



February 5, 2019

Chris Steller  
Legislative Reference Library  
645 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155

**RE: *ClearWay Minnesota<sup>SM</sup>***  
***Court File No. C1-94-8565***

Dear Mr. Steller:

Attached are two hard copies of the ClearWay Minnesota 2019 Report to the Court and Legislature. An electronic copy of the Report was also emailed to you on January 30, 2019.

As you know, ClearWay Minnesota operates under the supervision of the Ramsey County District Court, and is required to report on its activities to the Court and the Minnesota Legislature on an annual basis. The information in this Report covers Fiscal Year 2018 (July 1, 2017 – June 30, 2018).

Copies of this Report have also been filed with the Ramsey County District Court, the Minnesota Attorney General's Office and the Legislative Auditor. The 2019 Report to the Court and Legislature will also be posted on the ClearWay Minnesota website (<http://www.clearwaymn.org>).

If you have any questions about the Report, please contact Senior Communications Manager Adam Kintopf at [akintopf@clearwaymn.org](mailto:akintopf@clearwaymn.org) or 952-767-1402.

Sincerely,

A handwritten signature in blue ink, appearing to read "David J. Willoughby", is written over a light blue horizontal line.

David J. Willoughby, M.A.  
Chief Executive Officer  
ClearWay Minnesota<sup>SM</sup>



**Report to the Ramsey County District Court  
and the Minnesota Legislature**

***January 2019***



**Report to the Ramsey County District Court  
and the Minnesota Legislature**

*January 2019*

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and the Minnesota Legislature**

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## EXECUTIVE SUMMARY

This is the 18<sup>th</sup> regular Report to the Ramsey County District Court and the Minnesota State Legislature from ClearWay Minnesota<sup>SM</sup>. 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. We have given 175,000 Minnesotans quit-smoking help through QUITPLAN<sup>®</sup> Services, advanced research that influences health efforts in our state and beyond, driven policies that reduce tobacco use and secondhand smoke exposure, helped address commercial tobacco's burden in diverse communities\* and created powerful media campaigns.

We were created 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 (\$202 million) of the Minnesota tobacco settlement. We are a private, independent nonprofit corporation 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.

This report covers Fiscal Year 2018 (July 1, 2017 – June 30, 2018). Since inception, nearly \$262 million has funded our operations, including cessation, research, policy, community development, communications and outreach projects throughout the state.

### **Fiscal Year 2018 Initiatives and Developments**

#### **Organization**

ClearWay Minnesota Board activities during Fiscal Year 2018 included planning for the end of our lifetime, exercising fiduciary responsibilities and engaging in additional activities.

#### **Program grants and contracts**

##### *Cessation*

ClearWay Minnesota provides 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 2018, we conducted multiple evaluations of QUITPLAN Services. We completed our Community Engagement Grants, an initiative to reach Minnesota populations that continue to smoke at higher rates and link them to cessation services. We partnered with the Minnesota Head Start Association on outreach to Minnesota families, provided grants to organizations working to create linkages to QUITPLAN Services in African American and American Indian communities, and continued efforts in multiple areas to ensure that all Minnesotans have access to comprehensive tobacco cessation treatment.

\*Commercial tobacco use such as cigarette smoking is differentiated from the traditional and sacred tobacco practices of American Indians.

### *Research*

ClearWay Minnesota funds research that will lead to reduced tobacco use and secondhand smoke exposure in Minnesota. We awarded grant funding for four research projects during Fiscal Year 2018. These grants aim to advance science around tobacco control in specific communities. We also concluded a study of Twin Cities African American and Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) smokers, began planning the next Tribal Tobacco Use Project (TTUP) and implementing the final round of the Minnesota Adult Tobacco Survey (MATS), and evaluated the impact of new policies restricting menthol tobacco in Duluth, Minneapolis and St. Paul. This year also saw dissemination of findings from ClearWay Minnesota-funded or -conducted research projects in many publications and at presentations given in our state and across the country. Finally, we began conducting evaluations to track progress made toward our long-term Legacy Goals.

### *Policy*

During Fiscal Year 2018 at the State Legislature, ClearWay Minnesota continued our leadership of Minnesotans for a Smoke-Free Generation, a coalition of organizations that share the goal of saving Minnesota youth from a lifetime of addiction to tobacco. We saw public policy advances at the Legislature, with proposals to raise the tobacco age to 21 and fund smoking cessation programs at the state level introduced this year. We also saw many new policies that will prevent youth smoking passed in local communities.

### *Community development*

During Fiscal Year 2018, ClearWay Minnesota continued engaging members of Minnesota's diverse communities in tobacco control efforts and working to reduce the harm commercial tobacco causes them. We supported American Indian advocates in Minnesota in their work to improve health and reduce commercial tobacco abuse on tribal lands, published groundbreaking literature on our work in Indian Country and conducted other activities.

## **Communications and outreach**

### *Advertising*

Fiscal Year 2018's advertising campaigns included *Big Tobacco Lied*, highlighting the tobacco industry's deceptions; *Stop the Start*, reminding Minnesotans of the tobacco industry's role in creating youth smokers; and promotions for QUITPLAN Services. We also developed specific communications to reach American Indian audiences in Minnesota to help promote the launch of the new American Indian Quitline, and evaluated our communications efforts.

### *Community outreach*

In addition to paid advertising, this year ClearWay Minnesota used non-paid (earned) media and online social media to raise awareness of the dangers tobacco poses, especially to youth, and of the tobacco industry's role in perpetuating addiction, disease and death.



## I. INTRODUCTION

This is the 18<sup>th</sup> regular Report to the Ramsey County District Court and the Minnesota State Legislature from ClearWay Minnesota<sup>SM</sup>. We are a statewide nonprofit organization working to reduce tobacco's harm in Minnesota. Since 1998, we have helped reduce smoking in Minnesota, provided 175,000 Minnesotans with quit-smoking help through QUITPLAN<sup>®</sup> Services, advanced research that influences health efforts throughout our state and beyond, driven policies that reduce tobacco use and secondhand smoke, helped address commercial tobacco's burden in diverse communities\* and created powerful media campaigns.

We were created 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 (\$202 million) of the Minnesota tobacco settlement. We are a private, independent nonprofit corporation 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 the Fiscal Year, and a conclusion. Additional materials are found in accompanying appendices.

This report covers Fiscal Year 2018 (July 1, 2017 – June 30, 2018). Since inception, nearly \$262 million has funded our operations, including cessation, research, policy, community development, communications and outreach projects throughout the state.

In addition to Court oversight, we conduct thorough evaluations of our own work as well as that of our grantees and contractors. Evaluation findings measure programs' impact, help to improve them and inform strategic planning. Evaluation also allows us to measure our short-term impacts along with our long-term progress toward our Legacy Goals. Findings from recent evaluations are included throughout this report to give a picture of our overall impact.

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](mailto:info@clearwaymn.org) for additional information.

\*Commercial tobacco use such as cigarette smoking is differentiated from the traditional and sacred tobacco practices of American Indians.

## 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.

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. 16-17.) 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 Minnesota<sup>SM</sup> 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 Minnesota<sup>SM</sup> Conflict of Interest Policy Adopted September 19, 2012*, Appendix B.)

### **Board Initiatives**

#### **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.

# STRATEGIC PRIORITIES & OUTCOMES

(our most important areas of focus)

These priorities, as well as the outcomes that support them, are implemented through our annual workplans and budgets.

## Policy

*Support policies that reduce smoking and exposure to secondhand smoke.*

**Outcome One:** Advance policies that reduce smoking, especially by youth and other populations most harmed by smoking.

**Outcome Two:** Advance commercial tobacco-free policies on tribal lands.

**Outcome Three:** Advance policies to increase access to comprehensive tobacco dependence treatment, especially among the populations most harmed by smoking.

## Quitting

*Support Minnesotans in quitting smoking.*

**Outcome One:** Make addressing tobacco use standard practice in health care.

**Outcome Two:** Increase use of cessation services and quit attempts by Minnesota smokers, in both the general population and those populations most harmed by smoking.

**Outcome 3:** Advance knowledge about effective cessation for the populations most harmed by smoking.

## Environment

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

**Outcome One:** Influence public attitudes and behaviors to make smoking and exposure to secondhand smoke less acceptable among all Minnesotans.

**Outcome Two:** Create an environment that provides more opportunity, support and motivation for people to quit smoking.

## Planning

*Plan for ClearWay Minnesota's limited life.*

**Outcome One:** Advance knowledge and build capacity that reduces disparities and increases health equity as they relate to smoking.

**Outcome Two:** Increase public and private resources dedicated to reducing the harm of smoking in Minnesota.

**Outcome Three:** With strategic partners, transfer knowledge and plan the future of tobacco control efforts that will lead to the end of smoking in Minnesota.

**Outcome Four:** Plan the successful end to ClearWay Minnesota's operations.

ACHIEVING OUR  
LEGACY GOALS  
AND FULFILLING  
OUR MISSION

*ClearWay Minnesota's<sup>SM</sup> Strategic Plan covers four strategic priorities*

## *Strategic Plan*

ClearWay Minnesota's Strategic Plan contains three Legacy Goals – long-term objectives designed to drive our efforts until we close our doors. The Legacy Goals are:

- *By 2023, reduce the prevalence of smoking among adult Minnesotans to less than 9 percent.*
- *By 2023, reduce the prevalence of secondhand smoke exposure among nonsmoking Minnesotans to less than 5 percent.*
- *By 2023, advance the science of eliminating tobacco-related health disparities.*

It also contains our Vision and Mission Statement, as well as the following Strategic Priorities and Outcomes, which are implemented through our annual workplans and budgets:

### **Policy: Support policies that reduce smoking and exposure to secondhand smoke.**

*Outcome 1: Advance policies that reduce smoking, especially by youth and other populations most harmed by smoking.*

*Outcome 2: Advance commercial tobacco-free policies on tribal lands.*

*Outcome 3: Advance policies to increase access to comprehensive tobacco dependence treatment, especially among the populations most harmed by smoking.*

### **Quitting: Support Minnesotans in quitting smoking.**

*Outcome 1: Make addressing tobacco use standard practice in health care.*

*Outcome 2: Increase use of cessation services and quit attempts by Minnesota smokers, in both the general population and those populations most harmed by smoking.*

*Outcome 3: Advance knowledge about effective cessation for the populations most harmed by smoking.*

### **Environment: Create an environment that supports a commercial tobacco-free future for Minnesotans.**

*Outcome 1: Influence public attitudes and behaviors to make smoking and exposure to secondhand smoke less acceptable among all Minnesotans.*

*Outcome 2: Create an environment that provides more opportunity, support and motivation for people to quit smoking.*

### **Planning: Plan for ClearWay Minnesota's limited life.**

*Outcome 1: Advance knowledge and build capacity that reduces disparities and increases health equity as they relate to smoking.*

*Outcome 2: Increase public and private resources dedicated to reducing the harm of smoking in Minnesota.*



*Outcome 3: With strategic partners, transfer knowledge and plan the future of tobacco control efforts that will lead to the end of smoking in Minnesota.*

*Outcome 4: Plan the successful end to ClearWay Minnesota's operations.*

(See ClearWay Minnesota<sup>SM</sup> 2018-2022 Strategic Plan, Appendix C.)

#### *Long-term planning*

We expect that ClearWay Minnesota will cease to exist by 2022, subject to court approval (see *Strategic Plan*, preceding page). Governance structure planning efforts to facilitate a smooth transition for our end of life have been underway since 2014. To date, several planning activities have been undertaken, including:

#### **Staff retention**

As we move toward our end of life, ClearWay Minnesota must retain staff needed to continue our successful work reducing the harm tobacco causes to Minnesotans. One of our chief challenges is reducing staffing while maintaining an experienced workforce that is fully engaged to the end.

In order to be most effective, ClearWay Minnesota needs to retain qualified staff to meet the ambitious Legacy Goals contained in our final Strategic Plan. (See *Strategic Plan*, preceding page.) Our staff members have unique qualifications, not only in particular program areas such as service delivery or program evaluation, but also in the larger context of using tobacco control strategies and tactics to improve public health. They have highly specialized areas of expertise, and cannot easily be moved from one department to another to replace departing colleagues. Nor could such employees easily be replaced by temporary staffing, which also results in greater expenses for an organization.

With the first program reductions taking place in 2018, a draft Retention/Severance Pay Plan was developed as a staff-retention tool in consultation with external human resources legal counsel Ingrid Culp and Debra Linder of Fredrikson & Byron, PA. The Plan takes into consideration best practices and comparison data from similar nonprofit organizations. Sources for the comparison data included severance package benchmarking surveys from WorldAtWork and Lee Hecht Harrison, and information provided by other limited-life organizations.

The Retention/Severance Pay Plan is designed to:

- Drive work to achieve our Legacy Goals;
- Incentivize employees to stay at ClearWay Minnesota until the programs they run are completed; and
- Create a fair, transparent, stable and conservative staffing environment.

At the May 2017 Board Meeting, Chief Executive Officer David Willoughby presented the draft Retention/Severance Pay Plan, and Board and staff worked with external human resources counsel to finalize it. The Board then approved a first read of the Plan at its July 2017 meeting, and reviewed again with final approval at its meeting in September.

The Retention/Severance Pay Plan approved by our Board is a fiscally responsible way of managing the challenges posed by our approaching end of life, and is modest by industry standards. The Plan is an important tool to retain excellent employees so our lifesaving work can continue as long as possible. (See *ClearWay Minnesota<sup>SM</sup> Retention/Severance Pay Plan*, Appendix D.)

### ***Dissolution planning***

In light of ClearWay Minnesota's approaching end of life, this year we took a number of steps to prepare for the dissolution of the organization.

To date, ClearWay Minnesota's Board of Directors has used a structure of five standing committees to appropriately oversee the organization's initiatives and expenditures. (See *Governance*, p. 4.) However, as some of our initiatives end or wind down, there is less need for the robust oversight provided by these committees, and during Fiscal Year 2018, the Board began moving to dissolve its standing Strategic Development and Planning Committee and Program Grants and Program Contracts Committee. Initial actions to dissolve these committees were taken in Fiscal Year 2019, and a full account of the process of dissolving them will follow in next year's Report to the Court.

Preliminary discussions on developing a plan for the proper and thoughtful dissolution of the organization as a whole also began in late spring of 2018. In collaboration with external legal counsel, timelines and a draft plan are being developed for review. ClearWay Minnesota anticipates having a Plan prepared for presentation to the Court in the next fiscal year.

### **Board education**

Topics related to strategic and long-term planning were the predominant Board education topics in Fiscal Year 2018. Other Board education topics for Fiscal Year 2018 were:

- **July 2017 – *ClearWay Minnesota's Research Program: Building the Evidence to Reduce the Harm of Commercial Tobacco***, presented by Director of Research Dr. Raymond Boyle
- **July 2017 – *Review and Approval of Retention/Severance Pay Plan***, presented by Chief Executive Officer David Willoughby
- **September 2017 – *Best Practices in Nonprofit Governance***, presented by ClearWay Minnesota Governance Counsel J. Patrick Plunkett
- **September 2017 – *Review and Final Approval of Retention/Severance Pay Plan***, presented by ClearWay Minnesota's Litigation Counsel Kevin Hickey and ClearWay Minnesota's Chief Executive Officer David Willoughby

- **November 2017 – *Community Engagement Grant Case Studies***, presented by ClearWay Minnesota Senior Cessation Manager Carole Specktor
- **November 2017 – *Legacy Evaluation: 2017 Update***, presented by ClearWay Minnesota Vice President Dr. Barbara Schillo and Senior Research Program Manager Ann St. Claire, and ***Change: An Update on Communications and Public Affairs***, presented by ClearWay Minnesota Director of Marketing and Communications Marietta Dreher
- **January 2018 – *2018 Legislative Session Preview and Board Engagement in Policy Work***, presented by ClearWay Minnesota Director of Public Affairs Molly Moilanen
- **January 2018 – *Update on Tobacco Industry Marketing***, presented by Betsy Brock, Director of Research for the Association for Nonsmokers-Minnesota
- **March 2018 – *Minnesota Youth Tobacco Use Survey Results***, presented by Dr. Sharrilyn Evered, Senior Research Scientist, Minnesota Department of Health
- **May 2018 – *Tribal Tobacco Education Project Evaluation Findings***, presented by ClearWay Minnesota Director of Community Development Jaime Martínez, Senior Community Development Manager Coco Villaluz and external evaluator Sheri Scott

### **Public policy**

ClearWay Minnesota engaged in a number of public policy initiatives, authorized by the Board, during Fiscal Year 2018. These initiatives are detailed in *Program Grants and Contracts – Policy*, pp. 47-59. ClearWay Minnesota’s lobbyist of record for Fiscal Year 2018 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 in November 2017. (See *ClearWay Minnesota<sup>SM</sup> Policy Statements*, Appendix E.)

### **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.

Pursuant to their annual review of the CEO’s performance, the Executive/Governance Committee, in its role to oversee the organization’s human resources, facilitated the annual performance review for the Chief Executive Officer. On September 20, 2017, the Board approved a 3.5 percent salary increase, effective November 1, 2017. 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 February 15, 2018, 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 \$144,800-\$217,200 (\$181,000 midpoint), effective July 1, 2018. In addition, Keystone recommended a budget pool of 3.1 percent, plus 0.5 percent for promotions, for Fiscal Year 2019. These recommendations were subsequently approved by the Board in March 2018, and they will be taken into consideration during the next CEO annual review in the fall of 2018.

As a result of the CEO annual review in the fall of 2017, and the review recommendations approved in September of 2017, the CEO's annual salary was set at \$185,355 as of June 30, 2018.

### **Other activities**

In addition, the Board also undertook the following initiatives in Fiscal Year 2018:

- Reviewed and updated the Interim Chief Executive Officer (CEO) Succession Plan; and
- Approved revisions to the 401(k) Vesting Policy.

### **Fiscal Year 2018 Board Roster**

Board Members filling the 11 at-large positions at various times during Fiscal Year 2018 were:

- **Mae Brooks**, Director of Human Resources for the Minneapolis Parks and Recreation Board (Minneapolis);
- **Judy Brown**, District Program Facilitator at Minneapolis Public Schools (Minneapolis);
- **Ellen Denzen**, researcher with the National Marrow Donor Program (New Hope) (term expired in September 2017);
- **Kelly Drummer**, President and CEO of the Tiwahe Foundation (Minneapolis) (term expired in September 2017);
- **Laurie Lafontaine**, former Vice President (Finance and Treasury) of Allina Health System (Plymouth);
- **Nevada Littlewolf**, President and CEO of Tiwahe Foundation, former Executive Director and Founder of Rural and American Indigenous Leadership, and former Virginia City Council Member (Virginia);
- **Pamela Lux**, Program Director, Operations, Global Communications and Corporate Marketing at Medtronic, former 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) (resigned June 2018);
- **Vivian Jenkins Nelsen**, cofounder, president and CEO of the INTER-RACE Institute, a diversity think-tank at Augsburg College (Minneapolis) (term expired in September 2017);
- **Sarah Oquist**, an attorney and Chief Operations Officer at Sapiientia Law Group, PLLC, and a board member at Woodlands National Bank (Maple Grove);



- **Howard Orenstein**, Senior Assistant Hennepin County Attorney and former partner at Robins, Kaplan, Miller & Ciresi (now Robins Kaplan L.L.P.) (Minneapolis) (resigned January 2018); and
- **Anne Vars**, Senior Merchandise Finance 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.

Former Governor Mark Dayton appointed:

- **Karen Kraemer**, former Vice President of Disease and Case Management with HealthPartners (Eden Prairie); and
- **Brian Osberg**, former Program Director at the National Governors Association Center for Best Practices, former Minnesota Assistant Commissioner of Health Care Administration and former Minnesota State Medicaid Director (Minneapolis).

Former Speaker of the House Kurt Daudt appointed:

- **Bob Boerschel**, eFinancial Senior Counsel at Wells Fargo (Lakeville) (note: Mr. Boerschel was originally appointed by former Speaker Kurt Zellers and reappointed by Speaker Daudt).

Former Speaker of the House Paul Thissen appointed:

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

Senate Majority Leader Paul Gazelka appointed:

- **Duane Benson**, farmer, former State Senator, charter member of the Minnesota Sports Facilities Authority, former executive director of the Minnesota Business Partnership and former professional football player (Lanesboro).

Former Senate Majority Leader Thomas Bakk appointed:

- **Gail Amundson, M.D.**, health care consultant, former Medical Director for Quality, Measurement and Provider Incentives at HealthPartners, and founder and past board chair of Minnesota Community Measurement (St. Paul).

Former Attorney General Lori Swanson appointed:

- **Brian Short**, Chief Executive Officer of Leamington Co. and former U.S. Magistrate Judge (Minneapolis) (term expired in September 2017);
- **Steven McWhirter**, Executive Vice President of Dougherty & Company, L.L.C. (Maple Plain); and
- **Gregory Wulf**, President and CEO of First Farmers & Merchants Bank (Cannon Falls).

ClearWay Minnesota Board Officers in Fiscal Year 2018 were:

- **Bob Boerschel, Chair** (September 2016 –September 2018 )
- **Laurie Lafontaine, Vice Chair** (September 2017 – September 2018)
- **Brian Osberg, Treasurer** (September 2017 – September 2018)
- **Nevada Littlewolf, Secretary** (September 2017 – September 2018)

A full roster of Board Members and Officers for Fiscal Year 2019 (July 1, 2018 – June 30, 2019) can be found [on ClearWay Minnesota's website](#).

## **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 Minnesota<sup>SM</sup> Organization Chart Fiscal Year 2018*, Appendix F.) For Fiscal Year 2018, 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.** (through December 2017);
- **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 Minnesota<sup>SM</sup> Management Team Biosketches*, Appendix G.)

## 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 multi-year Strategic Plans. (See *ClearWay Minnesota<sup>SM</sup> 2018-2022 Strategic Plan*, Appendix C.)

### Audits

For Fiscal Year 2018, Olsen Thielen & Co., Ltd., was retained for a 12<sup>th</sup> year by the Audit/Finance Committee as independent auditor following an RFP process. At their meeting on June 28, 2018, the Committee reviewed and approved the audit plan presented by the auditors. On August 23, 2018, the audits for the fiscal years ended June 30, 2018 and 2017, were presented to the Audit/Finance Committee by representatives of Olsen Thielen. They were then presented to and accepted by the Board of Directors at their meeting on September 20, 2018.

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. (See *ClearWay Minnesota<sup>SM</sup> Financial Statements Together With Independent Auditors' Report*, 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 Minnesota<sup>SM</sup> Audited Financial Statement Certification*, Appendix I.)

Total operating expenses for Fiscal Year 2018 were \$15,190,218, and are summarized in the following table:

**Table 1**  
**Expenses for Fiscal Year 2018**

	<b>12 months ended June 30, 2018</b>	
<b>Cessation</b>	\$11,138,492	73.3%
<b>Research and other tobacco control purposes</b>	\$2,595,283	17.1%
<b>General and administrative</b>	\$1,456,443	9.6%
<b>TOTAL</b>	<b>\$15,190,218</b>	



## **Required Filings**

As a nonprofit organization, ClearWay Minnesota is required to file IRS Form 990 and 990 T annually. We also post our Form 990 and attachments on our website at <http://clearwaymn.org/about/legal/>. 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 Minnesota<sup>SM</sup> IRS Forms 990 and 990T, June 30, 2018*, Appendices J and K, and *ClearWay Minnesota<sup>SM</sup> Charitable Organization Annual Report June 30, 2018*, Appendix L.)

## **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 will end by 2022 (subject to court approval).

### **Investment strategy**

As of June 30, 2018, ClearWay Minnesota structures its investments in two categories:

- **Certificate of Deposit (CD) ladder/cash** (71 percent of the portfolio). The CD ladder provides adequate and timely availability of funds to help meet ClearWay Minnesota's budgeted spending through our end of life. The ladder is invested in short-term CDs with the intention of holding to maturity.
- **Private equity** (29 percent of the portfolio). Cash flow from distributions of the private-equity portfolio will be used each year to offset a portion of the anticipated budgeted spending. The three investments that comprise this segment are no longer expected to call for additional contributions and plan to be fully liquidated by 2022.

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 liquidating our remaining Fixed Income investments (total proceeds of liquidations were \$15,900,000). Proceeds from liquidations were transferred to cash and CDs. At year end, a total of five distinct investment vehicles were used across the two investment strategies, as detailed in Table 2 (see *Ongoing Investment Oversight and Performance Evaluation*, following page).

### 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'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, 2018, the IAC comprises three institutional investment experts and one Board Member. The Board Member serves as Committee Chair. The current membership is:

- **Laurie Lafontaine (Chair)**, ClearWay Minnesota Board Member and former Vice President (Finance and Treasury) of Allina Health System;
- **Kim Faust**, Vice President and Treasurer, Fairview Health Services;
- **LeAnn Stagg**, Assistant Executive Director, Minnesota State Board of Retirement; and
- **Lois Buermann**, Retirement Counselor, Minnesota State Retirement System.

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 selected investment manager's organization, philosophy, account and key personnel changes. The quarterly written reports cover:

- 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 2018 with these five investment vehicles (sorted by strategy):

**Table 2**  
**Investment Manager by Strategy**  
**June 30, 2018**

<b><u>STRATEGY</u></b>	<b><u>TYPE</u></b>	<b><u>MANAGER</u></b>
<b>Money</b>	Institutional money market	Wells Fargo Bank, N.A.
<b>Market/Cash</b>	ICS (FDIC insured product)	Venture Bank
<b>Certificate of Deposits</b>	CDs (CDARS insured product)	Venture Bank
<b>Private Equity</b>	Private Equity Manager	Mesirow
	Private Equity Manager	Coller
	Private Equity Manager	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 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, 2018, ClearWay Minnesota's investments returned +3.0 percent. Since inception, ClearWay Minnesota's investments have generated approximately \$79.6 million in investment returns, and positive earnings have been experienced in 15 of the 20 years of the organization's existence.

### III. PROGRAM GRANTS AND CONTRACTS

#### A. CESSATION

Since inception through June 30, 2018, ClearWay Minnesota has funded \$64.8 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 we expect our organization to end by 2022, we are working to ensure that comprehensive cessation services remain available in the future. (See *Policy – Statewide Policy Work – Minnesotans for a Smoke-Free Generation – Tobacco Cessation Funding*, p. 50.) 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 Contract

##### **QUITPLAN® Services**

ClearWay Minnesota's cessation services are referred to as QUITPLAN Services. QUITPLAN Services is a suite of 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 175,000 Minnesotans in their efforts to quit tobacco use.



In Fiscal Year 2018, ClearWay Minnesota continued to offer the following suite of QUITPLAN Services:

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;
- Email support program for all Minnesota tobacco users; and
- A printed Quit Guide (self-help workbook) for all Minnesota tobacco users.

Consumer Wellness Solutions, Inc. (formerly Alere Wellbeing, Inc.), is the vendor that provides QUITPLAN Services. The QUITPLAN Services website, [www.quitplan.com](http://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. Cessation advice and support are provided for all Minnesota tobacco users using the QUITPLAN Services Facebook page and Twitter feed.

QUITPLAN Services are provided in both English and Spanish. We partner with the National Cancer Institute to provide access to a text messaging support program in Spanish through SmokefreeTXT en Español. Tobacco users who speak languages other than English or Spanish can request an interpreter when they call QUITPLAN Services so they can receive help in their language. We also partner with the Asian Smokers' Quitline at the University of California – San Diego to provide telephone counseling in Mandarin, Cantonese, Vietnamese and Korean.

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.

Since tobacco dependence is a chronic, relapsing condition and 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 to quit again. In Fiscal Year 2018, we continued to conduct proactive outreach using a standardized reengagement protocol via telephone, email and text. Through this outreach, participants who have relapsed and are interested are invited to reenroll in QUITPLAN Services.

Two new Helpline programs were implemented in Fiscal Year 2018. QUITPLAN Services recognizes that individuals with a history of mental illness and/or substance use disorders smoke at higher rates than the general population, smoke more cigarettes per day and may be at greater risk of negative health effects as a result. To address these concerns, QUITPLAN Services began offering a new treatment approach offering more phone coaching calls with a specially trained team of coaches and additional NRT for participants who report one or more mental health conditions.

ClearWay Minnesota also embarked on an effort to better serve Minnesota's American Indian commercial tobacco users. (Commercial tobacco use such as cigarette smoking is differentiated from the traditional and sacred tobacco practices of American Indians.) Factors that drove this effort are the disproportionately high (59 percent) smoking prevalence rate in Minnesota's Native population and low use of QUITPLAN Services by American Indians. To address this need, QUITPLAN Services developed and launched the American Indian Quitline. The goals of this program are to develop culturally relevant quitline services for Native communities, to increase interest in and use of QUITPLAN Services by American Indian commercial tobacco users and to reduce the harms commercial tobacco abuse causes for American Indians in Minnesota. The services include a dedicated team of coaches (including Native coaches), additional calls and NRT, and cultural adaptations that honor traditional tobacco use while helping individuals quit commercial tobacco. Community input in both the development and promotion of the American Indian Quitline has been critical, and the service has been well received.



*The American Indian Quitline is supported  
by a media campaign targeting Native audiences*

Quit rates for QUITPLAN Services are consistently strong and comparable to those seen in published literature for cessation services. An evaluation of QUITPLAN Services quit rates and other outcomes was conducted in Fiscal Year 2018. (See *Evaluation of QUITPLAN® Services*, pp. 23-25.)

#### *Media campaign*

QUITPLAN Services is promoted with a large-scale mass-media campaign, incorporating television and various other types of advertising, as well as earned and social media. Ads were aired throughout Fiscal Year 2018 to complement the program's approach and reflect our caring, compassionate approach to delivering QUITPLAN Services.

# YOU CAN QUIT SMOKING.

FOR FREE.



NO JUDGMENTS.  
JUST HELP.

1-888-354-PLAN | [QUITPLAN.COM](https://quitplan.com)



*QUITPLAN® Services ads stress that the program  
is free and non-judgmental*

Additionally, in Fiscal Year 2018 QUITPLAN Services was also promoted with a statewide quit-tobacco contest, The QuitCash Challenge™. (See *Communications and Outreach – Advertising – QUITPLAN® Services Campaign*, pp. 80-83.)

#### *Tobacco users served*

ClearWay Minnesota tracks the numbers of people who visit our website, contact us by phone and enroll in QUITPLAN Services. In Fiscal Year 2018, 16,022 people called QUITPLAN Services and 308,821 people visited the [quitplan.com](http://quitplan.com) website.

In Fiscal Year 2018, 15,561 tobacco users enrolled in by QUITPLAN Services.

- 1,459 tobacco users enrolled in the QUITPLAN Helpline’s multi-call counseling program
  - 1,253 tobacco users received NRT patches, lozenges or gum as part of their Helpline enrollment.
- 13,421 tobacco users enrolled in one or more of the Individual QUITPLAN Services (NRT starter kit, text messaging, email and/or quit guide).
  - 11,026 tobacco users received an NRT starter kit
  - 6,396 tobacco users received a quit guide
  - 3,820 tobacco users signed up for email messages
  - 3,141 tobacco users signed up for text messages
- Additionally, 681 tobacco users either called us with questions but chose not to enroll, or were transferred to their health plans’ quitlines.

Interest in and use of the services continues to be strong. Almost 54,700 tobacco users enrolled in QUITPLAN Services in Fiscal Years 2015, 2016, 2017 and 2018 combined, and many more were served by their health plans. This represents more than 7,800 Helpline enrollments, and more than 47,000 starter kits and 30,000 Quit Guides mailed to Minnesotans over a four-year period. In addition, almost 17,000 participants have selected the email program, and around 12,500 have enrolled in the text messaging program.

To make sure QUITPLAN Services maintains its appeal for all tobacco users and offers the most effective services feasible for a population-based program, we continue to monitor tobacco cessation research and service use. We also continue to work to identify ways to attract tobacco users from communities with the highest prevalence rates.

#### *Combination nicotine replacement therapy (NRT)*

Treating tobacco dependence with combination nicotine replacement therapy (NRT) is well supported by the scientific literature and research studies, receiving an A rating in the U.S. Public Health Services Guideline Update (2008). Quit rates have been shown to improve with combination NRT. Given this evidence, QUITPLAN Services started offering combination therapy to Helpline enrollees on July 1, 2016. Combination NRT is defined as the nicotine patch (a long-acting form of NRT) used simultaneously with nicotine gum or lozenge. This offering continues



to be well received, with an average of 69 percent of Helpline participants receiving combination NRT through QUITPLAN Services.

#### *Evaluation of QUITPLAN® Services*

ClearWay Minnesota uses evaluation data and other scientific evidence to guide our decision-making about service offerings.

We use an external evaluation firm, Professional Data Analysts, Inc. (PDA), to evaluate QUITPLAN Services. In Fiscal Year 2018, PDA worked closely with the ClearWay Minnesota Cessation Department to conduct multiple evaluations of QUITPLAN Services. The evaluation plan included monitoring service delivery through ongoing review of vendor data and producing a final outcome study. Findings were shared with service provider Consumer Wellness Solutions to help them improve their programs.

#### ***Findings from service delivery monitoring***

PDA reviewed the monthly data sent by Consumer Wellness Solutions and examined trends in registrations, counseling calls, shipments of nicotine replacement therapies, shipments of printed quit guides, and other relevant service delivery data. As new program components were implemented, the monitoring process was updated to assess implementation fidelity and provide timely utilization results. This ongoing monitoring is an important component of the quality assurance process. PDA reported trends, changes in trends, and outliers in the data to ClearWay Minnesota staff each month. ClearWay Minnesota was then able to quickly identify potential issues that could impact participants' experience with QUITPLAN Services and work with Consumer Wellness Solutions to solve problems in a timely manner. This independent, third-party monitoring continues to help maintain high-quality service delivery.

#### ***Outcome study***

The outcome study measured cessation outcomes, both quit attempts and long-term abstinence, achieved by QUITPLAN Services. This is our second outcome study since redesigning QUITPLAN Services; the first outcome study was completed in 2015. A survey was conducted with QUITPLAN Services users between July and November 2017, approximately seven months after their enrollment. Participants were sampled according to the program that they registered for. Eight hundred ninety individuals completed the survey either online or by phone, for a response rate of 55.7 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 27.6 percent. The quit rate was 30.9 percent for Helpline participants and 27.1 percent for those using Individual QUITPLAN Services.

Consistent with our 2015 evaluation, the quit rates for QUITPLAN Services remain strong and comparable to those 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 to 32 percent. The quit rate for the QUITPLAN Helpline is within 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 to 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 six to 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; 82.9 percent of participants quit for at least 24 hours, and 40.6 percent quit for at least 30 days sometime post-enrollment. Additionally, the majority of respondents, 88.8 percent, reported using at least one cessation medication to help them in the quitting process.

### ***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 defined as 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/advertising, evaluation and ClearWay Minnesota staff time to manage the programs.

Combined, the overall cost per quit for QUITPLAN Services in Fiscal Year 2018 was \$576.56. The cost per quit for the Helpline was \$1,235.58, and the cost per quit for Individual Services was \$468.41. As expected, the Individual Services cost per quit is lower than the Helpline because of the higher intensity of services, including the option of combination NRT, provided through the latter 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 continue to be 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 \$641 to \$1,470; our previous outcome evaluation calculated a cost per quit for Individual QUITPLAN Services of \$328.91. 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 indicate that all QUITPLAN Service offerings continue to 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.

#### *End of QUITPLAN® Services*

ClearWay Minnesota is a life-limited organization that we expect will end by 2022. (See *Organization – Governance – Board Initiatives – Strategic Planning – Long-Term Planning*, pp. 7-8.) We project that QUITPLAN Services, which provides free cessation treatment options to Minnesota tobacco users who have no health insurance or whose insurance does not cover tobacco dependence treatment, will end in the spring of 2020. Currently, QUITPLAN Services provides a safety net for uninsured and underinsured Minnesota tobacco users. Because the need for such services will continue beyond the end of our organization's lifespan, we are working with partners to advance public policies that will fund a tobacco cessation quitline after we have ended the program. (See *Policy – Statewide Policy Work – Minnesotans for a Smoke-Free Generation – Tobacco Cessation Funding*, p. 50.)

#### **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. The primary goal of this initiative was to link smokers of low socioeconomic status (SES) to existing cessation services. A secondary goal is to build capacity for funded organizations to continue the work after the grant period. ClearWay Minnesota funded a total of 13 organizations for a 12-month funding period, eight in Fiscal Year 2015 (Cohort 1) and five in Fiscal Year 2016 (Cohort 2).

Based on the successes experienced by grantees during their first year of work and the continued importance of reaching low-SES smokers with messages about both quitting resources and tobacco's harm, ClearWay Minnesota released a Request for Applications in January, 2016, to provide an opportunity for all Community Engagement grantees to apply for a second year of funding. The Cohort 1 grantees completed their second grant period in Fiscal Year 2017. The four Cohort 2 grantees completed their second year of work during Fiscal Year 2018, bringing this grant initiative to a close.

Below is the list of the Community Engagement grantees that completed work in Fiscal Year 2018:

- **Dakota Wicohan**, an American Indian nonprofit organization located in rural southwestern Minnesota;
- **Portico Healthnet**, a nonprofit health and human services organization that helps uninsured Minnesotans access affordable health coverage and care;
- **Sub-Saharan African Youth and Family Services of Minnesota**, a nonprofit human service agency serving African communities in Minnesota; and
- **Vietnamese Social Services of Minnesota**, an agency that addresses the needs of Vietnamese families and individuals.

#### **Minnesota Head Start Association Grant**

In 2013, ClearWay Minnesota formed a partnership with the Minnesota Head Start Association (MNHSA) to help Minnesota Head Start programs begin addressing tobacco use as a regular part of their work with families. Progress has been made in integrating this element into the work of Head Start. In addition, the work with MNHSA is another effort aimed at addressing the harms of commercial tobacco and creating linkages to cessation services for smokers of low socioeconomic status (SES). (See *Community Engagement Grant Initiative*, above.) To that end, staff proposed and the Board approved a grant of up to \$15,000 for MNHSA as part of the Fiscal Year 2017 budget. This one-year project was completed in Fiscal Year 2018.

MNHSA used the grant dollars to develop a booklet to use as part of its health literacy work, which provides parents with health information and resources on many health issues that may affect them and/or their children. The booklet was created in English and Spanish and addresses a new requirement for Head Start programs to provide education on the harms of secondhand smoke exposure as well as on cessation resources. The MNHSA printed 5,000 booklets, which were distributed to Head Start programs throughout the state. The booklet will be used to educate parents and make referrals to cessation services, including QUITPLAN Services. The MNHSA is also working to share the booklet with Head Start programs in other states.

#### **QUITPLAN® Services Ambassador Grants**

In our continued efforts to increase use of QUITPLAN Services by communities disproportionately impacted by the harms of commercial tobacco, ClearWay Minnesota funded two QUITPLAN Services Ambassador grants in Fiscal Year 2018. Insights from the Community Engagement Grant initiative (see *Community Engagement Grant Initiative*, preceding page) helped inform the design of these grants. Based on informal community feedback regarding use of QUITPLAN Services, combined with smoking prevalence data and knowledge from existing ClearWay Minnesota initiatives, ClearWay Minnesota designated the African American and American Indian communities for targeted funding.

The purpose of the QUITPLAN Services Ambassador grants is to increase knowledge of and trust in QUITPLAN Services among African American and American Indian commercial tobacco users.

### *Goals*

1. Funded organizations will promote and make referrals to QUITPLAN Services within their community; and
2. Promotions by trusted members of the community will increase trust and interest in and use of QUITPLAN Services.

Below are the organizations funded through this initiative in Fiscal Year 2018:

- Stairstep Foundation, a nonprofit organization working in partnership with African American churches in the Twin Cities metropolitan area; and
- Greater Minneapolis Council of Churches/Division of Indian Work, a nonprofit organization offering culturally-based programs to empower American Indians.

Grant amounts were up to \$50,000 for one year. The grantees have been working to increase trust through various activities, including outreach at community events and within church networks.

### **Cessation Policy**

The Cessation Department also dedicates resources toward policy efforts to help ClearWay Minnesota achieve our goals around ensuring access to comprehensive tobacco dependence treatment for all Minnesotans. (See *ClearWay Minnesota<sup>SM</sup> 2018-2022 Strategic Plan*, Appendix C.) Three areas: benefit design, quality measurement and system integration are the foundation for our cessation policy work. In Fiscal Year 2018, our benefit design and quality measurement activities moved to the Public Affairs Department; activities in these areas are now reported in the Public Affairs section of the Report to the Court (see *Policy – Statewide Policy Work – Increasing Access to Cessation Treatment*, p. 51). The remainder of this section focuses on our systems integration activities. The goal of this work is to ensure that tobacco dependence treatment is integrated into routine health care.

### **Health system integration**

One of the ways we have supported health systems integration is through two-year systems change grants. We have funded five health systems that have successfully implemented comprehensive strategies for assessing and addressing patients' tobacco use. As reported in last year's Report to the Court, two grantees, Apple Tree Dental and Essentia Health, were awarded dissemination grants in Fiscal Year 2017. These 14-month projects ended in Fiscal Year 2018.

Key activities conducted by the grantees included presenting their health systems change strategies and lessons learned at local, state and national conferences as well as webinars. For example, Apple Tree Dental presented at the 2017 Special Care Dentistry Association Annual Meeting and the 2017 National Oral Health Conference. Essentia Health presented their work at the 2017 American Public Health Association Annual Conference and at the Midwest Forum on Hospitals, Healthcare and Population Health.

Our second approach to advancing health systems change is through our capacity-building project. The goal of our capacity-building work is to provide Minnesota health systems with the appropriate tools and resources to improve their performance on assessing and addressing tobacco use. We also work to build internal health system capacity to help sustain these changes.

On November 11, 2015, the Board approved a contract for the Institute for Clinical Systems Improvement (ICSI) to implement the capacity building project. ICSI is an independent nonprofit organization with extensive experience in health systems change located in Bloomington, Minnesota. Working closely with ICSI, we completed the second full year of work in Fiscal Year 2018, and the original project was completed on June 30, 2018.

During Fiscal Year 2018, ICSI worked closely with seven Community Health Centers to offer onsite trainings with staff. These trainings were a valuable way to reach clinics serving populations with high tobacco use rates. We also hosted three webinars on topics related to tobacco health systems change. These webinars provided practical examples and lessons learned when working with various communities and using key tools, such as the electronic health record, to support systems change efforts. ICSI also completed in-depth coaching with three organizations to help them build their capacity to assess and address tobacco. These three organizations were Entira Family Clinics in St. Paul, Tri-County Health Care in Wadena, and the American Indian Cancer Foundation in Minneapolis.

A statewide in-person event was held on April 24, 2018, titled *Forum for Advancing Tobacco Health Systems Change: Practical Strategies for Diverse Populations*. There was representation from across the state from a variety of health systems and clinics, including Community Health Centers, American Indian clinics and Behavioral Health clinics. Participants gained insights from clinics working with populations disproportionately affected by tobacco. The keynote speaker, Melissa Nystrom from CHAS Health Community Health Centers in Washington State, spoke about their work to successfully embed addressing tobacco at all patient visits in their primary care clinics. In addition, Minnesota clinics and health systems that have participated in the capacity building initiative presented on their work.



***Melissa Nystrom, from CHAS Health in Washington State, presented at the Forum for Advancing Tobacco Health Systems Change***

Another key activity implemented during Fiscal Year 2018 was a final meeting with the Systems Interest Group. This interest group comprised 21 participants representing health systems, clinics, health plans, statewide organizations and other partners. The purpose of the group was to provide an opportunity for participants to share insights on tobacco systems change strategies and to inform the capacity building activities.

During the spring of 2018, we also developed and disseminated the [Tobacco Health Systems Change Starter Toolkit for Clinics](#). This toolkit provides key resources and tools to help clinics and health systems improve how they address tobacco use. Organizations and champions that have participated in the capacity building initiative contributed resources that were included in the toolkit. This toolkit was developed in March of 2018 and updated in June.

In addition to the above activities, we also updated the [Tobacco Systems Change website](#) and transitioned the content to a new webpage on ClearWay Minnesota's website to ensure that key resources continue to be available to Minnesota clinics and health systems. We also continued to send out an electronic newsletter every other month; the final newsletter was distributed to 226 participants. These newsletters included a variety of information and resources on tobacco dependence health systems change.

Overall, the second full year of the capacity-building project was very successful. During this year, 925 individuals participated in our meetings, webinars and trainings. During the entirety of the project, we reached almost 1,100 participants and 42 health systems/clinics. A variety of health systems participated in this project, including Community Health Centers, large integrated health systems, rural and urban health systems and clinics, and clinics serving priority populations such as American Indian communities and low-socioeconomic-status populations. We were also able to engage with a variety of community organizations, as well as county and state agencies, including local public health agencies, the Minnesota Department of Health and the Department of Health and Human Services.

The third area of this work includes elevating tobacco use as a priority and better integrating opportunities to improve how tobacco use is addressed in statewide health care reform models. Staff have shared information about our health systems change work and opportunities to leverage it in other state programs, primarily those funded by the Minnesota Department of Health and the Minnesota Department of Human Services. We continue to build relationships with state agency staff to inform future work in this area.

MS Strategies provided assistance with cessation policy and health system integration activities to ClearWay Minnesota in Fiscal Year 2018.

### **Cessation policy evaluation**

ClearWay Minnesota worked with Professional Data Analysts, Inc. (PDA), to implement the process evaluation plan for our health systems change grants. The plan allowed us to understand how the work was implemented, to identify lessons learned for other health systems and to determine what strategies implemented during the grant period were sustained. Key findings from this evaluation were reported in last year's Report to the Court.

#### *Health systems change case studies*

As a part of the process evaluation, we worked closely with PDA and the grantees to create individualized case studies for each project. The case studies highlight key strategies, successes, challenges and lessons learned by each funded project. During Fiscal Year 2018, we worked with PDA and the grantees to complete case studies for Essentia Health and Apple Tree Dental. These case studies are available on our [website](#) and have been shared with multiple health systems and organizations throughout Minnesota and nationally.

### **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, build capacity in partner organizations and contribute to the sustainability of these efforts after ClearWay Minnesota closes. Some examples of our partnerships include:

- *American Lung Association:* The National Chapter of the American Lung Association has a tobacco cessation policy project that provides up-to-date information and tools for advocates, policymakers, media and smokers. This project includes multiple cessation policy-focused workgroups, of which ClearWay Minnesota staff are active members. Staff works frequently with the American Lung Association to learn from other states doing similar work and to disseminate our work nationally.
- *Minnesota Quitline Collaborative:* The Minnesota Quitline Collaborative (formerly 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.



- *North American Quitline Consortium (NAQC)*: 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. ClearWay Minnesota staff members serve on NAQC's Board of Directors and Advisory Council.
- *State Agencies*: ClearWay Minnesota collaborates with many state agencies to advance its cessation work. For example, 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. This work continued in Fiscal Year 2018.

### **Dissemination**

ClearWay Minnesota Cessation staff, grantees and contractors actively disseminate information about our programs, evaluation findings and other knowledge gained from our activities through webinars, in publications, and at conferences and meetings. For details, please see *Research – Dissemination*, pp. 36-46.

## **B. RESEARCH**

ClearWay Minnesota funds research that will lead to reduced commercial tobacco use and secondhand smoke exposure in Minnesota. We encourage research that addresses tobacco's harm in communities most affected and targeted by tobacco industry marketing. Since inception through June 30, 2018, ClearWay Minnesota has funded \$32.1 million in research program grants and contracts and an additional \$7.7 million for evaluation projects.

### **Research Grants**

ClearWay Minnesota made its first competitive research awards to Minnesota investigators in 2000. Through 2018, more than 125 research grants were awarded through this competitive process. Findings from these grants have supported significant advancement in treating tobacco addiction, advancing policies and addressing the harms of commercial tobacco in those communities most impacted.

Fiscal Year 2018 marked the final round of ClearWay Minnesota's competitive research funding. A total of \$645,000 was awarded for three research projects and one research dissemination project. In response to the final competitive request for proposals, three grants were funded on the topic of reducing tobacco-related health disparities. The grants focused on a wide range of Minnesota's priority populations and innovative approaches to addressing commercial tobacco addiction in each community. Two of the disparities-related grants focused on using novel intervention methods to influence change in traditionally hard-to-reach populations (smokers with severe mental illness and incarcerated smokers). The final disparities-related grant focused on determining the most effective culturally-based commercial tobacco interventions for youth and young adults in Minnesota's Dakota American Indian communities.

The dissemination grant was made to distribute findings from previously funded research on advancing health systems change to improve commercial tobacco dependence treatment in tribal clinics and other clinics serving American Indians in Minnesota.

Specifically, the grants were awarded to:

- The University of Minnesota (Principal Investigator Harry Lando, Ph.D.) for an amount not to exceed \$250,000 for a term of 24 months; grant titled "Treating Tobacco Dependence in Smokers with Severe Mental Illness."
- Lower Sioux Indian Community Health Department (Principal Investigator Darin Prescott, D.N.P.) for an amount not to exceed \$125,000 for a term of 24 months; grant titled "Cansayapi Cultural Interventions Study."
- Minneapolis Medical Research Foundation (Principal Investigator Tyler Winkelman, M.D.) for an amount not to exceed \$250,000 for a term of 24 months; grant titled "Reducing Tobacco-Related Health Disparities Among Incarcerated Individuals in Hennepin County."

- The American Indian Cancer Foundation (Principal Investigator Kristine Rhodes, M.P.H.) for an amount not to exceed \$25,000 for a term of 12 months to disseminate findings of a previously funded research study titled “American Indian Health Systems Support for Improving Quit Assistance and Quit Rates.”

### **Research Contracts**

#### **Technical assistance**

The University of Wisconsin Center for Tobacco Research and Intervention (UW-CTRI) provides technical assistance to ClearWay Minnesota 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.



**UW-CTRI**  
UNIVERSITY OF WISCONSIN  
Center for Tobacco  
Research & Intervention



The UW-CTRI technical assistance team also provides staff with collaboration and dissemination opportunities and reference librarian services as needed. Additionally, UW-CTRI invites ClearWay Minnesota staff to attend the weekly seminars that the organization holds on tobacco control and other health topics. In Fiscal Year 2018, UW-CTRI provided consultation on a number of special projects, including the research Request for Proposals and grantee manuscripts.

***ClearWay Minnesota<sup>SM</sup> staff, grantees and technical assistance providers at a reverse site visit in November of 2017***

#### **Smoker interview study**

Although the statewide smoking prevalence continues to decline in Minnesota and elsewhere, the reduction does not apply to all populations. ClearWay Minnesota is interested in better understanding the smoking behaviors, barriers and attitudes of selected demographic groups who have not seen the same reductions in smoking as the general population. In Fiscal Year 2018, the ClearWay Minnesota Research Department concluded a contract with Rainbow Research, Inc., to conduct interviews with African American and Lesbian, Gay, Bisexual,

Transgender and Queer (LGBTQ) smokers living in the Twin Cities metro area about their smoking behaviors. This work is intended to advance science on eliminating tobacco-related health disparities, and to inform future policy and advocacy efforts. Results from this study will be shared in the coming year via conferences and peer-reviewed publications.

### **Surveillance: Minnesota Adult Tobacco Survey (MATS)**



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 cigarette smoking in particular, in the adult population of Minnesota. MATS is the most comprehensive source of information about smoking prevalence, behaviors, attitudes and beliefs among Minnesota adults. Additionally, MATS provides a scientific base to monitor our progress in reaching our long-term Legacy Goals (see *Organization – Governance – Board Initiatives – Strategic Planning – Strategic Plan*, pp. 6-7). Technical reports and fact sheets from prior survey rounds are available here: [www.mnadulttobaccosurvey.org](http://www.mnadulttobaccosurvey.org).

ClearWay Minnesota, in collaboration with partner organizations, previously conducted five rounds of MATS (in 1999, 2003, 2007, 2010 and 2014). The last MATS survey will be conducted in 2018. Planning for the 2018 MATS survey began in 2017, with Westat, Inc. selected through a competitive process as the vendor to conduct the upcoming survey. The survey development, sampling and data collection phases of the study have been implemented and data analysis and reporting are underway. We anticipate releasing results of the 2018 MATS in early 2019 and will work to make the results widely available to the public and to our colleagues in the field.

### **Tribal Tobacco Use Project (TTUP-II)**

In Fiscal Year 2018, ClearWay Minnesota contracted with the American Indian Cancer Foundation to begin planning for the second Tribal Tobacco Use Project (TTUP-II). The purpose of the first Tribal Tobacco Use Project (TTUP) (2009-2013) was to generate statewide and tribal-specific data on



commercial and traditional tobacco-related knowledge, attitudes and beliefs among American Indian adults. The first TTUP found that the rate of current smoking among American Indian adults is 59 percent. The majority of smokers (62 percent) wanted to quit, but only 29 percent were aware of quit-smoking programs. Secondhand smoke exposure was very high, with 71 percent of participants reporting exposure in community locations. Similarly, the purpose of this follow-up study, TTUP-II, is to collect valid data on tobacco-related knowledge, attitudes and beliefs, as well as to demonstrate changes in these estimates since the first TTUP.

TTUP II began project planning, reconvening community advisors, and refining the survey instrument. Implementation of the survey will begin in the next Fiscal Year. Once data is collected, TTUP II will generate statewide and tribal-specific data on commercial and traditional tobacco use and related knowledge, attitudes and beliefs among American Indian adults in Minnesota. Results will highlight changes since the first TTUP and serve as a guide for tribal and statewide stakeholders for reducing the harms of commercial tobacco use statewide and within individual Tribal Nations.



***TTUP-II Kick-Off Meeting at the American Indian Cancer Foundation (AICAF)  
in November of 2017***

### **Menthol evaluation projects**

The cities of Duluth, Minneapolis, and Saint Paul have passed groundbreaking policies restricting the sales of all menthol, mint, and wintergreen flavored tobacco products to adult-only tobacco shops. These policies have implementation dates of June 12, August 1, and November 1, 2018, respectively. (See *Policy – Local Community Grants – Local Grassroots Accomplishments – Minneapolis Restricts Sales of Menthol Tobacco*, p. 57-58.)

In collaboration with Blue Cross and Blue Shield of Minnesota and the Minnesota Department of Health, a variety of evaluation efforts have been underway to assess the impact of these policies. In Fiscal Year 2018, a contract with Rainbow Research, Inc., began that involved collecting data on the youth impact of these policies, a contract with Bosma Consulting, LLC,

was put in place to conduct case studies focusing on policy development and passage, and a contract with the Institute for Sustainable Economic Educational Environmental Design was executed for purposes of capturing data on the change in the retail environment. This multi-level evaluation will continue over the next couple of years as policies are fully implemented. The national Truth Initiative awarded ClearWay Minnesota a contract to provide some financial support for the evaluation of several of these initiatives. When completed, results will be shared with partners and external audiences.



### **Dissemination**

We place a high priority on translation and dissemination of 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, 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 us as a tobacco control leader, and our findings have advanced knowledge, practices and policies that reduce tobacco's harm.

### **Publications**

One of ClearWay Minnesota's priorities is to disseminate findings from research, evaluations and other initiatives to a wide range of audiences. The goal of sharing this information is to help advance the field of tobacco prevention and control in Minnesota and elsewhere. ClearWay Minnesota staff, grantees and partners published a large number of peer-reviewed articles during Fiscal Year 2018 on a range of topics. These publications include:

- "Never Quit Trying: Reengaging Tobacco Users in Statewide Cessation Services," by Katrina Vickerman, Paula Keller, Mona Deprey, Randi Lachter, Jacalyn Jenssen and Marietta Dreher, *Journal of Public Health Management & Practice*. This paper examines the effectiveness of using multiple outreach methods to re-engage tobacco users to QUITPLAN Services. Results indicate that conducting proactive outreach is an effective approach to re-engaging tobacco users.
- "E-cigarette Use Among Treatment-Seeking Smokers: Moderation of Abstinence by Use Frequency," by Emily N. Subialka Nowariak, Rebecca K. Lien, Raymond G. Boyle, Michael S. Amato and Laura A. Beebe, *Addictive Behaviors*. This paper examined the association between e-cigarette use frequency and smoking abstinence among a sample of treatment-seeking tobacco users. Results indicate daily e-cigarette users achieved

abstinence at comparable rates to non-e-cigarette users, while abstinence among less-than-daily e-cigarette users was less likely.

- “The Effect of Tobacco Control Policies on U.S. Smokeless Tobacco Use: A Structured Review,” by David T. Levy, Darren Mays, Raymond G. Boyle, Jamie Tam and Frank J. Chaloupka, *Nicotine & Tobacco Research*. This paper is an analysis of tobacco control policy research. Results indicate that smokeless tobacco taxes, media campaigns, health warnings and cessation treatment policies are all effective tools in reducing smokeless tobacco use.
- “Tobacco Industry Misappropriation of American Indian Culture and Traditional Tobacco,” by Joanne D’Silva, Erin O’Gara and Nicole T. Villaluz, *Tobacco Control*. This paper provides an overview of tobacco industry marketing tactics that have incorporated American Indian culture and traditional tobacco. Results indicated that the tobacco industry has used American Indian culture and traditional tobacco for marketing purposes since at least the 1930s, often relying on the use of American Indian imagery such as traditional headdresses and other cultural symbols, as well as harmful stereotypes of Native people.
- “Smoke-Free Rules in Homes and Cars Among Smokers and Nonsmokers in Minnesota,” by Michael J. Parks, John H. Kingsbury, Raymond G. Boyle and Sharrilyn Evered, *Preventing Chronic Disease*. This paper examines prevalence and predictors of comprehensive smoke-free household rules (smoke-free homes and cars) among smokers and nonsmokers in Minnesota. Results indicate that comprehensive smoke-free rules were more common among people of high socioeconomic status, married people, and people who did not live with a smoker; those with a child at home were more likely to implement smoke-free home rules, but not smoke-free cars.
- “In a Good Way: Advancing Funder Collaborations to Promote Health in Indian Country,” by Linda M. Bosma, Jaime Martinez, Nicole Toves Villaluz, Christine A. Tholkes, LaRaye Anderson, Sarah Brokenleg and Christine M. Matter, *Foundation Review*. This paper examines how three organizations collaborated on work to control commercial tobacco use in Minnesota’s Indian County. Additionally, the paper shares lessons learned on to incorporating tribal culture, respecting traditional tobacco practices, and acknowledging historical trauma to inform grant making.
- “Impact and Effectiveness of a Standalone NRT Starter Kit in a Statewide Tobacco Cessation Program,” by Amy N. Kerr, Barbara A. Schillo, Paula A. Keller, Randi B. Lachter, Rebecca K. Lien and Heather G. Zook, *American Journal of Health Promotion*. This paper examines two-week nicotine replacement therapy (NRT) starter kit outcomes and the impact of adding this new service on treatment reach for QUITPLAN Services. Results indicate that providing an NRT starter kit brought more tobacco users to QUITPLAN Services, and that use of the starter kit produced high quit rates, comparable to those seen in the same time period through the Helpline.



- “Household Implementation of Smoke-Free Rules in Homes and Cars: A Focus on Adolescent Smoking Behavior and Secondhand Smoke Exposure,” by, Michael J. Parks, John H. Kingsbury, Raymond G. Boyle and Sharrilyn Evered, *Quantitative Research*. This paper examines how household smoking restrictions relate to tobacco-related behavior and harm among adolescents who live with a smoker. Results indicate that comprehensive smoke-free rules have a marked impact on lifetime tobacco use and secondhand smoke exposure among youth who live with a smoker.
- “Engaging Smokeless Tobacco Users in Population-Based Cessation Services: Findings from an Observational Study,” by Paula A. Keller, Raymond G. Boyle, Rebecca K. Lien, Bruce Christiansen and Kate Kobinsky, *Journal of Public Health Management and Practice*. This paper is an observational study of Minnesota and Wisconsin quitline service data in engaging smokeless tobacco users. Results indicate that quitline service changes made in Minnesota resulted in significant increases in the number of program participants who use smokeless tobacco, while no such change was seen in Wisconsin.
- “A Tale of Two Cities: Exploring the Retail Impact of Flavored Tobacco Restrictions in the Twin Cities of Minneapolis and Saint Paul, Minnesota,” by Betsy Brock, Samantha C. Carlson, Alicia Leizinger, Joanne D’Silva, Christine M. Matter and Barbara Schillo, *Tobacco Control*. This paper is an observational study on flavored tobacco restrictions in two Minnesota communities, and the impact that these policies had on the retail environment. Results indicate that following policy implementation, significantly fewer convenience and grocery stores sold flavored tobacco in Minneapolis and Saint Paul.

Additionally, a manuscript led by Tribal Tobacco Education and Policy (TTEP) evaluator Sheri Scott with co-authors Joanne D’Silva, CoCo Villaluz, and Jaime Martinez titled “The Tribal Tobacco Education and Policy Initiative: Findings from a Collaborative, Participatory Evaluation,” published last year in *Health Promotion Practice*, was selected for inclusion in the inaugural collection *The Best of Health Promotion Practice*. This new recognition was established to elevate and celebrate particularly outstanding contributions to the journal. The paper was selected in recognition of its unique contribution to the literature and focus on health equity within a tribal context.

## 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 Public Health Association (APHA)*  
ClearWay Minnesota staff attended the annual American Public Health Association (APHA) conference, held November 4-8, 2017, in Atlanta.





The theme of the 2017 meeting was “Creating the Healthiest Nation: Climate Changes Health.” Senior Research Program Manager Joanne D’Silva presented on countering the tobacco industry’s tactics to eliminate health disparities, with a special emphasis on menthol-related policy work.



***Senior Research Program Manager Joanne D'Silva (right) with co-presenter Dr. Valerie Yerger at the 2017 APHA annual conference***

Director of Community Development Jaime Martínez presented “Circle of Support: Building a Traditional Tobacco Movement in Minnesota.” His talk described efforts to support five Minnesota American Indian nations to build a traditional tobacco movement that is responsive to the historical context, culture, and the readiness of their communities.



***Director of Community Development Jaime Martínez presents at the 2017 APHA annual conference***



Director of Community Development Jaime Martínez was invited to speak at the national Asian Pacific Partners for Empowerment, Advocacy and Leadership (APPEAL) conference, “Making Waves: Eliminating Tobacco Use and Obesity for Future Generations,” September 21-22, 2017 in San Francisco. His talk focused on community leadership development and policy change. LAAMPP Fellow Jin Lee Johnson from the Minnesota Association of Community Health Centers also presented on successful strategies on tobacco, healthy eating and active living as it relates to capacity building. (See *Community Development – Community Development Contracts – Leadership and Advocacy Institute to Advance Minnesota’s Parity for Priority Populations [LAAMPP]*, pp. 76-77.) The meeting highlighted successes and promising practices for tobacco control, healthy eating and active living in the Asian American, Native Hawaiian and Pacific Islander (AANHPI) communities. The meeting held facilitated discussions of health equity, and generated strategic priorities and recommendations to address tobacco, food and active living policy for the next five years.



***Participants at the 2017 Making Waves national conference***

## *National Native Health Research Training Initiative*



***Keynote speaker Dr. Evan Adams (left) with TTEP mentor Lori New Breast (center left) and partners Josh Hudson (center right) and Robin Clark (right) of the Intertribal Tribal Council of Michigan at the National Native Health Research Training Initiative conference***

Tribal Tobacco Education and Policy (TTEP) Mentorship Consultant Lori New Breast presented at the first National Native Health Research Training Initiative Conference on September 19, 2017, in Denver. Her talk was titled “Healing Ourselves: Integrating Culture and Traditional Medicine into a Framework for Public Health.” During her interactive session, she shared experiences in using cultural knowledge and traditional medicine to address disparities faced by indigenous communities. She discussed how ClearWay Minnesota’s TTEP work is guided by principles of differentiating between traditional, sacred tobacco use and commercial tobacco abuse like cigarette smoking. These principles, which center on the restoration of traditional tobacco, have guided the TTEP initiative and led to successes in reducing harmful secondhand smoke exposure. The restorative and strength-based resiliency actions highlighted in TTEP were promoted as inclusive health promotion strategies that can also lead to policy advancement for indigenous communities.





Several staff attended the 24<sup>th</sup> Annual Meeting of the Society for Research on Nicotine and Tobacco (SRNT) held February 21-24, 2018, in Baltimore. The conference provided opportunities to learn about cutting-edge tobacco science and policy research from around the globe.

Senior Research Program Manager Joanne D'Silva participated in a pre-conference workshop titled "Engaging Indigenous Communities in Tobacco Control Research." During the pre-conference workshop, Ms. D'Silva highlighted our approach to participatory evaluation when working with tribal Nations in the Tribal Tobacco Education and Policy Initiative. Other speakers included globally known experts in indigenous tobacco research from New Zealand, Australia and Canada.

Ms. D'Silva also presented as part of a symposium, "Progress and Challenges Related to Eliminating Tobacco-Related Health Disparities in the United States." During her presentation, titled "Menthol-Flavored Tobacco Products and the Importance of Policy Advocacy at the Local Levels," Ms. D'Silva presented a case study of different menthol policy restrictions passed in the cities of Chicago, San Francisco and Minneapolis. Discussion included the advocacy work that led to these policies being passed and implemented in their respective communities.



***Senior Research Program Manager Joanne D'Silva presents as part of a pre-conference workshop on engaging indigenous communities in tobacco control research***

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**BALTIMORE  
HILTON HOTEL  
FEBRUARY 21-24**



Former ClearWay Minnesota Director of Research Programs Dr. Raymond Boyle cochaired a symposium titled “Deconstructing the Natural Cigarette Narrative: Analyzing Evidence to Inform Future Policy.” This symposium focused on Natural American Spirit cigarettes, and follow-up on recent action from the U.S. Food & Drug Administration (FDA) to restrict misleading descriptors from marketing materials. As part of this symposium, Senior Research Program Manager Dr. Erin O’Gara gave a presentation titled “‘Our Secret is . . . There are No Secret Ingredients’: The Marketing of Natural American Spirit.” This presentation included an examination of Natural American Spirit marketing from inception through present campaigns, including changes resulting from federal regulatory action.



*Senior Research Program Manager Dr. Erin O’Gara presents as part of a symposium on “natural” cigarettes at the 2018 Society for Research on Nicotine and Tobacco (SRNT) annual conference*



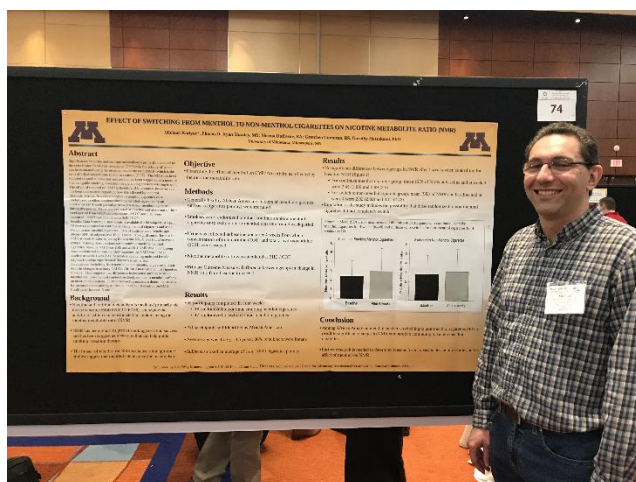
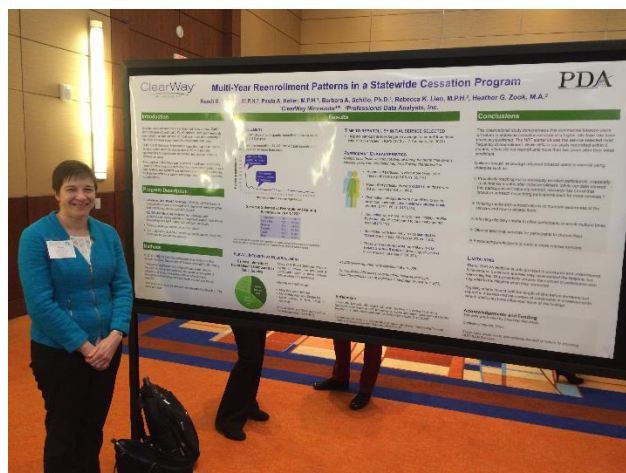
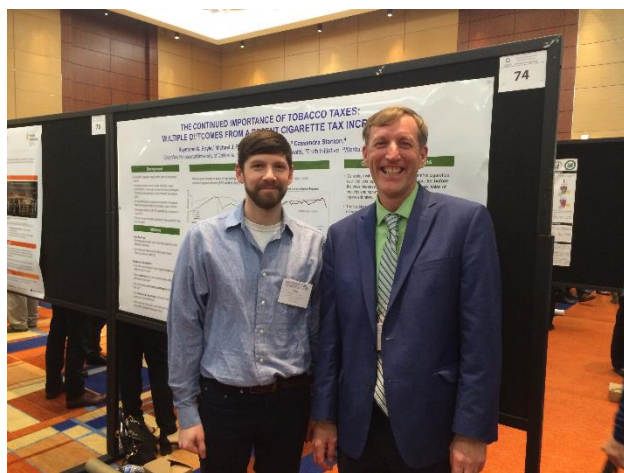
*Senior Research Program Manager Joanne D’Silva (left) with colleagues at a symposium on eliminating tobacco-related health disparities*

### **Posters**

ClearWay Minnesota staff and partners also had several poster presentations at the 2018 SRNT annual conference:

Lead Author	Presentation Title
Kristen Werner (Association for Nonsmokers-Minnesota [ANSR-MN])	Countering Tobacco Industry Claims of the Economic Costs of Restricting Menthol: An Analysis in Minnesota
Michael Amato (truth initiative and former ClearWay Minnesota Research post-doc)	The Continued Importance of Tobacco Taxes: Examining Outcomes From a Recent Cigarette Tax Increase

Erin O’Gara, Senior Research Program Manager	“Menthol is a Problem in the Black Community, It Really Is”: Perceptions of Harm and Reactions to Menthol Point-of-Sale Restrictions Among African American Smokers
Randi Lachter, Senior Cessation Manager	Multi-Year Reenrollment Patterns in a Statewide Cessation Program
John Kingsbury (Minnesota Department of Health)	Banning Smoking in the Home and Car: Who Does It? What are the Implications for Youth?
Joanne D’Silva, Senior Research Program Manager	Are Menthol Smokers Using State Quitlines?: Findings From Minnesota
Michael Parks (Minnesota Department of Health)	Financial Incentives and Proactive Calling for Promoting Tobacco Treatment Engagement in a Low-Income Population: A Factorial Randomized Trial
Kristen Werner (ANSR MN)	Same Dog New Tricks: A Closer Look at Opposition Tactics to Local Menthol Restrictions in Minnesota



**ClearWay Minnesota<sup>SM</sup> staff, partners and grantees display posters at the 2018 Society for Research on Nicotine and Tobacco (SRNT) conference**



### *Other presentations*

ClearWay Minnesota staff also presented at a number of other conferences and meetings, including the U.S. Centers for Disease Control and Prevention (CDC) National Conference on Health Communications, Marketing and Media, a conference of the Minnesota Academy of Family Physicians, a symposium presented by the Oklahoma Tobacco Settlement Endowment and Trust (TSET), a social marketing class at St. Mary's College and a meeting of the St. Paul Area Chamber of Commerce.



*Director of Public Affairs Molly Moilanen discussed efforts to raise the tobacco age at a conference of the Minnesota Academy of Family Physicians*

## **Evaluation**

### *Legacy Evaluation*

ClearWay Minnesota staff oversees the organization's Legacy Evaluation. The purpose of this evaluation is to track our progress toward achieving our mission. In November of 2017, staff presented a Legacy Evaluation Update to ClearWay Minnesota's Board of Directors to demonstrate progress towards our long-term Legacy Goals. (See *Governance – Board of Directors – Board Initiatives – Strategic Planning – Strategic Plan*, pp. 6-7.)

Data from the Minnesota Adult Tobacco Survey (MATS) was shared to illustrate the progress made towards our first two Legacy Goals (reducing smoking prevalence to less than 9 percent and exposure to secondhand smoke to less than 5 percent). As of 2014, the prevalence of smoking among Minnesota adults is 14.1 percent. This is a 35 percent reduction in smoking since we first started tracking prevalence on MATS in 1999. Secondhand smoke exposure has also declined. Currently, 3.4 percent of adult nonsmokers are exposed in the home and 7.6 percent are exposed in the car. These rates are below or close to our goal of reducing exposure to less than 5 percent by 2023. However, 31.7 percent of nonsmokers were exposed in community settings in the past seven days. Additional data from the 2014 MATS tells us that these community exposures occur mainly in outdoor settings such as doorways and parking lots and tend to be brief in duration (two minutes over the past seven days).

Staff also shared qualitative information to demonstrate progress on Legacy Goal 3 (“By 2023, advance the science of eliminating tobacco related health disparities”). The Legacy Evaluation update focused on illustrating the significant contribution ClearWay Minnesota staff, grantees and contractors have made toward informing the field to reduce disparities. A few notable examples include our ongoing line of disparities-related research grants and community engagement grants. Both of these granting efforts explore new approaches to reduce disparities while also advancing equity and building sustainable change. Our LAAMPP Leadership Training program and TTEP grant programs work with community and tribal members to educate, build advocacy skills and ultimately pass new tobacco control policies within various Minnesota communities. Taken together, ClearWay Minnesota has created tangible outcomes (new research, leadership curriculum and policy change among other outcomes) as well as sustainable change (research capacity, norm change and policy champions) within our diverse communities.

In addition to the November 2017 Legacy Evaluation presentation, staff scoped and initiated work in a series of legacy studies. These long-term outcome studies will quantify the impact of ClearWay Minnesota’s work, both retrospectively and prospectively, on dollars and lives saved as a result of our work and that of our partners to reduce smoking across Minnesota. An additional long-term study will model the relative impact of strategies to reduce the harms that tobacco causes Minnesotans. Results for these studies will become available in Fiscal Year 2019 and will be used to help tell the story of ClearWay Minnesota’s impact, along with assisting our partners in continuing to advance the work after ClearWay Minnesota sunsets.



## C. POLICY

ClearWay Minnesota continues to work with state and local partners to reduce tobacco's harm through public education, coalition building and policy advocacy. Policy work has the ability to effect change and improve health on a large scale. Research shows that public policies are among the most effective ways to prevent tobacco use and help people quit. Reducing secondhand smoke exposure and making tobacco products less accessible complement quit-smoking services to reach the shared goal of reducing tobacco's harm.

ClearWay Minnesota continues to spend at least as much on cessation services as on environmental approaches that reduce tobacco's harm, such as policy change. ClearWay Minnesota's efforts are in compliance with the Court Order of February 25, 2003, approving ClearWay Minnesota's New Comprehensive Plans for Governance and Individual Smoking Cessation Activities. 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 \$47.4 million to programs supporting individual-level cessation and \$29.1 million to environmentally based programs. In addition, \$11 million has been spent on surveillance/assessment programs, \$9.4 million on capacity-building programs and \$1.3 million on other programs.

### **Statewide Policy Work**

#### **Minnesotans for a Smoke-Free Generation**

Minnesotans for a Smoke-Free Generation is a coalition of organizations that share the goal of saving Minnesota youth from a lifetime of addiction to tobacco. The coalition's four policy priorities are:

1. **Raising the tobacco sales age to 21.** Ninety-five percent of adult smokers started before the age 21. Widening the gap between teens and those who can legally purchase tobacco reduces kids' ability to buy it or access it through social networks.
2. **Restricting sales of flavored tobacco products.** The tobacco industry uses candy, fruit and menthol flavors to appeal to youth, African Americans, Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities and others. More than 40 percent of U.S. students who smoke use flavored products, and restrictions will help keep them out of young people's hands.



3. **Increasing public funding for tobacco control efforts.** Programs that help people quit tobacco and prevent youth from becoming addicted save lives, but funding sources for these programs in Minnesota are declining. Increasing funding for tobacco prevention efforts is a proven way to reduce tobacco use.
4. **Keeping tobacco prices high.** This is the most effective way to prevent kids from becoming addicted to tobacco products. High prices discourage youth from starting and encourage current smokers to quit.

The coalition was launched in 2016 with leadership from ClearWay Minnesota and continues to grow. In 2018, Minnesotans for a Smoke-Free Generation comprised more than 60 partner organizations.

Current partners include (new members bolded): African American Leadership Forum, Allina Health, American Cancer Society Cancer Action Network, American Heart Association, American Lung Association in Minnesota, Apple Tree Dental, Association for Nonsmokers-Minnesota, **Aurora/St. Anthony Neighborhood Corporation**, Becker County Energize, Blue Cross and Blue Shield of Minnesota, CentraCare Health, Children's Defense Fund-Minnesota, Children's Hospitals and Clinics of Minnesota, ClearWay Minnesota<sup>SM</sup>, Comunidades Latinas Unidas En Servicio – CLUES, **Dodge County Public Health**, **Essentia Health**, Gillette Children's Specialty Healthcare, HealthEast, A Healthier Southwest, HealthPartners, Hennepin County Medical Center, Hope Dental Clinic, **Horizon Public Health**, Indigenous Peoples Task Force, ISAIAH, LAAMPP Alumni, Lake Region Healthcare, Lincoln Park Children and Families Collaborative, Local Public Health Association of Minnesota, March of Dimes, Mayo Clinic, Medica, **Meeker McLeod Sibley Community Health Services**, Minnesota Academy of Family Physicians, Minnesota Association of Community Health Centers, Minnesota Cancer Alliance, Minnesota Chapter of the American Academy of Pediatrics (MNAAP), Minnesota Council of Health Plans, Minnesota Hospital Association, Minnesota Medical Association, **Minnesota Nurses Association**, Minnesota Oral Health Coalition, Minnesota Public Health Association, Model Cities of St. Paul, Inc., NAMI Minnesota, North Memorial Health Care, NorthPoint Health and Wellness Center, **Olmsted Medical Center**, PartnerSHIP 4 Health, Perham Health, SEIU Healthcare Minnesota, St. Paul Area Chamber of Commerce, **Steele County Public Health**, Tobacco Free Alliance, Twin Cities Medical Society, UCare, **Vision In Living Life "Change is Possible,"** WellShare International and **Zumbro Valley Medical Society**.

This year at the Capitol, ClearWay Minnesota made significant progress toward the coalition's top two policy priorities, which were to increase the tobacco age to 21 (Tobacco 21) and secure long-term funding for smoking cessation services when QUITPLAN Services ends. (See *Cessation – Cessation Services Contract – QUITPLAN® Services – End of QUITPLAN Services*, p. 25.)

Despite bipartisan leadership and support, these policies failed to become law this session, but there was positive movement toward both goals.

## *Tobacco 21*

Amid climbing youth tobacco rates, raising the state tobacco sales age to 21 would protect youth from nicotine addiction by reducing access to tobacco products. On March 8, 2018, a bipartisan group of House members announced a bill to raise the tobacco age to 21 in Minnesota. The proposal was announced at the State Capitol by Representative Dario Anselmo (R-Edina). Bill coauthors include Representatives Keith Franke (R-St. Paul Park), Sandy Layman (R-Cohasset), Dave Baker (R-Willmar), Mark Uglem (R-Champlin), Mary Kunesh-Podein (DFL-New Brighton), Laurie Halverson (DFL-Eagan), Rena Moran (DFL-St. Paul) and Mike Freiberg (DFL-Golden Valley). The legislators were joined by youth, medical professionals and supporters from the Minnesotans for a Smoke-Free Generation coalition.



***Lawmakers and advocates held a press conference in March on the introduction of Tobacco 21 legislation in the Minnesota House***



Ultimately, the House Tobacco 21 proposal gained 24 coauthors from both parties. The Minnesota Department of Health also announced their support for raising the tobacco sale age to 21 in the state. Unfortunately, the Legislature did not hold a hearing on the bill.

However, local momentum continues to build for Tobacco 21. In the past year, many Minnesota cities raised the tobacco age to 21, and several more cities are considering it. The coalition's goal is to continue to build support and pass Tobacco 21 statewide so all Minnesota youth are protected. (See *Local Community Grants – Local Grassroots Accomplishments – Tobacco 21 Gains Momentum*, p. 55-56.)

### *Tobacco cessation funding*

Minnesota is currently underfunding tobacco prevention programs, and as ClearWay Minnesota winds down, our state soon could become the only state not providing statewide cessation services when QUITPLAN Services ends, which we expect will happen in 2020.

There is significant state revenue that could be dedicated to tobacco prevention and cessation. In 2017 alone, the state collected more than \$840 million in tobacco taxes and ongoing tobacco settlement payments, none of which was dedicated to cessation services. We support more of these funds being dedicated to reducing tobacco's harm.

During the 2018 session, tobacco cessation funding legislation received bipartisan support and made it through several committees and into both the House and Senate's supplemental budget proposals. The proposals would have funded tobacco cessation services to ensure there is no gap in coverage when QUITPLAN Services ends in early 2020. Ultimately, the Legislature sent Governor Dayton a cessation proposal in an omnibus bill that contained many other unrelated provisions. That bill was vetoed by the Governor.



### *Tobacco prices*

There were several legislative proposals this year to close tobacco tax loopholes and raise the price of tobacco, but none got much traction in the Legislature. Governor Dayton's supplemental budget proposal would have reinstated the tobacco tax cuts passed by the Legislature in 2017. A bill authored by Rep. Mike Freiberg (DFL-Golden Valley) would have undone the same tax cuts for tobacco companies and also required the state to dedicate a portion of these taxes to tobacco prevention and cessation services.

### *Increasing access to cessation treatment*

In 2018, we continued to work on increasing access to treatments that help people quit. We had several discussions with the Department of Commerce about steps they could take to fully implement the Affordable Care Act's requirements around insurance coverage for quit-smoking services. During this year's process to review health insurance products, the Department of Commerce will be asking health insurance companies to certify that their insurance products include comprehensive coverage for counseling and medications, in order to be in compliance with the Affordable Care Act.

We also continued advocating for the addition of a tobacco use and treatment health care quality measure within Minnesota's Statewide Quality Reporting and Measurement System. If health systems and clinics are asked to document when and how they are addressing tobacco use with their patients, they are more likely to consistently deliver best practice treatment. Throughout the past year, the Minnesota Department of Health has been convening stakeholders to weigh in on the future of quality measurement in Minnesota. We have been active participants in that process.

Finally, we joined other organizations to advocate for legislation that would allow pharmacists to prescribe quit-smoking medications. Expanding the types of health care professionals that can provide quit-smoking services, such as medications, is an important step in increasing access to treatment.

### *Day at the Capitol*

Hundreds of youth and advocates from across the state joined Minnesotans for a Smoke-Free Generation's Day at the Capitol on Thursday, March 22. Participants urged lawmakers to "Keep Lungs Loud" by supporting our two main state policy priorities: Tobacco 21 and funding for statewide quit-smoking services.

This Day at the Capitol saw the greatest statewide reach to date, including over 300 participants meeting with 115 legislators. Participants traveled from around the state to meet with lawmakers and receive advocacy training.



Attendees paraded to the Capitol before afternoon meetings with lawmakers.



The day earned extensive media coverage, including five day-of stories (including local television stations KARE 11 and KSTP) and more than a dozen mentions in local papers across the state. Organizations and individual participants used social media throughout the day to help expand visibility, especially to Capitol visitors and policymakers.



Lawmakers were also engaged, tweeting about their constituent visits, signing on to legislation and writing about constituent visits in their legislative newsletters.



***Students and advocates met with lawmakers at the 2018 Day at the Capitol***

### ***Capitol Pathways Internship Program***



***Carmel San Juan with Rep. Mike Freiberg***

This year, we participated in the Citizen League's Capitol Pathways Internship Program. This goal of this program is to help college students of color and indigenous students build relationships with nonpartisan staff, lobbyists and elected officials, gain exposure to various careers in policy, get real-world experience in career



***Ms. San Juan also testified at a hearing in Minneapolis***

fields they would like to learn more about and build a strong professional resume. The Citizen's League provides basic policy training to the students, and partner organizations (like ClearWay Minnesota) host and supervise the students. Our intern, Carmel San Juan, worked with our Public Affairs team and helped with bill tracking, Day at the Capitol logistics, legislative meetings and many other projects. Ms. San Juan also had the opportunity to learn about the policymaking process and make many connections with experts and professionals in public health and policy – including a day of shadowing Rep. Mike Freiberg at the Capitol.

## **Public Affairs Contracts**

In Fiscal Year 2018, ClearWay Minnesota's Public Affairs Department contracted with the following vendors:

- Lockridge Grindal Nauen, P.L.L.P., for government relations services;
- Rapp Strategies, Inc., for public affairs services;
- CustomScoop, for media tracking and analysis; and
- The Association for Nonsmokers-Minnesota (ANSR-MN), for tracking and analyzing tobacco companies' marketing tactics.

## **Local Community Grants**

ClearWay Minnesota funds local efforts to organize public support around tobacco control policies and related issues. This year, we funded seven grantees to pass meaningful tobacco control policies at the local level:

- 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;
- PartnerSHIP 4 Health;
- Horizon Public Health;
- NorthPoint Health and Wellness Center; and
- The African American Leadership Forum



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 establish permanent funding for a statewide quitline, keeping the price of tobacco high and raising the tobacco sale age to 21.

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

- Adding e-cigarettes to clean indoor air policies;
- Setting minimum prices for non-premium cigars;
- Passing local ordinances to restrict the sale of fruit-, candy- and menthol-flavored tobacco products to adult-only tobacco shops; and
- Raising the local tobacco sale age from 18 to 21.

The Public Affairs Department also funded two technical assistance grants to help local policy grantees achieve their work plan goals. Those grants were awarded to:

- American Lung Association in Minnesota – Greater Mankato
- Association for Nonsmokers-Minnesota (ANSR-MN)

Finally, ClearWay Minnesota provided a menthol implementation grant to the city of Minneapolis to help plan for quality implementation and enforcement of the innovative menthol restriction policy recently passed by the Minneapolis City Council.

During Fiscal Year 2018, all of these grantees helped advance bold policies that reduce tobacco's harm at both the state and local level.



## Local grassroots accomplishments

### *Tobacco 21 gains momentum*

Fiscal Year 2018 saw momentum around raising the tobacco sale age to 21. In Fiscal Year 2017, Edina became the first city in Minnesota to pass Tobacco 21. And the momentum continues: As of January 23, 2019, 21 cities and counties have joined Edina in passing similar policies:

- Bloomington
- Brooklyn Center
- Eden Prairie
- Excelsior
- Falcon Heights
- Hermantown
- Lauderdale
- Mendota Heights
- Minneapolis
- Minnetonka
- North Mankato
- Plymouth
- Richfield
- Roseville
- Shoreview
- St. Louis Park
- St. Peter
- Waseca
- Beltrami County
- Otter Tail County
- Pope County

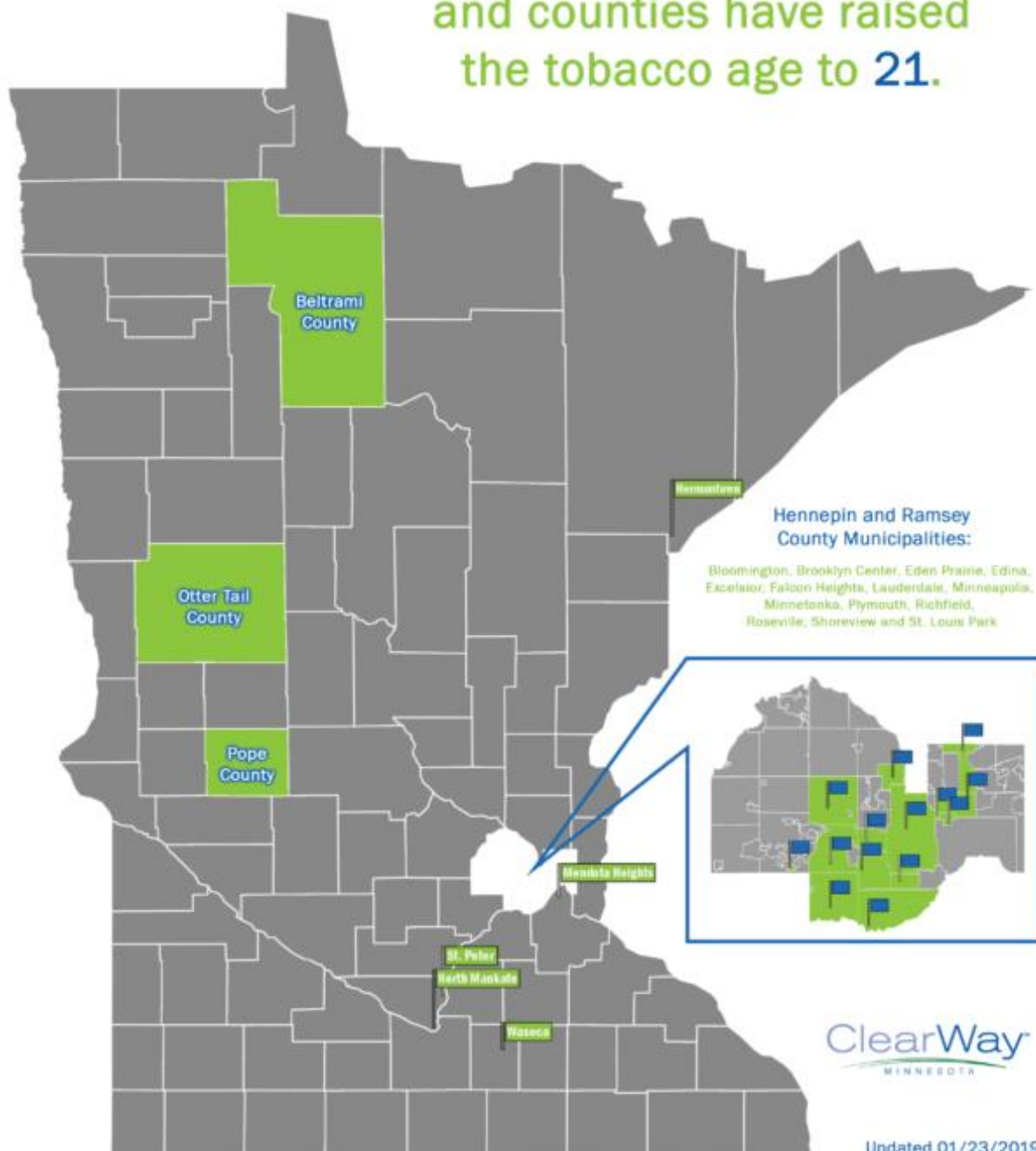


Tobacco 21 policy campaigns were funded in all of these communities by ClearWay Minnesota except Roseville, which was funded by our partner organization Blue Cross and Blue Shield of Minnesota.

There are now a total of 22 localities in Minnesota that have raised the age, and many more communities are poised to follow. There is momentum for Tobacco 21 both in Minnesota and across the country: At this time at least 400 localities nationwide have passed Tobacco 21 policies, and six states have passed policies statewide.

# Tobacco **21** Policies in Minnesota

Twenty-two Minnesota cities and counties have raised the tobacco age to **21**.



### *Minneapolis restricts sales of menthol tobacco*

In August of 2017, the Minneapolis City Council acted to protect kids by passing a policy that restricts the sale of menthol tobacco products to adult-only tobacco shops and liquor stores. Science shows that menthol cigarettes are easier to start and harder to quit, and the tobacco industry has targeted young people and communities of color with these products for decades. Menthol products are popular with young people, but are no less dangerous than other tobacco products. Taking these products out of stores kids frequent will make them far less likely to try them.

Menthol tobacco products now join all other candy- and fruit-flavored tobacco products behind the doors of adult-only stores. This policy is a significant win for health in Minneapolis and serves as a model for other cities. It took effect August 1, 2018.

The cities of Duluth, St. Paul (funded by Blue Cross and Blue Shield Center for Prevention), Falcon Heights and Mendota Heights have since followed Minneapolis's lead and voted to restrict the sale of menthol-flavored tobacco products to adult-only tobacco shops.



***Significant community education and outreach took place before the Minneapolis City Council vote on menthol***



***Advocates and City Council champion Cam Gordon celebrate after the final vote***

***Robbinsdale restricts flavored tobacco and sets a minimum price for non-premium cigars***

The Robbinsdale City Council took strong measures to protect youth from the harms of tobacco on December 5, 2017. The City Council voted unanimously to restrict the sale of flavored tobacco products to adult-only tobacco stores and to establish a minimum price for cheap, flavored cigars.

Robbinsdale was the fifth Minnesota city to restrict the sale of flavored tobacco, following Minneapolis, Saint Paul, Shoreview and Saint Louis Park. Several Minnesota cities have set minimum prices for cigars, including Minneapolis, Saint Paul, Brooklyn Center, Bloomington, Richfield and Maplewood.

Before the ordinance passed, flavored cigars sold for as little as three for 89 cents in Robbinsdale. This new ordinance now sets a minimum price of \$2.60 per cigar and \$10.40 for packs of four or more. Moving flavored cigars, which are often brightly packaged and are geared toward youth initiation, to adult-only tobacco stores reduces the visibility of the products.





***Advocates celebrate after the  
Robbinsdale City Council passes two policies***

### **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 workplan goals and provides tracking and feedback in response to 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 2018, the local policy grantees accomplished the following:

- Placed 375 pieces of earned and paid media;
- Made 179 public presentations about tobacco's harm, QUITPLAN Services and tobacco policies;
- Participated in 157 community events;
- Conducted 393 activities that reached out to elected officials; and
- Passed 23 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.

### **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. 36-46.

## D. COMMUNITY DEVELOPMENT

During Fiscal Year 2018, 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)**

Minnesota has very high smoking rates among American Indians at 59 percent (compared to 14 percent of all Minnesota adults). Commercial tobacco abuse in American Indian Nations is a health crisis – five of the six leading causes of death among Native people are linked to commercial tobacco use. Tribal Nations in Minnesota share a past of attempted cultural genocide against them, and a present of restoring the strength of their cultural teachings, including the prominence of traditional tobacco as a sacred first medicine.

For 10 years, ClearWay Minnesota has supported Minnesota's American Indian advocates in their work to advance commercial tobacco-free policies on tribal lands. In 2018, we completed our funding for a Tribal Tobacco Education and Policy (TTEP) initiative promoting American Indian health and advancing commercial tobacco-free tribal government policies in Minnesota by:

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

The TTEP-funded grants were awarded 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 Nation. Each Nation developed strategies based on ClearWay Minnesota guidelines and the readiness of their unique environments, with a goal of preparing their communities to advance commercial tobacco-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 commercial tobacco-free policies and system changes; and
- Making businesses and casinos in tribal communities smoke-free.

The TTEP projects significantly contributed to protecting tribal communities and all Minnesotans from the harms of commercial tobacco use and secondhand smoke. Many significant policies have been passed on tribal lands that are the first of their kind in Minnesota and in the nation. TTEP has significantly contributed to evidence-based cultural approaches through its evaluation and journal publications.

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

*Bois Forte Band of Chippewa*

- Created smoke-free spaces on the first floor of Fortune Bay Resort Casino;
- Continued collaboration with local radio station (KBFT 89.9 FM – Bois Forte Tribal Community Radio) to educate about traditional tobacco;
- Collaborated with multiple programs across the reservation to bring awareness about traditional tobacco and the harms of commercial tobacco abuse; and
- Continued participation in cultural gatherings that educated about traditional tobacco.



***Bois Forte signage at Fortune Bay Casino***

***Fond du Lac Band of Lake Superior Chippewa***

- Made all Black Bear Casino offices smoke-free as of March of 2018;
- Made their longstanding Cultural Immersion Camp smoke-free;
- Partnered with the American Indian Community Housing Organization in Duluth to demonstrate traditional tobacco teachings and show a ClearWay Minnesota-produced documentary, *Reclaiming Sacred Tobacco*, during a mural unveiling;
- Promoted the new American Indian Quitline (1-888-7AI-QUIT/ AIQUIT.COM) on their radio station (WGZS 89.1) (see *Cessation – Cessation Services Contract – QUITPLAN® Services*, pp. 18-20); and
- Continued their partnership with the Minnesota Department of Health Statewide Health Improvement Partnership (SHIP) to show *Reclaiming Sacred Tobacco* and demonstrate how to harvest traditional tobacco from the red willow at multiple events across Fond du Lac.





***Fond du Lac smoke-free signage for the Fond du Luth Casino***

***Mille Lacs Band of Ojibwe***

- Increased the number of pow-wows with commercial tobacco-free spaces and traditional tobacco use;
- In May 2018, added e-cigarettes to their smoke-free policy;
- Collaborated with their pharmacy to use a new traditional tobacco logo and messaging on all pharmacy bags;
- Created an Asemaa digital storytelling project that produced videos from different community members about their relationship with traditional tobacco; and
- Participated in multiple events with Mille Lacs Band programs to promote traditional tobacco use.



***Traditional tobacco messaging on Mille Lacs pharmacy bags***

### *Upper Sioux Community*

- Held a communitywide event on traditional tobacco with Chief Arvol Looking Horse, who is the keeper of the sacred White Buffalo Calf Pipe;
- Implemented the Wata (canoe) program to begin harvesting traditional tobacco along waterways as a sustainability effort for their traditional lifeways for their community;
- Promoted the new American Indian Quitline (1-888-7AI-QUIT/AIQUIT.COM); and
- Collaborated with Lower Sioux Indian Community on traditional tobacco events.



***Wicozani Walk is one of the many events Upper Sioux collaborates on to teach about traditional tobacco***

### *White Earth Nation*

- Implemented a smoke-free apartment complex for Elders;
- Passed a smoke-free foster care policy in November 2017;
- Created smoke-free apartments in one of their tribal communities; and
- Passed a resolution in June 2018 making all their hotels smoke-free.



***Traditional tobacco grown by White Earth Tobacco Coalition***

### Tribal Tobacco Education and Policy Initiative Policies passed (2014-2018)

Tribe	Policies Passed
<b>Bois Forte</b>	<ul style="list-style-type: none"> <li>Smoke-free tribal government vehicle/equipment (June 2014)</li> <li>Pow-wow commercial tobacco smoke-free (June 2014)</li> <li>One third of the casino first floor is now smoke-free (November 2017)</li> </ul>
<b>Mille Lacs</b>	<ul style="list-style-type: none"> <li>Smoke-free pow-wow arena (August 2015)</li> <li>Smoke-free drum ceremonies (March 2016)</li> <li>Smoking designated area at pow-wow (April 2017)</li> <li>Traditional tobacco only at pow-wow (May 2017)</li> <li>Traditional tobacco and designated smoking at pow-wow (August 2017)</li> <li>Health and Human Services smoke-free policy now includes e-cigarettes (May 2018)</li> </ul>
<b>White Earth</b>	<ul style="list-style-type: none"> <li>Smoke-free employee breakroom in casino (June 2014)</li> <li>Residential treatment center smoke-free (January 2015)</li> <li>All outdoor pow-wows will be smoke-free and focus on traditional tobacco (March 2015)</li> <li>Smoke-free apartment complex for Elders (July 2017)</li> <li>Smoke-free foster care (November 2017)</li> <li>Smoke-free apartments in one of their tribal communities (December 2017)</li> <li>All hotels will be designated smoke-free (June 2018)</li> </ul>
<b>Fond du Lac</b>	<ul style="list-style-type: none"> <li>Smoke-free community center (Sawyer) (February 2015)</li> <li>Reservation tribal buildings (February 2015)</li> <li>Designated smoking-area at Veteran's Pow-Wow (July 2015)</li> <li>Fond du Luth Casino first floor smoke-free (August 2015)</li> <li>MASH pow-wow only used traditional tobacco and had a designated smoking area (August 2015)</li> <li>Smoke-free casino buffet and deli (May 2016)</li> <li>Smoke-free foster care (May 2016)</li> <li>Smoke-free casino pool atrium (January 2017)</li> <li>All casino offices smoke-free (March 2018)</li> <li>Culture Camp smoke-free (June 2018)</li> </ul>
<b>Upper Sioux</b>	<ul style="list-style-type: none"> <li>Tobacco products removed from convenience store counter (February 2016)</li> <li>New employees of Upper Sioux Community required to watch <i>Reclaiming Sacred Tobacco</i> documentary as part of employee orientation (July 2017)</li> </ul>



*Final meeting of TTEP grantees in Minneapolis*

*Tribal technical assistance, training and mentorship*

In Fiscal Year 2018, ClearWay Minnesota continued to provide technical assistance, training and mentorship to Minnesota's American Indian communities to support 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 Partnership (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 contractor for mentorship is Lori New Breast. Ms. New Breast provides training support depending on needs of grantees. Our mentorship contractor is uniquely qualified for this work. This year, she traveled to Tribal Tobacco Education and Policy (TTEP) grantee sites to provide tailored consultation and mentorship on how to engage communities and develop leadership to advance smoke-free policies. Ms. New Breast presented at the National Native Health Research Training Initiative Conference on our TTEP work. (See *Research – Dissemination – Presentations – National Native Health Research Training Initiative*, p. 41.) She and Senior Community Development Manager CoCo Villaluz also collaborated to present at the Rocky Mountain Tribal Leaders Council in Billings, Montana, on the TTEP initiative. Ms. New Breast has also been active in our sustainability discussions with other funders, highlighting the TTEP mentorship initiative and its success.





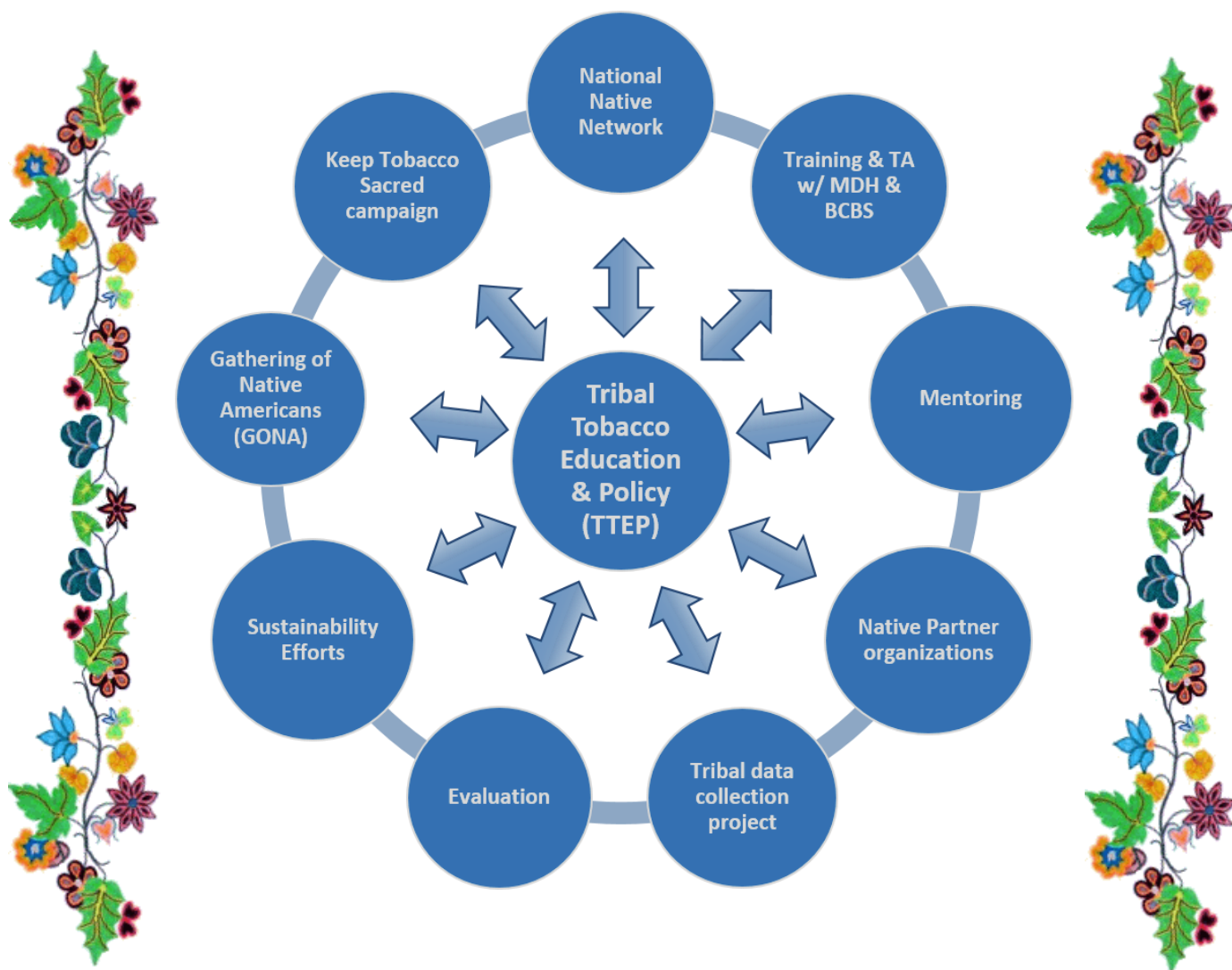
***TTEP Training/Mentorship Center for American Indian Resources (CAIR), Duluth***

#### ***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 has informed TTEP grantees and ClearWay Minnesota on the initiative's progress. While formal evaluation of the project concluded in Fiscal Year 2016, Scott Consulting has continued to work with ClearWay Minnesota staff to disseminate evaluation findings through publications and conference presentations. (See *Research – Dissemination*, pp. 36-46.)

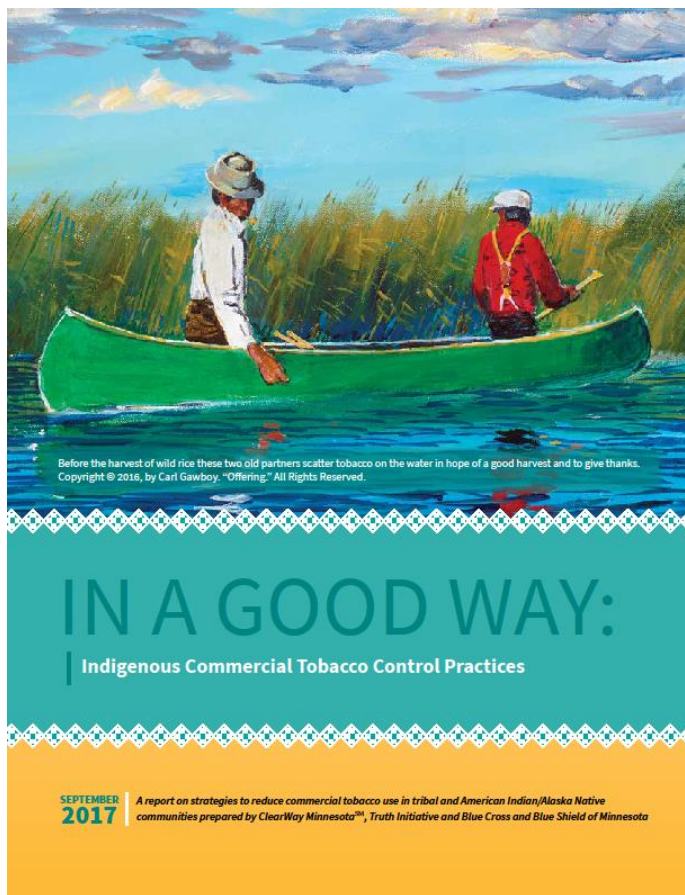
#### ***Tribal Tobacco Education and Policy (TTEP) partnerships***

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]*, above.) 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 the National Native Network (NNN), Indian Health Service (IHS), former Tribal Support Centers and the American Indian Cancer Foundation are building statewide and national initiatives to advance commercial tobacco-free policies on tribal lands.



*Partnerships help make the Tribal Education and Policy (TTEP) initiative successful*

## *In a Good Way: Indigenous Tobacco Control Practices*



In 2016, the truth initiative, Blue Cross and Blue Shield of Minnesota and ClearWay Minnesota jointly hosted a two-day meeting with the Centers for Disease Control and Prevention's (CDC) formerly funded national Tribal Support Centers and ClearWay Minnesota's Tribal Tobacco Education and Policy (TTEP) grant initiatives. The purpose of the meeting was to capture and document the tremendous and successful work undertaken to promote health in Indian Country.

The CDC's Tribal Support Centers were charged with advancing commercial tobacco control in tribal and American Indian/Alaska Native (AI/AN) communities across the country, and the TTEP initiative worked on advancing commercial tobacco-free policies on tribal lands in Minnesota. Both projects have worked to promote health in Indian Country for at least eight years, working

to reduce the harm of commercial tobacco and restoring traditional tobacco practices.

This report was completed in 2018, and captures stories that highlight tribally based strategies developed over nearly a decade in Indian Country. The report is important because there are limited "best practices," specifically for commercial tobacco control programming and policy efforts in Indian Country. In public health we like to focus on evidenced-based practice, but we need to respect the Native tradition and knowledge of practice-based evidence—those are best practices for Indian Country. Documenting this work would advance the science of eliminating tobacco-related health disparities and add to the literature of best practices in public health.

We believe that this report will be an asset to government, foundations and communities working to promote health in Indian Country. The report is being disseminated widely to public health agencies, organizations and foundations.



### *Honoring TTEP grantees*

At the end of Fiscal Year 2018, David Willoughby, ClearWay Minnesota's CEO, and Community Development staff traveled to TTEP grantee sites to honor their tobacco work by presenting Nations with commemorative plaques. The TTEP projects were a reservation-driven initiative that accomplished many significant policies and environmental changes to reduce the harm of commercial tobacco. Nations were also successful in restoring traditional tobacco use, building capacity for this work and in contributing to public health best practices literature.



*Upper Sioux Community plaque presentation*





***White Earth Nation presentation***



***Fond du Lac Band of Lake Superior Chippewa presentation***



***Bois Forte Band of Chippewa presentation***



***Mille Lacs Band of Chippewa presentation***





*Leech Lake Tribal College presentation*



*Leech Lake Band of Ojibwe presentation*

## SACRED TRADITIONAL TOBACCO FOR HEALTHY NATIVE COMMUNITIES



American Indian Nations are sovereign, and so Minnesota's smoke-free law does not apply to reservation workplaces, including casinos. Since 2013, we have supported The American Indian Cancer Foundation (AICAF) to do ongoing education about secondhand smoke in the

context of American Indian workplaces, at regional and national meetings of organizations such as the National Indian Gaming Association, National Indian Health Board and National Congress of American Indians.

Fiscal Year 2018 was the final year of funding this leadership initiative with the American Indian Cancer Foundation. In the past year, Kristine Rhodes, AICAF CEO, has brought the issue of the harms of secondhand smoke to the leadership of regional and national meetings such as the National Indian Gaming Association (NIGA), National Indian Health Board, National Council of American Indians and the CDC Tribal Advisory Committee.



*American Indian Cancer Foundation grantee Kristine Rhodes promotes smoke-free policies at a conference*

This funding has also supported AICAF's role as a leader in exploratory partnerships between AICAF and a variety of academic institutions (University of Minnesota, Masonic Cancer Center, Mayo Clinic and North Dakota State University). These partnerships are focused on American Indian tobacco research priorities and needs in Minnesota and across the upper Midwest. This has been a necessary step in the development and maintenance of relationships with tribal decision-makers. These interactions have resulted in ongoing opportunities and upcoming visits with tribal leadership with readiness to address specific tobacco and tobacco-related cancer issues.

In order for change to occur with tribal tobacco control policies, it is necessary to develop and maintain trusted relationships and to have discussions with the decision makers about these issues and how they are key to the solution. These efforts complement and contribute to the tobacco control work that has been funded by ClearWay Minnesota in Indian Country and builds long-term sustainability as ClearWay Minnesota sunsets, which we expect to happen by 2022 (subject to court approval).

### **Collaboration With the Indian Health Service**



#### **Collaborating with Indian Health Service and Building Sustainability**

On August 29 and 30 in Billings, Montana, a group of national advocates gathered to work on a traditional tobacco curriculum in collaboration with Indian Health Service's (IHS) Health Promotion and Disease Prevention Program. Senior Community Development Manager CoCo Villaluz and ClearWay Mentorship Consultant Lori New Breast were invited to participate in this project because of their extensive knowledge and work that is grounded in the two tobacco ways (traditional tobacco use vs. commercial tobacco abuse). Other participants were from the CDC-funded National Native Network, Indigenous Peoples Task Force and South Dakota. IHS will be working on this curriculum for the next year and will unveil it in Indian Country and nationally to continue to educate on traditional tobacco. The curriculum will include examples of policies, traditional tobacco teachings, facilitation techniques and much more.



***Participants from the IHS gathering: Lori New Breast, ClearWay Minnesota<sup>SM</sup> Consultant, Josh Hudson, National Native Network, CoCo Villaluz, ClearWay Minnesota, and Suzanne Nash, Indigenous Peoples Task Force***

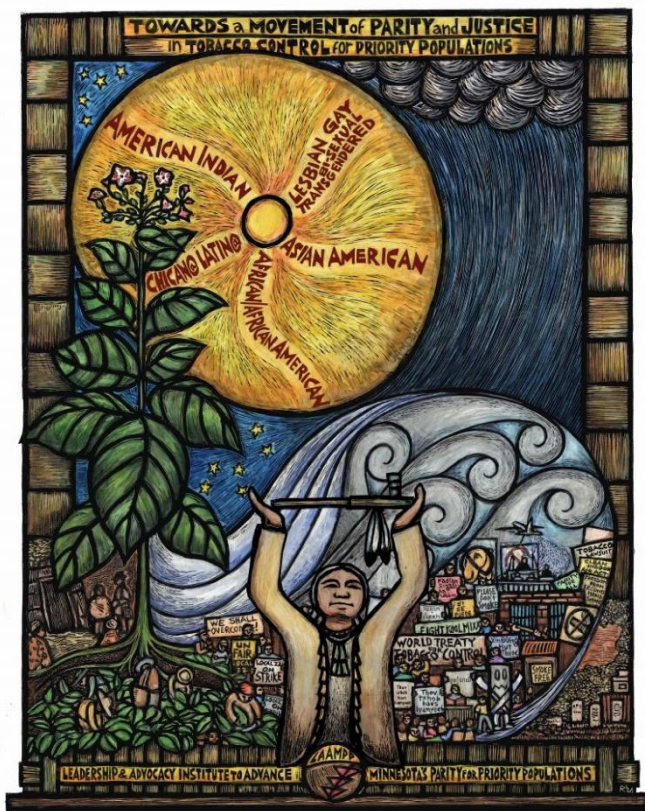


### Collaborations to Advance Work in Indian Country

Since the TTEP initiative was launched, there was an intentional effort to collaborate with other funders who were interested in promoting health in Indian Country. Early in the TTEP initiative, ClearWay Minnesota organized a workgroup made up of the Minnesota Department of Health (MDH) and Blue Cross and Blue Shield of Minnesota. This workgroup strategized how to best support work in Indian Country and leveraged each other's dollars and cultural knowledge to build on the strengths of tribal communities. By collaborating in this way, we were able to build culturally based training events and activities that otherwise would have been challenging to accomplish on our own.

Currently, there is limited research to guide foundations on effective strategies for supporting work in American Indian communities, especially in reducing the disproportionate harm they experience attributable to commercial tobacco. The three partners, MDH, Blue Cross and ClearWay Minnesota, combined their knowledge and collaborate on a paper recently published in *Foundation Review*, "In a Good Way: Advancing Funder Collaborations to Promote Health in Indian Country." This article has been distributed to all state health departments in the United States.

### Community Development Contracts



### **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 Minnesota's Parity for 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) was the contractor for the Leadership Institute, facilitating and organizing all three Institutes. Though the formal LAAMPP Institute ended in

2014, ClearWay Minnesota continues to work with LAAMPP Alumni through quarterly meetings that provide further leadership learning opportunities to reduce commercial tobacco-related health disparities and move communities toward health equity.



***LAAMPP Fellows quarterly meeting with Minneapolis City Council Member and former LAAMPP Coach Andrea Jenkins (seventh from right)***

LAAMPP Alumni Fellows continue to be involved in policy advocacy issues with ClearWay Minnesota and in various health equity projects in their communities. APPEAL continues to communicate with Fellows to provide further assistance and knowledge. Because of LAAMPP, Fellows have provided advice on working in priority populations to various state systems and have been hired to join various tobacco control projects in the state.



***LAAMPP Fellows quarterly meeting with Senator Bobby Jo Champion (second row, third from right)***



### **Building Sustainability for Work in Indian Country**

As part of ClearWay Minnesota's ongoing commitment to build sustainability for our work in Indian Country, in 2017 we began working with two national advocates, Lori New Breast and Laura Hamasaka, to develop a plan to do outreach to national funders/foundations. This project is designed to establish dialogues and educate funders/foundations about the need to support ongoing work to promote health in Indian Country.

### **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. (See *Research – Dissemination*, pp. 36-46.)

#### 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. 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

In Fiscal Year 2018, ClearWay Minnesota completed an open review for marketing partners; the review panel unanimously decided to move forward with Haberman as our agency of record. Haberman began contract work in November as we transitioned from Clarity Coverdale Fury, ClearWay Minnesota's previous agency. Through our work with both firms, ClearWay Minnesota employed mass-media strategies to educate the public about the harms of tobacco. This year's advertising efforts included continued promotion of QUITPLAN Services and The QuitCash Challenge, in addition to supporting the launch of a new American Indian Quitline. We also continued our *Stop the Start* campaign, reminding Minnesotans that we can and should do more to prevent kids from becoming addicted to tobacco, and launched a new campaign called *Big Tobacco Lied*, which highlighted major cigarette companies' court-ordered acknowledgment of what they knew and kept hidden from the public about the dangers of tobacco.

### **QUITPLAN® Services Campaign**

The *QUITPLAN® Services* advertising campaign focuses on the fact that most smokers know they should quit, increasing positive understanding and awareness of the nonjudgmental support available through QUITPLAN Services, ClearWay Minnesota's free program that provides quitting support to Minnesota tobacco users. (See *Program Grants and Program Contracts – Cessation – QUITPLAN® Services*, pp. 18-25.)

### ***No Judgments. Just Help.* campaign**

ClearWay Minnesota strategically sponsors programming that Minnesota smokers are most likely to see or hear. In Fiscal Year 2018, the QUITPLAN® Services media campaign used TV, radio, out-of-home, social and digital ads to reach tobacco users from around the state. Ads are targeted at populations known to have high tobacco prevalence rates, including low socioeconomic status communities and communities of color.

The current campaign – *No Judgments. Just Help.* – continued throughout this fiscal year. Created by Clarity Coverdale Fury and further evolved by Haberman, the campaign reflects QUITPLAN Services' aim to provide tobacco users with a hopeful, nonjudgmental approach to quitting, with few barriers.

ClearWay Minnesota works to ensure that messages reach specific audiences 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, billboard campaigns in Indian Country and sponsorship of community radio programs.

In addition, ClearWay Minnesota created new QUITPLAN Services TV ads in Fiscal Year 2018 featuring motivating stories from real Minnesotans who had used QUITPLAN to successfully quit smoking. The ads ran statewide and are featured on the QUITPLAN Services website.





***QUITPLAN® Services ads feature real Minnesotans who have used the program***

### **The QuitCash Challenge™**

In Fiscal Year 2018, ClearWay Minnesota sponsored the tenth QuitCash Challenge, an annual quit-and-win contest that promotes QUITPLAN Services. Since the first contest in 2008, thousands of Minnesotans from around the state have participated in The QuitCash Challenge as they sought to quit smoking. Additionally, the contest provides an opportunity to inform Minnesotans about the free help available to quit through QUITPLAN Services. This year, more than 4,000 Minnesotans from around the state registered for the contest and a chance to win the grand prize of \$5,000. Nicole Morgan of Burnsville remained tobacco-free through the contest month of April 2018 and was randomly selected as the grand prize winner. After many years of smoking and several unsuccessful attempts to quit, Ms. Morgan took advantage of free nicotine patches from QUITPLAN Services to help her stay quit for good.



***Nicole Morgan with the grand prize check from QuitCash Challenge™***

This year's QuitCash Challenge continued to feature "Mini-Quit Mondays" each month leading up to the big month-long contest. The "mini-quits" are a series of contests aimed at preparing participants to quit for good by making temporary lifestyle changes around their tobacco use. Examples of mini-quit challenges included asking smokers to stop smoking in their vehicles or to make their homes smoke-free for a day, etc., breaking up their routine to help them prepare to quit. Participants in each mini-quit were eligible for a \$100 gift card drawing to help motivate participation.



*"Mini-Quit Mondays" help smokers prepare for quit attempts*

### **QUITPLAN® Services at the Minnesota State Fair**



ClearWay Minnesota also continued our presence at the Minnesota State Fair. In Fiscal Year 2018, the QUITPLAN Services booth featured giveaways, lung-function testing for smokers, opportunities for quitters to celebrate their success and information on QUITPLAN Services. The booth also promoted the opportunity for quitters to win money through Mini-Quit Mondays and the QuitCash Challenge contest.





### American Indian Quitline Launch

In April 2018, a new phone coaching program from QUITPLAN Services was launched to provide free and specially designed support to help Minnesota's American Indians quit commercial tobacco. The American Indian Quitline from QUITPLAN Services was developed with guidance from the community and features enhanced services and a team of specially trained coaches, including American Indian coaches. (See *Program Grants and Contracts – Cessation – Cessation Services Contract – QUITPLAN® Services*, pp. 18-20.)

Despite the ongoing progress made in reducing Minnesota's smoking rate to an all-time low, big disparities remain. According to the Tribal Tobacco Use Project (TTUP) survey, the rate of commercial tobacco use among the urban American Indian population in Minnesota is 59 percent. This compares to the smoking rate of 14 percent among all Minnesota adults.

The new program includes the following specific tools to help participants quit:

- Seven coaching calls to provide additional support
- 12-week regimen of nicotine replacement therapy (NRT)
- A team of specially trained coaches, including American Indian phone coaches

The American Indian Quitline is intended to provide culturally appropriate services for quitting commercial tobacco, while recognizing the unique role of sacred tobacco in American Indian communities.

In addition to providing input on the development of the program, the American Indian community was an instrumental part of developing the outreach materials for the new quitline. An American Indian graphic designer and photographer were used to help create the brochure and marketing materials. The quit coach featured on the marketing pieces is an American Indian Quitline phone coach from Minnesota.

### **Stop the Start Campaign**

The *Stop the Start* ad campaign calls out the modern tobacco industry's marketing to kids through flavored products, social media, coupons, concert promotions and other tactics aimed at attracting youth. TV spots aired statewide, along with other elements of the campaign, including print, radio, online and transit ads.

The campaign directs viewers to an informational website, [www.stopthestartmn.com](http://www.stopthestartmn.com), which provides facts about tobacco industry marketing tactics, and highlights areas where progress has been made and resources for people who want to get involved.



*The Stop the Start campaign shows the tobacco industry's role in creating addiction and death*

### **Big Tobacco Lied Campaign**

In 2017, new ads exposing the lies tobacco companies told for decades began appearing on Minnesota television stations and in print media. Run by the cigarette companies themselves, the ads were the result of a civil court ruling that found they deceived the public about the health dangers of smoking, beginning in the 1950s.



The court case began in 1999, when the U.S. Justice Department sued companies including Philip Morris (now Altria), R.J. Reynolds and Lorillard for violating the federal Racketeer Influenced and Corrupt Organizations (RICO) Act. U.S. District Judge Gladys Kessler ruled against the companies and ordered them to publicize “corrective statements” in 2006, but the industry spent 11 years pursuing appeals. In 2017, the U.S. Supreme Court declined to hear the industry’s case, meaning the 2006 ruling would finally be enforced.

The corrective statements, which were broadcast on limited television programs and published in one Minnesota newspaper, show that for decades the tobacco companies:

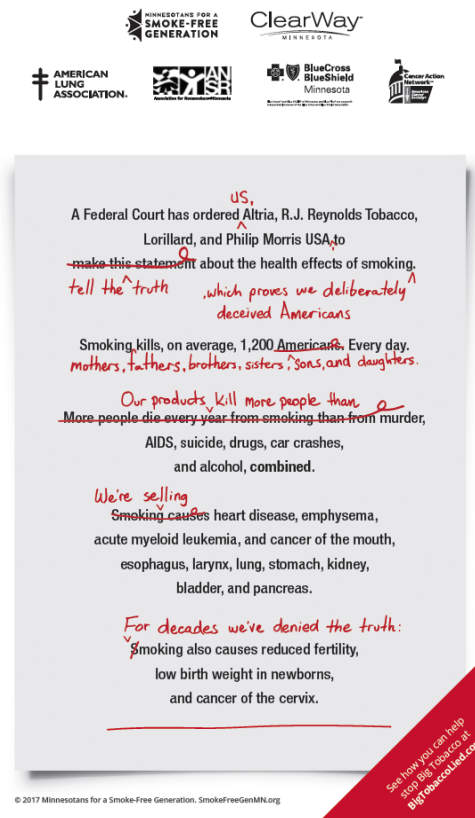
- Hid what they knew about the devastating health harms of cigarette smoking and secondhand smoke exposure;
- Lied about the addictive properties of nicotine;
- Falsely claimed that filtered and “light” cigarettes were healthier than other kinds; and
- Manipulated the product design of cigarettes to make them even more addictive.

In addition to these points, Judge Kessler’s ruling noted other offenses committed by the industry, including the deliberate targeting of youth as “replacement smokers” to take the place of those who quit or died.

The release of these ads was very limited, so ClearWay Minnesota and our coalition partners created our own ad campaign to help to spread the word to policymakers, opinion leaders and the public about the industry’s deceptions. Designed by advertising agency Haberman, *Big Tobacco Lied* “corrects the corrective statements,” highlighting information Big Tobacco left out.

## Evaluation

ClearWay Minnesota rigorously evaluates our communications efforts to measure our progress and identify areas for improvement. 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



***The Big Tobacco Lied campaign highlighted the deceptions of the tobacco industry***

activities this year included focus group testing with millennials on policy priorities to protect youth from tobacco.



*Evaluation helps us understand the impact our ads are having on Minnesotans*

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.

### **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. (See *Research – Dissemination*, pp. 36-46.)

## 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 news outlets including print, television and online news outlets, online social media including Twitter and Facebook, emails to grassroots supporters and an e-newsletter. Regular contact with Minnesota individuals and communities is important so we can develop the most effective programs possible and remain accountable to the public.

### **Media Analysis**

ClearWay Minnesota uses earned (i.e. non-paid) and digital media to reach key stakeholders and increase public support for our campaigns and brands. Tracking and analyzing media coverage is a measurable way to illustrate its value and contributions toward ClearWay Minnesota's goals. Staff uses this information to evaluate methods and vendor contributions, and to adjust processes to help ClearWay Minnesota achieve the best possible outcomes.

Media coverage is tracked and analyzed using database tools provided by CustomScoop. Digital and social media analysis is compiled using various quantitative tools, qualitative analysis and the institutional knowledge of ClearWay Minnesota staff.

Performance for Fiscal Year 2018 was highly satisfactory, and an improvement on last year's by most quantitative and qualitative measures. Coverage of tobacco-related issues by Minnesota media outlets increased enormously, and our social media saw remarkable growth across multiple brands. Coverage of ClearWay Minnesota's key priorities increased in volume. Using a paid social media strategy resulted in huge increases for our presences on Twitter and Facebook, with *Minnesotans for a Smoke-Free Generation* seeing overwhelming growth this year. The vast majority of coverage for our organization and issues was positive or balanced in tone.



***Social media helps us educate the public,  
policymakers and media***

## V. CONCLUSION

In 1994, Minnesota Attorney General Skip Humphrey joined Blue Cross and Blue Shield of Minnesota to bring a lawsuit against the tobacco industry. The suit accused the industry of deceiving Minnesotans about the harmful nature of commercial tobacco products.

The state's case would uncover secret documents revealing how much the tobacco companies knew – and kept hidden – about the link between cigarettes and cancer, the addictiveness of nicotine, and other inherent dangers of smoking.

In 1998, the industry settled, with the state receiving \$6.1 billion in a standalone settlement and Blue Cross receiving \$469 million. Later that year, the Ramsey County District Court approved the state's plan to administer 3 percent (\$202 million) of the settlement through a new nonprofit tobacco control organization: ClearWay Minnesota.

Our first meeting was convened by two honorary co-chairs: Dr. David Kessler, a former FDA Commissioner who fought to advance tobacco regulation, and Dr. C. Everett Koop, who as Surgeon General became a household name for his fight against smoking. Together with Attorney General Humphrey, they established ClearWay Minnesota as an independent nonprofit whose funding would be reserved exclusively for tobacco cessation and prevention.

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. We are a life-limited organization that we expect will end by 2022. We embrace our life-limited status, which has motivated us to find the most impactful solutions to reduce tobacco's harm in our state. Legacy Goals around smoking prevalence, secondhand smoke exposure and advancing science are driving our work to achieve our mission by the time we close our doors.

We will continue fighting to reduce tobacco's harm as long as we are in operation. But our sunset is on the horizon. As we celebrate 20 years of accomplishments and progress, we recognize the harm of tobacco will still exist when we end . . . so the time is now for Minnesota to plan to address the continuing problems of smoking after we've closed our doors.



## **Appendix A**

### **Board and Committee Charters**

## **ClearWay Minnesota<sup>SM</sup>**

### **Charter of the Board of Directors Board Approved March 18, 2015**

#### **Introduction**

This charter is intended as a tool to assist directors in understanding the role of the ClearWay Minnesota Board of Directors in ensuring the organization fulfills its purpose. The scope of the charter derives from the organization's Articles of Incorporation and Bylaws, and the body of law governing such issues. It is not an attempt to limit, enlarge or change the responsibilities of the directors as determined by such Articles, Bylaws, and body of law.

#### **Purpose of the Organization**

ClearWay Minnesota was created as a private nonprofit corporation with a limited lifetime of 25 years. The organization's mission is to enhance life in Minnesota by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration. ClearWay Minnesota helps Minnesotans quit smoking and tobacco use, and funds tobacco-related research and other initiatives that raise awareness of tobacco's dangers and make Minnesota a healthier place.

#### **The Role of the Board of Directors**

The Board of Directors is responsible for governance of the organization and the conduct of its business. In discharging its responsibilities, the Board shall principally:

- Ensure that policies, and procedures are in place and being implemented to assure the integrity of the organization and that policies are in place to comply with applicable laws and regulations, and ClearWay Minnesota's governing documents and policies.
- Oversee policies and procedures that assure the development and enhancement of the organization's culture as shaped by its vision, mission, values and standards of conduct.
- Ensure that policies and procedures are in place and being implemented to assure that an effective Board of Directors is in place possessing appropriate skills to fulfill its responsibilities through director selection, Board governance, and Board evaluation.
- Hire, advise and counsel, encourage, evaluate, compensate, and if necessary, replace the Chief Executive Officer.



- Oversee a succession plan for Board leadership, the CEO, and key senior management positions.
- Set the long term strategic direction of the organization by establishing or reviewing and approving the organization's mission, vision, and values.
- Oversee planning and implementation of ClearWay Minnesota's limited life plan.
- Annually review and approve (if necessary) the strategic plan and approve the Annual Operating Plan and budget. Ensure that each has objectives and a means of measurement.
- Oversee and approve ClearWay Minnesota's financial and other reporting obligations with particular attention to its annual report to the Ramsey County District Court and the Minnesota Legislature.
- Oversee ClearWay Minnesota's management and utilization of its human and financial resources to ensure a responsible and effective organization.
- Promote regular education of the Board and management respecting (1) tobacco control policies, practices, strategies and research, locally, nationally and internationally, and (2) sound governance practices and policies.

The Board of Directors may, by resolution, delegate certain of its responsibilities to Committees of the Board or to the organization's CEO who remain accountable and subject to the direction and control of the Board.

- Through the committees listed below and other committees which the Board may establish from time to time, the Board provides oversight regarding certain activities and responsibilities of the organization. The committees operate under Board approved charters. The current standing committees of the Board are:
  - Executive/Governance
  - Audit/Finance
  - Nominating and Board Development
  - Strategic Development and Planning
  - Program Grants and Program Contracts
- The Board works with management to set the organization's direction while delegating responsibilities for implementation to management.
  - The Board engages with management to develop and then approve the strategic plan of the organization.
  - Management develops operational work plans and annual operating budgets for review, approval, and monitoring by the Board.

- While the Board is ultimately responsible for review, approval and monitoring of the plans, management is ultimately responsible for execution and implementation.
- The Board is responsible for evaluating the effectiveness of the Board, the CEO, and the organization.

### **The Board's Standards of Conduct**

The Board is expected to carry out its responsibilities consistent with applicable laws, the organization's governing documents, mission, policies, and the culture it has established for the organization. In discharging its responsibilities:

- Board members must observe their duties of care, loyalty, and good faith, placing the interests of the organization ahead of their own or their constituents, and act consistent with the central purpose and governing documents and policies of the organization.
- Board members must model the values of the organization including commitment to: excellence; knowledge based innovation; integrity, honesty and accountability; and a safe and respectful working environment.
- Board members hold each other accountable to: (1.) remain focused on the strategic direction and plans of the organization; (2.) use a decision making process that relies on adequate preparation, full participation, thorough discussion, clarity, consensus, and closure; (3) fully engage, and help focus the discussions; and (4) regularly evaluate Board and Director performance, formally and informally providing positive and constructive feedback.

## **ClearWay Minnesota<sup>SM</sup>**

### **Charter of the Audit/Finance Committee**

Board Approved January 20, 2016

#### **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 (excluding the Report to the Court, which is under the purview of the Board of Directors).

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.
- Review and recommend for approval to the Board of Directors revisions to the Fiscal Policies of ClearWay Minnesota.
- Review and recommend for approval to the Board of Directors the annual operating and capital budgets.

## **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 Minnesota<sup>SM</sup>**

### **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 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.



## **ClearWay Minnesota<sup>SM</sup>**

### **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 Minnesota<sup>SM</sup>**

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

*Reviewed and no changes recommended: November 2015*

#### **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 \$75,000<sup>1</sup>.

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 Contracts Competitive Review Process.)

1. Meet with staff to review proposed funding priorities and make final recommendations on

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<sup>1</sup> See *ClearWay Minnesota’s Policies, Procedures and Guidelines Manual*.

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 Minnesota<sup>SM</sup>**

### **Charter of the Strategic Development and Planning Committee**

**Board Approved: January 15, 2014**

*Reviewed by Committee with no proposed changes: November 14, 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.

\*The monitoring process currently includes the annual evaluation presentation, annual best practices presentation, Board education in preparation for strategic planning and staff review.





## **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 Minnesota<sup>SM</sup>**  
**Restated Policy Concerning Conflicts of Interest**  
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**ClearWay Minnesota<sup>SM</sup>**  
**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 Minnesota<sup>SM</sup> 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 MINNESOTA<sup>SM</sup>**  
**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**

### **Fiscal Year 2018 – 2022 Strategic Plan**



# **CLEARWAY MINNESOTA**

**2018 < STRATEGIC PLAN > 2022**



**Leaving a Legacy**



ClearWay Minnesota<sup>SM</sup> is an independent nonprofit organization that enhances life for all Minnesotans by reducing tobacco use and exposure to secondhand smoke. In 1998, we were entrusted with \$202 million of the settlement Minnesota received from tobacco companies over a period of 25 years. We are working to change Minnesota in ways that have lasting, tangible impact on the lives and health of Minnesotans by 2023, the end of our lifespan.

## OUR FIVE-YEAR STRATEGIC PLAN

Recognizing that we would cease to exist in 2023, ClearWay Minnesota created a Legacy Framework, a tool that set long-term goals that would help us fulfill our mission. This Strategic Plan combines our Legacy Framework with our four Strategic Priorities and identifies outcomes for the next five years – the final phase of ClearWay Minnesota’s existence.

### The 2018-2022 Plan contains:

#### Our **VISION**

(ClearWay Minnesota’s aspirational intent)

#### Our **MISSION STATEMENT**

(our core purpose and whom we serve)

#### Our **LEGACY GOALS**

(long-term goals to achieve our mission)

#### Our **STRATEGIC PRIORITIES**

(our most important areas of focus)

#### Our **OUTCOMES**

(outcomes that support our priorities)

All components of this plan were constructed with great care, drawing on the collective expertise of many partners, consultants, staff and Board Members. We took into account tobacco control best and promising practices, the counsel of state and national tobacco control experts, information gathered from other life-limited organizations and the most recent and relevant scientific literature.

Combined, the components of this Strategic Plan define what we will work toward (with the help of partner organizations) during the final years of our remaining lifetime. Progress in fulfilling this plan and advancing toward our Legacy Goals will be monitored annually, allowing for flexibility and adjustments in our approach within the boundaries of our limited life. In our final years, ClearWay Minnesota will sustain the impact of our work through the continued reduction of commercial tobacco use, secondhand smoke exposure, and the death and disease caused by smoking. We will embrace bold, cutting-edge strategies, balancing them with proven, evidence-based initiatives.

Unless otherwise indicated, **tobacco** in this document refers specifically to the use of commercial tobacco products such as cigarettes, and not to the sacred and traditional use of tobacco by American Indians and other groups.

# OUR VISION

(ClearWay Minnesota's aspirational intent)

Eliminate the harm tobacco causes the people of Minnesota.

# MISSION STATEMENT

(our core purpose and whom we serve)

The mission of ClearWay Minnesota is to enhance life for all Minnesotans by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration.

# LEGACY GOALS

(long-term goals to achieve our mission)

- › By 2023, reduce the prevalence of smoking among adult Minnesotans to less than 9 percent.
- › By 2023, reduce secondhand smoke exposure among nonsmoking Minnesotans to less than 5 percent.
- › By 2023, advance the science of eliminating tobacco-related health disparities.

# STRATEGIC PRIORITIES & OUTCOMES

(our most important areas of focus)

These priorities, as well as the outcomes that support them, are implemented through our annual workplans and budgets.

## Policy

*Support policies that reduce smoking and exposure to secondhand smoke.*

**Outcome One:** Advance policies that reduce smoking, especially by youth and other populations most harmed by smoking.

**Outcome Two:** Advance commercial tobacco-free policies on tribal lands.

**Outcome Three:** Advance policies to increase access to comprehensive tobacco dependence treatment, especially among the populations most harmed by smoking.

## Environment

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

**Outcome One:** Influence public attitudes and behaviors to make smoking and exposure to secondhand smoke less acceptable among all Minnesotans.

**Outcome Two:** Create an environment that provides more opportunity, support and motivation for people to quit smoking.

## Quitting

*Support Minnesotans in quitting smoking.*

**Outcome One:** Make addressing tobacco use standard practice in health care.

**Outcome Two:** Increase use of cessation services and quit attempts by Minnesota smokers, in both the general population and those populations most harmed by smoking.

**Outcome 3:** Advance knowledge about effective cessation for the populations most harmed by smoking.

## Planning

*Plan for ClearWay Minnesota's limited life.*

**Outcome One:** Advance knowledge and build capacity that reduces disparities and increases health equity as they relate to smoking.

**Outcome Two:** Increase public and private resources dedicated to reducing the harm of smoking in Minnesota.

**Outcome Three:** With strategic partners, transfer knowledge and plan the future of tobacco control efforts that will lead to the end of smoking in Minnesota.

**Outcome Four:** Plan the successful end to ClearWay Minnesota's operations.



# LEGACY EVALUATION

ClearWay Minnesota’s work is founded in evidence-based research, and we value evaluation as an important aid in accomplishing our desired legacy. Evaluation informs strategic planning and helps us improve our programs, contributes to the knowledge base around tobacco use, and provides accountability and transparency for the organization.

Evaluation of our Legacy Goals tracks progress toward long-term impacts. Progress is reported to the Board of Directors regularly to inform decision-making, planning, budgeting and the development of staff workplans. The following measures are used to evaluate progress made toward our **Legacy Goals**:

**Goal One** (smoking prevalence)

- › Data from the Minnesota Adult Tobacco Survey (MATS) are used to measure the smoking rate among adult Minnesotans.

**Goal Two** (secondhand smoke exposure)

- › Data from the Minnesota Adult Tobacco Survey (MATS) are used to measure rates of secondhand smoke exposure among adult nonsmokers in homes, cars and other locations.
- › Data from the Minnesota Youth Tobacco Survey are used to measure secondhand smoke exposure among nonsmoking middle-school and high-school students.

# OUR FOUNDATION

ClearWay Minnesota strives to excel through our last day of operation and all our activities are consistent with court-authorized guiding documents. Our time and energy are invested in activities that have the highest value,

**Goal Three** (eliminating tobacco-related health disparities)

Eliminating tobacco-related health disparities across the diverse populations of Minnesota will require better understanding and measurement of trends among groups disproportionately harmed by smoking. Focusing on advancing science in this area will directly inform and advance disparity reduction work, and will help to close disparities gaps both now and in the future.

- › Data from the Minnesota Adult Tobacco Survey (MATS), the Behavioral Risk Factor Surveillance System (BRFSS) and the Tribal Tobacco Use Project (TTUP) are used to establish trends and develop models for projecting future reductions for smoking prevalence and secondhand smoke exposure rate reductions among specific populations, including Minnesotans of low socioeconomic status (SES) and American Indians in Minnesota.
- › Data are used to identify interventions that are effective at reducing rates in these populations.
- › We will disseminate findings, so that the knowledge we create may continue to be used by others to reduce disparities in the longer term.

deliver that value within the shortest timeframe and have enduring impact. We remain committed to innovation and flexibility in pursuit of our goals. Our values shape our culture and the environment in which we conduct our work.

## Values

- › **Commitment to Excellence:** Vigorously pursue the best possible outcome in all areas of our work.
- › **Knowledge-Based Innovation:** Design and put into practice the most effective plan of action, basing our priorities on the most relevant and current evidence and knowledge.

- › **Integrity, Honesty and Accountability:** Remain consistently loyal to our public mandate, maintain the highest ethical standards and operate with openness and transparency.
- › **Safe and Respectful Environment:** Provide a safe haven for diverse opinions and show equal respect for all Minnesotans’ views.

# LONG-TERM PLANNING

Our planning, including our Strategic Plan, our annual workplans and other programmatic, financial, administrative and governance planning that will occur in light of our limited life, are all designed to support the achievement of our long-term Legacy Goals.

Our long-term financial planning includes creating annual financial/investment models, long-term budget plans aligned with our programs and annual budgets. This work is complemented by the risk-assessment and investment oversight activities of the Board of Directors, the Audit/ Finance Committee and senior staff. Forecasting will reduce

# OUR LEGACY

Our Legacy Goals and Strategic Priorities define what ClearWay Minnesota will work toward during our remaining lifetime. Although the programs and policies implemented during our life will have lasting impact, the problem of smoking’s harm in Minnesota will persist after our organizational end of life. To ensure our legacy’s impact is truly felt beyond the close of our doors, we are partnering with other organizations and individuals to share

portfolio assets over our remaining life to zero dollars by June of 2023 or before. Forecast summaries will be updated annually based on actual investment performance, asset drawdown and revised expected returns.

Administrative planning will ensure that ClearWay Minnesota has organizational resources sufficient to carry out our changing work and bring the organization to an orderly close. And governance planning will maintain and improve our Board’s ability to provide effective leadership and oversight as we approach our end of life.

knowledge and to influence ongoing, sustainable tobacco control work. Our efforts now are creating momentum that will empower these others to make additional, meaningful strides after we’ve gone. The realization of our mission and goals, the longest-term impacts our work will have on the health of Minnesotans, and the future work of others, together will equal our true legacy.











## **Appendix D**

### **ClearWay Minnesota<sup>SM</sup> Retention/Severance Pay Plan**

**CLEARWAY MINNESOTA**  
**RETENTION/SEVERANCE PAY PLAN**

**EFFECTIVE DATE:** September 20, 2017

## **I. Introduction**

This document is the ClearWay Minnesota Retention/Severance Pay Plan (the “Plan”). The purpose of a severance package is to help ease the financial burden resulting from the loss of employment due to involuntary termination of employment due to workforce reduction or restructuring resulting from ClearWay Minnesota’s life-limited status.

## **II. Eligibility for Severance Package**

Severance pay, and COBRA premiums payment (collectively, a “Severance Package”) will be offered to eligible employees when the loss of employment on or after the Effective Date is due to an involuntary termination of employment by ClearWay Minnesota due to workforce reduction or restructuring resulting from ClearWay Minnesota’s life-limited status as determined by ClearWay Minnesota, pursuant to the terms and conditions of this Plan.

## **III. Plan Definitions**

**A. *Workforce Reduction or Restructuring.*** A workforce reduction or restructuring occurs when ClearWay Minnesota eliminates or changes a position due to ClearWay Minnesota’s life-limited status that in turn results in termination of the employee holding that position. A “workforce reduction or restructuring” does not include termination of an employee for unsatisfactory work performance or conduct, poor attendance, resignation by the employee, or any other action on the part of the employee or ClearWay Minnesota.

**B. *Eligible Employees.*** All employees who, as of the termination date selected by ClearWay Minnesota, (1) have been employed by ClearWay Minnesota for at least twelve (12) months (based on the most recent date of hire) (the rounding practice noted below shall not apply to this eligibility criteria) and (2) either (i) hold a position scheduled to work .5 FTE (full time equivalent) or more or (ii) have held a position scheduled to work .5 FTE or more in the twenty-four (24) month period immediately prior to the termination date but such position was reduced below a .5 FTE schedule by ClearWay Minnesota in such 24-month period due to ClearWay Minnesota’s life-limited status. Notwithstanding anything herein to the contrary, temporary employees and other employees who at the time of hire are given a defined termination date are not eligible employees under this Plan.

**C. *Severance Pay.*** Severance pay is a monetary amount paid to an employee that is in addition to any earned compensation for hours worked and/or accrued vacation pay owing pursuant to ClearWay Minnesota’s policy following termination.

#### **IV. Eligibility and Timing of Payments**

The Severance Package becomes available to an eligible employee pursuant to this Plan only upon completion of all of the following:

1. The employee satisfies all the eligibility requirements stated in Section III(B) above, and
2. The employee's employment is involuntarily terminated by ClearWay Minnesota on or after the Effective Date due to a workforce reduction or restructuring resulting from ClearWay Minnesota's life-limited status;
3. The employee remains employed by ClearWay Minnesota through the last day of employment selected by ClearWay Minnesota;
4. The employee signs and complies with a written Severance Agreement and Release of Legal Claims prepared by ClearWay Minnesota, and
5. All applicable rescission periods as set forth in the Severance Agreement and Release of Legal Claims have expired without rescission by the employee.

The severance pay, less all applicable federal and state withholding, will be paid in substantially equal installments beginning within sixty (60) days following the employee's termination date (and as soon as practicable after expiration of the rescission period(s) without rescission) and continuing thereafter over the applicable severance pay period on ClearWay Minnesota's regular pay date schedule. The first payment will include "catch-up" severance pay for the period between the employee's last day of employment and the first payment date, if applicable. The longest rescission period for Minnesota employees will be the 15 calendar day period following the employee's execution of the Severance Agreement and Release of Legal Claims.

An eligible employee will also be paid his/her final wages and vacation payout, if applicable, upon termination.

#### **V. Amount of Severance Pay and Other Elements of Severance Package**

An eligible employee's severance pay will be equal to (a) four weeks of the employee's ending base pay plus (b) one week of the employee's ending base pay for each full anniversary year of employment with ClearWay Minnesota (based on the employee's most recent date of hire) rounding up or down to the nearest anniversary date as applicable, capped at 20 weeks. For example, an eligible employee with five full anniversary years of employment with ClearWay Minnesota (after rounding up or down is applied) would be offered nine weeks of severance pay and an eligible employee with 22 full anniversary years of employment with ClearWay Minnesota (after rounding up or down is applied) would be offered 24 weeks of severance pay. For purposes of this Plan, a "week" is equal to the same number of hours that the employee is regularly scheduled to work in a workweek as of the end of employment and does not include any overtime hours or pay. Notwithstanding the foregoing, if an eligible employee held a position scheduled to work .5 FTE or more in the twenty-four (24) month period immediately prior to the termination

date but such position was reduced below a .5 FTE schedule by ClearWay Minnesota in such 24-month period due to ClearWay Minnesota's life-limited status, such employee's severance pay will be calculated based on his/her highest scheduled FTE status/pay (not to exceed 1.0 FTE) in the 24-month period immediately prior to the termination date.

*Example of rounding applied:* If employed for at least 8.5 anniversary years but not 9 anniversary years as of the last day of employment (based on the employee's most recent date of hire), rounding up to the nearest anniversary date will apply and the employee will be credited with 9 full anniversary years of employment for purposes of the severance pay calculation. If employed for at least 8 anniversary years but not yet 8.5 anniversary years as of the last day of employment (based on the employee's most recent date of hire), rounding down to the nearest anniversary date will apply and the employee will be credited with 8 full anniversary years of employment for purposes of the severance pay calculation. (As noted above, and notwithstanding anything herein to the contrary, rounding will not apply to the requirement that an employee have been employed by ClearWay Minnesota for at least 12 months (based on the most recent date of hire) as of the termination date.)

<b>Full Anniversary Years of Employment</b> (with rounding applied except as noted)	<b>Weeks of Severance Pay</b>
Less than one year (rounding does not apply)	None.
1 year	4 weeks + 1 week = 5 weeks total
2 years	4 weeks + 2 weeks = 6 weeks total
3 years	4 weeks + 3 weeks = 7 weeks total
4 years	4 weeks + 4 weeks = 8 weeks total
5 years	4 weeks + 5 weeks = 9 weeks total
6 years	4 weeks + 6 weeks = 10 weeks total
7 years	4 weeks + 7 weeks = 11 weeks total
8 years	4 weeks + 8 weeks = 12 weeks total
9 years	4 weeks + 9 weeks = 13 weeks total
10 years	4 weeks + 10 weeks = 14 weeks total
11 years	4 weeks + 11 weeks = 15 weeks total
12 years	4 weeks + 12 weeks = 16 weeks total
13 years	4 weeks + 13 weeks = 17 weeks total
14 years	4 weeks + 14 weeks = 18 weeks total
15 years	4 weeks + 15 weeks = 19 weeks total
16 years	4 weeks + 16 weeks = 20 weeks total
17 years	4 weeks + 17 weeks = 21 weeks total
18 years	4 weeks + 18 weeks = 22 weeks total
19 years	4 weeks + 19 weeks = 23 weeks total
20 years	4 weeks + 20 weeks = 24 weeks total
21+ years	4 weeks + 20 week cap = 24 weeks total

In addition, if an eligible employee elects pursuant to COBRA to continue to participate in ClearWay Minnesota's group health, dental and/or life insurance plans, ClearWay Minnesota will continue to pay through the end of the month in which the applicable severance pay period ceases (counting from the last day of employment) the employer portion of the premiums for such group health, dental and

life insurance coverage for the employee and his/her eligible dependents under ClearWay Minnesota's group health, dental and life insurance plans. The employee will continue to be responsible to pay his/her portion of the premiums, if any, for such insurance coverage during this period. ClearWay Minnesota will discontinue such payments prior to the end of the applicable period if, and at such time as, the employee (i) is covered or eligible to be covered under the group health insurance plan of a new employer, or (ii) ceases to participate, for whatever reason, in ClearWay Minnesota's group insurance plans. If ClearWay Minnesota determines, in its sole discretion, that payment of the COBRA premiums under this Plan would result in a violation of the nondiscrimination rules of Section 105(h)(2) of the Internal Revenue Code or any statute or regulation of similar effect (including but not limited to the 2010 Patient Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act), then in lieu of paying the COBRA premiums, ClearWay Minnesota may instead elect to pay the employee on the first day of each month, a fully taxable cash payment equal to the employer portion of the COBRA premiums for that month, subject to applicable tax withholdings (the "Special Severance Payment"), for each remaining month during which the employee is entitled to receive payment under this Plan. The employee may, but will not be obligated to, use the Special Severance Payment toward the cost of COBRA premiums. ClearWay Minnesota has the right to modify or terminate its group insurance plans at any time and eligible employees will have the same right to participate in ClearWay Minnesota's group insurance plans only as is provided on an equivalent basis to ClearWay Minnesota's employees.

## **VI. Affect on Other Benefits**

Employees who are terminated as part of a workforce reduction or restructuring will be paid for any accrued and unused vacation in accordance with ClearWay Minnesota's regular vacation policy. This Plan does not affect payments made under that policy. Employees will also have the right to continue their health, dental and/or life insurance benefits to the extent required by applicable federal or state law. All other Company-provided benefits (for example, any other paid leave, disability insurance coverage, etc.) will end on the employee's termination date.

## **VII. Right to Terminate**

ClearWay Minnesota reserves the right to change this Plan at any time to any extent and in any manner that it may deem advisable. While ClearWay Minnesota expects this Plan to continue, ClearWay Minnesota further reserves the right to terminate the Plan at any time. Further, ClearWay Minnesota specifically reserves the right to amend this Plan without employee consent to the extent necessary or desirable to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations, notices and other guidance of general application issued thereunder, and with any other applicable federal or state law.

## **VIII. General Plan Provisions**

**A. *Withholding.*** ClearWay Minnesota shall be entitled to deduct from all payments or benefits provided for under this Plan any federal, state or local income and employment taxes required by law to be withheld with respect to such payments or benefits.

**B. *No Employment Rights.*** Participation in the Plan does not give an employee any



rights to continuing employment with ClearWay Minnesota or modify the at-will employment relationship.

**C. *Successors and Assigns.*** An employee's rights under this Plan shall inure to the benefit of and shall be enforceable by the employee, his or her heirs and the personal representative of his or her estate. Except as otherwise provided, this Plan shall be binding upon and inure to the benefit of ClearWay Minnesota and its successors and assigns.

**D. *Notices.*** Notices and all other communications required under the Plan shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified or registered mail, return receipt requested, postage prepaid. Any such notice or other communication provided to ClearWay Minnesota shall be sent to the address of the Agent for Service of Legal Process set forth below, or to such other address as ClearWay Minnesota may have furnished in writing. Any such notice or other communication provided to an employee shall be addressed to the last-known address which ClearWay Minnesota has on file for such employee.

**E. *No Assignments.*** Benefits under the Plan cannot be assigned, transferred or sold to anyone else. Benefits also cannot be used as collateral for loans or pledged in payment of debts, contracts or any other liability.

**F. *Superseding Effect.*** This Plan supersedes any and all prior or contemporaneous negotiations, commitments, agreements (written or oral) and writings between employees and ClearWay Minnesota with respect to severance benefits, and constitutes the entire agreement and understanding between the employees and ClearWay Minnesota. Any other negotiations, commitments, agreements and writings will have no further force or effect. If an employee is a party to any such other negotiations, commitments, agreements or writings, such employee will have no further rights or obligations thereunder.

#### **IX. Additional Information Regarding This Severance Pay Plan**

Plan Sponsor	ClearWay Minnesota
Plan Administrator	ClearWay Minnesota
Plan Name	ClearWay Minnesota Retention/Severance Pay Plan
Plan Number	5003.
Plan Sponsor Employer Identification Number	41-1921094
Agent for Service of Legal Process	Chief Executive Officer of ClearWay Minnesota
Plan Funding	Funds for the ClearWay Minnesota Retention/Severance Pay Plan are provided out of the general assets of ClearWay Minnesota.

Plan Year

January 1 and ending December 31

Administrator Discretion

The Plan Administrator has discretionary authority to interpret, apply and enforce all provisions of the Plan, for example: determining an employee's eligibility to participate in the Plan, an employee's base pay and whether an employee is entitled to severance pay and the amount of any such payment.

## **X. Claims Procedures**

If an employee does not agree with the way his or her claim for benefits has been handled, the employee may object in writing during the 30-day period after the date payment of benefits is to begin, or would begin if any benefits were payable. The employee's authorized representative may also object on the employee's behalf, subject to any documentation required by ClearWay Minnesota to verify that such representative has that authority.

ClearWay Minnesota must respond to the employee's written objection. That response must be in writing and must be provided to the employee during the 90-day period following ClearWay Minnesota's receipt of the written objection. However, if special circumstances require an extension of the time period for ClearWay Minnesota to make a decision, ClearWay Minnesota will, within the initial 90-day period, notify the employee of those circumstances and the date by which ClearWay Minnesota expects to make its decision. In no event will ClearWay Minnesota have longer than 180 days from the receipt of the employee's written objection to make its decision. ClearWay Minnesota will issue a written explanation of its decision, which must:

- State the reason(s) why the employee's claim for benefits was denied;
- Specifically refer to any plan provisions that formed the basis for ClearWay Minnesota's decision;
- Describe any additional material or information necessary for the employee to perfect his or her claim and why that material or information is necessary; and
- Describe the procedures the employee must follow to have his or her claim reviewed further, including the employee's right to bring a civil action under ERISA in the event of an adverse decision.

If an employee disagrees with ClearWay Minnesota's decision, the employee may request an appeal by filing a written application for review with ClearWay Minnesota within the 60-day period following the employee's receipt of the notice of denial of his or her original claim. The employee will be entitled to review any applicable documents or other records, to request copies of such documents or other records without charge, and to submit written comments, documents or other materials relating to his or her claim for benefits. ClearWay Minnesota must provide the employee with a decision on his or her appeal within 60 days following receipt of the employee's written request. However, if special circumstances require an extension of the time period for

ClearWay Minnesota to make a decision, ClearWay Minnesota will, within the initial 60-day period, notify the employee of those circumstances and the date by which ClearWay Minnesota expects to make its decision. In no event will ClearWay Minnesota have longer than 120 days to make its decision. ClearWay Minnesota will issue a written explanation of its decision, which will be considered final. That explanation must:

- State the reason(s) why the employee's claim for benefits was denied;
- Specifically refer to any plan provisions that formed the basis for ClearWay Minnesota's decision;
- Inform the employee that he or she may have reasonable access to all documents, records and other materials relevant to his or her claim, and may request copies at no charge; and
- Inform the employee of his or her right to bring a civil action under ERISA.

If an employee does not give proper notice or otherwise follow the rules for filing and reviewing claims under the Plan, the employee and/or the employee's beneficiary may not be able to take further legal action, including arbitration, to contest any decision made under the Plan with respect to the employee's benefits.

## **XI. ERISA Rights**

Federal law requires ClearWay Minnesota to provide to employees a "Statement of ERISA Rights" set forth in federal regulations. That statement, which follows, describes some of employees' rights under federal law with respect to the Plan.

As a participant in the Plan, employees are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all plan participants shall be entitled to:

### **Receive Information About Your Plan and Benefits**

- (a) Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites, all documents governing the Retention/Severance Pay Plan, including insurance contracts and collective bargaining agreements, if any, filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- (b) Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Retention/Severance Pay Plan, including insurance contracts and collective bargaining agreements, if any, and updated summary plan description. The Administrator may make a reasonable charge for the copies.
- (c) Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual

report.

### **Prudent Actions by Plan Fiduciaries**

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including ClearWay Minnesota or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

### **Enforce Your Rights**

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of documents and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that plan fiduciaries do not administer the Plan in accordance with its terms, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees; for example, if it finds your claim is frivolous.

### **Assistance with Your Questions**

If you have any questions about the Retention/Severance Pay Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.



## **Appendix E**

### **2017 Policy Statements**

**ClearWay Minnesota<sup>SM</sup> 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.<sup>1</sup>
- **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,<sup>1</sup> and the number of youth who start smoking by 10 percent.<sup>2</sup> 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.<sup>3</sup> 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, which 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.<sup>4</sup>
- **Limiting price discounting, a common tobacco industry practice, will prevent millions of youth and young adults from a lifetime of addiction.** While significantly increasing tobacco excise taxes is the most effective way to increase tobacco prices, there are other non-tax approaches to maintaining and increasing the price of tobacco products.<sup>5-9</sup> One approach is prohibiting price discounting, a common strategy used by the tobacco industry to circumvent states' minimum price laws and/or blunt the impact of an excise tax increase. Research has proven that price discounting practices increase youths progression from experimentation to regular smoking and undermine quit attempts.<sup>10</sup> Price discounting practices include direct mail, Internet and point-of-sale coupons, buy-one-get-one-free offers and multipack discounts. Through modeling, researchers estimate a \$10-per-pack retail price that also eliminated discounts could have the highest impact, resulting in 4,186,954 fewer young adult cigarette smokers (a 12.2 percentage-point decrease in prevalence).<sup>11</sup> Prohibiting the redemption of coupons and multipack discounts will maintain higher prices on tobacco products. Local jurisdictions including New York City and Providence, Rhode Island, have passed ordinances prohibiting the redemption of coupons. In Minnesota, many local communities have set minimum prices on single cigars, which has successfully increased prices and reduced availability of these products.
- **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.<sup>12</sup> 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.<sup>13</sup>
- **Tobacco use remains a persistent problem in Minnesota.** Each year in Minnesota, 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.<sup>14</sup> 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.<sup>15</sup>

- **There is more work to be done nationally to reduce smoking rates.** In 2015, a new low of 15.3 percent of U.S. adults were current cigarette smokers.<sup>16</sup> 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.<sup>17</sup> 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.<sup>15</sup>
- **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.<sup>18</sup> As of July 14, 2016, Minnesota ranked eighth in the United States for its cigarette tax. Seven states (New York, Massachusetts, Rhode Island, Connecticut, Hawaii, Vermont and Washington) currently have cigarette tax rates over \$3.00 per pack.<sup>19</sup>
- **Higher tobacco prices encourage smokers to quit.** In-state evidence shows that cigarette price increases prompt many smokers to quit or cut back.<sup>20</sup> In 2013, Minnesota's sales and excise tax on cigarettes increased by \$1.75 per pack. Quit attempts by Minnesotans increased dramatically. 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. In addition, smokers reported that this price increase influenced their smoking behaviors, with 60.8 percent thinking about quitting, 48.1 percent cutting down on smoking and 44.2 percent making quit attempts. Among smokers who successfully quit in the year following the tax increase, 62.8 percent reported that the price increase helped them make a quit attempt, and 62.7 percent reported that it helped keep them from smoking again.<sup>20</sup>
- **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.<sup>21</sup>
- **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.<sup>22</sup> 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 taxes would generate approximately \$593,271 million in revenue in Fiscal Year 2014. The actual revenue reported by Minnesota's Management and

Budget was \$607,120 million – \$13,849 higher than the original estimate.<sup>23</sup> Minnesota’s model to estimate revenue from tobacco taxes takes into account declines in consumption, smoking rates and youth initiation.

**Background:**

- 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.”
  - An annual adjustment (indexing) of the cigarette excise tax will take effect starting January 1, 2014, and will likely result in a slight increase in the excise tax every year to keep pace with inflation.
  - As of January 1, 2014, a minimum tax was applied to all containers of “moist snuff.” The excise tax will be either 95 percent of the wholesale price or \$2.83 per container (whichever is greater).
  - There is a report about the tobacco tax components of the new law from the Public Health Law Center.<sup>24</sup>
- 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 excise taxes on tobacco products that they argue are less harmful than cigarettes. But that is true only if people completely switch, which data suggest is not happening; meanwhile, the industry is specifically promoting dual use of cigarettes with OTPs. ClearWay Minnesota supports keeping the price of cigarettes and OTPs equally high and not adjusting tax rates on some products based on false 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. In 2015, traditional tobacco companies such as Reynolds America aggressively lobbied for legislation in Minnesota and around the country proposing to tax electronic cigarettes based on milliliters of nicotine. In Minnesota, this change would significantly decrease the tax rate on “closed-system” e-cigarette brands primarily owned by traditional tobacco companies. Independent e-cigarette manufacturers and retailers oppose this new tax method because they see it as a competitive advantage for traditional tobacco companies. In 2016, the Legislature decreased the tax on closed-system e-cigarettes from 95 percent to 45 percent of the wholesale price. However, Governor Dayton vetoed the tax bill that included this provision, so it was not implemented.
- “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.
- Since 2005, cigarette sales have been exempt from state and local sales taxes. A per-pack tax applies instead of the sales tax ("fee in-lieu of sales tax"). The Commissioner of Revenue annually sets this in-lieu tax based on a survey of Minnesota retail cigarette prices. The rate is set as an average of these prices and is reset January 1 for the calendar year. Effective January 1, 2016, the rate is 54.3 cents/pack, a slight increase from 52.6 cents/pack in 2015. The tax does not replace local sales taxes, although cigarettes are exempt from these local taxes. Under the 2013 legislation, the excise tax rate on cigarettes is also annually adjusted on January 1 for the change in the average retail price of cigarettes in Minnesota. The annual adjustment has increased the excise tax rate by 17 cents (7 cents in 2015 and 10 cents in 2016) to \$3.00 per pack. Both of these annual adjustments help the sales and excise taxes keep pace with inflation and prevent the tax burden from declining over time. The predictive models used by the American Cancer Society, the Campaign for Tobacco Free Kids, ClearWay Minnesota and others to estimate the impact of price increases on public health (number of lives saved, number of smokers who will quit, number of youth who will not become addicted, etc.) assume that the real value of the tax is maintained over time. With all other factors held constant, if the value of the tax burden is not maintained over time, Minnesota will see an increase in youth uptake. Maintaining the value of the tax over time prevents youth from initiating smoking and becoming addicted in the future. However, the immediate impact of inflationary increases (or small tax increases) are difficult to measure. In addition, automatic inflationary increases may deter legislators from supporting significant, one-time tobacco tax increases which have measureable and immediate public health benefits.
- 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 relabeled 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 convened 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](http://www.raiseitforhealth.org).

- As we look to future policy efforts around increasing taxes on cigarettes and other tobacco products, it will be helpful to know more about a number of pressing questions, including:
  - As smoking prevalence decreases, do price increases have the same impact on quitting?
  - As tobacco prices continue to increase through taxes, is there a point of diminishing returns?
  - If data on long-term use of noncombustible tobacco products become available, should we consider a different tax rate on products that demonstrate different or lower risk rates?

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**ClearWay Minnesota<sup>SM</sup> 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:<sup>1</sup>
  - The scientific evidence that secondhand smoke causes serious diseases, including lung cancer, stroke, heart disease and respiratory illnesses, is massive and conclusive. There is no longer a scientific controversy or any scientific debate.<sup>2</sup>
  - 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).<sup>3</sup> In 2014, the greatest proportion of exposure among adult nonsmokers in Minnesota occurred in community settings (31.7 percent, defined as locations other than home and car) followed by cars (6.9 percent) and in the home (3.2 percent).<sup>4</sup> Most remaining exposure is in outdoor settings and for brief a duration. Decreased exposure to secondhand smoke 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.<sup>5</sup> 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.<sup>5</sup>
- **Specific evidence from Minnesota demonstrated that banning indoor smoking 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.<sup>6</sup>
- **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.<sup>7</sup> 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 last five years say that smoke-free policies made them cut down before quitting.<sup>3</sup>
- **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.<sup>8</sup> 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.<sup>9,10</sup> 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.<sup>11</sup> Since 2007, the American Academy of Pediatrics has called for policies that prohibit smoking in cars with minors.<sup>12</sup> Currently seven U.S. states and several other local jurisdictions ban smoking in cars with children riding in them.<sup>13</sup> 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.** A recent national study found 25.3 percent of nonsmokers were exposed to secondhand smoke in 2011-2012; however, rates among children aged three to 11 and non-Latino whites were considerably higher at 40.6 percent and 46.8 percent, respectively.<sup>14</sup> 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).<sup>3,15</sup> 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.<sup>5</sup> ClearWay Minnesota is following the 2015 federal Housing and Urban Development proposed rulemaking to make all federally subsidized housing structures smoke-free; including a public comment in support of this potential new rule. 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<sup>16</sup> and 34.4 percent of all multiunit housing residents with smoke-free home rules remain exposed to SHS in their homes according to 2013-2014 national data.<sup>17</sup> 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).<sup>5</sup>

#### **Background:**

- 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 by many and widely embraced by business owners, and is popular with Minnesotans:
  - A September 2014 public opinion survey found that 87 percent of Minnesotans support the statewide smoke-free law.<sup>18</sup>
  - 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.<sup>19</sup>
  - A recent study demonstrated that policies like Freedom to Breathe both protect nonsmokers from secondhand smoke and are associated with less smoking among youth and young adults.<sup>20</sup>
- 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] to 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.<sup>21</sup> 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.<sup>5</sup>
- While the harm of secondhand smoke exposure indoors is undeniably shown by research, the harm of exposure in outdoor settings is less evident.<sup>22</sup> Exposure in outdoor settings is more variable than indoor exposure.<sup>23</sup> Caution should be taken, however, by those with preexisting health conditions, which can be aggravated even by brief secondhand exposure.<sup>24</sup> 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 change for tobacco use.<sup>25</sup> 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.
- 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 Minnesota<sup>SM</sup> 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 Minnesota state laws pertaining to tobacco control.**

**Facts:**

- **Preemption of public policies is a tobacco industry strategy.** Preempting local ordinances is a priority for tobacco companies because tobacco companies know that such ordinances effectively reduce tobacco use and hurt tobacco industry profits.<sup>1</sup> 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.”<sup>2</sup>
- **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 by, for example, restricting smoking within a designated distance of building entrances or prohibiting smoking in all guest rooms in hotels and motels.<sup>3</sup> Any type of statewide preemptive language, including outdoor preemption, would weaken those local ordinances.

**Background:**

- Specific areas of law targeted for preemption include but are not limited to youth access restrictions, smoke-free policies, retailer licensing, tobacco advertising and taxation. As of July 1, 2016, 13 states have laws that partially or completely preempt local ordinances from restricting smoking in worksites. They are Nebraska, Wisconsin, Utah, South Dakota, Oklahoma, Florida, Tennessee, North Carolina, Virginia, Pennsylvania, Connecticut, New Hampshire and Michigan.<sup>4</sup>
- Broad support exists for allowing local action on policies reducing exposure to secondhand smoke, reducing youth exposure to tobacco products and limiting access to tobacco products. 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.
- Many localities in Minnesota have also enacted policies that go above and beyond the standards included in Minnesota’s youth access and tax statutes. For example, cities and counties have passed policies limiting the number of tobacco retailer licenses in their community, increasing the minimum age to sell tobacco to 18,

requiring a minimum price and minimum package size for cigars and restricting the sale of flavored tobacco products to adults-only stores.

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**ClearWay Minnesota<sup>SM</sup> 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.<sup>1</sup>
- **Minnesota's investment in tobacco prevention falls short.** CDC recommends that Minnesota spend \$52.9 million a year in order to have an effective, comprehensive tobacco control program.<sup>1</sup> In Fiscal Year 2016, Minnesota only spent \$21.5 million, or 40.6 percent of CDC's recommendation, on tobacco control.<sup>2</sup> In contrast, in Fiscal Year 2015 the state of Minnesota collected an estimated \$1.4 billion from ongoing settlement payments and tobacco taxes and fees; this funding is not dedicated to public health or tobacco control.<sup>2</sup> Furthermore, recent reports show the tobacco industry spends more than \$156.3 million annually on advertising and marketing in Minnesota.<sup>3,4</sup>
- **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,<sup>5</sup> and more than 95 percent of smokers nationwide started smoking before they turned 21.<sup>6</sup> Approximately 19.3 percent of Minnesota high-school students used some form of tobacco in the past 30 days.<sup>7</sup>
- **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.<sup>8</sup> Research has shown that tobacco prevention investments produce short- and long-term health care cost savings.<sup>9</sup>
- **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, which includes funding multicultural organizations and networks to collect data and develop and implement culturally appropriate interventions for specific communities.<sup>1</sup>
- **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.<sup>10-13</sup>

**Background:**

- 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.<sup>7</sup>
- ClearWay Minnesota actively pursues opportunities to leverage state and federal funding for tobacco prevention and cessation. For example, in May 2015, the Minnesota Legislature passed a bill requiring the Minnesota Department of Health to fund a one-time grant of \$200,000 from Statewide Health Improvement Program (SHIP) funding. The law requires that the grant be used to engage members of the African American community and community-based organizations to implement strategies and interventions to reduce the disproportionately high usage of cigarettes by African Americans, especially the use of menthol-flavored cigarettes, as well as the disproportionate harm tobacco causes in that community. In 2013, the Minnesota Legislature passed a bill including 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 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 and again for fiscal years 2016-2017). On an ongoing basis, ClearWay Minnesota partners with the Minnesota Department of Public Health to obtain funding from the CDC to enhance cessation-related activities. For the past few years, this partnership resulted in funding to conduct outreach to Medical Assistance and MinnesotaCare enrollees and their health care providers to educate them about available cessation services as well as to support and improve the Call it Quits Referral Program.
- 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, and gender and sexual orientation of Minnesota's growing and heterogeneous communities.<sup>14</sup> 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, providing free cessation services, providing grants to community organizations to link smokers of low socioeconomic status to existing cessation services, and funding 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 health of the nation and state.<sup>15</sup> 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.<sup>16</sup>

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**ClearWay Minnesota<sup>SM</sup> 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.**<sup>1</sup> 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.<sup>2</sup> 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.<sup>1</sup> Tobacco cessation treatment is also one of the services that receives 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.<sup>3</sup>
- **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.<sup>2</sup>
- **There are barriers to accessing health care, and these affect access to tobacco dependence treatment.** Barriers such as cost of health insurance, copayments, prior authorization and lack of comprehensive coverage disproportionately impact low-income populations.<sup>4,5</sup> Decreasing barriers to tobacco dependence treatment increases use of cessation pharmacotherapy, quit attempts and sustained abstinence rates.<sup>3,6</sup> Implementing comprehensive, barrier-free tobacco-cessation coverage, as described in the Affordable Care Act, makes it easier for tobacco users to quit and for physicians to help them do so.<sup>7</sup> 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.<sup>8</sup> A recent study also showed that insurance coverage in 2014 was 12 percent lower among smokers facing the highest surcharges than among smokers facing no surcharges.<sup>9</sup>
- **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 dependence treatment, including both counseling and medications, is one of the most cost-effective preventive services, providing substantial return on investment in the short and long term.<sup>1</sup> Cessation treatment in the outpatient setting lowers health care costs within 18 months of quitting.<sup>10</sup> Within three years, a former smoker's health care costs will be at least 10 percent less than if they continued smoking.<sup>11</sup>
- **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.<sup>3,12</sup> However, 2014 MATS data show 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.<sup>2</sup> 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.<sup>13,14</sup>

- **Addressing the social determinants of health is necessary to reduce tobacco use among low-socioeconomic status populations.**<sup>15,16,17</sup> 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 population groups. 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.<sup>18</sup> Strengthening data systems around social determinants of health can enhance strategies to effectively address the root causes of health disparities.<sup>19</sup>

#### **Background:**

- 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 copayments or coinsurance and should not be subject to prior authorization or deductibles, or to annual or lifetime dollar limits.<sup>1</sup> This definition of a comprehensive benefit is consistent with other definitions, including the Clinical Practice Guideline<sup>1</sup> and the Federal Employees Health Benefit Program.<sup>20</sup> ClearWay Minnesota advocates for barrier-free, comprehensive cessation benefits within all insurance products, including individual and group products, the State Employees Group Insurance Program and other publicly funded programs (e.g., Medical Assistance, MinnesotaCare).
- Minnesota Health Care Programs (MHCP – Medical Assistance and MinnesotaCare) enrollees have coverage for all FDA-approved tobacco cessation medications. In 2015, legislation was passed that prohibits copayments on preventive services, including tobacco cessation counseling and medications. While this legislation was fully implemented on January 1, 2016, there are still barriers to accessing treatment for MHCP enrollees (e.g. prior authorization requirements and duration limits). ClearWay Minnesota supports efforts to remove all barriers to accessing cessation services for MHCP enrollees.
- 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 seek reimbursement for doing so. The federal Medicaid definition of preventive services was recently changed to include “services recommended by a physician or other licensed practitioner of the healing arts acting within the scope of authorized practice under state law.” Leveraging this federal rule change, in late 2014, tobacco cessation counselors were added to the MHCP Provider Manual definition of Physician Extenders who can be reimbursed for delivering individual and group cessation counseling services.<sup>21</sup> 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). The Provider Manual outlines covered services and billing codes across all MHCP enrollees and provides eligibility criteria for MHCP providers who deliver services on a fee-for-service basis. Managed Care Organizations (MCOs) (i.e. health plans) can choose to use the MHCP Provider Manual provider eligibility criteria, including physician extenders, or develop their own. ClearWay Minnesota supports ongoing, successful implementation of this new reimbursement policy, including working to determine which MCOs utilize the Provider Manual eligibility criteria and working with those MCOs that develop their own criteria to allow reimbursement for services delivered by tobacco cessation counselors.

- 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.<sup>8</sup> Additionally, since surcharges have been implemented in states across the country, studies have shown that surcharges are making health insurance unaffordable<sup>22</sup> for tobacco users and have not been effective in encouraging smokers to quit<sup>9</sup>. 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 implementation of tobacco cessation treatment changes outlined in 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 Part 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 receives an 'A' rating from the USPSTF. The USPSTF updated the cessation interventions rating in fall 2015, clarifying that all types of counseling and all FDA-approved medications are included. Most health insurance products beginning after October 1, 2016 must comply with the updated rating.
- 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 benefits:
  - 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. Given the updated USPSTF tobacco cessation rating, ClearWay Minnesota supports updating the FAQ to reflect the USPSTF changes.

- 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 (e.g., Health Care Homes, Accountable Care Organizations, Accountable Communities for Health and Integrated Health Partnerships) 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.
- 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 publicly 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 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 system's ability to be successful on clinical quality measures, such as measures on tobacco use and treatment. 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. In 2015, legislation passed requiring the following:
  - Stratification of quality measures by race, ethnicity, preferred language and country of origin beginning with five measures, and stratifying additional measures in the future.
  - Considering future stratification of measures by additional social determinants of health.
  - Inclusion of relevant social determinants of health within the existing risk adjustment system.
  - Inclusion of priority population representation within MN Community Measurement's governance structure.

The Commissioner of Health must implement these changes in consultation with communities impacted by health disparities. ClearWay Minnesota supports the ongoing, successful implementation of this legislation especially as it relates to tobacco use and treatment quality measures.



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**ClearWay Minnesota<sup>SM</sup> 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 on Tribal 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 disease<sup>1</sup>—are related to commercial tobacco use.<sup>\*2</sup>
- **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).<sup>3,4</sup> According to the 2013 Minnesota Student Survey, 29.2 percent of American Indian or Alaska Native 11<sup>th</sup>-grade students have used commercial tobacco in the last 30 days compared to the statewide percent of 18.9 percent.<sup>5</sup>
- **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 of total Minnesota adults),<sup>6</sup> 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).<sup>4</sup>
- **In Minnesota, casino employees are not protected from secondhand smoke.** Recent reports show that, in Minnesota, tribal gaming and government provide 41,700 jobs.<sup>7</sup> 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.<sup>8</sup>
- **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.<sup>8</sup> 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.<sup>9</sup>
- **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.<sup>8</sup>

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\* *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.<sup>10</sup> The National Congress of American Indians has recently adopted a resolution that endorses policies for the protection of tribal community members from commercial tobacco use and secondhand smoke exposure through comprehensive policies that include casinos, cessation services, and dis-incentivizing promotions of tobacco products.<sup>11</sup>
- **Many commercial tobacco-free policies have passed.** Since 2008, the Tribal Tobacco Education and Policy Initiative has been successful in passing significant commercial tobacco-free policies such as smoke free buffer zones, foster care, elder housing, tribal facilities, powwows and casino venues. The success of this effort is due to shifting the paradigm from “tobacco control” to a “traditional tobacco movement” and strategies that are tribally driven.<sup>12</sup>
  - Bois Forte has passed the first smoke-free foster care policy in Indian Country.
  - Fond du Lac has a smoke-free first floor in their casino.
  - Mille Lacs has commercial tobacco-free ceremonies.

#### **Background:**

- 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).<sup>13</sup>
  - 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.<sup>14</sup>
  - Restoring traditional/sacred tobacco traditions is fundamental to advancing smoke-free tribal policies and 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 away from their land, eradicate their languages and destroy their way of life.<sup>15</sup>
- The Freedom to Breathe Act of 2007 does not apply to sovereign nations in Minnesota.
- The American Indian Cancer Foundation Health Equity Report states that there is a real readiness among tribal communities to advance health through capacity building and the enactment of policy, supported by leadership that promotes community health. Exercising sovereignty to change systems and environments will solidify norms that support health.

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***ClearWay Minnesota<sup>SM</sup> 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, a 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.<sup>1</sup>
- **FDA has comprehensive regulatory authority over tobacco products.** The Center for Tobacco Products within the FDA oversees jurisdiction to regulate tobacco products, 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.<sup>2</sup>
- **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:**

- Significant portions of the law went 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 cigarette packaging contain color graphics depicting the negative health consequences of smoking are currently being litigated, and have yet to be implemented.<sup>5</sup> ClearWay Minnesota has provided public support for the components of the law that are already in effect and that are currently held up in the courts.
- In 2014, the FDA announced plans to regulate "newly-deemed" tobacco products, including e-cigarettes. The new rules require makers of new products to comply with marketing, reporting and sales rules that apply to existing tobacco products.<sup>3</sup> 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 and to implement any new restrictions as quickly as possible, without extending comment periods or delaying implementation dates.<sup>4</sup> ClearWay Minnesota also supports extending the ban on flavoring in cigarettes to all tobacco products.
- In 2015, the FDA accepted comments to determine whether or not it should require child-resistant packaging and/or poisoning warnings for products that contain liquid nicotine. ClearWay Minnesota signed on to a letter of support written by the Public Health Law Center, encouraging FDA to require such packaging and warnings.

- Also in 2015, the FDA issued warning letters to three tobacco companies (including Reynolds American, which owns the Natural American Spirit brand) that had violated the Family Smoking Prevention and Tobacco Control Act by using misleading advertising that characterized their products as less harmful than others. If the companies continue to make these claims, the FDA can and should order them removed from the market. The FDA also took action to remove four cigarette brands from shelves, citing that these products had different characteristics from existing approved products, and that R.J. Reynolds had not shown there were no new public health concerns around the new products. ClearWay Minnesota will continue to advocate for the FDA to pursue vigorous enforcement of current laws and regulations that are not being followed by the tobacco industry.
- In May 2016, the FDA finalized its rule extending its authority to all tobacco products. This step bars youth under 18 from purchasing e-cigarettes, which has been illegal in Minnesota since 2010. These new regulations also require e-cigarette sellers to register with the FDA and manufacturers to provide the government with details of their ingredients and manufacturing process, and disallows the distribution of sample products in stores.
- 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.<sup>5</sup> 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. Senator Barbara Boxer has 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 Minnesota<sup>SM</sup> Policy Position Eight**

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

**Facts:**

- **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, Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities, and youth at disproportionate rates.<sup>1,2</sup> Documents also revealed Lorillard Tobacco Company characterized high-school students as “the base of our business” for menthol cigarettes.<sup>3</sup> 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.<sup>4,5</sup> Hundreds of examples of the tobacco industry’s targeting of these populations can be found at <http://www.trinketsandtrash.org>.
- **Menthol increases smoking initiation rates among youth.** A 2013 U.S. Food and Drug Administration (FDA) report showed that menthol cigarettes increase youth smoking initiation, lead to a greater addiction and decrease successes in quitting smoking.<sup>6</sup> As an additive, menthol gives a cooling sensation and masks the harshness of cigarette smoke, thereby making it easier for adolescents to start smoking.<sup>7,8</sup> A study demonstrated that menthol levels in cigarettes were deliberately manipulated by the industry to broaden the appeal of cigarettes to youth.<sup>9</sup> In the United States, there are 19.2 million menthol cigarette smokers, including 1.1 million adolescents ages 12-17. The teen menthol smoking rate is higher than that of any other age group.<sup>10</sup> Compared to those who have been smoking for more than a year, youth who recently began smoking are more likely to smoke menthols.<sup>10</sup> Eighty-three percent of African American youth smokers<sup>11</sup> and 71 percent of LGBTQ youth smokers report smoking menthol cigarettes.<sup>12</sup>
- **African Americans smoke menthol cigarettes at higher rates and are more likely to suffer and die from smoking-related diseases.** African Americans in Minnesota smoke at a rate of 22.3 percent.<sup>13</sup> Tobacco use is the top cause of preventable death and disease among African Americans. Among adult African American smokers, 88 percent smoke menthols, compared to 26 percent of adult white smokers.<sup>8</sup> Eight out of every 10 (83 percent) African American youth smokers smoke menthols.<sup>12</sup> African Americans have the highest death rate and shortest survival rate from most cancers.<sup>14</sup> They are also 53 percent likelier to die of heart disease.<sup>15</sup> African Americans are among the individuals most exposed to secondhand smoke.<sup>16</sup> Research suggests higher disease rates among African Americans may result in part from menthol smoking.<sup>17</sup> A study of African American smokers also found individuals who smoke menthol cigarettes are likely to believe menthols are less harmful than non-menthol cigarettes.<sup>18</sup> 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.<sup>19,20</sup> In addition, African American menthol smokers are less successful in long-term abstinence than African American non-menthol smokers.<sup>21</sup>
- **Members of Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities smoke menthol cigarettes at higher rates than the general population.** The smoking rate for lesbian, gay and bisexual persons in Minnesota is 25.7 percent.<sup>13</sup> More than 36 percent of LGBTQ smokers smoke menthol cigarettes, with LGBTQ female smokers smoking menthols at an extremely high rate (42.9 percent).<sup>22</sup>
- **Adding menthol to cigarettes makes it harder for smokers to quit.** Multiple studies have shown that menthol smokers are more likely to try but less likely to successfully quit smoking than non-menthol cigarette smokers.<sup>23</sup>

- **Menthol tobacco use is a specific problem for Minnesota.** In Minnesota, 25.1 percent of smokers report smoking menthol cigarettes.<sup>24</sup> About half of Minnesota teen smokers (44.3 percent of high-school students) smoke menthol cigarettes.<sup>25</sup> Preference for menthol cigarettes among Minnesota students has more than doubled since 2000.<sup>25</sup> In Minnesota, smoking-related disease rates among American Indians are at epidemic levels, and 42 percent of American Indian smokers smoke menthol cigarettes.<sup>26</sup>
- **Policies that regulate or restrict menthol tobacco products have potential to reduce tobacco addiction and improve health.** 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.<sup>27</sup> Among Minnesota menthol smokers, approximately half reported they would quit smoking if menthol cigarettes were banned.<sup>28</sup> 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.<sup>29</sup>

#### **Background:**

- 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.<sup>30</sup> Ninety percent of cigarettes contain some menthol, and tobacco products flavored primarily with this chemical are marketed as “menthol” products. There are over 350 different varieties of menthol cigarettes.<sup>31</sup>
- 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.”<sup>32</sup>
- 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, the Center for American Progress and the Delta Sigma Theta sorority.
- On July 19, 2016, delegates at the annual National Academy for the Advancement of Colored People (NAACP) convention adopted a resolution to support efforts at local and state levels to restrict the sale of menthol and other flavored tobacco products. The resolution will go to the NAACP Board of Directors in October, 2016. If ratified before the Board of Directors, the NAACP will adopt the official policy of endorsing restrictions to flavored tobacco, including menthol.<sup>33</sup>
- 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 by 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.”<sup>31</sup>
- 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.”<sup>6</sup> 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 and restricting point-of-sale advertising.
- Chicago, Illinois, passed an ordinance in 2014 prohibiting sales of flavored tobacco products, including menthol tobacco, within 500 feet of schools.<sup>34</sup> Canadian provinces including Alberta, Ontario, Quebec, Nova Scotia, New Brunswick and Prince Edward Island have banned sales of menthol tobacco products altogether.<sup>35</sup> Despite some of the bans in Canadian provinces, products that claim to look and taste like menthol cigarettes are still being sold.<sup>36</sup>
- The Minnesota Legislature passed legislation in 2015 authorizing a one-time grant of \$200,000 from the Statewide Health Improvement Plan (SHIP) to address menthol tobacco use among African Americans in Minnesota.
- The cities of Minneapolis and Saint Paul have passed ordinances banning the sale of flavored tobacco in stores children can enter, but the policies in both locations specifically exempt menthol. In September 2015, ClearWay Minnesota executed a new grant with NorthPoint Health and Wellness Center to educate Minnesotans about the health harms and history of menthol-flavored tobacco, build grassroots support for policies that restrict access to menthol tobacco products and explore options to add menthol to Minneapolis’s flavor policy.

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**ClearWay Minnesota<sup>SM</sup> Policy Position Nine**

**ClearWay Minnesota supports restricting the sale of candy-, fruit- and menthol flavored tobacco products 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 which younger adults may be receptive to”<sup>1</sup>;
  - “It’s a well-known fact that teenagers like sweet products”<sup>2</sup>; and
  - “Flavored products would have appeal in the under-35 age group, especially in the 12-24 age group.”<sup>3</sup>
- **Flavored tobacco products appeal to youth and young adults.** Research shows that fruit, candy and alcohol flavors are attractive to minors and young adults.<sup>4</sup> Flavored tobacco products exploit sensory clues associated with candy and drinks that are popular with youth, such as Kool-Aid, Jolly Ranchers and Life Savers.<sup>5,6</sup> In a recent national survey of students in grades six to 12, 35.9 percent of current cigar smokers were using flavored cigars.<sup>7</sup> 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. Additionally, a recent Minnesota Department of Health (MDH) survey found that nearly 13 percent of Minnesota kids are using e-cigarettes, which come in kid-friendly flavors like gummy bear and cotton candy.<sup>8</sup>
- **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.<sup>9</sup> Moreover, youth are much more likely to smoke menthol cigarettes than are adult smokers,<sup>9</sup> with 25.1 percent of adult smokers usually smoking menthol cigarettes.<sup>10</sup>
- **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 95 percent of adult smokers started smoking before 21.<sup>11</sup> 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 U.S. Centers for Disease Control and Prevention (CDC), 42 percent of middle-school and high-school students who smoke were using flavored smoking products.<sup>12</sup> 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.<sup>13</sup> 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.<sup>14</sup> E-cigarettes, which come in fruit and candy flavors, may raise teens’ risk for future smoking.<sup>15</sup>
- **Flavored tobacco products are just as addictive and dangerous as non-flavored tobacco products.** 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 (COPD). Cigar smoke contains the same toxins as cigarette smoke.<sup>16</sup> Smokeless tobacco causes oral cancer, pancreatic cancer and cancer of the esophagus.<sup>17</sup> And

as reported in the 2014 Surgeon's General Report, evidence suggests that nicotine exposure during adolescence, a critical window for brain development, may have lasting adverse consequences for brain development.<sup>18</sup>

- **Flavorings used in e-cigarettes can be harmful.** Research shows that inhaling e-cigarette aerosol inflames lung tissue, and the extent of the inflammation can vary depending on the flavoring that's used in the e-cigarette liquid.<sup>19,20</sup>
- **Since the FDA banned flavored cigarettes, cigar use has increased.** In the 1960's, the tobacco industry worked to expand their appeal to youth with flavored "little cigars" and other cheap flavored products.<sup>21</sup> 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 United States have increased from six billion cigars to more than 13 billion.<sup>22</sup>

#### **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.
- State and local jurisdictions have the authority to restrict the sale of flavored tobacco products. New York City, Providence, Rhode Island, Chicago, Hayward and Santa Clara County California 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.
- On July 10, 2015, the Minneapolis City Council voted unanimously to restrict the sale of flavored tobacco products (excluding menthol) to adult-only tobacco product shops and to set a minimum price for cheap cigars. As a result of these policies, tobacco manufactured in kid-friendly flavors like grape, chocolate and cherry can only be sold by 20 of the city's 300-plus licensed tobacco vendors, and cigars must be sold for at least \$2.60 apiece wherever they are sold.
- On January 6, 2016 the St. Paul City Council voted unanimously to restrict the sale of flavored tobacco products (excluding menthol) to adult-only tobacco product shops and to set a minimum price for cheap cigars. As a result of the policies, tobacco manufactured flavors can only be sold by 14 of the city's 260-plus licensed tobacco vendors, and cigars must be sold for at least \$2.60 apiece for packages containing three or more cigars, and at least \$10.40 for packages containing four cigars.



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**ClearWay Minnesota<sup>SM</sup> Policy Position Ten:**

**ClearWay Minnesota supports increasing the minimum legal age to purchase tobacco products to 21.**

**Facts:**

- **According to the Surgeon General, preventing youth from initiating tobacco use is essential if we want to continue to reduce prevalence.**<sup>1</sup> The majority of tobacco users begin using tobacco at a young age. Almost 95 percent of current smokers report trying their first cigarette before the age of 21, and 100 percent report first using before age 26.<sup>2,3</sup> In Minnesota, 78.3 percent of smokers tried their first cigarette when they were 18 or younger, and 19.3 percent of Minnesota high-school students used some form of tobacco in the past 30 days.<sup>4,5</sup> Young people who initiate smoking as teens are at greater risk of becoming addicted adult smokers.<sup>6,7</sup> Although nationally, youth smoking rates declined by half between 1997 and 2011, more must be done to accelerate progress in further reducing overall smoking rates.<sup>7</sup>
- **Adolescents are especially vulnerable to the health impacts of tobacco use.** Adolescents are especially vulnerable to the toxic effects of nicotine. Exposure could harm brain development and predispose future tobacco use. Brief or continuous exposure to nicotine elicits lasting neurobehavioral damage.<sup>7</sup> According to the Surgeon General: “[The] earlier age of onset smoking marks the beginning of the exposure to the many harmful components of smoking. This is during an age range when growth is not complete and susceptibility to the damaging effects of tobacco smoke may be enhanced. These concerns led the Minnesota Department of Health to issue a health advisory in 2015 to inform health care professionals and parents that no amount of nicotine exposure is a safe for youth.”<sup>8</sup> In addition, an earlier age of initiation extends the potential duration of smoking throughout the lifespan. For the major chronic diseases caused by smoking, the epidemiologic evidence indicates that risk rises progressively with increasing duration of smoking; indeed, for lung cancer, the risk rises more steeply with duration of smoking than with number of cigarettes smoked per day.”<sup>9</sup>
- **Many smokers transition to regular, daily use between the ages of 18 and 21.** Half of adult smokers become regular, daily smokers before age 18 and many others transition to regular tobacco use between the ages of 18 and 21.<sup>10</sup> It is estimated that four out of five adult smokers become regular daily smokers before they turn 21.<sup>10</sup> Raising the minimum legal age to purchase tobacco products can reduce the risk of teen smokers transitioning to regular tobacco use and increase their chances of successfully quitting.<sup>10</sup>
- **Older adolescents, including friends and classmates, are a social source of tobacco for youth.** Many of those who purchase cigarettes for minors are under the age of 21.<sup>11,12</sup> In the United States, more than two thirds (69 percent) of 10<sup>th</sup>-grade students and nearly half (47.2 percent) of eighth-grade students report that getting cigarettes is easy.<sup>13</sup> Nearly two thirds (63.3 percent) of 12-17-year olds who had smoked in the last month had given money to others to purchase cigarettes for them.<sup>14</sup> In Minnesota, almost two of every five adolescent underage smokers reported obtaining their tobacco products through other people rather than by purchasing them themselves in a store.<sup>4</sup> Research has shown that smokers 18-19 years of age are the group most likely to have been asked to provide tobacco to those who are underage.<sup>15</sup> Raising the minimum legal purchase age to 21 increases the age gap between adolescents and those who can legally provide tobacco and removes easy access to tobacco products from the high-school environment.<sup>16,17</sup>

- **Tobacco companies target 18-21-year-olds.** The tobacco industry heavily targets 18 to 21-year-olds. Internal industry documents note that if cigarette companies don't "capture new users by their early twenties, it is unlikely that they ever will."<sup>18</sup> The 2014 Surgeon General's Report notes that the tobacco industry serves as the root cause of the smoking epidemic, aggressively marketing and promoting deadly tobacco products and recruiting youth and young adults as new consumers of these products.<sup>7</sup>
- **Raising the minimum legal age to purchase tobacco products to 21 would simplify enforcement.** In the retail environment, it would become more difficult for an adolescent to pass as a 21-year-old than an 18-year-old.<sup>16</sup> In addition, it would also simplify identification checks for retailers, as many states (including Minnesota) have driver's licenses that indicate if the driver is under the age of 21.<sup>18</sup>
- **Raising the minimum legal age to purchase tobacco products to 21 would improve the health of young people and save lives.** It would reduce prevalence by reducing youth initiation, reduce diminished academic, athletic and job performance tied to teen smoking, and substantially reduce tobacco-related disease and death. According to a 2015 report from the Institute of Medicine, increasing the legal age to purchase tobacco will mean fewer teenagers starting to smoke. For example, research predicts a 25 percent reduction in smoking initiation among 15-17-year-olds alone following such an increase. Raising the minimum age to 21 nationally would result in 223,000 fewer premature deaths and 50,000 fewer deaths from lung cancer.<sup>2</sup>

#### **Background:**

- The 2009 Family Smoking and Prevention Act sets a minimum age of 18 to purchase tobacco, but prohibits the FDA from establishing a higher nationwide minimum age.<sup>2</sup> States and local governments, however, continue to have authority to increase the minimum legal age to purchase tobacco products, and many are using this strategy to reduce the harms of tobacco in their communities.<sup>18</sup> Most states set the minimum age at 18; four states (Arkansas, Alabama, Utah and New Jersey) have a minimum age of 19.<sup>2</sup> As of September 27, 2016, at least 200 localities in 14 states, including Boston, Chicago, and New York City, have raised the age to purchase tobacco to 21.<sup>19</sup> Hawaii and California were the first states to raise the age to purchase tobacco to 21.
- While limited, there is direct research from places that have implemented policies to support increasing the minimum legal age. After Needham, Massachusetts, increased its tobacco sales age to 21 in 2005, tobacco use among high-school students was reduced by nearly half.<sup>20</sup> Both smoking rates and cigarette purchases declined significantly more in Needham than in 16 comparison communities. These declines were seen across all subgroups, with the exception of ninth-grade students, who already reported low smoking rates. In addition, alcohol use did not decline significantly more in Needham compared to the other communities, indicating the changes were specific to cigarette use and not due to broader declines in substance use. Likewise, studies of England's experience when it raised the minimum purchase age for cigarettes from 16 to 18 years of age in 2007 showed that this increase was associated with significant declines in smoking prevalence among 16- and 17-year-olds and that youth ages 11 to 15 were less likely to become regular smokers.<sup>21,22</sup>
- A majority of smokers and nonsmokers support Tobacco 21 as a policy.
  - Surveys in New York City (2010-2012) found support among 60 percent of smokers and 69 percent of nonsmokers.<sup>23</sup>
  - A 2013 national survey found 70 percent of adults were in favor of Tobacco 21.<sup>24</sup>

- In 2014 a national survey found 75 percent of adults in favor of increasing the minimum purchase age for tobacco to 21.<sup>25</sup> The majority of all assessed groups were in favor of this tobacco control strategy, with no statistically significant differences by gender, race, education, income and geographical region. It is notable that the majority of smokers (69.9 percent) were in support of raising the age to purchase tobacco to 21.
- While there is strong public support for raising the minimum legal age to purchase tobacco products, the tobacco industry is strongly opposed to this, as reflected in their internal documents:<sup>10</sup> “Raising the legal minimum age for cigarette purchaser to 21 could gut our key young adult market (17-20), where we sell about 25 billion cigarettes and enjoy a 70 percent market share.” – Phillip Morris report, January 21, 1986
- The FDA, through the Institute of Medicine, convened an expert panel to study the public health implications of raising the tobacco purchase age, and their report was released in March of 2015.<sup>2</sup> Based on a review of the literature and the use of well-established tobacco simulation models, the Institute report concluded that:
  - Increasing the minimum legal age to purchase tobacco products will likely prevent or delay initiation by adolescents and young adults, with the greatest impact for 15-17-year-olds.
  - The impact of raising the minimum legal age to 21 will likely be substantially higher than raising it to 19; the added effect of raising it from 21 to 25 is significantly less.
  - By the time today’s teenagers reach adulthood, a minimum legal age, if enacted now, would reduce prevalence of tobacco use among those adults by 3 percent if raised to age 19, by 12 percent if raised to age 21, and by 16 percent if raised to age 25.
  - Tobacco-related disease and mortality would decrease in proportion to these projected declines in prevalence.
  - It is projected raising the minimum legal age to 21 nationally would result in 240,000 fewer premature deaths, 45,000 fewer deaths from lung cancer and 4.2 million fewer years of life lost for those born between 2000 and 2019.
  - Increasing the minimum legal age for tobacco products will improve maternal, fetal and infant outcomes by reducing the likelihood of maternal and paternal smoking.
  - The Department of Defense and each of the armed services has a stated goal of a tobacco-free military.<sup>26</sup>
- To date, evidence-based approaches that include increasing the unit price of tobacco products, mass media combined with other community interventions, and restricting minors’ access to tobacco products have proven effective in significantly reducing youth tobacco rates. Recent evidence shows cigarette smoking among teens continues to decline and increases in perceived risk and disapproval of smoking appear to have contributed to the continued downturn in cigarette use.<sup>13</sup> However, social sources of tobacco may become increasingly important as other restrictions at point of sale increase.<sup>11</sup> Disrupting social sources of access to tobacco products will be critical. Furthermore, in a recent Gallup survey, nearly nine in 10 smokers expressed regret that they ever started smoking, leading experts in the field to conclude that “helping today’s adolescents avoid that regret requires a comprehensive strategy that includes strong supply-side interventions. We believe that Tobacco 21 laws are a logical next step.”<sup>27,28</sup>
- Minnesotans for a Smoke-Free Generation, a coalition of over 40 leading health and other interested organizations, has adopted these guiding principles when pursuing state and local Tobacco 21 policies:
  1. We will pursue strong, defensible legislation;
  2. We will focus punishment on the seller (not the user);

3. We will strive to pass policies that will not increase interactions between law enforcement and young people, communities of color, American Indians, Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities; and
4. We will ensure access to and awareness of free/low-cost cessation services for all Minnesotans looking to quit.

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**ClearWay Minnesota<sup>SM</sup> Policy Position Eleven:**

**ClearWay Minnesota supports regulating e-cigarettes to protect youth  
and keep Minnesota's indoor air clean.**

**Facts:**

- **An increasing number of people – especially young people – are using e-cigarettes.** Among U.S. high-school students in 2015, 16 percent reported that they used electronic cigarettes in the past 30 days—an increase from 1.5 percent in 2011.<sup>1,2</sup> 28.4 percent of Minnesota high-school students have tried e-cigarettes, and 12.9 percent of them have used them in the past 30 days.<sup>3</sup> Nationally, 47.6 percent of adults who smoked conventional cigarettes used e-cigarettes in 2014, up from 10 percent in 2010.<sup>4</sup> In Minnesota, 17.8 percent of adults have tried e-cigarettes at least once, and 5.9 percent have used them in the past 30 days.<sup>5</sup>
- **E-cigarettes contribute to indoor air pollution and should be included in smoke-free public policies.** Studies show e-cigarette aerosol contains nicotine, heavy metals, formaldehyde and other carcinogens and harmful chemicals.<sup>6,7</sup> The concentration of toxins produced can vary greatly among the many different types of e-cigarettes. There have been no long-term studies conducted on e-cigarettes, so the long-term impact on the health of users or those exposed to secondhand aerosol is unknown.<sup>8</sup>
- **E-cigarette marketing and flavoring appeal to kids and young people.** Youth exposure to e-cigarette ads has increased by more than 250 percent in recent years.<sup>9</sup> Nearly 60 percent of Minnesota high-school students saw e-cigarette ads on TV in the past month. Studies demonstrate that advertising exposure is related to current e-cigarette use among students, and may increase the urge to smoke combustible cigarettes.<sup>9-11</sup> E-cigarettes may raise teens' risk for smoking.<sup>12</sup> Once kids start using one tobacco product, they are more likely to experiment with others.<sup>13,14</sup> Flavored tobacco appeals to kids,<sup>13</sup> and although federal law prevents most flavors from being added to cigarettes, e-cigarettes makers are still allowed to use candy flavors like bubble gum, cotton candy, and many others.
- **Flavoring used in e-cigarettes can be harmful.** Research shows that inhaling e-cigarette aerosol inflames lung tissue, and the extent of the inflammation can vary depending on the flavoring that is used in the e-cigarette liquid.<sup>15,16</sup>
- **Nicotine is dangerous to the adolescent brain.** Adolescents are especially vulnerable to the toxic effects of nicotine. Exposure could harm brain development and predispose future tobacco use. Brief or continuous exposure to nicotine elicits lasting neurobehavioral damage.<sup>1</sup>
- **Nicotine poisonings from e-cigarettes are on the rise in Minnesota and around the country.** E-cigarette liquid can be dangerous if swallowed or absorbed through the skin. In large enough doses, nicotine can be lethal.<sup>17</sup> Nationally, incidence of children being exposed to e-cigarette liquids has risen significantly, and e-cigarette-related poisonings have also dramatically increased in Minnesota.<sup>18,19</sup> More than two thirds of the incidents in Minnesota involved children or teens.
- **Modeling recreational tobacco use to kids and adults is concerning.** Research shows that exposure to e-cigarette use can trigger the urge to smoke combustible cigarettes.<sup>20</sup>



- **Minnesotans support expanding indoor air protections to prohibit e-cigarette use in indoor public places.** An overwhelming majority of Minnesotans, 79 percent, support expanding protections to prohibit e-cigarette use in indoor public places.<sup>21</sup> As of July 1, 2016, 29 cities and 21 counties have protected clean indoor air in their communities by restricting e-cigarette use where smoking is restricted. Half of Minnesotans are now covered by these policies.

#### **Background:**

- E-cigarettes are battery-operated devices that heat a liquid to create an aerosol inhaled by the user. The use of an e-cigarette is often referred to as “vaping,” as the solution is vaporized by the device. E-cigarettes do not contain tobacco, but many contain varying levels of nicotine. Nicotine is highly addictive and is the addictive chemical found in combustible cigarettes and other tobacco products.
- In 2016, the FDA released initial regulations for e-cigarettes.<sup>22</sup> These are limited in scope. The regulations do not address concerns about candy flavors, marketing to children, child-resistant packaging, toxic contaminants, indoor air quality or advertising restrictions. ClearWay Minnesota supports the FDA applying the same flavoring, advertising and marketing restrictions for e-cigarettes as for conventional cigarettes, eliminating the menthol exemption from the flavor ban and implementing any new restrictions as quickly as possible, without extending comment periods or delaying implementation dates.
- Existing Minnesota policies in place to protect kids from e-cigarettes.
  - Minnesota law prohibits selling e-cigarettes to minors, taxes the nicotine portion of e-cigarettes at the same rate as other tobacco products (95 percent of the wholesale price), requires child-resistant packages for e-liquids and prohibits sales from kiosks.
  - Minnesota’s excise tax on e-cigarettes has been shown to influence product sales and use.<sup>23</sup> High prices on cigarettes and other tobacco products are proven to reduce youth initiation of smoking, and they also motivate existing smokers to make and sustain quit attempts.<sup>24</sup>
- Existing local policies in Minnesota to keep indoor air clean.
  - State law prohibits e-cigarette use in a number of public places, including schools, health care facilities, most government buildings (including correctional facilities), state colleges and universities, and daycares.
  - As of July 1, 2016, 29 cities and 21 counties have protected clean indoor air in their communities by restricting e-cigarette use where smoking is restricted. 50 percent of Minnesotans are now covered by these policies.
  - Some communities have passed additional policies, including flavoring rules, sampling bans and outdoor restrictions.
  - Many private businesses restrict e-cigarette use as well.
  - There are no comprehensive clean indoor air policies on Minnesota’s American-Indian tribal lands.

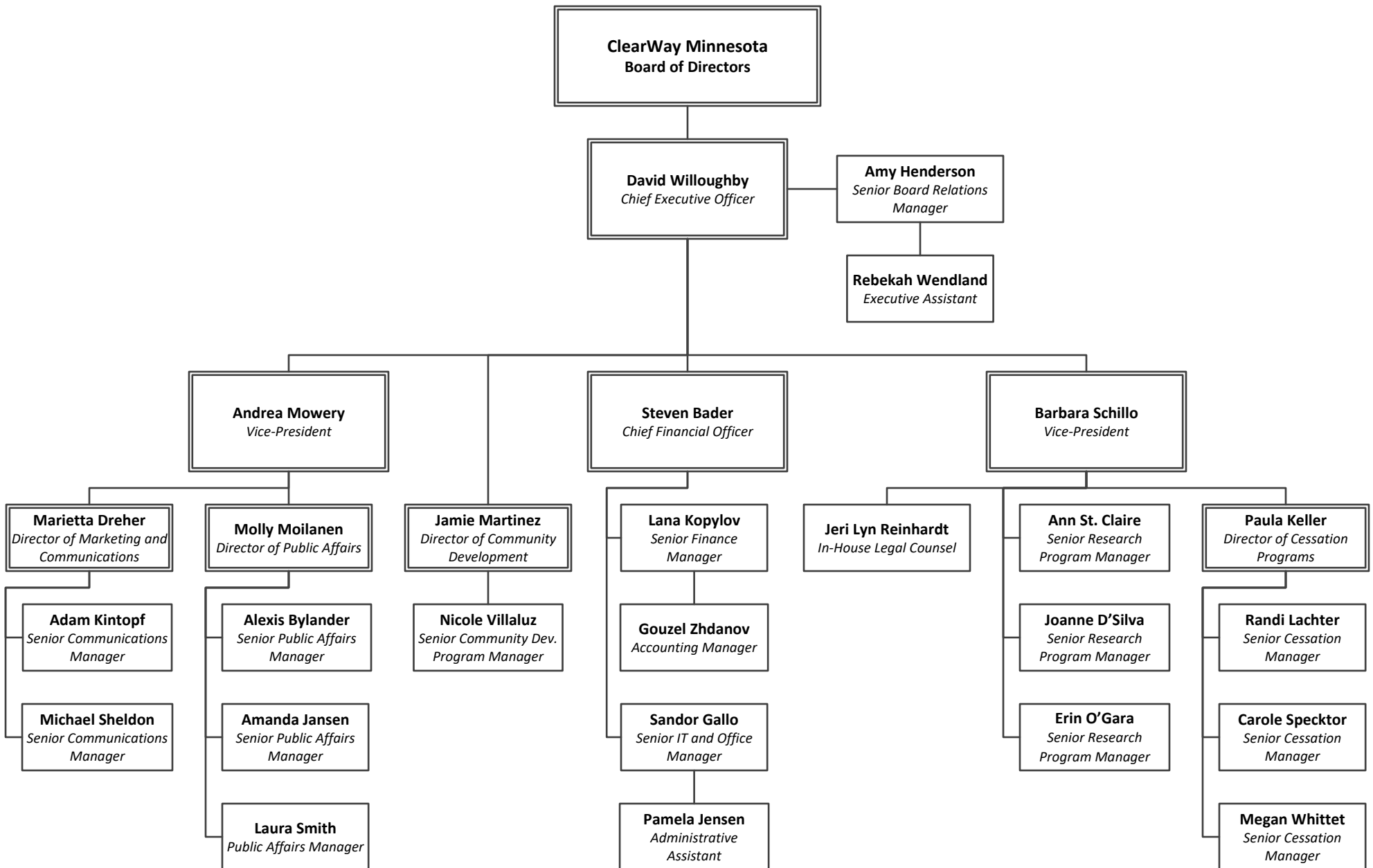
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## **Appendix F**

### **ClearWay Minnesota Organizational Chart**





## **Appendix G**

### **Management Team Biosketches**

## **ClearWay Minnesota<sup>SM</sup> 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 2018, the Senior Management Team of the organization consisted of:

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

David J. Willoughby is the Chief Executive Officer of ClearWay Minnesota<sup>SM</sup>, an independent nonprofit organization that works to enhance life for all Minnesotans by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration. Willoughby has served as CEO since November 2000, and leads the organization's efforts around quit-smoking programs, research programs and grant making, education and outreach to communities, public policies to reduce tobacco's harm and other initiatives.

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 oversaw the Communications and Public Affairs Departments and organizational strategic planning for ClearWay Minnesota from 2002 to 2018. 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, 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.

In Fiscal Year 2019, former Director of Public Affairs Molly Moilanen (see below) became the Vice President overseeing communications and public affairs activities.

**Vice President Barbara A. Schillo, Ph.D.**

As Vice President, Dr. Barbara Schillo led research and cessation initiatives, coordinated efforts to translate knowledge into initiatives that reduce tobacco use, and provided the organization strategic and administrative leadership. Prior to becoming a Vice President, Dr. Schillo served as the organization's Director of Research Programs from 2001 to 2008. Dr. Schillo is active in sharing research and evaluation findings with others and has published on the topics of tobacco cessation including quitlines, tobacco control mass media campaigns, tobacco-related disparities in priority populations, and tobacco policy. 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 has served as a Board Member for the North American Quitline Consortium and as a community faculty member in the Department of Psychology at Metropolitan State University. 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.

In Fiscal Year 2019, Dr. Schillo departed the organization for a position with Schroeder Institute of the truth initiative, a national tobacco control organization in Washington, D.C. Her former duties are now performed by Paula Keller (see below).

**Chief Financial Officer Steven Bader**

Steven Bader has been responsible for all investment, administration, finance and accounting programs at ClearWay Minnesota since January of 2015. Working closely with the ClearWay Minnesota Executive Management Team and Board of Directors, most recently Bader has focused on strategic long-term financial planning as ClearWay Minnesota prepares for its sunset. During his tenure as CFO, he has been instrumental in overseeing the development and/or improvement of comprehensive personnel, administrative, investment, IT and budgeting policies to prepare for the final phase of operations.

Bader has over 25 years' experience in nonprofit finance, administration and investment oversight. Prior to joining ClearWay Minnesota he was the Director of Finance for the Guthrie Theater for 15 years, where he worked closely with the Guthrie Board of Directors to secure the financing to build a new \$125 million theater complex.

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

Dr. Raymond Boyle led ClearWay Minnesota's Research Department through December of 2017. As Director, he was 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 90 peer-reviewed scientific articles. Dr. Boyle currently works as a researcher at the University of California San Francisco.

**Director of Marketing and Communications Marietta Dreher**

As Director of Marketing and Communications, Marietta Dreher oversaw all communications and mass-media strategies for ClearWay Minnesota, including advertising, public relations, social media, event planning and general communications. She has been 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 30 years of experience in tobacco cessation, tobacco control policy and public health. She has extensive program management and policy analysis experience and has published on a variety of tobacco control topics. She also currently serves on the North American Quitline Consortium's Advisory Council and on the Society for Research on Nicotine and Tobacco's Public Health Policy Research Network Advisory Committee. Prior to joining ClearWay Minnesota in 2010, Keller was Senior Policy Advisor for the University of Wisconsin Center for Tobacco Research and Intervention.

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.

As of December 1, 2019, Keller became ClearWay Minnesota's Vice President overseeing all cessation and research activities.

**Director of Community Development Jaime Martínez, M.Ed.**

As Director of Community Development, Jaime Martínez oversaw efforts to improve the capacity of priority population communities to expand the tobacco control movement in Minnesota from 2000 to 2018. 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; groups of low socio-economic status; and other populations.

Martínez's education includes Bachelor of Science and Master of Education degrees. 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 25 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 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 oversees ClearWay Minnesota's public policy efforts and, for the past six years, has co-chaired the Minnesotans for a Smoke-Free Generation coalition. In 2013, the coalition helped pass the largest tobacco tax in Minnesota history, which is projected to prevent nearly 50,000 youth from becoming addicted to tobacco. Since joining ClearWay Minnesota in 2004, Molly has managed cessation programs, developed ClearWay Minnesota's local policy grant program, served on the strategic planning team and helped pass the statewide smoking ban.

Before joining ClearWay, Molly served as a Senior Program Officer managing the state's AmeriCorps programs. She also worked in the Minnesota Senate and taught 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. In 2018, Moilanen was named a ClearWay Minnesota Vice President, and in this role she oversees all marketing, communications and public affairs activities for the organization.



## **Appendix H**

### **ClearWay Minnesota<sup>SM</sup> Financial Statements and Independent Auditors' Report**

# ClearWay Minnesota<sup>SM</sup>

## Financial Statements Together with Independent Auditor's Report

June 30, 2018

# CLEARWAY MINNESOTA<sup>SM</sup>

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
ClearWay Minnesota<sup>SM</sup>  
Bloomington, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of ClearWay Minnesota<sup>SM</sup> (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018 and 2017 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 Minnesota<sup>SM</sup> as of June 30, 2018 and 2017 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.

*Olsen Thielen & Co., Ltd.*

Roseville, Minnesota  
August 23, 2018

**CLEARWAY MINNESOTA<sup>SM</sup>****STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017**

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ASSETS		
	<u>2018</u>	<u>2017</u>
Cash	\$ 250,060	\$ 16,419
Accounts Receivable	45,997	46,202
Prepaid Expenses	47,445	49,651
Investments	26,118,884	40,400,405
Equipment and Leasehold Improvements, Net	<u>26,834</u>	<u>49,248</u>
 TOTAL ASSETS	 <u>\$ 26,489,220</u>	 <u>\$ 40,561,925</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	\$ 496,822	\$ 412,061
Accrued Expenses	509,444	176,590
Grants Payable	<u>1,527,756</u>	<u>1,880,848</u>
Total Liabilities	<u>2,534,022</u>	<u>2,469,499</u>
 NET ASSETS:		
Unrestricted - Designated for Tobacco Research and Other Tobacco Control Purposes	<u>23,955,198</u>	<u>38,092,426</u>
Total Net Assets	<u>23,955,198</u>	<u>38,092,426</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 26,489,220</u>	 <u>\$ 40,561,925</u>

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



**CLEARWAY MINNESOTA<sup>SM</sup>****STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
REVENUE AND GAINS:		
Net Investment Income	\$ 936,349	\$ 994,900
Contributions and Grants	<u>116,641</u>	<u>116,327</u>
Total Revenue and Gains	<u>1,052,990</u>	<u>1,111,227</u>
EXPENSES:		
Program Services:		
Tobacco Cessation	11,138,492	11,991,765
Research and Other Tobacco Issues	<u>2,595,283</u>	<u>1,569,726</u>
Total Program Services	<u>13,733,775</u>	<u>13,561,491</u>
Supporting Services:		
General and Administrative	<u>1,456,443</u>	<u>1,310,906</u>
Total Expenses	<u>15,190,218</u>	<u>14,872,397</u>
CHANGE IN NET ASSETS	(14,137,228)	(13,761,170)
NET ASSETS at Beginning of Year	<u>38,092,426</u>	<u>51,853,596</u>
NET ASSETS at End of Year	<u>\$ 23,955,198</u>	<u>\$ 38,092,426</u>

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

# CLEARWAY MINNESOTA<sup>SM</sup>

## STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	Program Services		General and Administrative	Grand Total	Program Services		General and Administrative	Grand Total
	Tobacco Cessation	Research and Other Tobacco Issues	Total		Tobacco Cessation	Research and Other Tobacco Issues		
Salaries	\$ 1,449,696	\$ 476,784	\$ 1,926,480	\$ 2,801,987	\$ 1,466,629	\$ 462,535	\$ 875,144	\$ 2,804,308
Benefits	349,401	109,881	459,282	680,977	358,366	113,343	216,985	688,694
Retention/Severance	181,607	59,728	241,335	351,012	-	-	-	-
Payroll Taxes	108,500	35,684	144,184	209,710	112,199	35,385	66,950	214,534
Total Personnel Expenses	2,089,204	682,077	2,771,281	4,043,686	1,937,194	611,263	1,159,079	3,707,536
Consultants	22,926	6,454	29,380	37,478	30,012	6,250	8,978	45,240
Evaluation Fees	193,664	61,759	255,423	255,423	268,994	50,138	319,132	319,132
Professional Fees	119,566	26,252	145,818	189,196	102,898	23,324	36,298	162,520
Occupancy	64,918	19,471	84,389	126,722	68,961	20,971	42,157	132,089
Telephone	21,423	7,896	29,319	39,708	21,856	7,376	8,220	37,452
Equipment Rental and Repair	12,955	2,008	14,963	19,385	13,652	2,168	4,357	20,177
Printing	79,837	437	80,274	80,311	67,883	754	1,409	70,046
Postage	3,886	1,355	5,241	9,674	4,400	1,165	2,332	7,897
Office Supplies	7,445	2,166	9,611	19,433	7,322	2,337	9,699	19,358
Program Supplies	13,874	6,725	20,599	24,280	13,982	5,988	3,745	23,715
Conferences and Meetings	43,749	16,246	59,995	96,323	19,803	7,123	2,424	29,350
Travel	39,056	11,552	50,608	53,192	57,087	14,857	15,505	87,449
Insurance	8,439	2,531	10,970	16,474	8,874	2,699	5,425	16,998
Public Education/Relations	4,862,132	2,251	4,864,383	4,868,244	5,583,407	2,006	3,179	5,588,592
Program Grants and Contracts	3,540,827	1,741,815	5,282,642	5,282,642	3,772,055	807,402	4,579,457	4,579,457
Depreciation	11,483	3,444	14,927	22,415	10,360	3,150	6,333	19,843
Miscellaneous	3,108	844	3,952	5,632	3,025	755	1,766	5,546
Total Functional Expenses	\$ 11,138,492	\$ 2,595,283	\$ 13,733,775	\$ 15,190,218	\$ 11,991,765	\$ 1,569,726	\$ 1,310,906	\$ 14,872,397

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

# CLEARWAY MINNESOTA<sup>SM</sup>

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (14,137,228)	\$ (13,761,170)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	22,415	19,843
Realized and Unrealized Gains on Investments, net	(603,940)	(489,998)
Change in Assets and Liabilities:		
Accounts Receivable	205	(33,134)
Prepaid Expenses	2,206	28,627
Accounts Payable	84,761	(410,962)
Accrued Expenses	332,854	(8,781)
Grants Payable	(353,092)	(688,406)
Net Cash Flows From Operating Activities	<u>(14,651,819)</u>	<u>(15,343,981)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	—	(26,533)
Purchase of Investments	(18,493,121)	(30,250,596)
Proceeds from Sale of Investments	33,378,581	45,618,371
Net Cash Flows From Investing Activities	<u>14,885,460</u>	<u>15,341,242</u>
NET CHANGE IN CASH	233,641	(2,739)
CASH at Beginning of Year	<u>16,419</u>	<u>19,158</u>
CASH at End of Year	<u>\$ 250,060</u>	<u>\$ 16,419</u>

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



**CLEARWAY MINNESOTA<sup>SM</sup>**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

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

The mission of ClearWay Minnesota<sup>SM</sup> 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<sup>SM</sup> 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<sup>SM</sup> 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.

**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.

**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<sup>SM</sup> capitalizes assets with a cost of \$2,500 or greater.

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Equipment and Leasehold Improvements (Continued)

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.

#### Investments

Investments in marketable securities are stated at fair value, which is determined by quoted market prices at June 30, 2018 and 2017. For alternative investment fund of funds and private equity fund of funds, for which there is no public market, fair value is estimated using values provided by external investment managers. These can consist of private equity investments, limited partnerships, mutual funds, and hedge funds and are recorded at approximate fair value as determined and approved by the managers or valuation committees of the alternative investments based upon judgments, which include, among other factors, restrictions affecting marketability and operating results. 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.

Changes in fair value are recorded as unrealized gains or losses in the period of change. Realized gains and losses on sales of securities are generally determined using the specific identification method.

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.



## CLEARWAY MINNESOTA<sup>SM</sup>

### NOTES TO FINANCIAL STATEMENTS

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#### 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 included private collateralized mortgage obligations and private corporate debt securities. The Organization has no level 2 investments.

##### **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. The Organization has no level 3 investments.

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

In 2017, the Organization adopted ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value (NAV) per Share (or Its Equivalent)*. The new guidance removes those investments that calculate NAV per share from the fair value hierarchy.

##### **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**

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.

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

## CLEARWAY MINNESOTA<sup>SM</sup>

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Income Taxes

ClearWay Minnesota<sup>SM</sup> 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 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.

##### Advertising Expense

Advertising expense is expensed as incurred.

##### Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides guidance for accounting for revenue from contracts with customers. The new guidance outlines a single comprehensive model for organizations to use in accounting for revenue from contracts with customers. This ASU is effective for annual and interim periods beginning after December 15, 2018 with early adoption permitted. It can be adopted using either a retrospective approach or a modified retrospective approach. The Organization is currently evaluating this guidance to determine the impact it may have on its financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. This ASU is effective for annual and interim periods beginning after December 15, 2019 with early adoption permitted. It is to be adopted using the modified retrospective approach. The Organization is currently evaluating this guidance to determine the impact it may have on its financial statements.

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which provides guidance for presentation of financial statements of not-for-profit entities. The new guidance requires a number of changes in the financial statement presentation including presenting two classes of net assets, underwater endowments, investment return, enhanced disclosures on board designations and management of liquid resources for cash flows, and present expenses by their natural and functional classification. The ASU will be effective for financial statements for fiscal years beginning after December 15, 2017 with early adoption permitted. The amendments in this update should be applied on a retrospective basis. However, if presenting comparative financial statements, the Organization has the option to omit the following information for any periods presented before the period of adoption: analysis of expenses by both natural classification and functional classification and disclosures about liquidity and availability of resources. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.



**CLEARWAY MINNESOTA<sup>SM</sup>**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Equipment and leasehold improvements at June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Leasehold Improvements	\$ 26,243	\$ 26,243
Furniture and Fixtures	72,587	72,586
Office Equipment	50,761	50,761
Computer Software and Equipment	<u>194,622</u>	<u>265,063</u>
	344,213	414,653
Less Accumulated Depreciation	<u>317,379</u>	<u>365,405</u>
Net Equipment and Leasehold Improvements	<u>\$ 26,834</u>	<u>\$ 49,248</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$22,415 and \$19,843, respectively.

**NOTE 3 - INVESTMENTS**

Investments are stated at fair value at June 30, 2018 and 2017, and consisted of the following:

	<u>2018</u>	<u>2017</u>
Money Market and Short-Term Investment Funds	\$ 18,412,478	\$ 12,397,834
Bonds and Pooled Bond Funds	—	18,980,334
Investments Measured at Net Asset Value	<u>7,706,406</u>	<u>9,022,237</u>
Total	<u>\$ 26,118,884</u>	<u>\$ 40,400,405</u>

Net investment income for the years ended June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Interest Income	\$ 347,038	\$ 519,166
Realized and Unrealized Gains on Investments, Net	603,940	489,998
Management Fees	<u>(14,629)</u>	<u>(14,264)</u>
Total	<u>\$ 936,349</u>	<u>\$ 994,900</u>



# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - INVESTMENTS (Continued)

The following tables, as of June 30, 2018 and 2017, 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
<b>2018:</b>				
Money Market and Short-Term Investment Funds	\$ 18,412,478			
Investments Measured at Net Asset Value	<u>7,706,406</u>			
Total Investments	<u>\$ 26,118,884</u>			
<b>2017:</b>				
Bonds and Pooled Bond Funds	\$ 18,980,334	\$ 18,980,334	\$ —	\$ —
Total Investments at Fair Value	18,980,334	<u>\$ 18,980,334</u>	<u>\$ —</u>	<u>\$ —</u>
Money Market and Short-Term Investment Funds	12,397,834			
Investments Measured at Net Asset Value	<u>9,022,237</u>			
Total Investments	<u>\$ 40,400,405</u>			

The fair value measurement of the Organization's bond and pooled bond funds were determined based on Level 1 inputs.

Investments measured at net asset value include alternative investment fund of funds and private equity fund of funds. 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 includes investments in funds of funds holding underlying positions in funds owning private assets. The unobservable inputs used to determine the fair value of the private equity investments have been estimated based on the capital account balances reported by underlying partnerships subject to the funds, management review and judgment. Underlying investments are valued quarterly and have restrictive liquidity provisions. Investing in private equity provides diversification, growth potential, and wider market access to the overall portfolio.

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - INVESTMENTS (Continued)

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2018 and 2017 are as follows:

	<u>2018 Net Asset Value</u>	<u>2017 Net Asset Value</u>	<u>Unfunded Commit- ments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Alternative Investment Fund of Funds	\$ —	\$ 52,107		Annual	90 days
Private Equity Fund of Funds	<u>7,706,406</u>	<u>8,970,130</u>	\$ 2,063,000	N/A	N/A
Total Investments Measured at Net Asset Value	<u>\$ 7,706,406</u>	<u>\$ 9,022,237</u>			

The Organization has purchase commitments of \$2,063,000 to invest in private equity fund of funds portfolios. Commitments of \$330,000 are estimated to be called by June 30, 2019 to be offset by liquidations from the fund. The Organization does not anticipate the remaining purchase commitments will be called.

### NOTE 4 - CONCENTRATIONS

Financial instruments which potentially subject ClearWay Minnesota<sup>SM</sup> to concentrations of credit risk consist principally of cash and investments. Cash is insured in an ICS (Insured Cash Sweep) account. Large deposits placed with an ICS Network bank (Venture Bank), use the ICS service to place funds into demand deposit accounts, money market deposit accounts or both, at other FDIC-insured member institutions. The placement of funds occurs in increments below the standard FDIC insurance maximum of \$250,000 so that both principal and interest are eligible for FDIC insurance. By working directly with Venture Bank, the Organization can access insurance coverage from many banks.

### NOTE 5 - GRANTS PAYABLE

Grants payable at June 30, 2018 and 2017, are as follows:

	<u>2018</u>	<u>2017</u>
Payable in Less Than One Year	\$ 1,234,058	\$ 1,461,305
Payable in One to Five Years	<u>319,320</u>	<u>454,022</u>
Subtotal	1,553,378	1,915,327
Less: Discount to Present Value at 7.00%	<u>25,622</u>	<u>34,479</u>
Total Grants Payable	<u>\$ 1,527,756</u>	<u>\$ 1,880,848</u>

## CLEARWAY MINNESOTA<sup>SM</sup>

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 6 - RETENTION/SEVERANCE PAY PLAN

In 2018, the Organization implemented a retention/severance plan. The purpose of the plan is to retain staff to accomplish the stated goals and mission of the Organization and to help ease the financial burden resulting from the loss of employment due to involuntary termination of employment due to workforce reduction or restructuring resulting from the Organization's life-limited status.

Employee retention/severance benefits have been offered to eligible employees. The total amount estimated to be incurred over the life of the plan is \$1,444,071. The amount recognized in expense in 2018 and included with accrued expenses on the statement of financial position at June 30, 2018 is \$351,012. The retention/severance expense incurred for the year ended June 30, 2018 are included in total personnel expenses on the statement of functional expenses.

#### NOTE 7 - RETIREMENT PLAN

ClearWay Minnesota<sup>SM</sup> participates in a 401(k) defined contribution retirement investment plan that covers all employees who meet eligibility requirements. For the years ended June 30, 2018 and 2017, 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%. Contributions to the plan by ClearWay Minnesota<sup>SM</sup> totaled \$398,413 and \$404,215 for the years ended June 30, 2018 and 2017, respectively.

#### NOTE 8 - COMMITMENTS

ClearWay Minnesota<sup>SM</sup> 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>	
2019	\$ 130,849
2020	131,166
2021	128,869
2022	23,637
2023	<u>—</u>
Total	<u>\$ 414,521</u>

Occupancy expense for the years ended June 30, 2018 and 2017, was \$126,722 and \$132,089, respectively.

#### NOTE 9 - SUBSEQUENT EVENTS

ClearWay Minnesota<sup>SM</sup> evaluated its June 30, 2018 financial statements for subsequent events through August 23, 2018, the date the financial statements were approved by the Audit/Finance Committee of ClearWay Minnesota<sup>SM</sup>. ClearWay Minnesota<sup>SM</sup> is not aware of any subsequent events which would require recognition or disclosure in the financial statements.



## **Appendix I**

### **Audited Financial Statement Certification**



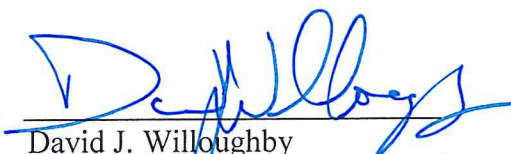


## AUDITED FINANCIAL STATEMENT CERTIFICATION


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

1. Each has reviewed the audited financial statements for the years ended June 30, 2018 and 2017 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: 8/23/2018

Signature:   
David J. Willoughby  
Chief Executive Officer

Dated: 8-23-18

Signature:   
Steven L. Bader  
Chief Financial Officer



## **Appendix J**

**IRS Form 990**  
**June 30, 2018**

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)

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

Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**Open to Public  
Inspection**A** For the 2017 calendar year, or tax year beginning **JUL 1, 2017** and ending **JUN 30, 2018**

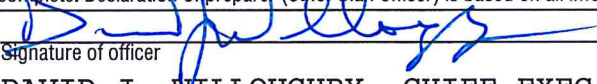
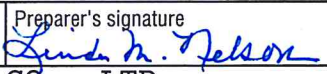
<b>B</b> Check if applicable:  <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization <b>CLEARWAY MINNESOTA (SM)</b>		<b>D</b> Employer identification number <b>41-1921094</b>
	Doing business as		<b>E</b> Telephone number <b>952-767-1400</b>
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	<b>G</b> Gross receipts \$ <b>33,826,413.</b>
	City or town, state or province, country, and ZIP or foreign postal code <b>MINNEAPOLIS, MN 55425</b>		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)
	<b>F</b> Name and address of principal officer: <b>DAVID J. WILLOUGHBY</b> <b>SAME AS C ABOVE</b>		<b>H(c)</b> Group exemption number
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
<b>J</b> Website: <b>WWW.CLEARWAYMN.ORG</b>			
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other			<b>L</b> Year of formation: <b>1998</b> <b>M</b> State of legal domicile: <b>MN</b>

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities: <b>CLEARWAY MINNESOTA IS AN INDEPENDENT NONPROFIT ORGANIZATION WORKING TO IMPROVE THE HEALTH OF</b>		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	<b>15</b>
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	<b>15</b>
	<b>5</b> Total number of individuals employed in calendar year 2017 (Part V, line 2a)	<b>5</b>	<b>29</b>
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	<b>20</b>
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	<b>114,343.</b>
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	<b>100,737.</b>	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	<b>Prior Year</b>	<b>Current Year</b>
	<b>9</b> Program service revenue (Part VIII, line 2g)	<b>116,327.</b>	<b>116,641.</b>
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<b>0.</b>	<b>0.</b>
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<b>3,400,597.</b>	<b>1,370,066.</b>
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<b>41,993.</b>	<b>114,343.</b>
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	<b>3,558,917.</b>	<b>1,601,050.</b>
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	<b>4,579,457.</b>	<b>5,282,642.</b>
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	<b>0.</b>	<b>0.</b>
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	<b>3,707,536.</b>	<b>4,043,686.</b>
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25)	<b>0.</b>	<b>0.</b>
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	<b>6,599,668.</b>	<b>5,878,519.</b>
	<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	<b>14,886,661.</b>	<b>15,204,847.</b>
<b>19</b> Revenue less expenses. Subtract line 18 from line 12	<b>&lt;11,327,744.&gt;</b>	<b>&lt;13,603,797.&gt;</b>	
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)	<b>Beginning of Current Year</b>	<b>End of Year</b>
	<b>21</b> Total liabilities (Part X, line 26)	<b>40,561,925.</b>	<b>26,489,220.</b>
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	<b>2,469,499.</b>	<b>2,534,022.</b>

**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.

<b>Sign Here</b>		Date <b>11/12/2018</b>			
	<b>DAVID J. WILLOUGHBY, CHIEF EXEC OFFICER</b> Type or print name and title				
<b>Paid Preparer Use Only</b>	Print/Type preparer's name <b>LINDA M. NELSON, CPA</b>	Preparer's signature 	Date <b>10/30/18</b>	Check <input type="checkbox"/> if self-employed	PTIN <b>P00205567</b>
	Firm's name <b>OLSEN THIELEN &amp; CO., LTD</b>	Firm's EIN <b>41-1360831</b>			
	Firm's address <b>2675 LONG LAKE ROAD ST. PAUL, MN 55113</b>	Phone no. <b>651-483-4521</b>			

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?
- ☐
- 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
- ☒
- 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 \$ 6,559,988. including grants of \$ 1,772,942. ) (Revenue \$ 0. )

**COMMUNICATIONS AND PUBLIC AFFAIRS**

COMMUNICATIONS AND OUTREACH ACTIVITIES HELP CLEARWAY MINNESOTA TO PROMOTE CESSATION SERVICES, TO MOTIVATE MINNESOTA TOBACCO USERS TO QUIT AND TO EDUCATE MINNESOTANS ABOUT TOBACCO'S DANGERS. 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.

CLEARWAY MINNESOTA CONDUCTS STATEWIDE ADVERTISING CAMPAIGNS CONSISTING OF PAID BROADCAST, INTERNET, PRINT AND OUT-OF-HOME ADVERTISING. ADDITIONALLY, CLEARWAY MINNESOTA CONDUCTS OUTREACH INCLUDING COMMUNITY VISITS, MEDIA INTERVIEWS AND MEETINGS WITH COMMUNITY LEADERS. THIS WORK

4b (Code: ) (Expenses \$ 2,568,152. including grants of \$ 1,741,085. ) (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 2018, CLEARWAY MINNESOTA AWARDED FOUR RESEARCH GRANTS. THREE OF THE FISCAL YEAR 2018 GRANTS WERE IN RESPONSE TO OUR FINAL COMPETITIVE REQUEST FOR PROPOSALS ON THE TOPIC OF REDUCING TOBACCO-RELATED HEALTH DISPARITIES. OF THESE, ONE AWARDED TO THE MINNEAPOLIS MEDICAL RESEARCH FOUNDATION FOCUSES ON ASSESSING THE IMPACT OF A SMOKING CESSATION INTERVENTION FOR INCARCERATED INDIVIDUALS IN A JAIL SETTING; ONE AWARDED TO THE LOWER SIOUX INDIAN COMMUNITY IN MINNESOTA'S HEALTH DEPARTMENT WILL EXAMINE THE MOST EFFECTIVE

4c (Code: ) (Expenses \$ 4,234,675. including grants of \$ 1,397,655. ) (Revenue \$ 116,641. )

**CESSATION**

CLEARWAY MINNESOTA PROVIDES EVIDENCE-BASED OR PROMISING PROGRAMS TO HELP MINNESOTANS QUIT TOBACCO USE. SINCE INCEPTION, QUITPLAN SERVICES HAS HELPED MORE THAN 170,000 MINNESOTANS IN THEIR ATTEMPTS TO QUIT.

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

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

(Expenses \$ 370,960. including grants of \$ 370,960. ) (Revenue \$ 0. )

4e Total program service expenses ► 13,733,775.

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> 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>	<b>1</b> X	
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	<b>2</b> X	
<b>3</b> 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>	<b>3</b>	X
<b>4</b> <b>Section 501(c)(3) organizations.</b> 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>	<b>4</b> X	
<b>5</b> 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>	<b>5</b>	X
<b>6</b> 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>	<b>6</b>	X
<b>7</b> 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>	<b>7</b>	X
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	<b>8</b>	X
<b>9</b> 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>	<b>9</b>	X
<b>10</b> 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>	<b>10</b>	X
<b>11</b> 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.		
<b>a</b> 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>	<b>11a</b> X	
<b>b</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>	<b>11b</b> X	
<b>c</b> 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>	<b>11c</b>	X
<b>d</b> 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>	<b>11d</b>	X
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	<b>11e</b>	X
<b>f</b> 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>	<b>11f</b> X	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	<b>12a</b> X	
<b>b</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>	<b>12b</b>	X
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	<b>13</b>	X
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?	<b>14a</b>	X
<b>b</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>	<b>14b</b> X	
<b>15</b> 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>	<b>15</b>	X
<b>16</b> 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>	<b>16</b>	X
<b>17</b> 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>	<b>17</b>	X
<b>18</b> 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>	<b>18</b>	X
<b>19</b> 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>	<b>19</b>	X

Form 990 (2017)

**Part IV** Checklist of Required Schedules (continued)

	Yes	No
<b>20a</b> Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		X
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
<b>21</b> 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? If "Yes," complete Schedule I, Parts I and II	X	
<b>22</b> 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? If "Yes," complete Schedule I, Parts I and III	X	
<b>23</b> 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? If "Yes," complete Schedule J	X	
<b>24a</b> 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? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a		X
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
<b>b</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? If "Yes," complete Schedule L, Part I		X
<b>26</b> 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? If "Yes," complete Schedule L, Part II		X
<b>27</b> 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? If "Yes," complete Schedule L, Part III		X
<b>28</b> 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):		
<b>a</b> A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
<b>c</b> 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? If "Yes," complete Schedule L, Part IV		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
<b>34</b> Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1		X
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
<b>b</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)? If "Yes," complete Schedule R, Part V, line 2		
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
<b>37</b> 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? If "Yes," complete Schedule R, Part VI		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

Note. All Form 990 filers are required to complete Schedule O

**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

☒ X

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
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		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
3b	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: <b>SEE SCHEDULE O</b> 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
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5c	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
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
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		
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	<b>Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
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	<b>Section 501(c)(7) organizations.</b> Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	<b>Section 501(c)(12) organizations.</b> Enter:		
a	Gross income from members or shareholders		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> 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		
c	Enter the amount of reserves on hand		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

**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
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year ..... 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.	15			
<b>b</b> Enter the number of voting members included in line 1a, above, who are independent .....		15		
<b>2</b> 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
<b>3</b> 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
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? .....				X
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets? .....				X
<b>6</b> Did the organization have members or stockholders? .....				X
<b>7a</b> 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>b</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
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
<b>a</b> The governing body? .....			X	
<b>b</b> Each committee with authority to act on behalf of the governing body? .....			X	
<b>9</b> 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
<b>10a</b> Did the organization have local chapters, branches, or affiliates? .....		X
<b>b</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? .....		
<b>11a</b> Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? .....	X	
<b>b</b> Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b> Did the organization have a written conflict of interest policy? If "No," go to line 13 .....	X	
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? .....	X	
<b>c</b> Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done .....	X	
<b>13</b> Did the organization have a written whistleblower policy? .....	X	
<b>14</b> Did the organization have a written document retention and destruction policy? .....	X	
<b>15</b> 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?		
<b>a</b> The organization's CEO, Executive Director, or top management official .....	X	
<b>b</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).		
<b>16a</b> 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>b</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: **▶**  
**STEVE BADER, CFO - 952-767-1407**  
**8011 34TH AVE S, STE 400, MINNEAPOLIS, MN 55425**

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**Check 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) BOB BOERSCHEL BOARD CHAIR	7.00	X		X				0.	0.	0.
(2) ANNE VARS SECRETARY (THRU SEPTEMBER 2017)	4.00	X		X				0.	0.	0.
(3) NEVADA LITTLEWOLF SECRETARY (BEGINNING SEPTEMBER 2017)	2.00	X		X				0.	0.	0.
(4) VIVIAN JENKINS NELSEN VICE CHAIR (THRU SEPTEMBER 2017)	5.00	X		X				0.	0.	0.
(5) LAURIE LAFONTAINE, TREASURER (THRU 9/17), VICE CHAIR (BEG 9/17)	6.00	X		X				0.	0.	0.
(6) BRIAN OSBERG TREASURER (BEGINNING SEPTEMBER 2017)	3.00	X		X				0.	0.	0.
(7) GAIL AMUNDSON DIRECTOR	1.00	X						0.	0.	0.
(8) JANET AVERY DIRECTOR	1.00	X						0.	0.	0.
(9) DUANE BENSON DIRECTOR (BEGINNING SEPTEMBER 2017)	1.00	X						0.	0.	0.
(10) MAE BROOKS DIRECTOR (BEGINNING SEPTEMBER 2017)	1.00	X						0.	0.	0.
(11) JUDY BROWN DIRECTOR (BEGINNING SEPTEMBER 2017)	1.00	X						0.	0.	0.
(12) ELLEN DENZEN DIRECTOR (THRU SEPTEMBER 2017)	3.00	X						0.	0.	0.
(13) KELLY DRUMMER DIRECTOR (THRU SEPTEMBER 2017)	1.00	X						0.	0.	0.
(14) KAREN KRAEMER DIRECTOR	4.00	X						0.	0.	0.
(15) PAMELA LUX DIRECTOR (THUR MAY 2018)	3.00	X						0.	0.	0.
(16) STEVEN MCWHIRTER DIRECTOR	3.00	X						0.	0.	0.
(17) SARAH OQUIST DIRECTOR (BEGINNING SEPTEMBER 2017)	2.00	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) HOWARD ORENSTEIN DIRECTOR (THRU DECEMBER 2017)	1.00	X						0.	0.	0.
(19) BRIAN SHORT DIRECTOR (THRU SEPTEMBER 2017)	1.00	X						0.	0.	0.
(20) GREG WULF DIRECTOR (BEGINNING SEPTEMBER 2017)	1.00	X						0.	0.	0.
(21) DAVID J. WILLOUGHBY CHIEF EXECUTIVE OFFICER	40.00			X				171,816.	0.	52,660.
(22) STEVEN BADER CHIEF FINANCIAL OFFICER	40.00			X				140,631.	0.	42,831.
(23) ANDREA MOWERY VICE PRESIDENT	40.00					X		154,639.	0.	37,413.
(24) BARBARA SCHILLO VICE PRESIDENT	40.00					X		151,878.	0.	45,015.
(25) JAIME MARTINEZ DIRECTOR OF COMMUNITY DEVE	40.00					X		132,118.	0.	31,674.
(26) RAYMOND BOYLE DIRECTOR OF RESEARCH PROGR	40.00					X		129,130.	0.	29,956.
<b>1b Sub-total</b>								880,212.	0.	239,549.
<b>c Total from continuation sheets to Part VII, Section A</b>								118,355.	0.	38,094.
<b>d Total (add lines 1b and 1c)</b>								998,567.	0.	277,643.

**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 **7**

	Yes	No
<b>3</b> Did the organization list any <b>former</b> officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		X
<b>4</b> 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	
<b>5</b> 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	6,319,224.
PROFESSIONAL DATA ANALYSTS, INC., 219 MAIN STREET SE, STE 302, MINNEAPOLIS, MN 55414	QUITPLAN AND MEDIA EVALUATION	288,357.

**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



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04-01-17

**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
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1 a</b> Federated campaigns .....	<b>1a</b>					
	<b>b</b> Membership dues .....	<b>1b</b>					
	<b>c</b> Fundraising events .....	<b>1c</b>					
	<b>d</b> Related organizations .....	<b>1d</b>					
	<b>e</b> Government grants (contributions) .....	<b>1e</b>	116,641.				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above .....	<b>1f</b>					
	<b>g</b> Noncash contributions included in lines 1a-1f: \$ .....						
	<b>h Total.</b> Add lines 1a-1f .....			116,641.			
<b>Program Service Revenue</b>	<b>2 a</b> .....		<b>Business Code</b>				
	<b>b</b> .....						
	<b>c</b> .....						
	<b>d</b> .....						
	<b>e</b> .....						
	<b>f</b> All other program service revenue .....						
	<b>g Total.</b> Add lines 2a-2f .....						
	<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) .....			216,848.		
<b>4</b> Income from investment of tax-exempt bond proceeds .....							
<b>5</b> Royalties .....							
<b>6 a</b> Gross rents .....		(i) Real	(ii) Personal				
<b>b</b> Less: rental expenses .....							
<b>c</b> Rental income or (loss) .....							
<b>d</b> Net rental income or (loss) .....							
<b>7 a</b> Gross amount from sales of assets other than inventory .....		(i) Securities	(ii) Other				
<b>b</b> Less: cost or other basis and sales expenses .....							
<b>c</b> Gain or (loss) .....							
<b>d</b> Net gain or (loss) .....				1,153,218.			1,153,218.
<b>8 a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18 .....		<b>a</b>					
<b>b</b> Less: direct expenses .....		<b>b</b>					
<b>c</b> Net income or (loss) from fundraising events .....							
<b>9 a</b> Gross income from gaming activities. See Part IV, line 19 .....		<b>a</b>					
<b>b</b> Less: direct expenses .....		<b>b</b>					
<b>c</b> Net income or (loss) from gaming activities .....							
<b>10 a</b> Gross sales of inventory, less returns and allowances .....		<b>a</b>					
<b>b</b> Less: cost of goods sold .....		<b>b</b>					
<b>c</b> Net income or (loss) from sales of inventory .....							
<b>Miscellaneous Revenue</b>			<b>Business Code</b>				
<b>11 a</b> PTNRSH UNRELATED BUSINESS INCOME .....		900099	114,343.		114,343.		
<b>b</b> .....							
<b>c</b> .....							
<b>d</b> All other revenue .....							
<b>e Total.</b> Add lines 11a-11d .....			114,343.				
<b>12 Total revenue.</b> See instructions. ....			1,601,050.	0.	114,343.	1,370,066.	

**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 ☒ X

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 ...	5,232,727.	5,232,727.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22 .....	49,915.	49,915.		
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 .....	428,985.	293,658.	135,327.	
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 .....	2,822,251.	1,940,413.	881,838.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) .....	348,801.	235,247.	113,554.	
9 Other employee benefits .....	233,939.	157,779.	76,160.	
10 Payroll taxes .....	209,710.	144,184.	65,526.	
11 Fees for services (non-employees):				
a Management .....				
b Legal .....	53,266.	41,053.	12,213.	
c Accounting .....	20,750.	15,993.	4,757.	
d Lobbying .....				
e Professional fundraising services. See Part IV, line 17 .....				
f Investment management fees .....	14,629.		14,629.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.) .....	115,180.	88,772.	26,408.	
12 Advertising and promotion .....				
13 Office expenses .....	192,791.	160,007.	32,784.	
14 Information technology .....				
15 Royalties .....				
16 Occupancy .....	126,722.	84,389.	42,333.	
17 Travel .....	53,192.	50,608.	2,584.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials .....				
19 Conferences, conventions, and meetings .....	96,323.	59,995.	36,328.	
20 Interest .....				
21 Payments to affiliates .....				
22 Depreciation, depletion, and amortization .....	22,415.	14,927.	7,488.	
23 Insurance .....	16,474.	10,970.	5,504.	
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	4,868,244.	4,864,383.	3,861.	
b EVALUATION FEES	255,423.	255,423.		
c CONSULTANTS	37,478.	29,380.	8,098.	
d OTHER EXPENSES	5,632.	3,952.	1,680.	
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	15,204,847.	13,733,775.	1,471,072.	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 Sheet**Check if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing .....	16,419.	1	250,060.
	<b>2</b> Savings and temporary cash investments .....		2	
	<b>3</b> Pledges and grants receivable, net .....	45,358.	3	12,965.
	<b>4</b> Accounts receivable, net .....	844.	4	33,032.
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....		5	
	<b>6</b> 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	
	<b>7</b> Notes and loans receivable, net .....		7	
	<b>8</b> Inventories for sale or use .....		8	
	<b>9</b> Prepaid expenses and deferred charges .....	49,651.	9	47,445.
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	10a 344,213.		
	<b>b</b> Less: accumulated depreciation .....	10b 317,379.	10c	26,834.
	<b>11</b> Investments - publicly traded securities .....	31,378,168.	11	18,412,478.
	<b>12</b> Investments - other securities. See Part IV, line 11 .....	9,022,237.	12	7,706,406.
	<b>13</b> Investments - program-related. See Part IV, line 11 .....		13	
	<b>14</b> Intangible assets .....		14	
	<b>15</b> Other assets. See Part IV, line 11 .....		15	
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	40,561,925.	16	26,489,220.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses .....	588,651.	17	1,006,266.
	<b>18</b> Grants payable .....	1,880,848.	18	1,527,756.
	<b>19</b> Deferred revenue .....		19	
	<b>20</b> Tax-exempt bond liabilities .....		20	
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D .....		21	
	<b>22</b> 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	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties .....		23	
	<b>24</b> Unsecured notes and loans payable to unrelated third parties .....		24	
	<b>25</b> 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	
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 .....	2,469,499.	26	2,534,022.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets .....	38,092,426.	27	23,955,198.
	<b>28</b> Temporarily restricted net assets .....		28	
	<b>29</b> Permanently restricted net assets .....		29	
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds .....		30	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund .....		31	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds .....		32	
<b>33</b> <b>Total net assets or fund balances</b> .....	38,092,426.	33	23,955,198.	
<b>34</b> <b>Total liabilities and net assets/fund balances</b> .....	40,561,925.	34	26,489,220.	

Form 990 (2017)

**Part XI Reconciliation of Net Assets**Check 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	1,601,050.
2	Total expenses (must equal Part IX, column (A), line 25)	2	15,204,847.
3	Revenue less expenses. Subtract line 2 from line 1	3	<13,603,797.>
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	38,092,426.
5	Net unrealized gains (losses) on investments	5	<533,431.>
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	23,955,198.

**Part XII Financial Statements and Reporting**Check 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	2a	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	2b	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.	2c	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? _____	3a	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 _____	3b	

Form 990 (2017)

**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.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

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 12, 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 (Form 990 or 990-EZ).)
- 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 agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
- 10 ☐ 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.)
- 11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 12 ☒ 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 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
  - 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 1-10 above (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 SCHEDULE A, PART VI, SUPPLEMENTAL INFORMATION		6	X		SEE SCHEDULE A, PART VI, SUPPLEMENTAL	INFORMATION
<b>Total</b>					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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(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 <b>Total.</b> 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 <b>Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(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 <b>Total support.</b> Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions) .....					12	
13 <b>First five years.</b> 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 <b>stop here</b> .....						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

14 Public support percentage for 2017 (line 6, column (f) divided by line 11, column (f)) .....	14	%
15 Public support percentage from 2016 Schedule A, Part II, line 14 .....	15	%
16a <b>33 1/3% support test - 2017.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
b <b>33 1/3% support test - 2016.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
17a <b>10% -facts-and-circumstances test - 2017.</b> 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 <b>stop here.</b> 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 <b>10% -facts-and-circumstances test - 2016.</b> 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 <b>stop here.</b> 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 <b>Private foundation.</b> 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) 2017



**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 10 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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> 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 .....						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge ...						
<b>6 Total.</b> Add lines 1 through 5 .....						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....						
<b>b</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 .....						
<b>c</b> Add lines 7a and 7b .....						
<b>8 Public support.</b> (Subtract line 7c from line 6.)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>9</b> Amounts from line 6 .....						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources ...						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)						
<b>14 First five years.</b> 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 <b>stop here</b> .....						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2017 (line 8, column (f) divided by line 13, column (f)) .....	<b>15</b>	%
<b>16</b> Public support percentage from 2016 Schedule A, Part III, line 15 .....	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2017 (line 10c, column (f) divided by line 13, column (f)) .....	<b>17</b>	%
<b>18</b> Investment income percentage from 2016 Schedule A, Part III, line 17 .....	<b>18</b>	%

**19a 33 1/3% support tests - 2017.** 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 - 2016.** 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 in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
<b>1</b> Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in <b>Part VI</b> how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.	X	
<b>2</b> Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in <b>Part VI</b> how the organization determined that the supported organization was described in section 509(a)(1) or (2).		X
<b>3a</b> Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.		X
<b>b</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)? If "Yes," describe in <b>Part VI</b> when and how the organization made the determination.		
<b>c</b> Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in <b>Part VI</b> what controls the organization put in place to ensure such use.		
<b>4a</b> Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.		X
<b>b</b> Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in <b>Part VI</b> how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
<b>c</b> 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)? If "Yes," explain in <b>Part VI</b> 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.		
<b>5a</b> Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in <b>Part VI</b> , 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).		X
<b>b</b> <b>Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
<b>c</b> <b>Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
<b>6</b> Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in <b>Part VI</b> .	X	
<b>7</b> Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		X
<b>8</b> Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		X
<b>9a</b> 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))? If "Yes," provide detail in <b>Part VI</b> .		X
<b>b</b> Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in <b>Part VI</b> .		X
<b>c</b> Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in <b>Part VI</b> .		X
<b>10a</b> Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer 10b below.		X
<b>b</b> Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)		

**Part IV** Supporting Organizations *(continued)*

	Yes	No
<b>11</b> Has the organization accepted a gift or contribution from any of the following persons?		
<b>a</b> 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>b</b> A family member of a person described in (a) above?		X
<b>c</b> 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
<b>1</b> 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.	X	
<b>2</b> 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.		X

**Section C. Type II Supporting Organizations**

	Yes	No
<b>1</b> 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).		

**Section D. All Type III Supporting Organizations**

	Yes	No
<b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
<b>2</b> 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).		
<b>3</b> 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.		

**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** ☐ The organization satisfied the Activities Test. Complete line 2 below.
- b** ☐ The organization is the parent of each of its supported organizations. Complete line 3 below.
- c** ☐ 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
<b>a</b> 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.		
<b>b</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.		
<b>3</b> Parent of Supported Organizations. Answer (a) and (b) below.		
<b>a</b> 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.		
<b>b</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.		

**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 (explain in Part VI.) 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	<b>Adjusted Net Income</b> (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	<b>Total</b> (add lines 1a, 1b, and 1c)	1d	
e	<b>Discount</b> 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	<b>Minimum Asset Amount</b> (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	<b>Distributable Amount.</b> 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	<b>Total annual distributions.</b> 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 2017 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-2017	(iii) Distributable Amount for 2017
1 Distributable amount for 2017 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2017 (reasonable cause required- explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2017			
a			
b From 2013			
c From 2014			
d From 2015			
e From 2016			
f <b>Total</b> of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2017 distributable amount			
i Carryover from 2012 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2017 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2017 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2017, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions.			
6 Remaining underdistributions for 2017. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.			
7 <b>Excess distributions carryover to 2018.</b> Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2013			
b Excess from 2014			
c Excess from 2015			
d Excess from 2016			
e Excess from 2017			

**Part VI** **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

## PART I, LINE 12G

COLUMNS (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. EIN IS N/A.

COLUMN (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.

COLUMN (v) - 100% OF THE ORGANIZATION'S PROGRAM SERVICE EXPENDITURES (\$13,733,775) RELATE TO UNDERTAKINGS THAT ARE MANDATED BY TERMS ESTABLISHED AT THE TIME OF THE ORGANIZATION'S FORMATION BY THE COURT, MEMORIALIZED WITHIN AND CONTROLLING PURSUANT TO THE ORGANIZATION'S ARTICLES OF INCORPORATION.

**Part VI** **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information.  
(See instructions.)

COLUMN (vi) - 100% OF THE ORGANIZATION'S MANAGEMENT EXPENDITURES (\$1,471,072), AS WELL AS THE ENTIRETY OF ITS EFFORTS CONDUCTED VIA VOLUNTEERS, SUPPORT THE ORGANIZATION'S UNDERTAKINGS FURTHERING THE MEETING OF THE STATE OF MINNESOTA'S NEEDS ADDRESSED IN THE RESPONSE FOR THE PRECEDING COLUMN, (v).

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 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:



**Part VI** **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

- 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 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.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2017**

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. Don't 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 isn't covered by the General Rule and/or the Special Rules doesn't 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 doesn't 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) (2017)

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	\$ 116,641.	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.)
		\$	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

[illegible]

Name of organization	Employer identification number
<b>CLEARWAY MINNESOTA (SM)</b>	<b>41-1921094</b>

**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.**  
▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2017**

**Open to Public  
Inspection**

**If the organization answered "Yes," on 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," on 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," on 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 campaign activity expenditures ..... ▶ \$

3 Volunteer hours for political campaign activities .....

**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) 2017

LHA

**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) .....	59,015.													
b	Total lobbying expenditures to influence a legislative body (direct lobbying) .....	58,077.													
c	Total lobbying expenditures (add lines 1a and 1b) .....	117,092.													
d	Other exempt purpose expenditures .....	15,073,126.													
e	Total exempt purpose expenditures (add lines 1c and 1d) .....	15,190,218.													
f	Lobbying nontaxable amount. Enter the amount from the following table in both columns.	909,511.													
<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) .....	227,378.													
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) 2014	(b) 2015	(c) 2016	(d) 2017	(e) Total
2a Lobbying nontaxable amount	907,438.	929,437.	893,620.	909,511.	3,640,006.
b Lobbying ceiling amount (150% of line 2a, column(e))					5,460,009.
c Total lobbying expenditures	119,532.	111,591.	122,801.	117,092.	471,016.
d Grassroots nontaxable amount	226,860.	232,359.	223,405.	227,378.	910,002.
e Grassroots ceiling amount (150% of line 2d, column (e))					1,365,003.
f Grassroots lobbying expenditures	60,982.	54,566.	57,215.	59,015.	231,778.

Schedule C (Form 990 or 990-EZ) 2017



**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 on 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 campaign activity 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:**

RESEARCH SHOWS PUBLIC POLICIES THAT REDUCE SECONDHAND SMOKE EXPOSURE AND MAKE TOBACCO PRODUCTS LESS ACCESSIBLE WORK WITH QUIT-SMOKING PROGRAMS TO REDUCE TOBACCO'S HARM TO THE PUBLIC. BECAUSE SUCH POLICIES HELP REDUCE SMOKING RATES AND REDUCE EXPOSURE TO SECONDHAND SMOKE, CLEARWAY MINNESOTA SUPPORTS WORK IN THIS AREA.

**Part IV** Supplemental Information (continued)

IN FISCAL YEAR 2018, CLEARWAY MINNESOTA HAD A DIRECT LOBBYING CONTRACT WITH LOCKRIDGE, GRINDAL, NAUEN PLLP. THIS YEAR'S DIRECT LOBBYING WORK FOCUSED ON SECURING SUSTAINED FUNDING FOR STATEWIDE CESSATION SERVICES, INTRODUCING A BILL TO RAISE THE TOBACCO SALE AGE TO 21 AND RESTORING TOBACCO TAX CUTS PASSED IN 2017. WE ALSO CONTINUED TO SUPPORT 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. AT THE LOCAL LEVEL, WE WORKED ON INCREASING THE TOBACCO SALE AGE TO 21, INCREASING THE PRICE OF TOBACCO PRODUCTS AND RESTRICTING YOUTH ACCESS TO CANDY-, FRUIT- AND MENTHOL-FLAVORED TOBACCO PRODUCTS. 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" on Form 990,  
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.  
▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

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" on 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" on 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 7/25/06, 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, handling of violations, and enforcing conservation easements during the year ▶ .....

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, 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" on 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 on 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 on 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 d ☐ Loan or exchange programs
- b ☐ Scholarly research e ☐ Other \_\_\_\_\_
- c ☐ Preservation for future generations
- 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" on 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:
- |                                 | Amount |
|---------------------------------|--------|
| c Beginning balance             | 1c     |
| d Additions during the year     | 1d     |
| e Distributions during the year | 1e     |
| f Ending balance                | 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 on Part XIII ☐

**Part V Endowment Funds.** Complete if the organization answered "Yes" on 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 on 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" on line 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" on 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.	26,243.	0.
d Equipment		317,970.	291,136.	26,834.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				26,834.

**Part VII Investments - Other Securities.**

Complete if the organization answered "Yes" on 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) PRIVATE EQUITY FUND OF		
(B) FUNDS	7,706,406.	END-OF-YEAR MARKET VALUE
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶	7,706,406.	

**Part VIII Investments - Program Related.**

Complete if the organization answered "Yes" on 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" on 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" on 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" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements .....	1	1,052,990.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains (losses) on investments .....	2a	<533,431.>
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	<533,431.>
3	Subtract line 2e from line 1 .....	3	1,586,421.
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	14,629.
b	Other (Describe in Part XIII.) .....	4b	
c	Add lines 4a and 4b .....	4c	14,629.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.) .....	5	1,601,050.

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements .....	1	15,190,218.
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	15,190,218.
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	14,629.
b	Other (Describe in Part XIII.) .....	4b	
c	Add lines 4a and 4b .....	4c	14,629.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.) .....	5	15,204,847.

**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.



**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.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**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 the region	(d) Activities conducted in the region (by type) (such as, 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 the region	(f) Total expenditures for and investments in the region
EUROPE (INCLUDING ICELAND & GREENLAND) - ALBANIA, ANDORRA, AUSTRIA, BELGIUM			INVESTMENT IN COLLER INTERNATIONAL PARTNERS V-B, L.P. FUND		683,356.
<b>3 a</b> Sub-total .....	0	0			683,356.
<b>b</b> Total from continuation sheets to Part I .....	0	0			0.
<b>c Totals</b> (add lines 3a and 3b) .....	0	0			683,356.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule F (Form 990) 2017





**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 separately 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; don't 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 separately file Form 5713, International Boycott Report (see Instructions for Form 5713; don't file with Form 990)* ..... ☐ Yes ☒ No

Part V	Supplemental Information
--------	--------------------------

Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information. See instructions.

[illegible]

**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" on Form 990, Part IV, line 21 or 22.

► Attach to Form 990.

► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2017**

Open to Public  
Inspection

Name of the organization

**CLEARWAY MINNESOTA (SM)**

Employer identification number  
**41-1921094**

**Part I General Information on Grants and Assistance**

**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" on 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
AFRICAN AMERICAN LEADERSHIP FORUM 222 SOUTH 9TH ST, STE 1600 MINNEAPOLIS, MN 55402	47-2200830	501C(3)	124,700.	0.			FY'18 LOCAL POLICY GRANT
AMERICAN INDIAN CANCER FOUNDATION 3001 BROADWAY STREET NE MINNEAPOLIS, MN 55413	27-0300026	501C(3)	25,000.	0.			DISSEMINATION GRANTS FOR IQUITS PROJECT
AMERICAN INDIAN CANCER FOUNDATION 615 FIRST AVENUE NE, SUITE 125 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	24,036.	0.			AICAF SUPPORT FOR AI QUITLINE PILOT DEVELOPMENT
AMERICAN INDIAN CANCER FOUNDATION 615 FIRST AVENUE NE, SUITE 125 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	10,000.	0.			CONVERSATIONS TO ADVANCE COMMERCIAL TOBACCO FREE POLICIES
AMERICAN INDIAN CANCER FOUNDATION 3001 BROADWAY STREET NE MINNEAPOLIS, MN 55413	27-0300026	501C(3)	69,930.	0.			PLANNING FOR THE SECOND TRIBAL TOBACCO USE PROJECT (TTUP-II)
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 490 CONCORDIA AVENUE - ST. PAUL, MN 55103	20-4392201	501C(3)	180,000.	0.			FY'18 LOCAL POLICY GRANTEE

**2** Enter total number of section 501(c)(3) and government organizations listed in the line 1 table **22.**

**3** Enter total number of other organizations listed in the line 1 table **6.**

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

SEE PART IV FOR COLUMN (H) DESCRIPTIONS

Schedule I (Form 990) (2017)

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)	180,000.	0.			FY'18 LOCAL POLICY GRANT
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 490 CONCORDIA AVENUE - ST. PAUL, MN 55103	20-4392201	501C(3)	24,999.	0.			FY'18 LOCAL POLICY TECHNICAL ASSISTANCE GRANT
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	49,971.	0.			TOBACCO INDUSTRY TRACKING
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	12,500.	0.			SUPPORT HELP TO TOBACCO RETAILERS IN THE CITY OF ST. PAUL
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	350,000.	0.			FY'18 LOCAL POLICY GRANT
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	50,000.	0.			FY'18 LOCAL POLICY TECHNICAL ASSISTANCE GRANT
BOIS FORTE BAND OF MINNESOTA CHIPPEWA - 5344 LAKESHORE DRIVE - NETT LAKE, MN 55772	41-0954784	TRIBAL NATION	115,000.	0.			TRIBAL TOBACCO EDUCATION AND POLICY SUPPORT FOR BOIS FORTE BAND OF MINNESOTA CHIPPEWA
CENTER FOR ENERGY AND ENVIRONMENT 212 THIRD AVENUE NORTH, STE 560 MINNEAPOLIS, MN 55401	41-1647799	501C(3)	7,916.	0.			CONDUCT REAL-TIME MONITORING OF INDOOR FINE PARTICULATE MATTER (PM2.5) CONCENTRATIONS
CITY OF MINNEAPOLIS 250 SOUTH 4TH STREET MINNEAPOLIS, MN 55403	41-6005375	GOVERNMENT	28,012.	0.			FY'18 LOCAL POLICY GRANT

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
CONSUMER WELLNESS SOLUTIONS, INC. 999 THIRD AVENUE, STE 2100 SEATTLE, WA 98104	20-0231080	FOR PROFIT CORP	1,009,008.	0.			QUITPLAN HELPLINE
CONSUMER WELLNESS SOLUTIONS, INC. 999 THIRD AVENUE, STE 2100 SEATTLE, WA 98104	20-0231080	FOR PROFIT CORP	10,127.	0.			PROCESSING FEE FOR REFERRALS TO QUITPLAN SERVICES
GREATER MINNEAPOLIS COUNCIL OF CHURCHES/DIVISION OF INDIAN WORK - 1001 EAST LAKE STREET - MINNEAPOLIS, MN 55407	41-0693933	501C(3)	48,087.	0.			QUITPLAN SERVICES AMBASSADOR GRANT
HEALTHPARTNERS INSTITUTE 8170 33RD AVE SOUTH, MS: 23301A BLOOMINGTON, MN 55425	41-1670163	501C(3)	69,501.	0.			IMPACT STUDY SIMULATION MODEL
HIMLE RAPP & COMPANY, INC. 333 SOUTH SEVENTH STREET, STE 2400 MINNEAPOLIS, MN 55402	41-1426445	FOR PROFIT CORP	325,000.	0.			PUBLIC AFFAIRS
HORIZON PUBLIC HEALTH 809 ELM STREET, STE 1200 ALEXANDRIA, MN 56308	41-1373630	GOVERNMENT	100,000.	0.			FY'18 LOCAL POLICY GRANT
INSTITUTE FOR CLINICAL SYSTEMS IMPROVEMENT - 8009 34TH AVE S, STE 1200 - BLOOMINGTON, MN 55425	41-1782168	501C(3)	237,000.	0.			HEALTH SYSTEMS CHANGE CAPACITY BUILDING PROJECT YEAR 2 WORK PLAN
LOCKRIDGE GRINDAL NAUEN P.L.L.P. 100 WASHINGTON AVE S, STE 2200 MINNEAPOLIS, MN 55401	41-1340615	FOR PROFIT PARTNERSH	134,999.	0.			STATEWIDE LOBBYING
LOWER SIOUX INDIAN COMMUNITY 39527 RESERVATION HIGHWAY 1 MORTON, MN 56270	41-0991683	TRIBAL NATION	125,000.	0.			CANSAYAPI CULTURAL INTERVENTIONS 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
MINNEAPOLIS MEDICAL RESEARCH FOUNDATION - 701 PARK AVE, STE PP7.700 - MINNEAPOLIS, MN 55415	41-1677920	501C(3)	249,764.	0.			REDUCING TOBACCO-RELATED HEALTH DISPARITIES AMONG INCARCERATED INDIVIDUALS IN HENNEPIN COUNTY
MINNESOTA DEPARTMENT OF HEALTH PO BOX 64975 ST. PAUL, MN 55164	41-6007162	GOVERNMENT	10,000.	0.			2017 MINNESOTA BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM SURVEY
MS STRATEGIES, LLC 1113 EAST FRANKLIN AVE, #202B MINNEAPOLIS, MN 55404	47-4197971	FOR PROFIT CORP	39,071.	0.			CONSULTATION ON CESSATION POLICY STRATEGIC PLAN
NORTH AMERICAN RESEARCH & ANALYSIS, INC. - 478 MEADOW RIDGE TRAIL - HUDSON, WI 54016	26-3210860	FOR PROFIT CORP	13,091.	0.			CALL IT QUIT FACILITATION
NORTHPOINT HEALTH & WELLNESS CENTER, INC. - 1315 PENN AVENUE NORTH - MINNEAPOLIS, MN 55411	20-0898277	501C(3)	130,000.	0.			FY'18 LOCAL POLICY GRANT
PARTNERSHIP 4 HEALTH COMMUNITY HEALTH BOARD - 715 11TH ST NORTH, STE 303 - MOORHEAD, MN 56560	47-1274432	GOVERNMENT	160,000.	0.			FY'18 LOCAL POLICY GRANT
RAINBOW RESEARCH, INC. 621 W LAKE ST, STE 300 MINNEAPOLIS, MN 55408	41-1326460	501C(3)	31,320.	0.			SMOKER INTERVIEW STUDY - RAINBOW RESEARCH WILL CONDUCT INTERVIEWS WITH AFRICAN AMERICAN AND
REGENTS OF THE UNIVERSITY OF MINNESOTA - OFFICE OF SPA, 200 OAK ST, STE 450 - MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRA NT ENTITY	244,418.	0.			TREATING TOBACCO DEPENDENCE IN SMOKERS WITH SEVERE MENTAL ILLNESS
REGENTS OF THE UNIVERSITY OF WISCONSIN - RESEARCH & SPONSORED PRGRMS, 750 UNIVERSITY AVE, 4TH FL - MADISON, WI 53706	39-6006492	WI LAND/GRA NT ENTITY	88,401.	0.			TA TO RESEARCH GRANTEE S, ASSIST WITH THE DISSEMINATION OF RESEARCH FINDINGS AND PROVIDE

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
THE STAIRSTEP FOUNDATION 1404 14TH AVE NORTH MINNEAPOLIS, MN 55411	41-1709346	501C(3)	50,000.	0.			QUITPLAN SERVICES AMBASSADOR GRANT
UPPER SIOUX COMMUNITY PO BOX 147 GRANITE FALLS, MN 56241	41-0916290	TRIBAL NATION	115,000.	0.			TRIBAL TOBACCO EDUCATION AND POLICY PROJECT FOR UPPER SIOUX COMMUNITY
WESTAT, INC. 1650 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	771,199.	0.			2018 MATS SURVEY
WESTAT, INC. 1650 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	7,295.	0.			ANALYSIS OF MATS 2014 DATA
WESTAT, INC. 1650 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	15,000.	0.			COGNITIVE TESTING FOR MATS 2018 SURVEY INSTRUMENT
WHITE EARTH RESERVATION TRIBAL COUNCIL - PO BOX 418 - WHITE EARTH, MN 56591	41-1737979	TRIBAL NATION	115,000.	0.			TRIBAL TOBACCO EDUCATION AND POLICY PHASE II CONTINUATION FUNDING
GRANT CANCELLATIONS - CURRENT YEAR ESTIMATE			<138,521.>	0.			GRANT CANCELLATIONS - CURRENT YEAR ESTIMATE
GRANT CANCELLATIONS - PRIOR YEAR ACTUAL			<33,316.>	0.			GRANT CANCELLATIONS - PRIOR YEAR ACTUAL
GRANTS \$5,000 AND UNDER			13,070.	0.			GRANTS \$5,000 AND UNDER

Schedule I (Form 990)





**Part IV** Supplemental Information

THE CAPACITY OF GRANTEES AND CONTRACTORS TO MAKE SIGNIFICANT CONTRIBUTIONS TO THE FIELD OF TOBACCO CONTROL IN MINNESOTA. THE PURPOSE OF MONITORING IS:

- TO ENSURE ACCOUNTABILITY AND PROPER USE OF 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; AND
- TO IDENTIFY OPPORTUNITIES FOR DISSEMINATION AND SUPPORT FOR FINDINGS/RESULTS.

SEVERAL MONITORING TOOLS ARE USED INCLUDING ORIENTATION OR START UP MEETINGS, REPORTS, SITE VISITS AND CONFERENCE CALLS.

THROUGHOUT THE PROJECT PERIOD, GRANTEES AND VENDORS SUBMIT PROGRESS AND FINANCIAL REPORTS. IN-PERSON MEETINGS ARE SCHEDULED ON AN AS-NEEDED BASIS DEPENDING ON THE SCOPE, NEEDS AND PROGRESS OF THE PROJECT. GRANT PAYMENTS ARE RELEASED ACCORDING TO THE APPROVED PAYMENT SCHEDULE, AND ONLY IF ALL PROGRESS AND FINANCIAL REPORTS HAVE BEEN APPROVED. CONTRACTOR INVOICES ARE APPROVED ONLY FOR THOSE SERVICES AND DELIVERABLES PROVIDED AS SPECIFIED IN THE CONTRACT.

CLEARWAY MINNESOTA STAFF MAY OPT TO USE SITE VISITS OR REVERSE SITE VISITS WITH GRANTEES OR CONTRACTORS. THE SCOPE AND FREQUENCY OF SITE VISITS VARIES BY DEPARTMENT AND PROJECT TYPE. CLEARWAY MINNESOTA MAY ALSO OFFER TECHNICAL ASSISTANCE, TRAINING, AND NETWORKING OPPORTUNITIES TO GRANTEES AND CONTRACTORS.

PART II, LINE 1, COLUMN (H):

**Part IV** Supplemental Information

NAME OF ORGANIZATION OR GOVERNMENT: CENTER FOR ENERGY AND ENVIRONMENT

(H) PURPOSE OF GRANT OR ASSISTANCE: CONDUCT REAL-TIME MONITORING OF

INDOOR FINE PARTICULATE MATTER (PM<sub>2.5</sub>) CONCENTRATIONS FOR MILLE LACS

GRAND CASINO

NAME OF ORGANIZATION OR GOVERNMENT: RAINBOW RESEARCH, INC.

(H) PURPOSE OF GRANT OR ASSISTANCE: SMOKER INTERVIEW STUDY - RAINBOW

RESEARCH WILL CONDUCT INTERVIEWS WITH AFRICAN AMERICAN AND LGBTQ SMOKERS  
IN MINNESOTA.

NAME OF ORGANIZATION OR GOVERNMENT:

REGENTS OF THE UNIVERSITY OF WISCONSIN

(H) PURPOSE OF GRANT OR ASSISTANCE: TA TO RESEARCH GRANTEEES, ASSIST WITH  
THE DISSEMINATION OF RESEARCH FINDINGS AND PROVIDE SUPPORT TO THE  
RESEARCH AND CESSATION DEPARTMENTS.



**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.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

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 on 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 (such as, 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 on 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 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 on 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 on 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" on line 5a or 5b, describe in Part III.

- 6** For persons listed on 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" on line 6a or 6b, describe in Part III.

- 7** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III .....

- 8** Were any amounts reported on 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" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? .....

Yes No

1b

2

4a

4b

4c

5a

5b

6a

6b

7

8

9

X

X

X

X

X

X

X

X

X



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.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2017**

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:

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 ESTABLISHED AND EMERGING SCIENCE  
AND IN PUBLIC HEALTH BEST AND PROMISING PRACTICES. IT 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 TOBACCO'S HARMS AND TO PROMOTE QUITTING.

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:  
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  
INCLUDES CUSTOMIZED OUTREACH TO DIVERSE COMMUNITIES.

IN FISCAL YEAR 2018, CLEARWAY MINNESOTA COMPLETED A REQUEST FOR  
PROPOSAL PROCESS TO SELECT A MARKETING AGENCY. ON SEPTEMBER 20, 2017,  
THE CLEARWAY MINNESOTA BOARD OF DIRECTORS APPROVED THE RECOMMENDATION  
OF HABERMAN AS THE NEW MARKETING AGENCY FOR CLEARWAY MINNESOTA.

Name of the organization	Employer identification number
CLEARWAY MINNESOTA (SM)	41-1921094

HABERMAN, A LOCALLY-OWNED, FULL SERVICE AGENCY, REPLACED CLARITY COVERDALE FURY AND TUNHEIM PARTNERS AS CLEARWAY MINNESOTA'S MARKETING AGENCY OF RECORD. HABERMAN'S CLEAR UNDERSTANDING OF CLEARWAY MINNESOTA'S WORK COMBINED WITH THEIR STRONG CORE CAPABILITIES MADE THEM THE MOST QUALIFIED AGENCY TO LEAD THE MARKETING EFFORTS BEGINNING IN NOVEMBER 2017.

CLEARWAY MINNESOTA CONTINUED THE STOP THE START CAMPAIGN, AIMED AT EDUCATING MINNESOTANS THAT WE CAN AND SHOULD DO MORE TO PROTECT YOUTH FROM STARTING TO USE TOBACCO. THE CAMPAIGN INCLUDES BROADCAST, PRINT, ONLINE AND OUT OF HOME MEDIA, DIRECTING VIEWERS TO THE INFORMATIONAL WEBSITE, STOPTHESTARTMN.ORG. IN ADDITION, CLEARWAY MINNESOTA HELPED AMPLIFY COURT-ORDERED "CORRECTIVE STATEMENTS" FROM THE TOBACCO COMPANIES WITH A NEW CAMPAIGN AND WEBSITE CALLED BIG TOBACCO LIED, WHICH CALLED OUT THE INDUSTRY FOR CONTINUING TO MISLEAD THE PUBLIC. CLEARWAY MINNESOTA CONTINUED ADVERTISING AND OUTREACH WORK FOCUSED ON PROMOTING QUITPLAN SERVICES AND THE QUITCASH CHALLENGE(TM) AND MINI-QUIT MONDAYS QUIT-SMOKING CHALLENGES, WHILE ALSO PROMOTING THE LAUNCH OF A NEW AMERICAN INDIAN HELPLINE. CLEARWAY MINNESOTA'S PROGRAMS, SERVICES OR KEY MESSAGES RECEIVED NEWS COVERAGE BY MEDIA MORE THAN 600 TIMES OVER THE COURSE OF THE YEAR.

IN FISCAL YEAR 2018, THE PUBLIC AFFAIRS DEPARTMENT CONTINUED TO USE RAPP STRATEGIES, INC. (FORMERLY HIMLE RAPP & CO.) AS OUR PUBLIC AFFAIRS VENDOR. RAPP STRATEGIES PROVIDED PUBLIC AFFAIRS STRATEGY, MEDIA RELATIONS AND GRASSROOTS SUPPORT AND GRANTEE TECHNICAL ASSISTANCE TO FURTHER OUR GOALS.

THIS YEAR, CLEARWAY MINNESOTA AWARDED EIGHT GRANTS TO MINNESOTA

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CLEARWAY MINNESOTA (SM)	41-1921094

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 EDUCATING LAWMAKERS ABOUT THE IMPORTANCE OF RAISING THE TOBACCO SALE AGE TO 21 AND INCREASING FUNDING FOR TOBACCO PREVENTION. NOTABLY, THEY HELPED PASS THE FIRST LOCAL TOBACCO 21 POLICIES IN MINNESOTA AND PASSED LOCAL POLICIES TO RESTRICT THE SALE OF MENTHOL TOBACCO TO ADULT-ONLY TOBACCO STORES.

CLEARWAY MINNESOTA MARKETING AND COMMUNICATIONS AND PUBLIC AFFAIRS STAFF MEMBERS, GRANTEEES AND CONTRACTORS SHARE FINDINGS FROM OUR WORK LOCALLY, AT THE STATE LEVEL AND NATIONALLY.

FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:

INTERVENTIONS AT DISCOURAGING YOUTH AND YOUNG ADULTS FROM COMMERCIAL TOBACCO USE IN DAKOTA COMMUNITIES; AND ONE AWARDED TO THE UNIVERSITY OF MINNESOTA WILL EVALUATE THE FEASIBILITY OF AN INTENSIVE INTERVENTION AMONG SMOKERS WITH SEVERE MENTAL ILLNESSES.

CLEARWAY MINNESOTA ALSO AWARDED ONE DISSEMINATION GRANT TO DISTRIBUTE RESEARCH FINDINGS FROM A PREVIOUSLY FUNDED RESEARCH PROJECT. THE AWARD WENT TO THE AMERICAN INDIAN CANCER FOUNDATION FOR A STUDY THAT ADVANCED HEALTH SYSTEMS CHANGES TO IMPROVE THE DELIVERY OF COMMERCIAL TOBACCO DEPENDENCE TREATMENT IN TRIBAL CLINICS AND OTHER CLINICS SERVING AMERICAN INDIANS IN MINNESOTA.

CLEARWAY MINNESOTA ALSO CONTRACTS TO EVALUATE MAJOR PROGRAMMATIC EFFORTS. THROUGH A CONTRACT WITH HEALTHPARTNERS INSTITUTE, A 20-YEAR

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RETROSPECTIVE MODELING STUDY WAS CONDUCTED ON THE IMPACT OF TOBACCO CONTROL IN TERMS OF LIVES AND DOLLARS SAVED IN MINNESOTA AS RESULT OF DECLINING PREVALENCE RATES.

IN COLLABORATION WITH BLUE CROSS AND BLUE SHIELD OF MINNESOTA AND THE MINNESOTA DEPARTMENT OF HEALTH, A VARIETY OF EVALUATION EFFORTS HAVE BEEN UNDERWAY TO ASSESS THE IMPACT OF POLICIES THAT RESTRICT THE SALE OF MENTHOL TOBACCO PRODUCTS, WHICH RECENTLY PASSED IN DULUTH, MINNEAPOLIS AND SAINT PAUL. IN FISCAL YEAR 2018, A CONTRACT WITH RAINBOW RESEARCH, INC., BEGAN COLLECTING DATA ON THE IMPACT UPON YOUTH; A CONTRACT WITH BOSMA CONSULTING, LLC, INITIATED CASE STUDIES FOCUSING ON POLICY CREATION AND PASSAGE; AND A CONTRACT WITH THE INSTITUTE FOR SUSTAINABLE ECONOMIC EDUCATIONAL ENVIRONMENTAL DESIGN FOCUSED ON CAPTURING CHANGES IN THE RETAIL ENVIRONMENT. WORK WILL CONTINUE THROUGHOUT POLICY IMPLEMENTATION IN THE NEXT FISCAL YEAR. TRUTH INITIATIVE AWARDED CLEARWAY MINNESOTA A CONTRACT TO FINANCIALLY SUPPORT EVALUATION OF SEVERAL OF THESE INITIATIVES.

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. IN FISCAL YEAR 2018, CLEARWAY MINNESOTA CONTRACTED WITH WESTAT, INC., ON THE SIXTH AND FINAL ROUND OF THE MINNESOTA ADULT TOBACCO SURVEY (MATS). THE SURVEY INSTRUMENT WAS REFINED AND TESTED FOR RELIABILITY, AND DATA COLLECTION BEGAN. BECAUSE MATS IS THE MOST COMPREHENSIVE SOURCE OF DATA ON TOBACCO USE PREVALENCE, SECONDHAND SMOKE EXPOSURE AND SMOKING BEHAVIORS OF ADULT MINNESOTANS, SURVEY FINDINGS SERVE TO MEASURE PROGRESS AND GUIDE THE WORK OF PARTNERS AFTER CLEARWAY MINNESOTA SUNSETS.



Name of the organization	Employer identification number
CLEARWAY MINNESOTA (SM)	41-1921094

IN ADDITION TO MATS, CLEARWAY MINNESOTA BEGAN ANOTHER MAJOR SURVEILLANCE INITIATIVE IN FISCAL YEAR 2018 THROUGH A CONTRACT WITH THE AMERICAN INDIAN CANCER FOUNDATION. THE SECOND TRIBAL TOBACCO USE PROJECT (TTUP II) BEGAN PLANNING THE PROJECT, RECONVENING COMMUNITY ADVISORS AND REFINING THE SURVEY INSTRUMENT. IMPLEMENTATION OF THE SURVEY WILL BEGIN IN THE NEXT FISCAL YEAR. ONCE DATA IS COLLECTED, TTUP II WILL GENERATE STATEWIDE AND TRIBAL-SPECIFIC DATA ON COMMERCIAL AND TRADITIONAL TOBACCO USE AND RELATED KNOWLEDGE, ATTITUDES AND BELIEFS AMONG AMERICAN INDIAN ADULTS IN MINNESOTA. RESULTS WILL HIGHLIGHT CHANGES SINCE THE FIRST TTUP AND SERVE AS A GUIDE FOR TRIBAL AND STATEWIDE STAKEHOLDERS FOR REDUCING THE HARMS OF COMMERCIAL TOBACCO USE STATEWIDE AND WITHIN INDIVIDUAL TRIBAL NATIONS.

CLEARWAY MINNESOTA IS INTERESTED IN BETTER UNDERSTANDING THE SMOKING BEHAVIOR, BARRIERS AND ATTITUDES OF SELECTED DEMOGRAPHIC GROUPS WHO HAVE NOT SEEN THE SAME REDUCTIONS IN SMOKING AS THE GENERAL POPULATION. IN FISCAL YEAR 2018, THE CLEARWAY MINNESOTA RESEARCH DEPARTMENT CONCLUDED A CONTRACT WITH RAINBOW RESEARCH, INC. TO CONDUCT INTERVIEWS WITH AFRICAN AMERICAN AND LGBTQ SMOKERS LIVING IN THE TWIN CITIES METRO AREA ABOUT THEIR SMOKING BEHAVIORS, PERCEPTIONS OF HARM, AND REACTIONS TO PRICE INCREASES.

RESULTS FROM THESE RESEARCH AND EVALUATION PROJECTS ARE USED TO ADVANCE AND GUIDE CLEARWAY MINNESOTA'S ACTIVITIES, AND WILL BE DISSEMINATED PUBLICLY.

DURING FISCAL YEAR 2018, CLEARWAY MINNESOTA, IN PARTNERSHIP WITH

Name of the organization	Employer identification number
CLEARWAY MINNESOTA (SM)	41-1921094

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 NINE PEER-REVIEWED SCIENTIFIC PAPERS. STAFF PARTICIPATED IN ONE PRE-CONFERENCE WORKSHOP (FOCUSED ON WORK WITH AND FROM INDIGENOUS COMMUNITIES IN REDUCING TOBACCO-RELATED HEALTH DISPARITIES), TWO SYMPOSIA (ON THE BRAND NATURAL AMERICAN SPIRIT AND COMMUNICATING SCIENCE TO POLICYMAKERS) AND TWO ORAL PRESENTATIONS (ON THE MARKETING OF NATURAL AMERICAN SPIRIT AND MENTHOL POLICY RESTRICTION IMPLEMENTATION) AT THE ANNUAL MEETING OF THE SOCIETY FOR RESEARCH ON NICOTINE AND TOBACCO (SRNT). RESEARCH STAFF ALSO PRESENTED SIX POSTERS AT THE SRNT ANNUAL CONFERENCE. ADDITIONALLY, RESEARCH STAFF HAD AN ORAL PRESENTATION AT THE MEETING OF THE AMERICAN PUBLIC HEALTH ASSOCIATION (APHA). THE PRESENTATION PROVIDED A LOOK AT THE IMPLEMENTATION OF MENTHOL RESTRICTION POLICIES IN THREE CITIES: CHICAGO, SAN FRANCISCO AND MINNEAPOLIS, MN.

GRANTEE DISSEMINATION HIGHLIGHTS IN FISCAL YEAR 2018 INCLUDED NATIONAL CONFERENCE PRESENTATIONS, DEVELOPMENT AND PUBLICATION OF MULTIPLE MANUSCRIPTS AND DISTRIBUTION OF DISSEMINATION MATERIALS THROUGH LISTSERVS AND WEBINARS.

FORM 990, PART III, LINE 4C, PROGRAM SERVICE ACCOMPLISHMENTS:  
THE QUITPLAN HELPLINE ALSO OFFERS THREE SPECIAL PROGRAMS: ONE FOR PREGNANT WOMEN, ONE FOR THOSE LIVING WITH MENTAL ILLNESS AND/OR SUBSTANCE USE DISORDERS AND THE AMERICAN INDIAN QUITLINE.

INDIVIDUAL QUITPLAN SERVICES INCLUDE NICOTINE REPLACEMENT STARTER KITS,

Name of the organization

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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.

DURING FISCAL YEAR 2018:

-1,434 TOBACCO USERS ENROLLED IN THE QUITPLAN HELPLINE; AND

-13,421 TOBACCO USERS ENROLLED IN INDIVIDUAL QUITPLAN SERVICES.

CLEARWAY MINNESOTA ALSO PARTNERS WITH MAJOR MINNESOTA HEALTH PLANS THAT PROVIDE TELEPHONE COUNSELING SERVICES THROUGH THE MINNESOTA QUITLINE COLLABORATIVE (PREVIOUSLY 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 COLLABORATIVE AND THE MINNESOTA DEPARTMENT OF HEALTH SUPPORT THE MINNESOTA QUITLINE NETWORK, WHICH ALLOWS HEALTH CARE PROFESSIONALS AND COMMUNITY ORGANIZATIONS TO USE A SINGLE FORM AND FAX NUMBER TO REFER THE PEOPLE THEY SERVE TO TELEPHONE QUITLINE SUPPORT, REGARDLESS OF INSURANCE STATUS.

IN FISCAL YEAR 2018 CLEARWAY MINNESOTA COMPLETED TWO GRANT INITIATIVES - THE COMMUNITY ENGAGEMENT GRANTS AND A GRANT TO THE MINNESOTA HEAD START ASSOCIATION. THE COMMUNITY ENGAGEMENT GRANTS INITIATIVE CONNECTED ADULT SMOKERS OF LOW SOCIOECONOMIC STATUS TO EXISTING SMOKING CESSATION SERVICES. THE MINNESOTA HEAD START ASSOCIATION USED GRANT DOLLARS TO CREATE A PAMPHLET TO EDUCATE PARENTS ON THE HARMS OF SECONDHAND SMOKE EXPOSURE AND PROVIDE INFORMATION ON QUITPLAN SERVICES. CLEARWAY MINNESOTA AWARDED TWO NEW QUITPLAN SERVICES AMBASSADOR GRANTS IN FISCAL

Name of the organization

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YEAR 2018 TO INCREASE TRUST IN AND USAGE OF QUITPLAN SERVICES. THE GRANTS WERE AWARDED TO AN ORGANIZATION THAT SERVES AFRICAN AMERICAN COMMUNITIES AND TO AN ORGANIZATION THAT SERVES AMERICAN INDIAN COMMUNITIES. CLEARWAY MINNESOTA STAFF ARE ALSO 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 ADVOCATING FOR HEALTH CARE QUALITY MEASURES ON TOBACCO TREATMENT DELIVERY. TWO HEALTH SYSTEMS CHANGE DISSEMINATION GRANTS TO ALLOW PAST GRANTEEES TO SHARE LESSONS LEARNED FROM THEIR GRANT FUNDED WORK WITH OTHER MINNESOTA HEALTH SYSTEMS AS WELL AS NATIONAL AUDIENCES; THESE GRANTS ENDED IN FISCAL YEAR 2018. A GRANT AWARDED TO A PREVIOUS HEALTH SYSTEMS CHANGE GRANTEE TO ANALYZE THEIR ELECTRONIC HEALTH RECORD DATA TO UNDERSTAND THE IMPACT OF THEIR GRANT-FUNDED WORK WAS TERMINATED DUE TO INSUFFICIENT DATA. WE ALSO CONTINUED A PROJECT TO INCREASE HEALTH SYSTEM CAPACITY TO ASSESS AND ADDRESS TOBACCO USE. MUCH OF THIS WORK FOCUSES ON CLINICS AND HEALTH SYSTEMS THAT SERVE POPULATIONS THAT SMOKE AT HIGHER RATES.

WE CONTINUED TO EVALUATE QUITPLAN SERVICES TO AID IN PROGRAM MONITORING, TO ENHANCE QUALITY AND TO GUIDE DECISION-MAKING AND RESOURCE ALLOCATION.

CLEARWAY MINNESOTA CESSATION STAFF MEMBERS, GRANTEEES AND CONTRACTORS SHARE FINDINGS FROM OUR WORK LOCALLY, AT THE STATE LEVEL AND NATIONALLY.

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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 2018, CLEARWAY MINNESOTA COMPLETED THE TRIBAL TOBACCO EDUCATION AND POLICY (TTEP) GRANT INITIATIVE IN INDIAN COUNTRY TO ADVANCE COMPREHENSIVE COMMERCIAL TOBACCO-FREE POLICIES AND PROMOTE HEALTH ON MINNESOTA TRIBAL LANDS. THESE GRANTEEES INCLUDED BOIS FORTE BAND OF CHIPPEWA, WHITE EARTH NATION, MILLE LACS BAND OF OJIBWE, FOND DU LAC BAND OF LAKE SUPERIOR CHIPPEWA AND THE UPPER SIOUX COMMUNITY. ("COMMERCIAL TOBACCO" USE LIKE CIGARETTE SMOKING IS DIFFERENTIATED FROM SACRED, TRADITIONAL USES OF TOBACCO BY AMERICAN INDIANS.) IN FISCAL YEAR 2018, CLEARWAY MINNESOTA ALSO COMPLETED ITS TECHNICAL ASSISTANCE, TRAINING AND MENTORSHIP TO THE TTEP GRANTEEES TO SUPPORT EFFORTS TO ADVANCE SMOKE-FREE POLICIES ON TRIBAL LANDS. CLEARWAY MINNESOTA ALSO PARTNERED 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.

IN FISCAL YEAR 2018 WE HOSTED A MEETING OF THE CENTERS FOR DISEASE CONTROL AND PREVENTION'S TRIBAL SUPPORT CENTERS (TSC) AND TTEP

Name of the organization	Employer identification number
CLEARWAY MINNESOTA (SM)	41-1921094

PROJECTS. THE CDC'S TRIBAL SUPPORT CENTERS WERE CHARGED WITH ADVANCING COMMERCIAL TOBACCO CONTROL IN TRIBAL AND AMERICAN INDIAN/ALASKA NATIVE COMMUNITIES ACROSS THE COUNTRY, AND THE TTEP INITIATIVE WORKED ON ADVANCING COMMERCIAL TOBACCO-FREE POLICIES ON TRIBAL LANDS IN MINNESOTA. THE GATHERING RESULTED IN A PUBLICATION TO HIGHLIGHT HOW TOBACCO WORK IN INDIAN COUNTRY EMERGES FROM THE COMMUNITY. IN FISCAL YEAR 2018, WE PUBLISHED A REPORT OF THE TSC/TTEP MEETING TITLED IN A GOOD WAY: INDIGENOUS TRIBAL TOBACCO CONTROL PRACTICES. THE REPORT WAS DISTRIBUTED TO ALL STATE PUBLIC HEALTH DEPARTMENTS IN THE COUNTRY AND HAS RECEIVED HIGH PRAISE.

COMMUNITY DEVELOPMENT COMPLETED SUPPORT BY THE AMERICAN INDIAN CANCER FOUNDATION TO EDUCATE MINNESOTA AND NATIONAL INDIAN GAMING ASSOCIATIONS ABOUT COMMERCIAL TOBACCO AND SECONDHAND SMOKE IN AN EFFORT TO ADVANCE SMOKE-FREE CASINO POLICIES. THE RESULT OF THIS EFFORT STIMULATED FURTHER DISCUSSION ABOUT SECONDHAND SMOKE AND CASINO AIR QUALITY.

ADDITIONALLY, COMMUNITY DEVELOPMENT HAS ALSO CONTINUED TO SUPPORT LEADERSHIP AND ADVOCACY INSTITUTE TO ADVANCE MINNESOTA'S PARITY FOR PRIORITY POPULATIONS (LAAMPP) FELLOWS THROUGH ONGOING MEETINGS AND TRAININGS. THESE ONGOING DEVELOPMENT EFFORTS WITH LAAMPP FELLOWS AND OTHER PRIORITY POPULATIONS ARE IMPORTANT TO BUILD THE NEXT GENERATION OF TOBACCO CONTROL ADVOCATES. FINALLY, SINCE CLEARWAY MINNESOTA'S LIMITED LIFESPAN ENDS BY 2023, THE ORGANIZATION IS CONTINUING TO SUPPORT TWO CONTRACTORS TO LEAD AN EFFORT TO ESTABLISH DIALOGUES WITH LOCAL AND NATIONAL FOUNDATIONS TO CONTINUE TO BUILD SUPPORT FOR PRIORITY POPULATIONS, INCLUDING PROMOTING HEALTH IN INDIAN COUNTRY.

Name of the organization	Employer identification number
CLEARWAY MINNESOTA (SM)	41-1921094

CLEARWAY MINNESOTA COMMUNITY DEVELOPMENT STAFF MEMBERS, GRANTEES AND CONTRACTORS CONTINUED TO SHARE FINDINGS FROM OUR WORK LOCALLY, AT THE STATE LEVEL AND NATIONALLY.

EXPENSES \$ 370,960. INCLUDING GRANTS OF \$ 370,960. REVENUE \$ 0.

FORM 990, PART V, LINE 4B, LIST OF FOREIGN COUNTRIES:

GUERNSEY, CAYMAN ISLANDS, BRITISH VIRGIN IS

FORM 990, PART VI, SECTION B, LINE 11B:

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.

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



Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

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 COMPLIANCE ANNUALLY. THE CERTIFICATE OF COMPLIANCE REQUIRES BOARD MEMBERS AND EMPLOYEES TO REVIEW A LIST OF CURRENT CLEARWAY MINNESOTA GRANTEEES 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. EVERY YEAR, THE CONSULTANT, UTILIZING THE MOST RECENT MARKET TRENDS, PROVIDES CLEARWAY MINNESOTA WITH

Name of the organization	Employer identification number
CLEARWAY MINNESOTA (SM)	41-1921094

GUIDELINES TO DETERMINE COMPENSATION INCREASES. 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.

ALL STAFF SALARY CHANGES, EXCEPT THAT OF THE CHIEF EXECUTIVE OFFICER, ARE REVIEWED AND APPROVED BY THE CHIEF EXECUTIVE OFFICER. JOB PERFORMANCE AND SALARY CHANGES FOR THE CHIEF EXECUTIVE OFFICER ARE REVIEWED ANNUALLY BY THE EXECUTIVE/GOVERNANCE COMMITTEE AND APPROVED BY THE BOARD OF DIRECTORS.

FORM 990, PART VI, SECTION C, LINE 18:

IRS FORMS 1023 AND 990 ARE AVAILABLE ON OUR WEBSITE AT [WWW.CLEARWAYMN.ORG](http://WWW.CLEARWAYMN.ORG). WE ALSO MAKE IRS DOCUMENTS AVAILABLE IN OUR OFFICE FOR PUBLIC INSPECTION.

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.

FORM 990, PART IX, LINE 11D:

SEE SCHEDULE A PART VI, NARRATIVE RELATING TO REPORTING CONTRACTS AS GRANTS (WITH RESPECT TO SCHEDULE A, SECTION A, LINE 6) AND SCHEDULE C PART IV, NARRATIVE RELATING TO LOBBYING ACTIVITIES AND USE OF VENDORS, RELATING TO ABSENCE OF DOLLAR DISCLOSURE.



## **Appendix K**

**IRS Form 990T  
June 30, 2018**

# Exempt Organization Business Income Tax Return

(and proxy tax under section 6033(e))

OMB No. 1545-0687

## 2017

Department of the Treasury  
Internal Revenue Service

For calendar year 2017 or other tax year beginning JUL 1, 2017, and ending JUN 30, 2018.

Go to [www.irs.gov/Form990T](http://www.irs.gov/Form990T) for instructions and the latest information.

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

<b>A</b> <input type="checkbox"/> Check box if address changed  <b>B</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)	<b>Print or Type</b>  Name of organization ( <input type="checkbox"/> Check box if name changed and see instructions.) <b>CLEARWAY MINNESOTA (SM)</b>  Number, street, and room or suite no. If a P.O. box, see instructions. <b>2 APPLETREE SQ, 8011 34TH AV S</b>  City or town, state or province, country, and ZIP or foreign postal code <b>MINNEAPOLIS, MN 55425</b>	<b>D</b> Employer identification number (Employees' trust, see instructions.) <b>41-1921094</b>
		<b>E</b> Unrelated business activity codes (See instructions.) <b>900099</b>
<b>C</b> Book value of all assets at end of year <b>26,489,220.</b>	<b>F</b> Group exemption number (See instructions.) <b>▶</b> <b>G</b> 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 **▶ STEVE BADER, CFO** Telephone number **▶ 952-767-1407**

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 <b>▶</b>	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	114,343.	114,343.
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	<b>Total.</b> Combine lines 3 through 12	13	114,343.	114,343.

**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	10,604.
20	Charitable contributions (See instructions for limitation rules) <b>STATEMENT 4 SEE STATEMENT 2</b>	20	52.
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) <b>SEE STATEMENT 3</b>	28	1,950.
29	<b>Total deductions.</b> Add lines 14 through 28	29	12,606.
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	101,737.
31	Net operating loss deduction (limited to the amount on line 30)	31	
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	101,737.
33	Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)	33	1,000.
34	<b>Unrelated business taxable income.</b> Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	100,737.

**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 SEE STATEMENT 6 35c 21,853.

**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 Tax on Non-Compliant Facility Income.** See instructions 39**40 Total.** Add lines 37, 38 and 39 to line 35c or 36, whichever applies 40 21,853.**Part IV Tax and Payments****41a Foreign tax credit** (corporations attach Form 1118; trusts attach Form 1116) 41a

b Other credits (see instructions) 41b

c General business credit. Attach Form 3800 41c

d Credit for prior year minimum tax (attach Form 8801 or 8827) 41d

e **Total credits.** Add lines 41a through 41d 41e**42 Subtract line 41e from line 40** 42 21,853.**43 Other taxes.** Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Other (attach schedule) 43**44 Total tax.** Add lines 42 and 43 44 21,853.**45a Payments:** A 2016 overpayment credited to 2017 45a 1,364.

b 2017 estimated tax payments 45b 4,036.

c Tax deposited with Form 8868 45c

d Foreign organizations: Tax paid or withheld at source (see instructions) 45d

e Backup withholding (see instructions) 45e

f Credit for small employer health insurance premiums (Attach Form 8941) 45f

g Other credits and payments: ☐ Form 2439 ☐ Form 4136 ☐ Other Total 45g**46 Total payments.** Add lines 45a through 45g 46 5,400.**47 Estimated tax penalty** (see instructions). Check if Form 2220 is attached ☐ 47**48 Tax due.** If line 46 is less than the total of lines 44 and 47, enter amount owed 48 16,453.**49 Overpayment.** If line 46 is larger than the total of lines 44 and 47, enter amount overpaid 49**50 Enter the amount of line 49 you want:** Credited to 2018 estimated tax Refunded 50**Part V Statements Regarding Certain Activities and Other Information** (see instructions)

51 At any time during the 2017 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 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 X

52 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 X

53 Enter the amount of tax-exempt interest received or accrued during the tax year \$

Sign Here

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.

Signature of officer

Date 11/12/2018

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,  
CPA

Preparer's signature

Linda M. Nelson 10/30/18

Date

Check ☐ if self-employed

PTIN

P00205567

Firm's name OLSEN THIELEN &amp; CO., LTD

Firm's EIN 41-1360831

2675 LONG LAKE ROAD

Firm's address ST. PAUL, MN 55113

Phone no. 651-483-4521

Form 990-T (2017)

**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 (attach schedule)	4a					
b	Other costs (attach schedule)	4b					
5	Total. Add lines 1 through 4b	5					

**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

(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.

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	
			(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	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(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				0.



**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)				
			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).
<b>Totals</b> .....			0.	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)				
		Enter here and on page 1, Part I, line 9, column (A).		Enter here and on page 1, Part I, line 9, column (B).
<b>Totals</b> .....		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)						
		Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).			Enter here and on page 1, Part II, line 26.
<b>Totals</b> .....		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)						
<b>Totals (carry to Part II, line (5))</b> .....		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)						
<b>Totals from Part I</b> .....	<b>0.</b>	<b>0.</b>				<b>0.</b>
<b>Totals, Part II (lines 1-5)</b> .....	Enter here and on page 1, Part I, line 11, col. (A). <b>0.</b>	Enter here and on page 1, Part I, line 11, col. (B). <b>0.</b>				Enter here and on page 1, Part II, line 27. <b>0.</b>

**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)		%	
<b>Total. Enter here and on page 1, Part II, line 14</b> .....			<b>0.</b>

Form 990-T (2017)

## Alternative Minimum Tax - Corporations

▶ Attach to the corporation's tax return.

▶ Go to www.irs.gov/Form4626 for instructions and the latest information.

OMB No. 1545-0123

2017

Name		Employer identification number
CLEARWAY MINNESOTA (SM)		41-1921094
<b>Note:</b> See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).		
1	Taxable income or (loss) before net operating loss deduction	100,737.
2	<b>Adjustments and preferences:</b>	
a	Depreciation of post-1986 property	2a
b	Amortization of certified pollution control facilities	2b
c	Amortization of mining exploration and development costs	2c
d	Amortization of circulation expenditures (personal holding companies only)	2d
e	Adjusted gain or loss	2e
f	Long-term contracts	2f
g	Merchant marine capital construction funds	2g
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)	2h
i	Tax shelter farm activities (personal service corporations only)	2i
j	Passive activities (closely held corporations and personal service corporations only)	2j
k	Loss limitations	2k
l	Depletion	2l
m	Tax-exempt interest income from specified private activity bonds	2m
n	Intangible drilling costs	2n
o	Other adjustments and preferences *	2o
3	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o	100,737.
4	<b>Adjusted current earnings (ACE) adjustment:</b>	
a	ACE from line 10 of the ACE worksheet in the instructions	4a 100,737.
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount. See instructions	4b 0.
c	Multiply line 4b by 75% (0.75). Enter the result as a positive amount	4c
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments. See instructions. <b>Note:</b> You must enter an amount on line 4d (even if line 4b is positive)	4d
e	ACE adjustment. • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the smaller of line 4c or line 4d as a negative amount	4e 0.
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT	5 100,737.
6	Alternative tax net operating loss deduction. See instructions	6
7	<b>Alternative minimum taxable income.</b> Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions	7 100,737.
8	<b>Exemption phase-out</b> (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):	
a	Subtract \$150,000 from line 7. If completing this line for a member of a controlled group, see instructions. If zero or less, enter -0-	8a 0.
b	Multiply line 8a by 25% (0.25)	8b 0.
c	Exemption. Subtract line 8b from \$40,000. If completing this line for a member of a controlled group, see instructions. If zero or less, enter -0-	8c 40,000.
9	Subtract line 8c from line 7. If zero or less, enter -0-	9 60,737.
10	Multiply line 9 by 20% (0.20)	10 12,147.
11	Alternative minimum tax foreign tax credit (AMTFTC). See instructions	11
12	Tentative minimum tax. Subtract line 11 from line 10 <b>STMT 8 BLENDED RATE</b>	12 6,123.
13	Regular tax liability before applying all credits except the foreign tax credit	13 21,853.
14	<b>Alternative minimum tax.</b> Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return	14 0.

JWA For Paperwork Reduction Act Notice, see separate instructions.

Form 4626 (2017)

\* SEE ALSO

STATEMENT 7

**Adjusted Current Earnings (ACE) Worksheet**

► See ACE Worksheet Instructions.

1 Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626		1	100,737.
2 ACE depreciation adjustment:			
a AMT depreciation	2a		
b ACE depreciation:			
(1) Post-1993 property	2b(1)		
(2) Post-1989, pre-1994 property	2b(2)		
(3) Pre-1990 MACRS property	2b(3)		
(4) Pre-1990 original ACRS property	2b(4)		
(5) Property described in sections 168(f)(1) through (4)	2b(5)		
(6) Other property	2b(6)		
(7) Total ACE depreciation. Add lines 2b(1) through 2b(6)	2b(7)		
c ACE depreciation adjustment. Subtract line 2b(7) from line 2a		2c	
3 Inclusion in ACE of items included in earnings and profits (E&P):			
a Tax-exempt interest income	3a		
b Death benefits from life insurance contracts	3b		
c All other distributions from life insurance contracts (including surrenders)	3c		
d Inside buildup of undistributed income in life insurance contracts	3d		
e Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)	3e		
f Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3e		3f	
4 Disallowance of items not deductible from E&P:			
a Certain dividends received	4a		
b Dividends paid on certain preferred stock of public utilities that are deductible under section 247 (as affected by P.L. 113-295, Div. A, section 221(a)(4)(A), Dec. 19, 2014, 128 Stat. 4043)	4b		
c Dividends paid to an ESOP that are deductible under section 404(k)	4c		
d Nonpatronage dividends that are paid and deductible under section 1382(c)	4d		
e Other items (see Regulations sections 1.56(g)-1(d)(3)(i) and (ii) for a partial list)	4e		
f Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e		4f	
5 Other adjustments based on rules for figuring E&P:			
a Intangible drilling costs	5a		
b Circulation expenditures	5b		
c Organizational expenditures	5c		
d LIFO inventory adjustments	5d		
e Installment sales	5e		
f Total other E&P adjustments. Combine lines 5a through 5e		5f	
6 Disallowance of loss on exchange of debt pools		6	
7 Acquisition expenses of life insurance companies for qualified foreign contracts		7	
8 Depletion		8	
9 Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property		9	
10 Adjusted current earnings. Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626		10	100,737.

## 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)	8,246.
LINE 2 - NET RENTAL INCOME (LOSS)	<461.>
LINE 5 - INTEREST INCOME	173.
LINE 6A - ORDINARY DIVIDENDS	491.
LINE 7 - ROYALTIES	17.
LINE 8 - SHORT-TERM CAPITAL GAIN (LOSS)	0.
LINE 9A - LONG-TERM CAPITAL GAIN (LOSS)	106,597.
LINE 10 - SECTION 1231 GAIN (LOSS)	2,249.
LINE 11A - OTHER PORTFOLIO INCOME	0.
LINE 11F - OTHER INCOME	2,369.
LINE 12 - SECTION 179 DEDUCTION	<38.>
LINE 13H - INVESTMENT INTEREST EXPENSE	<164.>
LINE 13J - SECTION 59(E)(2) EXPENDITURES	<3,337.>
LINE 13W - OTHER DEDUCTIONS	<2,720.>

WEATHERGAGE VENTURE CAPITAL LP  
UNRELATED BUSINESS TAXABLE INCOME PER K-1:

LINE 1 - ORDINARY BUSINESS INCOME (LOSS)	921.
LINE 6A - ORDINARY DIVIDENDS	0.

TOTAL PARTNERSHIP INCOME

114,343.

FORM 990-T	CONTRIBUTIONS	STATEMENT	2
------------	---------------	-----------	---

DESCRIPTION/KIND OF PROPERTY	METHOD USED TO DETERMINE FMV	AMOUNT
FROM MESIROW FINANCIAL K-1	N/A	52.
TOTAL TO FORM 990-T, PAGE 1, LINE 20		52.

FORM 990-T	OTHER DEDUCTIONS	STATEMENT	3
------------	------------------	-----------	---

DESCRIPTION	AMOUNT
TAX PREPARATION FEES	1,950.
TOTAL TO FORM 990-T, PAGE 1, LINE 28	1,950.

FORM 990-T

CONTRIBUTIONS SUMMARY

STATEMENT

4

## QUALIFIED CONTRIBUTIONS SUBJECT TO 100% LIMIT

## CARRYOVER OF PRIOR YEARS UNUSED CONTRIBUTIONS

FOR TAX YEAR 2012

FOR TAX YEAR 2013

FOR TAX YEAR 2014

FOR TAX YEAR 2015

FOR TAX YEAR 2016

TOTAL CARRYOVER

TOTAL CURRENT YEAR 10% CONTRIBUTIONS

52

TOTAL CONTRIBUTIONS AVAILABLE

52

TAXABLE INCOME LIMITATION AS ADJUSTED

10,079

EXCESS 10% CONTRIBUTIONS

0

EXCESS 100% CONTRIBUTIONS

0

TOTAL EXCESS CONTRIBUTIONS

0

ALLOWABLE CONTRIBUTIONS DEDUCTION

52

TOTAL CONTRIBUTION DEDUCTION

52

FORM 990-T	NAME OF FOREIGN COUNTRY IN WHICH ORGANIZATION HAS FINANCIAL INTEREST	STATEMENT	5
------------	---	-----------	---

NAME OF COUNTRY

GUERNSEY  
CAYMAN ISLANDS  
BRITISH VIRGIN ISLANDS



FORM 990-T

LINE 35C TAX COMPUTATION

STATEMENT

6

1.	TAXABLE INCOME . . . . .		100,737	
2.	LESSER OF LINE 1 OR FIRST BRACKET AMOUNT . .		50,000	
3.	LINE 1 LESS LINE 2 . . . . .		50,737	
4.	LESSER OF LINE 3 OR SECOND BRACKET AMOUNT . .		25,000	
5.	LINE 3 LESS LINE 4 . . . . .		25,737	
6.	INCOME SUBJECT TO 34% TAX RATE . . . . .		25,737	
7.	INCOME SUBJECT TO 35% TAX RATE . . . . .		0	
8.	15 PERCENT OF LINE 2 . . . . .		7,500	
9.	25 PERCENT OF LINE 4 . . . . .		6,250	
10.	34 PERCENT OF LINE 6 . . . . .		8,751	
11.	35 PERCENT OF LINE 7 . . . . .		0	
12.	ADDITIONAL 5% SURTAX . . . . .		37	
13.	ADDITIONAL 3% SURTAX . . . . .		0	
14.	TOTAL INCOME TAX			22,538
15.	TAX AT 21% RATE EFFECTIVE AFTER 12/31/2017		21,155	
DAYS				
16.	TAX PRORATED FOR NUMBER OF DAYS IN 2017	184	11,362	
17.	TAX PRORATED FOR NUMBER OF DAYS IN 2018	181	10,491	
18.	TOTAL TAX PRORATED	365		21,853

FORM 4626

AMT CONTRIBUTIONS

STATEMENT

7

## CARRYOVER OF PRIOR YEARS UNUSED CONTRIBUTIONS

FOR TAX YEAR 2012

FOR TAX YEAR 2013

FOR TAX YEAR 2014

FOR TAX YEAR 2015

FOR TAX YEAR 2016

TOTAL CARRYOVER

CURRENT YEAR CONTRIBUTIONS

52

TOTAL CONTRIBUTIONS

52

10% OF TAXABLE INCOME AS ADJUSTED

10,079

EXCESS CONTRIBUTIONS

0

ALLOWABLE CONTRIBUTIONS

52

AMT CHARITABLE DEDUCTION

52

REGULAR CONTRIBUTION DEDUCTION

52

AMT CONTRIBUTION ADJUSTMENT

0

## STATEMENT 8

STATEMENT(S) 8



## **Appendix L**

### **Charitable Organization Annual Report**

**Mail To:**

Minnesota Attorney General's Office  
Charities Division  
445 Minnesota Street, Suite 1200  
St. Paul, MN 55101-2130

**STATE OF MINNESOTA**  
**CHARITABLE ORGANIZATION**  
**ANNUAL REPORT FORM**

C2

**Website Address:**

[www.ag.state.mn.us/charity](http://www.ag.state.mn.us/charity)

(Pursuant to Minn. Stat. ch. 309)

**SECTION A: Organization Information**

Legal Name of Organization CLEARWAY MINNESOTA (SM)

Federal EIN: 41-1921094

Fiscal Year-End: 06302018

mm/dd/yyyy

Did the organization's fiscal year-end change? ☐ Yes ☒ No

<b>Mailing Address:</b> <b>DAVID WILLOUGHBY</b>	<b>Physical Address:</b> <b>DAVID WILLOUGHBY</b>
Contact Person <b>2 APPLETREE SQ, 8011 34TH AV S</b>	Contact Person <b>2 APPLETREE SQ, 8011 34TH AV S</b>
Street Address <b>MINNEAPOLIS, MN 55425</b>	Street Address <b>MINNEAPOLIS, MN 55425</b>
City, State, and ZIP Code <b>952-767-1400</b>	City, State, and ZIP Code <b>952-767-1400</b>
Phone Number <b>DWILLOUGHBY@CLEARWAYMN.ORG</b>	Phone Number <b>DWILLOUGHBY@CLEARWAYMN.ORG</b>
Email Address	Email Address

1. Organization's website: WWW.CLEARWAYMN.ORG

2. List all of the organization's alternate and former names (attach list if more space is needed).

☐ Alternate ☐ Former  
☐ Alternate ☐ Former

3. List all names under which the organization solicits contributions (attach list if more space is needed).

4. Is the organization incorporated pursuant to Minn. Stat. ch. 317A? ☒ Yes ☐ No

5. Total amount of contributions the organization received from Minnesota donors: \$ 116,641.

6. Has the organization's tax-exempt status with the IRS changed?

☐ Yes ☒ No If yes, attach explanation.

7. Has the organization significantly changed its purpose(s) or program(s)?

☐ Yes ☒ No If yes, attach explanation.

**CHARITABLE ORGANIZATION ANNUAL REPORT FORM**  
(Continued)

8. Has the organization been denied the right to solicit contributions by any court or government agency?

☐ Yes ☒ No If yes, attach explanation.

9. Does the organization use the services of a professional fundraiser (outside solicitor or consultant) to solicit contributions in Minnesota? ☐ Yes ☒ No

If yes, provide the following information for each (attach list if more space is needed):

Name of Professional Fundraiser

Compensation

Street Address

City, State, and ZIP Code

10. Is the organization a food shelf? ☐ Yes ☒ No

If yes, is the organization required to file an audit? ☐ Yes, audit attached ☐ No

**Note:** An organization that has total revenue of more than \$750,000 is required to file an audit prepared in accordance with generally accepted accounting principles by an independent CPA or LPA. The value of donated food to a nonprofit food shelf may be excluded from the total revenue if the food is donated for subsequent distribution at no charge and is not resold.

11. Do any directors, officers, or employees of the organization or its related organization(s) receive total compensation\* of more than \$100,000? ☒ Yes ☐ No

If yes, provide the following information for the five highest paid individuals:

Name and title	Compensation*	Other compensation
DAVID J. WILLOUGHBY CHIEF EXECUTIVE OFFICER	171,816.	52,660.
BARBARA SCHILLO VICE PRESIDENT	151,878.	45,015.
ANDREA MOWERY VICE PRESIDENT	154,639.	37,413.
STEVEN BADER CHIEF FINANCIAL OFFICER	140,631.	42,831.
JAIME MARTINEZ DIRECTOR OF COMMUNITY DEV	132,118.	31,674.

\*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. See Minn. Stat. § 309.53, subd. 3(i) and Minn. Stat. § 317A.011 for definitions.

# CHARITABLE ORGANIZATION ANNUAL REPORT FORM

## (Continued)

### **SECTION B: Financial Information**

This section must be completed by organizations that file an IRS Form 990-EZ, 990-PF, or 990-N.

Organizations that file an IRS Form 990 may skip Section B and go directly to Section C.

### **INCOME**

1.	Contributions Received	\$ _____	1
2.	Government Grants	\$ _____	2
3.	Program Service Revenue	\$ _____	3
4.	Other Revenue	\$ _____	4
5.	<b>TOTAL INCOME</b>	<b>\$ _____</b>	<b>5</b>

### **EXPENSES**

6.	Program Expenses	\$ _____	6
7.	Management & General Expenses	\$ _____	7
8.	Fund-raising Expenses	\$ _____	8
9.	<b>TOTAL EXPENSES</b>	<b>\$ _____</b>	<b>9</b>
10.	<b>EXCESS or DEFICIT</b>	<b>\$ _____</b>	<b>10</b>
	(Line 5 minus Line 9)		

### **ASSETS**

11.	Cash	\$ _____	11
12.	Land, Buildings & Equipment	\$ _____	12
13.	Other Assets	\$ _____	13
14.	<b>TOTAL ASSETS</b>	<b>\$ _____</b>	<b>14</b>

### **LIABILITIES**

15.	Accounts Payable	\$ _____	15
16.	Grants Payable	\$ _____	16
17.	Other Liabilities	\$ _____	17
18.	<b>TOTAL LIABILITIES</b>	<b>\$ _____</b>	<b>18</b>

### **FUND BALANCE/NET WORTH**

	\$ _____	
--	----------	--

(Line 14 minus Line 18)



**CHARITABLE ORGANIZATION ANNUAL REPORT FORM**  
(Continued)

**Section B (continued): Statement of Functional Expenses**

This expense statement must be prepared in accordance with generally accepted accounting principles. Each column must be completed, and Columns B, C, and D must equal Column A. The amount on Line 25, Column A must match Line 17 of IRS Form 990-EZ or Line 26 of IRS Form 990-PF.

	(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 labeled miscellaneous may not exceed 5% of total expenses (Line 25).				
a.				
b.				
c.				
d.				
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				

CHARITABLE ORGANIZATION ANNUAL REPORT FORM  
(Continued)

C2

**Section C: Board of Directors Signatures and Acknowledgment**

The form must be executed pursuant to a resolution of the board of directors, trustees, or managing group and must be signed by two officers of the organization. See Minn. Stat. § 309.52, subd. 3.

We, the undersigned, state and acknowledge that we are duly constituted officers of this organization, being the

CHAIR, BOARD OF DIRECTOR (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 20th  
day of September, 2018, 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 operations and finances of the  
organization. We further state that the information supplied is true, correct and complete to the best of our knowledge.

BOB BOERSCHEL

Name (Print)

Signature

CHAIR, BOARD OF DIRECTORS

Title

Date

10/30/2018

BRIAN OSBERG

Name (Print)

Signature

TREASURER

Title

Date

11/2/18

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)

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

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**Open to Public  
Inspection**A** For the 2017 calendar year, or tax year beginning **JUL 1, 2017** and ending **JUN 30, 2018****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  
**2 APPLETREE SQ, 8011 34TH AV S**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 \$ **33,826,413.****H(a)** Is this a group return for 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**

<b>Activities &amp; Governance</b>	<b>1</b>	Briefly describe the organization's mission or most significant activities: <b>CLEARWAY MINNESOTA IS AN INDEPENDENT NONPROFIT ORGANIZATION WORKING TO IMPROVE THE HEALTH OF</b>		
	<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	<b>3</b>	Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	<b>15</b>
	<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	<b>15</b>
	<b>5</b>	Total number of individuals employed in calendar year 2017 (Part V, line 2a)	<b>5</b>	<b>29</b>
	<b>6</b>	Total number of volunteers (estimate if necessary)	<b>6</b>	<b>20</b>
		<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>
<b>b</b>		Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	<b>100,737.</b>
<b>Revenue</b>	<b>8</b>	Contributions and grants (Part VIII, line 1h)	<b>Prior Year</b>	<b>Current Year</b>
	<b>9</b>	Program service revenue (Part VIII, line 2g)	<b>116,327.</b>	<b>116,641.</b>
	<b>10</b>	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<b>0.</b>	<b>0.</b>
	<b>11</b>	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<b>3,400,597.</b>	<b>1,370,066.</b>
	<b>12</b>	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<b>41,993.</b>	<b>114,343.</b>
<b>Expenses</b>	<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	<b>3,558,917.</b>	<b>1,601,050.</b>
	<b>14</b>	Benefits paid to or for members (Part IX, column (A), line 4)	<b>4,579,457.</b>	<b>5,282,642.</b>
	<b>15</b>	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	<b>0.</b>	<b>0.</b>
	<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e)	<b>3,707,536.</b>	<b>4,043,686.</b>
	<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) ▶ <b>0.</b>	<b>0.</b>	<b>0.</b>
	<b>17</b>	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	<b>6,599,668.</b>	<b>5,878,519.</b>
	<b>18</b>	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	<b>14,886,661.</b>	<b>15,204,847.</b>
	<b>19</b>	Revenue less expenses. Subtract line 18 from line 12	<b>&lt;11,327,744.&gt;</b>	<b>&lt;13,603,797.&gt;</b>
	<b>Net Assets or Fund Balances</b>	<b>20</b>	Total assets (Part X, line 16)	<b>Beginning of Current Year</b>
<b>21</b>		Total liabilities (Part X, line 26)	<b>40,561,925.</b>	<b>26,489,220.</b>
<b>22</b>		Net assets or fund balances. Subtract line 21 from line 20	<b>2,469,499.</b>	<b>2,534,022.</b>

**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 **DAVID J. WILLOUGHBY, CHIEF EXEC OFFICER** Date **11/12/2018**  
 ▶ Type or print name and title

**Paid Preparer Use Only**  
 Print/Type preparer's name **LINDA M. NELSON, CPA** Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_  
 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**

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? ☐ 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 ☒ 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 \$ 6,559,988. including grants of \$ 1,772,942. ) (Revenue \$ 0. )**COMMUNICATIONS AND PUBLIC AFFAIRS**

COMMUNICATIONS AND OUTREACH ACTIVITIES HELP CLEARWAY MINNESOTA TO PROMOTE CESSATION SERVICES, TO MOTIVATE MINNESOTA TOBACCO USERS TO QUIT AND TO EDUCATE MINNESOTANS ABOUT TOBACCO'S DANGERS. 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.

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

ADDITIONALLY, CLEARWAY MINNESOTA CONDUCTS OUTREACH INCLUDING COMMUNITY VISITS, MEDIA INTERVIEWS AND MEETINGS WITH COMMUNITY LEADERS. THIS WORK

**4b** (Code: ) (Expenses \$ 2,568,152. including grants of \$ 1,741,085. ) (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 2018, CLEARWAY MINNESOTA AWARDED FOUR RESEARCH GRANTS. THREE OF THE FISCAL YEAR 2018 GRANTS WERE IN RESPONSE TO OUR FINAL COMPETITIVE REQUEST FOR PROPOSALS ON THE TOPIC OF REDUCING TOBACCO-RELATED HEALTH DISPARITIES. OF THESE, ONE AWARDED TO THE MINNEAPOLIS MEDICAL RESEARCH FOUNDATION FOCUSES ON ASSESSING THE IMPACT OF A SMOKING CESSATION INTERVENTION FOR INCARCERATED INDIVIDUALS IN A JAIL SETTING; ONE AWARDED TO THE LOWER SIOUX INDIAN COMMUNITY IN MINNESOTA'S HEALTH DEPARTMENT WILL EXAMINE THE MOST EFFECTIVE

**4c** (Code: ) (Expenses \$ 4,234,675. including grants of \$ 1,397,655. ) (Revenue \$ 116,641. )**CESSATION**

CLEARWAY MINNESOTA PROVIDES EVIDENCE-BASED OR PROMISING PROGRAMS TO HELP MINNESOTANS QUIT TOBACCO USE. SINCE INCEPTION, QUITPLAN SERVICES HAS HELPED MORE THAN 170,000 MINNESOTANS IN THEIR ATTEMPTS TO QUIT.

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

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

(Expenses \$ 370,960. including grants of \$ 370,960. ) (Revenue \$ 0. )

**4e** Total program service expenses **13,733,775.**



**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> 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>	<b>1</b> X	
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	<b>2</b> X	
<b>3</b> 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>	<b>3</b>	X
<b>4</b> <b>Section 501(c)(3) organizations.</b> 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>	<b>4</b> X	
<b>5</b> 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>	<b>5</b>	X
<b>6</b> 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>	<b>6</b>	X
<b>7</b> 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>	<b>7</b>	X
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	<b>8</b>	X
<b>9</b> 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>	<b>9</b>	X
<b>10</b> 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>	<b>10</b>	X
<b>11</b> 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.		
<b>a</b> 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>	<b>11a</b> X	
<b>b</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>	<b>11b</b> X	
<b>c</b> 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>	<b>11c</b>	X
<b>d</b> 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>	<b>11d</b>	X
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	<b>11e</b>	X
<b>f</b> 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>	<b>11f</b> X	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	<b>12a</b> X	
<b>b</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>	<b>12b</b>	X
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	<b>13</b>	X
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?	<b>14a</b>	X
<b>b</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>	<b>14b</b> X	
<b>15</b> 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>	<b>15</b>	X
<b>16</b> 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>	<b>16</b>	X
<b>17</b> 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>	<b>17</b>	X
<b>18</b> 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>	<b>18</b>	X
<b>19</b> 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>	<b>19</b>	X

**Part IV Checklist of Required Schedules** (continued)

	Yes	No
<b>20a</b> Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		X
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
<b>21</b> 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? If "Yes," complete Schedule I, Parts I and II	X	
<b>22</b> 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? If "Yes," complete Schedule I, Parts I and III	X	
<b>23</b> 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? If "Yes," complete Schedule J	X	
<b>24a</b> 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? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a		X
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
<b>b</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? If "Yes," complete Schedule L, Part I		X
<b>26</b> 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? If "Yes," complete Schedule L, Part II		X
<b>27</b> 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? If "Yes," complete Schedule L, Part III		X
<b>28</b> 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):		
<b>a</b> A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
<b>c</b> 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? If "Yes," complete Schedule L, Part IV		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
<b>34</b> Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1		X
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
<b>b</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)? If "Yes," complete Schedule R, Part V, line 2		
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
<b>37</b> 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? If "Yes," complete Schedule R, Part VI		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O	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

☒ X

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	51	
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	29	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
3b	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: <b>SEE SCHEDULE O</b> 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
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5c	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
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
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	<b>Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
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	<b>Section 501(c)(7) organizations.</b> 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	<b>Section 501(c)(12) organizations.</b> 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	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> 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?		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 ..... 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.	15			
b Enter the number of voting members included in line 1a, above, who are independent .....		15		
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? .....			2	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? .....			3	X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? .....			4	X
5 Did the organization become aware during the year of a significant diversion of the organization's assets? .....			5	X
6 Did the organization have members or stockholders? .....			6	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? .....			7a	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? .....			7b	X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a The governing body? .....			8a	X
b Each committee with authority to act on behalf of the governing body? .....			8b	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 .....			9	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? .....	10a	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? .....	10b	
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? .....	11a	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 .....	12a	X
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? .....	12b	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 .....	12c	X
13 Did the organization have a written whistleblower policy? .....	13	X
14 Did the organization have a written document retention and destruction policy? .....	14	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 .....	15a	X
b Other officers or key employees of the organization .....	15b	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? .....	16a	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? .....	16b	

**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: **►**  
**STEVE BADER, CFO - 952-767-1407**  
**8011 34TH AVE S, STE 400, MINNEAPOLIS, MN 55425**

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**Check 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) BOB BOERSCHEL BOARD CHAIR	7.00	X		X				0.	0.	0.
(2) ANNE VARS SECRETARY (THRU SEPTEMBER 2017)	4.00	X		X				0.	0.	0.
(3) NEVADA LITTLEWOLF SECRETARY (BEGINNING SEPTEMBER 2017)	2.00	X		X				0.	0.	0.
(4) VIVIAN JENKINS NELSEN VICE CHAIR (THRU SEPTEMBER 2017)	5.00	X		X				0.	0.	0.
(5) LAURIE LAFONTAINE, TREASURER (THRU 9/17), VICE CHAIR (BEG 9/17)	6.00	X		X				0.	0.	0.
(6) BRIAN OSBERG TREASURER (BEGINNING SEPTEMBER 2017)	3.00	X		X				0.	0.	0.
(7) GAIL AMUNDSON DIRECTOR	1.00	X						0.	0.	0.
(8) JANET AVERY DIRECTOR	1.00	X						0.	0.	0.
(9) DUANE BENSON DIRECTOR (BEGINNING SEPTEMBER 2017)	1.00	X						0.	0.	0.
(10) MAE BROOKS DIRECTOR (BEGINNING SEPTEMBER 2017)	1.00	X						0.	0.	0.
(11) JUDY BROWN DIRECTOR (BEGINNING SEPTEMBER 2017)	1.00	X						0.	0.	0.
(12) ELLEN DENZEN DIRECTOR (THRU SEPTEMBER 2017)	3.00	X						0.	0.	0.
(13) KELLY DRUMMER DIRECTOR (THRU SEPTEMBER 2017)	1.00	X						0.	0.	0.
(14) KAREN KRAEMER DIRECTOR	4.00	X						0.	0.	0.
(15) PAMELA LUX DIRECTOR (THUR MAY 2018)	3.00	X						0.	0.	0.
(16) STEVEN MCWHIRTER DIRECTOR	3.00	X						0.	0.	0.
(17) SARAH OQUIST DIRECTOR (BEGINNING SEPTEMBER 2017)	2.00	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) HOWARD ORENSTEIN DIRECTOR (THRU DECEMBER 2017)	1.00	X						0.	0.	0.
(19) BRIAN SHORT DIRECTOR (THRU SEPTEMBER 2017)	1.00	X						0.	0.	0.
(20) GREG WULF DIRECTOR (BEGINNING SEPTEMBER 2017)	1.00	X						0.	0.	0.
(21) DAVID J. WILLOUGHBY CHIEF EXECUTIVE OFFICER	40.00			X				171,816.	0.	52,660.
(22) STEVEN BADER CHIEF FINANCIAL OFFICER	40.00			X				140,631.	0.	42,831.
(23) ANDREA MOWERY VICE PRESIDENT	40.00					X		154,639.	0.	37,413.
(24) BARBARA SCHILLO VICE PRESIDENT	40.00					X		151,878.	0.	45,015.
(25) JAIME MARTINEZ DIRECTOR OF COMMUNITY DEVE	40.00					X		132,118.	0.	31,674.
(26) RAYMOND BOYLE DIRECTOR OF RESEARCH PROGR	40.00					X		129,130.	0.	29,956.
<b>1b Sub-total</b>								880,212.	0.	239,549.
<b>c Total from continuation sheets to Part VII, Section A</b>								118,355.	0.	38,094.
<b>d Total (add lines 1b and 1c)</b>								998,567.	0.	277,643.

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 **7**

	Yes	No
3 Did the organization list any <b>former</b> officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3	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	4 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	5	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	6,319,224.
PROFESSIONAL DATA ANALYSTS, INC., 219 MAIN STREET SE, STE 302, MINNEAPOLIS, MN 55414	QUITPLAN AND MEDIA EVALUATION	288,357.

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

Form 990 (2017)



**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	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	1 a	Federated campaigns .....	1a					
	b	Membership dues .....	1b					
	c	Fundraising events .....	1c					
	d	Related organizations .....	1d					
	e	Government grants (contributions) .....	1e	116,641.				
	f	All other contributions, gifts, grants, and similar amounts not included above .....	1f					
	g	Noncash contributions included in lines 1a-1f: \$ .....						
	h	<b>Total.</b> Add lines 1a-1f .....		116,641.				
<b>Program Service Revenue</b>	Business Code							
	2 a							
	b							
	c							
	d							
	e							
	f	All other program service revenue .....						
	g	<b>Total.</b> Add lines 2a-2f .....						
<b>Other Revenue</b>	3	Investment income (including dividends, interest, and other similar amounts) .....		216,848.			216,848.	
	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) .....			1,153,218.		1,153,218.
	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	PTNRSH UNRELATED BUSINESS INCOME	900099	114,343.		114,343.		
b								
c								
d	All other revenue .....							
e	<b>Total.</b> Add lines 11a-11d .....		114,343.					
12	<b>Total revenue.</b> See instructions. ....		1,601,050.	0.	114,343.	1,370,066.		

**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 ☒ X

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	5,232,727.	5,232,727.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22	49,915.	49,915.		
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	428,985.	293,658.	135,327.	
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	2,822,251.	1,940,413.	881,838.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	348,801.	235,247.	113,554.	
9 Other employee benefits	233,939.	157,779.	76,160.	
10 Payroll taxes	209,710.	144,184.	65,526.	
11 Fees for services (non-employees):				
a Management				
b Legal	53,266.	41,053.	12,213.	
c Accounting	20,750.	15,993.	4,757.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	14,629.		14,629.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	115,180.	88,772.	26,408.	
12 Advertising and promotion				
13 Office expenses	192,791.	160,007.	32,784.	
14 Information technology				
15 Royalties				
16 Occupancy	126,722.	84,389.	42,333.	
17 Travel	53,192.	50,608.	2,584.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	96,323.	59,995.	36,328.	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	22,415.	14,927.	7,488.	
23 Insurance	16,474.	10,970.	5,504.	
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	4,868,244.	4,864,383.	3,861.	
b EVALUATION FEES	255,423.	255,423.		
c CONSULTANTS	37,478.	29,380.	8,098.	
d OTHER EXPENSES	5,632.	3,952.	1,680.	
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	15,204,847.	13,733,775.	1,471,072.	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 Sheet**Check if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing .....	16,419.	1	250,060.
	<b>2</b> Savings and temporary cash investments .....		2	
	<b>3</b> Pledges and grants receivable, net .....	45,358.	3	12,965.
	<b>4</b> Accounts receivable, net .....	844.	4	33,032.
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....		5	
	<b>6</b> 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	
	<b>7</b> Notes and loans receivable, net .....		7	
	<b>8</b> Inventories for sale or use .....		8	
	<b>9</b> Prepaid expenses and deferred charges .....	49,651.	9	47,445.
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	10a 344,213.		
	<b>b</b> Less: accumulated depreciation .....	10b 317,379.	10c	26,834.
	<b>11</b> Investments - publicly traded securities .....	31,378,168.	11	18,412,478.
	<b>12</b> Investments - other securities. See Part IV, line 11 .....	9,022,237.	12	7,706,406.
	<b>13</b> Investments - program-related. See Part IV, line 11 .....		13	
	<b>14</b> Intangible assets .....		14	
	<b>15</b> Other assets. See Part IV, line 11 .....		15	
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	40,561,925.	16	26,489,220.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses .....	588,651.	17	1,006,266.
	<b>18</b> Grants payable .....	1,880,848.	18	1,527,756.
	<b>19</b> Deferred revenue .....		19	
	<b>20</b> Tax-exempt bond liabilities .....		20	
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D .....		21	
	<b>22</b> 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	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties .....		23	
	<b>24</b> Unsecured notes and loans payable to unrelated third parties .....		24	
	<b>25</b> 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	
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 .....	2,469,499.	26	2,534,022.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets .....	38,092,426.	27	23,955,198.
	<b>28</b> Temporarily restricted net assets .....		28	
	<b>29</b> Permanently restricted net assets .....		29	
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds .....		30	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund .....		31	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds .....		32	
<b>33</b> <b>Total net assets or fund balances</b> .....	38,092,426.	33	23,955,198.	
<b>34</b> <b>Total liabilities and net assets/fund balances</b> .....	40,561,925.	34	26,489,220.	

Form 990 (2017)

**Part XI Reconciliation of Net Assets**Check 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	1,601,050.
2	Total expenses (must equal Part IX, column (A), line 25)	2	15,204,847.
3	Revenue less expenses. Subtract line 2 from line 1	3	<13,603,797.>
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	38,092,426.
5	Net unrealized gains (losses) on investments	5	<533,431.>
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	23,955,198.

**Part XII Financial Statements and Reporting**Check 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	2a	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	2b	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.	2c	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?	3a	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	3b	

Form 990 (2017)



**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.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

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 12, 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 (Form 990 or 990-EZ).)
- 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 agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
- 10 ☐ 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.)
- 11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 12 ☒ 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 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
  - 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 1-10 above (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 SCHEDULE A	41-1921094	6	X		0.	0.
<b>Total</b>					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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>4 Total.</b> Add lines 1 through 3 .....						
<b>5</b> 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) .....						
<b>6 Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>7</b> Amounts from line 4 .....						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources .....						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on .....						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					12	
<b>13 First five years.</b> 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 <b>stop here</b> ..... ► <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2017 (line 6, column (f) divided by line 11, column (f)) .....	14	%
<b>15</b> Public support percentage from 2016 Schedule A, Part II, line 14 .....	15	%
<b>16a 33 1/3% support test - 2017.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization ..... ► <input type="checkbox"/>		
<b>b 33 1/3% support test - 2016.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization ..... ► <input type="checkbox"/>		
<b>17a 10% -facts-and-circumstances test - 2017.</b> 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 <b>stop here.</b> 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>b 10% -facts-and-circumstances test - 2016.</b> 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 <b>stop here.</b> 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>18 Private foundation.</b> 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) 2017

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 10 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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> 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 .....						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>6 Total.</b> Add lines 1 through 5 .....						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....						
<b>b</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 .....						
<b>c</b> Add lines 7a and 7b .....						
<b>8 Public support.</b> (Subtract line 7c from line 6.) .....						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>9</b> Amounts from line 6 .....						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources .....						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.) .....						
<b>14 First five years.</b> 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 <b>stop here</b> .....						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2017 (line 8, column (f) divided by line 13, column (f)) .....	<b>15</b>	%
<b>16</b> Public support percentage from 2016 Schedule A, Part III, line 15 .....	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2017 (line 10c, column (f) divided by line 13, column (f)) .....	<b>17</b>	%
<b>18</b> Investment income percentage from 2016 Schedule A, Part III, line 17 .....	<b>18</b>	%
<b>19a 33 1/3% support tests - 2017.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization .....		
<b>b 33 1/3% support tests - 2016.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization .....		
<b>20 Private foundation.</b> 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 in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

- 1** Are all of the organization's supported organizations listed by name in the organization's governing documents? 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.
- 2** Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in **Part VI** how the organization determined that the supported organization was described in section 509(a)(1) or (2).
- 3a** Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.
- 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)? If "Yes," describe in **Part VI** when and how the organization made the determination.
- c** Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in **Part VI** what controls the organization put in place to ensure such use.
- 4a** Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.
- b** Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? 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.
- 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)? 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.
- 5a** Did the organization add, substitute, or remove any supported organizations during the tax year? 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).
- 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 (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in **Part VI**.
- 7** Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).
- 8** Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).
- 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))? If "Yes," provide detail in **Part VI**.
- b** Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in **Part VI**.
- c** Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in **Part VI**.
- 10a** Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer 10b below.
- b** Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)

	Yes	No
<b>1</b>	X	
<b>2</b>		X
<b>3a</b>		X
<b>3b</b>		
<b>3c</b>		
<b>4a</b>		X
<b>4b</b>		
<b>4c</b>		
<b>5a</b>		X
<b>5b</b>		
<b>5c</b>		
<b>6</b>	X	
<b>7</b>		X
<b>8</b>		X
<b>9a</b>		X
<b>9b</b>		X
<b>9c</b>		X
<b>10a</b>		X
<b>10b</b>		

**Part IV** Supporting Organizations (continued)

	Yes	No
<b>11</b> Has the organization accepted a gift or contribution from any of the following persons?		
<b>a</b> 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?		
<b>11a</b>		X
<b>b</b> A family member of a person described in (a) above?		X
<b>11b</b>		X
<b>c</b> 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
<b>11c</b>		X

**Section B. Type I Supporting Organizations**

	Yes	No
<b>1</b> 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.		
<b>1</b>	X	
<b>2</b> 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.		
<b>2</b>		X

**Section C. Type II Supporting Organizations**

	Yes	No
<b>1</b> 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).		
<b>1</b>		

**Section D. All Type III Supporting Organizations**

	Yes	No
<b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
<b>1</b>		
<b>2</b> 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).		
<b>2</b>		
<b>3</b> 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.		
<b>3</b>		

**Section E. Type III Functionally Integrated Supporting Organizations**

<b>1</b> Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
<b>a</b>	<input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.	
<b>b</b>	<input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.	
<b>c</b>	<input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).	
<b>2</b> Activities Test. Answer (a) and (b) below.		
<b>a</b>	Yes	No
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.		
<b>2a</b>		
<b>b</b>	Yes	No
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.		
<b>2b</b>		
<b>3</b> Parent of Supported Organizations. Answer (a) and (b) below.		
<b>a</b>	Yes	No
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.		
<b>3a</b>		
<b>b</b>	Yes	No
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.		
<b>3b</b>		

**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 (explain in Part VI.) 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	<b>Adjusted Net Income</b> (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	<b>Total</b> (add lines 1a, 1b, and 1c)	1d	
e	<b>Discount</b> claimed for blockage or other factors (explain in detail in <b>Part VI</b> ):		
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	<b>Minimum Asset Amount</b> (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	<b>Distributable Amount.</b> 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 <b>Total annual distributions.</b> 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 2017 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-2017	(iii) Distributable Amount for 2017
1 Distributable amount for 2017 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2017 (reasonable cause required- explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2017			
a			
b From 2013			
c From 2014			
d From 2015			
e From 2016			
f <b>Total</b> of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2017 distributable amount			
i Carryover from 2012 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2017 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2017 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2017, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions.			
6 Remaining underdistributions for 2017. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.			
7 <b>Excess distributions carryover to 2018.</b> Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2013			
b Excess from 2014			
c Excess from 2015			
d Excess from 2016			
e Excess from 2017			

**Part VI** **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

PART I, LINE 12G

COLUMNS (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. EIN IS N/A.

COLUMN (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.

COLUMN (V) - 100% OF THE ORGANIZATION'S PROGRAM SERVICE EXPENDITURES (\$13,733,775) RELATE TO UNDERTAKINGS THAT ARE MANDATED BY TERMS ESTABLISHED AT THE TIME OF THE ORGANIZATION'S FORMATION BY THE COURT, MEMORIALIZED WITHIN AND CONTROLLING PURSUANT TO THE ORGANIZATION'S ARTICLES OF INCORPORATION.



**Part VI** **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

COLUMN (VI) - 100% OF THE ORGANIZATION'S MANAGEMENT EXPENDITURES (\$1,471,072), AS WELL AS THE ENTIRETY OF ITS EFFORTS CONDUCTED VIA VOLUNTEERS, SUPPORT THE ORGANIZATION'S UNDERTAKINGS FURTHERING THE MEETING OF THE STATE OF MINNESOTA'S NEEDS ADDRESSED IN THE RESPONSE FOR THE PRECEDING COLUMN, (V).

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 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:

**Part VI**

**Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information.  
(See instructions.)

- 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

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 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.**

▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2017**

**Open to Public  
Inspection**

**If the organization answered "Yes," on 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," on 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," on 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 campaign activity expenditures ..... \$

**3** Volunteer hours for political campaign activities .....

**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-

**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												
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying) .....		59,015.													
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying) .....		58,077.													
<b>c</b> Total lobbying expenditures (add lines 1a and 1b) .....		117,092.													
<b>d</b> Other exempt purpose expenditures .....		15,073,126.													
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d) .....		15,190,218.													
<b>f</b> Lobbying nontaxable amount. Enter the amount from the following table in both columns.		909,511.													
<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.														
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f) .....		227,378.													
<b>h</b> Subtract line 1g from line 1a. If zero or less, enter -0- .....		0.													
<b>i</b> Subtract line 1f from line 1c. If zero or less, enter -0- .....		0.													
<b>j</b> 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) 2014	(b) 2015	(c) 2016	(d) 2017	(e) Total
<b>2a</b> Lobbying nontaxable amount	907,438.	929,437.	893,620.	909,511.	3,640,006.
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					5,460,009.
<b>c</b> Total lobbying expenditures	119,532.	111,591.	122,801.	117,092.	471,016.
<b>d</b> Grassroots nontaxable amount	226,860.	232,359.	223,405.	227,378.	910,002.
<b>e</b> Grassroots ceiling amount (150% of line 2d, column(e))					1,365,003.
<b>f</b> Grassroots lobbying expenditures	60,982.	54,566.	57,215.	59,015.	231,778.

Schedule C (Form 990 or 990-EZ) 2017

**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 on 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 campaign activity 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:**

RESEARCH SHOWS PUBLIC POLICIES THAT REDUCE SECONDHAND SMOKE EXPOSURE AND MAKE TOBACCO PRODUCTS LESS ACCESSIBLE WORK WITH QUIT-SMOKING PROGRAMS TO REDUCE TOBACCO'S HARM TO THE PUBLIC. BECAUSE SUCH POLICIES HELP REDUCE SMOKING RATES AND REDUCE EXPOSURE TO SECONDHAND SMOKE, CLEARWAY MINNESOTA SUPPORTS WORK IN THIS AREA.

**Part IV** Supplemental Information (continued)

IN FISCAL YEAR 2018, CLEARWAY MINNESOTA HAD A DIRECT LOBBYING CONTRACT WITH LOCKRIDGE, GRINDAL, NAUEN PLLP. THIS YEAR'S DIRECT LOBBYING WORK FOCUSED ON SECURING SUSTAINED FUNDING FOR STATEWIDE CESSATION SERVICES, INTRODUCING A BILL TO RAISE THE TOBACCO SALE AGE TO 21 AND RESTORING TOBACCO TAX CUTS PASSED IN 2017. WE ALSO CONTINUED TO SUPPORT 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. AT THE LOCAL LEVEL, WE WORKED ON INCREASING THE TOBACCO SALE AGE TO 21, INCREASING THE PRICE OF TOBACCO PRODUCTS AND RESTRICTING YOUTH ACCESS TO CANDY-, FRUIT- AND MENTHOL-FLAVORED TOBACCO PRODUCTS. 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" on Form 990,  
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.  
▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

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" on 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" on 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 7/25/06, 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, handling of violations, and enforcing conservation easements during the year ▶ .....

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, 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" on 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 on 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 on 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" on 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:
- |                                 | Amount |
|---------------------------------|--------|
| c Beginning balance             | 1c     |
| d Additions during the year     | 1d     |
| e Distributions during the year | 1e     |
| f Ending balance                | 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 on Part XIII ☐

**Part V Endowment Funds.** Complete if the organization answered "Yes" on 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 on 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" on line 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" on 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.	26,243.	0.
d Equipment		317,970.	291,136.	26,834.
e Other				
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				26,834.



**Part VII Investments - Other Securities.**

Complete if the organization answered "Yes" on 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) PRIVATE EQUITY FUND OF		
(B) FUNDS	7,706,406.	END-OF-YEAR MARKET VALUE
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ►	7,706,406.	

**Part VIII Investments - Program Related.**

Complete if the organization answered "Yes" on 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" on 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" on 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" on Form 990, Part IV, line 12a.

<b>1</b>	Total revenue, gains, and other support per audited financial statements	<b>1</b>	1,052,990.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
<b>a</b>	Net unrealized gains (losses) on investments	<b>2a</b>	<533,431.>
<b>b</b>	Donated services and use of facilities	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>	<b>2e</b>	<533,431.>
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>	<b>3</b>	1,586,421.
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	14,629.
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>	<b>4c</b>	14,629.
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.)	<b>5</b>	1,601,050.

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

<b>1</b>	Total expenses and losses per audited financial statements	<b>1</b>	15,190,218.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
<b>a</b>	Donated services and use of facilities	<b>2a</b>	
<b>b</b>	Prior year adjustments	<b>2b</b>	
<b>c</b>	Other losses	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>	<b>2e</b>	0.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>	<b>3</b>	15,190,218.
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	14,629.
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>	<b>4c</b>	14,629.
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.)	<b>5</b>	15,204,847.

**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.

**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.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017****Open to Public  
Inspection**

Name of the organization

Employer identification number

CLEARWAY MINNESOTA (SM)

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 the region	(d) Activities conducted in the region (by type) (such as, 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 the region	(f) Total expenditures for and investments in the region
EUROPE (INCLUDING ICELAND & GREENLAND) - ALBANIA, ANDORRA, AUSTRIA, BELGIUM			INVESTMENT IN COLLER INTERNATIONAL PARTNERS V-B, L.P. FUND		683,356.
<b>3 a</b> Sub-total .....	0	0			683,356.
<b>b</b> Total from continuation sheets to Part I .....	0	0			0.
<b>c Totals</b> (add lines 3a and 3b) .....	0	0			683,356.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule F (Form 990) 2017





**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 separately 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; don't 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 separately file Form 5713, International Boycott Report (see Instructions for Form 5713; don't file with Form 990)* ..... ☐ Yes ☒ No

<b>Part V</b>	<b>Supplemental Information</b>
---------------	---------------------------------

Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information. See instructions.



**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" on Form 990, Part IV, line 21 or 22.

► Attach to Form 990.

► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2017**

Open to Public  
Inspection

Name of the organization

**CLEARWAY MINNESOTA (SM)**

Employer identification number  
**41-1921094**

**Part I General Information on Grants and Assistance**

**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" on 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
AFRICAN AMERICAN LEADERSHIP FORUM 222 SOUTH 9TH ST, STE 1600 MINNEAPOLIS, MN 55402	47-2200830	501C(3)	124,700.	0.			FY'18 LOCAL POLICY GRANT
AMERICAN INDIAN CANCER FOUNDATION 3001 BROADWAY STREET NE MINNEAPOLIS, MN 55413	27-0300026	501C(3)	25,000.	0.			DISSEMINATION GRANTS FOR IQUITS PROJECT
AMERICAN INDIAN CANCER FOUNDATION 615 FIRST AVENUE NE, SUITE 125 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	24,036.	0.			AICAF SUPPORT FOR AI QUITLINE PILOT DEVELOPMENT
AMERICAN INDIAN CANCER FOUNDATION 615 FIRST AVENUE NE, SUITE 125 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	10,000.	0.			CONVERSATIONS TO ADVANCE COMMERCIAL TOBACCO FREE POLICIES
AMERICAN INDIAN CANCER FOUNDATION 3001 BROADWAY STREET NE MINNEAPOLIS, MN 55413	27-0300026	501C(3)	69,930.	0.			PLANNING FOR THE SECOND TRIBAL TOBACCO USE PROJECT (TTUP-II)
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 490 CONCORDIA AVENUE - ST. PAUL, MN 55103	20-4392201	501C(3)	180,000.	0.			FY'18 LOCAL POLICY GRANTEE

**2** Enter total number of section 501(c)(3) and government organizations listed in the line 1 table **22.**

**3** Enter total number of other organizations listed in the line 1 table **6.**

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

SEE PART IV FOR COLUMN (H) DESCRIPTIONS

Schedule I (Form 990) (2017)

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)	180,000.	0.			FY'18 LOCAL POLICY GRANT
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 490 CONCORDIA AVENUE - ST. PAUL, MN 55103	20-4392201	501C(3)	24,999.	0.			FY'18 LOCAL POLICY TECHNICAL ASSISTANCE GRANT
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) . - 2395 UNIVERSITY AVE W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	49,971.	0.			TOBACCO INDUSTRY TRACKING
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) . - 2395 UNIVERSITY AVE W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	12,500.	0.			SUPPORT HELP TO TOBACCO RETAILERS IN THE CITY OF ST. PAUL
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) . - 2395 UNIVERSITY AVE W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	350,000.	0.			FY'18 LOCAL POLICY GRANT
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) . - 2395 UNIVERSITY AVE W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	50,000.	0.			FY'18 LOCAL POLICY TECHNICAL ASSISTANCE GRANT
BOIS FORTE BAND OF MINNESOTA CHIPPEWA - 5344 LAKESHORE DRIVE - NETT LAKE, MN 55772	41-0954784	TRIBAL NATION	115,000.	0.			TRIBAL TOBACCO EDUCATION AND POLICY SUPPORT FOR BOIS FORTE BAND OF MINNESOTA CHIPPEWA
CENTER FOR ENERGY AND ENVIRONMENT 212 THIRD AVENUE NORTH, STE 560 MINNEAPOLIS, MN 55401	41-1647799	501C(3)	7,916.	0.			CONDUCT REAL-TIME MONITORING OF INDOOR FINE PARTICULATE MATTER (PM2.5) CONCENTRATIONS
CITY OF MINNEAPOLIS 250 SOUTH 4TH STREET MINNEAPOLIS, MN 55403	41-6005375	GOVERNMENT	28,012.	0.			FY'18 LOCAL POLICY GRANT

Schedule I (Form 990)

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
CONSUMER WELLNESS SOLUTIONS, INC. 999 THIRD AVENUE, STE 2100 SEATTLE, WA 98104	20-0231080	FOR PROFIT CORP	1,009,008.	0.			QUITPLAN HELPLINE
CONSUMER WELLNESS SOLUTIONS, INC. 999 THIRD AVENUE, STE 2100 SEATTLE, WA 98104	20-0231080	FOR PROFIT CORP	10,127.	0.			PROCESSING FEE FOR REFERRALS TO QUITPLAN SERVICES
GREATER MINNEAPOLIS COUNCIL OF CHURCHES/DIVISION OF INDIAN WORK - 1001 EAST LAKE STREET - MINNEAPOLIS, MN 55407	41-0693933	501C(3)	48,087.	0.			QUITPLAN SERVICES AMBASSADOR GRANT
HEALTHPARTNERS INSTITUTE 8170 33RD AVE SOUTH, MS: 23301A BLOOMINGTON, MN 55425	41-1670163	501C(3)	69,501.	0.			IMPACT STUDY SIMULATION MODEL
HIMLE RAPP & COMPANY, INC. 333 SOUTH SEVENTH STREET, STE 2400 MINNEAPOLIS, MN 55402	41-1426445	FOR PROFIT CORP	325,000.	0.			PUBLIC AFFAIRS
HORIZON PUBLIC HEALTH 809 ELM STREET, STE 1200 ALEXANDRIA, MN 56308	41-1373630	GOVERNMENT	100,000.	0.			FY'18 LOCAL POLICY GRANT
INSTITUTE FOR CLINICAL SYSTEMS IMPROVEMENT - 8009 34TH AVE S, STE 1200 - BLOOMINGTON, MN 55425	41-1782168	501C(3)	237,000.	0.			HEALTH SYSTEMS CHANGE CAPACITY BUILDING PROJECT YEAR 2 WORK PLAN
LOCKRIDGE GRINDAL NAUEN P.L.L.P. 100 WASHINGTON AVE S, STE 2200 MINNEAPOLIS, MN 55401	41-1340615	FOR PROFIT PARTNERSH	134,999.	0.			STATEWIDE LOBBYING
LOWER SIOUX INDIAN COMMUNITY 39527 RESERVATION HIGHWAY 1 MORTON, MN 56270	41-0991683	TRIBAL NATION	125,000.	0.			CANSAYAPI CULTURAL INTERVENTIONS 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
MINNEAPOLIS MEDICAL RESEARCH FOUNDATION - 701 PARK AVE, STE PP7.700 - MINNEAPOLIS, MN 55415	41-1677920	501C(3)	249,764.	0.			REDUCING TOBACCO-RELATED HEALTH DISPARITIES AMONG INCARCERATED INDIVIDUALS IN HENNEPIN COUNTY
MINNESOTA DEPARTMENT OF HEALTH PO BOX 64975 ST. PAUL, MN 55164	41-6007162	GOVERNMENT	10,000.	0.			2017 MINNESOTA BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM SURVEY
MS STRATEGIES, LLC 1113 EAST FRANKLIN AVE, #202B MINNEAPOLIS, MN 55404	47-4197971	FOR PROFIT CORP	39,071.	0.			CONSULTATION ON CESSATION POLICY STRATEGIC PLAN
NORTH AMERICAN RESEARCH & ANALYSIS, INC. - 478 MEADOW RIDGE TRAIL - HUDSON, WI 54016	26-3210860	FOR PROFIT CORP	13,091.	0.			CALL IT QUIT FACILITATION
NORTHPOINT HEALTH & WELLNESS CENTER, INC. - 1315 PENN AVENUE NORTH - MINNEAPOLIS, MN 55411	20-0898277	501C(3)	130,000.	0.			FY'18 LOCAL POLICY GRANT
PARTNERSHIP 4 HEALTH COMMUNITY HEALTH BOARD - 715 11TH ST NORTH, STE 303 - MOORHEAD, MN 56560	47-1274432	GOVERNMENT	160,000.	0.			FY'18 LOCAL POLICY GRANT
RAINBOW RESEARCH, INC. 621 W LAKE ST, STE 300 MINNEAPOLIS, MN 55408	41-1326460	501C(3)	31,320.	0.			SMOKER INTERVIEW STUDY - RAINBOW RESEARCH WILL CONDUCT INTERVIEWS WITH AFRICAN AMERICAN AND
REGENTS OF THE UNIVERSITY OF MINNESOTA - OFFICE OF SPA, 200 OAK ST, STE 450 - MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRANT ENTITY	244,418.	0.			TREATING TOBACCO DEPENDENCE IN SMOKERS WITH SEVERE MENTAL ILLNESS
REGENTS OF THE UNIVERSITY OF WISCONSIN - RESEARCH & SPONSORED PRGRMS, 750 UNIVERSITY AVE, 4TH FL - MADISON, WI 53706	39-6006492	WI LAND/GRANT ENTITY	88,401.	0.			TA TO RESEARCH GRANTEEES, ASSIST WITH THE DISSEMINATION OF RESEARCH FINDINGS AND PROVIDE

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
THE STAIRSTEP FOUNDATION 1404 14TH AVE NORTH MINNEAPOLIS, MN 55411	41-1709346	501C(3)	50,000.	0.			QUITPLAN SERVICES AMBASSADOR GRANT
UPPER SIOUX COMMUNITY PO BOX 147 GRANITE FALLS, MN 56241	41-0916290	TRIBAL NATION	115,000.	0.			TRIBAL TOBACCO EDUCATION AND POLICY PROJECT FOR UPPER SIOUX COMMUNITY
WESTAT, INC. 1650 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	771,199.	0.			2018 MATS SURVEY
WESTAT, INC. 1650 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	7,295.	0.			ANALYSIS OF MATS 2014 DATA
WESTAT, INC. 1650 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	15,000.	0.			COGNITIVE TESTING FOR MATS 2018 SURVEY INSTRUMENT
WHITE EARTH RESERVATION TRIBAL COUNCIL - PO BOX 418 - WHITE EARTH, MN 56591	41-1737979	TRIBAL NATION	115,000.	0.			TRIBAL TOBACCO EDUCATION AND POLICY PHASE II CONTINUATION FUNDING
GRANT CANCELLATIONS - CURRENT YEAR ESTIMATE			<138,521.>	0.			GRANT CANCELLATIONS - CURRENT YEAR ESTIMATE
GRANT CANCELLATIONS - PRIOR YEAR ACTUAL			<33,316.>	0.			GRANT CANCELLATIONS - PRIOR YEAR ACTUAL
GRANTS \$5,000 AND UNDER			13,070.	0.			GRANTS \$5,000 AND UNDER

Schedule I (Form 990)



Part III

Grants and Other Assistance to Domestic Individuals. Complete if the organization answered "Yes" on 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 noncash assistance
AMERICAN INDIAN TOBACCO POLICY PROGRAM INITIATIVE	1	49,915.	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 PROGRAMMATIC GRANT AND CONTRACT MONITORING PROCEDURES ARE SET FORTH IN THE GRANT-MAKING PROCESS GUIDELINES AND CONTRACTING GUIDELINES. THESE DOCUMENTS SERVE AS OFFICIAL DOCUMENTATION OF CLEARWAY MINNESOTA'S GRANT-MAKING AND CONTRACTING PROCESS AND AS A GUIDE FOR STAFF AS THEY CREATE FUNDING OPPORTUNITY ANNOUNCEMENTS, PLAN REVIEW PROCESSES, MONITOR AWARDS AND CLOSE OUT GRANTS AND CONTRACTS.

CLEARWAY MINNESOTA RECOGNIZES THAT MONITORING IS ESSENTIAL IN SUPPORTING

**Part IV** Supplemental Information

THE CAPACITY OF GRANTEES AND CONTRACTORS TO MAKE SIGNIFICANT CONTRIBUTIONS TO THE FIELD OF TOBACCO CONTROL IN MINNESOTA. THE PURPOSE OF MONITORING IS:

- TO ENSURE ACCOUNTABILITY AND PROPER USE OF 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; AND
- TO IDENTIFY OPPORTUNITIES FOR DISSEMINATION AND SUPPORT FOR FINDINGS/RESULTS.

SEVERAL MONITORING TOOLS ARE USED INCLUDING ORIENTATION OR START UP MEETINGS, REPORTS, SITE VISITS AND CONFERENCE CALLS.

THROUGHOUT THE PROJECT PERIOD, GRANTEES AND VENDORS SUBMIT PROGRESS AND FINANCIAL REPORTS. IN-PERSON MEETINGS ARE SCHEDULED ON AN AS-NEEDED BASIS DEPENDING ON THE SCOPE, NEEDS AND PROGRESS OF THE PROJECT. GRANT PAYMENTS ARE RELEASED ACCORDING TO THE APPROVED PAYMENT SCHEDULE, AND ONLY IF ALL PROGRESS AND FINANCIAL REPORTS HAVE BEEN APPROVED. CONTRACTOR INVOICES ARE APPROVED ONLY FOR THOSE SERVICES AND DELIVERABLES PROVIDED AS SPECIFIED IN THE CONTRACT.

CLEARWAY MINNESOTA STAFF MAY OPT TO USE SITE VISITS OR REVERSE SITE VISITS WITH GRANTEES OR CONTRACTORS. THE SCOPE AND FREQUENCY OF SITE VISITS VARIES BY DEPARTMENT AND PROJECT TYPE. CLEARWAY MINNESOTA MAY ALSO OFFER TECHNICAL ASSISTANCE, TRAINING, AND NETWORKING OPPORTUNITIES TO GRANTEES AND CONTRACTORS.

PART II, LINE 1, COLUMN (H):



**Part IV** Supplemental Information

NAME OF ORGANIZATION OR GOVERNMENT: CENTER FOR ENERGY AND ENVIRONMENT

(H) PURPOSE OF GRANT OR ASSISTANCE: CONDUCT REAL-TIME MONITORING OF

INDOOR FINE PARTICULATE MATTER (PM<sub>2.5</sub>) CONCENTRATIONS FOR MILLE LACS

GRAND CASINO

NAME OF ORGANIZATION OR GOVERNMENT: RAINBOW RESEARCH, INC.

(H) PURPOSE OF GRANT OR ASSISTANCE: SMOKER INTERVIEW STUDY - RAINBOW

RESEARCH WILL CONDUCT INTERVIEWS WITH AFRICAN AMERICAN AND LGBTQ SMOKERS

IN MINNESOTA.

NAME OF ORGANIZATION OR GOVERNMENT:

REGENTS OF THE UNIVERSITY OF WISCONSIN

(H) PURPOSE OF GRANT OR ASSISTANCE: TA TO RESEARCH GRANTEEES, ASSIST WITH

THE DISSEMINATION OF RESEARCH FINDINGS AND PROVIDE SUPPORT TO THE

RESEARCH AND CESSATION DEPARTMENTS.

**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.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

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 on 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 (such as, 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 on 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 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 on 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 on 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" on line 5a or 5b, describe in Part III.

- 6** For persons listed on 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" on line 6a or 6b, describe in Part III.

- 7** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III .....

- 8** Were any amounts reported on 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" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? .....

Yes No

1b

2

4a

4b

4c

5a

5b

6a

6b

7

8

9

X

X

X

X

X

X

X

X

X

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2017

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

**Note:** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) DAVID J. WILLOUGHBY	(i) 171,816.	0.	0.	26,713.	25,947.	224,476.	0.
CHIEF EXECUTIVE OFFICER	(ii) 0.	0.	0.	0.	0.	0.	0.
(2) STEVEN BADER	(i) 140,631.	0.	0.	21,373.	21,458.	183,462.	0.
CHIEF FINANCIAL OFFICER	(ii) 0.	0.	0.	0.	0.	0.	0.
(3) ANDREA MOWERY	(i) 154,639.	0.	0.	23,229.	14,184.	192,052.	0.
VICE PRESIDENT	(ii) 0.	0.	0.	0.	0.	0.	0.
(4) BARBARA SCHILLO	(i) 151,878.	0.	0.	23,344.	21,671.	196,893.	0.
VICE PRESIDENT	(ii) 0.	0.	0.	0.	0.	0.	0.
(5) JAIME MARTINEZ	(i) 132,118.	0.	0.	19,287.	12,387.	163,792.	0.
DIRECTOR OF COMMUNITY DEVE	(ii) 0.	0.	0.	0.	0.	0.	0.
(6) RAYMOND BOYLE	(i) 129,130.	0.	0.	17,727.	12,229.	159,086.	0.
DIRECTOR OF RESEARCH PROGR	(ii) 0.	0.	0.	0.	0.	0.	0.
(7) MOLLY MOLLANEN	(i) 118,355.	0.	0.	18,752.	19,342.	156,449.	0.
DIRECTOR OF PUBLIC AFFAIRS	(ii) 0.	0.	0.	0.	0.	0.	0.
	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
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	(i)						
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	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
	(ii)						

Part III Supplemental 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.

Area with horizontal lines for supplemental information.

**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.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2017**

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:

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 ESTABLISHED AND EMERGING SCIENCE  
AND IN PUBLIC HEALTH BEST AND PROMISING PRACTICES. IT 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 TOBACCO'S HARMS AND TO PROMOTE QUITTING.

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:  
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  
INCLUDES CUSTOMIZED OUTREACH TO DIVERSE COMMUNITIES.

IN FISCAL YEAR 2018, CLEARWAY MINNESOTA COMPLETED A REQUEST FOR  
PROPOSAL PROCESS TO SELECT A MARKETING AGENCY. ON SEPTEMBER 20, 2017,  
THE CLEARWAY MINNESOTA BOARD OF DIRECTORS APPROVED THE RECOMMENDATION  
OF HABERMAN AS THE NEW MARKETING AGENCY FOR CLEARWAY MINNESOTA.

Name of the organization	Employer identification number
CLEARWAY MINNESOTA (SM)	41-1921094

HABERMAN, A LOCALLY-OWNED, FULL SERVICE AGENCY, REPLACED CLARITY COVERDALE FURY AND TUNHEIM PARTNERS AS CLEARWAY MINNESOTA'S MARKETING AGENCY OF RECORD. HABERMAN'S CLEAR UNDERSTANDING OF CLEARWAY MINNESOTA'S WORK COMBINED WITH THEIR STRONG CORE CAPABILITIES MADE THEM THE MOST QUALIFIED AGENCY TO LEAD THE MARKETING EFFORTS BEGINNING IN NOVEMBER 2017.

CLEARWAY MINNESOTA CONTINUED THE STOP THE START CAMPAIGN, AIMED AT EDUCATING MINNESOTANS THAT WE CAN AND SHOULD DO MORE TO PROTECT YOUTH FROM STARTING TO USE TOBACCO. THE CAMPAIGN INCLUDES BROADCAST, PRINT, ONLINE AND OUT OF HOME MEDIA, DIRECTING VIEWERS TO THE INFORMATIONAL WEBSITE, STOPTHESTARTMN.ORG. IN ADDITION, CLEARWAY MINNESOTA HELPED AMPLIFY COURT-ORDERED "CORRECTIVE STATEMENTS" FROM THE TOBACCO COMPANIES WITH A NEW CAMPAIGN AND WEBSITE CALLED BIG TOBACCO LIED, WHICH CALLED OUT THE INDUSTRY FOR CONTINUING TO MISLEAD THE PUBLIC. CLEARWAY MINNESOTA CONTINUED ADVERTISING AND OUTREACH WORK FOCUSED ON PROMOTING QUITPLAN SERVICES AND THE QUITCASH CHALLENGE(TM) AND MINI-QUIT MONDAYS QUIT-SMOKING CHALLENGES, WHILE ALSO PROMOTING THE LAUNCH OF A NEW AMERICAN INDIAN HELPLINE. CLEARWAY MINNESOTA'S PROGRAMS, SERVICES OR KEY MESSAGES RECEIVED NEWS COVERAGE BY MEDIA MORE THAN 600 TIMES OVER THE COURSE OF THE YEAR.

IN FISCAL YEAR 2018, THE PUBLIC AFFAIRS DEPARTMENT CONTINUED TO USE RAPP STRATEGIES, INC. (FORMERLY HIMLE RAPP & CO.) AS OUR PUBLIC AFFAIRS VENDOR. RAPP STRATEGIES PROVIDED PUBLIC AFFAIRS STRATEGY, MEDIA RELATIONS AND GRASSROOTS SUPPORT AND GRANTEE TECHNICAL ASSISTANCE TO FURTHER OUR GOALS.

THIS YEAR, CLEARWAY MINNESOTA AWARDED EIGHT GRANTS TO MINNESOTA

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NONPROFITS AND LOCAL UNITS OF GOVERNMENT TO REDUCE TOBACCO'S HARM THROUGH COALITION BUILDING, POLICY ADVOCACY AND PUBLIC EDUCATION. ALL GRANTEES CONTRIBUTED TO CLEARWAY MINNESOTA'S STATEWIDE POLICY GOALS BY EDUCATING LAWMAKERS ABOUT THE IMPORTANCE OF RAISING THE TOBACCO SALE AGE TO 21 AND INCREASING FUNDING FOR TOBACCO PREVENTION. NOTABLY, THEY HELPED PASS THE FIRST LOCAL TOBACCO 21 POLICIES IN MINNESOTA AND PASSED LOCAL POLICIES TO RESTRICT THE SALE OF MENTHOL TOBACCO TO ADULT-ONLY TOBACCO STORES.

CLEARWAY MINNESOTA MARKETING AND COMMUNICATIONS AND PUBLIC AFFAIRS STAFF MEMBERS, GRANTEES AND CONTRACTORS SHARE FINDINGS FROM OUR WORK LOCALLY, AT THE STATE LEVEL AND NATIONALLY.

FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS: INTERVENTIONS AT DISCOURAGING YOUTH AND YOUNG ADULTS FROM COMMERCIAL TOBACCO USE IN DAKOTA COMMUNITIES; AND ONE AWARDED TO THE UNIVERSITY OF MINNESOTA WILL EVALUATE THE FEASIBILITY OF AN INTENSIVE INTERVENTION AMONG SMOKERS WITH SEVERE MENTAL ILLNESSES.

CLEARWAY MINNESOTA ALSO AWARDED ONE DISSEMINATION GRANT TO DISTRIBUTE RESEARCH FINDINGS FROM A PREVIOUSLY FUNDED RESEARCH PROJECT. THE AWARD WENT TO THE AMERICAN INDIAN CANCER FOUNDATION FOR A STUDY THAT ADVANCED HEALTH SYSTEMS CHANGES TO IMPROVE THE DELIVERY OF COMMERCIAL TOBACCO DEPENDENCE TREATMENT IN TRIBAL CLINICS AND OTHER CLINICS SERVING AMERICAN INDIANS IN MINNESOTA.

CLEARWAY MINNESOTA ALSO CONTRACTS TO EVALUATE MAJOR PROGRAMMATIC EFFORTS. THROUGH A CONTRACT WITH HEALTHPARTNERS INSTITUTE, A 20-YEAR

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RETROSPECTIVE MODELING STUDY WAS CONDUCTED ON THE IMPACT OF TOBACCO CONTROL IN TERMS OF LIVES AND DOLLARS SAVED IN MINNESOTA AS RESULT OF DECLINING PREVALENCE RATES.

IN COLLABORATION WITH BLUE CROSS AND BLUE SHIELD OF MINNESOTA AND THE MINNESOTA DEPARTMENT OF HEALTH, A VARIETY OF EVALUATION EFFORTS HAVE BEEN UNDERWAY TO ASSESS THE IMPACT OF POLICIES THAT RESTRICT THE SALE OF MENTHOL TOBACCO PRODUCTS, WHICH RECENTLY PASSED IN DULUTH, MINNEAPOLIS AND SAINT PAUL. IN FISCAL YEAR 2018, A CONTRACT WITH RAINBOW RESEARCH, INC., BEGAN COLLECTING DATA ON THE IMPACT UPON YOUTH; A CONTRACT WITH BOSMA CONSULTING, LLC, INITIATED CASE STUDIES FOCUSING ON POLICY CREATION AND PASSAGE; AND A CONTRACT WITH THE INSTITUTE FOR SUSTAINABLE ECONOMIC EDUCATIONAL ENVIRONMENTAL DESIGN FOCUSED ON CAPTURING CHANGES IN THE RETAIL ENVIRONMENT. WORK WILL CONTINUE THROUGHOUT POLICY IMPLEMENTATION IN THE NEXT FISCAL YEAR. TRUTH INITIATIVE AWARDED CLEARWAY MINNESOTA A CONTRACT TO FINANCIALLY SUPPORT EVALUATION OF SEVERAL OF THESE INITIATIVES.

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. IN FISCAL YEAR 2018, CLEARWAY MINNESOTA CONTRACTED WITH WESTAT, INC., ON THE SIXTH AND FINAL ROUND OF THE MINNESOTA ADULT TOBACCO SURVEY (MATS). THE SURVEY INSTRUMENT WAS REFINED AND TESTED FOR RELIABILITY, AND DATA COLLECTION BEGAN. BECAUSE MATS IS THE MOST COMPREHENSIVE SOURCE OF DATA ON TOBACCO USE PREVALENCE, SECONDHAND SMOKE EXPOSURE AND SMOKING BEHAVIORS OF ADULT MINNESOTANS, SURVEY FINDINGS SERVE TO MEASURE PROGRESS AND GUIDE THE WORK OF PARTNERS AFTER CLEARWAY MINNESOTA SUNSETS.



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IN ADDITION TO MATS, CLEARWAY MINNESOTA BEGAN ANOTHER MAJOR SURVEILLANCE INITIATIVE IN FISCAL YEAR 2018 THROUGH A CONTRACT WITH THE AMERICAN INDIAN CANCER FOUNDATION. THE SECOND TRIBAL TOBACCO USE PROJECT (TTUP II) BEGAN PLANNING THE PROJECT, RECONVENING COMMUNITY ADVISORS AND REFINING THE SURVEY INSTRUMENT. IMPLEMENTATION OF THE SURVEY WILL BEGIN IN THE NEXT FISCAL YEAR. ONCE DATA IS COLLECTED, TTUP II WILL GENERATE STATEWIDE AND TRIBAL-SPECIFIC DATA ON COMMERCIAL AND TRADITIONAL TOBACCO USE AND RELATED KNOWLEDGE, ATTITUDES AND BELIEFS AMONG AMERICAN INDIAN ADULTS IN MINNESOTA. RESULTS WILL HIGHLIGHT CHANGES SINCE THE FIRST TTUP AND SERVE AS A GUIDE FOR TRIBAL AND STATEWIDE STAKEHOLDERS FOR REDUCING THE HARMS OF COMMERCIAL TOBACCO USE STATEWIDE AND WITHIN INDIVIDUAL TRIBAL NATIONS.

CLEARWAY MINNESOTA IS INTERESTED IN BETTER UNDERSTANDING THE SMOKING BEHAVIOR, BARRIERS AND ATTITUDES OF SELECTED DEMOGRAPHIC GROUPS WHO HAVE NOT SEEN THE SAME REDUCTIONS IN SMOKING AS THE GENERAL POPULATION. IN FISCAL YEAR 2018, THE CLEARWAY MINNESOTA RESEARCH DEPARTMENT CONCLUDED A CONTRACT WITH RAINBOW RESEARCH, INC. TO CONDUCT INTERVIEWS WITH AFRICAN AMERICAN AND LGBTQ SMOKERS LIVING IN THE TWIN CITIES METRO AREA ABOUT THEIR SMOKING BEHAVIORS, PERCEPTIONS OF HARM, AND REACTIONS TO PRICE INCREASES.

RESULTS FROM THESE RESEARCH AND EVALUATION PROJECTS ARE USED TO ADVANCE AND GUIDE CLEARWAY MINNESOTA'S ACTIVITIES, AND WILL BE DISSEMINATED PUBLICLY.

DURING FISCAL YEAR 2018, CLEARWAY MINNESOTA, IN PARTNERSHIP WITH

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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 NINE PEER-REVIEWED SCIENTIFIC PAPERS. STAFF PARTICIPATED IN ONE PRE-CONFERENCE WORKSHOP (FOCUSED ON WORK WITH AND FROM INDIGENOUS COMMUNITIES IN REDUCING TOBACCO-RELATED HEALTH DISPARITIES), TWO SYMPOSIA (ON THE BRAND NATURAL AMERICAN SPIRIT AND COMMUNICATING SCIENCE TO POLICYMAKERS) AND TWO ORAL PRESENTATIONS (ON THE MARKETING OF NATURAL AMERICAN SPIRIT AND MENTHOL POLICY RESTRICTION IMPLEMENTATION) AT THE ANNUAL MEETING OF THE SOCIETY FOR RESEARCH ON NICOTINE AND TOBACCO (SRNT). RESEARCH STAFF ALSO PRESENTED SIX POSTERS AT THE SRNT ANNUAL CONFERENCE. ADDITIONALLY, RESEARCH STAFF HAD AN ORAL PRESENTATION AT THE MEETING OF THE AMERICAN PUBLIC HEALTH ASSOCIATION (APHA). THE PRESENTATION PROVIDED A LOOK AT THE IMPLEMENTATION OF MENTHOL RESTRICTION POLICIES IN THREE CITIES: CHICAGO, SAN FRANCISCO AND MINNEAPOLIS, MN.

GRANTEE DISSEMINATION HIGHLIGHTS IN FISCAL YEAR 2018 INCLUDED NATIONAL CONFERENCE PRESENTATIONS, DEVELOPMENT AND PUBLICATION OF MULTIPLE MANUSCRIPTS AND DISTRIBUTION OF DISSEMINATION MATERIALS THROUGH LISTSERVS AND WEBINARS.

FORM 990, PART III, LINE 4C, PROGRAM SERVICE ACCOMPLISHMENTS:  
THE QUITPLAN HELPLINE ALSO OFFERS THREE SPECIAL PROGRAMS: ONE FOR PREGNANT WOMEN, ONE FOR THOSE LIVING WITH MENTAL ILLNESS AND/OR SUBSTANCE USE DISORDERS AND THE AMERICAN INDIAN QUITLINE.

INDIVIDUAL QUITPLAN SERVICES INCLUDE NICOTINE REPLACEMENT STARTER KITS,

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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.

DURING FISCAL YEAR 2018:

-1,434 TOBACCO USERS ENROLLED IN THE QUITPLAN HELPLINE; AND

-13,421 TOBACCO USERS ENROLLED IN INDIVIDUAL QUITPLAN SERVICES.

CLEARWAY MINNESOTA ALSO PARTNERS WITH MAJOR MINNESOTA HEALTH PLANS THAT PROVIDE TELEPHONE COUNSELING SERVICES THROUGH THE MINNESOTA QUITLINE COLLABORATIVE (PREVIOUSLY 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 COLLABORATIVE AND THE MINNESOTA DEPARTMENT OF HEALTH SUPPORT THE MINNESOTA QUITLINE NETWORK, WHICH ALLOWS HEALTH CARE PROFESSIONALS AND COMMUNITY ORGANIZATIONS TO USE A SINGLE FORM AND FAX NUMBER TO REFER THE PEOPLE THEY SERVE TO TELEPHONE QUITLINE SUPPORT, REGARDLESS OF INSURANCE STATUS.

IN FISCAL YEAR 2018 CLEARWAY MINNESOTA COMPLETED TWO GRANT INITIATIVES - THE COMMUNITY ENGAGEMENT GRANTS AND A GRANT TO THE MINNESOTA HEAD START ASSOCIATION. THE COMMUNITY ENGAGEMENT GRANTS INITIATIVE CONNECTED ADULT SMOKERS OF LOW SOCIOECONOMIC STATUS TO EXISTING SMOKING CESSATION SERVICES. THE MINNESOTA HEAD START ASSOCIATION USED GRANT DOLLARS TO CREATE A PAMPHLET TO EDUCATE PARENTS ON THE HARMS OF SECONDHAND SMOKE EXPOSURE AND PROVIDE INFORMATION ON QUITPLAN SERVICES. CLEARWAY MINNESOTA AWARDED TWO NEW QUITPLAN SERVICES AMBASSADOR GRANTS IN FISCAL

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YEAR 2018 TO INCREASE TRUST IN AND USAGE OF QUITPLAN SERVICES. THE GRANTS WERE AWARDED TO AN ORGANIZATION THAT SERVES AFRICAN AMERICAN COMMUNITIES AND TO AN ORGANIZATION THAT SERVES AMERICAN INDIAN COMMUNITIES. CLEARWAY MINNESOTA STAFF ARE ALSO 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 ADVOCATING FOR HEALTH CARE QUALITY MEASURES ON TOBACCO TREATMENT DELIVERY. TWO HEALTH SYSTEMS CHANGE DISSEMINATION GRANTS TO ALLOW PAST GRANTEEES TO SHARE LESSONS LEARNED FROM THEIR GRANT FUNDED WORK WITH OTHER MINNESOTA HEALTH SYSTEMS AS WELL AS NATIONAL AUDIENCES; THESE GRANTS ENDED IN FISCAL YEAR 2018. A GRANT AWARDED TO A PREVIOUS HEALTH SYSTEMS CHANGE GRANTEE TO ANALYZE THEIR ELECTRONIC HEALTH RECORD DATA TO UNDERSTAND THE IMPACT OF THEIR GRANT-FUNDED WORK WAS TERMINATED DUE TO INSUFFICIENT DATA. WE ALSO CONTINUED A PROJECT TO INCREASE HEALTH SYSTEM CAPACITY TO ASSESS AND ADDRESS TOBACCO USE. MUCH OF THIS WORK FOCUSES ON CLINICS AND HEALTH SYSTEMS THAT SERVE POPULATIONS THAT SMOKE AT HIGHER RATES.

WE CONTINUED TO EVALUATE QUITPLAN SERVICES TO AID IN PROGRAM MONITORING, TO ENHANCE QUALITY AND TO GUIDE DECISION-MAKING AND RESOURCE ALLOCATION.

CLEARWAY MINNESOTA CESSATION STAFF MEMBERS, GRANTEEES AND CONTRACTORS SHARE FINDINGS FROM OUR WORK LOCALLY, AT THE STATE LEVEL AND NATIONALLY.

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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 2018, CLEARWAY MINNESOTA COMPLETED THE TRIBAL TOBACCO EDUCATION AND POLICY (TTEP) GRANT INITIATIVE IN INDIAN COUNTRY TO ADVANCE COMPREHENSIVE COMMERCIAL TOBACCO-FREE POLICIES AND PROMOTE HEALTH ON MINNESOTA TRIBAL LANDS. THESE GRANTEEES INCLUDED BOIS FORTE BAND OF CHIPPEWA, WHITE EARTH NATION, MILLE LACS BAND OF OJIBWE, FOND DU LAC BAND OF LAKE SUPERIOR CHIPPEWA AND THE UPPER SIOUX COMMUNITY. ("COMMERCIAL TOBACCO" USE LIKE CIGARETTE SMOKING IS DIFFERENTIATED FROM SACRED, TRADITIONAL USES OF TOBACCO BY AMERICAN INDIANS.) IN FISCAL YEAR 2018, CLEARWAY MINNESOTA ALSO COMPLETED ITS TECHNICAL ASSISTANCE, TRAINING AND MENTORSHIP TO THE TTEP GRANTEEES TO SUPPORT EFFORTS TO ADVANCE SMOKE-FREE POLICIES ON TRIBAL LANDS. CLEARWAY MINNESOTA ALSO PARTNERED 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.

IN FISCAL YEAR 2018 WE HOSTED A MEETING OF THE CENTERS FOR DISEASE CONTROL AND PREVENTION'S TRIBAL SUPPORT CENTERS (TSC) AND TTEP

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PROJECTS. THE CDC'S TRIBAL SUPPORT CENTERS WERE CHARGED WITH ADVANCING COMMERCIAL TOBACCO CONTROL IN TRIBAL AND AMERICAN INDIAN/ALASKA NATIVE COMMUNITIES ACROSS THE COUNTRY, AND THE TTEP INITIATIVE WORKED ON ADVANCING COMMERCIAL TOBACCO-FREE POLICIES ON TRIBAL LANDS IN MINNESOTA. THE GATHERING RESULTED IN A PUBLICATION TO HIGHLIGHT HOW TOBACCO WORK IN INDIAN COUNTRY EMERGES FROM THE COMMUNITY. IN FISCAL YEAR 2018, WE PUBLISHED A REPORT OF THE TSC/TTEP MEETING TITLED IN A GOOD WAY: INDIGENOUS TRIBAL TOBACCO CONTROL PRACTICES. THE REPORT WAS DISTRIBUTED TO ALL STATE PUBLIC HEALTH DEPARTMENTS IN THE COUNTRY AND HAS RECEIVED HIGH PRAISE.

COMMUNITY DEVELOPMENT COMPLETED SUPPORT BY THE AMERICAN INDIAN CANCER FOUNDATION TO EDUCATE MINNESOTA AND NATIONAL INDIAN GAMING ASSOCIATIONS ABOUT COMMERCIAL TOBACCO AND SECONDHAND SMOKE IN AN EFFORT TO ADVANCE SMOKE-FREE CASINO POLICIES. THE RESULT OF THIS EFFORT STIMULATED FURTHER DISCUSSION ABOUT SECONDHAND SMOKE AND CASINO AIR QUALITY.

ADDITIONALLY, COMMUNITY DEVELOPMENT HAS ALSO CONTINUED TO SUPPORT LEADERSHIP AND ADVOCACY INSTITUTE TO ADVANCE MINNESOTA'S PARITY FOR PRIORITY POPULATIONS (LAAMPP) FELLOWS THROUGH ONGOING MEETINGS AND TRAININGS. THESE ONGOING DEVELOPMENT EFFORTS WITH LAAMPP FELLOWS AND OTHER PRIORITY POPULATIONS ARE IMPORTANT TO BUILD THE NEXT GENERATION OF TOBACCO CONTROL ADVOCATES. FINALLY, SINCE CLEARWAY MINNESOTA'S LIMITED LIFESPAN ENDS BY 2023, THE ORGANIZATION IS CONTINUING TO SUPPORT TWO CONTRACTORS TO LEAD AN EFFORT TO ESTABLISH DIALOGUES WITH LOCAL AND NATIONAL FOUNDATIONS TO CONTINUE TO BUILD SUPPORT FOR PRIORITY POPULATIONS, INCLUDING PROMOTING HEALTH IN INDIAN COUNTRY.

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CLEARWAY MINNESOTA COMMUNITY DEVELOPMENT STAFF MEMBERS, GRANTEES AND CONTRACTORS CONTINUED TO SHARE FINDINGS FROM OUR WORK LOCALLY, AT THE STATE LEVEL AND NATIONALLY.

EXPENSES \$ 370,960. INCLUDING GRANTS OF \$ 370,960. REVENUE \$ 0.

FORM 990, PART V, LINE 4B, LIST OF FOREIGN COUNTRIES:

GUERNSEY, CAYMAN ISLANDS, BRITISH VIRGIN IS

FORM 990, PART VI, SECTION B, LINE 11B:

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.

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

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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 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. EVERY YEAR, THE CONSULTANT, UTILIZING THE MOST RECENT MARKET TRENDS, PROVIDES CLEARWAY MINNESOTA WITH



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GUIDELINES TO DETERMINE COMPENSATION INCREASES. 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.

ALL STAFF SALARY CHANGES, EXCEPT THAT OF THE CHIEF EXECUTIVE OFFICER, ARE REVIEWED AND APPROVED BY THE CHIEF EXECUTIVE OFFICER. JOB PERFORMANCE AND SALARY CHANGES FOR THE CHIEF EXECUTIVE OFFICER ARE REVIEWED ANNUALLY BY THE EXECUTIVE/GOVERNANCE COMMITTEE AND APPROVED BY THE BOARD OF DIRECTORS.

FORM 990, PART VI, SECTION C, LINE 18:

IRS FORMS 1023 AND 990 ARE AVAILABLE ON OUR WEBSITE AT [WWW.CLEARWAYMN.ORG](http://WWW.CLEARWAYMN.ORG). WE ALSO MAKE IRS DOCUMENTS AVAILABLE IN OUR OFFICE FOR PUBLIC INSPECTION.

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.

FORM 990, PART IX, LINE 11D:

SEE SCHEDULE A PART VI, NARRATIVE RELATING TO REPORTING CONTRACTS AS GRANTS (WITH RESPECT TO SCHEDULE A, SECTION A, LINE 6) AND SCHEDULE C PART IV, NARRATIVE RELATING TO LOBBYING ACTIVITIES AND USE OF VENDORS, RELATING TO ABSENCE OF DOLLAR DISCLOSURE.

# ClearWay Minnesota<sup>SM</sup>

## Financial Statements Together with Independent Auditor's Report

June 30, 2018

# CLEARWAY MINNESOTA<sup>SM</sup>

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
ClearWay Minnesota<sup>SM</sup>  
Bloomington, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of ClearWay Minnesota<sup>SM</sup> (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018 and 2017 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 Minnesota<sup>SM</sup> as of June 30, 2018 and 2017 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.

*Olsen Thielen & Co., Ltd.*

Roseville, Minnesota  
August 23, 2018

# CLEARWAY MINNESOTA<sup>SM</sup>

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2018 AND 2017

ASSETS		
	<u>2018</u>	<u>2017</u>
Cash	\$ 250,060	\$ 16,419
Accounts Receivable	45,997	46,202
Prepaid Expenses	47,445	49,651
Investments	26,118,884	40,400,405
Equipment and Leasehold Improvements, Net	<u>26,834</u>	<u>49,248</u>
 TOTAL ASSETS	 <u>\$ 26,489,220</u>	 <u>\$ 40,561,925</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	\$ 496,822	\$ 412,061
Accrued Expenses	509,444	176,590
Grants Payable	<u>1,527,756</u>	<u>1,880,848</u>
Total Liabilities	<u>2,534,022</u>	<u>2,469,499</u>
NET ASSETS:		
Unrestricted - Designated for Tobacco Research and Other Tobacco Control Purposes	<u>23,955,198</u>	<u>38,092,426</u>
Total Net Assets	<u>23,955,198</u>	<u>38,092,426</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 26,489,220</u>	 <u>\$ 40,561,925</u>

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

**CLEARWAY MINNESOTA<sup>SM</sup>****STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2018 AND 2017**

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	<u>2018</u>	<u>2017</u>
REVENUE AND GAINS:		
Net Investment Income	\$ 936,349	\$ 994,900
Contributions and Grants	<u>116,641</u>	<u>116,327</u>
Total Revenue and Gains	<u>1,052,990</u>	<u>1,111,227</u>
EXPENSES:		
Program Services:		
Tobacco Cessation	11,138,492	11,991,765
Research and Other Tobacco Issues	<u>2,595,283</u>	<u>1,569,726</u>
Total Program Services	<u>13,733,775</u>	<u>13,561,491</u>
Supporting Services:		
General and Administrative	<u>1,456,443</u>	<u>1,310,906</u>
Total Expenses	<u>15,190,218</u>	<u>14,872,397</u>
CHANGE IN NET ASSETS	(14,137,228)	(13,761,170)
NET ASSETS at Beginning of Year	<u>38,092,426</u>	<u>51,853,596</u>
NET ASSETS at End of Year	<u>\$ 23,955,198</u>	<u>\$ 38,092,426</u>

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

# CLEARWAY MINNESOTA<sup>SM</sup>

## STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	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	\$ 1,449,696	\$ 476,784	\$ 875,507	\$ 2,801,987	\$ 1,466,629	\$ 462,535	\$ 875,144	\$ 2,804,308
Benefits	349,401	109,881	221,695	680,977	358,366	113,343	216,985	688,694
Retention/Severance	181,607	59,728	109,677	351,012	—	—	—	—
Payroll Taxes	108,500	35,684	65,526	209,710	112,199	35,385	66,950	214,534
Total Personnel Expenses	2,089,204	682,077	1,272,405	4,043,686	1,937,194	611,263	1,159,079	3,707,536
Consultants	22,926	6,454	8,098	37,478	30,012	6,250	8,978	45,240
Evaluation Fees	193,664	61,759	255,423	255,423	288,994	50,138	319,132	319,132
Professional Fees	119,566	26,252	43,378	189,196	102,898	23,324	36,298	162,520
Occupancy	64,918	19,471	42,333	126,722	68,961	20,971	42,157	132,089
Telephone	21,423	7,896	10,389	39,708	21,856	7,376	8,220	37,452
Equipment Rental and Repair	12,955	2,008	4,422	19,385	13,652	2,168	4,357	20,177
Printing	79,837	437	37	80,311	67,883	754	1,409	70,046
Postage	3,886	1,355	4,433	9,674	4,400	1,165	2,332	7,897
Office Supplies	7,445	2,166	9,822	19,433	7,322	2,337	9,699	19,358
Program Supplies	13,874	6,725	3,681	24,280	13,982	5,988	3,745	23,715
Conferences and Meetings	43,749	16,246	36,328	96,323	19,803	7,123	2,424	29,350
Travel	39,056	11,552	2,584	53,192	57,087	14,857	15,505	87,449
Insurance	8,439	2,531	5,504	16,474	8,874	2,699	5,425	16,998
Public Education/Relations	4,862,132	2,251	3,861	4,868,244	5,583,407	2,006	5,585,413	5,588,592
Program Grants and Contracts	3,540,827	1,741,815	5,282,642	5,282,642	3,772,055	807,402	4,579,457	4,579,457
Depreciation	11,483	3,444	7,488	22,415	10,360	3,150	6,333	19,843
Miscellaneous	3,108	844	1,680	5,632	3,025	755	1,766	5,546
Total Functional Expenses	\$ 11,138,492	\$ 2,595,283	\$ 1,456,443	\$ 15,190,218	\$ 11,991,765	\$ 1,569,726	\$ 1,310,906	\$ 14,872,397

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

**CLEARWAY MINNESOTA<sup>SM</sup>**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (14,137,228)	\$ (13,761,170)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Flows From Operating Activities:		
Depreciation	22,415	19,843
Realized and Unrealized Gains on Investments, net	(603,940)	(489,998)
Change in Assets and Liabilities:		
Accounts Receivable	205	(33,134)
Prepaid Expenses	2,206	28,627
Accounts Payable	84,761	(410,962)
Accrued Expenses	332,854	(8,781)
Grants Payable	(353,092)	(688,406)
Net Cash Flows From Operating Activities	<u>(14,651,819)</u>	<u>(15,343,981)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	—	(26,533)
Purchase of Investments	(18,493,121)	(30,250,596)
Proceeds from Sale of Investments	33,378,581	45,618,371
Net Cash Flows From Investing Activities	<u>14,885,460</u>	<u>15,341,242</u>
NET CHANGE IN CASH	233,641	(2,739)
CASH at Beginning of Year	<u>16,419</u>	<u>19,158</u>
CASH at End of Year	<u>\$ 250,060</u>	<u>\$ 16,419</u>

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



**CLEARWAY MINNESOTA<sup>SM</sup>**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

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

The mission of ClearWay Minnesota<sup>SM</sup> 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<sup>SM</sup> 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<sup>SM</sup> 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.

**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.

**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<sup>SM</sup> capitalizes assets with a cost of \$2,500 or greater.

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Equipment and Leasehold Improvements (Continued)

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.

#### Investments

Investments in marketable securities are stated at fair value, which is determined by quoted market prices at June 30, 2018 and 2017. For alternative investment fund of funds and private equity fund of funds, for which there is no public market, fair value is estimated using values provided by external investment managers. These can consist of private equity investments, limited partnerships, mutual funds, and hedge funds and are recorded at approximate fair value as determined and approved by the managers or valuation committees of the alternative investments based upon judgments, which include, among other factors, restrictions affecting marketability and operating results. 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.

Changes in fair value are recorded as unrealized gains or losses in the period of change. Realized gains and losses on sales of securities are generally determined using the specific identification method.

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.

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

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### 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 included private collateralized mortgage obligations and private corporate debt securities. The Organization has no level 2 investments.

##### 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. The Organization has no level 3 investments.

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

In 2017, the Organization adopted ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value (NAV) per Share (or Its Equivalent)*. The new guidance removes those investments that calculate NAV per share from the fair value hierarchy.

#### 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

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.

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

**CLEARWAY MINNESOTA<sup>SM</sup>**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

ClearWay Minnesota<sup>SM</sup> 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 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.

**Advertising Expense**

Advertising expense is expensed as incurred.

**Recently Issued Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides guidance for accounting for revenue from contracts with customers. The new guidance outlines a single comprehensive model for organizations to use in accounting for revenue from contracts with customers. This ASU is effective for annual and interim periods beginning after December 15, 2018 with early adoption permitted. It can be adopted using either a retrospective approach or a modified retrospective approach. The Organization is currently evaluating this guidance to determine the impact it may have on its financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. This ASU is effective for annual and interim periods beginning after December 15, 2019 with early adoption permitted. It is to be adopted using the modified retrospective approach. The Organization is currently evaluating this guidance to determine the impact it may have on its financial statements.

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which provides guidance for presentation of financial statements of not-for-profit entities. The new guidance requires a number of changes in the financial statement presentation including presenting two classes of net assets, underwater endowments, investment return, enhanced disclosures on board designations and management of liquid resources for cash flows, and present expenses by their natural and functional classification. The ASU will be effective for financial statements for fiscal years beginning after December 15, 2017 with early adoption permitted. The amendments in this update should be applied on a retrospective basis. However, if presenting comparative financial statements, the Organization has the option to omit the following information for any periods presented before the period of adoption: analysis of expenses by both natural classification and functional classification and disclosures about liquidity and availability of resources. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

**CLEARWAY MINNESOTA<sup>SM</sup>****NOTES TO FINANCIAL STATEMENTS****NOTE 2 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Equipment and leasehold improvements at June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Leasehold Improvements	\$ 26,243	\$ 26,243
Furniture and Fixtures	72,587	72,586
Office Equipment	50,761	50,761
Computer Software and Equipment	<u>194,622</u>	<u>265,063</u>
	344,213	414,653
Less Accumulated Depreciation	<u>317,379</u>	<u>365,405</u>
Net Equipment and Leasehold Improvements	<u>\$ 26,834</u>	<u>\$ 49,248</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$22,415 and \$19,843, respectively.

**NOTE 3 - INVESTMENTS**

Investments are stated at fair value at June 30, 2018 and 2017, and consisted of the following:

	<u>2018</u>	<u>2017</u>
Money Market and Short-Term Investment Funds	\$ 18,412,478	\$ 12,397,834
Bonds and Pooled Bond Funds	—	18,980,334
Investments Measured at Net Asset Value	<u>7,706,406</u>	<u>9,022,237</u>
Total	<u>\$ 26,118,884</u>	<u>\$ 40,400,405</u>

Net investment income for the years ended June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Interest Income	\$ 347,038	\$ 519,166
Realized and Unrealized Gains on Investments, Net	603,940	489,998
Management Fees	<u>(14,629)</u>	<u>(14,264)</u>
Total	<u>\$ 936,349</u>	<u>\$ 994,900</u>

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - INVESTMENTS (Continued)

The following tables, as of June 30, 2018 and 2017, 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
<b>2018:</b>				
Money Market and Short-Term Investment Funds	<b>\$ 18,412,478</b>			
Investments Measured at Net Asset Value	<b>7,706,406</b>			
Total Investments	<b><u>\$ 26,118,884</u></b>			
<b>2017:</b>				
Bonds and Pooled Bond Funds	\$ 18,980,334	\$ 18,980,334	\$ —	\$ —
Total Investments at Fair Value	18,980,334	<u>\$ 18,980,334</u>	<u>\$ —</u>	<u>\$ —</u>
Money Market and Short-Term Investment Funds	12,397,834			
Investments Measured at Net Asset Value	<u>9,022,237</u>			
Total Investments	<u>\$ 40,400,405</u>			

The fair value measurement of the Organization's bond and pooled bond funds were determined based on Level 1 inputs.

Investments measured at net asset value include alternative investment fund of funds and private equity fund of funds. 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 includes investments in funds of funds holding underlying positions in funds owning private assets. The unobservable inputs used to determine the fair value of the private equity investments have been estimated based on the capital account balances reported by underlying partnerships subject to the funds, management review and judgment. Underlying investments are valued quarterly and have restrictive liquidity provisions. Investing in private equity provides diversification, growth potential, and wider market access to the overall portfolio.

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - INVESTMENTS (Continued)

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2018 and 2017 are as follows:

	<b>2018 Net Asset Value</b>	<b>2017 Net Asset Value</b>	<b>Unfunded Commit- ments</b>	<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>
Alternative Investment Fund of Funds	\$ —	\$ 52,107		Annual	90 days
Private Equity Fund of Funds	<b>7,706,406</b>	<b>8,970,130</b>	\$ 2,063,000	N/A	N/A
Total Investments Measured at Net Asset Value	<b><u>\$ 7,706,406</u></b>	<b><u>\$ 9,022,237</u></b>			

The Organization has purchase commitments of \$2,063,000 to invest in private equity fund of funds portfolios. Commitments of \$330,000 are estimated to be called by June 30, 2019 to be offset by liquidations from the fund. The Organization does not anticipate the remaining purchase commitments will be called.

### NOTE 4 - CONCENTRATIONS

Financial instruments which potentially subject ClearWay Minnesota<sup>SM</sup> to concentrations of credit risk consist principally of cash and investments. Cash is insured in an ICS (Insured Cash Sweep) account. Large deposits placed with an ICS Network bank (Venture Bank), use the ICS service to place funds into demand deposit accounts, money market deposit accounts or both, at other FDIC-insured member institutions. The placement of funds occurs in increments below the standard FDIC insurance maximum of \$250,000 so that both principal and interest are eligible for FDIC insurance. By working directly with Venture Bank, the Organization can access insurance coverage from many banks.

### NOTE 5 - GRANTS PAYABLE

Grants payable at June 30, 2018 and 2017, are as follows:

	<b>2018</b>	<b>2017</b>
Payable in Less Than One Year	<b>\$ 1,234,058</b>	\$ 1,461,305
Payable in One to Five Years	<b>319,320</b>	454,022
Subtotal	<b>1,553,378</b>	1,915,327
Less: Discount to Present Value at 7.00%	<b>25,622</b>	34,479
Total Grants Payable	<b><u>\$ 1,527,756</u></b>	<b><u>\$ 1,880,848</u></b>

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6 - RETENTION/SEVERANCE PAY PLAN

In 2018, the Organization implemented a retention/severance plan. The purpose of the plan is to retain staff to accomplish the stated goals and mission of the Organization and to help ease the financial burden resulting from the loss of employment due to involuntary termination of employment due to workforce reduction or restructuring resulting from the Organization's life-limited status.

Employee retention/severance benefits have been offered to eligible employees. The total amount estimated to be incurred over the life of the plan is \$1,444,071. The amount recognized in expense in 2018 and included with accrued expenses on the statement of financial position at June 30, 2018 is \$351,012. The retention/severance expense incurred for the year ended June 30, 2018 are included in total personnel expenses on the statement of functional expenses.

### NOTE 7 - RETIREMENT PLAN

ClearWay Minnesota<sup>SM</sup> participates in a 401(k) defined contribution retirement investment plan that covers all employees who meet eligibility requirements. For the years ended June 30, 2018 and 2017, 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%. Contributions to the plan by ClearWay Minnesota<sup>SM</sup> totaled \$398,413 and \$404,215 for the years ended June 30, 2018 and 2017, respectively.

### NOTE 8 - COMMITMENTS

ClearWay Minnesota<sup>SM</sup> 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>	
2019	\$ 130,849
2020	131,166
2021	128,869
2022	23,637
2023	<u>—</u>
Total	<u>\$ 414,521</u>

Occupancy expense for the years ended June 30, 2018 and 2017, was \$126,722 and \$132,089, respectively.

### NOTE 9 - SUBSEQUENT EVENTS

ClearWay Minnesota<sup>SM</sup> evaluated its June 30, 2018 financial statements for subsequent events through August 23, 2018, the date the financial statements were approved by the Audit/Finance Committee of ClearWay Minnesota<sup>SM</sup>. ClearWay Minnesota<sup>SM</sup> is not aware of any subsequent events which would require recognition or disclosure in the financial statements.