNESOTA HAS A CONFLICT OF INTEREST SCREENING PROCESS TO IDENTIFY POTENTIAL CONFLICTS INVOLVING APPLICANTS FOR FUNDING THAT HAVE NOT HAD A GRANT OR CONTRACT WITH CLEARWAY MINNESOTA DURING THE PAST YEAR. THIS PROCESS IDENTIFIES POTENTIAL CONFLICTS EARLY IN THE APPLICATION PROCESS IN ORDER TO IMPLEMENT CONFLICT OF INTEREST MITIGATION STRATEGIES THAT MAY BE NECESSARY DURING THE APPLICATION REVIEW PROCESS.

BOARD DIRECTORS AND STAFF HAVE THE RESPONSIBILITY TO DISCLOSE TO THE ORGANIZATION THE RELEVANT FACTS OF ANY PROPOSED ACTION INVOLVING CLEARWAY MINNESOTA IN WHICH THEY HAVE POSSIBLE OR PERCEIVED CONFLICTS AS SOON AS THEY ARE DISCOVERED.

FORM 990, PART VI, SECTION B, LINE 15:

CLEARWAY MINNESOTA REVIEWS COMPENSATION (SALARY RANGES AND BENEFITS) ON AN ANNUAL BASIS. AT LEAST EVERY TWO YEARS, AN INDEPENDENT COMPENSATION CONSULTANT COMPARES ALL JOBS TO APPLICABLE MARKET SURVEYS TO DETERMINE COMPENSATION COMPETITIVENESS TO THE MARKET. IN YEARS WHERE A CONSULTANT IS NOT ENGAGED, STAFF REVIEWS THE MOST CURRENT ANNUAL WORLD-AT-WORK SURVEY TO DETERMINE MARKET TRENDS. FROM THESE ANALYSES, PAY RANGE MODIFICATIONS AND THE ANNUAL BUDGETED SALARY MERIT INCREASE PERCENTAGE ARE DETERMINED. THIS INFORMATION IS REVIEWED BY THE EXECUTIVE/GOVERNANCE COMMITTEE, AND BY THE BOARD OF DIRECTORS, WHICH MAKES THE FINAL DECISION ON SALARY RANGE LEVELS AND BUDGET AMOUNTS.

Name of the organization

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ALL STAFF SALARY CHANGES, EXCEPT THAT OF THE CHIEF EXECUTIVE OFFICER, ARE REVIEWED AND APPROVED BY THE CHIEF EXECUTIVE OFFICER. SALARY CHANGES FOR THE CHIEF EXECUTIVE OFFICER ARE DETERMINED ANNUALLY BY THE EXECUTIVE/GOVERNANCE COMMITTEE AND APPROVED BY THE BOARD OF DIRECTORS.

FORM 990, PART VI, SECTION C, LINE 19:

CLEARWAY MINNESOTA'S GOVERNING DOCUMENTS, INCLUDING ITS CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS, ARE AVAILABLE AT THE CLEARWAY MINNESOTA OFFICE FOR INSPECTION.

Exempt Organization Business Income Tax Return

(and proxy tax under section 6033(e))

OMB No. 1545-0687

For calendar year 2014 or other tax year beginning JUL 1, 2014, and ending JUN 30, 2015.

2014

Department of the Treasury
Internal Revenue ServiceInformation about Form 990-T and its instructions is available at www.irs.gov/form990t.

Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Open to Public Inspection for
501(c)(3) Organizations Only

A <input type="checkbox"/> Check box if address changed		Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.)		D Employer identification number (Employees' trust, see instructions.)	
B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)		Print or Type CLEARWAY MINNESOTA (SM) Number, street, and room or suite no. If a P.O. box, see instructions. TWO APPLETREE SQ, 8011 34TH AVE S, NO. 400 City or town, state or province, country, and ZIP or foreign postal code MINNEAPOLIS, MN 55425		41-1921094 E Unrelated business activity codes (See instructions.) 900099	

C Book value of all assets at end of year 72,166,845.		F Group exemption number (See instructions.)	
G Check organization type <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust			

H Describe the organization's primary unrelated business activity. **PARTNERSHIP INVESTMENT**
I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ☐ Yes ☒ No

If "Yes," enter the name and identifying number of the parent corporation.

J The books are in care of **LANA KOPYLOV** Telephone number **952-767-1400**

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales			
b	Less returns and allowances			
c Balance		1c		
2	Cost of goods sold (Schedule A, line 7)	2		
3	Gross profit. Subtract line 2 from line 1c	3		
4a	Capital gain net income (attach Schedule D)	4a		
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b		
c	Capital loss deduction for trusts	4c		
5	Income (loss) from partnerships and S corporations (attach statement)	5	<6,825.> STATEMENT 1	<6,825.>
6	Rent income (Schedule C)	6		
7	Unrelated debt-financed income (Schedule E)	7		
8	Interest, annuities, royalties, and rents from controlled organizations (Sch. F)	8		
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9		
10	Exploited exempt activity income (Schedule I)	10		
11	Advertising income (Schedule J)	11		
12	Other income (See instructions; attach schedule)	12		
13	Total. Combine lines 3 through 12	13	<6,825.>	<6,825.>

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)

(Except for contributions, deductions must be directly connected with the unrelated business income.)

14	Compensation of officers, directors, and trustees (Schedule K)	14	
15	Salaries and wages	15	
16	Repairs and maintenance	16	
17	Bad debts	17	
18	Interest (attach schedule)	18	
19	Taxes and licenses	19	
20	Charitable contributions (See instructions for limitation rules) STATEMENT 3 SEE STATEMENT 2	20	0.
21	Depreciation (attach Form 4562)	21	
22	Less depreciation claimed on Schedule A and elsewhere on return	22a	
23	Depletion	23	
24	Contributions to deferred compensation plans	24	
25	Employee benefit programs	25	
26	Excess exempt expenses (Schedule I)	26	
27	Excess readership costs (Schedule J)	27	
28	Other deductions (attach schedule)	28	
29	Total deductions. Add lines 14 through 28	29	0.
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	<6,825.>
31	Net operating loss deduction (limited to the amount on line 30) SEE STATEMENT 4	31	
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	<6,825.>
33	Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)	33	1,000.
34	Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	<6,825.>

Part III Tax Computation**35 Organizations Taxable as Corporations.** See instructions for tax computation.Controlled group members (sections 1561 and 1563) check here ☐ See instructions and:**a** Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):

(1) \$ (2) \$ (3) \$

b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$

(2) Additional 3% tax (not more than \$100,000) \$

c Income tax on the amount on line 34 35c 0.**36 Trusts Taxable at Trust Rates.** See instructions for tax computation. Income tax on the amount on line 34 from:☐ Tax rate schedule or ☐ Schedule D (Form 1041) 36**37 Proxy tax.** See instructions 37**38 Alternative minimum tax** 38**39 Total.** Add lines 37 and 38 to line 35c or 36, whichever applies 39 0.**Part IV Tax and Payments****40a** Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) 40a**b** Other credits (see instructions) 40b**c** General business credit. Attach Form 3800 40c**d** Credit for prior year minimum tax (attach Form 8801 or 8827) 40d**e** Total credits. Add lines 40a through 40d 40e**41** Subtract line 40e from line 39 41 0.**42** Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Other (attach schedule) 42**43** Total tax. Add lines 41 and 42 43 0.**44a** Payments: A 2013 overpayment credited to 2014 44a**b** 2014 estimated tax payments 44b**c** Tax deposited with Form 8868 44c**d** Foreign organizations: Tax paid or withheld at source (see instructions) 44d**e** Backup withholding (see instructions) 44e**f** Credit for small employer health insurance premiums (Attach Form 8941) 44f**g** Other credits and payments: ☐ Form 2439 ☐ Form 4136 ☐ Other Total 44g**45** Total payments. Add lines 44a through 44g 45**46** Estimated tax penalty (see instructions). Check if Form 2220 is attached ☐ 46**47** Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed 47 0.**48** Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid 48 0.**49** Enter the amount of line 48 you want: Credited to 2015 estimated tax Refunded 49**Part V Statements Regarding Certain Activities and Other Information** (see instructions)

- 1** At any time during the 2014 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here **SEE STATEMENT 5** Yes No
- 2** During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file. Yes No
- 3** Enter the amount of tax-exempt interest received or accrued during the tax year \$

Schedule A - Cost of Goods Sold. Enter method of inventory valuation **N/A**

- | | | | |
|---|-----------|---|----------|
| 1 Inventory at beginning of year | 1 | 6 Inventory at end of year | 6 |
| 2 Purchases | 2 | 7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2 | 7 |
| 3 Cost of labor | 3 | 8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization? | Yes No |
| 4a Additional section 263A costs (att. schedule) | 4a | | |
| b Other costs (attach schedule) | 4b | | |
| 5 Total. Add lines 1 through 4b | 5 | | |

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here Signature of officer *Linda M. Nelson* Date *10/12/2015* Title **CHIEF EXEC OFFICER**

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name: **LINDA M. NELSON** Preparer's signature: *Linda M. Nelson* Date: *10/2/15* Check ☐ if self-employed PTIN: **P00205567**

Firm's name: **OLSEN THIELEN & CO., LTD** Firm's EIN: **41-1360831**

Firm's address: **2675 LONG LAKE ROAD ST. PAUL, MN 55113** Phone no.: **651-483-4521**

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property) (see instructions)

1. Description of property

(1)
(2)
(3)
(4)

2. Rent received or accrued

(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)		
(2)		
(3)		
(4)		
Total 0.	Total 0.	

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶

(b) Total deductions.

Enter here and on page 1, Part I, line 6, column (B) ... ▶ 0.

Schedule E - Unrelated Debt-Financed Income (see instructions)

1. Description of debt-financed property	2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property		7. Gross income reportable (column 6 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
		(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)		
(1)					
(2)					
(3)					
(4)					
4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5			
(1)		%			
(2)		%			
(3)		%			
(4)		%			

Totals ▶

Enter here and on page 1, Part I, line 7, column (A). 0. Enter here and on page 1, Part I, line 7, column (B). 0.

Total dividends-received deductions included in column 8 ▶

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				

Totals ▶

Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A). 0. Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B). 0.

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization

(see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals		0.		0.

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income

(see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals		0.	0.			0.

Schedule J - Advertising Income (see instructions)**Part I Income From Periodicals Reported on a Consolidated Basis**

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))		0.	0.			0.

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals from Part I		0.	0.			0.
Totals, Part II (lines 1-5)		0.	0.			0.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14			0.

FOOTNOTES

STATEMENT 1

INCOME (LOSS) FROM PARTNERSHIPS

MESIROW FINANCIAL PRIVATE EQUITY PARTNERSHIP FUND IV, LP
UNRELATED BUSINESS TAXABLE INCOME PER K-1:

LINE 1 - ORDINARY BUSINESS INCOME (LOSS)	<6,235.>
LINE 2 - NET RENTAL INCOME (LOSS)	<328.>
LINE 5 - INTEREST INCOME	2,364.
LINE 6A - ORDINARY DIVIDENDS	191.
LINE 7 - ROYALTIES	0.
LINE 8 - SHORT-TERM CAPITAL GAIN (LOSS)	13.
LINE 9A - LONG-TERM CAPITAL GAIN (LOSS)	2,022.
LINE 10 - SECTION 1231 GAIN (LOSS)	750.
LINE 11A - OTHER PORTFOLIO INCOME	0.
LINE 11F - OTHER INCOME	4,504.
LINE 12 - SECTION 179 DEDUCTION	<24.>
LINE 13H - INVESTMENT INTEREST EXPENSE	<1,419.>
LINE 13J - SECTION 59(E)(2) EXPENDITURES	<8,451.>
LINE 13W - OTHER DEDUCTIONS	<1,316.>

WEATHERGAGE VENTURE CAPITAL LP
UNRELATED BUSINESS TAXABLE INCOME PER K-1:

LINE 1 - ORDINARY BUSINESS INCOME (LOSS)	1,104.
LINE 13J - SECTION 59(E)(2) EXPENDITURES	

TOTAL PARTNERSHIP INCOME

<6,825.>

FORM 990-T	CONTRIBUTIONS	STATEMENT	2
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DESCRIPTION/KIND OF PROPERTY	METHOD USED TO DETERMINE FMV	AMOUNT
FROM MESIROW FINANCIAL K-1	N/A	23.
TOTAL TO FORM 990-T, PAGE 1, LINE 20		23.

FORM 990-T

CONTRIBUTIONS SUMMARY

STATEMENT 3

QUALIFIED CONTRIBUTIONS SUBJECT TO 100% LIMIT

CARRYOVER OF PRIOR YEARS UNUSED CONTRIBUTIONS

FOR TAX YEAR 2009

FOR TAX YEAR 2010

FOR TAX YEAR 2011

FOR TAX YEAR 2012

FOR TAX YEAR 2013 1,567

TOTAL CARRYOVER

1,567

TOTAL CURRENT YEAR 10% CONTRIBUTIONS

23

TOTAL CONTRIBUTIONS AVAILABLE

1,590

TAXABLE INCOME LIMITATION AS ADJUSTED

0

EXCESS 10% CONTRIBUTIONS

1,590

EXCESS 100% CONTRIBUTIONS

0

TOTAL EXCESS CONTRIBUTIONS

1,590

ALLOWABLE CONTRIBUTIONS DEDUCTION

0

TOTAL CONTRIBUTION DEDUCTION

0

FORM 990-T	NET OPERATING LOSS DEDUCTION	STATEMENT	4
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TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING	AVAILABLE THIS YEAR
06/30/09	4,613. -	4,613. -	0.	0. -
06/30/10	3,550. -	1,579. -	1,971.	1,971. -
06/30/11	6,794. -	0. -	6,794.	6,794. -
NOL CARRYOVER AVAILABLE THIS YEAR			8,765.	8,765. -

FORM 990-T	NAME OF FOREIGN COUNTRY IN WHICH ORGANIZATION HAS FINANCIAL INTEREST	STATEMENT	5
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NAME OF COUNTRY

GUERNSEY
CAYMAN ISLANDS
BRITISH VIRGIN ISLANDS



Appendix K

Charitable Organization Annual Report

STATE OF MINNESOTA

CHARITABLE ORGANIZATION INITIAL REGISTRATION & ANNUAL REPORT FORM

ATTORNEY GENERAL LORI SWANSON

SUITE 1200, BREMER TOWER

445 MINNESOTA STREET

ST. PAUL, MN 55101-2130

(651) 757-1311

(651) 296-1410 (TTY)

www.ag.state.mn.us

☒ Annual Reporting

☐ Initial Registration

FEDERAL EIN NUMBER: 41-1921094

FOR YEAR ENDING: 06/30/2015

SECTION A: REQUIRED INFORMATION FOR INITIAL REGISTRATION & ANNUAL REPORTING

1. Legal Name of Organization: CLEARWAY MINNESOTA (SM)

If annual reporting, is this a new name since the organization's last filing?

☐ Yes ☒ No

If so, please state former name: _____

2. List all names under which the organization solicits contributions:

3. Mailing Address of Organization (required)

TWO APPLETREE SQ, 8011 34TH AVE S
NO. 400
MINNEAPOLIS, MN 55425

Physical Address of Organization (required)

TWO APPLETREE SQ, 8011 34TH AVE S
NO. 400
MINNEAPOLIS, MN 55425

4. Contact Person DAVID WILLOUGHBY

Tel. No. 952-767-1400

E-mail DWILLOUGHBY@CLEARWAYMN.ORG

Fax No. 952-767-1422

5. Does the organization use the services of a professional fund-raiser (outside solicitor or consultant)?

☐ Yes ☒ No

If so, provide name and address of any outside professional fund-raiser employed by the organization and state the total amount of compensation each outside fund-raiser received from the filing organization during the year. **Attach schedule if more than one.**

Name _____

Address _____

City _____ State _____ ZIP _____ Compensation _____

6. a) Does this professional fund-raiser solicit or consult in Minnesota?

☐ Yes ☐ No

b) Is this professional fund-raiser registered to solicit or consult in Minnesota?

☐ Yes ☐ No

7. Month and day accounting year ends: 06/30

8. Has the organization included the filing fee, late fee (if any) and all attachments required by the instructions?

☒ Yes ☐ No

Office Use Only: ☐ ARF ☐ \$25 ☐ \$50 ☐ N (e-Postcard) ☐ 990 ☐ EZ ☐ PF ☐ FES ☐ SIG ☐ BD ☐ SAL ☐ Audit

9. This Section A(9) must be completed by organizations filing a 990-N (e-Postcard) or organizations whose filing does not contain the information requested below. This includes organizations that: 1) do not file an IRS Form 990, 2) file an IRS Form 990-EZ or 990-PF, or 3) organizations that file a group return that does not include the filing organization's individual financial information.

INCOME

Contributions from the public	\$	<u>675.</u>
Government Grants	\$	<u>123,280.</u>
Other revenue	\$	<u>2,266,878.</u>
TOTAL REVENUE	\$	<u>2,390,833.</u>

EXCESS or DEFICIT	\$	<u><12,895,008.></u>
TOTAL Assets	\$	<u>72,166,845.</u>
TOTAL Liabilities	\$	<u>4,304,426.</u>

END OF YEAR FUND BALANCE/NET WORTH (Assets minus Liabilities) \$ 67,862,419.

SECTION C: REQUIRED FOR ANNUAL REPORTING ONLY

ALL Annual Report filers MUST complete questions 1-6

1. Has the organization's accounting year changed since the last report was filed? ☐ Yes ☒ No
If yes, provide the new year-end date: _____

2. **Attach** an explanation if there has been any change in the organization's tax status with the Internal Revenue Service; a significant change in the purposes of the organization; or if the organization's right to solicit funds has been denied, suspended, revoked or enjoined by any state agency or court in any state, or if there are proceedings pending. ☒ None ☐ Attached

3. List of the five highest paid directors, officers, and employees of the organization and its related organizations, as that term is defined by section 317A.011, subdivision 18, that receive total compensation of more than \$100,000, together with the compensation paid to each. For purposes of this subdivision, "compensation" is defined as the total amount reported on Form W-2 (Box 5) or Form 1099-MISC (Box 7) issued by the organization and its related organizations to the individual. The value of fringe benefits and deferred compensation paid by the charitable organization and all related organizations as that term is defined by section 317A.011, subdivision 18, shall also be reported as a separate item for each person whose compensation is required to be reported pursuant to this subdivision.

	Name/Title	Compensation	Deferred Compensation	Fringe Benefits
1	DAVID J. WILLOUGHBY CHIEF EXECUTIVE OFFICER	154,090.	23,933.	18,852.
2	BARBARA SCHILLO VICE PRESIDENT	136,555.	20,723.	17,998.
3	ANDREA MOWERY VICE PRESIDENT	137,220.	20,581.	12,338.
4	JAIME MARTINEZ DIRECTOR OF COMMUNITY DEV	120,515.	17,142.	11,672.
5	RAYMOND BOYLE DIRECTOR OF RESEARCH PROG	112,427.	17,119.	13,392.

4. **Attach** a list of organization's board of directors. ☐ Attached ☒ Included in IRS return
5. **Attach a GAAP audit** if total revenue exceeds \$750,000. ☒ Attached
☐ Audit not included under the Food Shelf Exemption (excluding from total revenue the value of food donated to a nonprofit food shelf for redistribution at no cost). ☐ Audit not required
6. Minnesota law requires that an organization file a copy of all tax or informational returns filed with the IRS, including IRS Form 990-N (e-Postcard), 990, 990-EZ, or 990-PF, including all schedules and amendments. Has the organization included with this annual report a copy of all tax or informational returns, including IRS Form 990-N (e-Postcard), 990, 990-EZ or 990-PF that it filed with the IRS (excluding Schedule B or any other donor list)? ☒ Yes ☐ No (Not required to file a return with IRS or files a group return).

NOTE: By answering YES to the above question, you are attesting that the IRS informational return filed with this office is an exact copy, including all schedules and attachments, of the IRS informational return filed with the IRS (excluding Schedule B or any other donor list the IRS may require).

7. This Section C(7) must be completed by organizations that: 1) do not file an informational return with the IRS; 2) file a 990-N (e-Postcard), 990-EZ, or 990-PF; 3) file a group return that does not include the filing organization's functional expense information; or 4) file an IRS Form 990 that does not contain a completed functional expenses statement within the IRS Form 990.

Statement of Functional Expenses				
	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S.				
2 Grants and other assistance to individuals in the U.S.				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S.				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1) and persons described in section 4958(c)(3)(B))				
7 Other salaries and wages				
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services				
f Investment management fees				
g Other				
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a _____				
b _____				
c _____				
d All other expenses				
25 Total functional expenses. Add lines 1 through 24d				
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Must be prepared in accordance with generally accepted accounting principles.

For 990-EZ filers: Column A, Line 25 should equal line 17 IRS Form 990-EZ

For 990-PF filers: Column A, Line 25 should equal line 26 IRS Form 990-PF

The total of Column A, lines 1 through 24d should equal line 25a.

The total of lines 25b, 25c and 25d, should equal line 25a

SECTION D: REQUIRED FOR INITIAL REGISTRATION & ANNUAL REPORTING

**BOARD OF DIRECTORS
SIGNATURES AND ACKNOWLEDGMENT**

We, the undersigned, state and acknowledge that we are duly constituted officers of this organization, being the

CHAIR, BOARD OF DIRECTORS (Title) and TREASURER (Title) respectively, and

that we execute this document on behalf of the organization pursuant to the resolution of the

BOARD OF DIRECTORS (Board of Directors, Trustees, or Managing Group) adopted on the _____

day of _____, 20____, approving the contents of the document, and do hereby certify that the

BOARD OF DIRECTORS (Board of Directors, Trustees, or Managing Group) has assumed, and will continue

to assume, responsibility for determining matters of policy, and have supervised, and will continue to supervise, the finances of the organization. We

further state that the information supplied is true, correct and complete to the best of our knowledge.

THOMAS WEAVER

Name (Print)

Signature

CHAIR, BOARD OF DIRECTORS

Title

Date

BOB BOERSCHEL

Name (Print)

Signature

TREASURER

Title

Date

*** NOTICE ***

Documents required to be filed are public records. Please do not include social security numbers, driver's license numbers or bank account numbers on the documents filed with this Office as they are not required, but could become part of the public records. A charitable organization is not required to file a list of its donors. If it is included, it may become part of the public file.

AG: #3124563-v1



Appendix L

Teens in Tobacco in Minnesota: 2014 Update Executive Summary

Teens and Tobacco in Minnesota, 2014 Update

Executive Summary

**Minnesota Department of Health
Center for Health Equity
Center for Health Statistics**

November, 2014



TEENS AND TOBACCO IN MINNESOTA, 2014 UPDATE: EXECUTIVE SUMMARY

Minnesota Department of Health
Center for Health Equity
Center for Health Statistics

November, 2014

For further information, contact:

Center for Health Statistics
P.O. Box 64882
St. Paul, MN 55164-0882
HealthStats@state.mn.us

ACKNOWLEDGMENTS

We express our thanks to the thousands of students who completed the Minnesota Youth Tobacco Survey in 2014 and in previous years for their willingness to answer questions about their experiences with tobacco use. We are equally indebted to the principals, teachers and staff who worked to make sure the survey went smoothly at 70 schools around the state. ICF Macro, Inc. and its team of local survey administrators made all the arrangements with schools and administered the survey in the selected classrooms. Our colleagues in the Office on Smoking and Health at the Centers for Disease Control and Prevention (CDC) provided the core survey questions, drew the school samples, scanned the survey booklets, and prepared the initial data file.

Financial support for the 2014 Minnesota Youth Tobacco Survey was provided by the Centers for Disease Control and Prevention as part of grant 5U58DP001974-05.

Finally, we would like to thank the many dedicated people throughout the state who support the well-being of our young people by encouraging them to reject tobacco use and other threats to health and growth. We hope this information will help all of us better understand the trends and characteristics of teen tobacco use in Minnesota.

EXECUTIVE SUMMARY

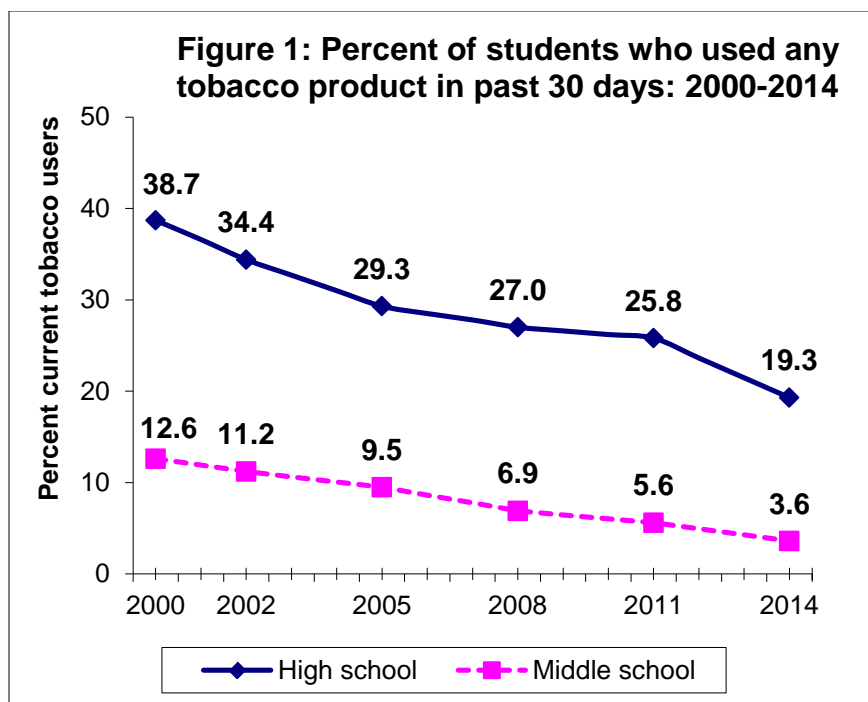
The damage caused by tobacco use – premature death, illness, and disability – begins early in life, with 80 percent of adult smokers having their first cigarette before the age of 18.¹ Preventing young people from becoming addicted is one of the core strategies for reducing the harm caused by tobacco. Since 2000, the Minnesota Department of Health has been conducting the Minnesota Youth Tobacco Survey (MYTS) to provide comprehensive information needed to understand tobacco use among young people and to design and evaluate prevention efforts. The sixth MYTS was conducted in 2014, and previous surveys took place in 2000, 2002, 2005, 2008, and 2011.

The 2014 survey included many questions about new products, especially electronic cigarettes, as well as conventional tobacco products. Public schools and classrooms across the state were selected at random and invited to participate. Overall, 4,243 students in grades 6 through 12 took the survey.

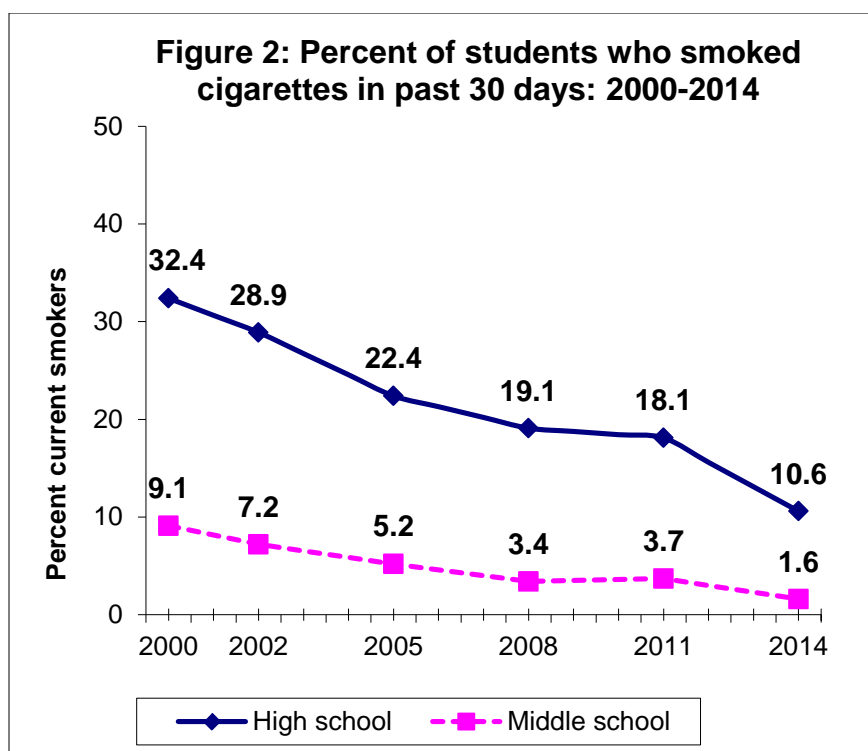
MAJOR FINDINGS

TOBACCO USE DECLINED SHARPLY IN MINNESOTA BETWEEN 2011 AND 2014.

- The percent of high school students using any of the conventional tobacco products in the past 30 days fell from 25.8 percent in 2011 to 19.3 percent in 2014, the sharpest drop ever recorded by the survey. (Conventional products are cigarettes; cigars, cigarillos and little cigars; smokeless tobacco, and pipes.)
- The percent of high school students who smoked cigarettes in the past 30 days dropped from 18.1 percent in 2011 to 10.6 percent in 2014, again the steepest decline recorded by the survey.
- The percent of high school students smoking cigars, cigarillos, or little cigars in the past 30 days fell from 13.0 percent in 2011 to 8.2 percent in 2014. This is the first time any progress in reducing the use of cigar products has been recorded by the survey. Cigar use had remained remarkably steady between 2000 and 2011.
- The percent of high school students using chewing tobacco, snuff, or dip in the past 30 days declined from 8.4 percent in 2011 to 6.2 percent in 2014.
- Tobacco use also continued to decline among middle school students. In 2014, just 3.6 percent of middle school students reported that they used any tobacco product in the past 30 days, and only 1.6 percent reported that they smoked cigarettes in the past 30 days.
- In 2014, an estimated 55,400 public school students in grades 6-12 used some form of conventional tobacco product in the past 30 days, including an estimated 29,700 who smoked cigarettes in the past 30 days.



Source: Minnesota Youth Tobacco Survey, 2000-2014.



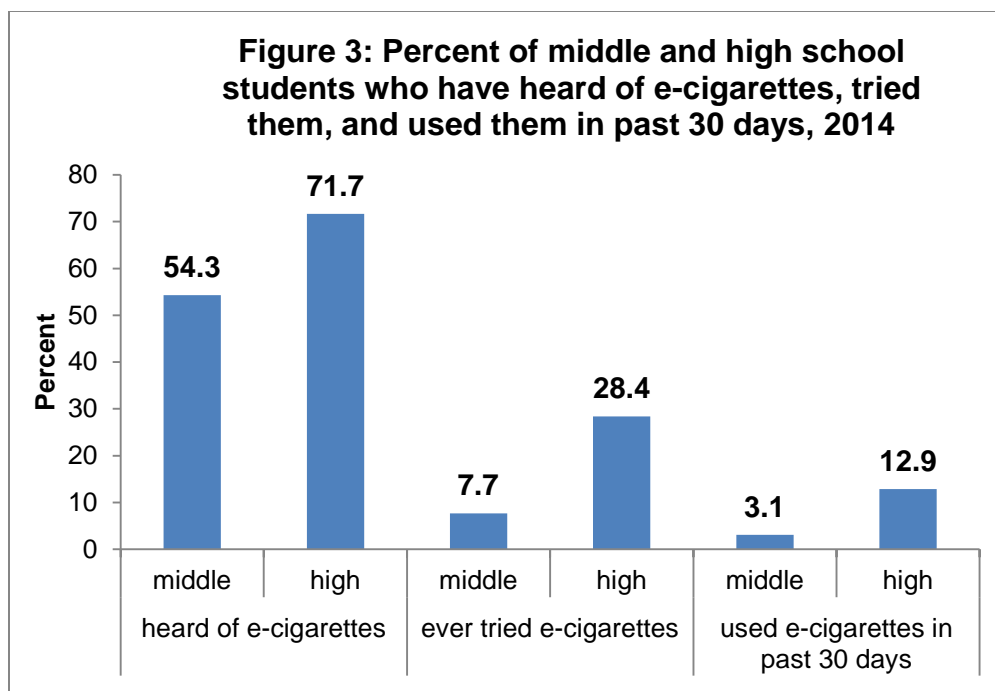
Source: Minnesota Youth Tobacco Survey, 2000-2014.

USE OF ELECTRONIC CIGARETTES BY MINNESOTA YOUTH HAS GROWN RAPIDLY.

Electronic cigarettes or e-cigarettes were introduced to the U.S. market in 2007. Most e-cigarettes, like conventional tobacco products, deliver nicotine to the user. One of the major concerns about e-cigarettes is that nicotine is known to harm fetal and adolescent brain development. The 2014 Surgeon General's report states: "The evidence is suggestive that nicotine exposure during adolescence, a critical window for brain development, may have lasting adverse consequences for brain development."² Nicotine is also highly addictive. Another major concern is that e-cigarettes may introduce young people to the world of nicotine or may provide additional doses of nicotine to youth already using conventional tobacco products. The survey results suggest that there is reason for concern.

- 71.7 percent of high school students and 54.3 percent of middle school students have heard of e-cigarettes.
- 28.4 percent of high school students and 7.7 percent of middle school students have tried electronic cigarettes or e-cigarettes at least once in their lifetime.
- 12.9 percent of high school students and 3.1 percent of middle school students have tried or used an electronic cigarette at least once in the past 30 days.
- An estimated 85,900 public school students in grades 6-12 have tried e-cigarettes, and 38,400 reported using them at least once in the past 30 days.
- It is too early to know if Minnesota's results are being matched at the national level. The most recent national data finds that in 2012 just 2.8 percent of high school students used e-cigarettes in the past 30 days. However, those national results are now two years old and are not likely to provide an accurate picture of current reality in this rapidly changing field.
- Most students using e-cigarettes are also using conventional tobacco products. Three-fifths (60.1%) of high school students who used an e-cigarette at least once in the past 30 days also used conventional tobacco products such as cigarettes in the past 30 days.
- Many young people are being introduced to nicotine through electronic cigarettes. An estimated 15,300 public high school students have tried e-cigarettes even though they have never used cigarettes or any conventional tobacco product. Nearly one quarter of high school students who have tried e-cigarettes (22.4%) have never tried any conventional tobacco products.

The fact that so many youth have tried or are using e-cigarettes in 2014 represents dramatic growth in the six or seven years since these products first came on the market. However, it would be premature to equate the use of e-cigarettes with the use of conventional cigarettes and other tobacco products. When a new product like e-cigarettes is spreading so rapidly, it is possible that some of the users in the past 30 days were just trying it out and may not continue using it. The 2014 MYTS unfortunately does not provide the same detailed information about e-cigarettes as we have about conventional tobacco. We know little, for example, about how often and how regularly these students are using e-cigarettes, and we need more complete information.



Source: Minnesota Youth Tobacco Survey, 2014.

STUDENTS ARE EXPOSED TO HIGH LEVELS OF E-CIGARETTE ADVERTISING.

- Most high school students (57.4%) have seen ads for e-cigarettes on TV in the past 30 days.
- Nearly half of high school students (47.5%) have seen ads in convenience stores and other stores in the past 30 days.
- In addition, 33.9 percent of high school students have seen ads on the internet, 27.3 percent have seen ads in magazines, 15.2 percent have seen ads on billboards, and 14.2 percent have heard ads on the radio.
- 16.2 percent of high school students report that they see actors using e-cigarettes “sometimes,” “most of the time,” or “always” when they watch TV or go to the movies.

ADDITIONAL FINDINGS

Menthol cigarette use remains high among smokers.

Menthol is an ingredient that masks the harshness and irritation that smokers, especially new or younger smokers, may feel when they inhale cigarette smoke. The tobacco industry sees adding menthol in cigarettes as a key strategy in attracting young people to smoking and helping inexperienced smokers transition into regular smokers.³

- Nearly half of high school smokers (44.3%) usually smoke menthols. In contrast, only 22.0 percent of Minnesota adult smokers usually smoke menthols.⁴
- The percentage of Minnesota high school smokers who prefer menthol has more than doubled since 2000.

Nearly one in five high school students has tried using a hookah.

- Among the newer or nonconventional products, the next most popular after e-cigarettes is the hookah or waterpipe – 18.4 percent of high school students reported ever smoking tobacco with a hookah or waterpipe, and 5.4 percent had done so in the past 30 days.

Initiation of conventional tobacco use has continued to decline.

- The percentage of middle school students who have ever tried any form of conventional tobacco fell from 15.0 percent in 2011 to 12.1 percent in 2014. The percentage of high school students who have ever tried tobacco fell from 46.2 percent in 2011 to 40.2 percent in 2014.

The mix of conventional tobacco products used by students is changing.

As the number of adolescent tobacco users continues to shrink, the mix of products used by these students has become more fluid, moving away from cigarettes and towards other products.

- Among high school students who used tobacco in the past 30 days, the percentage who smoked cigarettes during that time fell from 68.8 percent in 2011 to 54.3 percent in 2014.
- Cigars, cigarillos and little cigars, and smokeless tobacco have increased their share of the market among high school tobacco users.

The home and peer environment greatly affects the odds of becoming a tobacco user.

- Students who are current tobacco users (in past 30 days) are twice as likely as non-users to live with another person who smokes cigarettes or uses other tobacco products.
- High school students who are current cigarette smokers are seven times as likely as non-smokers to have at least two smokers among their four closest friends.
- The percentage of middle school students living with someone who smokes cigarettes fell from 34.2 to 28.8 percent between 2011 and 2014, and the percentage of high school students living with someone who smokes cigarettes fell from 36.0 to 29.7 percent.

Some students are still able to buy tobacco direct in stores.

- 14.6 percent of high school current cigarette smokers under 18 were able to purchase cigarettes directly in a store during the previous 30 days. In addition, 17.2 percent of current smokeless tobacco users were able to purchase their products directly in a store.

Many students are still exposed to secondhand smoke

- Among students who do not smoke any tobacco, 41.7 percent in middle school and 47.8 percent in high school reported exposure to secondhand smoke in the past 7 days.
- 20.6 percent of middle school non-smokers and 19.9 percent of high school non-smokers reported repeated exposure (on 3 or more of the past 7 days). The most common location of repeated exposure was at home.

Smoke-free rules in homes and vehicles are widespread, and students support these rules.

- 84.5 percent of high school students report that smoking is never allowed inside their homes, and 76.1 percent say that smoking is never allowed in their family vehicles.
- Among high school students, the percentage with rules prohibiting smoking inside the home rose from 79.7 percent in 2011 to 84.5 percent in 2014.
- Nine out of ten middle school students believe that smoking should never be allowed inside the home (91.1%) or in their family vehicles (89.6%).

Tobacco use is high among students from certain race-ethnic, economic, and demographic groups.

While the Youth Tobacco Survey is not designed to provide reliable data on tobacco disparities, the Minnesota Student Survey offers a wealth of data that can describe disparities regarding tobacco use.

- Of all 11th grade students who took the 2013 Minnesota Student Survey, 18.9 percent had used tobacco – cigarettes, cigars, or smokeless tobacco – during the past 30 days.
- Among 11th graders, American Indian students had the highest rate (29.2%) of any racial-ethnic group.
- Bisexual students and gay/lesbian students in 11th grade reported exceptionally high tobacco use rates, 37.1 percent and 29.2 percent respectively.
- Students in 11th grade from low-income households (as identified by receiving free or reduced-price school lunch) reported tobacco use rates that were above average (20.5%).
- Students experiencing serious economic distress, such as having to skip meals or being homeless at some time in the past year, had very high rates of tobacco use (34.5 percent and 38.7 percent respectively).

¹ Clearway Minnesota and Minnesota Department of Health; *Tobacco Use in Minnesota: 2010 Update*, pages 2-25 to 2-27. Minneapolis, MN: February 2011. Available at [Web page for Minnesota Adult Tobacco Survey](#).

² U.S. Department of Health and Human Services. *The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General*. Atlanta: Centers for Disease Control and Prevention, 2014, p. 126.

³ Kreslake JM, Wayne GF, Alpert HR, Koh HK, and Connolly GN. Tobacco Industry Control of Menthol in Cigarettes and Targeting of Adolescents and Young Adults. *American Journal of Public Health*. September 2008; 98(9): 1685-1692; Klausner K. Menthol cigarettes and smoking initiation: a tobacco industry perspective. *Tobacco Control* 2011;20(Supplement 2):iii12—iii19. Doi:10.1136/tc.2010.041954.

⁴ Clearway Minnesota and Minnesota Department of Health; *Tobacco Use in Minnesota: 2010 Update*, pages 2-34 to 2-35. Minneapolis, MN: February 2011. Available at [Web page for Minnesota Adult Tobacco Survey](#).

For further information, call 651-201-4989 or send message to HealthStats@state.mn.us

To obtain this document in a different format, call 651-201-4989

Printed on recycled paper

November, 2014