

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

January 2020

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EXECUTIVE SUMMARY

This is the 19th regular Report to the Ramsey County District Court and the Minnesota State Legislature from ClearWay MinnesotaSM. We are a statewide nonprofit organization working to reduce tobacco's harm in Minnesota. Since 1998, the organization's work has changed Minnesota in ways that are having lasting, tangible impacts on the lives and health of the people of this state. Our work encompasses public policy, research, cessation, community development, and marketing and communications activities, and over the past two decades has helped bring about outcomes including adult and youth smoking declines, billions of dollars in medical costs and worker productivity saved, and deaths, cancers and hospitalizations prevented.

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, ending in 2021 (subject to court approval). 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 2019 (July 1, 2018 – June 30, 2019). Since inception, \$272.4 million has funded our operations, including cessation, research, policy, community development, communications and outreach projects throughout the state.

Fiscal Year 2019 Initiatives and Developments

Organization

ClearWay Minnesota Board activities during Fiscal Year 2019 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 2019, we continued grants to organizations working to create linkages to QUITPLAN Services in African American and American Indian communities, and completed our health systems change project, which provided Minnesota health systems with resources to improve their efforts to address tobacco use, and built internal capacity to help them sustain these changes.

*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. In Fiscal Year 2019, we monitored 14 ongoing research grants. We also released the Minnesota Adult Tobacco Survey (MATS), a large-scale surveillance project that monitors progress in reducing tobacco use among Minnesotans. We began a contract with the American Indian Cancer Foundation to conduct the second Tribal Tobacco Use Project (TTUP-II) and produced case studies evaluating menthol policy passage and implementation in several Minnesota communities. This year also saw dissemination of research studies on the long-term impacts of tobacco prevention and cessation efforts in the state and of findings from ClearWay Minnesota-funded or -conducted research projects in many publications and at presentations given in our state and across the country.

Policy

As part of the Minnesotans for a Smoke-Free Generation coalition, this year ClearWay Minnesota helped expand the state's existing Clean Indoor Air Act to prohibit e-cigarette use in indoor areas where smoking is already banned, and procured funding for the Minnesota Department of Health to provide and promote statewide quit-smoking services after QUITPLAN Services ends. We also saw significant progress toward raising the tobacco age to 21, and helped local advocates increase the total number of Tobacco 21 communities around the state, pass flavored tobacco restrictions and advance other local policies.

Community development

In Fiscal Year 2019, we continued to collaborate with the Minnesota Department of Health and Blue Cross and Blue Shield of Minnesota to sustain the traditional tobacco movement in Minnesota and share learnings with organizations doing similar work across the country. In addition, we worked with the American Indian Cancer Foundation on a national website that will house traditional tobacco related resources as a part of this ongoing movement.

Communications and outreach

Advertising

In Fiscal Year 2019, ClearWay Minnesota sponsored the 11th and final QuitCash Challenge™, an annual quit-and-win contest that promotes QUITPLAN Services. We also launched a new ad campaign, *See What You've Been Missing*, that highlights the price all Minnesotans pay for tobacco-related illness and the dangerous rise of e-cigarette use by youth.

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 19th regular Report to the Ramsey County District Court and the Minnesota State Legislature from ClearWay MinnesotaSM. We are a statewide nonprofit organization working to reduce tobacco's harm in Minnesota. Since 1998, the organization's work has changed Minnesota in ways that are having lasting, tangible impacts on the lives and health of the people of this state. Our work encompasses public policy, research, cessation, community development, and marketing and communications activities, and over the past two decades has helped bring about outcomes including adult and youth smoking declines, billions of dollars in medical costs and worker productivity saved, and deaths, cancers and hospitalizations prevented.

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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 2019 (July 1, 2018 – June 30, 2019). Since inception, \$272.4 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 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 an 11-member Board of Directors, comprising seven at-large members and four appointees. (This is a reduction in size from previous years; see *Board Initiatives – Dissolution Planning – Changes to Governance Structure*, p. 7.) 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 three standing committees:

- The Executive/Governance Committee;
- The Audit/Finance Committee; and
- The Nominating and Board Development 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. 14-15.) While the Investment Advisory Committee is not a standing committee of the Board, the Board determined that it should also have a charter. (See *ClearWay MinnesotaSM Board and Committee Charters*, Appendix A.)

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

Board Initiatives

2018-2022 Strategic Plan

The Board of Directors is responsible for guiding the strategic direction of the organization. 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 MinnesotaSM 2018-2022 Strategic Plan, Appendix C.)

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.

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Support Minnesotans in quitting smoking.

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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.

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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'sSM Strategic Plan covers four strategic priorities

Dissolution planning

ClearWay Minnesota was created as a life-limited organization, and long-term planning efforts to facilitate a smooth transition out of existence have been underway since 2007.

Changes to governance structure

In 2016, the Board approved changes to the Bylaws and Articles of Incorporation to allow for flexibility in the structure and composition of the Board to bring the organization to an orderly end while still adhering to best practices in nonprofit governance. In July of 2016, the Ramsey County District Court approved those changes. One such change was reducing the size of the Board itself to better fit our organization as we decrease in size.

At their meeting in July of 2019, the Board approved a resolution implementing this change, and as of September 29, 2019, the Board reduced in size from 19 members to 11 members. At-large members reduced from 11 to seven, and the appointments of each of the four appointing authorities (the Governor, the Speaker of the House, the Senate Majority Leader and the Attorney General) reduced from two to one appointment each. More information on this development will be included in next year's Report to the Court.

In addition to the Court-approved Board size reduction in September of 2019, other governance structural changes were considered. At the July 2018 Board Meeting, the Board approved the dissolution of two standing committees: the Program Grants and Program Contracts Committee and the Strategic Development and Planning Committee. With the recent approval of the organization's final Strategic Plan and as programs begin to wind down, the duties of both Committees were greatly diminished and the Board determined it was appropriate to dissolve both Committees. Any remaining duties from either Committee were delegated to either the Executive/Governance Committee or the Audit/Finance Committee. The Audit/Finance Committee charter was revised.

Additional dissolution planning activities

Other planning activities undertaken this year include:

- *Staff retention:* As we move toward our end date, ClearWay Minnesota must retain staff to continue our successful work reducing the harm tobacco causes to Minnesotans. In 2018, a 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 Board approved the plan at its meeting in September of 2018. (See *ClearWay MinnesotaSM Retention/Severance Pay Plan*, Appendix D.)
- *Developing a dissolution plan and timeline:* In light of ClearWay Minnesota's approaching end of life, 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 were developed for Board review in July of 2019. ClearWay Minnesota anticipates having a plan prepared for presentation to the Court in Fiscal Year 2020.

ClearWay Minnesota recently liquidated most of the organization's remaining private equity funds (see *Finances – Investments*, pp. 14-17), and this development has informed our dissolution plans, remaining budgets, staff transition dates and projected end date. After aligning future projected spending with cash flow, ClearWay Minnesota's projected end date was adjusted to December 31, 2021, subject to court approval. Remaining dollars will be thoughtfully and responsibly invested into programs while keeping administrative and overhead costs contained.

Board education

Topics related to strategic and long-term planning were the predominant Board education topics in Fiscal Year 2019. Other Board education topics for Fiscal Year 2019 were:

- **July 2018 – *Update on Local Policy Grants***, presented by Senior Public Affairs Manager Alexis Bylander
- **September 2018 – *Helping Minnesotans Quit: Highlights and Lessons Learned***, presented by ClearWay Minnesota cessation staff
- **November 2018 – *Post – Election Results***, presented by ClearWay Minnesota Director of Public Affairs Molly Moilanen and consultant Todd Rapp of Rapp Strategies
- **November 2018 – *Legacy Evaluation: Measuring 20 years of Progress***, presented by ClearWay Minnesota Vice President Dr. Barbara Schillo
- **January 2019 – *2018 Minnesota Adult Tobacco Survey (MATS)***, presented by ClearWay Minnesota Director of Evaluation and Survey Research Ann St. Claire
- **March 2019 – *Sustaining the Impact of Our Work***, presented by Senior Communications Manager Adam Kintopf and Chief Executive Officer David Willoughby
- **May 2019 – *Our Legacy Goals and Strategic Plan***, presented by Senior Communications Manager Adam Kintopf
- **May 2019 – *Legacy Evaluation: 2019 Update***, presented by ClearWay Minnesota Director of Evaluation and Survey Research Ann St. Claire

Public policy

ClearWay Minnesota engaged in a number of public policy initiatives, authorized by the Board, during Fiscal Year 2019. These initiatives are detailed in *Program Grants and Contracts – Policy*, pp. 46-59. ClearWay Minnesota's lobbyist of record for Fiscal Year 2019 was Lockridge Grindal Nauen P.L.L.P.

The Board approves formal Policy Statements outlining the organization's positions on critical tobacco control issues, and reasons for supporting those positions. The document, adopted in November 2017, continued to be used during Fiscal Year 2019. (See *ClearWay MinnesotaSM 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 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, 2018, the Board approved a 3.6 percent salary increase, effective November 1, 2018. 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 14, 2019, the Executive/Governance Committee approved the recommendation of The Keystone Group 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 \$149,434-\$224,150 (\$186,792 midpoint), effective July 1, 2019. In addition, Keystone recommended a budget pool of 3.2 percent for Fiscal Year 2020. These recommendations were subsequently approved by the Board in March of 2019, and they will be taken into consideration during the next CEO annual review in the fall of 2019.

As a result of the CEO annual review in fall 2018, and the review recommendations approved in September of 2018, the CEO's annual salary was set at \$192,028 as of June 30, 2019.

Interim CEO Succession Plan

At its January 2019 meeting the Board of Directors approved revisions to the Interim Chief Executive Officer Succession Plan. The Plan outlines an emergency or Interim CEO Succession Plan to be implemented immediately in the case of the Chief Executive Officer's illness, accident or death, or if he becomes unable to perform his duties for any other reason. Approval and annual review of the Plan is done in accordance with ClearWay Minnesota's commitment to following best practices for Board governance. In the event that the CEO becomes unable to perform his duties as CEO, Steven Bader, Chief Financial Officer, will serve as interim CEO until the Board of Directors hires a permanent replacement. (Since these revisions were approved, Mr. Bader has resigned from the organization, and Vice President Molly Moilanen was designated as the presumptive interim CEO. More details on this additional revision will follow in next year's Report to the Court.)

Fiscal Year 2019 Board Roster

Board Members filling the 11 at-large positions at various times during Fiscal Year 2019 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);
- **Laurie Lafontaine**, former Vice President (Finance and Treasury) of Allina Health System (Plymouth);
- **Nevada Littlewolf**, former President and CEO of Tiwahe Foundation, former Executive Director and Founder of Rural and American Indigenous Leadership and former Virginia City Council Member (Virginia);
- **Sarah Oquist**, attorney and Chief Operations Officer at Sapientia Law Group, PLLC, and a board member at Woodlands National Bank (Maple Grove); 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 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). (Note: In accordance with the Board size reduction approved by the Ramsey County District Court in 2016 and implemented in September of 2019, Mr. Osberg has now transitioned from an appointed to an at-large seat. See *Board Initiatives – Dissolution Planning – Changes to Governance Structure*, p. 7; more information will follow in next year's Report to the Court.)

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). Mr. Boerschel's term expired in September 2018.

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**, former State Senator and pro football player (Lanesboro). Mr. Benson passed away in January of 2019.

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:

- **Steven D. McWhirter**, Executive Vice President of Dougherty & Company, LLC (Maple Plain); and
- **Gregory Wulf**, President and CEO of First Farmers & Merchants Bank (Cannon Falls).

ClearWay Minnesota Board Officers in Fiscal Year 2019 were:

- **Laurie Lafontaine, Chair** (September 2018 –September 2019)
- **Karen Kraemer, Vice Chair** (September 2018 – September 2019)
- **Steve McWhirter, Treasurer** (September 2018 – September 2019)
- **Anne Vars, Secretary** (September 2018 – June 2019)
- **Sarah Oquist, Secretary** (June 2019 – present)

A full roster of Board Members and Officers for Fiscal Year 2020 (July 1, 2019 – June 30, 2020) 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 MinnesotaSM Organization Chart Fiscal Year 2019*, Appendix F.) For Fiscal Year 2019, the Executive Management Team of the organization consisted of:

- **Chief Executive Officer David J. Willoughby;**
- **Vice President Paula Keller;**
- **Vice President Molly Moilanen;**
- **Vice President Andrea Mowery** (through November 2018);
- **Vice President Barbara Schillo, Ph.D.** (through November 2018); and
- **Chief Financial Officer Steven Bader** (through July 2019).

(See *ClearWay MinnesotaSM Executive 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 MinnesotaSM 2018-2022 Strategic Plan*, Appendix C.)

Audits

For Fiscal Year 2019, Olsen Thielen & Co., Ltd., was retained for a 13th year by the Audit/Finance Committee as independent auditor following an RFP process. At their meeting on June 27, 2019, the Committee reviewed and approved the audit plan presented by the auditors. On September 5, 2019, the audits for the fiscal years ended June 30, 2019 and 2018, 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 18, 2019.

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 MinnesotaSM Financial Statements Together With Independent Auditors' Report*, Appendix H.)

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

Total operating expenses for Fiscal Year 2019 were \$10,603,381, and are summarized in the following table:

Table 1
Expenses for Fiscal Year 2019

	12 months ended June 30, 2019	
Cessation	\$7,858,375	74.1%
Research and other tobacco control purposes	\$1,383,282	13.1%
General and administrative	\$1,361,724	12.8%
TOTAL	\$10,603,381	100.0%

Note: As the organization's programs wind down, general administrative costs will comprise a larger percentage of our overall expenditures; however, the total spending in this category will continue to decrease.

Required Filings

As a nonprofit organization, ClearWay Minnesota is required to file IRS Form 990 and 990T 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 MinnesotaSM IRS Forms 990 and 990T, June 30, 2019*, Appendices J and K, and *ClearWay MinnesotaSM Charitable Organization Annual Report for June 30, 2019*, 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 is expected to end in 2021, subject to court approval.

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 semiannually 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, 2019, the IAC comprises three institutional investment experts and two Board Members. The ClearWay Minnesota Board Chair serves as Committee Chair. The current membership of the IAC is:

- **Laurie Lafontaine (Chair)**, ClearWay Minnesota Board Chair and former Vice President (Finance and Treasury) of Allina Health System;
- **Brian Osberg**, ClearWay Minnesota Audit/Finance Committee Chair;
- **Kim Faust**, Vice President and Treasurer, Fairview Health Services;
- **LeaAnn Stagg**, Vice President and Treasurer, Essentia Health; and
- **Lois Buermann**, Retirement Counselor, Minnesota State Retirement System.

An investment consultant provides an update on private equity cash flow on a quarterly basis, and a private equity surveillance report on a semi-annual basis to the Audit/Finance Committee and ClearWay Minnesota staff. The consultant also performs regular qualitative analysis of selected investment manager's organizations, philosophy, account and key personnel changes. The 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 Fiscal Year 2019 with six investment vehicles, sorted by strategy as summarized in the following table:

Table 2
Investment Manager by Strategy
June 30, 2019

STRATEGY	TYPE	MANAGER
Money Market/Cash	Institutional Money Market Fund	Wells Fargo Bank, N.A.
Money Market/Cash	ICS (FDIC Insured Product)	Choice Financial Bank
Certificate of Deposit	CDARS insured product	Choice Financial Bank
Private Equity	Private Equity Fund Manager	Mesirow Financial Private Equity Partners
Private Equity	Private Equity Fund Manager	Weathergag Venture Capital Partners
Private Equity	Private Equity Fund Manager	Coller International Partners

As of September 30, 2019, following the sale of the two private equity securities, 96 percent of investments are being managed within Money Market/Cash funds.

Investment strategy

As of June 30, 2019, ClearWay Minnesota structures our investments in two categories:

- *Cash, Money Market and Short-term Investments* (63 percent of the portfolio): These investments include money market funds and ladder certificates of deposit (CD) to provide adequate and timely availability of funds to help meet ClearWay Minnesota's budgeted short-term spending needs, as well as planned cash flows through our end of life. The amounts invested in short-term CDs are to be held to maturity.
- *Private equity* (37 percent of the portfolio): Cash distributions from the private-equity portfolio are planned for, and are used each year to offset a portion of the anticipated budgeted spending. In Fiscal Year 2019 ClearWay Minnesota management, with the

support of the Audit/Finance Committee and Board of Directors, began the process to sell two of the three private equity investments that were no longer planning to liquidate before the end of Fiscal Year 2022. These two funds represent 90 percent of the investments within this category. ClearWay Minnesota completed the sale of these securities on September 30, 2019. The remaining private equity investment has a Net Asset Value as of June 30, 2019, of \$542,000, representing 4.3 percent of ClearWay Minnesota investments, and is scheduled to be fully liquidated by calendar year 2021.

With the successful liquidation of the two private equity investments on September 30, 2019, approximately 96 percent of ClearWay Minnesota's investment portfolio is now being managed through liquid money market and short-term investments that will be utilized to fund programs and services over the remaining life of the organization.

At least annually, ClearWay Minnesota reviews and refines investment strategy in light of three major investment constraints: limited life, prohibition on investing directly in tobacco-related companies and liquidity needs. As we approach our end of life, our strategy increasingly moves us toward ensuring appropriate liquidity to meet remaining needs. In the last couple of years, ClearWay Minnesota has reduced our risk profile to secure future cash flow requirements. The sale of the majority of our private equity investments is a continuation of this strategy. Proceeds from liquidations have been transferred to FDIC insured money market funds and CDs, with the goal of securing the highest investment returns possible within these low risk type of investment options. We will continue to work with the Audit/Finance Committee and the Board of Directors to review and refine our strategy, as needed.

Organizational end-of-life liquidity modeling

Following the sale of private equity investments on September 30, 2019 (see *Investment Strategy*, previous page), ClearWay Minnesota has now significantly reduced our investment risk subject to market fluctuations, and has gained greater clarity on funding available to support programmatic needs and operational wind-down through organizational dissolution. Since September 30, 2019, management has updated and analyzed liquidity models to evaluate funding and spending requirements/changes for the remainder of our limited life. As a result, several critical decisions were made to support a successful dissolution plan, including:

- Adjusting planned dissolution date as previously noted;
- Revising employee termination dates, resulting in changes for most by one to two months; and
- Adjusted other expenses to align with available investments and cash inflows.

The liquidity models are made using a set of assumptions based on best information available. Actual results will likely vary from assumptions, and those variations may be material. Management will monitor and update the liquidity model forecasts on an ongoing basis to address changes to critical assumptions as they are identified and confirmed, and will adjust spending plans as necessary to successfully wind down ClearWay Minnesota operations as planned.

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 Fiscal Year 2019, ClearWay Minnesota reported a loss on investments for the year of approximately 0.2 percent. Our decision to liquidate our investments in private equity early resulted in a discounted rate that would be received early as well. Before accounting for the write-down on securities, our investments in fiscal year 2019 returned an average of approximately 4.8 percent overall. Cash, Money Market and CDs earned approximately 2 percent on average balances while private equity accounts earned nearly 12 percent prior to the write-off. Since inception, ClearWay Minnesota's investments have generated \$79.5 million in investment returns.

III. PROGRAM GRANTS AND CONTRACTS

A. CESSATION

Since inception through June 30, 2019, ClearWay Minnesota has funded \$67.3 million in cessation program grants and contracts. ClearWay Minnesota's cessation work focuses on both cessation services and cessation policy.

Currently, all Minnesotans have access to cessation services either through their health insurance or through ClearWay Minnesota. Because we expect our organization to end in 2021 (subject to court approval), we continue our efforts 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 185,000 Minnesotans in their efforts to quit tobacco use.

In Fiscal Year 2019, 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 (NRT) (if appropriate), provided to uninsured and underinsured Minnesotans.

- Special Helpline programs for pregnant women, individuals living with mental illness and/or substance use disorders and American Indian/Alaska Native commercial tobacco users. These programs offer more phone coaching calls with a specially trained team of coaches and additional NRT for participants who report one or more mental health conditions or who enroll in the American Indian Quitline.

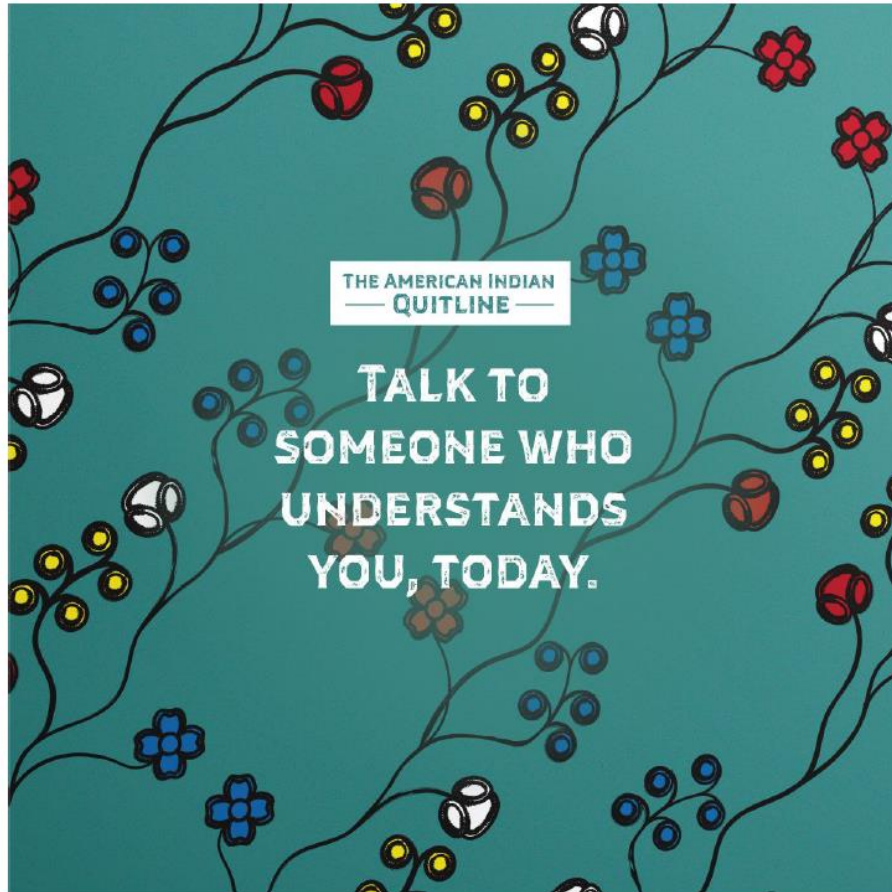
Individual QUITPLAN Services:

- 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, 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. Because we do not have a Spanish texting program, we provide access to a text messaging support program in Spanish through the National Cancer Institute's 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.

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 2019, we continued to conduct proactive outreach. Through this outreach, participants who have relapsed and are interested are invited to reenroll in QUITPLAN Services.



*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. A final evaluation of QUITPLAN Services quit rates and other outcomes was conducted in Fiscal Year 2018 and reported in the last Report to the Court.

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 2019 to complement the program's approach and reflect our caring, compassionate approach to delivering QUITPLAN Services.



QUITPLAN® Services are created in both English and Spanish

Additionally, in Fiscal Year 2019 QUITPLAN Services was promoted with a statewide quit-tobacco contest, The QuitCash Challenge™. (See *Communications and Outreach – Advertising – QUITPLAN® Services Campaign*, pp. 71-73.)

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 2019, 16,230 people called QUITPLAN Services and 282,043 people visited the quitplan.com website.

In Fiscal Year 2019, 12,491 tobacco users were served by QUITPLAN Services.

- 776 tobacco users enrolled in the QUITPLAN Helpline’s multi-call counseling program
 - 660 tobacco users received NRT patches, lozenges or gum as part of their Helpline enrollment.
- 11,150 tobacco users enrolled in one or more of the Individual QUITPLAN Services (NRT starter kit, text messaging, email and/or quit guide).

- 7,838 tobacco users received an NRT starter kit
 - 7,317 tobacco users received a quit guide
 - 3,057 tobacco users signed up for email messages
 - 2,585 tobacco users signed up for text messages
- Additionally, 541 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 75,000 tobacco users were served by QUITPLAN Services in fiscal years 2015 through 2019 combined, and many more were served by their health plans. This represents more than 8,600 Helpline enrollments, and more than 55,000 NRT starter kits and 37,000 Quit Guides mailed to Minnesotans over a five-year period. In addition, almost 20,000 participants have selected the email program, and around 15,000 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 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 48 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 (PDA), to evaluate QUITPLAN Services. In Fiscal Year 2019, PDA worked closely with the ClearWay Minnesota Cessation Department to evaluate QUITPLAN Services through ongoing monitoring of vendor data.

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. 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.

End of QUITPLAN® Services

ClearWay Minnesota is a life-limited organization that we expect will end in 2021, subject to court approval. (See *Organization – Governance – Board Initiatives – Dissolution Planning*, pp. 7-8.) 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 stop enrolling new participants at the end of March 2020.

During the 2019 Legislative Session, the approved state budget included funding for the Minnesota Department of Health's Statewide Tobacco Cessation Services. This new funding will ensure that Minnesotans continue to have access to a free quitline when QUITPLAN Services ends. We are working with the Minnesota Department of Health to ensure a smooth transition to their new quitline program. (See *Policy – Statewide Policy Work – Minnesotans for a Smoke-Free Generation – Tobacco Cessation Funding*, p. 50.)

QUITPLAN® Services Ambassador Grants

In our continued efforts to increase use of QUITPLAN Services by communities disproportionately impacted by the harms of commercial tobacco, and based on the progress, impact and successes during the first year of work, ClearWay Minnesota renewed funding for two QUITPLAN Services Ambassador grants in Fiscal Year 2019.

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 for continuation through this initiative in Fiscal Year 2019:

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

Renewal grant amounts were up to \$37,500 for nine months. The grantees have been working to increase trust and interest through various activities, including outreach at community events and within church networks. These grants concluded in this fiscal year.

Cessation Policy

The Cessation Department dedicates resources toward policy efforts to help ClearWay Minnesota achieve our goals around ensuring access to comprehensive tobacco dependence treatment for all Minnesotans. To help us reach these goals, we work to make addressing tobacco use a standard practice of health care through health systems change. Our Fiscal Year 2019 health systems change activities are described below.

Health system integration

In Fiscal Year 2019 we completed our health systems change capacity-building project. The goal of this project was to provide Minnesota health systems with tools and resources to improve their efforts to assess and address tobacco use. We also worked 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 successfully completed the full two-year project activities at the end of Fiscal Year 2018. The details of this project were highlighted in last year's Report to the Court.

One of the lessons learned from Fiscal Year 2018 was that time was often a barrier to attend day-long trainings. This barrier was particularly pertinent for community health centers, which are clinics that serve low-income populations disproportionately impacted by tobacco. In order to better engage the community health centers in this work, we conducted short onsite trainings, called "Jump Starts." More information can be found in the September 2018 issue of *Metro Doctors*, which can be accessed here: https://issuu.com/metrodoctors/docs/226923_tc.

During Fiscal Year 2019, we wanted to continue to support community health centers and facilitate their tobacco dependence health systems change efforts. To do this, we entered into a contract with ICSI to continue the implementation of the Jump Starts with five additional community health centers that were not reached during the initial capacity-building project. Three community health centers located in the Twin Cities metro area and two located outside the metro area participated in these trainings.

We also continue to elevate tobacco use as a priority and integrate 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 with 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. For example, we developed a brief article published in the March 2019 Health Care Homes newsletter. This article highlighted the resources available to providers and clinics to better assess and address tobacco dependence through health systems change.

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.

U.S. Centers for Disease Control and Prevention (CDC)

In August of 2018, CDC's Office on Smoking and Health's leadership team visited ClearWay Minnesota. Dr. Corinne Graffunder, Director, Beth Reimels, Associate Director for Policy, and Karla Sneegas, Program Services Branch Chief, attended the meeting. The CDC team wanted to learn about our work in partnership with American Indian Nations, the American Indian Quitline, our work to redesign QUITPLAN Services, how we promote our services, our work to link smokers of low socioeconomic status to both QUITPLAN Services and other existing cessation services, and health systems change. They were also interested in understanding the Minnesotans for a Smoke-Free Generation coalition's efforts to increase tobacco control funding, including funding for cessation services, as well as other policy efforts, before our organization ends. The information that we provided will assist the Office on Smoking and Health in their strategic planning process, particularly future directions for their cessation and health systems transformation strategy. The meeting was a timely opportunity to share a great deal of information with leadership from the Office on Smoking and Health to both inform their current planning processes and to contribute to our efforts to sustain knowledge that we've gained from our work.

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 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 serves as the administrator. 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.

North American Quitline Consortium (NAQC)

The North American Quitline Consortium (NAQC) is a group of quitlines sharing 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 Advisory Council and committees.

State agencies

ClearWay Minnesota collaborates with many state agencies to advance our cessation work. For example, the Minnesota Department of Health (MDH) 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. While this task ended in Fiscal Year 2019, we continue to partner with MDH on other components of this project.

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. 36-45.

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, 2019, ClearWay Minnesota has funded \$32.7 million in research program grants and contracts and spent an additional \$7.8 million for evaluation projects.

In the past, ClearWay Minnesota has provided 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. With the organization's sunset approaching, the Research department stopped awarding new grants in Fiscal Year 2018. Fourteen ongoing grants were monitored in Fiscal Year 2019.

As ClearWay Minnesota's programmatic work winds down, research within the organization has become even more focused on large-scale surveillance efforts, evaluation projects and dissemination activities necessary to share these results.

Research Contracts

Technical assistance

In Fiscal Year 2019, technical assistance was provided on a limited number of ongoing grants. The University of Wisconsin Center for Tobacco Research and Intervention (UW-CTRI) provided the final year of technical assistance, as ClearWay Minnesota is no longer funding new research projects. Services for ClearWay Minnesota research staff and grantees included:

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



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

The UW-CTRI technical assistance team provided staff with collaboration and dissemination opportunities and reference librarian services as needed. Additionally, UW-CTRI invited ClearWay Minnesota staff to attend the weekly seminars that the organization holds on tobacco control and other health topics.

Surveillance: Minnesota Adult Tobacco Survey (MATS)



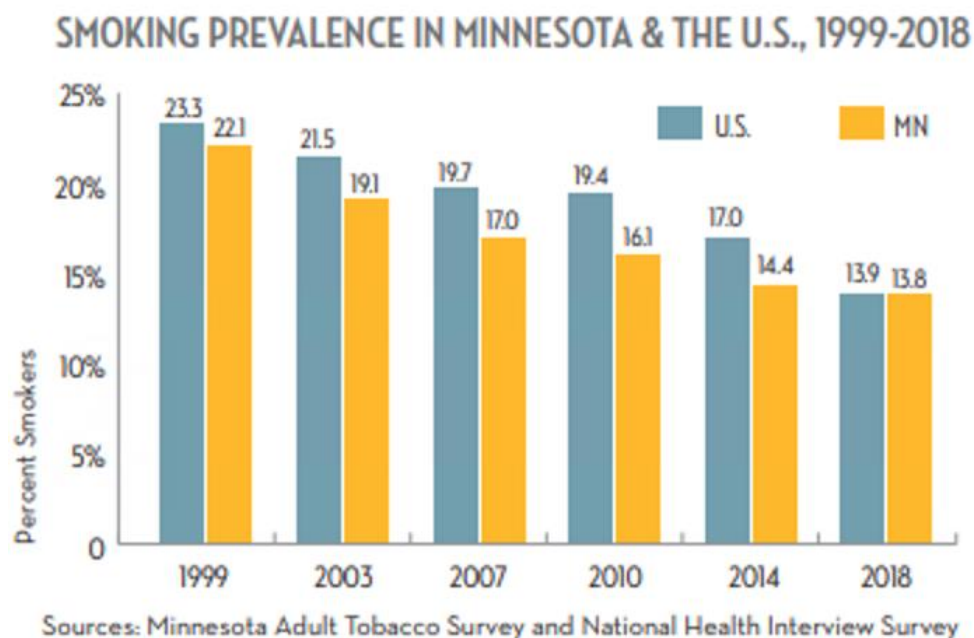
The Minnesota Adult Tobacco Survey (MATS) is a large-scale surveillance project that monitors progress in reducing tobacco use among Minnesotans. MATS collects in-depth surveillance data on tobacco use, and cigarette smoking in particular, in the adult population of Minnesota. MATS is the most comprehensive 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 – 2018-2022 Strategic Plan*, pp. 4-6). Technical reports and fact sheets from the current survey as well as prior survey rounds are available at <http://clearwaymn.org/mats/>.

ClearWay Minnesota, in collaboration with partner organizations, previously conducted five rounds of MATS (in 1999, 2003, 2007, 2010 and 2014). The last survey in the MATS series was conducted in 2018 with data collection occurring between February and June of 2018. Data were weighted and analyzed and findings were released in January of 2019. Findings from the 2018 MATS showed that Minnesota's progress in reducing smoking has stalled. Highlights from the 2018 MATS are included below.

Cigarette smoking

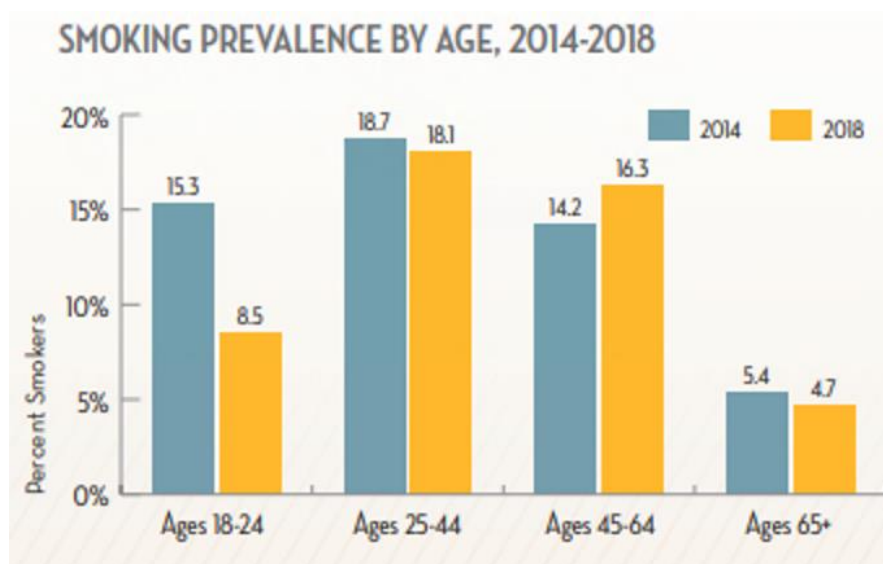
Conventional cigarettes remain the most commonly used tobacco product among Minnesota adults. The percentage of adult Minnesotans who smoke cigarettes has dropped to 13.8 percent (approximately 574,000 adults), down from 14.4 percent in 2014. While this is the lowest smoking rate ever recorded among Minnesota adults, and a 37.5 percent reduction since MATS was first conducted in 1999 (when the rate was 22.1 percent), the decline between 2014 and 2018 is not statistically significant and is the smallest decrease in smoking observed since MATS began.

Historically, Minnesota's smoking rate has been declining faster than the U.S. rate, but today our state's progress has slowed, and our adult smoking prevalence is roughly equivalent to the national rate. However, for the first time since 2007, the percentage of Minnesota adults who have never smoked saw a statistically significant increase (from 57.8 percent in 2014 to 60.4 percent in 2018).



MATS showed that adult smokers in Minnesota are more likely to be male and to have completed fewer years of education than nonsmokers. Fifteen percent of men are current smokers, compared to 12.6 percent of women. Minnesotans with less than a high-school education have the highest smoking rate (33.4 percent), whereas those who have completed a college education smoke at the lowest levels observed (4.5 percent).

Some of the most dramatic changes in smoking were seen among 18-24-year-olds. The rate of cigarette smoking in this age group has been cut nearly in half, from 15.3 percent in 2014 to a new low of 8.5 percent in 2018. (However, e-cigarette use by this group nearly doubled during that same time.)

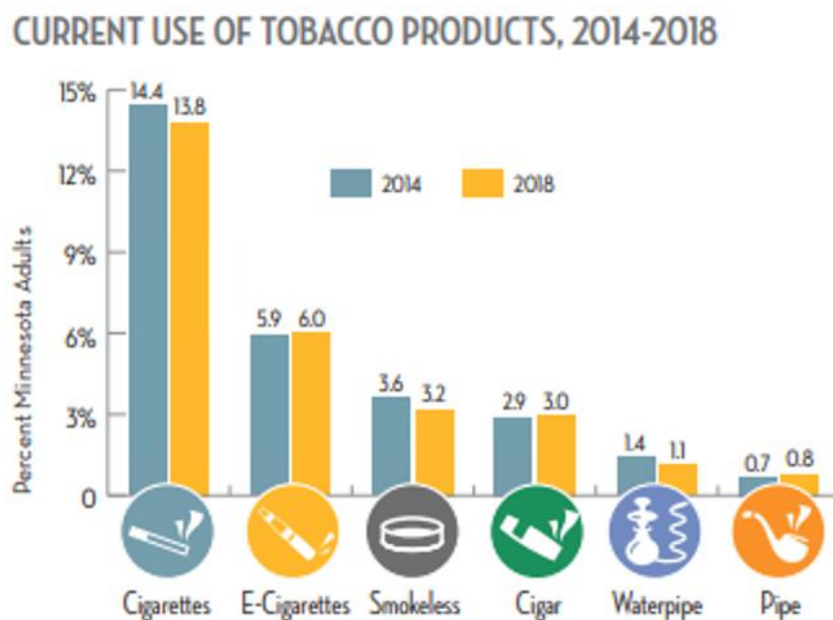


MATS also examined menthol tobacco use. Menthol is a flavoring agent added to cigarettes that gives a cooling sensation and masks the harshness of tobacco smoke. Menthol cigarettes increase smoking initiation among youth and make it harder for smokers to quit. They are also disproportionately marketed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

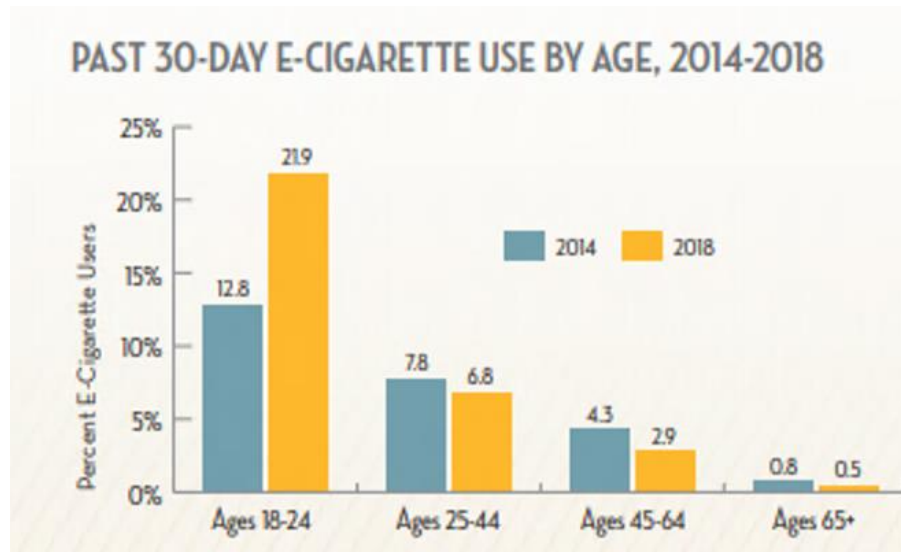
Among current Minnesota smokers, 27.5 percent report menthol cigarettes as their usual product. A greater percentage of women than men regularly smoke menthol cigarettes (33.8 percent vs. 22.0 percent, respectively), but the difference is not statistically significant. Those with less than a high school diploma are the most frequent smokers of menthol cigarettes by education level, at 37.2 percent. A very similar percent of current smokers in the other educational categories smoke menthol cigarettes, at around 25 percent in each group.

Use of other tobacco products

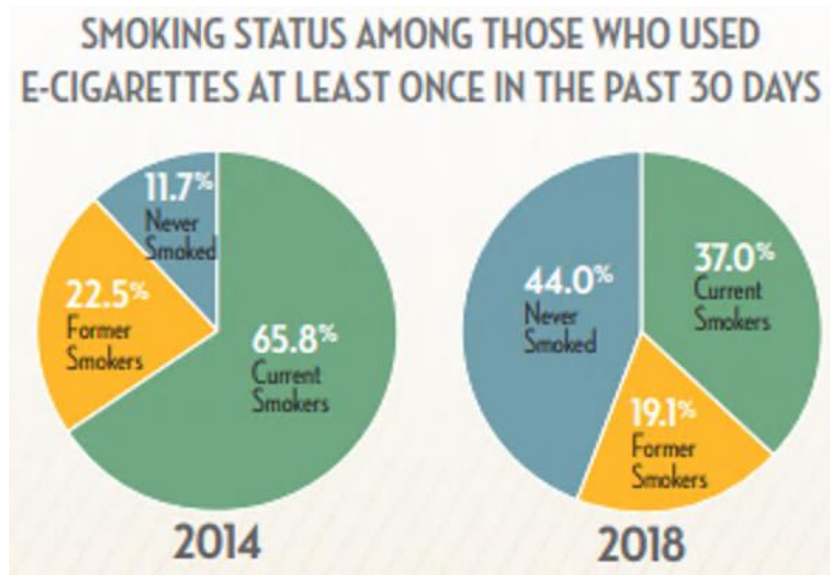
Cigarettes are the most commonly used tobacco product, but MATS also tracks the use of other products such as cigars, pipes, smokeless tobacco and electronic cigarettes (e-cigarettes). Among adult Minnesotans, 21.3 percent use some type of tobacco. The use of tobacco products other than cigarettes, including e-cigarettes, cigars, pipes, smokeless tobacco and waterpipes, among adults overall remained essentially unchanged from 2014 to 2018.



While current use of e-cigarettes (used at least once in the past 30 days) among Minnesota adults overall has not increased significantly since 2014 (5.9 percent in 2014 compared to 6.0 percent in 2018), the use of e-cigarettes by adults aged 18-24 nearly doubled from 2014 (12.8 percent) to 2018 (21.9 percent).



In addition, more Minnesota e-cigarette users are people with no prior history of smoking. In 2018, 44.0 percent of e-cigarette users reported they have never smoked cigarettes; this is up significantly from 2014 (11.7 percent). Among young adults, 72.6 percent of e-cigarette users never smoked, compared to 30.4 percent in 2014. Conversely, the percent of adult e-cigarette users of all ages who are also current smokers declined significantly, from 65.8 percent in 2014 to 37.0 percent in 2018. The majority of adult Minnesotans who used e-cigarettes every day or some days reported their usual e-cigarette to be flavored (80.2 percent). Nearly all (96.7 percent) 18-24-year-old e-cigarette users reported their usual e-cigarette is flavored.



Quitting in Minnesota

MATS 2018 data tell us fewer cigarette smokers in Minnesota are making quit attempts and those who do make attempts find it hard to successfully quit. In 2018, 45.7 percent, or 260,000 adult smokers, reported making a quit attempt in the past 12 months. This was down significantly from 53.4 percent in 2014.

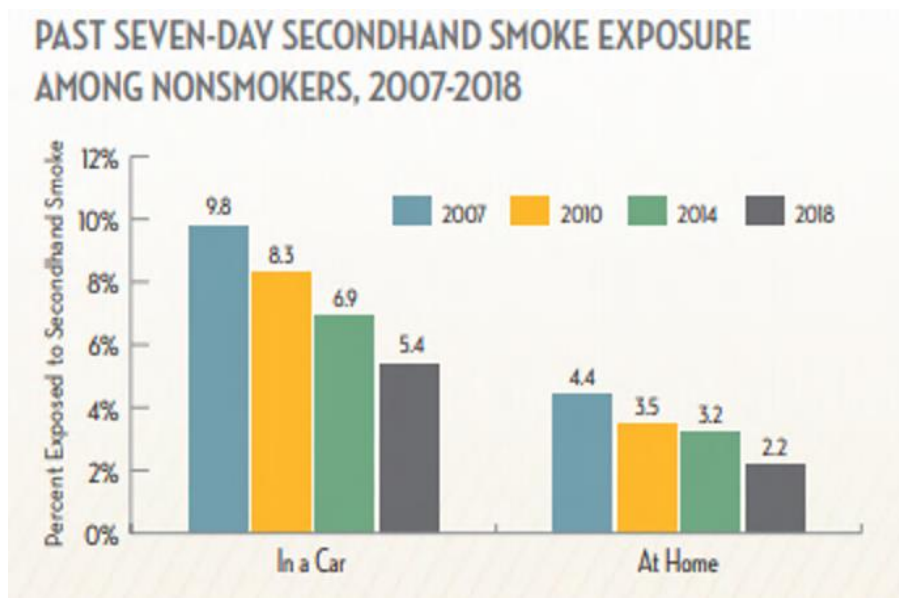
Among past-year smokers, 11.6 percent were successful in quitting smoking. This rate also declined significantly, from 15.6 percent in 2014. Among smokers who did make quit attempts, many are using proven assistance such as medications (including nicotine patches, gum or prescription medications) (45.5 percent) and counseling (15.4 percent). Although e-cigarettes are not an evidence-based approach to quitting, 37.9 percent of current smokers reported using them in their last quit attempt. This is down from 45.4 percent in 2014, though the decline was not statistically significant.

Secondhand smoke exposure

Since all workplaces became smoke-free in 2007, Minnesotans increasingly make their homes smoke-free. MATS data continue to show that Minnesotans value clean air and smoke-free spaces. Almost 92 percent of all adult Minnesotans report having voluntary smoke-free home rules in 2018 — a statistically significant increase from 89.3 percent in 2014. Smokers increasingly report smoke-free home rules as well (66.3 percent as compared to 61.4 percent in 2014, though this difference is not statistically significant). Similarly, 80.2 percent of adult Minnesotans report having smoke-free rules for their cars.



Nonsmokers' exposure to secondhand smoke in both the home and in the car significantly declined between 2014 and 2018 to all-time lows of 2.2 percent and 5.4 percent, respectively. Significant declines in exposure in the home were greatest among 18-24-year-olds, men, former smokers and those with less than a high-school education.



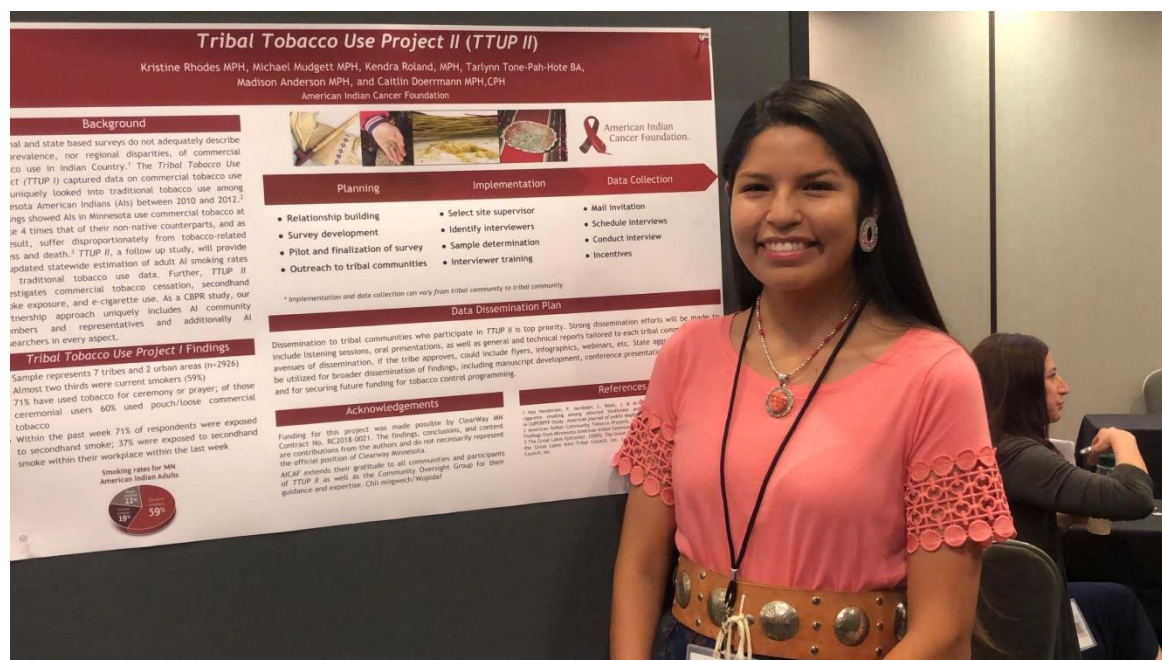
MATS 2018 release and dissemination

Findings from the 2018 MATS were released in January of 2019 and shared widely among several stakeholder groups. This information is used by partner organizations for program planning, evaluation and policy efforts. A presentation was shared both in person and via webinar with ClearWay Minnesota's Board of Directors and grantees as well as with partner organizations. ClearWay Minnesota staff also shared MATS 2018 fact sheets and related material at community and legislative visits, with media outlets and on social media. ClearWay Minnesota staff, led by Director of Evaluation and Survey Research Ann St. Claire, have established a dissemination team that is coordinating additional analysis and paper writing to share more in-depth findings from MATS. Members of the dissemination team comprise ClearWay Minnesota staff, partners at the Minnesota Department of Health and colleagues from the survey research firm, Westat, as well as consultants from Professional Data Analysts and independent research experts in tobacco control. Topics currently under study include various perspectives on e-cigarette use, co-use of tobacco and marijuana, quitting, disparities in the use of tobacco products, and secondhand smoke exposure.

Additional MATS findings will be shared at upcoming conferences including the National Conference on Tobacco or Health (August 2019), the annual meeting of the American Public Health Association (November 2019) and the Society for Research on Nicotine and Tobacco (March 2020).

Tribal Tobacco Use Project (TTUP-II)

In Fiscal Year 2019, ClearWay Minnesota contracted with the American Indian Cancer Foundation (AICAF) to begin implementation of 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. Data collection is ongoing in Minnesota's Tribal Nations and urban areas where American Indians reside, and will continue in the next Fiscal Year. Results will serve as a guide for tribal and statewide stakeholders for reducing the harms of commercial tobacco use statewide and within individual Tribal Nations.



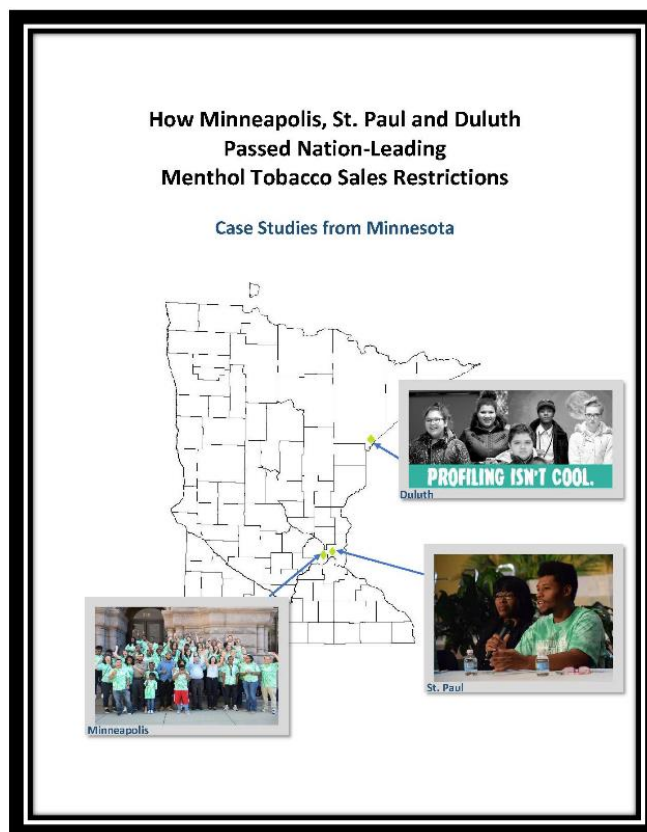
AICAF staff member Tarlynn Tone-Pah-Hote presents on TTUP II at the Association of American Indian Physicians conference.

Menthol evaluation projects

In 2018, the cities of Duluth, Minneapolis, Falcon Heights and Saint Paul implemented groundbreaking policies restricting the sales of all menthol, mint and wintergreen flavored tobacco products to adult-only tobacco shops. In collaboration with the Center for Prevention at Blue Cross and Blue Shield of Minnesota and the Minnesota Department of Health, ClearWay Minnesota is engaged in a variety of evaluation efforts to assess the impact of these policies. In Fiscal Year 2019, a contract with Rainbow Research, Inc., collected data on the youth impact, contracts with Bosma Consulting LLC conducted, produced and began disseminating case studies focusing on policy passage, and a contract with the Institute for Sustainable Economic Educational Environmental Design focused on capturing changes in the retail environment. Work on documenting the policy implementation process, via a contract with Bosma Consulting as well as dissemination efforts to share findings with partners and national stakeholders, will continue into the next Fiscal Year.



The policy passage case studies, produced in collaboration with the Center for Prevention Blue Cross and Blue Shield of Minnesota, detail the key elements that led to policy passage. Advocates in Minneapolis, St. Paul and Duluth were successful at establishing broad-based, diverse and knowledgeable coalitions. While each city's campaign had unique characteristics, all three navigated complex policy environments and pushback from the tobacco industry. All three efforts were ultimately successful due to careful preparation, extensive outreach and mobilization, strong media campaigns, and diverse coalitions representative of the people in their communities most impacted by menthol tobacco products. These case studies will provide useful insights and tools for advocates and decision-makers in other communities considering similar policy efforts to reduce the availability of menthol tobacco products.



The completed case study report can be found at <http://clearwaymn.org/menthol-policy-case-studies/>.

Dissemination

ClearWay Minnesota places a high priority on translation and dissemination of funded research and programs. Consequently, we encourage grantees to explore opportunities to publicize and share findings. In addition, staff actively disseminate 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 number of peer-reviewed articles during Fiscal Year 2019 on a range of topics. These publications include:

- "Examining Quit Attempts and Successful Quitting after Recent Cigarette Tax Increases" in *Preventive Medicine*, by Raymond Boyle, Cassandra Stanton, Eva Sharma and Zhiquan Tang. This paper used data from the 2014 Minnesota Adult Tobacco Survey (MATS) to examine the prevalence of past-year smokers, smokers who attempted to quit smoking and those who successfully quit by demographics, tobacco use, use of evidence-based cessation assistance to quit and smoker perceptions of tax increases. Findings suggest that a large tax increase is effective in promoting quitting even in the presence of strong tobacco control measures.
- "Support Person Interventions to Increase Use of Quitline Services Among Racially Diverse Low-Income Smokers: A Pilot Study," appearing in *Addictive Behavior Reports*, by Christi Patten, Steven Fu, Katrina Vickerman, Martha Bock, David Nelson, Shu-Hong Zhu, Joyce E. Balls-Berry, Alula Jimenez Torres, Tabetha Brockman, Christine Hughes, Abigail Klein, Miguel Valdez-Soto and Paula Keller. This paper adapted an intervention for nonsmoking support persons and assessed its feasibility in racially diverse, low-income populations. Study results found that although the intervention was well-received, additional consumer adaptation is needed.
- "The Role of Health Systems in Reducing Tobacco Dependence" in the *American Journal of Accountable Care*, by Megan Whittet, Traci Capesius, Heather Zook and Paula Keller. This paper consisted of an evaluation of five Minnesota health systems that implemented multiple system changes to make tobacco treatment delivery a standard of care. Results indicated that using a team-based approach to engage staff, implementing new protocols and training staff, and utilizing tools such as electronic health records and data to conduct quality improvement initiatives facilitated health systems change.

- “Restricting ‘Natural’ and ‘Additive-free’: Did FDA’s Agreement with Santa Fe Natural Tobacco Company Change Advertising for Natural American Spirit?,” appearing in *Tobacco Regulatory Science*, by Erin O’Gara, Joanne D’Silva, Caitlin Weiger, Nicole Villaluz, Wendy Piedra and Meghan Brigid Moran. This paper examined Natural American Spirit cigarette marketing from 2015 (when the brand received a warning letter from the FDA) to 2018 (following an agreement with the FDA to stop using terms “natural” and “additive-free”, as these terms led consumers to inaccurately perceive reduced harm). Results indicate that although these terms were eliminated from marketing in 2017, the brand relied on a variety of other descriptors and images that could imply a natural product.

ClearWay Minnesota staff also published several white papers through local or trade publications. These include:

- “Jump-Starting Tobacco Health Systems Change” in *Metro Doctors: The Journal of the Twin Cities Medical Society*, by Jeyn Monkman, Tani Hemmila and Megan Whittet. This paper highlights work funded by ClearWay Minnesota through the Institute for Clinical Systems Improvement to increase clinic capacity to systematically address patients’ tobacco use.
- “Evaluation with the End in Mind” in *Stanford Social Innovation Review*, by Ann St. Claire and Barbara Schillo. This paper described how limited-life organizations can reposition evaluation as a tool to drive progress toward their end goals and measure the enduring impact of their efforts.
- “Tobacco Marketing to the LGBTQ Community” in *Metro Doctors: The Journal of the Twin Cities Medical Society*, by Adam Kintopf, Gabriel Glissmeyer, Laura Henry and Betsy Brock. This paper provides a brief overview of the way that the tobacco industry has targeted members of LGBTQ communities with marketing efforts.
- “Promotional Efforts Keep Smokers from Quitting and Lure Young People to Take Up Smoking” in *Minnesota Medicine* by Alexis Bylander, Betsy Brock and Caleb Schultz. This commentary offers physicians information on the types of tobacco industry marketing that patients may be exposed to on a daily basis, and provides suggestions for what they can do to help those individuals quit using commercial tobacco.

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.

National Native Network Podcast

Associate Director of Health Equity Programs CoCo Villaluz, Associate Director of Research Programs Erin O’Gara and Director of Health Equity Research Joanne D’Silva were invited to speak on their published article, “Tobacco Misappropriation of American Indian Culture and Traditional Tobacco” as part of the National Native Network’s Podcast Series.

Joshua Hudson, program manager for the National Native Network, talked with the article co-authors about their groundbreaking research on tobacco industry marketing tactics that use aspects of traditional tobacco and cultural imagery of American Indians. Mr. Hudson highlighted how recognizing the continued exploitation of a sacred medicine through this article is important in helping efforts to reclaim American Indian identity. The podcast discussion also acknowledged the historical and current experiences of traditional tobacco in Indian Country, and suggested using this research as a tool to counter tobacco industry marketing.



American Public Health Association (APHA)

ClearWay Minnesota staff attended the annual American Public Health Association (APHA) conference, held November 10-14 2018, in San Diego.

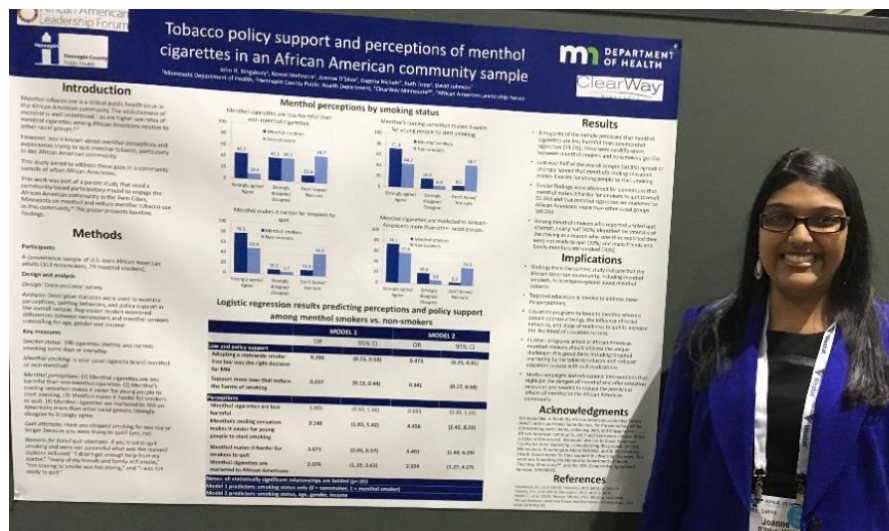


The theme of the 2018 meeting was

“Creating the Healthiest Nation: Health Equity Now.” Director of Health Equity Research Dr. Joanne D’Silva had an oral presentation on LGBTQ smokers’ perceptions toward a variety of policy change options and made suggestions for additional community engagement. Dr. D’Silva also presented a poster co-authored by collaborators from the Minnesota Department of Health, African American Leadership Forum, and Hennepin County Health Department on tobacco policy support and perceptions of menthol cigarettes among a community sample of African American smokers in the Twin Cities. Megan Whittet, Associate Director of Health Systems Change Programs also presented a poster on Minnesota’s experiences in building capacity to integrate tobacco dependence into health care delivery.



Director of Health Equity Research Dr. Joanne D'Silva (left) with Dr. Phillip Gardiner (center) and Dr. Pebbles Fagan at the 2018 APHA annual conference. Dr. Gardiner was awarded the inaugural Andre G. Stanley Memorial Health Equity Award, which recognizes individuals who have demonstrated a commitment to health equity.



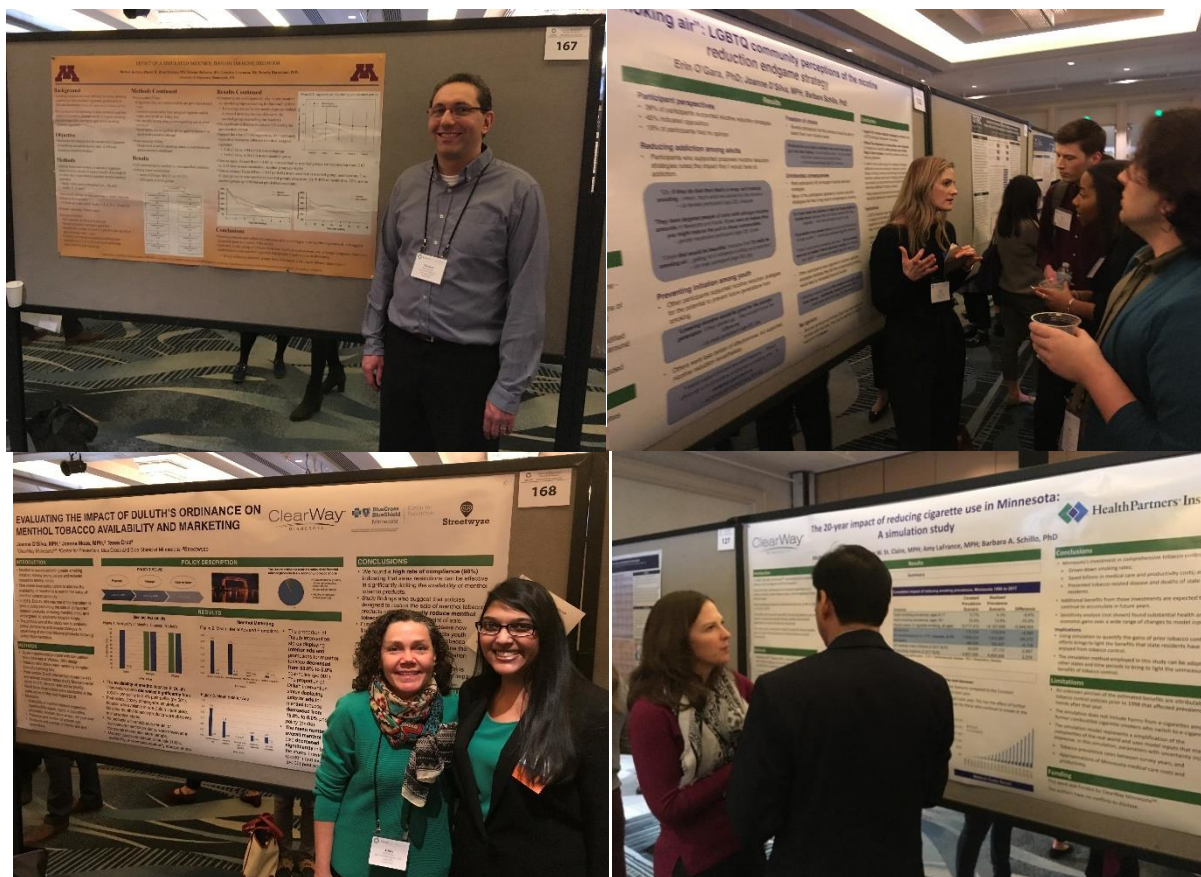
Director of Health Equity Research Dr. Joanne D'Silva presents a poster at the 2018 APHA annual conference



Several staff attended the 25th Annual Meeting of the Society for Research on Nicotine and Tobacco (SRNT) held February 20-23, 2019, in San Francisco. The conference provided opportunities to learn about cutting-edge tobacco science and policy research from around the globe.

ClearWay Minnesota staff, grantees and partners presented a total of eight posters at the 2019 annual conference.

Lead Author	Presentation Title
Michael Kotlyar (University of Minnesota)	Effect of a simulated menthol ban on smoking behavior
Joanne D'Silva, Director of Health Equity Research	Evaluating the impact of Duluth's menthol restrictions on menthol tobacco availability and marketing
Erin O'Gara, Associate Director of Research Programs	LGBTQ community perceptions of the nicotine reduction endgame strategy
John Kingsbury (Minnesota Department of Health)	Tobacco policy support and perceptions of menthol cigarettes in an African American community sample
Erin O'Gara, Associate Director of Research Programs	Perceptions of Natural American Spirit cigarettes among a community sample of American Indians in Minnesota
Mike Maciosek (HealthPartners Institute)	The 20-year impact of reducing cigarette use in Minnesota: A simulation study
Anne Joseph (University of Minnesota)	The effects of "Keep Tobacco Sacred" messages on American Indian smokers' interest in smoking cessation
Ann St. Claire, Director of Evaluation and Survey Research	Shifts in e-cigarette use among Minnesota adults: 2014-2018



ClearWay MinnesotaSM staff, partners and grantees present posters at the 2019 Society for Research on Nicotine and Tobacco (SRNT) conference

Other presentations

In July of 2018, Director of Health Equity Research Dr. Joanne D'Silva attended a two-day planning meeting hosted by West Virginia University along with health disparities experts from West Virginia University, the University of Arkansas, and the National Institute on Minority Health and Health Disparities. The meeting focused on the reduction of tobacco disparities; addressing inequities and inequalities in tobacco research, practice, and translation; and discussing the role of regulatory science in eliminating tobacco disparities.

In September of 2018, Vice President Andrea Mowery presented to the 13th Annual National Conference on Health Communication Marketing and Media on "Twenty Years of Effectiveness in Policy and Communications."

In March, Vice President Molly Moilanen and the Minnesota Department of Health's Tobacco Control Program Manager Laura Oliven joined CDC's Dr. Brian King on a national webinar hosted by the U.S. Office of Disease Prevention and Health Promotion as part of their Healthy People 2020 *Stories From the Field* series to discuss Minnesota's collaborative efforts to reduce tobacco's harm.

In April, Ms. Moilanen also presented on "Taxing E-Cigarettes: Applying a Proven Public Health Tool to Emerging Tobacco Products" for the Public Health Law Center's webinar series.

Tobacco disparities and regulatory science agenda-setting meeting

Director of Health Equity Research Joanne D'Silva participated in a national meeting focused on developing a blueprint for research, policy and regulatory standards regarding tobacco regulatory approaches for vulnerable and disparate groups. The meeting was held April 24-25, 2019 at the University of Arkansas, Little Rock. Dr. D'Silva presented on behavioral and marketing influences, which are two of seven scientific domains of interest to the Food and Drug Administration Center for Tobacco Products.



Director of Health Equity Research Dr. Joanne D'Silva with co-speakers and discussants at the Tobacco Disparities and Regulatory Science Agenda-Setting Meeting in Little Rock, AK.

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 May of 2019, staff presented the last comprehensive 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 – 2018-2022 Strategic Plan*, pp. 4-6.)

Data from the recently released 2018 Minnesota Adult Tobacco Survey (MATS) was shared to illustrate the progress made toward 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 2018, the prevalence of smoking among Minnesota adults is 13.8 percent. This is a 37.5 percent reduction in smoking since we first started tracking prevalence on MATS in 1999. While this 20-year decline is a notable success, it is unlikely that the Legacy Goal will be met by 2023. It was important, however, to set stretch goals in order to strive for the best possible outcome within our limited life. Also worth noting, the prevalence of smoking among 18-24-year-olds in 2018 was 8.5 percent – surpassing the less than 9 percent legacy goal for that age group.

Secondhand smoke exposure has also declined. Currently, 2.2 percent of adult nonsmokers are exposed in the home and 5.4 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, 30 percent of nonsmokers were exposed in community settings in the past seven days. Additional data from the 2018 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 to four 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 collaborative effort to develop a tailored commercial tobacco control curriculum with American Indian communities (Sacred Circle of Tobacco) and the evaluation of recent menthol flavor restrictions in four Minnesota communities. The Sacred Circle of Tobacco curriculum was developed to engage youth in reclaiming the traditional use of tobacco. The evaluation of menthol restrictions will help us understand the process of implementing such policies and the impact they have on menthol use among populations most impacted by the use of menthol cigarettes. Taken together, these and other ClearWay Minnesota initiatives have 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.

ModelHealth Minnesota

In addition to the May 2019 Legacy Evaluation presentation, staff concluded work on a series of legacy studies. ClearWay Minnesota contracted with HealthPartners Institute to develop ModelHealth Minnesota, a 20-year retrospective modeling study that quantified the lives and dollars saved in Minnesota as a result of declining prevalence rates. The research found that because of Minnesota's strong tobacco prevention and cessation programs:

- 4,560 cancers were prevented
- 31,691 hospitalizations for smoking-attributable cardiovascular disease and diabetes were prevented
- 12,881 hospitalizations for smoking-attributable respiratory disease were prevented
- 4,118 smoking-attributable deaths were prevented
- \$2.7 billion in medical care costs was saved
- \$2.4 billion in worker productivity was saved

The second phase of this study looked prospectively at the potential health and economic impact of trends continuing into the next 20 years. The study found that if reductions in smoking prevalence follow recent trends, by the year 2037, 14,063 smoking attributable deaths could be prevented, smoking attributable medical spending could be reduced by \$10.2 billion, and productivity could increase by \$9.4 billion compared to if prevalence had stayed at 1997 rates. These estimates are approximately four times higher than the gains estimated for the earlier 20-year period between 1998-2017, as would-be smokers age into years of greater disease risk and many former smokers experience larger reductions in tobacco disease risks from having quit many years earlier. The full extent of these estimated gains can only be realized, however, if tobacco control policy in Minnesota during the next 20 years is of similar innovation and intensity to the prior 20 years. Since completing the study, HealthPartners has worked with ClearWay Minnesota staff to disseminate the findings in news media and in a series of publications currently under review. (See *Modeling the Health and Economic Impact of Reducing Cigarette Use in Minnesota*, Appendix M.)

Minnesota SimSmoke

An additional long-term study, Minnesota SimSmoke II, conducted in conjunction with Dr. David Levy, modeled the relative impact of strategies to reduce the harms that tobacco causes Minnesotans. The Minnesota SimSmoke model demonstrates that policies continue to have a big impact on driving down smoking rates. Policies modeled included tax, smoke-free air, tobacco control funding, marketing restrictions, health warnings, cessation treatment policies and youth access restrictions. In terms of the relative contribution of each policy to this reduction, we see that taxes are the biggest driver of change, accounting for 53 percent of the overall decline. Taxes and smoke-free air account for almost three quarters of the prevalence decline. Tobacco control funding, cessation treatment and youth access are additional drivers of change. These policies work together as part of a comprehensive tobacco control program, creating necessary and critical synergy. For example, mass-media campaigns educate and raise awareness of the need for tobacco control policies as well as change social norms. Cessation treatment coupled with cessation media campaigns are needed to support those who are motivated to quit smoking as a result of increased prices and smoke-free spaces. (See *The Role of Public Policies in Reducing Smoking: Minnesota SimSmoke Tobacco Policy Model 1993-2018*, Appendix N.)

Results from both of these legacy studies have recently been accepted for publication and will become available in print in the coming months. Findings from the Legacy Evaluation overall and the two long-term outcome studies will be used to help tell the story of ClearWay Minnesota's impact, and will assist 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.

In fact, new research shows that tobacco policies and programs are highly effective in lowering smoking rates in Minnesota. The study found that since 1993, tobacco price was the most impactful in reducing smoking. The majority of Minnesota's smoking reductions (53 percent) were attributed to price changes and 18 percent were due to smoke-free air laws. (See *Program Grants and Program Contracts – Research – Evaluation – Legacy Evaluation*, pp. 42-43.)

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 \$48.1 million to programs supporting individual-level cessation and \$31 million to environmentally based programs. In addition, \$11.6 million has been spent on surveillance/assessment programs, \$9.4 million on capacity-building programs and \$1.4 million on other programs.



Rep. Heather Edelson (I.) and ClearWay MinnesotaSM Senior Public Affairs Manager Laura Smith were interviewed in front of the State Capitol in May.

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. In addition, 80 percent of kids who use tobacco use flavored products, and the youth e-cigarette epidemic has resulted in the first rise in tobacco use by Minnesota teens in 17 years. Restricting the sale of flavored tobacco products will combat tobacco-related disparities and keep flavored tobacco products out of young people's hands.



3. *Increasing public funding for tobacco control efforts.* Over the past 20 years, tobacco control programs in Minnesota have saved thousands of lives and billions of dollars, but funding sources for these programs in Minnesota are declining. Increasing funding for tobacco prevention efforts is a proven way to reduce tobacco use, and tobacco cessation funding is also critical.
4. *Raising tobacco prices.* Price 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, and price changes are responsible for two thirds of Minnesota's progress on reducing smoking rates.

Launched in 2016 with leadership from ClearWay Minnesota, Minnesotans for a Smoke-Free Generation now comprises more than 60 partner organizations.

Current partners include (new members bolded): A Healthier Southwest, 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, **Cancer Legal Care**, CentraCare Health, Children's Defense Fund-Minnesota, Children's Hospitals and Clinics of Minnesota, ClearWay MinnesotaSM, Comunidades Latinas Unidas En Servicio – CLUES, Dodge County Public Health, Essentia Health, Gillette Children's Specialty Healthcare, HealthEast, HealthPartners, Hennepin Healthcare, Hope Dental Clinic, Horizon Public Health, Indigenous Peoples Task Force, ISAIAH, **JustUs Health**, 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 Cancer Alliance, Minnesota Council of Health Plans, Minnesota Hospital Association, Minnesota Medical Association, Minnesota Nurses Association, Minnesota Oral Health Coalition, Minnesota Public Health Association, MN Association of Community Health Centers, MN Chapter of the American Academy of Pediatrics, 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, **Preventing Tobacco Addiction Foundation**, SEIU Healthcare Minnesota, **Shift MN**, 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 helped pass two of the coalition's top policy priorities. The final health and human services budget included funding for the Minnesota Department of Health to provide and promote statewide quit-smoking services when QUITPLAN Services ends. The bill also expands the definition of smoking to prohibit the use of e-cigarettes in indoor areas where smoking is already banned. There was also significant progress toward raising the tobacco age to 21 and efforts to dedicate tobacco settlement funds to improving health. Finally, there were strong proposals to raise the price of tobacco products.



ClearWay MinnesotaSM staff join lawmakers and members of the Minnesotans for a Smoke-Free Generation coalition following the House Health and Human Services Policy committee on February 12, 2019.

Tobacco 21

Amid climbing youth tobacco rates, raising the tobacco sales age to 21 statewide would protect youth from nicotine addiction by reducing access to tobacco products. On February 12, 2019, the Tobacco 21 bill received its first legislative hearing in the House HHS Policy Committee. Legislators heard from youth, medical professionals, educators and health advocates who supported the proposal, and the bill gained significant momentum.

Tobacco 21 passed through numerous committees and was included in the House HHS omnibus bill, which passed that body. The Senate companion bill was not heard by the Senate Judiciary and Public Safety Finance and Policy Committee before its deadline, and Tobacco 21 was not included in the final conference health bill.

However, awareness of the youth nicotine epidemic, incidents of vaping-associated lung injuries and deaths, and the role Tobacco 21 can play in reducing youth access to tobacco products continue to build. In the past year, many Minnesota cities and counties raised their tobacco age to 21. As of this writing, 54 Minnesota communities have passed Tobacco 21. The coalition will 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. 56-58.)



On May 10, Sen. Carla Nelson (R-Rochester), Rep. Heather Edelson (DFL-Edina) and Sen. Paul Anderson (R-Plymouth) joined kids, physicians and advocates at a press conference asking the Legislature to pass Tobacco 21.

Tobacco cessation funding

Minnesota is currently underfunding tobacco prevention programs, and as ClearWay Minnesota winds down, our state risked becoming the only state not providing statewide cessation services when QUITPLAN Services ends in 2020.

Thankfully, the state Health and Human Services budget included funding for the Minnesota Department of Health (MDH) to provide and promote statewide quit-smoking services after QUITPLAN Services ends. ClearWay Minnesota will work closely with MDH to ensure every Minnesotan has access to quit-smoking services through this tobacco cessation funding.

Strengthening Freedom to Breathe

In another victory for health, the state health and human services budget also expanded the definition of smoking to prohibit the use of e-cigarettes in indoor areas where smoking is already banned. Beginning August 1, e-cigarettes are included in the Minnesota Clean Indoor Air Act, also known as the Freedom to Breathe Act, to protect the public from harmful e-cigarette aerosol in public places like restaurants, bars and stores. E-cigarette aerosol is not safe and contains nicotine, heavy metals, formaldehyde and other carcinogens and harmful chemicals.

Protecting all Minnesotans from e-cigarette aerosol was proposed in the State Legislature as early as 2014, but it wasn't until this year that a bill made it through the process and was signed into law as part of the health and human services budget bill. Overwhelming bipartisan support for this policy comes at a time when e-cigarette devices are driving an unprecedented spike in youth tobacco use in Minnesota and across the country.

Dedicating delinquent tobacco settlement fees to improving health

A bill to dedicate delinquent tobacco settlement fees to improving health made progress but did not pass during the 2019 session. Since 2015, several cigarette brands have not been paying their required share of settlement fees to the state of Minnesota.

The Minnesota Attorney General's Office has brought a lawsuit to attempt to recoup the unpaid settlement fees. This proposal would have dedicated those recouped fees to improving health, now and in the future. Sustainable funding for tobacco prevention and cessation is especially critical as ClearWay Minnesota, a major funder of such programs, comes to the end of our limited life. Last year, Minnesota took in more than \$750 million in settlement fees and tobacco taxes – yet less than 1 percent of that was used for tobacco prevention or cessation. We support more of these funds being dedicated to reducing tobacco's harm.

Tobacco prices

Increasing the price of tobacco products is the single most effective way to reduce youth tobacco use and help adults quit. In his budget, Governor Tim Walz proposed restoring a higher tax cap on cigars and reinstating the annual cigarette tax increase to track with inflation. Minnesota's strong tobacco taxes were eroded by a 2017 tax bill that gave tax breaks to the tobacco industry. Specifically, the bill weakened the definition of what constitutes a "premium cigar" and reduced the tax cap by 85 percent. Unfortunately, the Governor's proposal was not passed by the Legislature and the state tax on cigars stands at a mere 50 cents, regardless of retail price. The annual increase on the cigarette tax did not pass the Legislature either.

On the positive side, there was some conversation among lawmakers on new ways to strengthen taxes on e-cigarettes. While these proposals did not pass, they elevated the conversation about how to protect kids from addiction.

Increasing access to cessation treatment

In 2019, in addition to securing funding for quit-smoking services, we continued to work on increasing access to treatments that help people quit.



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. We also worked in collaboration with patient and provider groups to improve transparency in drug pricing, recognizing that some cessation medications have increased drastically in price over the past few years. Ensuring cost-effective treatment options is crucial in helping people quit.

Day at the Capitol

Minnesotans for a Smoke-Free Generation brought Minnesotans together during our annual Day at the Capitol. Nearly 400 youth and adult advocates from across Minnesota rallied on February 27 at the State Capitol to urge lawmakers to address tobacco addiction and “Keep Lungs Loud” by supporting our three main state policy priorities: Tobacco 21, funding for statewide quit-smoking services and adding e-cigarettes to the Clean Indoor Air law. The activists included young students, parents, educators, physicians and other citizens concerned about commercial tobacco use.



This Day at the Capitol saw the greatest reach to date, including 375 participants meeting with 120 legislators and staff. Participants traveled from around the state to meet with lawmakers and receive advocacy training. Attendees marched to the Capitol and held a rally before meetings with lawmakers.

The day earned extensive media coverage, including day-of stories and 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 2019 Day at the Capitol



Advocates rallied support for Minnesotans for a Smoke-Free Generation's policy goals at the coalition's Day at the Capitol on February 27, 2019.

Capitol Pathways Internship Program



In January, Capitol Pathways intern Raniya Yimam (l.) met with Gov. Walz's health policy advisor Cassandra Moore.

This year, we again participated in the Citizens League’s Capitol Pathways Internship Program. The 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 fields they would like to learn more about and build a strong professional resume. The Citizens League provides basic policy training to the students, and partner organizations (like ClearWay Minnesota) host and supervise the students. Our intern, Raniya Yimam, worked with our Public Affairs team and helped with bill tracking, Day at the Capitol logistics, legislative meetings and many other projects. Ms. Yimam also had the opportunity to learn about the policymaking process and make many connections with experts and professionals in public health and policy – including observing the House floor session and shadowing ClearWay Minnesota grantees at NorthPoint Health and Wellness.

Public Affairs Contracts

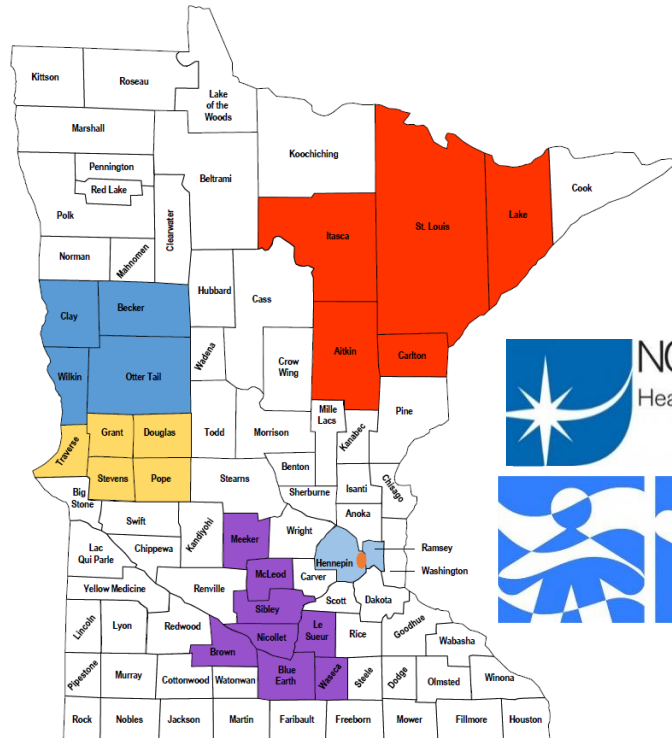
In Fiscal Year 2019, ClearWay Minnesota’s Public Affairs Department contracted with the following vendors:

- Lockridge Grindal Nauen, PLLP, for government relations services;
- Rapp Strategies, Inc., for public affairs services;
- MS Strategies, LLC., for cessation and health care policy consultation; 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 six 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; and
- NorthPoint Health and Wellness Center.



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 one technical assistance grant to help local policy grantees achieve their work plan goals. That grant was awarded to:

- 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 2019, 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 2019 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 June 2019, 37 cities and counties have joined Edina in passing similar policies including (Fiscal Year 2019 additions in bold):

- **Albert Lea**
- **Arden Hills**
- **Austin**
- Beltrami County **Bemidji**
- Bloomington
- Brooklyn Center
- **Byron**
- **Duluth**
- Eden Prairie
- Excelsior
- Falcon Heights
- Hermantown
- **Isanti County (excluding Cambridge)**
- Lauderdale
- **Lilydale**
- **Little Canada**
- **Mankato**
- Mendota Heights
- Minneapolis
- Minnetonka
- **New Brighton**
- North Mankato
- **North Oaks**

- **Olmsted County**
- Otter Tail County
- Plymouth
- **Pope County**
- Richfield
- **Robbinsdale**
- Roseville
- Shoreview
- St. Louis Park
- St. Peter
- Waseca
- **Wilkin County**

Tobacco 21 policy campaigns were funded in the majority of these communities by ClearWay Minnesota. Bold policies were passed since the 2018 Report to the Court.

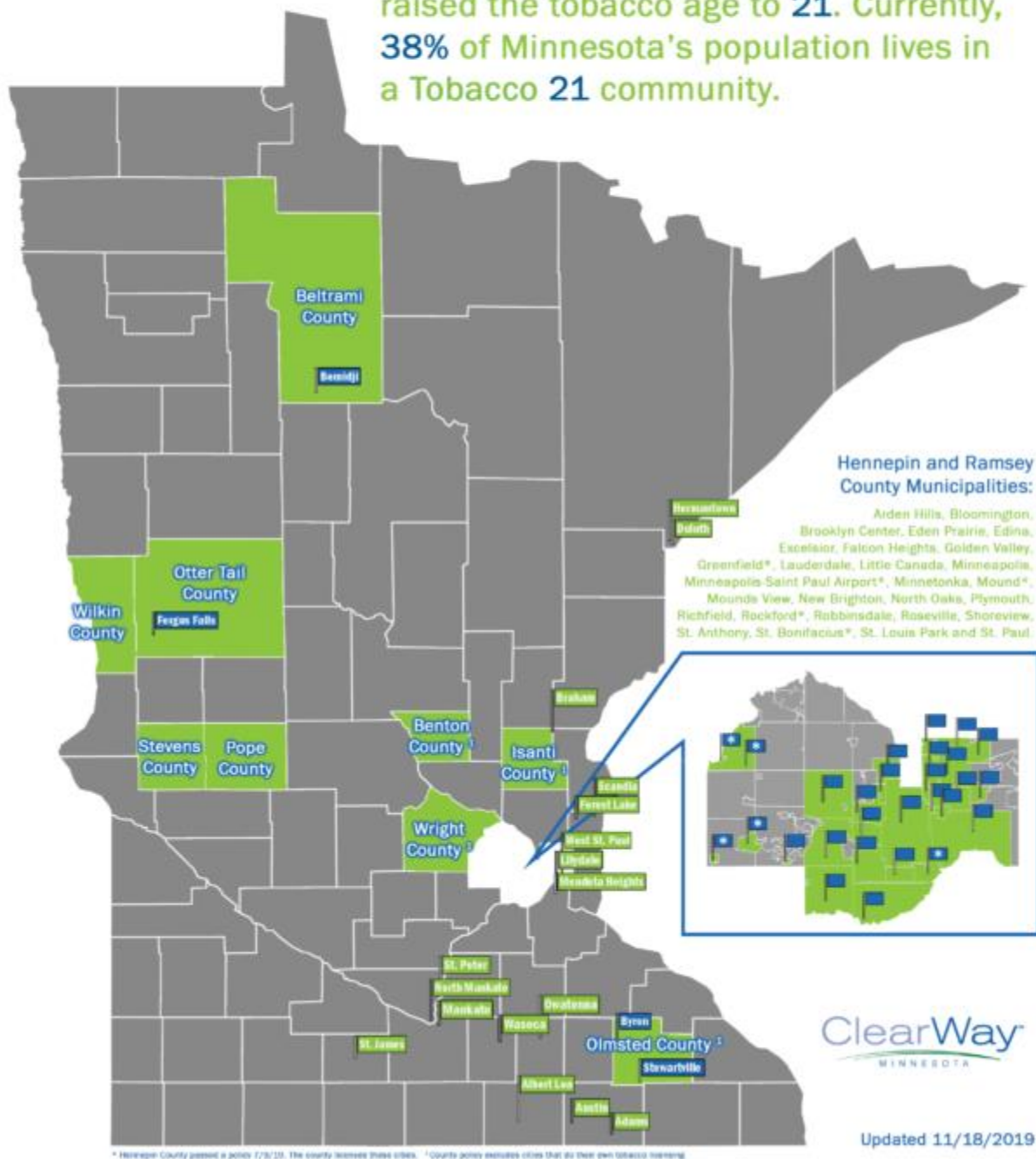
As of this writing, 54 localities in Minnesota have raised the age, and many more communities are poised to follow. There is momentum for Tobacco 21 both in Minnesota and across the country: At this time at least 500 localities nationwide have passed Tobacco 21 policies, and eighteen states have passed policies statewide – up from six last year. More than half of the United States’ population is now covered by Tobacco 21 policies.



Duluth tobacco control advocates celebrate their City Council’s vote to raise the tobacco sales age to 21.

Tobacco 21 Policies in Minnesota

54 Minnesota cities and counties have raised the tobacco age to 21. Currently, 38% of Minnesota's population lives in a Tobacco 21 community.



Local policy highlights from 2019

Here are two examples of the important work completed by local policy grantees:

ClearWay Minnesota grantees conducted e-cigarette education sessions that contributed to local policy changes including Tobacco 21. Grantees including PartnerSHIP 4 Health in western Minnesota held sessions for parents, schools and local policymakers that explain the newest e-cigarette products and the related health concerns for teens. These educational sessions led to local policymakers proposing and passing policies to raise the tobacco age from 18 to 21 in their jurisdiction. Jason McCoy of PartnerSHIP 4 Health presented on these effective strategies at the 2019 National Conference on Tobacco or Health in August, 2019.

After many months of discussion, the Arden Hills City Council passed a bold tobacco ordinance in March 2019 that raises the tobacco age to 21 and prohibits the sale of all flavored tobacco for other stores and future tobacco shops. These policy updates will help prevent youth tobacco addiction. The City Council in July resisted an effort to weaken the policy and instead voted overwhelmingly to uphold the flavor ban, which will go into effect on January 1, 2020. Persistent local advocates and strong leadership from the Association for Nonsmokers-Minnesota were critical to passing and upholding the policies.

Evaluation of local policy grants

At the beginning of each year, 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 2019, the local policy grantees accomplished the following:

- Placed 256 pieces of earned and paid media;
- Gave 171 presentations about tobacco's harm, QUITPLAN Services and tobacco policies;
- Participated in 150 community events;
- Conducted 212 activities that reached out to elected officials; and
- Passed 14 local policies that reduce exposure to secondhand smoke and decrease tobacco use.

We will continue tracking local policy grantees' progress and report their outcomes annually.

Dissemination

ClearWay Minnesota Public Affairs 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. 36-45.

D. COMMUNITY DEVELOPMENT

During Fiscal Year 2019, 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 (TTEP) initiative sustainability

Minnesota has very high smoking rates among American Indians at 59 percent (compared to 13 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.

Since TTEP ended in Fiscal Year 2018, there has been an ongoing collaboration with the Minnesota Department of Health (MDH) and Blue Cross and Blue Shield of Minnesota (BCBS) to continue collaboration on the traditional tobacco movement in connecting with former coordinators on current initiatives.

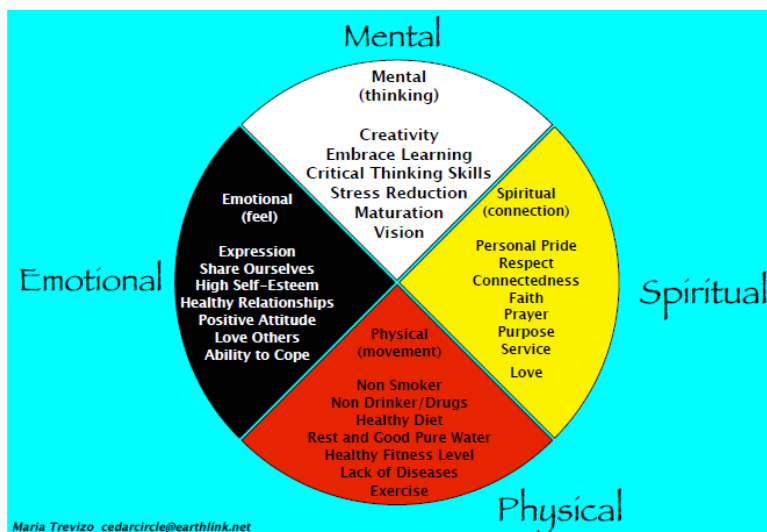
Spring gathering



Spring gathering participants

There was a spring gathering held with MDH Tobacco Prevention and Control Coordinators (TP&C), Statewide Health Improvement (SHIP) Coordinators and former TTEP Coordinators to come together to create community action plans. The Gathering of Native Americans (GONA) framework was used. Master Trainers of the GONA Curriculum were brought in to walk participants through interactive activities to strategize plans to continue traditional tobacco work in their respective communities. The traditional tobacco movement continues to grow from some of the original GONAs that were held and sponsored by ClearWay Minnesota. We

have seen a resurgence of more traditional tobacco harvesters/growers, commercial tobacco free events and education around the original intention of tobacco from these types of gatherings. Program sharing and networking on what is happening around Minnesota is seen as an essential resource in doing this work.



Curriculum used at the spring gathering

Tribal technical assistance, training and mentorship

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

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.

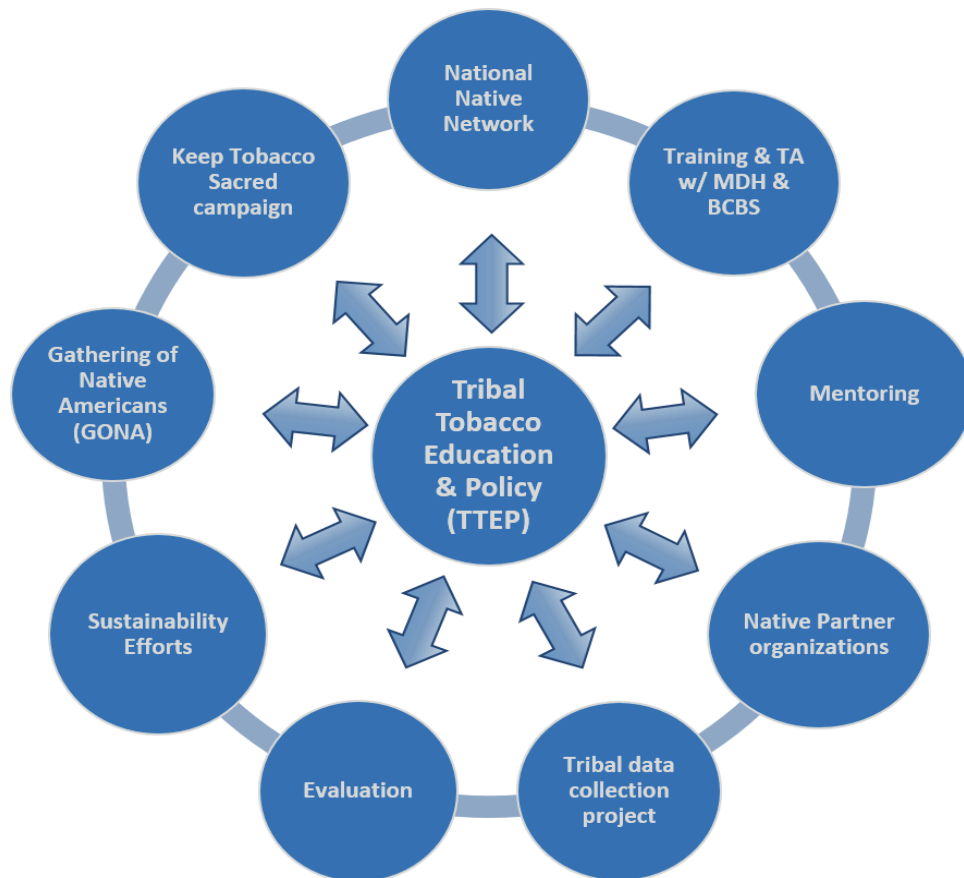
Traditional tobacco website

American Indian Cancer Foundation (AICAF) has been a lead on traditional tobacco work in Minnesota and nationally. We are working with them to create a traditional tobacco specific website to highlight policies, templates, toolkits, media resources and additional information to be a clearinghouse of work done in Indian Country as part of our legacy and sustainability work.

AICAF is working with a variety of community partners and subject matter experts across Minnesota and the nation to gather information surrounding traditional tobacco. AICAF is working with individuals to identify regional and tribal differences around traditional tobacco use. Some of the content will include how it is harvested, cultural practices (if appropriate to share), traditional languages and names, storytelling and teachings of tobacco.

Tribal Tobacco Education and Policy (TTEP) partnerships

Many components continue to help make the TTEP initiative successful after the TTEP grants ended. The ongoing relationships through trainings, technical assistance and mentorship build skills to accomplish goals throughout Minnesota still utilizing our relationships that were created as noted in the figure below. We use this circle of support model to educate our partners about all the work that has been done in Indian Country in Minnesota.



Circle of Support model

The Sacred Circle of Tobacco

The Sacred Circle of Tobacco (TSCOT) manual was completed in collaboration with ClearWay Minnesota, National Native Network, Indigenous Peoples Task Force and the Indian Health Services.



The primary mission of the TSCOT manual is to reinforce the traditional uses of tobacco by American Indian/Alaskan Native (AI/AN) people through educating people of the spiritual and cultural significance of tobacco.

The goals of the project are to:

- Educate people to understand and identify the positive aspects of keeping tobacco sacred,
- Adopting a culturally specific and spiritual relationship to tobacco, and a greater sense of pride in traditional lifeways; and
- Develop youth/people as leaders and advocates – developing skills so they in turn can teach others, sharing the unique aspects of traditional uses of tobacco.

The overall hope of the TSCOT manual is that restoring traditional tobacco practices will help reduce the numbers of AI/AN people who use commercial tobacco products.



TSCOT Presentation to Minnesota Tribal Advocates
Pictured left to right: Lori New Breast, Joshua Hudson, CoCo Villaluz, Maria Trevizo, Sarah Brokenleg

Dialogues with Minnesota Tribal Leaders

American Indian tribes have a unique political and legal status within the boundaries of the United States, which is different than any minority group or population. Tribal sovereignty allows each tribe to manage its own affairs. It is important for ClearWay Minnesota to maintain the relationships built through the TTEP project. In November of 2018, Chief Executive Officer David Willoughby and Associate Director of Health Equity Programs CoCo Villaluz presented to the Minnesota Tribal Health Directors on ClearWay Minnesota's legislative priorities, including Tobacco 21, funding and other tobacco control issues.



Mr. Willoughby also presented to the Minnesota Indian Affairs Council in February 2019 on these same topics. The Minnesota Indian Affairs Council comprises all 11 Minnesota Tribal Nations.

This is a part of the ongoing sustainability work to keep our partners engaged on the ongoing work in Minnesota.

Collaboration with National Partners



Associate Director of Health Equity Programs CoCo Villaluz has worked with the National Native Network on three national webinars on the following topics:

- Tribal Sovereignty and E-Cigarette Companies: Emerging Concerns
- Two Tobacco Ways: Centering Traditional Tobacco
- Sacred Circle of Tobacco Youth Manual

These webinars are grounded in the Two Tobacco Ways framework and highlighted work that has been done in Minnesota tribal communities.



One of the webinars presented with partners

Ms. Villaluz along with ClearWay Minnesota Research Department colleagues also did a podcast with the National Native Network on a paper they published in Tobacco Control titled “Tobacco Industry Misappropriation of American Indian Culture and Traditional Tobacco.” She also co-presented on a webinar for the U.S. Food & Drug Administration (FDA) Office of Minority Health (OMH) Health Equity Lecture Series titled “The Impact of Commercial Tobacco on Tribal Communities: A Report Card.”

Additional presentations on the Two Tobacco Ways were given to:

- The Association of State and Territorial Health Officials (ASTHO);
- The Tobacco Control Network (TCN),
- Health officials in New Mexico, Virginia, Utah, Washington and California;
- A Blue Cross and Blue Shield of Minnesota podcast; and
- Macalester College in St. Paul.

Collaborations to advance work in Indian Country

Associate Director of Health Equity Programs CoCo Villaluz was invited by the U.S. Centers for Disease Control and Prevention (CDC) in February of 2019 to travel to Atlanta to present to Office on Smoking and Health (OSH) staff on the Two Tobacco Ways. She presented with OSH Director Dr. Corinne Graffunder. Their presentation amplified key milestones and lessons learned by the Office on Smoking and Health (OSH) during quitline site visits over the last 18 months. The site visits were planned to better understand some of the tailored and advanced strategies quitlines and other key partners are using to help smokers who want to quit commercial tobacco. In addition, the presentation highlighted a direction that has emerged from this journey to address the special population with the highest smoking prevalence, American Indians, and discuss strategies identified at ClearWay Minnesota to encourage commercial tobacco cessation.

While at CDC, Ms. Villaluz and Dr. Graffunder also presented to the CDC Tribal Advisory Committee on our work in Minnesota in tribal communities. The Tribal Advisory Committee represents tribal government leaders from across the country. This dialogue was responding to questions to the Tribal Advisory Committee on how we worked in collaboration with Minnesota's American Indian communities around the Two Tobacco ways and the comprehensive approaches we took with education, policy, research and cessation.



Deborah Houston McCall, CDC Senior Public Health Advisor (I.), and ClearWay MinnesotaSM Associate Director of Health Equity Programs CoCo Villaluz at CDC



CoCo Villaluz with Dr. Corinne Graffunder (third and second from left) and CDC OSH staff

National Conference on Tobacco or Health (NCTOH)



Associate Director of Health Equity Programs CoCo Villaluz was selected to be a Co-Chair on the Health Equity committee for the National Conference on Tobacco or Health. Her role included selecting abstracts, sessions and speakers with her Co-Chairs for the 2019 conference in Minneapolis, held in August. More information about the conference will be shared in the 2020 Report to the Court.

Dissemination

ClearWay Minnesota Community Development staff actively disseminates research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings. For details, please see *Research – Dissemination*, pp. 36-45.

IV. COMMUNICATIONS AND OUTREACH

Communications and outreach activities help ClearWay Minnesota promote QUITPLAN Services, motivate Minnesotans to attempt to quit using tobacco and 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.

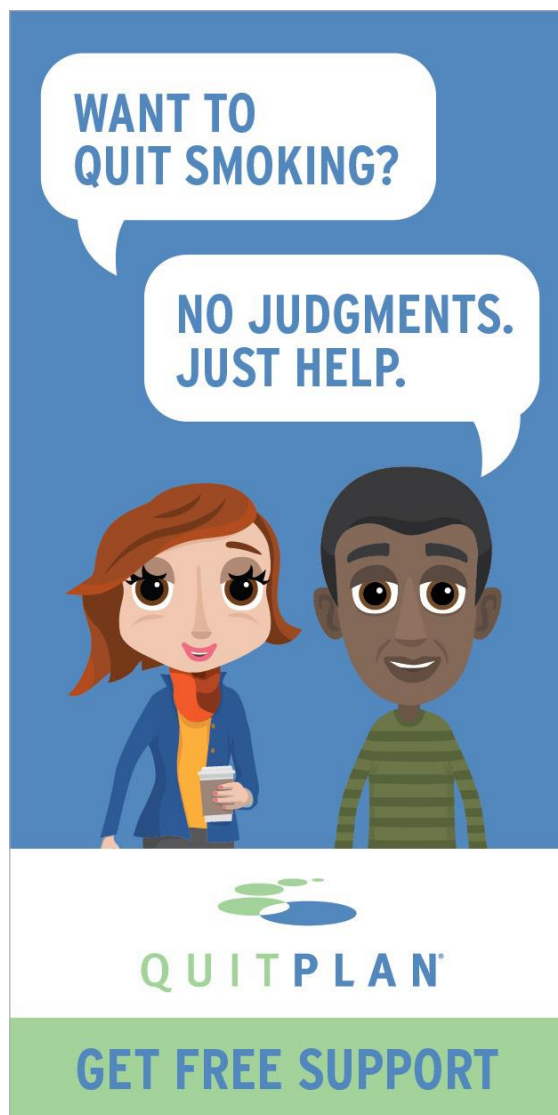
A. ADVERTISING

In Fiscal Year 2019, 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 American Indian Quitline. ClearWay Minnesota also launched a new ad campaign in October 2018, *See What You've Been Missing*, demonstrating the harmful effects of tobacco and encouraging Minnesotans to do more to protect youth from 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, which is ClearWay Minnesota's free program that provides quitting support to Minnesota tobacco users. (See *Program Grants and Contracts – Cessation – Cessation Services Contract – QUITPLAN® Services*, pp. 18-23.)



No Judgments. Just Help. campaign

ClearWay Minnesota strategically sponsors programming that Minnesota smokers are most likely to see or hear. In Fiscal Year 2019, the QUITPLAN® Services media campaign used 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. 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 have employed specific tactics including Spanish-language television and radio, community newspapers, billboard campaigns in Indian Country and sponsorship of community radio programs.

The QuitCash Challenge™

In Fiscal Year 2019, ClearWay Minnesota sponsored the 11th and final 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, nearly 2,000 Minnesotans from around the state registered for the contest and a chance to win the grand prize of \$5,000. Jason Drake of Wabasha was the grand prize winner of the final QuitCash Challenge. Jason was awarded \$5,000 for successfully quitting smoking.



Jason Drake with the grand prize check from the 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.

Since the first QuitCash Challenge in 2008, a total of 34,757 Minnesota tobacco users entered the contest and made attempts to quit smoking. ClearWay Minnesota congratulates to all those who took steps toward a healthier life by participating in the Challenge.



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

QUITPLAN® Services at the Minnesota State Fair

ClearWay Minnesota also promoted QUITPLAN Services at the Minnesota State Fair. In Fiscal Year 2019, 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 Promotion

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.

Launched in 2018, 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. ClearWay Minnesota continued outreach with community partners to promote the American Indian Quitline from QUITPLAN Services, using culturally appropriate paid and earned media.

See What You've Been Missing Campaign

ClearWay Minnesota launched a new ad campaign in October 2018, *See What You've Been Missing*, demonstrating the harmful effects of tobacco that may not be top-of-mind for many Minnesotans and encourages Minnesotans to do more to protect youth from tobacco. The campaign includes broadcast, print, online and out of home media, directing viewers to the informational website, MissingItMN.org.

Two new TV spots were developed for the campaign, raising awareness of the price all Minnesotans pay for tobacco related illness and highlighting the dangerous rise of e-cigarette use by youth.



DECEIVING DEVICES

It's no mistake that today's most popular vaping devices have been designed to look deceptively like innocent, everyday items. Can you spot the vape?
Warning: it's harder than it looks.



See What You've Been Missing shows the tobacco industry's role in creating addiction

ClearWay MinnesotaSM 20th Anniversary

ClearWay Minnesota promoted our 20th anniversary with outreach to media, legislators, partners and the general public. Highlights included new research on the impact ClearWay Minnesota has had on our state in lives and money saved, and a video showcasing the effects of tobacco control over the last 20 years.

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 service volume tracking, web tracking, click-through rates, online engagement 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 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 Communications 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. 36-45.

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.

The methodology for collecting and coding news items this year was different from that of recent years, making an exact comparison with previous years impossible; however, it appears significantly more news stories in Fiscal Year 2019 contained references to e-cigarettes, youth, the health effects of using tobacco, Tobacco 21 policies and the tobacco industry than in Fiscal Year 2018. The vast majority of these stories contained viewpoints supportive of ClearWay Minnesota's goals.

Online social media is also an important tool for communicating dynamically and strategically. Our social media program incorporates several digital platforms for reaching our audiences. ClearWay Minnesota uses a number of tools to evaluate our social media efforts, both qualitatively and quantitatively. This year saw continued traction across all brands and social media platforms, with the *Minnesotans for a Smoke-Free Generation* and *ClearWay MinnesotaSM* brands on Facebook showing particularly strong performance.

V. CONCLUSION

ClearWay Minnesota was founded in 1998 with 3 percent of the settlement Minnesota got from the tobacco companies. We were set up as a life-limited organization – meaning we would have to fulfill our mission within a short amount of time. For 21 years, ClearWay Minnesota has addressed addiction among individuals, populations and specific communities. Changes like the smoking declines we’ve seen in Minnesota do not come from single steps. They come from a comprehensive approach: cessation help, policy changes, educating the public, motivating smokers to quit and preventing young people from starting. Our scope is truly among the broadest of any tobacco control organization in the country.

Our flagship is QUITPLAN Services, the free program that has helped more than 185,000 Minnesotans. Based in proven science and best practices, it also benefits from the input of smokers, and has come to mean a compassionate approach to cessation. Our ads state our philosophy: “No Judgments, Just Help.”

ClearWay Minnesota is a driver of knowledge, giving nearly \$33 million to Minnesota researchers, and leading research like the Minnesota Adult Tobacco Survey.

We have partnered with Minnesota tribes, funding them to help restore traditional tobacco practices, and to pass policies on six reservations that are helping reduce the harm of commercial tobacco in their communities.

We have worked with African American advocates to weaken the grip of menthol, and given priority population leaders tools to address commercial tobacco within their own communities.

As co-chairs of the Minnesotans for a Smoke-Free Generation coalition, we’ve helped pass major policies, including Tobacco 21, menthol and flavor restrictions at the local level, and state laws including tax increases and our Clean Indoor Air Act, which as of this year now includes e-cigarettes. Our media campaigns lead smokers to QUITPLAN Services, raise awareness of smoking’s harms and help Minnesotans understand the connection between public policy changes and lower smoking rates.

These initiatives have equaled the lowest smoking rates for adults and children in Minnesota history – from 22 percent down to 14 percent for adults, and from 32 percent down to 10 percent for kids. That means lives saved, better quality of life and lower health costs for individuals and families.

We have research to quantify those outcomes. As you’ve seen, a study by HealthPartners Institute found that over the past 20 years, tobacco control by ClearWay Minnesota and our partners has prevented cancers, reduced hospitalizations and saved \$5.1 billion dollars – over \$900 per Minnesotan – in health costs and worker productivity. Finally, we’ve prevented more than 4,000 smoking-attributable deaths: That’s 4,000 family members and friends having more time because they’ve been spared the death and disease caused by smoking.

Our end of life is approaching fast – but we’ve been planning for it for a long time. We’re working with partners to pass the torch, so when we’re gone this great experiment can continue.

The dramatic decrease in smoking in recent decades is one of the greatest public health accomplishments in Minnesota history. ClearWay Minnesota has been at the center of this movement to help smokers quit and stop youth from ever starting. The work we have achieved will continue to bear fruit long after we close our doors, as the people who quit or never started smoking because of ClearWay Minnesota live longer, healthier lives. That’s our true legacy.



Appendix A

Board and Committee Charters

ClearWay MinnesotaSM

Charter of the Board of Directors Board Approved July 25, 2018

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
- 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 oversees the monitoring of performance towards accomplishing the organization's Legacy Goals and Strategic Plan.
- The Board periodically reviews programmatic evaluation findings as appropriate.
- 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 MinnesotaSM

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

Purpose:

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

Committee Structure:

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

Authority:

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

Executive duties:

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

recommend changes to executive compensation, salary ranges and budgeted merit increases and make recommendations to the Board for final approval.

6. Review Policy Statements annually as a first read prior to Board approval. Policy Statements guide the Board and staff decision making and help to set priorities.

Governance duties:

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

ClearWay MinnesotaSM

Charter of the Audit/Finance Committee

Board Approved: July 25, 2018

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.

At least two members 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.

Review and recommend for approval to the Board of Directors all grants and contracts in excess of \$75,000.

Internal Control

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

Other Responsibilities

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

APPENDIX A

Guidelines for determination of a qualified Financial Expert:

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

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

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

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

ClearWay MinnesotaSM

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

Purpose:

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

Committee Structure:

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

Authority:

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

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

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

CLEARWAY MINNESOTA

CHARTER OF THE INVESTMENT ADVISORY COMMITTEE

Board Approved 9-20-06

I. PURPOSE:

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

II. COMPOSITION:

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

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

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

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

III. AUTHORITY:

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

IV. DUTIES AND RESPONSIBILITIES:

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

In addition the Committee shall:

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

V. MEETINGS AND NOTES:

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

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



Appendix B

Conflict of Interest Policy Adopted September 19, 2012



Conflict of Interest Policy

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

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

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

I. Introduction

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

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

II. Definitions

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

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

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

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

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

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

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

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

III. Actual Conflict of Interest

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

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

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

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

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

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

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

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

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

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

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

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

- a) Certify in writing to ClearWay Minnesota that the family member or relative will not solicit, supervise, manage, administer or have a financial interest in the ClearWay Minnesota grant or contract for the duration of that grant or contract;
- b) Submit the certification within 30 days after disclosure of the relationship to the affiliated organization or a written request from ClearWay Minnesota; and
- c) Promptly update the certification if the status of the family member or relative changes.

IV. Procedure for Disclosing an Actual Conflict of Interest

- 1) **ClearWay Minnesota Board Members and Chief Executive Officer (CEO).** Every Board Member and the CEO is responsible for disclosing any conflict as described in Section III to the Chair of ClearWay Minnesota's Board (Board Chair) or, if the Board Chair has the conflict, to the Vice Chair of the Board as soon as he or she discovers the conflict. If any action has been taken before the disclosure, the process outlined in Section VII.1.b will be followed.
- 2) **ClearWay Minnesota Employees.** Every employee is responsible for disclosing any conflict as described in Section III to the CEO as soon as he or she discovers the conflict. If any action has been taken before the disclosure, the process outlined in Section VII.2.b will be followed.

V. Possible Conflict of Interest

Depending on the specific circumstances, a ClearWay Minnesota Board Member or employee could have a conflict in the following situations. (Examples are provided for illustrative purposes only and are not intended to be all-inclusive.) To ensure that the decisions of the ClearWay Minnesota Board and

employees are objective and independent, the Executive/Governance Committee of the ClearWay Minnesota Board will determine whether an actual conflict of interest exists in these and similar situations following the process detailed in Section VII. The Executive/Governance Committee also may delegate the resolution of a possible conflict issue to another Board committee.

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

VI. Appearance of Conflict (Perceived Conflict)

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

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

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

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

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

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

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

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

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

- i. If a possible or perceived conflict is not discovered before the Board or Board committee decides on the action, the Board Member or the CEO must disclose the possible or perceived conflict to the Board Chair (or the Vice Chair, if the Board Chair has the possible or perceived conflict) as soon as it is discovered.
- ii. The Executive/Governance Committee will follow the process outlined in the VII.1.a to determine whether there is a conflict and, if so, what remedial action should be taken. The Board Member or CEO may appeal both the decision as to whether there is a conflict and the remedy to the Board.

2) For a ClearWay Minnesota Employee

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

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

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

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

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

VIII. Records

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

IX. Policy Enforcement; Education and Training

The Executive/Governance Committee will consider and determine the enforcement of this policy, as

well as the education of ClearWay Minnesota Board Members and employees about this policy.

X. Gifts

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

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

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

XI. Consultant Fees, Honoraria

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

XII. Loans

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

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

ARTICLE VI
CONFLICT OF INTEREST; ACCEPTANCE OF GIFTS

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

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



Appendix C

Fiscal Year 2018 – 2022 Strategic Plan



CLEARWAY MINNESOTA

2018 < STRATEGIC PLAN > 2022



Leaving a Legacy

ClearWay MinnesotaSM 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 MinnesotaSM 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.)

Full Anniversary Years of Employment (with rounding applied except as noted)	Weeks of Severance Pay
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

2020 Policy Statements

ClearWay MinnesotaSM Policy Position One:

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

Facts:

- **Increasing the price of tobacco is one of the most effective methods for preventing and reducing tobacco use.** Generally, every 10 percent increase in the real price of tobacco reduces adult smoking prevalence by 1.5 percent, youth smoking prevalence by more than 5 percent¹ and youth initiation by 10 percent.² That same increase reduces overall cigarette consumption by approximately 3 to 5 percent.¹ Youth are two to three times more responsive than the general population to price increases, and are more likely to quit or cut back on smoking in order to avoid the cost.³ In a University of Minnesota study involving youth and young adults, 76 percent of those who had smoked in the past 30 days reported being aware of a recent price increase (Minnesota's 2005 health impact fee, 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.⁴ In Minnesota, we have seen substantial declines in cigarette smoking among adults and youth during a period of significant adoption of tobacco control policies, including a major 2013 tax increase.^{5,6} This includes the steepest decline recorded in smoking by high-school students, from 18.1 percent in 2011 to 10.6 percent in 2014.⁵

As of July 2019, a \$1.50 per pack increase would:^{7,8}

- Keep 18,800 Minnesota kids from becoming addicted adults;
 - Decrease youth smoking by 16 percent;
 - Help 27,500 current smokers to quit;
 - Save 12,700 Minnesotans from premature smoking-related deaths; and
 - Prevent almost 1 billion dollars in long-term health care costs.
- **Higher tobacco prices in Minnesota have helped smokers quit.** In-state evidence shows that cigarette price increases prompt many smokers to quit or cut back.^{9,10} In 2013, Minnesota's sales and excise tax on cigarettes increased by \$1.75 per pack: a 30 percent increase in price. 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.⁹ The year after the 2013 tobacco tax increase, 60 percent of Minnesota smokers made a quit attempt and 15.6 percent successfully quit.¹¹
- **Limiting tobacco price discounting 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.¹²⁻¹⁷ One approach is prohibiting price discounting. Price discounts are a common tobacco industry strategy used to circumvent states' minimum price laws and/or blunt the impact of an excise tax increase. Research has proven that price discounting

practices increase youth progression from experimentation to regular smoking and undermine quit attempts.¹⁸ The 2012 Surgeon General's Report (p. 530) concludes "the industry's extensive use of price-reducing promotions has led to higher rates of tobacco use among young people than would have occurred in the absence of these promotions."¹⁹ 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) nationwide.²⁰ Prohibiting the redemption of coupons and multipack discounts will maintain higher prices on tobacco products. Local jurisdictions including New York City, Providence and Chicago 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.²¹ In 2019, the Association for Nonsmokers – Minnesota launched the Don't Discount My Life Campaign (<http://dontdiscountmylife.org/>) to educate Minnesotans about tobacco industry price manipulation and to build support for policy changes to address price discounting. Key facts from the campaign include:

- Minnesota young adult nonsmokers who receive tobacco coupons are twice as likely to become smokers.²²
 - About 50 percent of Minnesota smokers have used tobacco coupons or promotions in the past year to save money on cigarettes.²³
 - A third of adult smokers use tobacco coupons or discounts every time they see one.²⁴
 - Minnesota adult smokers who redeemed cigarette coupons were much less likely to quit smoking than those who didn't use coupons.²⁵
 - Young smokers are more likely to use tobacco coupons or promotions.^{23,24}
- **Certain smokers are more responsive to changes in the price of cigarettes.** Cigarette price and tax increases have been shown to be especially effective in reducing 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.²⁶ Recent Minnesota research found individuals of low socioeconomic status (SES) were more likely than smokers of higher SES to take steps toward quitting (cigarette reduction and quit attempts) following the 2013 tax increase.¹⁰
- **Tobacco use remains a persistent problem in Minnesota.** Each year in Minnesota, tobacco use is responsible for 6,312 deaths. Additionally, the annual cost of smoking in Minnesota is estimated to be over \$7 billion: \$3.19 billion in direct health care costs and \$4.3 billion in lost productivity.^{27,28} As of 2018, 13.8 percent of Minnesota adults continue to smoke, and 8.5 percent of the state's 18-24-year-olds smoke.²⁹
- **Smokeless tobacco continues to be popular.** In 2018, 6.4 percent of Minnesota adult males used smokeless tobacco. Among smokers, 6.6 percent reported using smokeless tobacco in addition to cigarettes in 2018.²⁹ This reflects the tobacco industry's marketing of smokeless tobacco products to smokers.³⁰ In 2017, 6.3 percent of Minnesota middle- and high-school male students used smokeless tobacco.³¹ The 2012 Surgeon General's Report (p. 802) reviewed the available research to date regarding tobacco tax increases and concluded that "tobacco control policies, including higher taxes on smokeless tobacco . . . are effective in reducing the use of smokeless tobacco among adolescent males."¹⁹
- **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 2012.³² As of July 1, 2018, Minnesota ranked eighth in the United States for its cigarette tax. Eight states (New York, Massachusetts, Rhode Island, Connecticut, Hawaii,

Vermont, Minnesota and Washington), Washington, D.C., Puerto Rico and Guam currently have cigarette tax rates over \$3.00 per pack.³³

- **Tobacco's harm disproportionately impacts low-income smokers, who are more likely to reduce smoking and increase quit attempts 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. A recent National Cancer Institute monograph on addressing tobacco-related health disparities reinforces this, stating (p. 462), "Lower-income populations often respond more to tobacco tax and price increases than higher-income populations. As a result, significant tobacco tax and price increases can help reduce the health disparities resulting from tobacco use."³⁴ New Minnesota research found low socioeconomic (SES) status smokers were more likely than higher-SES smokers to reduce smoking and increase quit attempts in response to the 2013 tax.¹⁰ 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.³⁵
- **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.³⁶ 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 million in revenue in Fiscal Year 2014. The actual revenue reported by Minnesota's Management and Budget was \$607 million – \$14 million higher than the original estimate.³⁷ 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 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 was 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 and moist snuff minimum tax took effect starting January 1, 2014, and resulted in slight increases 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 per container will be either 95 percent of the wholesale price or equal to the excise tax on a pack of cigarettes (whichever is greater).
 - "Premium cigars" were defined and a maximum tax of the lesser of 95 percent of the wholesale price or \$3.50 per cigar was established.
 - There is a report about the tobacco tax components of the new law from the Public Health Law Center.³⁸

- In 2017, the Legislature passed and Governor Mark Dayton signed into law legislation that rolled back some of the changes passed in 2013 and also clarified some changes. Most notably, the 2017 legislation:
 1. Repealed the annual adjustment (indexing) of the cigarette excise tax and moist snuff minimum tax, thereby freezing the cigarette excise tax at its current rate of \$3.04 per pack.
 2. Reduced the maximum tax on single premium cigars from \$3.00 to \$0.50 and expanded the definition.
 3. Clarified and modified the tax rate on large containers of moist snuff so that the same tax rate applies to each 1.2 oz container or amount of the moist snuff is sold in a container holding more than 1.2 ounces (Example: Excise tax on 12-oz. tub before fix = \$3.04. Excise tax on 12-oz. tub after fix = \$30.40.) This change was supported by public health advocates and was commonly referred to as the “man can” loophole.
- **Other tobacco products (OTPs):** 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 has promoted 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):** Electronic cigarettes (e-cigarettes) are battery-operated devices that allow the user to inhale an aerosol produced from cartridges filled with nicotine, flavors and other chemicals. Youth e-cigarette use has increased dramatically and the U.S. Surgeon General has called it an epidemic. The e-cigarette industry uses price promotions to sell their products. Currently, Minnesota taxes the nicotine portion of electronic cigarettes as tobacco products, at 95 percent of the wholesale price. Emerging evidence suggests, “higher e-cigarette disposable prices reduce e-cigarette use among adolescents” and “policies that raise retail e-cigarette price, such as taxes, have the potential to reduce adolescents e-cigarette initiation and consumption.”³⁹ 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. Further, Minnesota should consider expanding the excise tax to the device in addition to the nicotine portion to ensure a more consistent and comprehensive approach. 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. In 2019, the Legislature considered a number of proposals to increase taxes on electronic cigarettes but no rate changes were included in the final tax bill. The Minnesota Department of Revenue proposed a number of technical changes that were incorporated into the final tax bill including a new definition of “nicotine solution” and clarification of the term “wholesale price.”
- **Little cigars:** “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.
- **Weight-based taxes:** 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 past 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. The minimum tax on moist snuff established in 2013 is a weight-based approach and was supported by Philip Morris. Public health advocates also supported this specific weight-based approach because it prevented the deep discounting on cheap brands of moist snuff.

- **Automatic annual adjustments:** 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, 2019, the rate is 58.8 cents/pack, a slight increase from 57.4 cents/pack in 2018, 55 cents/pack in 2017, 54.3 cents/pack in 2016 and 52.6 cents/pack in 2015. The tax does not replace local sales taxes, although cigarettes are exempt from these local taxes. From 2013 to 2017, the excise tax rate on cigarettes was also annually adjusted on January 1 for the change in the average retail price of cigarettes in Minnesota. The annual adjustment increased the excise tax rate by 21 cents (7 cents in 2015, 10 cents in 2016 and 4 cents in 2017) to \$3.04 per pack where it remains today.⁴⁰ Annual adjustments help taxes keep pace with inflation and prevent the tax burden from declining over time. The predictive models used by the American Cancer Society Cancer Action Network, 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 may see an increase in youth uptake as taxes (and therefore prices) erode over time. Maintaining the value of the tax over time keeps prices high to prevent youth from initiating smoking and becoming addicted in the future. However, the immediate impact of inflationary increases (or small tax increases) is 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. In 2017, the Legislature passed and Governor Dayton signed into law legislation repealing the annual adjustment on the cigarette excise tax. The annual adjustment of the fee in lieu of sales tax rate remains.
- **Loose-leaf tobacco:** 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 Raise it for Health, a coalition of more than 30 of the state’s leading health and nonprofit organizations to work in partnership to increase taxes on tobacco products. The coalition was the driving force behind the significant 2013 tobacco tax increase.

- 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 MinnesotaSM Policy Position Two:

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

Facts:

- **Secondhand smoke is a threat to public health.** In June of 2006, the U.S. Surgeon General released the most comprehensive scientific report ever produced on the health harms of secondhand smoke. This was the first report issued by the Surgeon General on secondhand smoke since 1986. The Surgeon General concluded that there is “massive and conclusive scientific evidence” about the health dangers of secondhand smoke. Key findings from the report include:¹
 - The scientific evidence that secondhand smoke causes serious diseases, including lung cancer, stroke, heart disease and respiratory illnesses, is massive and conclusive. There is no longer a scientific controversy or any scientific debate.²
 - 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.
 - A recent study documented secondhand smoke exposure as a potential risk factor for developing chronic obstructive pulmonary disease.³
- **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).⁴ In 2018, the greatest proportion of exposure among adult nonsmokers in Minnesota occurred in community settings (defined as locations other than home and car – 30.0 percent) followed by cars (5.4 percent) and in the home (2.2 percent).^{5,6} Most remaining exposure is in outdoor settings and for a brief duration. Decreased exposure to secondhand smoke corresponds with an increase in public, worksite and voluntary home and vehicle smoke-free policies. In 1999, 64.5 percent of Minnesotans reported having smoke-free policies for their own homes. That percentage rose significantly to 91.5 percent in 2018.⁶ Along with these reductions in exposure, awareness of the dangers of secondhand smoke is high. According to the 2018 Minnesota Adult Tobacco Survey (MATS), 91.3 percent of Minnesotans believe that secondhand smoke is very or somewhat harmful to health.⁶
- **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.⁷
- **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.⁸ 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.⁴

- **Children and youth are particularly vulnerable to the health effects of secondhand smoke exposure because their bodies are still developing.** According to the 2017 Minnesota Youth Tobacco Survey, 46.2 percent of nonsmoking middle-school and high-school students were exposed to secondhand smoke in the past seven days. The most common location of exposure for nonsmoking middle-school and high-school students was an indoor or outdoor public space (32.9 percent). 15.8 percent of nonsmoking students were exposed at home.⁹ 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.¹⁰⁻¹² 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.¹³ Since 2007, the American Academy of Pediatrics has called for policies that prohibit smoking in cars with minors.¹⁴ Currently eight U.S. states and Puerto Rico ban smoking in cars with children riding in them.^{15,16} 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 25.2 percent of nonsmokers were exposed to secondhand smoke in 2013-2014; however, rates among children aged three to 11 and non-Hispanic blacks were considerably higher at 37.9 percent and 50.3 percent, respectively.¹⁷ 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).^{4,18} Although multi-unit housing structures in Minnesota are increasingly adopting voluntary smoke-free policies (including government-subsidized housing complexes), about 14.6 percent of all Minnesotans living in multi-unit housing structures reported smelling smoke in their unit in the past seven days, according to the 2018 MATS.⁶ In December 2016, the U.S. Department of Housing and Urban Development issued its final rule requiring all public housing agencies to implement smoke-free policies by July of 2018. Low-income populations tend to have higher rates of secondhand smoke exposure. Nationally, 47.9 percent of those living below the poverty level were exposed to secondhand smoke in 2013-2014¹⁷ and 34.4 percent of all multi-unit housing residents with smoke-free home rules remain exposed to secondhand smoke in their homes, according to 2013-2014 national data.¹⁹

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, is 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.²⁰
 - 2018 public opinion polling found that 81 percent of Minnesotans supported adding e-cigarettes to the Minnesota Clean Indoor Air Act.²¹
 - 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.²²
 - 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.²³
- 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 child care 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 (38 percent in 2010 compared to 61 percent in 2003) and more Minnesotans are adopting voluntary smoke-free home rules (87 percent in 2010 compared to 65 percent in 1999). 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.²⁴ Exposure in the home has continued to decline, dropping from 4.4 percent among nonsmoking adult Minnesotans in 2007 to 2.2 percent in 2018.⁶
- While the harm of secondhand smoke exposure indoors is undeniably shown by research, the harm of exposure in outdoor settings is less evident.²⁵ Exposure in outdoor settings is more variable than indoor exposure.²⁶ Caution should be taken, however, by those with preexisting health conditions, which can be aggravated even by brief secondhand smoke exposure.²⁷ 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.²⁸ 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.
 - In June of 2019, the US Department of Veteran Affairs announced that all VA health center campuses are to be smoke-free by October 2019, including the use of all combusted and e-cigarette products.²⁹ This announcement underscores the importance of smoke-free air both indoors and outdoors.
- A recent study funded by ClearWay Minnesota examined secondhand smoke exposure in vehicles under different driving and ventilation conditions. The study found that exposure rates in vehicles can be comparable to smoky bars, and while some ventilation (open windows, e.g.) can help dissipate the smoke, rates are still notably high in vehicles for all passengers.¹²
- 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. In 2019, the Minnesota Legislature strengthened the state Clean Indoor Air Act restricting e-cigarette use where smoking is already prohibited in indoor public workplaces.

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ClearWay MinnesotaSM Policy Position Three:

ClearWay Minnesota opposes state laws that preempt the authority of local governments to pass tobacco control policies that are stricter than Minnesota state laws.

Facts:

- **State preemption of local public policies is a tobacco industry strategy to stop progress in preventing and reducing use of commercial tobacco.** State preemption of local ordinances is a priority for tobacco companies because tobacco companies know that local ordinances effectively prevent and reduce tobacco use, thereby hurting tobacco industry profits.¹ Victor L. Crawford, a former lobbyist for the tobacco industry trade group the Tobacco Institute, said, “We could never win at the local level . . . so the Tobacco Institute and tobacco companies’ first priority has always been to preempt the field.”² Additionally, tobacco industry documents reveal that one Philip Morris representative wrote, “While we’re not married to any particular form of preemption language, we’re dead serious about achieving preemption in all 50 states.”³
- **A preemptive state-level tobacco law would erase progress made at the local level.** State-level preemption of local policies limits local tobacco control efforts and has historically been very difficult to reverse. In Minnesota, many local ordinances have gone beyond statewide restrictions. For example, some localities restrict smoking within a designated distance of building entrances, prohibit smoking in all guest rooms in hotels and motels.⁴ More recent examples of local progress include increasing the minimum legal sales age from 18 to 21, or restricting sales of flavored products, including menthol – all of which go beyond state law and are important efforts in reducing commercial tobacco use and advancing health equity. Statewide preemptive language would prevent or weaken local ordinances such as these.

Background:

- According to the Public Health Law Center, “Preemption occurs when, by legislative or regulatory action, a ‘higher’ level of government (state or federal) eliminates or reduces the authority of a “lower” level over a given issue. Express preemption occurs when a law contains a preemption clause or other explicit preemptive language. Implied preemption happens when a court finds that a law is preemptive even in the absence of an express preemption clause.”⁵
- Specific topics of law targeted for preemption include youth access restrictions, flavor restrictions, smoke-free workplace policies, tobacco retailer licensing, tobacco advertising and taxation of tobacco products, among others.
- As of January 2, 2019, 14 states have laws that partially or completely preempt local ordinances from restricting smoking in workplaces: Nebraska, Wisconsin, Utah, South Dakota, Oklahoma, Florida, Tennessee, North Carolina, Virginia, Pennsylvania, Connecticut, New Hampshire, Washington State and Michigan.⁶ The CDC STATE system has an interactive map of preemption on licensure, smoke-free indoor air, marketing and youth access. For reference, see: <https://www.cdc.gov/statesystem/preemption.html>.
- Broad support exists for allowing local action on policies reducing exposure to secondhand smoke, reducing youth exposure to tobacco products and limiting retail access to tobacco products. Organizations that oppose preemption laws include but are not limited to the following: the American and Minnesota Medical Associations,

the American Cancer Society Cancer Action Network, the American Heart Association, the American Lung Association, the League of Minnesota Cities, the Campaign for Tobacco-Free Kids, the Truth Initiative, the Tobacco Technical Assistance Consortium, the National Association of County and City Health Officials and the National Association of Local Boards of Health.

- Many local governments in Minnesota have enacted policies that go above and beyond the requirements of the Minnesota Clean Indoor Air Act. For example, cities and counties have passed policies that restrict smoking within certain distances of entrances and exits, and/or prohibit the sampling of tobacco products in retail stores. Local policies help build momentum for enacting statewide legislation to strengthen existing statewide laws. For example, local enactment of ordinances prohibiting the use of e-cigarettes in public places and workplaces helped lead to the amendment of the Minnesota Clean Indoor Air Act in 2019, which will now prohibit the use of e-cigarettes anywhere conventional smoking is not allowed.
- Many local governments in Minnesota have also enacted policies that go above and beyond the requirements 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 tobacco sales age from 18 to 21, 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, including menthol, to adult-only stores.
- In 2017, the Minnesota Legislature passed but Governor Dayton vetoed legislation preempting local units of government from enacting local workplace standards for wages and benefits. ClearWay Minnesota and Minnesotans for a Smoke-Free Generation worked with bill authors to remove the term "working conditions" from the bill because of concerns that it could be interpreted to apply to local smoke-free or tobacco prevention ordinances. Concerns remain with other undefined terms in the bill and future debate on this topic is anticipated.
- Recently, the tobacco industry began lobbying in support of statewide Tobacco 21 laws around the country, including in Minnesota. While on the surface this development appears positive, it actually threatens to undermine public health goals by attaching preemption provisions to statewide bills, aiming to weaken tobacco control goals overall. Statewide Tobacco 21 policies passed in Texas, Massachusetts, Utah, and Arkansas all included new preemption requirements.
- Preemptive laws take away the ability of communities to pass policies that meet local needs. Local control engenders health equity by ensuring participatory parity (devolving decision-making power to governmental entities that are not far removed from the people). To achieve health justice/equity, we not only have to be committed to achieving substantive results, but also ensuring that process of achieving those results is grounded in community engagement. Preemption removes this power from communities.^{7,8}

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ClearWay MinnesotaSM Policy Position Four:

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

Facts:

- **Tobacco use is the single most preventable cause of death and disease^{1,2}, killing more than half of its users.^{1,3}** Each year, more than 6,300 Minnesotans die from tobacco use ⁴and 2,500 Minnesota kids become new daily smokers.⁵
- **Preventing youth from beginning tobacco use is essential to lowering prevalence rates.** While only five percent of 11th graders now report smoking cigarettes, one in four (26 percent) reported using e-cigarettes in the past 30 days⁶ (a 54 percent increase since 2016)⁷. Younger students also report increasing use of e-cigarettes with 11 percent of 8th graders and 16 percent of 9th graders vaping in the past 30 days⁶ (a 95 percent and 75 percent increase, respectively, since 2016).⁷ In Minnesota, 78.3 percent of smokers tried their first cigarette when they were 18 or younger,⁸ and more than 95 percent of smokers nationwide started smoking before they turned 21.⁹
- **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 adequately funded, comprehensive, sustained and accountable. These include state, community and health-system-based interventions; cessation services; counter-marketing; policy development and implementation; surveillance; and evaluation.¹⁰ These comprehensive programs accelerate progress toward reducing the health burden and economic impact of tobacco-related diseases.¹⁰ States that invest more fully in comprehensive tobacco control programs have seen larger declines in cigarette sales than the United States as a whole,¹ and smoking prevalence among adults and youth has declined faster as spending for tobacco control programs has increased.¹¹
- **Over the past 20 years, comprehensive investments in reducing tobacco's harm have saved thousands of lives and billions of dollars in Minnesota.** Since 1999, adult smoking prevalence in Minnesota fell by 37.5 percent, from 22.1 percent in 1999 to 13.8 percent in 2018.¹² A comprehensive approach to tobacco control prevented 4,560 cancers, 31,691 hospitalizations for cardiovascular disease and diabetes, 12,881 respiratory disease hospitalizations and 4,118 deaths. \$5.1 billion was also saved in worker productivity and health care costs.¹³ Since 2001, more than 185,000 Minnesotans got help quitting.
- **Minnesota's investment in tobacco prevention falls short.** CDC recommends that Minnesota spend \$53 million a year in order to have an effective, comprehensive tobacco control program.¹⁰ In Fiscal Year 2019, Minnesota only spent \$17.3 million, or 33 percent of CDC's recommendation, on tobacco control.¹⁴ Full implementation of comprehensive tobacco control policies and programs at CDC-recommended funding levels would result in a substantial reduction in tobacco-related morbidity and mortality and billions of dollars in savings from averted medical costs and lost productivity.^{11,15} In contrast, in Fiscal Year 2018 the state of Minnesota collected approximately \$589 million in tobacco taxes and \$167 million in tobacco settlement payments, none of which was dedicated to tobacco cessation or prevention.¹⁶ Furthermore, recent reports show the tobacco industry spends about \$115 million annually on advertising and marketing in Minnesota, not including e-cigarette ads.¹⁴ Most Minnesota students (88 percent) report seeing ads for e-cigarettes in the past month.¹⁷

- **Investments in smoking cessation lead to improved health and lower health care costs.**¹⁸ In March of 2020, free smoking cessation services through QUITPLAN Services will end and the Minnesota Department of Health will begin offering statewide cessation services. Quitlines are proven to help smokers quit and save money¹⁹ and all 50 states, D.C., Puerto Rico and Guam have a quitline. Helping people quit smoking is among the three highest valued clinical interventions with greatest potential for population health improvement (the other two are childhood immunization and counseling to prevent youth tobacco use).^{20,21} The costs of smoking cessation programs can be fully offset in three years.¹⁸
- **ClearWay Minnesota's budgets are declining and the organization will end by 2022.** ClearWay Minnesota's budget accounts for nearly 70 percent of funds spend on tobacco prevention and cessation in Minnesota. The organization funds cessation services, research, mass media, advocacy and community outreach. However, ClearWay Minnesota is a life-limited organization and it will end operations by 2022, leaving a gap in how the state addresses the leading cause of preventable death and disease in Minnesota. This shift, along with years of lack of funding for tobacco prevention in Minnesota, demonstrates the need for renewed commitment by the state to dedicate more funding for tobacco prevention.
- **Continuing a comprehensive, well-funded approach to tobacco control in Minnesota is the most effective way to sustain progress in reducing tobacco use.** Policy efforts such as raising the minimum tobacco sales age from 18 to 21 and increasing the price of tobacco are proven to reduce prevalence rates, however ongoing tobacco control funding would double their impact. Strong policies paired with continued tobacco control funding will have a significantly greater impact than any individual effort. Without continued dedicated funding for programs, cessation and advocacy, current advances may be lost.²²
- **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.²³ Research has shown that tobacco prevention investments produce short- and long-term health care cost savings.²⁴ Studies of FDA's *Real Cost* mass-media campaign targeting youth prevented approximately 350,000 youth²⁵ from starting to smoke between 2014 and 2016, and saved \$4 for every dollar spent.²⁶ The lack of a youth-focused counter-marketing campaign creates a significant gap in Minnesota youth prevention efforts
- **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.¹⁰
- **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.²⁷⁻³⁰ These disparities also exist for Minnesota youth. American Indian students, those experiencing economic hardship, those identifying as bisexual, gay or lesbian, those experiencing suicidal thoughts, and those who binge-drink, smoke at significantly higher rates.⁷

Background:

- 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 and 2018-2019). 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 Minnesota Quitline Network.
- Since 2001, ClearWay Minnesota has operated QUITPLAN® Services. These are effective, science-based programs that give Minnesota tobacco users free tools to quit. QUITPLAN Services includes phone counseling, medications, emails, text messaging and self-help materials. These services are ending in 2020 because ClearWay Minnesota is sunsetting by 2022. In 2019, legislation was passed directing the Minnesota Department of Health to operate statewide cessation services after QUITPLAN Services ends. Beginning July 1, 2019, MDH will receive approximately \$3 million per year to develop, administer, promote and evaluate statewide cessation services. ClearWay Minnesota will continue working collaboratively with MDH to ensure a successful transition and continued access to quit-smoking services for all Minnesota residents. ClearWay Minnesota supports ongoing funding for the administration, promotion and evaluation of these services.
- As part of the 1998 Minnesota Tobacco settlement, tobacco companies agreed to pay settlement fees to the state in perpetuity. However, in 2015, Reynolds and Lorillard merged and transferred certain brands (including KOOL, Maverick, Salem and Winston) and their related manufacturing assets to ITG Brands, LLC. Since that time, settlement payments have not been made on the transferred brands. The State of Minnesota filed a lawsuit against Reynolds and ITG Brands to ensure settlement payments are made on those brands. During the 2019 Legislative Session, ClearWay Minnesota and coalition partners introduced legislation that said if and when the delinquent companies pay these fees, part of those funds will be dedicated to health and addressing the harms caused by tobacco use, now and in the future. The bill was heard in the House Health and Human Services Finance Division and the language was included in the House HHS omnibus bill. The bill did not receive a hearing in the Senate. Ultimately, the provision was not included in the final conference committee report and did not become law. ClearWay Minnesota supports future legislative efforts to dedicate a portion of these delinquent and/or ongoing settlement payments to tobacco prevention.
- 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.³¹ ClearWay Minnesota's efforts have included building leaders in priority populations through the LAAMPP Institute (a program that develops skills for tobacco control efforts among diverse community leaders) and the LAAMPP Policy Champions program, developing campaigns that reach these populations in multiple languages, supporting culturally-based research, providing free cessation services that include tailored protocols for various populations (e.g., American Indian quitline, behavioral health, pregnant), 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.³² 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.³³

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ClearWay MinnesotaSM Policy Position Five:

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

Facts:

- **574,000 adults in Minnesota still smoke and need help quitting.** According to the 2018 Minnesota Adult Tobacco Survey (MATS), almost half (45.7 percent) of current adult smokers made a quit attempt in the past year.¹
- **In Minnesota, tobacco dependence treatment has played a critical role in reducing smoking rates over the past 25 years.**² QUITPLAN Services, as well as treatments delivered by Minnesota's clinicians, have helped make a difference. More than 185,000 Minnesotans have signed up to receive help from QUITPLAN Services since 2001. This includes text and email support, quit guides, phone coaching, and free patches, gum or lozenges. In 2018, almost 15,000 people signed up to receive support from QUITPLAN Services and almost 325,000 people visited the QUITPLAN Services website or called QUITPLAN Services.
- **Research shows that people are much more likely to successfully quit tobacco use if they receive help.**³ Quitting is extremely difficult for many smokers. Among current smokers who made quit attempts in the past 12 months, 70 percent made multiple attempts to quit.¹ Only 3 to 5 percent of people who try to quit on their own succeed.⁴ Counseling, medication and the combination of the two are effective cessation treatments⁵ and can double the chances of a person successfully quitting.⁶ Additionally, data show that advice from health care providers increases the use of evidence-based cessation treatments and improves outcomes.⁵ Tobacco cessation treatment is also one of the services that receives a top grade from the U.S. Preventive Services Task Force (USPSTF).⁷
- **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.^{8,9} Decreasing barriers to tobacco dependence treatment increases use of cessation pharmacotherapy, quit attempts and sustained abstinence rates.^{10,11} 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.¹² 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.¹³ 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.¹⁴
- **Tobacco dependence is a chronic, relapsing condition that often requires multiple attempts to quit and repeated, individualized intervention.**⁵ For example, the Clinical Practice Guideline discusses the following:
 - The effectiveness of cessation counseling increases with the intensity of the counseling, including the length and number of counseling sessions. However, research also shows that requiring counseling significantly reduces cessation service utilization.¹⁵
 - Dosages of nicotine replacement therapy (NRT) need to be individualized given the severity of tobacco dependence. For some patients, especially heavy smokers, dosages of NRT need to be higher than what is recommended. Severely dependent patients may need to use NRT for six to 12 months, or even longer.⁵

- **Helping people quit smoking continues to be one of the most cost-effective health services.** 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.³ A study of all top-graded USPSTF clinical preventive services found that tobacco use screening and brief intervention is among the three highest valued interventions with greatest potential for population health improvement (the other two are childhood immunization and counseling to prevent youth tobacco use).^{7,16} For most smoking cessation treatments, the benefits of providing such treatments greatly outweigh the cost of providing them.¹⁷ Cessation treatment in the outpatient setting lowers health care costs within 18 months of quitting.¹⁸ Within three years, a former smoker's health care costs will be at least 10 percent less than if they continued smoking.¹⁹ It is estimated that employees who smoke will cost self-insured employers an additional \$5,816 annually, on average, including absenteeism, smoking breaks, healthcare costs and other benefits.²⁰
- **Cessation program expenditures can be fully offset in three years.** Over a three-year period, expenditures for smoking cessation programs in the range of \$144 to \$804 per smoker can be fully offset by health care cost savings.¹⁹ Greater savings will likely occur within special populations, such as pregnant women (\$3 in health care costs for every \$1 invested in smoking cessation treatment for pregnant women)²¹ and persons with cardiac conditions (\$47 during the first year and about \$853 over the following seven years).²²
- **Including comprehensive tobacco cessation services in Medicaid insurance coverage can result in substantial savings for Medicaid programs.** Medicaid enrollees smoke at approximately twice the rate of the general population.²³ Annually, smoking-related health care costs Minnesota's Medicaid program \$563 million²⁴ and smokers' health care costs average 34 percent higher than nonsmokers'.¹⁹ When Massachusetts implemented and aggressively promoted a smoking cessation benefit with minimal copayments to all Medicaid enrollees, smoking prevalence among enrollees dropped 26 percent in the first two and a half years.²⁵ Analysis of Medicaid claims data also found a 46 percent decrease in the likelihood of hospitalization for heart attacks and a 49 percent decrease for other coronary heart disease diagnoses during this same time period.²⁶ Additionally, every dollar invested in the program led to an average savings of \$3.12 in cardiovascular-related hospitalization expenditures within one year of the benefits being used.²⁷ Strategies to increase smoking cessation among Medicaid enrollees can reduce smoking-related disease and death among a population disproportionately affected by tobacco use, and can reduce smoking-related health care costs incurred by the state.
- **Helping patients quit smoking is a core responsibility of health care systems, and there are opportunities for improvement.** Advice from health care providers increases the use of evidence-based cessation treatments and improves outcomes.^{10,28} Additionally, 65.2 percent of smokers reported seeing a health care provider in the last 12 months.¹ The 2018 MATS found about 76.4 percent of current smokers were advised not to smoke by health care providers, but just over half (55.2 percent) received referrals for assistance in quitting smoking.¹ Further, only 48 percent of Minnesota smokers report using some form of assistance (e.g. counseling or medication) in their quit attempts.¹ There are also age differences in quit attempts. Young adults (18-24) are more likely than older smokers to make quit attempts, particularly compared to 45-64-year-olds (54.3 percent versus 40.5 percent respectively.¹) 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.^{29,30,31}
- **Addressing the social determinants of health is necessary to reduce tobacco use among low-socioeconomic status populations.**^{32,33,34} 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.³⁵ Strengthening data systems around social determinants of health can enhance strategies to effectively address the root causes of health disparities.³⁶

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 limits.³ This definition of a comprehensive benefit is consistent with other definitions, including the Clinical Practice Guideline¹ and the Federal Employees Health Benefit Program.³⁷ 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 as well as individual and group counseling. 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 which include:
 - Prior Authorization: Requirements for prior approval from insurer before a prescription can be filled or counseling can be completed. Some Medicaid enrollees still face prior authorization requirements even though the ACA prohibits the use of prior authorization for tobacco dependence treatment.
 - Stepped-care therapy (step therapy or fail-first requirements): Requirements for an individual to try one medication before another one will be covered by insurance (e.g., must try nicotine patch before Chantix would be covered).
 - Quantity Limits – Limits on the number of days or weeks or months supply of medication covered annually (e.g. only covering 24 weeks of Chantix/year). These limits are sometimes described as limits on treatment duration or yearly or lifetime dollar limits.
 - Limits on Quit Attempts: Limits on the number of times a patient can try to quit each year or over their lifetime that are covered by insurance. This could be operationalized by limiting the number of “rounds” of medication or the number of counseling sessions covered. Quantity limits and limits on quit attempts can be linked.
 - Counseling Requirements: Requirements for an individual to receive counseling in order to have coverage for medications. Research shows that requiring counseling significantly reduces cessation service utilization.¹⁵

ClearWay Minnesota supports efforts to ensure MHCP enrollees have a barrier-free, comprehensive cessation benefit which would allow treatment decisions to be made between a health care provider and their patient.

- One way to expand access to cessation services for MHCP enrollees is to ensure that all types of health care professionals who deliver cessation counseling services are able to seek reimbursement for doing so. In 2014, the federal Medicaid definition of preventive services was 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.³⁸ 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 with partners to identify opportunities to add other types of health care professionals to this definition and working with MCOs to expand their own provider eligibility criteria.

- Over the last three years, legislation has been introduced to allow pharmacists in Minnesota to be able to provide certain types of medications, including FDA-approved cessation medications, without the oversight of a health care provider organization. This legislation would increase access to cessation medications for all insured Minnesotans and would be particularly impactful in rural Minnesota where the pharmacist is the health care provider visited most frequently. ClearWay Minnesota supports efforts to expand the types of health care professionals, including pharmacists, who can prescribe cessation medications.
- 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 copayments.
 - 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 (copays, 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 and Integrated Health Partnerships) for health system innovations to ensure that tobacco dependence treatment is routinely provided.
- 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. In 2017, legislation was passed that decreases the number of measures included within SQRMS and requires the Minnesota Departments of Health and Human Services to develop new measurement frameworks for both SQRMS and state health care programs' quality measurement systems. ClearWay Minnesota participated in the development of the new framework; however, addressing tobacco use was not included in the framework. ClearWay Minnesota continues to support 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.

- 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.¹³ Additionally, since surcharges have been implemented in states across the country, studies have shown that surcharges are making health insurance unaffordable³⁹ for tobacco users and have not been effective in encouraging smokers to quit.¹⁴ 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.

- Since 2001, ClearWay Minnesota has operated QUITPLAN Services. These are effective, science-based programs that give Minnesota tobacco users free tools to quit. QUITPLAN Services includes phone counseling, medications, emails, text messaging and self-help materials. In 2017, the quit rate for QUITPLAN Services was 27.6 percent, which is strong, comparable to what is seen in published literature for cessation services and in line with industry standards. These services are ending in 2020 because ClearWay Minnesota is sunseting in 2022.
- In 2019, legislation was passed directing the Minnesota Department of Health to operate statewide cessation services after QUITPLAN Services ends. Beginning July 1, 2019, MDH will receive approximately \$3 million per year to develop, administer, promote and evaluate statewide cessation services. ClearWay Minnesota will continue working collaboratively with MDH to ensure a successful transition and continued access to quit-smoking services for all Minnesota residence. ClearWay Minnesota supports ongoing funding for the administration, promotion and evaluation of these services.

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ClearWay MinnesotaSM Policy Position Six:

ClearWay Minnesota supports Minnesota's American Indian Nations in their efforts to reduce commercial tobacco use and pass policy initiatives to prevent exposure to secondhand smoke 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 disease¹ – are related to commercial tobacco use.^{*2}
- **Smoking prevalence rates are high in Minnesota's American Indian communities.** Statewide, 59 percent of American Indians are current smokers (compared to 13.8 percent of all Minnesota adults).^{3 4} According to the 2013 Minnesota Student Survey, 29.2 percent of American Indian or Alaska Native 11th-grade students have used commercial tobacco in the last 30 days, compared to the statewide percentage of 18.9 percent.⁵
- **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 30 percent of total Minnesota adults),⁴ and 37 percent of employed American Indian adults who work in indoor environments are exposed to secondhand smoke (compared to 9 percent of Minnesota adults overall).³
- **Limited funding has impeded the ability of the Indian Health Service (IHS) to meet the health care needs of American Indians and Alaska Natives.** Although the IHS discretionary budget has increased over time, funds are not equally distributed across IHS facilities and remain insufficient to meet health care needs of American Indians and Alaska Natives. This means services, such as commercial tobacco cessation treatment, vary significantly across locations, and American Indians and Alaska Natives who rely solely on IHS for care often lack access to needed care.⁶
- **In Minnesota, casino employees are not protected from secondhand smoke.** Reports show that, in Minnesota, tribal gaming provides 15,287 jobs.⁷ Many of these employees work in tribal casinos and are exposed to the dangers of secondhand smoke in their workplaces. A 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.⁸
- **Smoking in casinos exposes patrons and workers to high levels of dangerous toxins.** There is no safe level of exposure to secondhand smoke. Research has consistently demonstrated that customers, employees and tribal members are subjected to secondhand smoke and multiple known carcinogens after just a short period of time in casinos that allow smoking.⁹ This exposure has the potential to be prevented with the expansion of smoke-free policies.¹⁰
- **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.⁸ The results of the White Earth Indoor Air

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

Quality Study demonstrated that indoor concentration of PM2.5 is substantially higher than the outdoor level, posing health risks to casino workers and patrons. SHS can migrate into adjacent non-smoking areas very quickly. The casino's ventilation system did not fully eliminate SHS. A completely smoke-free casino would be the only way to fully protect non-smoking patrons and employees from the dangers of tobacco smoke.¹¹

- **There is public support for smoke-free casinos.** One study indicated that that 54 percent of casino patrons were more likely to visit if casinos were smoke-free.¹² 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 disincentivizing promotions of tobacco products.¹³
- **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. Though this funding initiative has now ended, the successes of this effort continue due to shifting the paradigm from "tobacco control" to a "traditional tobacco movement" and strategies that are tribally driven.¹⁴ Examples of commercial tobacco-free policies include:
 - Bois Forte passed the first smoke-free foster care policy in Indian Country.
 - Fond du Lac has a smoke-free first floor in their Fond du Luth casino.
 - Mille Lacs has commercial tobacco-free ceremonies.
 - There are now traditional tobacco only pow-wows.

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).¹⁵
 - We recognize that for many American Indians 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.¹⁶
 - 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 from their land, eradicate their languages and destroy their way of life.¹⁷
- 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.
- In 2019, ClearWay Minnesota joined the National Native Network, other national, regional and local organizations and tribal communities in opposing JUUL's efforts aimed at American Indian communities. At the U.S. House of Representatives Subcommittee on Economic and Consumer Policy hearings in July of 2019, Rae O'Leary of the Canli Coalition of Cheyenne River Sioux Tribe (CRST) testified about JUUL's attempts to target Cheyenne River with a program to promote JUUL products, unlawfully, as cessation devices. In her testimony, she said there are rumors that JUUL has approached many other tribes with similar proposals, but that it is difficult to know whether these rumors are true, and which tribes might be involved, because the proposals all involve non-disclosure agreements.¹⁸

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ClearWay MinnesotaSM Policy Position Seven:

ClearWay Minnesota supports the U.S. Food and Drug Administration (FDA) using its full legal authority without delay in regulating tobacco products.

Facts:

- **The 2009 Family Smoking Prevention and Tobacco Control Act gives the U.S. Food & Drug Administration (FDA) the authority to regulate tobacco products.** The Center for Tobacco Products within the FDA has 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.^{1,2}
- **Lifting of federal preemption provides states with new policy tools to reduce tobacco use.** The 2009 law also lifted federal preemption on states' ability to further regulate tobacco products.^{1,2} 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.³
- **FDA's regulatory authority covers all tobacco products.** The 2009 law authorized FDA to regulate cigarettes, smokeless tobacco, roll-your-own and loose cigarette tobacco. FDA also was given the power to "deem" additional products not covered by these categories "new tobacco products," meaning such products would require marketing authorization from the agency in order to be sold. In 2016, FDA finalized this rule, defining e-cigarettes as "new tobacco products" and imposing restrictions such as barring youth under 18 from purchasing them, requiring e-cigarette sellers to register and manufacturers to provide details of ingredients and manufacturing process, disallowing distribution of sample products in stores and barring youth under 18 from purchasing e-cigarettes (illegal in Minnesota since 2010). That same year, FDA imposed some marketing restrictions on e-cigarette sellers (e.g., requiring warning labels noting the products contain addictive nicotine and prohibiting sellers from making claims that e-cigarettes are safer or healthier than other tobacco products).
- **FDA's visibility as a regulator of tobacco and nicotine products has increased – and changed – rapidly in recent years.** In 2017, FDA issued guidance for tobacco and nicotine regulation, suggesting balance should be achieved between regulation and encouraging the development of potentially less harmful tobacco products. At that time, it delayed regulations on e-cigarettes and new applications for cigars, pipe tobacco and hookah tobacco. However, in 2018, as youth e-cigarette use rates rose around the country, Commissioner Dr. Scott Gottlieb announced FDA would take new steps to address what he described as an epidemic of youth use.⁴ Since then, the agency has released new guidance on its e-cigarette regulations,⁵ which includes point-of-sale restrictions, conducting retailer and manufacturer checks, increasing requirements for manufacturers, using premarket review requirements, providing data to inform premarket applications and enforcing existing policies.⁶ The same year, FDA also announced it may regulate e-cigarette marketing in the future, and some e-cigarette companies (e.g., JUUL) responded with proactive steps such as closing their social media accounts. In 2018, FDA also announced it would be considering new regulations on flavored tobacco products, including banning menthol in cigarettes and cigars.⁷ On September 11, 2019, President Trump and FDA announced they plan to "clear the market of unauthorized, non-tobacco-flavored e-cigarette products." The FDA release states: "Preliminary numbers from the National Youth Tobacco Survey show a continued rise in the disturbing rates of youth e-cigarette use, especially through the use of non-tobacco flavors that appeal to kids. In particular, the preliminary data show that

more than a quarter of high-school students were current (past 30 day) e-cigarette users in 2019 and the overwhelming majority of youth e-cigarette users cited the use of popular fruit and menthol or mint flavors.”⁸

Background:

- 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 and flavored cigarettes, cigars and rolling papers. Graphic warning-label requirements for cigarette packaging, have yet to be implemented.⁹ 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.
- Provisions of the FDA law that took effect in 2009 and 2010 include banning flavored cigarettes (menthol exempted) and prohibiting marketing tobacco using the terms “light,” “mild,” “low” or similar descriptors without an FDA order.³ ClearWay Minnesota supports extending the ban on flavoring in cigarettes to all tobacco products.
- 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 suggested their products are less harmful than others. 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.
- The 2009 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. In recent years, ClearWay Minnesota has submitted a number of public comments to help the agency take informed regulatory actions. These include 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, to implement new restrictions as quickly as possible, and to require child-resistant packaging and/or poisoning warnings for products that contain liquid nicotine.
- In the past, Minnesota’s federal elected officials have urged the FDA to exert its authority and regulate e-cigarettes and other tobacco products quickly and decisively. Some public health experts have been critical of the FDA for doing little to prevent youth e-cigarette use, despite declaring it a priority. ClearWay Minnesota supports these efforts, and will work with our Congressional delegation where appropriate.

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ClearWay MinnesotaSM Policy Position Eight

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

Facts:

- **Menthol cigarettes have been disproportionately targeted to priority populations and youth.** Tobacco industry documents show that the tobacco industry used intentional targeting strategies to market menthol cigarettes to African Americans, Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities, and youth at disproportionate rates.^{1,2} Documents also revealed Lorillard Tobacco Company characterized high-school students as “the base of our business” for menthol cigarettes.^{3,4} Nationally, menthol marketing is more pervasive in neighborhoods with a higher proportion of youth, racial and ethnic minorities, and lower-income residents.⁵
- **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 greater addiction and decrease successes in quitting smoking, especially among African American smokers.⁶ As an additive, menthol gives a cooling sensation and masks the harshness of cigarette smoke, thereby making it easier for adolescents to start smoking.^{7,8} Menthol levels in cigarettes were deliberately manipulated by the industry to broaden the appeal of cigarettes to youth.⁹ In the United States, there are 19.2 million menthol cigarette smokers, including 1.1 million adolescents ages 12 to 17.¹⁰ The teen menthol smoking rate is higher than that of any other age group.¹¹ Compared to those who have been smoking for more than a year, youth who recently began smoking are more likely to smoke menthols.¹⁰ Seventy-one percent of African American youth smokers ages 12 to 17¹¹ and 71 percent of LGBTQ youth smokers report smoking menthol cigarettes.¹²
- **African Americans smoke menthol cigarettes at higher rates and are more likely to suffer and die from smoking-related diseases.** Among African American smokers in Minnesota, the menthol smoking rate is 87.9 percent, compared to 22.1 percent among white smokers.^{13,14} Tobacco use is the top cause of preventable death and disease among African Americans. African Americans have the highest death rate and shortest survival rate from most cancers.¹⁵ They are also 53 percent more likely to die of heart disease.¹⁶ African Americans are among the individuals most exposed to secondhand smoke.¹⁷ Research suggests higher disease rates among African Americans may result in part from menthol smoking.¹⁰ 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.¹⁸ 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.^{19,20} In addition, African American menthol smokers are less successful in long-term abstinence than African American non-menthol smokers.²¹
- **Members of Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities smoke menthol cigarettes at higher rates than the general population.** Nationally, more than 36 percent of LGBTQ smokers smoke menthol cigarettes,²² with nearly half (45.1 percent) of LGBTQ female smokers smoking menthols (compared to 34.4 percent of their straight female counterparts).²³
- **Adding menthol to cigarettes makes it harder for smokers to quit.** A review of the literature concluded that African American menthol smokers are more likely to try but less likely to successfully quit smoking than non-menthol cigarette smokers.²⁴

- **Menthol tobacco use is a specific problem for Minnesota.** In Minnesota, 27.5 percent of adult smokers report smoking menthol cigarettes.¹⁴ Over a third (34.1 percent) of Minnesota teen smokers smoke menthol cigarettes.²⁵ In Minnesota, smoking rates among American Indians are at epidemic levels (59 percent),²⁶ and 42 percent of urban American Indian smokers smoke menthol cigarettes.²⁷ In 2015, the African American Leadership Forum surveyed a convenience sample of 407 African Americans in Hennepin and Ramsey Counties during May through July 2016. Almost nine out of 10 respondents thought tobacco was a significant health issue in African American community; 57 percent did not know menthol cigarettes were just as harmful as other cigarettes, and 44 percent thought menthol cigarettes were less harmful than other cigarettes.²⁸
- **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.²⁹ Among Minnesota menthol smokers, approximately half reported they would quit smoking if menthol cigarettes were banned.³⁰ Therefore, banning menthol has the potential to reduce tobacco-related disparities. It is estimated that if menthol had been banned in 2010, by 2050 there would be a 10 percent reduction in overall smoking prevalence and up to 633,252 lives would be saved, a third of which would be in the African American community.³¹

Background:

- Menthol is a cigarette additive extracted from mint oils or produced synthetically. It is added to cigarettes for its cooling and anesthetic properties and gives menthol cigarettes their characteristic flavor.³² 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.³³
- ClearWay Minnesota supports a federal ban on menthol in cigarettes and all other tobacco products. The 2009 Family Smoking Prevention and Tobacco Control Act gave the FDA the authority to regulate tobacco products and 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.”³⁴
- 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 2011 TPSAC report, concluded that “menthol cigarettes adversely affect U.S. public health and that there is no public health benefit to menthol cigarettes.”³⁵
- FDA also conducted its own independent literature review and in 2013 concluded 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.”³⁶ The FDA then issued an Advanced Notice of Proposed Rule Making to invite public input. The docket closed in November 2013.
- In 2018, then-FDA Commissioner Dr. Scott Gottlieb announced plans to propose a national ban on menthol cigarettes and cigars. Action from the FDA is still pending.³⁵ An FDA ban of menthol 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.

- In 2016, delegates at the annual National Association 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. In October 2016, the NAACP Board of Directors adopted a resolution that supports the work of the FDA and state and local governments to restrict the sale of flavored tobacco products, including menthol cigarettes.³⁶
- 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.
- 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.
- Several Minnesota municipalities have passed ordinances restricting the sale of flavored tobacco products, including menthol, either altogether or in stores children can enter. As of 2019, these municipalities include Minneapolis, St. Paul, Duluth and several other communities.
- A number of cities and counties around the country have also passed similar menthol regulations, including 13 in California and three in Massachusetts.³⁷
- In 2017, Canada became the first country in the world to implement a ban on menthol flavors from cigarettes, blunt wraps and cigars. The move followed menthol sales bans in a number of Canadian provinces.³⁸
- Menthol sales account for 36 percent of all cigarette sales in the United States,³⁹ and the tobacco industry has resisted government efforts to restrict menthol sales at the federal, state and local level. Tactics included financing media campaigns to oppose proposed ordinances, spreading fears about potential smuggling, and recruiting community leaders to raise concerns that menthol restrictions are unjust to African Americans.⁴⁰ Tobacco retailers have also opposed menthol restrictions.⁴¹ In some municipalities, convenience store owners have erected walls to declare small sections of their stores “smoke shops” to get around policies restricting flavored tobacco sales to adult-only tobacco stores.⁴²

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ClearWay MinnesotaSM Policy Position Nine

ClearWay Minnesota supports restricting or prohibiting 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 menthol 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”¹;
- “It’s a well-known fact that teenagers like sweet products”²; and
- “Flavored products would have appeal in the under-35 age group, especially in the 12-24 age group.”³

Flavored cigarettes (except menthol) are prohibited by law, but many youth smokers are using flavored tobacco products such as cigars and cigarillos.⁴ The number of flavored products available in the marketplace has continued to increase substantially in recent years.^{4,5}

- **Flavored tobacco products appeal to youth and young adults.** Research shows that fruit, candy and alcohol flavors are attractive to minors and young adults.⁶ Flavored tobacco products exploit sensory clues associated with candy and drink flavors that are popular with youth, such as Kool-Aid, Jolly Ranchers and Life Savers.^{7,8} Candy and fruit flavors mask the harsh taste of tobacco, making it easier for kids to start using tobacco products. 81 percent of youth who ever tried tobacco reported initiating with a flavored tobacco product.⁹ 80 percent of youth tobacco users use fruit-, candy- or menthol-flavored tobacco.¹⁰ Moreover, flavored tobacco products, such as little cigars, are often sold individually, and are less expensive than cigarettes,¹¹ making them accessible to youth.
- **The majority of youth and young adults use flavored tobacco products.** A national survey of students in grades six to 12 found that approximately 60 percent of current cigar smokers and e-cigarette users were using flavored products.¹² More recent data from the 2016-2017 wave of the PATH study found that 97 percent of current youth e-cigarette users had used a flavored e-cigarette in the past month and 70.3 percent say they use e-cigarettes “because they come in flavors I like.”¹³ National research has indicated that nearly half of young adults who smoke cigars use flavored products.¹⁴ In Minnesota, 67 percent of current high-school tobacco users reported using a flavored product.¹⁵ Additionally, the majority (63.6 percent) of students who used e-cigarettes used a flavored product.¹⁵ Nearly all (97 percent) young adult e-cigarette users, report that their usual product is flavored.¹⁶ Furthermore, over half (55.5 percent) of young adults report that they use e-cigarettes because they are available in flavored varieties.
- **Flavored tobacco 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 21.¹⁷ 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.¹⁸ A systematic review of the available evidence found that adolescent use of e-cigarettes, which come in fruit and candy flavors, were linked to an increased risk for future cigarette smoking.¹⁹

- **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.²⁰ Smokeless tobacco increases risk for oral cancer, pancreatic cancer and cancer of the esophagus.²¹ And as reported in the 2016 Surgeon's General Report, evidence suggests that nicotine exposure during adolescence, a critical window for brain development and can have lasting adverse consequences, including causing addiction.²²
 - Flavorings in e-liquids are shown to be harmful when inhaled. Flavor ingredients that have been tested to determine safety for ingestion become hazardous when inhaled as an aerosol. Airway tissue becomes inflamed and damaged when exposed to these flavorings.²³ 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.^{22,24-26}
- **Since the FDA banned flavored cigarettes, cigar use has increased.** Since the 1960s, the tobacco industry worked to expand their appeal to youth with flavored "little cigars" and other cheap flavored products.²⁷ Federal law prohibits flavoring in cigarettes (except menthol), but users often do not distinguish between cigarettes and flavored little cigars, with similar packaging. Since 2009 when flavored cigarettes were prohibited, little cigar and cigarillo use among young adults (18-24-year-olds) has increased.²⁸ Convenience store market scanner data indicates that sales for flavored cigars nearly doubled between 2008 and 2015.²⁸ According to MATS 2018, 41 percent of young adult cigar users report that their usual product is flavored. African American and Hispanic young adults are more likely to smoke flavored cigars than their white counterparts.²⁹
- **Restricting sales of flavored tobacco products can reduce availability and impact tobacco use.** Evidence from the evaluation of flavored tobacco sales restrictions demonstrates that they can be effective in reducing sales and tobacco use. An evaluation of the 2015 flavored restrictions in Minneapolis and St. Paul saw significant declines in flavored tobacco availability.³⁰ Studies examining flavored restrictions in New York City and Massachusetts communities saw similar significant declines in flavored tobacco sales and availability following implementation of flavored restrictions.^{31,32} A study examining the 2010 NYC restriction on flavored tobacco products (excluding menthol) found significant declines in the odds of ever trying flavored tobacco products or using any type of tobacco product among teens between 2010 and 2013.³¹

Background:

- In 2009, the U.S. Food and Drug Administration banned the use of most flavors in cigarettes. Menthol was exempted from the flavor ban, which also does not apply to non-cigarette tobacco products.
- State and local jurisdictions have the authority to restrict the sale of flavored tobacco products, including: Minneapolis, St. Paul, Duluth, New York City, Providence, Chicago, Hayward, Berkeley and Santa Clara County California as well as Newton and Boston Massachusetts, have passed restrictions on the sale of flavored tobacco products. Federal courts have upheld state and local governments' authority to create such policies.
- In Minnesota, communities have acted to restrict the sale of flavored tobacco products to protect youth. As of July 10, 2019, 12 cities or counties have restricted the sale of flavored tobacco products and nine of those policies include menthol-flavored tobacco products in the restrictions, covering nearly one million Minnesotans.

- In 2017, the San Francisco Board of Supervisors unanimously passed a ban on flavored tobacco products but it was brought to a ballot referendum with support from R.J. Reynolds, maker of Newport cigarettes. In June of 2018, voters in San Francisco upheld the ban by a more than two-to-one margin (68 percent to 32 percent).
- In July 2017, the Food and Drug Administration released a comprehensive regulatory plan³³ to shift the trajectory of tobacco-related disease and death. Part of this plan involves calling for more study and input on the role of flavoring in tobacco products. ClearWay Minnesota is in agreement with partner organizations such as the Campaign for Tobacco-Free Kids, the American Cancer Society, Truth Initiative, Association for Nonsmokers, the Tobacco Control Legal Consortium and the American Lung Association, who feel that the role of flavor in attracting kids and young people has been clearly demonstrated through scientific inquiry. We believe that local, state and national action is necessary to act on these issues now.
- The FDA has stated that preventing youth tobacco use is a goal and taken several steps to restrict the use of flavored tobacco products:
 - In March of 2018, the Food and Drug Administration (FDA) issued an advance notice of proposed rulemaking (ANPRM) to obtain information about how flavors attract youth to initiate tobacco use, and the role they might play in helping adults quit.³⁴
 - In April of 2018, the FDA and Federal Trade Commission (FTC) took regulatory actions and sent warning letters to tobacco companies that are “misleading kids with e-liquids that resemble children’s food products.”³⁵
 - In November of 2018, the FDA announced that it planned to prohibit the sale of most flavored e-cigarettes in retail stores and gas stations (not including mint and menthol flavored products), and require age-verification on online sales.³⁶
 - On September 11, 2019, President Trump and FDA announced they plan to “clear the market of unauthorized, non-tobacco-flavored e-cigarette products.” The FDA release states: “Preliminary numbers from the National Youth Tobacco Survey show a continued rise in the disturbing rates of youth e-cigarette use, especially through the use of non-tobacco flavors that appeal to kids. In particular, the preliminary data show that more than a quarter of high-school students were current (past 30 day) e-cigarette users in 2019 and the overwhelming majority of youth e-cigarette users cited the use of popular fruit and menthol or mint flavors.”³⁷

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ClearWay MinnesotaSM Policy Position Ten:

ClearWay Minnesota supports raising the minimum legal sale age for 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.**¹ 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 nearly all report first using before age 26.² In Minnesota, 78.3 percent of smokers tried their first cigarette when they were 18 or younger.^{3,4} Young people who initiate smoking as teens are at greater risk of becoming addicted adult smokers.^{5,6} Although national youth smoking rates have declined significantly,⁶ electronic cigarettes and other products risk creating new generations of young people who are addicted to tobacco.⁷
- **Youth tobacco use in Minnesota has increased for the first time in 17 years.** A dramatic increase in e-cigarette use, now called an epidemic by the FDA and the U.S. Surgeon General, has disrupted a downward trend in youth tobacco use overall.^{7,8,9} While only five percent of 11th graders now report smoking cigarettes, one in four (26 percent) reported using e-cigarettes in the past 30 days⁹ (a 54 percent increase since 2016).¹⁰ Younger students also report increasing use of e-cigarettes with 11 percent of 8th graders and 16 percent of 9th graders vaping in the past 30 days⁹ (a 95 percent and 75 percent increase, respectively, since 2016).¹⁰
- **Adolescents are especially vulnerable to the health impacts of tobacco use.** The effects of nicotine are harmful to adolescents. Exposure could harm brain development and predispose future tobacco use. Brief or continuous exposure to nicotine elicits lasting neurobehavioral damage.⁶ According to the Surgeon General: “[The] earlier age of onset of 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. 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.”¹¹ 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 safe for youth.¹²
- **Many smokers transition to regular, daily use between the ages of 18 and 21.** Nearly 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.^{13,14} It is estimated that four out of five adult smokers become regular daily smokers before they turn 21.^{13,14} 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.
- **Older adolescents, including friends and classmates, are a source of tobacco for youth.** Many of those who purchase cigarettes for minors are under the age of 21.^{15,16} In the United States, more than 60 percent of 10th-grade students and nearly half (45.7 percent) of eighth-grade students report that getting cigarettes or e-cigarettes is easy.¹⁷ 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.¹⁸ In Minnesota, over 70 percent of 11th grade students who use e-cigarettes report that they got them from friends.⁹ Research has shown that smokers 18 to 19 years of age are the group most likely to have been asked to provide tobacco to those who are underage.¹⁹ Raising the

minimum legal sale 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.^{20,21}

- **Tobacco companies market to 18-21-year-olds.** The tobacco industry heavily targets 18-21-year-olds using tactics like flavoring, magazine advertisements and event sponsorships to attract young people to tobacco.^{22,23} Eighty-eight percent of Minnesota high-school students are exposed to ads promoting e-cigarettes.⁸ Internal industry documents note that if cigarette companies don't "capture new users by their early twenties, it is unlikely that they ever will."²⁴ 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.⁶ Internal documents from Philip Morris said, "Raising the legal minimum age for cigarette purchase 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."²⁵
- **Raising the minimum legal sale age for tobacco products to 21 would simplify enforcement.** In the retail environment it is more difficult for an adolescent to pass as a 21-year-old than an 18-year-old.²⁰ 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 21.²⁴
- **Raising the minimum legal sale age for tobacco products to 21 would improve the health of young people and save lives.** It would lower prevalence by reducing youth initiation, reduce diminished performance tied to teen smoking, and substantially reduce tobacco-related disease and death.² According to a 2015 report from the Institute of Medicine (now the National Academy of Sciences, Engineering and Medicine), increasing the legal sale age to 21 will mean fewer teenagers starting to smoke. Most notably, 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.² While the models used only addressed cigarette smoking, the committee determined that its results would likely apply across all tobacco products. In the Jan/Feb 2017 edition of *Minnesota Medicine*, a paper on Tobacco 21 was authored by ClearWay Minnesota and MDH researchers.²⁶ The paper estimated that if Tobacco 21 was in effect statewide, 3,300 fewer young people in a cohort of 15-year-olds would not take up smoking.²⁷
- **While limited, there is research from places that have implemented policies to support increasing the minimum legal sale age.**
 - After Needham, Massachusetts, increased its tobacco sales age to 21 in 2005, tobacco use among high-school students was reduced by nearly half.²⁸ 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.
 - In California, compliance data for 15-16-year-olds showed a 45-percent reduction in sales of tobacco products to underage buyers before and after the law. Before the law, 10.3 percent of sampled retailers sold tobacco to 15 to 16 year olds. After the law, 5.7 percent of sampled retailers sold tobacco to 15-16-year-olds. Prior to the higher sale age law, for this age group, the retailer violation rate had been flat since 2009, suggesting strongly that the higher age limit is related to the decline. There was also a significant decrease in illegal tobacco sales among tobacco-only retailers after the law was implemented.²⁹

- Less than one year after Oregon's Tobacco 21 policy went into effect, initiation of tobacco use among youth and young adults had already decreased. Recent initiation decreased significantly among current tobacco users aged 13 to 17 years (from 34 percent to 25 percent) and aged 18 to 20 years (from 23 percent to 18 percent). Additionally, the percentage of tobacco users aged 18 to 29 years who reported that it was "sort of easy" or "very easy" to obtain tobacco products decreased significantly.³⁰
 - 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.^{31,32}
 - Finally, recent research found that local tobacco 21 policies yield a substantial reduction in smoking among 18-20-year-olds living in metropolitan and micropolitan statistical areas.³³ Additional time is needed to fully assess the impact of existing Tobacco 21 policies.
- **"Purchase, use and/or possession" laws don't reduce underage smoking.**³⁴ Youth access laws that focus on restricting sales to minors exist in all states and they are effective in reducing youth smoking. Most states also have laws that prohibit the purchase, use, and/or possession (PUP) of tobacco by minors. Violating a PUP law can lead to fines or community service. However, PUP laws punish minors while ignoring the role of the tobacco industry in marketing tobacco to children. There is also consensus from national health organizations that Tobacco 21 policies should eliminate PUP laws.
- **There are minimal impacts of a Tobacco 21 policy on retailers.** Raising the tobacco sales minimum age to 21 years across the United States would decrease tobacco retailer and industry sales by approximately 2 percent but could contribute to a substantial reduction in the prevalence of youths' tobacco use and dependency by limiting access.³⁵
- **The tobacco industry targets members of the military.**³⁶ The tobacco industry saw the military as a desirable prospect for many reasons, including young adult servicemen, who R.J. Reynolds described as "less educated," "part of the wrong crowd" and "classic downscale smoker."³⁷ Lorillard said "there isn't a market in the country that has the sales potential for Newport like the military market," adding that "the plums are here to be plucked."³⁸
- **Military service members use tobacco products more than the general population.** In 2015, 13.9 percent of active duty service members reported currently smoking, a nearly 50 percent decrease from the 2011 rate.³⁹ Despite the decrease in smoking prevalence, more than one third (35.7 percent) of active duty military service members have tried e-cigarettes, 12.4 percent used e-cigarettes in the past month, and 11.1 percent are daily e-cigarette users;³⁹ three times higher than the rate at which the general population was using these products in 2014. Military service members also use cigars (8.7 percent) at nearly twice the rate of the general population and smokeless tobacco (12.7 percent) at more than three times the rate of the general population.³⁹ Smoking rates vary significantly by service, ranging from 9 percent in the U.S. Air Force to 20.7 percent in the U.S. Marine Corps.³⁹ Alarmingly, many current military smokers – 36 to 40 percent – report initiating tobacco use after joining the military.⁴⁰
- **Tobacco use among military members harms health, readiness and performance, and costs our country billions each year.** The Department of Defense estimates 175,000 current Active Duty Service members will die from smoking.⁴¹ Tobacco use reduces soldiers' physical fitness and endurance and is linked to higher rates of absenteeism and lost productivity. In addition, service members who use tobacco are more likely to drop out of basic training, sustain injuries and have poor vision, all of which compromise troop readiness.⁴⁰ The DoD spends more than \$1.6 billion each year on tobacco-related medical care, increased hospitalization and lost days of

work.⁴⁰ It has also been estimated that \$2.7 billion in Veterans Health Administration health care expenditures are due to the health effects of smoking.⁴²

- **The Department of Defense and each of the armed services has a stated goal of a tobacco-free military.**⁴³ The Department of Defense and the Army, Navy, Marines and Air Force have each set goals to become tobacco-free.⁴⁰ The military recognizes the negative impact of tobacco on troop readiness and soldiers' health, and in April 2016, the Department of Defense approved actions "to ensure a comprehensive tobacco policy that assists with preventing initiation of tobacco use, helping those who want to quit using tobacco succeed, and decreasing exposure to secondhand smoke for all our people."⁴⁴ Service members from around the country have stated support for increasing the tobacco age to 21.

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.² 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.²⁴ Most states set the minimum age at 18; two states (Arkansas and Alabama) have a minimum age of 19.² As of August, 2019, at least 480 localities in 29 states have raised the tobacco sale age to 21. A total of 18 states have raised the tobacco products sale age to 21.⁴⁵
- There is clear consensus from national health organizations like the American Cancer Society, the American Heart Association and the American Lung Association that Tobacco 21 policies should eliminate PUP penalties. These organizations as well as Minnesotans for a Smoke-Free Generation oppose Tobacco 21 policies that include PUP penalties. Many of the state's communities that have raised the tobacco age to 21 considered expanding PUP penalties. After studying the evidence, hearing concerns from national groups like the American Cancer Society and listening to their constituents, they decided against it. Ultimately, almost all of Minnesota's Tobacco 21 communities have not expanded PUP penalties beyond state law, concluding that it was best for their community to support a responsible retail environment rather than penalize youth. It is also important to note that schools will still have their own policies that prohibit tobacco use inside and on grounds. They are free to set their own policy and restrictions, regardless of if PUP penalties have been removed.
- 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.⁴⁶
 - A 2013 national survey found 70 percent of adults were in favor of Tobacco 21.⁴⁷
 - In 2014 a national survey found 75 percent of adults in favor of increasing the minimum purchase age for tobacco to 21.²² 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 sale age for tobacco to 21.
- The FDA, through the National Academy of Sciences, Engineering and 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 2015.² 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 sale age for 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.
- 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.⁴⁸ However, social sources of tobacco may become increasingly important as other restrictions at point of sale increase.¹⁵ 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."^{49,50}
 - Minnesotans for a Smoke-Free Generation, a coalition of over 60 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 and/or 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.
 - Legislation to increase the tobacco sales age to 21 has been introduced the last three legislative sessions (2017, 2018 and 2019). While the legislation did not receive a single hearing in 2017 and 2018, it made significant progress in 2019 with Representative Heather Edelson and Senator Carla Nelson as the chief authors. A growing number of legislators from both sides of the aisle supported this legislation and it cleared committees in both chambers. It was ultimately included in the House HHS Omnibus bill, but did not get included in the final HHS budget bill.

- On April 18, 2017, the Edina City Council voted unanimously to increase the tobacco age from 18 to 21, making Edina the first locality in Minnesota to pass a Tobacco 21 policy. Since then, over 44 communities around the state have passed Tobacco 21 policies and dozens more are actively considering it.

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ClearWay MinnesotaSM Policy Position Eleven:

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

Facts:

- **New generations of e-cigarettes are presenting new dangers.** Today's e-cigarette products have high appeal to youth, are easily concealed, resemble non-tobacco products like external computer drives, and are engineered to deliver very high levels of nicotine to users. Nicotine salt technologies in the new generation of e-cigarettes have facilitated the increase in nicotine content and reduced the irritation of these potent products especially for nicotine-naïve users. For example, JUUL e-cigarettes use pods that contain more nicotine than a pack of 20 cigarettes.^{1,2} The nicotine "hit" JUUL delivers to users is stronger than that of most other e-cigarettes.^{3,4} The high nicotine content in JUUL may be influencing other e-cigarette manufacturers to increase the nicotine concentrations of their e-liquids as well.¹ Evidence suggests that use of e-cigarettes with higher nicotine concentrations by youth may increase subsequent frequency and intensity of smoking and vaping.⁵ In particular, research on the frequency of JUUL use patterns among youth and young adults suggest regular use,⁶ rather than experimentation. The rapid increase in use of JUUL and other e-cigarettes among youth has led to the Surgeon General releasing an Advisory in December of 2018 describing e-cigarette use as an epidemic among youth.
- **Youth are using e-cigarettes more than adults.** The National Youth Tobacco Survey found that among U.S. high-school students in 2018, 20.8 percent reported using electronic cigarettes in the past 30 days – a 78-percent increase from 11.7 percent in 2017.⁷ Similarly, Monitoring the Future survey found a significant increase in nicotine vaping among 10th and 12th graders between 2017 and 2018 – the largest increase in substance use among that age group in the survey's 44 year history.⁸ In Minnesota, one in four (26 percent) reported using e-cigarettes in the past 30 days⁹ (a 54 percent increase since 2016).¹⁰ In comparison, 20.7 percent of adults in Minnesota have tried e-cigarettes at least once, and 6 percent have used them in the past 30 days.¹¹ The 2017 Minnesota Youth Tobacco Survey also reported that 37.7 percent of high-school students have tried e-cigarettes.¹² Research has indicated that youth may be unaware of the amount of nicotine they are exposed to through e-cigarettes.¹³ Most Minnesota students do not perceive e-cigarettes as harmful with 76 percent of Minnesota 11th-graders saying there is "no, slight, or a moderate risk to using e-cigarettes."⁹
- **E-cigarettes are the most commonly used tobacco product among youth.** 26 percent of Minnesota 11th grade students have used e-cigarettes in the past 30 days, compared to 5.3 percent who have smoked cigarettes.⁹ Younger students also report increasing use of e-cigarettes with 11 percent of 8th graders and 16 percent of 9th graders vaping in the past 30 days⁹ (a 95 percent and 75 percent increase, respectively, since 2016).¹⁰ Students in all grades surveyed by the 2019 Minnesota Student Survey use e-cigarettes at five times the rate of conventional cigarettes.⁹ The 2016 National Adult Tobacco Survey reported that the top reasons middle- and high-school students use e-cigarettes are that they are used by friends or family, they are available in flavors such as mint, candy, fruit and chocolate, and they perceive them to be less harmful than cigarettes.¹⁴ Research, however, suggests that misperceptions about nicotine and e-cigarettes are widespread among adolescents.¹⁵ In particular, JUUL has become the most popular product among younger people⁶ and has now become the largest e-cigarette retail brand in the U.S.¹⁶

- **Most Minnesota students who use e-cigarettes get them from friends.** Students surveyed in the 2019 Minnesota Student Survey reported getting e-cigarettes primarily from their friends (71 percent for 8th graders, 76 percent for 9th graders and 72 percent for 11th graders).⁹ Others bought e-cigarettes from a tobacco shop (5 percent for 8th graders, 7 percent for 9th graders and 14 percent for 11th graders) or on the internet (8 percent for 8th graders, 8 percent for 9th graders and 10 percent for 11th graders).⁹ The 2017 Minnesota Youth Tobacco Survey also reported that 32 percent of Minnesota high-school students are buying their e-cigarettes directly from retailers.¹⁷
- **E-cigarette marketing and flavoring appeal to youth.** Youth exposure to e-cigarette ads has increased by more than 250 percent in recent years.¹⁸ 88.4 percent of middle- and high-school students in Minnesota have seen ads for e-cigarettes in the past 30 days, and of those who saw five or more ads over the past 30 days, 29.9 percent are current e-cigarette users.¹⁷ A recent study found even youth who were exposed to e-cigarette ads with “low youth appeal” were more likely to express an interest in e-cigarettes compared to the control group, suggesting any exposure to e-cigarette ads piques interest in the product among youth.¹⁹ The popularity of e-cigarette brands such as JUUL has been reflected in both company and user-generated social media presence,²⁰ which further fuels youth knowledge and exposure to these products. Studies demonstrate that advertising exposure is related to current e-cigarette use among students, and may increase the urge to smoke combustible cigarettes.^{18,21,22 23,24} The association between e-cigarette marketing exposure and youth is not accidental. In a study of JUUL marketing from 2015-2018, researchers at the Stanford Institute for the Impact of Tobacco Advertising have found evidence that JUUL advertising initially followed tobacco industry tactics for attracting young people.²⁵ Flavored tobacco appeals to kids,²⁶ and although federal law prevents most flavors from being added to cigarettes, e-cigarette makers are still allowed to use candy flavors like gummy bear, cotton candy, and many others.²⁷
- **There is growing evidence that e-cigarette use poses health risks.**
 - *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.²⁸
 - *Studies show adverse short-term health effects of using e-cigarettes on cardiovascular and lung health.* Adolescents new to e-cigarettes have increased symptoms of chronic bronchitis.²⁹ E-cigarette aerosol has the potential to enhance susceptibility to pneumonia among adolescents and adults.^{30,31} A recent study conducted among teenagers who used e-cigarettes showed exposure to volatile organic compounds that are also carcinogenic.³² Another study conducted on 10 tobacco-naïve individuals found that even brief exposure to e-cigarette vapor has adverse effects on human lung biology.³³ Research on adults in their early twenties found that e-cigarette use increased peripheral and central blood pressure as well as arterial stiffness for a longer duration than conventional cigarettes.³⁴ A recent study found that daily e-cigarette use can nearly double the odds of a heart attack.³⁵
 - *Flavorings in e-liquids are shown to be harmful when inhaled.* Flavor ingredients that have been tested to determine safety for ingestion become hazardous when inhaled as an aerosol. Airway tissue becomes inflamed and damaged when exposed to these flavorings.³⁶ 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.³⁷⁻⁴⁰
 - *Nicotine poisonings from e-cigarettes pose a danger to children.* E-cigarette liquid can be dangerous if swallowed or absorbed through the skin, and poisonings of individuals exposed to e-cigarette

liquids have occurred in Minnesota and across the country.⁴¹ More than two thirds of the incidents in Minnesota involved children or teens.

- **E-cigarette use may be associated with starting to smoke combustible cigarettes.** Research shows that exposure to e-cigarette use can trigger the urge to smoke combustible cigarettes.⁴² Once kids start using one tobacco product, they are more likely to experiment with others.^{26,43} Studies have shown that use of e-cigarettes is independently associated with subsequent initiation of combustible cigarette use⁴⁴⁻⁴⁶ and may be expanding the tobacco market by attracting low-risk youth who would not otherwise have initiated tobacco use.⁴⁷ There is also some evidence that e-cigarettes use may predict subsequent marijuana use among youth.⁴⁸
- **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.^{49,50,51-53} The concentration of toxins produced can vary greatly among the many different types of e-cigarettes. There is evidence that e-cigarette aerosol residue may spread through multi-unit buildings, thereby exposing non-users to potentially dangerous chemicals.⁵⁴ 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.⁵⁵ According to MATS 2018, 83.9 percent of adult Minnesotans reported e-cigarettes or vaping devices are not allowed anywhere inside the home. However, only 32.3 percent of past 30 day e-cig users reported having voluntary vape-free home rules. Nationally, 58.6 percent of all adults, and 21.6 percent of current e-cig users, prohibit electronic vapor product use in the home.⁵⁶
- **E-cigarettes are not currently approved by the FDA as a quit-smoking aid and the evidence is insufficient to recommend e-cigarettes for smoking cessation (USPSTF).**⁵⁷ Studies are showing that many adults are using e-cigarettes in attempts to quit.⁵⁸ The CDC states that e-cigarettes have the potential to benefit adult smokers who are not pregnant if used as a complete substitute for conventional cigarettes and other combustible tobacco products. Several studies show that adult smokers who used e-cigarettes were more likely to have successfully quit compared to nonusers.⁵⁹ However, other research raises concerns that dual use of e-cigarettes and conventional cigarettes may actually make quitting more difficult,⁶⁰ and e-cigarettes are not proven to be better for quitting than existing cessation programs.⁵⁷ Research on their potential as cessation aids should continue.

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 leaf, but most 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 U.S. Surgeon General’s Office released a new report titled *E-Cigarette Use Among Youth and Young Adults*. The report states that e-cigarettes are unsafe for young people to use, noting risks of inhaling aerosol, nicotine risks to the brain, and the potential for addiction, dual use of tobacco products and use of substances such as alcohol and marijuana.³⁹ Responding to the rapidly increasing prevalence of e-cigarette use among youth, the Surgeon General followed-up with an Advisory in December 2018 declaring youth e-cigarette use as an epidemic and called for more prevention and regulation of the product to reduce harms to the public’s health.
- ClearWay Minnesota supports FDA applying the same flavoring, advertising and marketing restrictions for e-cigarettes as for conventional cigarettes. The 2009 Family Smoking Prevention and Tobacco Control Act

authorized to “deem” “new [non-cigarette] tobacco products” that would require marketing authorization from the agency in order to be sold. In 2016, defined e-cigarettes as “new tobacco products” and imposed restrictions such as barring youth under 18 from purchasing them, requiring e-cigarette sellers to register and manufacturers to provide details of ingredients and manufacturing process, disallowing distribution of sample products in stores and barring youth under 18 from purchasing e-cigarettes. Initially, FDA suggested balance should be achieved between regulation and encouraging potentially less harmful tobacco products, and in 2017, it delayed regulations on e-cigarettes as well as other “new tobacco product” restrictions. However, in 2018, as youth e-cigarette use rates rose around the country, Commissioner Dr. Scott Gottlieb announced FDA would take new steps to address what he described as an epidemic of youth use.⁶¹ Since then, the agency has released new guidance on its e-cigarette regulations,⁶² which includes point-of-sale restrictions, conducting retailer and manufacturer checks, increasing requirements for manufacturers, using premarket review requirements, providing data to inform premarket applications and enforcing existing policies.⁶³ On September 11, 2019, President Trump and FDA announced they plan to “clear the market of unauthorized, non-tobacco-flavored e-cigarette products.” The FDA release states: “Preliminary numbers from the National Youth Tobacco Survey show a continued rise in the disturbing rates of youth e-cigarette use, especially through the use of non-tobacco flavors that appeal to kids. In particular, the preliminary data show that more than a quarter of high-school students were current (past 30 day) e-cigarette users in 2019 and the overwhelming majority of youth e-cigarette users cited the use of popular fruit and menthol or mint flavors.”⁶⁴

- ClearWay Minnesota also supports state and local governments applying tobacco policies to e-cigarettes. Some policies are already in place to protect kids from e-cigarettes. In addition to Minnesota’s clean indoor air law prohibiting e-cigarette use in most indoor workplaces, Minnesota law also 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.⁶⁵ 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.⁶⁶ In addition to e-cigarettes being covered by the Clean Indoor Air Act, many private businesses restrict e-cigarette use as well, though there are no comprehensive clean indoor air policies on Minnesota’s American Indian tribal lands.
- In 2019, the State Legislature passed and Governor Tim Walz signed a bill extended the Minnesota Clean Indoor Air Act (Freedom to Breathe Act) to prohibit e-cigarette use in all indoor workplaces where cigarette smoking is already prohibited. Taking effect in August of 2019, the change followed a long line of Minnesota communities passing such restrictions at the local level. Minnesotans statewide are now protected from e-cigarette aerosol in indoor public spaces. While the new law covers indoor public spaces, Minnesotans are also imposing such policies in their homes.
- Although e-cigarettes are considered tobacco products under federal and state law, and have not been approved for smoking cessation, QUITPLAN Services, ClearWay Minnesota’s free tobacco cessation program, neither endorses nor discourages e-cigarette use to quit smoking. QUITPLAN Services suggests smokers stop both cigarette and e-cigarette use, but does not press them if they wish to continue using e-cigarettes after quitting combustible tobacco use. QUITPLAN Services also encourages participants to use FDA-approved NRT rather than e-cigarettes. Counselors communicate to smokers that while short-term e-cigarette use is generally recognized as less harmful than cigarette smoking, the risks of long-term e-cigarette use are not well understood.
- Some communities nationally and here in Minnesota are restricting the sale of e-cigarettes altogether. In 2019, San Francisco banned the sale of all e-cigarettes in the city. Juul is currently backing a ballot measure to overturn that policy. In 2018, Brooklyn Center, Minnesota, passed a policy to restrict the sale of all e-cigarettes to adult only tobacco shops.

- In July 2019, Rep. Raja Krishnamoorthi, the Chairman of the U.S House Subcommittee on Economic and Consumer Policy, released a [supplemental memo](#) based on approximately 55,000 non-public documents JUUL Labs, Inc. produced to the Subcommittee and the Massachusetts Attorney General in response to the Subcommittee's investigation launched in June 2019. The Subcommittee found documents revealed examples of direct marketing to youth by JUUL, the e-cigarette manufacturer that controls a 70+ percent market share for vaping products. The company's tactics included paying schools for the opportunity to present "addiction education" sessions in high-school classrooms (without teachers present), running a summer camp for kids as young as third-graders, and paying social media "influencers" to vape on youth-followed channels of YouTube, Instagram, etc. Demographic data on the students and campers was also collected for use by the company. In addition to their youth marketing, the company also had initiatives to build inroads among American Indian tribes and veterans' groups.

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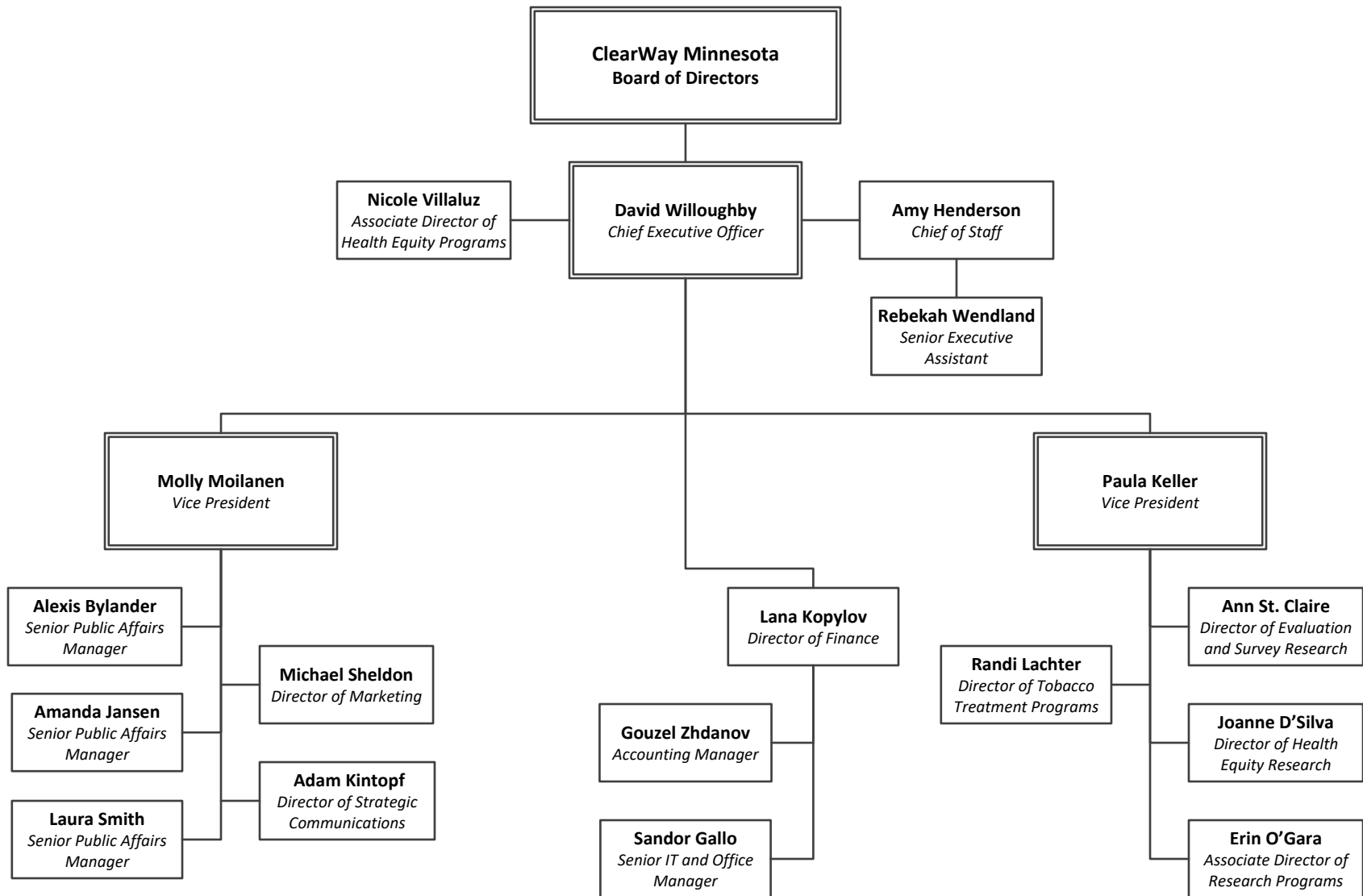
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Appendix F

ClearWay Minnesota Organizational Chart





Appendix G

ClearWay Minnesota Executive Management Team Biosketches

ClearWay MinnesotaSM Executive 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 2019, the Executive Management Team of the organization consisted of:

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

David J. Willoughby has served as Chief Executive Officer of ClearWay Minnesota since November of 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.

In addition to his responsibilities at ClearWay Minnesota, Willoughby works with the Funder's Alliance, a group of state foundation executive directors from across the country who work on tobacco control. He is also active in a group of leaders from limited-life foundations similar to ClearWay Minnesota. Willoughby served on the Board of the North American Quitline Consortium (NAQC) for five years and was Board Chair of that organization for three years.

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

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

Vice President Paula Keller, M.P.H.

Paula Keller oversees all aspects of ClearWay Minnesota's research and cessation activities, including but not limited to the Minnesota Adult Tobacco Survey (MATS) and QUITPLAN® Services.

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 co-chairs the Society for Research on Nicotine and Tobacco's Public Health Policy Research Network. 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.

Vice President Molly Moilanen, M.P.P.

Molly Moilanen oversees ClearWay Minnesota's marketing, communications and public policy efforts. For nearly a decade, Moilanen has co-chaired the statewide tobacco control coalition, currently called Minnesotans for a Smoke-Free Generation, which has more than 60 member organizations. In 2013, the coalition helped pass the largest tobacco tax in Minnesota history projected to prevent nearly 50,000 youth from becoming addicted to tobacco. Other notable coalition accomplishments under Moilanen's leadership include passing statewide legislation adding e-cigarettes to Minnesota's clean indoor air policy and securing an annual state appropriation for tobacco cessation services. Since joining ClearWay Minnesota in 2004, Moilanen 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, Moilanen 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.

Interim Chief Financial Officer Bruce Noyes

Bruce Noyes was retained in July of 2019 as the Interim Chief Financial Officer (CFO) to replace Steven Bader, who departed after five years with ClearWay Minnesota. In the role as Interim CFO, Noyes has worked with the CEO, the Executive Management Team and the Board of Directors to provide direction and oversight over organizational investment, finance and accounting responsibilities and reporting. During his tenure, Noyes has supported the successful liquidation of the majority of the private equity investments for ClearWay Minnesota to minimize ongoing investment risks and uncertainty of future cash flows. Noyes has supported the strategic financial planning and cash flow modeling required for management and the Board to manage cash flow availability against the competing needs of programs and resources required as the organization plans for termination of operations as of December 2021. During his tenure as Interim CFO he has worked closely with the Audit/Finance Committee to provide reporting and information necessary to support their role and responsibilities.

Prior to joining ClearWay Minnesota, Noyes had nearly 40 years of experience as a management consultant providing financial and operations consulting, business advisory and interim leadership services, with a focus in the health care industry and not-for-profit organizations. His experience includes a broad base of finance, operations, and information system implementation experience with hospitals, health systems, physician organizations, academic medical centers, long-term care and home care organizations.

Vice President Andrea Mowery (resigned in November of 2018)

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.

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

Vice President Barbara A. Schillo, Ph.D. (resigned in November of 2018)

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, Schillo served as the organization's Director of Research Programs from 2001 to 2008. 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, 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 joining ClearWay Minnesota, she served as a Senior Program Director for the Michigan Public Health Institute. 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 above).

Chief Financial Officer Steven Bader (resigned in July of 2019)

Steven Bader was responsible for all investment, administration, finance and accounting programs at ClearWay Minnesota from 2015 through 2019. Working closely with the ClearWay Minnesota Executive Management Team and Board of Directors, Bader focused on strategic long-term financial planning as ClearWay Minnesota prepares for its sunset. During his tenure as CFO, he was 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.

In July of 2019, Bader resigned from ClearWay Minnesota. His duties are now performed by Bruce Noyes (see above).



Appendix H

ClearWay MinnesotaSM Financial Statements and Independent Auditors' Report

ClearWay MinnesotaSM

Financial Statements Together with Independent Auditor's Report

June 30, 2019

CLEARWAY MINNESOTASM

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
ClearWay MinnesotaSM
Bloomington, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of ClearWay MinnesotaSM (a nonprofit organization) which comprise the statement of financial position as of June 30, 2019 and 2018 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ClearWay MinnesotaSM as of June 30, 2019 and 2018 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.

Roseville, Minnesota
September 6, 2019



CLEARWAY MINNESOTASM

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

ASSETS		
	<u>2019</u>	<u>2018</u>
Cash	\$ 250,149	\$ 250,060
Accounts Receivable	9,598	45,997
Prepaid Expenses	49,317	47,445
Investments	14,441,492	26,118,884
Equipment and Leasehold Improvements, Net	<u>9,121</u>	<u>26,834</u>
 TOTAL ASSETS	 <u>\$ 14,759,677</u>	 <u>\$ 26,489,220</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	\$ 427,731	\$ 496,822
Accrued Expenses	558,926	509,444
Grants Payable	521,417	1,527,756
Total Liabilities	<u>1,508,074</u>	<u>2,534,022</u>
NET ASSETS:		
Without Donor Restrictions- Designated for Tobacco Research and Other Tobacco Control Purposes	<u>13,251,603</u>	<u>23,955,198</u>
Total Net Assets	<u>13,251,603</u>	<u>23,955,198</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 14,759,677</u>	 <u>\$ 26,489,220</u>

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

CLEARWAY MINNESOTASM**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
REVENUE AND GAINS:		
Net Investment Income (Losses)	\$ (113,816)	\$ 936,349
Contributions and Grants	<u>13,602</u>	<u>116,641</u>
Total Revenue and Gains (Losses)	<u>(100,214)</u>	<u>1,052,990</u>
EXPENSES:		
Program Services:		
Tobacco Cessation	7,858,375	11,138,492
Research and Other Tobacco Issues	<u>1,383,282</u>	<u>2,595,283</u>
Total Program Services	<u>9,241,657</u>	<u>13,733,775</u>
Supporting Services:		
General and Administrative	<u>1,361,724</u>	<u>1,456,443</u>
Total Expenses	<u>10,603,381</u>	<u>15,190,218</u>
CHANGE IN NET ASSETS	(10,703,595)	(14,137,228)
NET ASSETS at Beginning of Year	<u>23,955,198</u>	<u>38,092,426</u>
NET ASSETS at End of Year	<u>\$ 13,251,603</u>	<u>\$ 23,955,198</u>

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

CLEARWAY MINNESOTASM

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2019 AND 2018

	2019				2018			
	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	\$ 1,158,108	\$ 425,359	\$ 845,392	\$ 2,428,859	\$ 1,449,696	\$ 476,784	\$ 1,926,480	\$ 2,801,987
Benefits	280,557	102,382	206,349	589,288	349,401	109,881	459,282	680,977
Retention/Severance	141,528	51,981	103,312	296,821	181,607	59,728	241,335	351,012
Payroll Taxes	91,356	33,554	66,688	191,598	108,500	35,684	144,184	209,710
Total Personnel Expenses	1,671,549	613,276	1,221,741	3,506,566	2,089,204	682,077	2,771,281	4,043,686
Consultants	6,489	2,370	4,445	13,304	22,926	6,454	29,380	37,478
Evaluation Fees	40,638	41,091	-	81,729	193,664	61,759	255,423	255,423
Professional Fees	68,301	28,081	45,690	142,072	119,566	26,252	145,818	189,196
Occupancy	62,058	22,865	42,885	127,808	64,918	19,471	84,389	126,722
Telephone	18,640	8,299	10,262	37,201	21,423	7,896	29,319	39,708
Equipment Rental and Repair	6,316	2,327	4,365	13,008	12,955	2,008	14,963	19,385
Printing	24,731	615	19	25,346	79,837	437	80,274	80,311
Postage	1,780	738	1,161	3,679	3,886	1,355	5,241	9,674
Office Supplies	5,349	1,912	3,542	10,803	7,445	2,166	9,611	19,433
Program Supplies	10,883	1,959	1,042	13,884	13,874	6,725	20,599	24,280
Conferences and Meetings	19,841	6,875	5,913	32,629	43,749	16,246	59,995	96,323
Travel	35,486	16,785	3,751	56,022	39,056	11,552	50,608	53,192
Insurance	7,947	2,928	5,491	16,366	8,439	2,531	10,970	16,474
Public Education/Relations	3,290,780	2,513	3,728	3,297,021	4,862,132	2,251	4,864,383	4,868,244
Program Grants and Contracts	2,576,461	626,548	-	3,203,009	3,540,827	1,741,815	5,282,642	5,282,642
Depreciation	8,600	3,169	5,943	17,712	11,483	3,444	14,927	22,415
Miscellaneous	2,526	931	1,746	5,203	3,108	844	3,952	5,632
Total Functional Expenses	\$ 7,858,375	\$ 1,383,282	\$ 1,361,724	\$ 10,603,381	\$ 11,138,492	\$ 2,595,283	\$ 13,733,775	\$ 15,190,218

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

CLEARWAY MINNESOTASM

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (10,703,595)	\$ (14,137,228)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Flows From Operating Activities:		
Depreciation	17,712	22,415
Realized Gains on Investments	(1,315,544)	(1,153,218)
Unrealized Losses on Investments	1,665,015	533,431
Change in Assets and Liabilities:		
Accounts Receivable	36,399	205
Prepaid Expenses	(1,872)	2,206
Accounts Payable	(69,090)	84,761
Accrued Expenses	49,482	332,854
Grants Payable	(1,006,339)	(353,092)
Net Cash Flows From Operating Activities	<u>(11,327,832)</u>	<u>(14,667,666)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(9,999,799)	(18,477,274)
Proceeds from Sale of Investments	21,327,720	33,378,581
Net Cash Flows From Investing Activities	<u>11,327,921</u>	<u>14,901,307</u>
NET CHANGE IN CASH	89	233,641
CASH at Beginning of Year	<u>250,060</u>	<u>16,419</u>
CASH at End of Year	<u>\$ 250,149</u>	<u>\$ 250,060</u>

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

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

ClearWay MinnesotaSM (Organization) is an independent, nonprofit organization that works to improve the health of all Minnesotans by eliminating the harm caused by tobacco. The Organization 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 the Organization 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 the Organization is required to report information regarding its financial position and activities according to two classes of net assets, without donor restrictions and with donor restrictions. The Organization has no net assets with donor restrictions.

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. The Organization capitalizes assets with a cost of \$2,500 or greater.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

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, 2019 and 2018. 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 MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Under generally accepted accounting principles as outlined in the Financial Accounting Standards Board's *Accounting Standards Codification* (ASC) 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 - Financial assets and liabilities are valued using inputs that are quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 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.

The Organization follows ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value (NAV) per Share (or Its Equivalent)*. This guidance removes those investments that calculate NAV per share from the fair value hierarchy. If it is probable an investment that was measured at the net asset value will be sold at an amount different from the net asset valuation, the valuation is based on the Funds estimated discounted cash flows, transactions in the secondary market and bids received from potential buyers.

Functional Allocation of Expense

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. General and administrative that are common to several functions are allocated based on the proportion of each program's direct and personnel expenses to the total program direct and personnel expenses.

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.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income Taxes

The Organization 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.

Change in Accounting Principle

In 2019, the Organization implemented Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, applying the changes retrospectively. The new standard changes the following aspects of the financial statements:

- 1) The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- 2) The unrestricted net asset class has been renamed net assets without donor restrictions.
- 3) The financial statements include a disclosure about liquidity and availability of resources.
- 4) Investment and brokerage fees are required to be included with net investment income instead of expenses.

The new standard did not have a significant effect on previously reported net assets.

Recently Issued Accounting Pronouncements

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.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at June 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Leasehold Improvements	\$ 26,243	\$ 26,243
Furniture and Fixtures	67,157	72,587
Office Equipment	50,761	50,761
Computer Software and Equipment	<u>194,622</u>	<u>194,622</u>
	338,783	344,213
Less Accumulated Depreciation	<u>329,662</u>	<u>317,379</u>
Net Equipment and Leasehold Improvements	<u>\$ 9,121</u>	<u>\$ 26,834</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$17,712 and \$22,415, respectively.

NOTE 3 - INVESTMENTS

Investments are stated at fair value at June 30, 2019 and 2018, and consisted of the following:

	<u>2019</u>	<u>2018</u>
Money Market and Short-Term Investment Funds	\$ 8,992,312	\$ 18,412,478
Private Equity Fund of Funds Measured at Fair Value	4,907,000	—
Investments Measured at Net Asset Value	<u>542,180</u>	<u>7,706,406</u>
Total	<u>\$ 14,441,492</u>	<u>\$ 26,118,884</u>

Net investment income for the years ended June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Interest Income	\$ 294,655	\$ 347,038
Realized Gains on Investments	1,315,544	1,153,218
Unrealized Losses on Investments	(1,665,015)	(533,431)
Management Fees and Associated UBIT	<u>(59,000)</u>	<u>(30,476)</u>
Total	<u>\$ (113,816)</u>	<u>\$ 936,349</u>

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Continued)

The following tables, as of June 30, 2019 and 2018, 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
2019:				
Investments Included in the Fair Value Hierarchy:				
Private Equity Fund of Funds	\$ 4,907,000			\$ 4,907,000
Investments Excluded from the Fair Value Hierarchy:				
Money Market and Short-Term Investment Funds	8,992,312			
Investments Measured at Net Asset Value	<u>542,180</u>			
Total Investments	<u>\$ 14,441,492</u>			
2018:				
Investments Excluded from the Fair Value Hierarchy:				
Money Market and Short-Term Investment Funds	\$ 18,412,478			
Investments Measured at Net Asset Value	<u>7,706,406</u>			
Total Investments	\$ 26,118,884			

In 2018, investments measured at net asset value include a portion of the 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. The Net Asset Value on these funds change during the year based on any new capital amounts contributed to the funds, from distributions received from the funds, or by any reported realized and unrealized gains/losses reported by the funds. During the year ended June 30, 2019, distributions received net of new capital contributed was \$1,909,169.

If it is probable an investment that was measured at the net asset value will be sold at an amount different from the net asset valuation, the fair value method must be used. The valuation is based on the Funds estimated discounted cash flows, transactions in the secondary market and bids received from potential buyers. A portion of the private equity fund of funds valued at fair value at June 30, 2019 were previously valued at the net asset value at June 30, 2018.

Due to limited life status, the Organization is planning to liquidate approximately 92% of its value in private equity securities, targeting a sale by September 30, 2019. The Organization has entered into a non-binding Letter of Intent as of August 8, 2019 to negotiate final terms of a sales agreement for its interests in the securities. Early liquidation of the private equity funds based on the proposed purchase price is at a discounted rate from the net asset value reported by fund managers. Based on the proposed sale, the Organization has reduced the fair market value as of June 30, 2019 on the funds it intends to liquidate by 19%, resulting in a reported unrealized loss of \$1,184,062. The fair value of these investments was reclassified from investments measured at net asset value to investments measured at fair value using level 3 inputs as of June 30, 2019.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Continued)

Private equity fund of funds valued using the net asset valuation method includes investments in funds of funds holding underlying positions in funds owning private assets. The valuation method includes unobservable inputs used to determine the value of the private equity investments that are 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.

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2019 and 2018 are as follows:

	2019 Net Asset Value	2018 Net Asset Value	Unfunded Commit- ments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Equity Fund of Funds	\$ 542,180	\$ 7,706,406	\$ 1,308,000	N/A	N/A
Total Investments Measured at Net Asset Value	<u>\$ 542,180</u>	<u>\$ 7,706,406</u>			

The Organization has purchase commitments of \$2,033,000 to invest in private equity fund of funds portfolios (including funds measured at both net asset value and fair value). The Organization does not anticipate the remaining purchase commitments will be called.

NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization maintains and manages adequate operating reserves per policies set by the Board of Directors. The Finance Committee regularly reviews and recommends investment and reserve policies to the board of directors for approval.

Investments consist of funds designated by the Board of Directors for operating reserves. Investment earnings are typically re-invested in the investment portfolio. The Organization may spend from these board designated investments to meet general operating expenditure requirements. The Organization has a limited life and operations are expected to end by June 30, 2022.

Financial Assets:

Cash and Cash Equivalents	\$ 250,149
Accounts Receivable, Net	9,598
Investments	<u>14,441,492</u>
Total Financial Assets	<u>14,701,239</u>

Less Financial Assets not Available within One Year:

Investment not Expected to be Redeemed within One Year	<u>(271,090)</u>
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Amounts Available for General Expenditure within One Year	<u>\$ 14,430,149</u>
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CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CONCENTRATIONS

Financial instruments which potentially subject the Organization 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 6 - GRANTS PAYABLE

Grants payable at June 30, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Payable in Less Than One Year	\$ 449,082	\$ 1,234,058
Payable in One to Five Years	<u>77,398</u>	<u>319,320</u>
Subtotal	526,480	1,553,378
Less: Discount to Present Value at 7.00%	<u>5,063</u>	<u>25,622</u>
Total Grants Payable	<u>\$ 521,417</u>	<u>\$ 1,527,756</u>

NOTE 7 - 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 for current employees over the life of the plan as of June 30, 2019 is \$963,518. The amount recognized in expense in 2019 and 2018 and included with personnel expenses on the statement of functional expenses is \$296,821 and \$351,012. The cumulative retention/severance pay plan liability at June 30, 2019 and 2018 is \$446,242 and \$351,012 and is included in accrued expenses on the statement of financial position. Changes in the retention/severance pay plan liability for the year ended June 30, 2019 are as follows:

Retention/Severance Pay Plan Liability, at June 30, 2018	\$ 351,012
Accrue Current Year Expense	296,821
Payments Made in Current Year	(134,808)
Adjustments for Employees Who Voluntarily Terminated Early	<u>(66,783)</u>
Retention/Severance Pay Plan Liability, at June 30, 2019	<u>\$ 446,242</u>

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - RETIREMENT PLAN

The Organization participates in a 401(k) defined contribution retirement investment plan that covers all employees who meet eligibility requirements. For the years ended June 30, 2019 and 2018, 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 the Organization totaled \$347,193 and \$398,413 for the years ended June 30, 2019 and 2018, respectively.

NOTE 9 - COMMITMENTS

The Organization 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:

Years Ending June 30:	
2020	\$ 110,735
2021	107,376
2022	<u>19,647</u>
Total	<u>\$ 237,758</u>

Occupancy expense for the years ended June 30, 2019 and 2018, was \$127,808 and \$126,722, respectively.

NOTE 10 - SUBSEQUENT EVENTS

The Organization evaluated its June 30, 2019 financial statements for subsequent events through September 6, 2019, the date the financial statements were approved by the Audit/Finance Committee of the Organization. Except as discussed in Note 3, there were no subsequent events which would require recognition or disclosure in the financial statements.



Appendix I

Audited Financial Statement Certification



AUDITED FINANCIAL STATEMENT CERTIFICATION

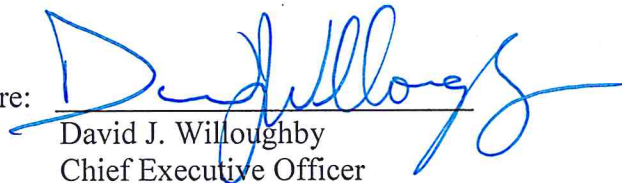
David J. Willoughby certify that:

1. He has reviewed the audited financial statements for the years ended June 30, 2019 and 2018 of ClearWay Minnesota;
2. Based on the knowledge 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 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:

8/26/2019

Signature:


David J. Willoughby
Chief Executive Officer



Appendix J

IRS Form 990
June 30, 2019

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 for instructions and the latest information.

OMB No. 1545-0047

2018Open to Public
Inspection**A** For the 2018 calendar year, or tax year beginning **JUL 1, 2018** and ending **JUN 30, 2019****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)

2 APPLETREE SQ, 8011 34TH AV S

Room/suite

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 \$ **21,588,275.****H(a)** Is this a group returnfor subordinates? ☐ Yes ☒ No**H(b)** Are all subordinates included? ☐ Yes ☐ No

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

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

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: CLEARWAY MINNESOTA IS AN INDEPENDENT NONPROFIT ORGANIZATION WORKING TO IMPROVE THE HEALTH OF		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	15
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	15
	5	Total number of individuals employed in calendar year 2018 (Part V, line 2a)	5	28
	6	Total number of volunteers (estimate if necessary)	6	15
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	16,797.
7b	Net unrelated business taxable income from Form 990-T, line 38	7b	12,695.	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year 116,641.	Current Year 13,602.
	9	Program service revenue (Part VIII, line 2g)	0.	0.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,370,066.	1,545,700.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	114,343.	16,797.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,601,050.	1,576,099.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	5,282,642.	3,203,009.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	4,043,686.	3,506,566.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	16b	Total fundraising expenses (Part IX, column (D), line 25) ▶	0.	
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	5,878,519.	3,905,104.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	15,204,847.	10,614,679.
19	Revenue less expenses. Subtract line 18 from line 12	<13,603,797.>	<9,038,580.>	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year 26,489,220.	End of Year 14,759,677.
	21	Total liabilities (Part X, line 26)	2,534,022.	1,508,074.
	22	Net assets or fund balances. Subtract line 21 from line 20	23,955,198.	13,251,603.

Part II Signature Block

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

Sign Here	Signature of officer	Date			
	DAVID J. WILLOUGHBY, CHIEF EXEC OFFICER	10/30/2019			
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	LINDA M. NELSON, CPA	Linda M. Nelson	10/29/19	<input type="checkbox"/>	P00205567
	Firm's name ▶	Firm's EIN ▶			
	OLSEN THIELEN & CO., LTD	41-1360831			
	Firm's address ▶	Phone no. 651-483-4521			
	2675 LONG LAKE ROAD				
	ST. PAUL, MN 55113				

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 \$ 4,927,405. including grants of \$ 1,646,731.) (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 \$ 1,383,282. including grants of \$ 626,548.) (Revenue \$ 0.)**RESEARCH**

CLEARWAY MINNESOTA CONTRACTS FOR SURVEILLANCE RESEARCH EFFORTS THAT MONITOR TOBACCO USE, ATTITUDES AND BEHAVIORS OVER TIME AND MEASURE THE IMPACT OF TOBACCO CONTROL POLICIES AND PROGRAMS. DURING FISCAL YEAR 2019, CLEARWAY MINNESOTA ENGAGED IN TWO MAJOR SURVEILLANCE INITIATIVES, THE 2018 MINNESOTA ADULT TOBACCO SURVEY (MATS), AND THE SECOND ITERATION OF THE TRIBAL TOBACCO USE PROJECT (TTUP II) SURVEY. CLEARWAY MINNESOTA CONTRACTED WITH WESTAT, INC., ON THE SIXTH AND FINAL ROUND OF THE MINNESOTA ADULT TOBACCO SURVEY (MATS). DURING FISCAL YEAR 2019, DATA COLLECTION CONCLUDED, DATA ANALYSIS BEGAN AND FINDINGS WERE RELEASED. BECAUSE MATS IS THE MOST COMPREHENSIVE SOURCE OF DATA ON TOBACCO USE PREVALENCE, SECONDHAND SMOKE EXPOSURE AND SMOKING BEHAVIORS

4c (Code:) (Expenses \$ 2,905,370. including grants of \$ 904,130.) (Revenue \$ 13,602.)**CESSATION**

CLEARWAY MINNESOTA PROVIDES EVIDENCE-BASED OR PROMISING PROGRAMS TO HELP MINNESOTANS QUIT TOBACCO USE. SINCE INCEPTION, QUITPLAN SERVICES HAS HELPED MORE THAN 185,000 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 \$ 25,600. including grants of \$ 25,600.) (Revenue \$ 0.)**4e** Total program service expenses **9,241,657.**

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules (continued)

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

☒

	Yes	No
1a Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a 22	
b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b 0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c X	

Part V Statements Regarding Other IRS Filings and Tax Compliance (continued)

		Yes	No
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		
	2a 28		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	X	
b	If "Yes," enter the name of the foreign country: SEE SCHEDULE O See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
d	If "Yes," indicate the number of Forms 8282 filed during the year		
	7d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the sponsoring organization make any taxable distributions under section 4966?		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	
15	Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 4720, Schedule N.	15	X
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	16	X

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	2	3	4	5	6	7a	7b	8a	8b	9	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?														X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?														X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?														X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?														X
6 Did the organization have members or stockholders?														X
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?														X
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?														X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:														
a The governing body?										X				
b Each committee with authority to act on behalf of the governing body?										X				
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O														X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	10a	10b	11a	11b	12a	12b	12c	13	14	15a	15b	16a	16b	Yes	No
10a Did the organization have local chapters, branches, or affiliates?															X
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?															
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?			X												
b Describe in Schedule O the process, if any, used by the organization to review this Form 990.															
12a Did the organization have a written conflict of interest policy? If "No," go to line 13					X										
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?					X										
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done							X								
13 Did the organization have a written whistleblower policy?							X								
14 Did the organization have a written document retention and destruction policy?							X								
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?															
a The organization's CEO, Executive Director, or top management official										X					
b Other officers or key employees of the organization										X					
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).															
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?															X
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?															

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed **► MN**

18 Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
☒ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records **►**
LANA KOPYLOV, DIRECTOR OF FINANCE - 952-767-1406
8011 34TH AVE S, STE 400, MINNEAPOLIS, MN 55425

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) BOB BOERSCHEL BOARD CHAIR (THRU SEPTEMBER 2018)	7.00	X		X				0.	0.	0.
(2) LAURIE LAFONTAINE, BOARD CHAIR (BEG 9/18), VICE CHAIR (THRU 9/18)	10.00	X		X				0.	0.	0.
(3) KAREN KRAEMER VICE CHAIR (BEGINNING SEPTEMBER 2018)	6.00	X		X				0.	0.	0.
(4) NEVADA LITTLEWOLF SECRETARY (THRU OCTOBER 2018)	2.00	X		X				0.	0.	0.
(5) ANNIE VARS SECRETARY (BEGINNING SEPTEMBER 2018)	3.00	X		X				0.	0.	0.
(6) BRIAN OSBERG TREASURER (THRU SEPTEMBER 2018)	4.00	X		X				0.	0.	0.
(7) STEVEN MCWHIRTER TREASURER (BEGINNING SEPTEMBER 2018)	3.00	X		X				0.	0.	0.
(8) GAIL AMUNDSON DIRECTOR	2.00	X						0.	0.	0.
(9) JANET AVERY DIRECTOR	2.00	X						0.	0.	0.
(10) DUANE BENSON DIRECTOR (THRU JANUARY 2019)	1.00	X						0.	0.	0.
(11) MAE BROOKS DIRECTOR	3.00	X						0.	0.	0.
(12) JUDY BROWN DIRECTOR	1.00	X						0.	0.	0.
(13) SARAH OQUIST DIRECTOR	2.00	X						0.	0.	0.
(14) GREG WULF DIRECTOR	1.00	X						0.	0.	0.
(15) DAVID J. WILLOUGHBY CHIEF EXECUTIVE OFFICER	40.00			X				180,733.	0.	50,567.
(16) STEVEN BADER CHIEF FINANCIAL OFFICER	40.00			X				145,334.	0.	46,080.
(17) ANDREA MOWERY VICE PRESIDENT	40.00				X			160,156.	0.	33,720.

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) BARBARA SCHILLO VICE PRESIDENT	40.00				X			153,333.	0.	45,852.
(19) JAIME MARTINEZ DIRECTOR OF COMMUNITY DEVELOPMENT	40.00				X			137,468.	0.	31,379.
(20) MARIETTA DREHER DIRECTOR OF MARKETING & COMMUNICATIO	40.00				X			121,634.	0.	35,835.
(21) MOLLY MOILANEN DIRECTOR OF PUBLIC AFFAIRS	40.00				X			125,705.	0.	39,093.
1b Sub-total								1,024,363.	0.	282,526.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								1,024,363.	0.	282,526.

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

12

- 3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual
- 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
- 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

	Yes	No
3		X
4	X	
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
HABERMAN & ASSOCIATES, INC., 430 1ST AVE NORTH, STE 216, MINNEAPOLIS, MN 55401	MEDIA BUY AND ADVERTISING SERVICES	4,329,523.
CLARITY COVERDALE FURY, INC., 120 SOUTH SIXTH ST, STE 1300, MINNEAPOLIS, MN 55402	MEDIA BUY AND ADVERTISING SERVICES	346,995.
PROFESSIONAL DATA ANALYSTS, INC., 219 MAIN STREET SE, STE 302, MINNEAPOLIS, MN 55414	QUITPLAN AND MEDIA EVALUATION	112,291.

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

3

Part VIII Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	13,602.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f					
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f			13,602.			
Program Service Revenue	2 a		Business Code				
	b						
	c						
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f						
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			230,156.			230,156.
	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)			1,315,544.			1,315,544.
	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	16,797.		16,797.		
b							
c							
d All other revenue							
e Total. Add lines 11a-11d			16,797.				
12 Total revenue. See instructions			1,576,099.	0.	16,797.	1,545,700.	

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	3,158,059.	3,158,059.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22	44,950.	44,950.		
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	439,091.	286,056.	153,035.	
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	2,383,491.	1,553,890.	829,601.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	295,864.	192,262.	103,602.	
9 Other employee benefits	196,522.	127,707.	68,815.	
10 Payroll taxes	191,598.	124,910.	66,688.	
11 Fees for services (non-employees):				
a Management				
b Legal	31,692.	21,500.	10,192.	
c Accounting	20,030.	13,588.	6,442.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	11,298.		11,298.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	90,350.	61,294.	29,056.	
12 Advertising and promotion				
13 Office expenses	103,940.	83,549.	20,391.	
14 Information technology				
15 Royalties				
16 Occupancy	127,808.	84,923.	42,885.	
17 Travel	56,022.	52,271.	3,751.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	32,629.	26,716.	5,913.	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	17,712.	11,769.	5,943.	
23 Insurance	16,366.	10,875.	5,491.	
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	3,297,021.	3,293,293.	3,728.	
b EVALUATION FEES	81,729.	81,729.		
c CONSULTANTS	13,304.	8,859.	4,445.	
d OTHER EXPENSES	5,203.	3,457.	1,746.	
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	10,614,679.	9,241,657.	1,373,022.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here ☐ if following SOP 98-2 (ASC 958-720)

Part X Balance SheetCheck if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	250,060.	1	250,149.
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net	12,965.	3	373.
	4 Accounts receivable, net	33,032.	4	9,225.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	47,445.	9	49,317.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 338,783.		
	b Less: accumulated depreciation	10b 329,662.		
	11 Investments - publicly traded securities	26,834.	10c 9,121.	
	12 Investments - other securities. See Part IV, line 11	18,412,478.	11	8,992,312.
	13 Investments - program-related. See Part IV, line 11	7,706,406.	12	5,449,180.
	14 Intangible assets		13	
	15 Other assets. See Part IV, line 11		14	
16 Total assets. Add lines 1 through 15 (must equal line 34)	26,489,220.	15		
Liabilities	17 Accounts payable and accrued expenses	26,489,220.	16	14,759,677.
	18 Grants payable	1,006,266.	17	986,657.
	19 Deferred revenue	1,527,756.	18	521,417.
	20 Tax-exempt bond liabilities		19	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		20	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		21	
	23 Secured mortgages and notes payable to unrelated third parties		22	
	24 Unsecured notes and loans payable to unrelated third parties		23	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		24	
	26 Total liabilities. Add lines 17 through 25		25	
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	2,534,022.	26	1,508,074.
	28 Temporarily restricted net assets	23,955,198.	27	13,251,603.
	29 Permanently restricted net assets		28	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		29	
	31 Paid-in or capital surplus, or land, building, or equipment fund		30	
	32 Retained earnings, endowment, accumulated income, or other funds		31	
	33 Total net assets or fund balances	23,955,198.	32	
	34 Total liabilities and net assets/fund balances	23,955,198.	33	13,251,603.
	26,489,220.	34	14,759,677.	

Form 990 (2018)

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response or note to any line in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,576,099.
2	Total expenses (must equal Part IX, column (A), line 25)	2	10,614,679.
3	Revenue less expenses. Subtract line 2 from line 1	3	<9,038,580.>
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	23,955,198.
5	Net unrealized gains (losses) on investments	5	<1,665,015.>
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	13,251,603.

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII ☒

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? _____		X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits _____		

Form 990 (2018)

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 for instructions and the latest information.

OMB No. 1545-0047

2018

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
Total					0.	0.

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge ...						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources ...						
9 Net income from unrelated business activities, whether or not the business is regularly carried on ...						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2018 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2017 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2018. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
b 33 1/3% support test - 2017. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
17a 10% -facts-and-circumstances test - 2018. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		
b 10% -facts-and-circumstances test - 2017. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		

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) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge ...						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources ...						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ☐

Section C. Computation of Public Support Percentage

15 Public support percentage for 2018 (line 8, column (f), divided by line 13, column (f))	15	%
16 Public support percentage from 2017 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2018 (line 10c, column (f), divided by line 13, column (f))	17	%
18 Investment income percentage from 2017 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2018. 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 - 2017. 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
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.	X	
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).		X
3a 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 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.		X
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).		X
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (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 .	X	
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as 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
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).		X
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI .		X
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 .		X
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 .		X
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.		X
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
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		X
b A family member of a person described in (a) above?		X
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.		X

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.	X	
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		X

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (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?		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		

Section E. Type III Functionally Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).			
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.			
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.			
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).			
2 Activities Test. Answer (a) and (b) below.		Yes	No
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.	2a		
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.	2b		
3 Parent of Supported Organizations. Answer (a) and (b) below.			
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI.	3a		
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.	3b		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

- 1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (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	Adjusted Net Income (subtract lines 5, 6, and 7 from line 4)	8	
Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	
Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 Total annual distributions. Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2018 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-2018	(iii) Distributable Amount for 2018
1 Distributable amount for 2018 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2018 (reasonable cause required- explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2018			
a From 2013			
b From 2014			
c From 2015			
d From 2016			
e From 2017			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2018 distributable amount			
i Carryover from 2013 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2018 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2018 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2018, 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 2018. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.			
7 Excess distributions carryover to 2019. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2014			
b Excess from 2015			
c Excess from 2016			
d Excess from 2017			
e Excess from 2018			

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 (\$9,241,657) 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 (\$1,373,022), 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 for the latest information.

OMB No. 1545-0047

2018

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 (entering "N/A" in column (b) instead of the contributor name and address), 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).

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	\$ 13,602.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Employer identification number

41-1921094

Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

[illegible]

Name of organization CLEARWAY MINNESOTA (SM)	Employer identification number 41-1921094
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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 for instructions and the latest information.**

OMB No. 1545-0047

2018

**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) 2018

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)		88,619.													
b Total lobbying expenditures to influence a legislative body (direct lobbying)		69,742.													
c Total lobbying expenditures (add lines 1a and 1b)		158,361.													
d Other exempt purpose expenditures		10,445,020.													
e Total exempt purpose expenditures (add lines 1c and 1d)		10,603,381.													
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.		680,169.													
<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)		170,042.													
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) 2015	(b) 2016	(c) 2017	(d) 2018	(e) Total
2a Lobbying nontaxable amount	929,437.	893,620.	909,511.	680,169.	3,412,737.
b Lobbying ceiling amount (150% of line 2a, column(e))					5,119,106.
c Total lobbying expenditures	111,591.	122,801.	117,092.	158,361.	509,845.
d Grassroots nontaxable amount	232,359.	223,405.	227,378.	170,042.	853,184.
e Grassroots ceiling amount (150% of line 2d, column (e))					1,279,776.
f Grassroots lobbying expenditures	54,566.	57,215.	59,015.	88,619.	259,415.

Schedule C (Form 990 or 990-EZ) 2018

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 2019, CLEARWAY MINNESOTA CONTRACTED WITH LOCKRIDGE, GRINDAL, NAUEN PLLP FOR DIRECT LOBBYING SERVICES. THIS YEAR'S LOBBYING WORK FOCUSED ON SECURING SUSTAINED FUNDING FOR STATEWIDE TOBACCO PREVENTION AND CESSATION SERVICES, INCREASING THE TOBACCO SALE AGE TO 21 AND PROHIBITING E-CIGARETTE USE WHERE SMOKING IS ALREADY BANNED UNDER THE MINNESOTA CLEAN INDOOR AIR ACT. OTHER LOBBYING ACTIVITIES INCLUDED GRASSROOTS, COMMUNICATIONS AND PUBLIC RELATIONS EFFORTS SUCH AS PAID POSTS ON SOCIAL MEDIA OUTLETS. 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 6 PERCENT OF THEIR GRANT AWARD CAN BE USED FOR LOBBYING ACTIVITIES. AT THE LOCAL LEVEL, GRANTEES LED CAMPAIGNS TO INCREASE THE TOBACCO SALE AGE TO 21, INCREASE THE PRICE OF TOBACCO PRODUCTS AND RESTRICTING YOUTH ACCESS TO CANDY-, FRUIT- AND MENTHOL-FLAVORED TOBACCO PRODUCTS.

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 for instructions and the latest information.

OMB No. 1545-0047

2018

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 exhibitiond ☐ Loan or exchange programsb ☐ Scholarly researche ☐ 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 ☐ Nob 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		312,540.	303,419.	9,121.
e Other				

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.) ☐ 9,121.

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	5,449,180.	END-OF-YEAR MARKET VALUE
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶	5,449,180.	

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	<100,214.>
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains (losses) on investments	2a	<1,665,015.>
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	<1,665,015.>
3	Subtract line 2e from line 1	3	1,564,801.
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	11,298.
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	11,298.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	1,576,099.

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	10,603,381.
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	10,603,381.
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	11,298.
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	11,298.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5	10,614,679.

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:

THE ORGANIZATION 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 for instructions and the latest information.

OMB No. 1545-0047

2018**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		499,985.
3 a Subtotal	0	0			499,985.
b Total from continuation sheets to Part I	0	0			0.
c Totals (add lines 3a and 3b)	0	0			499,985.

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

Schedule F (Form 990) 2018

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.

**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 for the latest information.

OMB No. 1545-0047

2018

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
AMERICAN INDIAN CANCER FOUNDATION 3001 BROADWAY STREET NE, STE 185 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	24,752.	0.			SUPPORT FOR AMERICAN INDIAN QUITLINE
AMERICAN INDIAN CANCER FOUNDATION 3001 BROADWAY STREET NE, STE 185 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	168,639.	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'19 LOCAL POLICY GRANT
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 490 CONCORDIA AVENUE - ST. PAUL, MN 55103	20-4392201	501C(3)	179,989.	0.			FY'19 LOCAL POLICY GRANT
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 490 CONCORDIA AVENUE - ST. PAUL, MN 55103	20-4392201	501C(3)	19,996.	0.			FY'19 LOCAL POLICY TECHNICAL ASSISTANCE GRANT
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	44,201.	0.			TOBACCO INDUSTRY TRACKING

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table **12.**

3 Enter total number of other organizations listed in the line 1 table **8.**

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

SEE PART IV FOR COLUMN (H) DESCRIPTIONS

Schedule I (Form 990) (2018)

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
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	388,400.	0.			FY'19 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'19 LOCAL POLICY TECHNICAL ASSISTANCE GRANT
CITY OF MINNEAPOLIS 250 SOUTH 4TH STREET, ROOM 510 MINNEAPOLIS, MN 55415	41-6005375	GOVERNMENT	25,000.	0.			FY'19 LOCAL POLICY GRANT
CONSUMER WELLNESS SOLUTIONS, INC. 11000 OPTUM CIRCLE EDEN PRAIRIE, MN 55344	20-0231080	FOR PROFIT CORP	757,538.	0.			QUITPLAN HELPLINE
CONSUMER WELLNESS SOLUTIONS, INC. 11000 OPTUM CIRCLE EDEN PRAIRIE, MN 55344	20-0231080	FOR PROFIT CORP	8,528.	0.			PROCESSING FEE FOR REFERRALS TO QUITPLAN SERVICES
DIVISION OF INDIAN WORK 1001 EAST LAKE STREET MINNEAPOLIS, MN 55407	81-5265328	501C(3)	37,500.	0.			QUITPLAN SERVICES AMBASSADOR GRANT
HEALTHPARTNERS INSTITUTE 8170 33RD AVE SOUTH, MS: 23301A BLOOMINGTON, MN 55425	41-1670163	501C(3)	37,482.	0.			DISSEMINATION OF MODELHEALTH TOBACCO MN
HEALTHPARTNERS INSTITUTE 8170 33RD AVE SOUTH, MS: 23301A BLOOMINGTON, MN 55425	41-1670163	501C(3)	48,100.	0.			PROJECTED HEALTH AND ECONOMIC IMPACT OF REDUCING CIGARETTE SMOKING IN MINNESOTA,
HEALTHPARTNERS INSTITUTE 8170 33RD AVE SOUTH, MS: 23301A BLOOMINGTON, MN 55425	41-1670163	501C(3)	34,652.	0.			DISSEMINATION II MODELHEALTH PROSPECTIVE 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	
HORIZON PUBLIC HEALTH 809 ELM STREET, STE 1200 ALEXANDRIA, MN 56308	41-1373630	GOVERNMENT	132,545.	0.			FY'19 LOCAL POLICY GRANT	
INSTITUTE FOR CLINICAL SYSTEMS IMPROVEMENT - 8009 34TH AVE S, STE 1200 - BLOOMINGTON, MN 55425	41-1782168	501C(3)	34,003.	0.			HEALTH SYSTEMS CHANGE CAPACITY BUILDING PROJECT	
LOCKRIDGE GRINDAL NAUEN P.L.L.P. 100 WASHINGTON AVE SOUTH MINNEAPOLIS, MN 55401	41-1340615	FOR PROFIT PARTNERSH	135,000.	0.			STATEWIDE LOBBYING	
MS STRATEGIES, LLC 1113 EAST FRANKLIN AVE, #202B MINNEAPOLIS, MN 55404	47-4197971	FOR PROFIT CORP	6,055.	0.			CONSULTING ON CESSATION POLICY	
NORTH AMERICAN RESEARCH & ANALYSIS, INC. - 478 MEADOW RIDGE TRAIL - HUDSON, WI 54016	26-3210860	FOR PROFIT CORP	14,000.	0.			SUPPORT TO THE CESSATION DEPARTMENT AND FACILITATION THE MN OUTLINE NETWORK	
NORTHPOINT HEALTH & WELLNESS CENTER - 1315 PENN AVENUE NORTH - MINNEAPOLIS, MN 55411	20-0898277	501C(3)	150,000.	0.			FY'19 LOCAL POLICY GRANT	
PARTNERSHIP 4 HEALTH COMMUNITY HEALTH BOARD - 715 11TH ST NORTH, STE 303 - MOORHEAD, MN 56560	47-1274432	GOVERNMENT	178,991.	0.			FY'19 LOCAL POLICY GRANT	
PROFESSIONAL DATA ANALYSTS, GBC 219 MAIN STREET SE, STE 302 MINNEAPOLIS, MN 55414	41-1862390	FOR PROFIT CORP	26,319.	0.			MATS 2018 STATISTICAL ANALYSIS AND DISSEMINATION SUPPORT	
RAPP STRATEGIES INC. 333 SOUTH SEVENTH ST, STE 2400 MINNEAPOLIS, MN 55402	41-1426445	FOR PROFIT CORP	230,594.	0.			PUBLIC AFFAIRS	

Schedule I (Form 990)

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)							
(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
REGENTS OF THE UNIVERSITY OF WISCONSIN - RESEARCH & SPONSORED PRGRMS, 750 UNIVERSITY AVE, 4TH FL - MADISON, WI 53706	39-6006492	WI LAND/GRANT ENTITY	33,988.	0.			TA TO RESEARCH GRANTEES, ASSIST WITH THE DISSEMINATION OF RESEARCH FINDINGS AND PROVIDE TTEP EVALUATION
SCOTT CONSULTING PARTNERS LLC 21850 ROSSES ROAD RICHLAND CENTER, WI 53581	26-4786001	FOR PROFIT LLC	7,360.	0.			DISSEMINATION, TTS MAINTENANCE, OTHER TTEP EVALUATION DISSEMINATION
THE STAIRSTEP FOUNDATION 1404 14TH AVE NORTH MINNEAPOLIS, MN 55411	41-1709346	501C(3)	37,336.	0.			QUITPLAN SERVICES AMBASSADOR GRANT
WESTAT, INC 1650 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	201,801.	0.			2018 MATS SURVEY
GRANT CANCELLATIONS - CURRENT YEAR ESTIMATE			<57,420.>	0.			GRANT CANCELLATIONS - CURRENT YEAR ESTIMATE
GRANT CANCELLATIONS - PRIOR YEAR ACTUAL			<27,055.>	0.			GRANT CANCELLATIONS - PRIOR YEAR ACTUAL
GRANTS \$5,000 AND UNDER			1,515.	0.			GRANTS \$5,000 AND UNDER
GRANT-RELATED EXPENSES			27,691.	0.			GRANT-RELATED EXPENSES
CHANGE IN GRANT NET PRESENT VALUE			20,559.	0.			CHANGE IN GRANT NET PRESENT VALUE

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
SIMSMOKE MN II PROJECT	1	25,000.	0.	N/A	N/A
CONSULTATION ON MENTHOL EVALUATION AND MATS 2018 DISSEMINATION	1	19,950.	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: HEALTHPARTNERS INSTITUTE

(H) PURPOSE OF GRANT OR ASSISTANCE: PROJECTED HEALTH AND ECONOMIC IMPACT
OF REDUCING CIGARETTE SMOKING IN MINNESOTA, 2018-2037

NAME OF ORGANIZATION OR GOVERNMENT:

NORTH AMERICAN RESEARCH & ANALYSIS, INC.

(H) PURPOSE OF GRANT OR ASSISTANCE: SUPPORT TO THE CESSATION DEPARTMENT
AND FACILITATION THE MN QUITLINE NETWORK COLLABORATIVE

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.

NAME OF ORGANIZATION OR GOVERNMENT: SCOTT CONSULTING PARTNERS LLC

(H) PURPOSE OF GRANT OR ASSISTANCE: TTEP EVALUATION DISSEMINATION, TTS
MAINTENANCE, OTHER TTEP EVALUATION DISSEMINATION ACTIVITIES

**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 for instructions and the latest information.

OMB No. 1545-0047

2018

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		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

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 for the latest information.

OMB No. 1545-0047

2018

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 2019, CLEARWAY MINNESOTA CONTRACTED WITH HABERMAN, A
FULL-SERVICE MARKETING AGENCY. HABERMAN HELPED PLAN PAID AND EARNED
MEDIA CAMPAIGNS AND MEDIA BUYING, AND PROVIDED MEDIA RELATIONS SUPPORT
AND SOCIAL MEDIA EXPERTISE.

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

CLEARWAY MINNESOTA LAUNCHED A NEW AD CAMPAIGN IN OCTOBER OF 2018, SEE WHAT YOU'VE BEEN MISSING, EDUCATING ABOUT THE HARMFUL EFFECTS OF TOBACCO AND ENCOURAGING MINNESOTANS TO DO MORE TO PROTECT YOUTH FROM NICOTINE ADDICTION. THE CAMPAIGN INCLUDES BROADCAST, PRINT, ONLINE AND OUT OF HOME MEDIA, AND DIRECTS VIEWERS TO AN INFORMATIONAL WEBSITE, MISSINGITMN.ORG. IN ADDITION, CLEARWAY MINNESOTA PROMOTED OUR 20TH ANNIVERSARY WITH OUTREACH TO MEDIA, LEGISLATORS, PARTNERS AND THE GENERAL PUBLIC. HIGHLIGHTS INCLUDED NEW RESEARCH ON THE IMPACT TOBACCO CESSATION AND PREVENTION PROGRAMMING HAS HAD IN MINNESOTA IN TERMS OF LIVES AND MONEY SAVED, AND A VIDEO SHOWCASING THE EFFECTS OF TOBACCO CONTROL OVER THE LAST 20 YEARS. CLEARWAY MINNESOTA CONTINUED ADVERTISING AND OUTREACH WORK FOCUSED ON PROMOTING QUITPLAN SERVICES AS WELL AS THE QUITCASH CHALLENGE AND MINI-QUIT MONDAYS QUIT-SMOKING CHALLENGES. WE ALSO CONTINUED OUTREACH WITH COMMUNITY PARTNERS TO PROMOTE THE NEW AMERICAN INDIAN QUITLINE FROM QUITPLAN SERVICES, USING CULTURALLY APPROPRIATE PAID AND EARNED MEDIA. CLEARWAY MINNESOTA'S PROGRAMS, SERVICES OR KEY MESSAGES RECEIVED NEWS COVERAGE BY MEDIA OUTLETS OVER THE COURSE OF THE YEAR.

IN FISCAL YEAR 2019, THE PUBLIC AFFAIRS DEPARTMENT USED RAPP STRATEGIES, INC., AS OUR PUBLIC AFFAIRS VENDOR. RAPP STRATEGIES PROVIDED PUBLIC AFFAIRS STRATEGY, MEDIA RELATIONS AND GRASSROOTS SUPPORT AS WELL AS GRANTEE TECHNICAL ASSISTANCE TO FURTHER OUR GOALS.

THIS YEAR, CLEARWAY MINNESOTA AWARDED EIGHT GRANTS TO MINNESOTA NONPROFITS AND LOCAL UNITS OF GOVERNMENT TO REDUCE TOBACCO'S HARM THROUGH COALITION BUILDING, POLICY ADVOCACY AND PUBLIC EDUCATION. ALL

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

GRANTEES CONTRIBUTED TO CLEARWAY MINNESOTA'S STATEWIDE POLICY GOALS BY EDUCATING LAWMAKERS ABOUT THE GROWING YOUTH NICOTINE EPIDEMIC IN MINNESOTA AND THE IMPORTANCE OF PASSING STRONG STATEWIDE POLICIES TO HELP SMOKERS QUIT AND PREVENT YOUTH FROM STARTING, INCLUDING RAISING THE TOBACCO SALE AGE TO 21, ADDING E-CIGARETTES TO THE STATE'S CLEAN INDOOR AIR ACT AND INCREASING FUNDING FOR TOBACCO CESSATION AND PREVENTION. NOTABLY, LOCAL POLICY GRANTEES LED OVER 25 SUCCESSFUL CITY AND COUNTY CAMPAIGNS TO INCREASE THE TOBACCO SALE AGE TO 21, INCREASE THE PRICE OF TOBACCO PRODUCTS AND/OR RESTRICT YOUTH ACCESS TO CANDY-, FRUIT- AND MENTHOL-FLAVORED TOBACCO PRODUCTS.

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

FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:
OF ADULT MINNESOTANS, SURVEY FINDINGS SERVE TO MEASURE PROGRESS, GUIDE OUR WORK, AND INFORM THE WORK OF PARTNERS. STAFF AND PARTNERS ARE WORKING TO ENSURE THAT MATS RESULTS ARE DISSEMINATED WIDELY.

TO ASSIST IN THE DISSEMINATION OF MATS RESULTS, SEVERAL CONTRACTS WERE INITIATED FOR DATA ANALYSIS AND SELECT PAPER WRITING. THESE CONTRACTS INCLUDED ONE WITH PROFESSIONAL DATA ANALYSTS, WHICH PROVIDES PRIMARY DATA ANALYSIS FOR MATS FINDINGS, AND ANOTHER WITH DR. RAYMOND BOYLE, WHO PROVIDES DATA ANALYSIS AND MATS RESULTS DISSEMINATION THROUGH PEER-REVIEWED PAPERS AND ACADEMIC CONFERENCE PRESENTATIONS.

THE SECOND TRIBAL TOBACCO USE PROJECT (TTUP II) IS CONTRACTED TO THE

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AMERICAN INDIAN CANCER FOUNDATION. DURING FISCAL YEAR 2019, TTUP II CONCLUDED PROJECT PLANNING AND BEGAN SURVEY IMPLEMENTATION AND DATA COLLECTION. 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 SURVEY 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 ALSO CONTRACTS TO EVALUATE MAJOR PROGRAMMATIC EFFORTS. IN COLLABORATION WITH THE CENTER FOR PREVENTION AT BLUE CROSS AND BLUE SHIELD OF MINNESOTA AND THE MINNESOTA DEPARTMENT OF HEALTH, A VARIETY OF EVALUATION EFFORTS HAVE BEEN UNDERTAKEN TO ASSESS THE IMPACT OF POLICIES THAT RESTRICT THE SALE OF MENTHOL TOBACCO PRODUCTS, WHICH WERE RECENTLY IMPLEMENTED IN DULUTH, MINNEAPOLIS, SAINT PAUL AND OTHER MINNESOTA COMMUNITIES. IN FISCAL YEAR 2019, A CONTRACT WITH RAINBOW RESEARCH, INC., COLLECTED DATA ON THE YOUTH IMPACT OF POLICIES, CONTRACTS WITH BOSMA CONSULTING LLC CONDUCTED, PRODUCED AND BEGAN DISSEMINATING CASE STUDIES FOCUSING ON POLICY PASSAGE AND A CONTRACT WITH THE INSTITUTE FOR SUSTAINABLE ECONOMIC EDUCATIONAL ENVIRONMENTAL DESIGN FOCUSED ON CAPTURING CHANGE IN THE RETAIL ENVIRONMENT. WORK TO DOCUMENT THE POLICY IMPLEMENTATION PROCESS WILL CONTINUE INTO THE NEXT FISCAL YEAR.

IN ADDITION TO EVALUATING THE IMPACT OF MENTHOL SALES RESTRICTIONS, CLEARWAY ENGAGED IN SEVERAL CONTRACTS TO EVALUATE THE LONG-TERM IMPACT OF 20 YEARS OF INVESTMENTS IN TOBACCO CONTROL IN MINNESOTA. CLEARWAY

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MINNESOTA CONTRACTED WITH HEALTHPARTNERS INSTITUTE TO DEVELOP MODELHEALTH MINNESOTATM, A 20-YEAR RETROSPECTIVE MODELING STUDY THAT QUANTIFIED THE LIVES AND DOLLARS SAVED IN MINNESOTA AS RESULT OF DECLINING PREVALENCE RATES. THE SECOND PHASE OF THIS STUDY LOOKED PROSPECTIVELY AT THE POTENTIAL HEALTH AND ECONOMIC IMPACT OF TRENDS CONTINUING INTO THE NEXT 20 YEARS. SINCE COMPLETING THE STUDY, HEALTHPARTNERS HAS WORKED WITH CLEARWAY MINNESOTA STAFF TO DISSEMINATE THE FINDINGS. LIKEWISE, A CONTRACT WITH DR. DAVID LEVY ALLOWED FOR THE CONCLUSION AND DISSEMINATION OF A SECOND SIMSMOKE MODELING STUDY, WHICH EXAMINED THE RELATIVE IMPACT OF TOBACCO CONTROL POLICIES ON SMOKING PREVALENCE AND MORTALITY IN MINNESOTA.

CLEARWAY MINNESOTA CONTINUED TO SUPPORT ONGOING RESEARCH GRANTS THAT WERE FUNDED IN PREVIOUS FISCAL YEARS. THESE GRANTS WERE AWARDED TO ACADEMIC, PROFESSIONAL AND COMMUNITY-BASED ORGANIZATIONS AROUND THE STATE TO CONDUCT RESEARCH THAT ADVANCES SCIENTIFIC KNOWLEDGE OF EFFECTIVE TOBACCO CONTROL PROGRAMS AND POLICIES. IN FISCAL YEAR 2019, 12 ONGOING GRANTS WERE MONITORED AND SUPPORTED BY CLEARWAY MINNESOTA STAFF. ADDITIONALLY, A ONE-YEAR EXTENSION WAS GRANTED TO AN EXISTING CONTRACT WITH THE UNIVERSITY OF WISCONSIN CENTER FOR TOBACCO RESEARCH AND INTERVENTION TO PROVIDE TECHNICAL ASSISTANCE TO A SELECT NUMBER OF CLEARWAY MINNESOTA RESEARCH GRANTEES.

DURING FISCAL YEAR 2019, CLEARWAY MINNESOTA, IN PARTNERSHIP WITH OTHER TOBACCO CONTROL RESEARCHERS, PARTICIPATED IN NUMEROUS NATIONAL, STATE AND LOCAL CONFERENCE PRESENTATIONS AND PUBLISHED IN SEVERAL PEER-REVIEWED PUBLICATIONS. CLEARWAY MINNESOTA RESEARCH STAFF PUBLISHED THREE WHITE PAPERS AND FIVE PEER-REVIEWED SCIENTIFIC PAPERS. RESEARCH

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STAFF PRESENTED SIX POSTERS AT THE SOCIETY FOR RESEARCH ON NICOTINE AND TOBACCO (SRNT) ANNUAL CONFERENCE. ADDITIONALLY, RESEARCH STAFF HAD ONE ORAL PRESENTATION AND ONE POSTER AT THE MEETING OF THE AMERICAN PUBLIC HEALTH ASSOCIATION (APHA). THE ORAL PRESENTATION HIGHLIGHTED LGBTQ SMOKERS' PERCEPTIONS TOWARD A VARIETY OF POLICY CHANGE OPTIONS AND MADE SUGGESTIONS FOR COMMUNITY ENGAGEMENT.

GRANTEE DISSEMINATION HIGHLIGHTS IN FISCAL YEAR 2019 INCLUDED NATIONAL CONFERENCE PRESENTATIONS, DEVELOPMENT AND PUBLICATION OF 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, 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 2019:

- 776 TOBACCO USERS ENROLLED IN THE QUITPLAN HELPLINE; AND
- 11,150 TOBACCO USERS ENROLLED IN INDIVIDUAL QUITPLAN SERVICES.

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WE MONITORED QUITPLAN SERVICES TO ENSURE HIGH-QUALITY SERVICES ARE
BEING DELIVERED AND TO GUIDE DECISION-MAKING AND RESOURCE ALLOCATION.

CLEARWAY MINNESOTA ALSO PARTNERS WITH MAJOR MINNESOTA HEALTH PLANS THAT
PROVIDE TELEPHONE COUNSELING SERVICES THROUGH THE MINNESOTA QUITLINE
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.

DURING FISCAL YEAR 2019, CLEARWAY MINNESOTA CONTINUED EFFORTS TO FUND
COMMUNITY-BASED ORGANIZATIONS TO INCREASE COMMUNITY ENGAGEMENT WITH
QUITPLAN SERVICES. IN FISCAL YEAR 2019, WE CONTINUED TWO QUITPLAN
SERVICES AMBASSADOR GRANTS. THE PURPOSE OF THESE GRANTS WAS TO INCREASE
KNOWLEDGE OF, TRUST IN, AND REFERRALS TO QUITPLAN SERVICES FOR AFRICAN
AMERICAN AND AMERICAN INDIAN COMMERCIAL TOBACCO USERS. WE ALSO
CONTRACTED WITH THE AMERICAN INDIAN CANCER FOUNDATION TO PROVIDE
SUPPORT AND TRAINING FOR THE AMERICAN INDIAN QUITLINE.

CLEARWAY MINNESOTA STAFF ARE ALSO INVOLVED IN EFFORTS TO IMPROVE ACCESS
TO TOBACCO DEPENDENCE TREATMENT BY PROMOTING SYSTEMS CHANGES TO
INTEGRATE TOBACCO DEPENDENCE TREATMENT INTO HEALTH CARE. IN FISCAL YEAR
2019, CLEARWAY MINNESOTA CONTRACTED WITH THE INSTITUTE FOR CLINICAL
SYSTEMS IMPROVEMENT (ICSI) TO SUPPORT OUR HEALTH SYSTEMS CHANGE
EFFORTS. ICSI CONDUCTED TRAININGS, CALLED "JUMP STARTS", TO PROVIDE

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INFORMATION AND GUIDANCE TO PROVIDERS, CLINIC STAFF AND HEALTH SYSTEMS ON HOW TO TALK TO THEIR PATIENTS ABOUT TOBACCO. IN FISCAL YEAR 2019, ICSI STAFF COMPLETED FIVE JUMP STARTS FOR FEDERALLY-QUALIFIED HEALTH CENTERS (FQHC) IN MINNESOTA.

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

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 2019, CLEARWAY MINNESOTA PARTNERED WITH THE MINNESOTA DEPARTMENT OF HEALTH (MDH), THE STATEWIDE HEALTH IMPROVEMENT PROGRAM (SHIP) AND FORMER TRIBAL TOBACCO EDUCATION AND POLICY (TTEP) COORDINATORS TO CONTINUE THE TRADITIONAL TOBACCO MOVEMENT AS A PART OF THE ORGANIZATION'S SUSTAINABILITY WORK. THIS MOVEMENT ENCOURAGES TRADITIONAL TOBACCO PRACTICES INSTEAD OF HARMFUL COMMERCIAL TOBACCO ABUSE LIKE CIGARETTE SMOKING WITHIN AMERICAN INDIAN COMMUNITIES. DURING THIS TIME, COMMUNITY ACTION PLANS WERE CREATED TO CONTINUE THE WORK THAT BEGAN WITH CLEARWAY MINNESOTA IN COLLABORATION WITH THE CURRENT

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MDH AND SHIP TRIBAL GRANTEEES.

IN FISCAL YEAR 2019, COMMUNITY DEVELOPMENT STAFF PRESENTED TO CENTERS FOR DISEASE CONTROL AND PREVENTION'S (CDC) OFFICE ON SMOKING AND HEALTH (OSH) STAFF AND TO CDC'S TRIBAL ADVISORY COMMITTEE IN ATLANTA, GEORGIA, ON AMERICAN INDIAN HEALTH EFFORTS IN MINNESOTA.

COMMUNITY DEVELOPMENT STAFF CONTINUED TO SUPPORT DISSEMINATION AROUND TRIBAL TOBACCO WORK IN MINNESOTA WITH SCOTT CONSULTING. ADDITIONAL DISSEMINATION INCLUDED COLLABORATION ON PUBLICATIONS WITH THE CLEARWAY MINNESOTA RESEARCH DEPARTMENT ON TOBACCO INDUSTRY MARKETING TO AMERICAN INDIAN COMMUNITIES. THESE INCLUDED ARTICLES, PODCASTS AND WEBINARS.

ADDITIONALLY, COMMUNITY DEVELOPMENT STAFF HAS PARTNERED WITH THE NATIONAL NATIVE NETWORK AND INDIAN HEALTH SERVICES TO COWRITE A CURRICULUM TITLED "THE SACRED CIRCLE OF TOBACCO" TO TEACH ABOUT THE "TWO TOBACCO WAYS" (TRADITIONAL TOBACCO PRACTICES VS. COMMERCIAL TOBACCO ABUSE). THIS CURRICULUM IS BEING PROMOTED NATIONALLY.

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

EXPENSES \$ 25,600. INCLUDING GRANTS OF \$ 25,600. 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:

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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 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.

Name of the organization

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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 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

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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.

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.

FORM 990, PART XII, LINE 2C:

THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR.



Appendix K

**IRS Form 990T
June 30, 2019**

Exempt Organization Business Income Tax Return

(and proxy tax under section 6033(e))

OMB No. 1545-0687

2018

For calendar year 2018 or other tax year beginning JUL 1, 2018, and ending JUN 30, 2019.

Go to 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

Department of the Treasury
Internal Revenue Service

A <input type="checkbox"/> Check box if address changed		Print or Type	Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.)		D Employer identification number (Employees' trust, see instructions.)
B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)			CLEARWAY MINNESOTA (SM)		41-1921094
			Number, street, and room or suite no. If a P.O. box, see instructions. 2 APPLETREE SQ, 8011 34TH AV S		E Unrelated business activity code (See instructions.) 900099
			City or town, state or province, country, and ZIP or foreign postal code MINNEAPOLIS, MN 55425		
C Book value of all assets at end of year 14,759,677.		F Group exemption number (See instructions.)			
		G Check organization type <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust			

H Enter the number of the organization's unrelated trades or businesses. 1 Describe the only (or first) unrelated trade or business here PARTNERSHIP INVESTMENT. If only one, complete Parts I-V. If more than one, describe the first in the blank space at the end of the previous sentence, complete Parts I and II, complete a Schedule M for each additional trade or business, then complete Parts III-V.

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ☐ Yes ☒ No
 If "Yes," enter the name and identifying number of the parent corporation.

J The books are in care of LANA KOPYLOV, DIRECTOR OF FINANCE Telephone number 952-767-1406

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1 a Gross receipts or sales				
b Less returns and allowances				
c Balance	1c			
2 Cost of goods sold (Schedule A, line 7)	2			
3 Gross profit. Subtract line 2 from line 1c	3			
4 a Capital gain net income (attach Schedule D)	4a	9,477.		9,477.
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b	<660.>		<660.>
c Capital loss deduction for trusts	4c			
5 Income (loss) from a partnership or an S corporation (attach statement)	5	8,002.	STMT 1	8,002.
6 Rent income (Schedule C)	6			
7 Unrelated debt-financed income (Schedule E)	7			
8 Interest, annuities, royalties, and rents from a controlled organization (Schedule F)	8			
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9			
10 Exploited exempt activity income (Schedule I)	10			
11 Advertising income (Schedule J)	11			
12 Other income (See instructions; attach schedule)	12			
13 Total. Combine lines 3 through 12	13	16,819.		16,819.

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) (see instructions)	18	
19 Taxes and licenses	19	1,999.
20 Charitable contributions (See instructions for limitation rules) STATEMENT 4 SEE STATEMENT 2	20	22.
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) SEE STATEMENT 3	28	1,103.
29 Total deductions. Add lines 14 through 28	29	3,124.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	13,695.
31 Deduction for net operating loss arising in tax years beginning on or after January 1, 2018 (see instructions)	31	
32 Unrelated business taxable income. Subtract line 31 from line 30	32	13,695.

Part III Total Unrelated Business Taxable Income

33	Total of unrelated business taxable income computed from all unrelated trades or businesses (see instructions)	33	13,695.
34	Amounts paid for disallowed fringes	34	
35	Deduction for net operating loss arising in tax years beginning before January 1, 2018 (see instructions)	35	
36	Total of unrelated business taxable income before specific deduction. Subtract line 35 from the sum of lines 33 and 34	36	13,695.
37	Specific deduction (Generally \$1,000, but see line 37 instructions for exceptions)	37	1,000.
38	Unrelated business taxable income. Subtract line 37 from line 36. If line 37 is greater than line 36, enter the smaller of zero or line 36	38	12,695.

Part IV Tax Computation

39	Organizations Taxable as Corporations. Multiply line 38 by 21% (0.21)	39	2,666.
40	Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 38 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)	40	
41	Proxy tax. See instructions	41	
42	Alternative minimum tax (trusts only)	42	
43	Tax on Noncompliant Facility Income. See instructions	43	
44	Total. Add lines 41, 42, and 43 to line 39 or 40, whichever applies	44	2,666.

Part V Tax and Payments

45a	Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	45a	
b	Other credits (see instructions)	45b	
c	General business credit. Attach Form 3800	45c	
d	Credit for prior year minimum tax (attach Form 8801 or 8827)	45d	
e	Total credits. Add lines 45a through 45d	45e	
46	Subtract line 45e from line 44	46	2,666.
47	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)	47	
48	Total tax. Add lines 46 and 47 (see instructions)	48	2,666.
49	2018 net 965 tax liability paid from Form 965-A or Form 965-B, Part II, column (k), line 2	49	0.
50a	Payments: A 2017 overpayment credited to 2018	50a	
b	2018 estimated tax payments	50b	21,880.
c	Tax deposited with Form 8868	50c	
d	Foreign organizations: Tax paid or withheld at source (see instructions)	50d	
e	Backup withholding (see instructions)	50e	
f	Credit for small employer health insurance premiums (attach Form 8941)	50f	
g	Other credits, adjustments, and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other	50g	
51	Total payments. Add lines 50a through 50g	51	21,880.
52	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	52	6.
53	Tax due. If line 51 is less than the total of lines 48, 49, and 52, enter amount owed	53	
54	Overpayment. If line 51 is larger than the total of lines 48, 49, and 52, enter amount overpaid	54	19,208.
55	Enter the amount of line 54 you want: Credited to 2019 estimated tax 2,680. Refunded	55	16,528.

Part VI Statements Regarding Certain Activities and Other Information (see instructions)

56	At any time during the 2018 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	Yes	No
	SEE STATEMENT 5	X	
57	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.		X
58	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: *Linda M. Nelson* Date: 10/30/19 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 <i>Linda M. Nelson</i>	Date 10/29/19	Check <input type="checkbox"/> if self-employed	PTIN P00205567
Firm's name ▶ OLSEN THIELEN & CO., LTD 2675 LONG LAKE ROAD	Firm's EIN ▶ 41-1360831	Phone no. 651-483-4521		
Firm's address ▶ ST. PAUL, MN 55113				

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 0.	

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A)

(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B) ... 0.

Schedule E - Unrelated Debt-Financed Income (see instructions)

1. Description of debt-financed property		2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property	
			(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.	

Form 990-T (2018)

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations				
7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				
Totals			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)				
Totals		0.		0.

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income (see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals		0.	0.			0.

Schedule J - Advertising Income (see instructions)**Part I Income From Periodicals Reported on a Consolidated Basis**

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))		0.	0.			0.

Part II **Income From Periodicals Reported on a Separate Basis** (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals from Part I	0.	0.				0.
Totals, Part II (lines 1-5)	Enter here and on page 1, Part I, line 11, col. (A). 0.	Enter here and on page 1, Part I, line 11, col. (B). 0.				Enter here and on page 1, Part II, line 27. 0.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14			0.

Form 990-T (2018)

FORM 990-T	INCOME (LOSS) FROM PARTNERSHIPS	STATEMENT	1
DESCRIPTION		NET INCOME OR (LOSS)	
MESIROW FINANCIAL PRIVATE EQUITY PARTNERSHIP FUND IV, L.P. - ORDINARY BUSINE		5,886.	
MESIROW FINANCIAL PRIVATE EQUITY PARTNERSHIP FUND IV, L.P. - NET RENTAL REAL		<147.>	
MESIROW FINANCIAL PRIVATE EQUITY PARTNERSHIP FUND IV, L.P. - INTEREST INCOME		245.	
MESIROW FINANCIAL PRIVATE EQUITY PARTNERSHIP FUND IV, L.P. - DIVIDEND INCOME		333.	
MESIROW FINANCIAL PRIVATE EQUITY PARTNERSHIP FUND IV, L.P. - ROYALTIES		36.	
MESIROW FINANCIAL PRIVATE EQUITY PARTNERSHIP FUND IV, L.P. - OTHER INCOME (L		60.	
WEATHERGAGE VENTURE CAPITAL LP - ORDINARY BUSINESS INCOME (LOSS)		1,589.	
TOTAL INCLUDED ON FORM 990-T, PAGE 1, LINE 5		8,002.	

FORM 990-T	CONTRIBUTIONS	STATEMENT	2
DESCRIPTION/KIND OF PROPERTY	METHOD USED TO DETERMINE FMV	AMOUNT	
FROM MESIROW FINANCIAL K-1	N/A	22.	
TOTAL TO FORM 990-T, PAGE 1, LINE 20		22.	

FORM 990-T	OTHER DEDUCTIONS	STATEMENT	3
DESCRIPTION		AMOUNT	
TAX PREPARATION FEES		1,103.	
TOTAL TO FORM 990-T, PAGE 1, LINE 28		1,103.	

FORM 990-T	CONTRIBUTIONS SUMMARY	STATEMENT	4
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QUALIFIED CONTRIBUTIONS SUBJECT TO 100% LIMIT

CARRYOVER OF PRIOR YEARS UNUSED CONTRIBUTIONS

FOR TAX YEAR 2013

FOR TAX YEAR 2014

FOR TAX YEAR 2015

FOR TAX YEAR 2016

FOR TAX YEAR 2017

TOTAL CARRYOVER

TOTAL CURRENT YEAR 10% CONTRIBUTIONS

22

TOTAL CONTRIBUTIONS AVAILABLE

22

TAXABLE INCOME LIMITATION AS ADJUSTED

1,272

EXCESS 10% CONTRIBUTIONS

0

EXCESS 100% CONTRIBUTIONS

0

TOTAL EXCESS CONTRIBUTIONS

0

ALLOWABLE CONTRIBUTIONS DEDUCTION

22

TOTAL CONTRIBUTION DEDUCTION

22

FORM 990-T	NAME OF FOREIGN COUNTRY IN WHICH ORGANIZATION HAS FINANCIAL INTEREST	STATEMENT	5
------------	---	-----------	---

NAME OF COUNTRY

GUERNSEY
CAYMAN ISLANDS
BRITISH VIRGIN ISLANDS

Capital Gains and Losses
▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.
▶ Go to www.irs.gov/Form1120 for instructions and the latest information.

OMB No. 1545-0123

2018

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

Part I Short-Term Capital Gains and Losses (See instructions.)				
See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked				1.
4 Short-term capital gain from installment sales from Form 6252, line 26 or 37			4	
5 Short-term capital gain or (loss) from like-kind exchanges from Form 8824			5	
6 Unused capital loss carryover (attach computation)			6	()
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column h			7	1.

Part II Long-Term Capital Gains and Losses (See instructions.)				
See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked				9,476.
11 Enter gain from Form 4797, line 7 or 9			11	
12 Long-term capital gain from installment sales from Form 6252, line 26 or 37			12	
13 Long-term capital gain or (loss) from like-kind exchanges from Form 8824			13	
14 Capital gain distributions			14	
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column h			15	9,476.

Part III Summary of Parts I and II		
16 Enter excess of net short-term capital gain (line 7) over net long-term capital loss (line 15)	align="center"> 16	1.
17 Net capital gain. Enter excess of net long-term capital gain (line 15) over net short-term capital loss (line 7)	17	9,476.
18 Add lines 16 and 17. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns.	18	9,477.

Note: If losses exceed gains, see Capital losses in the instructions.

Sales and Other Dispositions of Capital Assets

OMB No. 1545-0074

2018

Attachment Sequence No. **12A**

▶ Go to www.irs.gov/Form8949 for instructions and the latest information.

Name(s) shown on return

Social security number or taxpayer identification no.

41-1921094

CLEARWAY MINNESOTA (SM)

Before you check Box A, B, or C below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

Part I Short-Term. Transactions involving capital assets you held 1 year or less are generally short-term (see instructions). For long-term transactions, see page 2.

Note: You may aggregate all short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 1a; you aren't required to report these transactions on Form 8949 (see instructions).

You must check Box A, B, or C below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

☐ (A) Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)

☐ (B) Short-term transactions reported on Form(s) 1099-B showing basis **wasn't** reported to the IRS

☒ (C) Short-term transactions not reported to you on Form 1099-B

[illegible]

Note: If you checked Box A above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See *Column (g)* in the separate instructions for how to figure the amount of the adjustment.

41-1921094

CLEARWAY MINNESOTA (SM)

Part II Long-Term. Transactions involving capital assets you held more than 1 year are generally long-term (see instructions). For short-term transactions, see page 1.

You must check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

☒ (F) Long-term transactions not reported to you on Form 1099-B

Note: If you checked Box D above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See *Column (g)* in the separate instructions for how to figure the amount of the adjustment.

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))
▶ Attach to your tax return.

▶ Go to www.irs.gov/Form4797 for instructions and the latest information.

OMB No. 1545-0184

2018

Attachment
Sequence No. **27**

CLEARWAY MINNESOTA (SM)

Identifying number
41-1921094

1 Enter the gross proceeds from sales or exchanges reported to you for 2018 on Form(s) 1099-B or 1099-S
(or substitute statement) that you are including on line 2, 10, or 20

1

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From
Other Than Casualty or Theft-Most Property Held More Than 1 Year** (see instructions)

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)						
	MESIROW FINANCIAL												
	PRIVATE EQUITY												
	PARTNER						<660.>						
3	Gain, if any, from Form 4684, line 39						3						
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37						4						
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824						5						
6	Gain, if any, from line 32, from other than casualty or theft						6						
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows						7 <660.>						
Partnerships and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.													
Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you didn't have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.													
8	Nonrecaptured net section 1231 losses from prior years. See instructions						8						
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return. See instructions						9						

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

11	Loss, if any, from line 7						11 (660)
12	Gain, if any, from line 7 or amount from line 8, if applicable						12
13	Gain, if any, from line 31						13
14	Net gain or (loss) from Form 4684, lines 31 and 38a						14
15	Ordinary gain from installment sales from Form 6252, line 25 or 36						15
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824						16
17	Combine lines 10 through 16						17 <660.>
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below.						
a	If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the loss from income-producing property on Schedule A (Form 1040), line 16. (Do not include any loss on property used as an employee.) Identify as from "Form 4797, line 18a." See instructions						18a
b	Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Schedule 1 (Form 1040), line 14						18b

LHA For Paperwork Reduction Act Notice, see separate instructions.

Form **4797** (2018)

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255 (see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A			
B			
C			
D			
These columns relate to the properties on lines 19A through 19D.		Property A	Property B
		Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	
21	Cost or other basis plus expense of sale	21	
22	Depreciation (or depletion) allowed or allowable	22	
23	Adjusted basis. Subtract line 22 from line 21	23	
24	Total gain. Subtract line 23 from line 20	24	
25	If section 1245 property:		
a	Depreciation allowed or allowable from line 22	25a	
b	Enter the smaller of line 24 or 25a	25b	
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.		
a	Additional depreciation after 1975. See instructions	26a	
b	Applicable percentage multiplied by the smaller of line 24 or line 26a. See instructions	26b	
c	Subtract line 26a from line 24. If residential rental property or line 24 isn't more than line 26a, skip lines 26d and 26e	26c	
d	Additional depreciation after 1969 and before 1976	26d	
e	Enter the smaller of line 26c or 26d	26e	
f	Section 291 amount (corporations only)	26f	
g	Add lines 26b, 26e, and 26f	26g	
27	If section 1252 property: Skip this section if you didn't dispose of farmland or if this form is being completed for a partnership.		
a	Soil, water, and land clearing expenses	27a	
b	Line 27a multiplied by applicable percentage	27b	
c	Enter the smaller of line 24 or 27b	27c	
28	If section 1254 property:		
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion. See instructions	28a	
b	Enter the smaller of line 24 or 28a	28b	
29	If section 1255 property:		
a	Applicable percentage of payments excluded from income under section 126. See instructions	29a	
b	Enter the smaller of line 24 or 29a. See instructions	29b	

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33
34	Recomputed depreciation. See instructions	34
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35



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

(Pursuant to Minn. Stat. ch. 309)

SECTION A: Organization Information

Legal Name of Organization CLEARWAY MINNESOTA (SM)

Federal EIN: 41-1921094

Fiscal Year-End: 06302019

mm/dd/yyyy

Did the organization's fiscal year-end change? ☐ Yes ☒ No

Mailing Address: <u>DAVID WILLOUGHBY</u> Contact Person <u>2 APPLETREE SQ, 8011 34TH AV S</u> Street Address <u>MINNEAPOLIS, MN 55425</u> City, State, and ZIP Code <u>952-767-1400</u> Phone Number <u>DWILLOUGHBY@CLEARWAYMN.ORG</u> Email Address	Physical Address: <u>DAVID WILLOUGHBY</u> Contact Person <u>2 APPLETREE SQ, 8011 34TH AV S</u> Street Address <u>MINNEAPOLIS, MN 55425</u> City, State, and ZIP Code <u>952-767-1400</u> Phone Number <u>DWILLOUGHBY@CLEARWAYMN.ORG</u> Email Address
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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: \$ 13,602.

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	180,733.	50,567.
BARBARA SCHILLO VICE PRESIDENT	153,333.	45,852.
ANDREA MOWERY VICE PRESIDENT	160,156.	33,720.
STEVEN BADER CHIEF FINANCIAL OFFICER	145,334.	46,080.
JAIME MARTINEZ DIRECTOR OF COMMUNITY DEV	137,468.	31,379.

*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.	TOTAL INCOME	\$	5

EXPENSES

6.	Program Expenses	\$	6
7.	Management & General Expenses	\$	7
8.	Fund-raising Expenses	\$	8
9.	TOTAL EXPENSES	\$	9
10.	EXCESS or DEFICIT	\$	10
	(Line 5 minus Line 9)		

ASSETS

11.	Cash	\$	11
12.	Land, Buildings & Equipment	\$	12
13.	Other Assets	\$	13
14.	TOTAL ASSETS	\$	14

LIABILITIES

15.	Accounts Payable	\$	15
16.	Grants Payable	\$	16
17.	Other Liabilities	\$	17
18.	TOTAL LIABILITIES	\$	18

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)

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 18th

day of September, 2019, 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.

LAURIE LAFONTAINE

Name (Print)

Signature

CHAIR, BOARD OF DIRECTORS

Title

Date

STEVEN MCWHIRTER

Name (Print)

Signature

TREASURER

Title

Date

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 for instructions and the latest information.

OMB No. 1545-0047

2018Open to Public
Inspection**A** For the 2018 calendar year, or tax year beginning **JUL 1, 2018** and ending **JUN 30, 2019****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 SCity 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 \$ **21,588,275.****H(a)** Is this a group returnfor subordinates? ☐ Yes ☒ No**H(b)** Are all subordinates included? ☐ Yes ☐ No

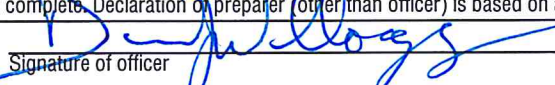

If "No," attach a list. (see instructions)

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

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: CLEARWAY MINNESOTA IS AN INDEPENDENT NONPROFIT ORGANIZATION WORKING TO IMPROVE THE HEALTH OF		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	15
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	15
	5	Total number of individuals employed in calendar year 2018 (Part V, line 2a)	5	28
	6	Total number of volunteers (estimate if necessary)	6	15
		7 a	Total unrelated business revenue from Part VIII, column (C), line 12	7a
b		Net unrelated business taxable income from Form 990-T, line 38	7b	12,695.
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	116,641.	13,602.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0.	0.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,370,066.	1,545,700.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	114,343.	16,797.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	1,601,050.	1,576,099.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	5,282,642.	3,203,009.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	4,043,686.	3,506,566.
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0.	0.	0.
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	5,878,519.	3,905,104.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	15,204,847.	10,614,679.
Net Assets or Fund Balances	19	Revenue less expenses. Subtract line 18 from line 12	<13,603,797.>	<9,038,580.>
	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26)	26,489,220.	14,759,677.
22	Net assets or fund balances. Subtract line 21 from line 20	2,534,022.	1,508,074.	
			23,955,198.	13,251,603.

Part II Signature Block

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

Sign Here	Signature of officer 		Date 10/30/2019	
	DAVID J. WILLOUGHBY, CHIEF EXEC OFFICER		(C.E.O.)	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature 	Date 10/29/19	Check <input type="checkbox"/> if self-employed
	Firm's name ▶ OLSEN THIELEN & CO., LTD	Firm's EIN ▶ 41-1360831		PTIN P00205567
	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 \$ 4,927,405. including grants of \$ 1,646,731.) (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 \$ 1,383,282. including grants of \$ 626,548.) (Revenue \$ 0.)**RESEARCH**

CLEARWAY MINNESOTA CONTRACTS FOR SURVEILLANCE RESEARCH EFFORTS THAT MONITOR TOBACCO USE, ATTITUDES AND BEHAVIORS OVER TIME AND MEASURE THE IMPACT OF TOBACCO CONTROL POLICIES AND PROGRAMS. DURING FISCAL YEAR 2019, CLEARWAY MINNESOTA ENGAGED IN TWO MAJOR SURVEILLANCE INITIATIVES, THE 2018 MINNESOTA ADULT TOBACCO SURVEY (MATS), AND THE SECOND ITERATION OF THE TRIBAL TOBACCO USE PROJECT (TTUP II) SURVEY. CLEARWAY MINNESOTA CONTRACTED WITH WESTAT, INC., ON THE SIXTH AND FINAL ROUND OF THE MINNESOTA ADULT TOBACCO SURVEY (MATS). DURING FISCAL YEAR 2019, DATA COLLECTION CONCLUDED, DATA ANALYSIS BEGAN AND FINDINGS WERE RELEASED. BECAUSE MATS IS THE MOST COMPREHENSIVE SOURCE OF DATA ON TOBACCO USE PREVALENCE, SECONDHAND SMOKE EXPOSURE AND SMOKING BEHAVIORS

4c (Code:) (Expenses \$ 2,905,370. including grants of \$ 904,130.) (Revenue \$ 13,602.)**CESSATION**

CLEARWAY MINNESOTA PROVIDES EVIDENCE-BASED OR PROMISING PROGRAMS TO HELP MINNESOTANS QUIT TOBACCO USE. SINCE INCEPTION, QUITPLAN SERVICES HAS HELPED MORE THAN 185,000 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 \$ 25,600. including grants of \$ 25,600.) (Revenue \$ 0.)

4e Total program service expenses **9,241,657.**

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

☒

	Yes	No
1a Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a 22	
b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b 0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c X	

Part V Statements Regarding Other IRS Filings and Tax Compliance (continued)

		Yes	No
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	2a	28
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	X
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	X
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	3b	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)?	4a	X
b	If "Yes," enter the name of the foreign country: SEE SCHEDULE O See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
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?	6a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7 Organizations that may receive deductible contributions under section 170(c).			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	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?	7e	X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8 Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?			
		8	
9 Sponsoring organizations maintaining donor advised funds.			
a	Did the sponsoring organization make any taxable distributions under section 4966?	9a	
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	9b	
10 Section 501(c)(7) organizations. Enter:			
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11 Section 501(c)(12) organizations. Enter:			
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a	Is the organization licensed to issue qualified health plans in more than one state?	13a	
Note. See the instructions for additional information the organization must report on Schedule O.			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	
15	Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year?	15	X
If "Yes," see instructions and file Form 4720, Schedule N.			
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income?	16	X
If "Yes," complete Form 4720, 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
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 (1024 or 1024-A if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
☒ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records ►
LANA KOPYLOV, DIRECTOR OF FINANCE - 952-767-1406
8011 34TH AVE S, STE 400, MINNEAPOLIS, MN 55425

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) BOB BOERSCHEL BOARD CHAIR (THRU SEPTEMBER 2018)	7.00	X		X				0.	0.	0.
(2) LAURIE LAFONTAINE, BOARD CHAIR (BEG 9/18), VICE CHAIR (THRU 9/18)	10.00	X		X				0.	0.	0.
(3) KAREN KRAEMER VICE CHAIR (BEGINNING SEPTEMBER 2018)	6.00	X		X				0.	0.	0.
(4) NEVADA LITTLEWOLF SECRETARY (THRU OCTOBER 2018)	2.00	X		X				0.	0.	0.
(5) ANNIE VARS SECRETARY (BEGINNING SEPTEMBER 2018)	3.00	X		X				0.	0.	0.
(6) BRIAN OSBERG TREASURER (THRU SEPTEMBER 2018)	4.00	X		X				0.	0.	0.
(7) STEVEN MCWHIRTER TREASURER (BEGINNING SEPTEMBER 2018)	3.00	X		X				0.	0.	0.
(8) GAIL AMUNDSON DIRECTOR	2.00	X						0.	0.	0.
(9) JANET AVERY DIRECTOR	2.00	X						0.	0.	0.
(10) DUANE BENSON DIRECTOR (THRU JANUARY 2019)	1.00	X						0.	0.	0.
(11) MAE BROOKS DIRECTOR	3.00	X						0.	0.	0.
(12) JUDY BROWN DIRECTOR	1.00	X						0.	0.	0.
(13) SARAH OQUIST DIRECTOR	2.00	X						0.	0.	0.
(14) GREG WULF DIRECTOR	1.00	X						0.	0.	0.
(15) DAVID J. WILLOUGHBY CHIEF EXECUTIVE OFFICER	40.00			X				180,733.	0.	50,567.
(16) STEVEN BADER CHIEF FINANCIAL OFFICER	40.00			X				145,334.	0.	46,080.
(17) ANDREA MOWERY VICE PRESIDENT	40.00				X			160,156.	0.	33,720.

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) BARBARA SCHILLO VICE PRESIDENT	40.00					X		153,333.	0.	45,852.
(19) JAIME MARTINEZ DIRECTOR OF COMMUNITY DEVELOPMENT	40.00					X		137,468.	0.	31,379.
(20) MARIETTA DREHER DIRECTOR OF MARKETING & COMMUNICATIO	40.00					X		121,634.	0.	35,835.
(21) MOLLY MOILANEN DIRECTOR OF PUBLIC AFFAIRS	40.00					X		125,705.	0.	39,093.
1b Sub-total								1,024,363.	0.	282,526.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								1,024,363.	0.	282,526.

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 ►

12

3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual

	Yes	No
3		X
4	X	
5		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

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

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
HABERMAN & ASSOCIATES, INC., 430 1ST AVE NORTH, STE 216, MINNEAPOLIS, MN 55401	MEDIA BUY AND ADVERTISING SERVICES	4,329,523.
CLARITY COVERDALE FURY, INC., 120 SOUTH SIXTH ST, STE 1300, MINNEAPOLIS, MN 55402	MEDIA BUY AND ADVERTISING SERVICES	346,995.
PROFESSIONAL DATA ANALYSTS, INC., 219 MAIN STREET SE, STE 302, MINNEAPOLIS, MN 55414	QUITPLAN AND MEDIA EVALUATION	112,291.

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 ►

3

Part VIII Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	13,602.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f					
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f			13,602.			
Program Service Revenue	2 a		Business Code				
	b						
	c						
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f						
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			230,156.			230,156.
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
			(i) Real	(ii) Personal			
	6 a Gross rents						
	b Less: rental expenses						
	c Rental income or (loss)						
	d Net rental income or (loss)						
			(i) Securities	(ii) Other			
	7 a Gross amount from sales of assets other than inventory		21,327,720.				
	b Less: cost or other basis and sales expenses		20,012,176.				
	c Gain or (loss)		1,315,544.				
	d Net gain or (loss)			1,315,544.			1,315,544.
	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		16,797.		16,797.	
b							
c							
d All other revenue							
e Total. Add lines 11a-11d				16,797.			
12 Total revenue. See instructions				1,576,099.	0.	16,797.	1,545,700.

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	3,158,059.	3,158,059.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22	44,950.	44,950.		
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	439,091.	286,056.	153,035.	
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	2,383,491.	1,553,890.	829,601.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	295,864.	192,262.	103,602.	
9 Other employee benefits	196,522.	127,707.	68,815.	
10 Payroll taxes	191,598.	124,910.	66,688.	
11 Fees for services (non-employees):				
a Management				
b Legal	31,692.	21,500.	10,192.	
c Accounting	20,030.	13,588.	6,442.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	11,298.		11,298.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	90,350.	61,294.	29,056.	
12 Advertising and promotion	103,940.	83,549.	20,391.	
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy	127,808.	84,923.	42,885.	
17 Travel	56,022.	52,271.	3,751.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	32,629.	26,716.	5,913.	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	17,712.	11,769.	5,943.	
23 Insurance	16,366.	10,875.	5,491.	
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	3,297,021.	3,293,293.	3,728.	
b EVALUATION FEES	81,729.	81,729.		
c CONSULTANTS	13,304.	8,859.	4,445.	
d OTHER EXPENSES	5,203.	3,457.	1,746.	
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	10,614,679.	9,241,657.	1,373,022.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here ☐ if following SOP 98-2 (ASC 958-720)

Part X Balance SheetCheck if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	250,060.	1	250,149.
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net	12,965.	3	373.
	4 Accounts receivable, net	33,032.	4	9,225.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	47,445.	9	49,317.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 338,783.		
	b Less: accumulated depreciation	10b 329,662.	10c	9,121.
	11 Investments - publicly traded securities	18,412,478.	11	8,992,312.
	12 Investments - other securities. See Part IV, line 11	7,706,406.	12	5,449,180.
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11		15	
16 Total assets. Add lines 1 through 15 (must equal line 34)	26,489,220.	16	14,759,677.	
Liabilities	17 Accounts payable and accrued expenses	1,006,266.	17	986,657.
	18 Grants payable	1,527,756.	18	521,417.
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25	2,534,022.	26	1,508,074.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	23,955,198.	27	13,251,603.
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	23,955,198.	33	13,251,603.
34 Total liabilities and net assets/fund balances	26,489,220.	34	14,759,677.	

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response or note to any line in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,576,099.
2	Total expenses (must equal Part IX, column (A), line 25)	2	10,614,679.
3	Revenue less expenses. Subtract line 2 from line 1	3	<9,038,580.>
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	23,955,198.
5	Net unrealized gains (losses) on investments	5	<1,665,015.>
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	13,251,603.

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII ☒

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? _____		X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits _____		

Form 990 (2018)

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 for instructions and the latest information.

OMB No. 1545-0047

2018

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

(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
Total					0.	0.

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge ...						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources ...						
9 Net income from unrelated business activities, whether or not the business is regularly carried on ...						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2018 (line 6, column (f) divided by line 11, column (f))	14		%
15 Public support percentage from 2017 Schedule A, Part II, line 14	15		%
16a 33 1/3% support test - 2018. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization			
b 33 1/3% support test - 2017. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization			
17a 10% -facts-and-circumstances test - 2018. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization			
b 10% -facts-and-circumstances test - 2017. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization			
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions			

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) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2018 (line 8, column (f), divided by line 13, column (f))	15	%
16 Public support percentage from 2017 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2018 (line 10c, column (f), divided by line 13, column (f))	17	%
18 Investment income percentage from 2017 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2018. 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 - 2017. 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
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.	X	
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).		X
3a 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 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.		X
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).		X
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (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 .	X	
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as 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
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).		X
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI .		X
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 .		X
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 .		X
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.		X
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
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		X
b A family member of a person described in (a) above?		X
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI .		X

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.	X	
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		X

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (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?		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		

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
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.		
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.		
3 Parent of Supported Organizations. Answer (a) and (b) below.		
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI .		
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	Adjusted Net Income (subtract lines 5, 6, and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions			Current Year
1	Amounts paid to supported organizations to accomplish exempt purposes		
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity		
3	Administrative expenses paid to accomplish exempt purposes of supported organizations		
4	Amounts paid to acquire exempt-use assets		
5	Qualified set-aside amounts (prior IRS approval required)		
6	Other distributions (describe in Part VI). See instructions.		
7	Total annual distributions. Add lines 1 through 6.		
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.		
9	Distributable amount for 2018 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-2018	(iii) Distributable Amount for 2018
1 Distributable amount for 2018 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2018 (reasonable cause required- explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2018			
a From 2013			
b From 2014			
c From 2015			
d From 2016			
e From 2017			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2018 distributable amount			
i Carryover from 2013 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2018 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2018 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2018, 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 2018. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI . See instructions.			
7 Excess distributions carryover to 2019. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2014			
b Excess from 2015			
c Excess from 2016			
d Excess from 2017			
e Excess from 2018			

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 (\$9,241,657) 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 (\$1,373,022), 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 for instructions and the latest information.**

OMB No. 1545-0047

2018

**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) 2018

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)		88,619.													
b Total lobbying expenditures to influence a legislative body (direct lobbying)		69,742.													
c Total lobbying expenditures (add lines 1a and 1b)		158,361.													
d Other exempt purpose expenditures		10,445,020.													
e Total exempt purpose expenditures (add lines 1c and 1d)		10,603,381.													
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.		680,169.													
<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)		170,042.													
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) 2015	(b) 2016	(c) 2017	(d) 2018	(e) Total
2a Lobbying nontaxable amount	929,437.	893,620.	909,511.	680,169.	3,412,737.
b Lobbying ceiling amount (150% of line 2a, column(e))					5,119,106.
c Total lobbying expenditures	111,591.	122,801.	117,092.	158,361.	509,845.
d Grassroots nontaxable amount	232,359.	223,405.	227,378.	170,042.	853,184.
e Grassroots ceiling amount (150% of line 2d, column (e))					1,279,776.
f Grassroots lobbying expenditures	54,566.	57,215.	59,015.	88,619.	259,415.

Schedule C (Form 990 or 990-EZ) 2018

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?		
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?		
3 Did the organization agree to carry over lobbying and political campaign activity expenditures from the prior year?		

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 2019, CLEARWAY MINNESOTA CONTRACTED WITH LOCKRIDGE, GRINDAL, NAUEN PLLP FOR DIRECT LOBBYING SERVICES. THIS YEAR'S LOBBYING WORK FOCUSED ON SECURING SUSTAINED FUNDING FOR STATEWIDE TOBACCO PREVENTION AND CESSATION SERVICES, INCREASING THE TOBACCO SALE AGE TO 21 AND PROHIBITING E-CIGARETTE USE WHERE SMOKING IS ALREADY BANNED UNDER THE MINNESOTA CLEAN INDOOR AIR ACT. OTHER LOBBYING ACTIVITIES INCLUDED GRASSROOTS, COMMUNICATIONS AND PUBLIC RELATIONS EFFORTS SUCH AS PAID POSTS ON SOCIAL MEDIA OUTLETS. 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 6 PERCENT OF THEIR GRANT AWARD CAN BE USED FOR LOBBYING ACTIVITIES. AT THE LOCAL LEVEL, GRANTEEES LED CAMPAIGNS TO INCREASE THE TOBACCO SALE AGE TO 21, INCREASE THE PRICE OF TOBACCO PRODUCTS AND RESTRICTING YOUTH ACCESS TO CANDY-, FRUIT- AND MENTHOL-FLAVORED TOBACCO PRODUCTS.

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 for instructions and the latest information.**

OMB No. 1545-0047

2018

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 exhibitiond ☐ Loan or exchange programsb ☐ Scholarly researche ☐ 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 ☐ Nob 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		312,540.	303,419.	9,121.
e Other				

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.) ☐ 9,121.

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	5,449,180.	END-OF-YEAR MARKET VALUE
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ►	5,449,180.	

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	<100,214.>
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains (losses) on investments	2a	<1,665,015.>
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	<1,665,015.>
3	Subtract line 2e from line 1	3	1,564,801.
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	11,298.
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	11,298.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	1,576,099.

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	10,603,381.
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	10,603,381.
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	11,298.
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	11,298.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5	10,614,679.

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:**

THE ORGANIZATION 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 for instructions and the latest information.

OMB No. 1545-0047

2018Open 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		499,985.
3 a Subtotal	0	0			499,985.
b Total from continuation sheets to Part I	0	0			0.
c Totals (add lines 3a and 3b)	0	0			499,985.

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

Schedule F (Form 990) 2018

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.

**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 for the latest information.

OMB No. 1545-0047

2018

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
AMERICAN INDIAN CANCER FOUNDATION 3001 BROADWAY STREET NE, STE 185 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	24,752.	0.			SUPPORT FOR AMERICAN INDIAN QUITLINE
AMERICAN INDIAN CANCER FOUNDATION 3001 BROADWAY STREET NE, STE 185 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	168,639.	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'19 LOCAL POLICY GRANT
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 490 CONCORDIA AVENUE - ST. PAUL, MN 55103	20-4392201	501C(3)	179,989.	0.			FY'19 LOCAL POLICY GRANT
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 490 CONCORDIA AVENUE - ST. PAUL, MN 55103	20-4392201	501C(3)	19,996.	0.			FY'19 LOCAL POLICY TECHNICAL ASSISTANCE GRANT
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	44,201.	0.			TOBACCO INDUSTRY TRACKING

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table **12.**

3 Enter total number of other organizations listed in the line 1 table **8.**

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

SEE PART IV FOR COLUMN (H) DESCRIPTIONS

Schedule I (Form 990) (2018)

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
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	388,400.	0.			FY'19 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'19 LOCAL POLICY TECHNICAL ASSISTANCE GRANT
CITY OF MINNEAPOLIS 250 SOUTH 4TH STREET, ROOM 510 MINNEAPOLIS, MN 55415	41-6005375	GOVERNMENT	25,000.	0.			FY'19 LOCAL POLICY GRANT
CONSUMER WELLNESS SOLUTIONS, INC. 11000 OPTUM CIRCLE EDEN PRAIRIE, MN 55344	20-0231080	FOR PROFIT CORP	757,538.	0.			QUITPLAN HELPLINE
CONSUMER WELLNESS SOLUTIONS, INC. 11000 OPTUM CIRCLE EDEN PRAIRIE, MN 55344	20-0231080	FOR PROFIT CORP	8,528.	0.			PROCESSING FEE FOR REFERRALS TO QUITPLAN SERVICES
DIVISION OF INDIAN WORK 1001 EAST LAKE STREET MINNEAPOLIS, MN 55407	81-5265328	501C(3)	37,500.	0.			QUITPLAN SERVICES AMBASSADOR GRANT
HEALTHPARTNERS INSTITUTE 8170 33RD AVE SOUTH, MS: 23301A BLOOMINGTON, MN 55425	41-1670163	501C(3)	37,482.	0.			DISSEMINATION OF MODELHEALTH TOBACCO MN PROJECTED HEALTH AND ECONOMIC IMPACT OF REDUCING CIGARETTE SMOKING IN MINNESOTA,
HEALTHPARTNERS INSTITUTE 8170 33RD AVE SOUTH, MS: 23301A BLOOMINGTON, MN 55425	41-1670163	501C(3)	48,100.	0.			DISSEMINATION II MODELHEALTH PROSPECTIVE STUDY
HEALTHPARTNERS INSTITUTE 8170 33RD AVE SOUTH, MS: 23301A BLOOMINGTON, MN 55425	41-1670163	501C(3)	34,652.	0.			

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
HORIZON PUBLIC HEALTH 809 ELM STREET, STE 1200 ALEXANDRIA, MN 56308	41-1373630	GOVERNMENT	132,545.	0.			FY'19 LOCAL POLICY GRANT
INSTITUTE FOR CLINICAL SYSTEMS IMPROVEMENT - 8009 34TH AVE S, STE 1200 - BLOOMINGTON, MN 55425	41-1782168	501C(3)	34,003.	0.			HEALTH SYSTEMS CHANGE CAPACITY BUILDING PROJECT
LOCKRIDGE GRINDAL NAUEN P.L.L.P. 100 WASHINGTON AVE SOUTH MINNEAPOLIS, MN 55401	41-1340615	FOR PROFIT PARTNERSH	135,000.	0.			STATEWIDE LOBBYING
MS STRATEGIES, LLC 1113 EAST FRANKLIN AVE, #202B MINNEAPOLIS, MN 55404	47-4197971	FOR PROFIT CORP	6,055.	0.			CONSULTING ON CESSATION POLICY
NORTH AMERICAN RESEARCH & ANALYSIS, INC. - 478 MEADOW RIDGE TRAIL - HUDSON, WI 54016	26-3210860	FOR PROFIT CORP	14,000.	0.			SUPPORT TO THE CESSATION DEPARTMENT AND FACILITATION THE MN QUITLINE NETWORK
NORTHPOINT HEALTH & WELLNESS CENTER - 1315 PENN AVENUE NORTH - MINNEAPOLIS, MN 55411	20-0898277	501C(3)	150,000.	0.			FY'19 LOCAL POLICY GRANT
PARTNERSHIP 4 HEALTH COMMUNITY HEALTH BOARD - 715 11TH ST NORTH, STE 303 - MOORHEAD, MN 56560	47-1274432	GOVERNMENT	178,991.	0.			FY'19 LOCAL POLICY GRANT
PROFESSIONAL DATA ANALYSTS, GBC 219 MAIN STREET SE, STE 302 MINNEAPOLIS, MN 55414	41-1862390	FOR PROFIT CORP	26,319.	0.			MATS 2018 STATISTICAL ANALYSIS AND DISSEMINATION SUPPORT
RAPP STRATEGIES INC. 333 SOUTH SEVENTH ST, STE 2400 MINNEAPOLIS, MN 55402	41-1426445	FOR PROFIT CORP	230,594.	0.			PUBLIC AFFAIRS

Schedule I (Form 990)

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)							
(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
REGENTS OF THE UNIVERSITY OF WISCONSIN - RESEARCH & SPONSORED PRGRMS, 750 UNIVERSITY AVE, 4TH FL - MADISON, WI 53706	39-6006492	WI LAND/GRANT ENTITY	33,988.	0.			TA TO RESEARCH GRANTEEES, ASSIST WITH THE DISSEMINATION OF RESEARCH FINDINGS AND PROVIDE
SCOTT CONSULTING PARTNERS LLC 21850 ROSSES ROAD RICHLAND CENTER, WI 53581	26-4786001	FOR PROFIT LLC	7,360.	0.			TTEP EVALUATION DISSEMINATION, TTS MAINTENANCE, OTHER TTEP EVALUATION DISSEMINATION
THE STAIRSTEP FOUNDATION 1404 14TH AVE NORTH MINNEAPOLIS, MN 55411	41-1709346	501C(3)	37,336.	0.			QUITPLAN SERVICES AMBASSADOR GRANT
WESTAT, INC 1650 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	201,801.	0.			2018 MATS SURVEY
GRANT CANCELLATIONS - CURRENT YEAR ESTIMATE			<57,420.>	0.			GRANT CANCELLATIONS - CURRENT YEAR ESTIMATE
GRANT CANCELLATIONS - PRIOR YEAR ACTUAL			<27,055.>	0.			GRANT CANCELLATIONS - PRIOR YEAR ACTUAL
GRANTS \$5,000 AND UNDER			1,515.	0.			GRANTS \$5,000 AND UNDER
GRANT-RELATED EXPENSES			27,691.	0.			GRANT-RELATED EXPENSES
CHANGE IN GRANT NET PRESENT VALUE			20,559.	0.			CHANGE IN GRANT NET PRESENT VALUE

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: HEALTHPARTNERS INSTITUTE

(H) PURPOSE OF GRANT OR ASSISTANCE: PROJECTED HEALTH AND ECONOMIC IMPACT
OF REDUCING CIGARETTE SMOKING IN MINNESOTA, 2018-2037

NAME OF ORGANIZATION OR GOVERNMENT:

NORTH AMERICAN RESEARCH & ANALYSIS, INC.

(H) PURPOSE OF GRANT OR ASSISTANCE: SUPPORT TO THE CESSATION DEPARTMENT
AND FACILITATION THE MN QUITLINE NETWORK COLLABORATIVE

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.

NAME OF ORGANIZATION OR GOVERNMENT: SCOTT CONSULTING PARTNERS LLC

(H) PURPOSE OF GRANT OR ASSISTANCE: TTEP EVALUATION DISSEMINATION, TTS
MAINTENANCE, OTHER TTEP EVALUATION DISSEMINATION ACTIVITIES

**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 for instructions and the latest information.**

OMB No. 1545-0047

2018

Open to Public
Inspection

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

Part I Questions Regarding Compensation

	Yes	No
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"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account <input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <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	1b	
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?	2	
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"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations <input checked="" type="checkbox"/> Written employment contract <input checked="" type="checkbox"/> Compensation survey or study <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?	4a	X
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	X
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.	4c	X
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?	5a	X
b Any related organization? If "Yes" on line 5a or 5b, describe in Part III.	5b	X
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?	6a	X
b Any related organization? If "Yes" on line 6a or 6b, describe in Part III.	6b	X
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	7	X
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	8	X
9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	

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

Schedule J (Form 990) 2018

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 for the latest information.

OMB No. 1545-0047

2018

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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 2019, CLEARWAY MINNESOTA CONTRACTED WITH HABERMAN, A
FULL-SERVICE MARKETING AGENCY. HABERMAN HELPED PLAN PAID AND EARNED
MEDIA CAMPAIGNS AND MEDIA BUYING, AND PROVIDED MEDIA RELATIONS SUPPORT
AND SOCIAL MEDIA EXPERTISE.

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

CLEARWAY MINNESOTA LAUNCHED A NEW AD CAMPAIGN IN OCTOBER OF 2018, SEE WHAT YOU'VE BEEN MISSING, EDUCATING ABOUT THE HARMFUL EFFECTS OF TOBACCO AND ENCOURAGING MINNESOTANS TO DO MORE TO PROTECT YOUTH FROM NICOTINE ADDICTION. THE CAMPAIGN INCLUDES BROADCAST, PRINT, ONLINE AND OUT OF HOME MEDIA, AND DIRECTS VIEWERS TO AN INFORMATIONAL WEBSITE, MISSINGITMN.ORG. IN ADDITION, CLEARWAY MINNESOTA PROMOTED OUR 20TH ANNIVERSARY WITH OUTREACH TO MEDIA, LEGISLATORS, PARTNERS AND THE GENERAL PUBLIC. HIGHLIGHTS INCLUDED NEW RESEARCH ON THE IMPACT TOBACCO CESSATION AND PREVENTION PROGRAMMING HAS HAD IN MINNESOTA IN TERMS OF LIVES AND MONEY SAVED, AND A VIDEO SHOWCASING THE EFFECTS OF TOBACCO CONTROL OVER THE LAST 20 YEARS. CLEARWAY MINNESOTA CONTINUED ADVERTISING AND OUTREACH WORK FOCUSED ON PROMOTING QUITPLAN SERVICES AS WELL AS THE QUITCASH CHALLENGE™ AND MINI-QUIT MONDAYS QUIT-SMOKING CHALLENGES. WE ALSO CONTINUED OUTREACH WITH COMMUNITY PARTNERS TO PROMOTE THE NEW AMERICAN INDIAN QUITLINE FROM QUITPLAN SERVICES, USING CULTURALLY APPROPRIATE PAID AND EARNED MEDIA. CLEARWAY MINNESOTA'S PROGRAMS, SERVICES OR KEY MESSAGES RECEIVED NEWS COVERAGE BY MEDIA OUTLETS OVER THE COURSE OF THE YEAR.

IN FISCAL YEAR 2019, THE PUBLIC AFFAIRS DEPARTMENT USED RAPP STRATEGIES, INC., AS OUR PUBLIC AFFAIRS VENDOR. RAPP STRATEGIES PROVIDED PUBLIC AFFAIRS STRATEGY, MEDIA RELATIONS AND GRASSROOTS SUPPORT AS WELL AS GRANTEE TECHNICAL ASSISTANCE TO FURTHER OUR GOALS.

THIS YEAR, CLEARWAY MINNESOTA AWARDED EIGHT GRANTS TO MINNESOTA NONPROFITS AND LOCAL UNITS OF GOVERNMENT TO REDUCE TOBACCO'S HARM THROUGH COALITION BUILDING, POLICY ADVOCACY AND PUBLIC EDUCATION. ALL

Name of the organization

CLEARWAY MINNESOTA (SM)

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GRANTEES CONTRIBUTED TO CLEARWAY MINNESOTA'S STATEWIDE POLICY GOALS BY EDUCATING LAWMAKERS ABOUT THE GROWING YOUTH NICOTINE EPIDEMIC IN MINNESOTA AND THE IMPORTANCE OF PASSING STRONG STATEWIDE POLICIES TO HELP SMOKERS QUIT AND PREVENT YOUTH FROM STARTING, INCLUDING RAISING THE TOBACCO SALE AGE TO 21, ADDING E-CIGARETTES TO THE STATE'S CLEAN INDOOR AIR ACT AND INCREASING FUNDING FOR TOBACCO CESSATION AND PREVENTION. NOTABLY, LOCAL POLICY GRANTEES LED OVER 25 SUCCESSFUL CITY AND COUNTY CAMPAIGNS TO INCREASE THE TOBACCO SALE AGE TO 21, INCREASE THE PRICE OF TOBACCO PRODUCTS AND/OR RESTRICT YOUTH ACCESS TO CANDY-, FRUIT- AND MENTHOL-FLAVORED TOBACCO PRODUCTS.

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

FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:
OF ADULT MINNESOTANS, SURVEY FINDINGS SERVE TO MEASURE PROGRESS, GUIDE OUR WORK, AND INFORM THE WORK OF PARTNERS. STAFF AND PARTNERS ARE WORKING TO ENSURE THAT MATS RESULTS ARE DISSEMINATED WIDELY.

TO ASSIST IN THE DISSEMINATION OF MATS RESULTS, SEVERAL CONTRACTS WERE INITIATED FOR DATA ANALYSIS AND SELECT PAPER WRITING. THESE CONTRACTS INCLUDED ONE WITH PROFESSIONAL DATA ANALYSTS, WHICH PROVIDES PRIMARY DATA ANALYSIS FOR MATS FINDINGS, AND ANOTHER WITH DR. RAYMOND BOYLE, WHO PROVIDES DATA ANALYSIS AND MATS RESULTS DISSEMINATION THROUGH PEER-REVIEWED PAPERS AND ACADEMIC CONFERENCE PRESENTATIONS.

THE SECOND TRIBAL TOBACCO USE PROJECT (TTUP II) IS CONTRACTED TO THE

Name of the organization

CLEARWAY MINNESOTA (SM)

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AMERICAN INDIAN CANCER FOUNDATION. DURING FISCAL YEAR 2019, TTUP II CONCLUDED PROJECT PLANNING AND BEGAN SURVEY IMPLEMENTATION AND DATA COLLECTION. 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 SURVEY 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 ALSO CONTRACTS TO EVALUATE MAJOR PROGRAMMATIC EFFORTS. IN COLLABORATION WITH THE CENTER FOR PREVENTION AT BLUE CROSS AND BLUE SHIELD OF MINNESOTA AND THE MINNESOTA DEPARTMENT OF HEALTH, A VARIETY OF EVALUATION EFFORTS HAVE BEEN UNDERTAKEN TO ASSESS THE IMPACT OF POLICIES THAT RESTRICT THE SALE OF MENTHOL TOBACCO PRODUCTS, WHICH WERE RECENTLY IMPLEMENTED IN DULUTH, MINNEAPOLIS, SAINT PAUL AND OTHER MINNESOTA COMMUNITIES. IN FISCAL YEAR 2019, A CONTRACT WITH RAINBOW RESEARCH, INC., COLLECTED DATA ON THE YOUTH IMPACT OF POLICIES, CONTRACTS WITH BOSMA CONSULTING LLC CONDUCTED, PRODUCED AND BEGAN DISSEMINATING CASE STUDIES FOCUSING ON POLICY PASSAGE AND A CONTRACT WITH THE INSTITUTE FOR SUSTAINABLE ECONOMIC EDUCATIONAL ENVIRONMENTAL DESIGN FOCUSED ON CAPTURING CHANGE IN THE RETAIL ENVIRONMENT. WORK TO DOCUMENT THE POLICY IMPLEMENTATION PROCESS WILL CONTINUE INTO THE NEXT FISCAL YEAR.

IN ADDITION TO EVALUATING THE IMPACT OF MENTHOL SALES RESTRICTIONS, CLEARWAY ENGAGED IN SEVERAL CONTRACTS TO EVALUATE THE LONG-TERM IMPACT OF 20 YEARS OF INVESTMENTS IN TOBACCO CONTROL IN MINNESOTA. CLEARWAY

Name of the organization

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MINNESOTA CONTRACTED WITH HEALTHPARTNERS INSTITUTE TO DEVELOP MODELHEALTH MINNESOTATM, A 20-YEAR RETROSPECTIVE MODELING STUDY THAT QUANTIFIED THE LIVES AND DOLLARS SAVED IN MINNESOTA AS RESULT OF DECLINING PREVALENCE RATES. THE SECOND PHASE OF THIS STUDY LOOKED PROSPECTIVELY AT THE POTENTIAL HEALTH AND ECONOMIC IMPACT OF TRENDS CONTINUING INTO THE NEXT 20 YEARS. SINCE COMPLETING THE STUDY, HEALTHPARTNERS HAS WORKED WITH CLEARWAY MINNESOTA STAFF TO DISSEMINATE THE FINDINGS. LIKEWISE, A CONTRACT WITH DR. DAVID LEVY ALLOWED FOR THE CONCLUSION AND DISSEMINATION OF A SECOND SIMSMOKE MODELING STUDY, WHICH EXAMINED THE RELATIVE IMPACT OF TOBACCO CONTROL POLICIES ON SMOKING PREVALENCE AND MORTALITY IN MINNESOTA.

CLEARWAY MINNESOTA CONTINUED TO SUPPORT ONGOING RESEARCH GRANTS THAT WERE FUNDED IN PREVIOUS FISCAL YEARS. THESE GRANTS WERE AWARDED TO ACADEMIC, PROFESSIONAL AND COMMUNITY-BASED ORGANIZATIONS AROUND THE STATE TO CONDUCT RESEARCH THAT ADVANCES SCIENTIFIC KNOWLEDGE OF EFFECTIVE TOBACCO CONTROL PROGRAMS AND POLICIES. IN FISCAL YEAR 2019, 12 ONGOING GRANTS WERE MONITORED AND SUPPORTED BY CLEARWAY MINNESOTA STAFF. ADDITIONALLY, A ONE-YEAR EXTENSION WAS GRANTED TO AN EXISTING CONTRACT WITH THE UNIVERSITY OF WISCONSIN CENTER FOR TOBACCO RESEARCH AND INTERVENTION TO PROVIDE TECHNICAL ASSISTANCE TO A SELECT NUMBER OF CLEARWAY MINNESOTA RESEARCH GRANTEEES.

DURING FISCAL YEAR 2019, CLEARWAY MINNESOTA, IN PARTNERSHIP WITH OTHER TOBACCO CONTROL RESEARCHERS, PARTICIPATED IN NUMEROUS NATIONAL, STATE AND LOCAL CONFERENCE PRESENTATIONS AND PUBLISHED IN SEVERAL PEER-REVIEWED PUBLICATIONS. CLEARWAY MINNESOTA RESEARCH STAFF PUBLISHED THREE WHITE PAPERS AND FIVE PEER-REVIEWED SCIENTIFIC PAPERS. RESEARCH

Name of the organization

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STAFF PRESENTED SIX POSTERS AT THE SOCIETY FOR RESEARCH ON NICOTINE AND TOBACCO (SRNT) ANNUAL CONFERENCE. ADDITIONALLY, RESEARCH STAFF HAD ONE ORAL PRESENTATION AND ONE POSTER AT THE MEETING OF THE AMERICAN PUBLIC HEALTH ASSOCIATION (APHA). THE ORAL PRESENTATION HIGHLIGHTED LGBTQ SMOKERS' PERCEPTIONS TOWARD A VARIETY OF POLICY CHANGE OPTIONS AND MADE SUGGESTIONS FOR COMMUNITY ENGAGEMENT.

GRANTEE DISSEMINATION HIGHLIGHTS IN FISCAL YEAR 2019 INCLUDED NATIONAL CONFERENCE PRESENTATIONS, DEVELOPMENT AND PUBLICATION OF 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, 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 2019:

- 776 TOBACCO USERS ENROLLED IN THE QUITPLAN HELPLINE; AND
- 11,150 TOBACCO USERS ENROLLED IN INDIVIDUAL QUITPLAN SERVICES.

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

WE MONITORED QUITPLAN SERVICES TO ENSURE HIGH-QUALITY SERVICES ARE BEING DELIVERED AND TO GUIDE DECISION-MAKING AND RESOURCE ALLOCATION.

CLEARWAY MINNESOTA ALSO PARTNERS WITH MAJOR MINNESOTA HEALTH PLANS THAT PROVIDE TELEPHONE COUNSELING SERVICES THROUGH THE MINNESOTA QUITLINE 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.

DURING FISCAL YEAR 2019, CLEARWAY MINNESOTA CONTINUED EFFORTS TO FUND COMMUNITY-BASED ORGANIZATIONS TO INCREASE COMMUNITY ENGAGEMENT WITH QUITPLAN SERVICES. IN FISCAL YEAR 2019, WE CONTINUED TWO QUITPLAN SERVICES AMBASSADOR GRANTS. THE PURPOSE OF THESE GRANTS WAS TO INCREASE KNOWLEDGE OF, TRUST IN, AND REFERRALS TO QUITPLAN SERVICES FOR AFRICAN AMERICAN AND AMERICAN INDIAN COMMERCIAL TOBACCO USERS. WE ALSO CONTRACTED WITH THE AMERICAN INDIAN CANCER FOUNDATION TO PROVIDE SUPPORT AND TRAINING FOR THE AMERICAN INDIAN QUITLINE.

CLEARWAY MINNESOTA STAFF ARE ALSO INVOLVED IN EFFORTS TO IMPROVE ACCESS TO TOBACCO DEPENDENCE TREATMENT BY PROMOTING SYSTEMS CHANGES TO INTEGRATE TOBACCO DEPENDENCE TREATMENT INTO HEALTH CARE. IN FISCAL YEAR 2019, CLEARWAY MINNESOTA CONTRACTED WITH THE INSTITUTE FOR CLINICAL SYSTEMS IMPROVEMENT (ICSI) TO SUPPORT OUR HEALTH SYSTEMS CHANGE EFFORTS. ICSI CONDUCTED TRAININGS, CALLED "JUMP STARTS", TO PROVIDE

Name of the organization

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INFORMATION AND GUIDANCE TO PROVIDERS, CLINIC STAFF AND HEALTH SYSTEMS ON HOW TO TALK TO THEIR PATIENTS ABOUT TOBACCO. IN FISCAL YEAR 2019, ICSI STAFF COMPLETED FIVE JUMP STARTS FOR FEDERALLY-QUALIFIED HEALTH CENTERS (FQHC) IN MINNESOTA.

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

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 2019, CLEARWAY MINNESOTA PARTNERED WITH THE MINNESOTA DEPARTMENT OF HEALTH (MDH), THE STATEWIDE HEALTH IMPROVEMENT PROGRAM (SHIP) AND FORMER TRIBAL TOBACCO EDUCATION AND POLICY (TTEP) COORDINATORS TO CONTINUE THE TRADITIONAL TOBACCO MOVEMENT AS A PART OF THE ORGANIZATION'S SUSTAINABILITY WORK. THIS MOVEMENT ENCOURAGES TRADITIONAL TOBACCO PRACTICES INSTEAD OF HARMFUL COMMERCIAL TOBACCO ABUSE LIKE CIGARETTE SMOKING WITHIN AMERICAN INDIAN COMMUNITIES. DURING THIS TIME, COMMUNITY ACTION PLANS WERE CREATED TO CONTINUE THE WORK THAT BEGAN WITH CLEARWAY MINNESOTA IN COLLABORATION WITH THE CURRENT

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MDH AND SHIP TRIBAL GRANTEES.

IN FISCAL YEAR 2019, COMMUNITY DEVELOPMENT STAFF PRESENTED TO CENTERS FOR DISEASE CONTROL AND PREVENTION'S (CDC) OFFICE ON SMOKING AND HEALTH (OSH) STAFF AND TO CDC'S TRIBAL ADVISORY COMMITTEE IN ATLANTA, GEORGIA, ON AMERICAN INDIAN HEALTH EFFORTS IN MINNESOTA.

COMMUNITY DEVELOPMENT STAFF CONTINUED TO SUPPORT DISSEMINATION AROUND TRIBAL TOBACCO WORK IN MINNESOTA WITH SCOTT CONSULTING. ADDITIONAL DISSEMINATION INCLUDED COLLABORATION ON PUBLICATIONS WITH THE CLEARWAY MINNESOTA RESEARCH DEPARTMENT ON TOBACCO INDUSTRY MARKETING TO AMERICAN INDIAN COMMUNITIES. THESE INCLUDED ARTICLES, PODCASTS AND WEBINARS.

ADDITIONALLY, COMMUNITY DEVELOPMENT STAFF HAS PARTNERED WITH THE NATIONAL NATIVE NETWORK AND INDIAN HEALTH SERVICES TO COWRITE A CURRICULUM TITLED "THE SACRED CIRCLE OF TOBACCO" TO TEACH ABOUT THE "TWO TOBACCO WAYS" (TRADITIONAL TOBACCO PRACTICES VS. COMMERCIAL TOBACCO ABUSE). THIS CURRICULUM IS BEING PROMOTED NATIONALLY.

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

EXPENSES \$ 25,600. INCLUDING GRANTS OF \$ 25,600. 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:

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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 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.

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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 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

Name of the organization	Employer identification number
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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.

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.

FORM 990, PART XII, LINE 2C:

THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR.

ClearWay MinnesotaSM

Financial Statements Together with Independent Auditor's Report

June 30, 2019

CLEARWAY MINNESOTASM

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
ClearWay MinnesotaSM
Bloomington, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of ClearWay MinnesotaSM (a nonprofit organization) which comprise the statement of financial position as of June 30, 2019 and 2018 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ClearWay MinnesotaSM as of June 30, 2019 and 2018 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.



Roseville, Minnesota
September 6, 2019

CLEARWAY MINNESOTASM

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2019 AND 2018

ASSETS		
	<u>2019</u>	<u>2018</u>
Cash	\$ 250,149	\$ 250,060
Accounts Receivable	9,598	45,997
Prepaid Expenses	49,317	47,445
Investments	14,441,492	26,118,884
Equipment and Leasehold Improvements, Net	<u>9,121</u>	<u>26,834</u>
 TOTAL ASSETS	 <u>\$ 14,759,677</u>	 <u>\$ 26,489,220</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	\$ 427,731	\$ 496,822
Accrued Expenses	558,926	509,444
Grants Payable	521,417	1,527,756
Total Liabilities	<u>1,508,074</u>	<u>2,534,022</u>
NET ASSETS:		
Without Donor Restrictions- Designated for Tobacco Research and Other Tobacco Control Purposes	<u>13,251,603</u>	<u>23,955,198</u>
Total Net Assets	<u>13,251,603</u>	<u>23,955,198</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 14,759,677</u>	 <u>\$ 26,489,220</u>

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

CLEARWAY MINNESOTASM**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
REVENUE AND GAINS:		
Net Investment Income (Losses)	\$ (113,816)	\$ 936,349
Contributions and Grants	<u>13,602</u>	<u>116,641</u>
Total Revenue and Gains (Losses)	<u>(100,214)</u>	<u>1,052,990</u>
EXPENSES:		
Program Services:		
Tobacco Cessation	<u>7,858,375</u>	<u>11,138,492</u>
Research and Other Tobacco Issues	<u>1,383,282</u>	<u>2,595,283</u>
Total Program Services	<u>9,241,657</u>	<u>13,733,775</u>
Supporting Services:		
General and Administrative	<u>1,361,724</u>	<u>1,456,443</u>
Total Expenses	<u>10,603,381</u>	<u>15,190,218</u>
CHANGE IN NET ASSETS	(10,703,595)	(14,137,228)
NET ASSETS at Beginning of Year	<u>23,955,198</u>	<u>38,092,426</u>
NET ASSETS at End of Year	<u>\$ 13,251,603</u>	<u>\$ 23,955,198</u>

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

CLEARWAY MINNESOTA SM

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2019 AND 2018

	2019				2018			
	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	\$ 1,158,108	\$ 425,359	\$ 845,392	\$ 2,428,859	\$ 1,449,696	\$ 476,784	\$ 1,926,480	\$ 2,801,987
Benefits	280,557	102,382	206,349	589,288	349,401	109,881	459,282	680,977
Retention/Severance	141,528	51,981	103,312	296,821	181,607	59,728	241,335	351,012
Payroll Taxes	91,356	33,554	66,688	191,598	108,500	35,684	144,184	209,710
Total Personnel Expenses	<u>1,671,549</u>	<u>613,276</u>	<u>1,221,741</u>	<u>3,506,566</u>	<u>2,089,204</u>	<u>682,077</u>	<u>2,771,281</u>	<u>4,043,686</u>
Consultants	6,489	2,370	4,445	13,304	22,926	6,454	29,380	37,478
Evaluation Fees	40,638	41,091	-	81,729	193,664	61,759	255,423	255,423
Professional Fees	68,301	28,081	45,690	142,072	119,566	26,252	145,818	189,196
Occupancy	62,058	22,865	42,885	127,808	64,918	19,471	84,389	126,722
Telephone	18,640	8,299	10,262	37,201	21,423	7,896	29,319	39,708
Equipment Rental and Repair	6,316	2,327	4,365	13,008	12,955	2,008	14,963	19,385
Printing	24,731	615	19	25,365	79,837	437	80,274	80,311
Postage	1,780	738	1,161	3,679	3,886	1,355	5,241	9,674
Office Supplies	5,349	1,912	3,542	10,803	7,445	2,166	9,611	19,433
Program Supplies	10,883	1,959	1,042	13,884	13,874	6,725	20,599	24,280
Conferences and Meetings	19,841	6,875	5,913	32,629	43,749	16,246	59,995	96,323
Travel	35,486	16,785	3,751	56,022	39,056	11,552	50,608	53,192
Insurance	7,947	2,928	5,491	16,366	8,439	2,531	10,970	16,474
Public Education/Relations	3,290,780	2,513	3,728	3,297,021	4,862,132	2,251	4,864,383	4,868,244
Program Grants and Contracts	2,576,461	626,548	-	3,203,009	3,540,827	1,741,815	5,282,642	5,282,642
Depreciation	8,600	3,169	5,943	17,712	11,483	3,444	14,927	22,415
Miscellaneous	2,526	931	1,746	5,203	3,108	844	3,952	5,632
Total Functional Expenses	<u>\$ 7,858,375</u>	<u>\$ 1,383,282</u>	<u>\$ 1,361,724</u>	<u>\$ 10,603,381</u>	<u>\$ 11,138,492</u>	<u>\$ 2,595,283</u>	<u>\$ 13,733,775</u>	<u>\$ 15,190,218</u>

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

CLEARWAY MINNESOTASM

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (10,703,595)	\$ (14,137,228)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Flows From Operating Activities:		
Depreciation	17,712	22,415
Realized Gains on Investments	(1,315,544)	(1,153,218)
Unrealized Losses on Investments	1,665,015	533,431
Change in Assets and Liabilities:		
Accounts Receivable	36,399	205
Prepaid Expenses	(1,872)	2,206
Accounts Payable	(69,090)	84,761
Accrued Expenses	49,482	332,854
Grants Payable	(1,006,339)	(353,092)
Net Cash Flows From Operating Activities	<u>(11,327,832)</u>	<u>(14,667,666)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(9,999,799)	(18,477,274)
Proceeds from Sale of Investments	<u>21,327,720</u>	<u>33,378,581</u>
Net Cash Flows From Investing Activities	<u>11,327,921</u>	<u>14,901,307</u>
NET CHANGE IN CASH	89	233,641
CASH at Beginning of Year	<u>250,060</u>	<u>16,419</u>
CASH at End of Year	<u>\$ 250,149</u>	<u>\$ 250,060</u>

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

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

ClearWay MinnesotaSM (Organization) is an independent, nonprofit organization that works to improve the health of all Minnesotans by eliminating the harm caused by tobacco. The Organization 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 the Organization 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 the Organization is required to report information regarding its financial position and activities according to two classes of net assets, without donor restrictions and with donor restrictions. The Organization has no net assets with donor restrictions.

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. The Organization capitalizes assets with a cost of \$2,500 or greater.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

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, 2019 and 2018. 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 MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Under generally accepted accounting principles as outlined in the Financial Accounting Standards Board's *Accounting Standards Codification* (ASC) 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 - Financial assets and liabilities are valued using inputs that are quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 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.

The Organization follows ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value (NAV) per Share (or Its Equivalent)*. This guidance removes those investments that calculate NAV per share from the fair value hierarchy. If it is probable an investment that was measured at the net asset value will be sold at an amount different from the net asset valuation, the valuation is based on the Funds estimated discounted cash flows, transactions in the secondary market and bids received from potential buyers.

Functional Allocation of Expense

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. General and administrative that are common to several functions are allocated based on the proportion of each program's direct and personnel expenses to the total program direct and personnel expenses.

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.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income Taxes

The Organization 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.

Change in Accounting Principle

In 2019, the Organization implemented Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, applying the changes retrospectively. The new standard changes the following aspects of the financial statements:

- 1) The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- 2) The unrestricted net asset class has been renamed net assets without donor restrictions.
- 3) The financial statements include a disclosure about liquidity and availability of resources.
- 4) Investment and brokerage fees are required to be included with net investment income instead of expenses.

The new standard did not have a significant effect on previously reported net assets.

Recently Issued Accounting Pronouncements

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.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at June 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Leasehold Improvements	\$ 26,243	\$ 26,243
Furniture and Fixtures	67,157	72,587
Office Equipment	50,761	50,761
Computer Software and Equipment	<u>194,622</u>	<u>194,622</u>
	338,783	344,213
Less Accumulated Depreciation	<u>329,662</u>	<u>317,379</u>
Net Equipment and Leasehold Improvements	<u>\$ 9,121</u>	<u>\$ 26,834</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$17,712 and \$22,415, respectively.

NOTE 3 - INVESTMENTS

Investments are stated at fair value at June 30, 2019 and 2018, and consisted of the following:

	<u>2019</u>	<u>2018</u>
Money Market and Short-Term Investment Funds	\$ 8,992,312	\$ 18,412,478
Private Equity Fund of Funds Measured at Fair Value	4,907,000	—
Investments Measured at Net Asset Value	<u>542,180</u>	<u>7,706,406</u>
Total	<u>\$ 14,441,492</u>	<u>\$ 26,118,884</u>

Net investment income for the years ended June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Interest Income	\$ 294,655	\$ 347,038
Realized Gains on Investments	1,315,544	1,153,218
Unrealized Losses on Investments	(1,665,015)	(533,431)
Management Fees and Associated UBIT	<u>(59,000)</u>	<u>(30,476)</u>
Total	<u>\$ (113,816)</u>	<u>\$ 936,349</u>

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Continued)

The following tables, as of June 30, 2019 and 2018, 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
2019:				
Investments Included in the Fair Value Hierarchy:				
Private Equity Fund of Funds	\$ 4,907,000			\$ 4,907,000
Investments Excluded from the Fair Value Hierarchy:				
Money Market and Short-Term Investment Funds	8,992,312			
Investments Measured at Net Asset Value	<u>542,180</u>			
Total Investments	<u>\$ 14,441,492</u>			
2018:				
Investments Excluded from the Fair Value Hierarchy:				
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>			

In 2018, investments measured at net asset value include a portion of the 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. The Net Asset Value on these funds change during the year based on any new capital amounts contributed to the funds, from distributions received from the funds, or by any reported realized and unrealized gains/losses reported by the funds. During the year ended June 30, 2019, distributions received net of new capital contributed was \$1,909,169.

If it is probable an investment that was measured at the net asset value will be sold at an amount different from the net asset valuation, the fair value method must be used. The valuation is based on the Funds estimated discounted cash flows, transactions in the secondary market and bids received from potential buyers. A portion of the private equity fund of funds valued at fair value at June 30, 2019 were previously valued at the net asset value at June 30, 2018

Due to limited life status, the Organization is planning to liquidate approximately 92% of its value in private equity securities, targeting a sale by September 30, 2019. The Organization has entered into a non-binding Letter of Intent as of August 8, 2019 to negotiate final terms of a sales agreement for its interests in the securities. Early liquidation of the private equity funds based on the proposed purchase price is at a discounted rate from the net asset value reported by fund managers. Based on the proposed sale, the Organization has reduced the fair market value as of June 30, 2019 on the funds it intends to liquidate by 19%, resulting in a reported unrealized loss of \$1,184,062. The fair value of these investments was reclassified from investments measured at net asset value to investments measured at fair value using level 3 inputs as of June 30, 2019.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Continued)

Private equity fund of funds valued using the net asset valuation method includes investments in funds of funds holding underlying positions in funds owning private assets. The valuation method includes unobservable inputs used to determine the value of the private equity investments that are 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.

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2019 and 2018 are as follows:

	<u>2019 Net Asset Value</u>	<u>2018 Net Asset Value</u>	<u>Unfunded Commit- ments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Private Equity Fund of Funds	<u>\$ 542,180</u>	<u>\$ 7,706,406</u>	\$ 1,308,000	N/A	N/A
Total Investments Measured at Net Asset Value	<u>\$ 542,180</u>	<u>\$ 7,706,406</u>			

The Organization has purchase commitments of \$2,033,000 to invest in private equity fund of funds portfolios (including funds measured at both net asset value and fair value). The Organization does not anticipate the remaining purchase commitments will be called.

NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization maintains and manages adequate operating reserves per policies set by the Board of Directors. The Finance Committee regularly reviews and recommends investment and reserve policies to the board of directors for approval.

Investments consist of funds designated by the Board of Directors for operating reserves. Investment earnings are typically re-invested in the investment portfolio. The Organization may spend from these board designated investments to meet general operating expenditure requirements. The Organization has a limited life and operations are expected to end by June 30, 2022.

Financial Assets:

Cash and Cash Equivalents	\$ 250,149
Accounts Receivable, Net	9,598
Investments	<u>14,441,492</u>
Total Financial Assets	<u>14,701,239</u>

Less Financial Assets not Available within One Year:

Investment not Expected to be Redeemed within One Year	<u>(271,090)</u>
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Amounts Available for General Expenditure within One Year	<u>\$ 14,430,149</u>
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CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CONCENTRATIONS

Financial instruments which potentially subject the Organization 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 6 - GRANTS PAYABLE

Grants payable at June 30, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Payable in Less Than One Year	\$ 449,082	\$ 1,234,058
Payable in One to Five Years	<u>77,398</u>	<u>319,320</u>
Subtotal	526,480	1,553,378
Less: Discount to Present Value at 7.00%	<u>5,063</u>	<u>25,622</u>
Total Grants Payable	<u>\$ 521,417</u>	<u>\$ 1,527,756</u>

NOTE 7 - 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 for current employees over the life of the plan as of June 30, 2019 is \$963,518. The amount recognized in expense in 2019 and 2018 and included with personnel expenses on the statement of functional expenses is \$296,821 and \$351,012. The cumulative retention/severance pay plan liability at June 30, 2019 and 2018 is \$446,242 and \$351,012 and is included in accrued expenses on the statement of financial position. Changes in the retention/severance pay plan liability for the year ended June 30, 2019 are as follows:

Retention/Severance Pay Plan Liability, at June 30, 2018	\$ 351,012
Accrue Current Year Expense	296,821
Payments Made in Current Year	(134,808)
Adjustments for Employees Who Voluntarily Terminated Early	<u>(66,783)</u>
Retention/Severance Pay Plan Liability, at June 30, 2019	<u>\$ 446,242</u>

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - RETIREMENT PLAN

The Organization participates in a 401(k) defined contribution retirement investment plan that covers all employees who meet eligibility requirements. For the years ended June 30, 2019 and 2018, 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 the Organization totaled \$347,193 and \$398,413 for the years ended June 30, 2019 and 2018, respectively.

NOTE 9 - COMMITMENTS

The Organization 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:

Years Ending June 30:	
2020	\$ 110,735
2021	107,376
2022	<u>19,647</u>
Total	<u>\$ 237,758</u>

Occupancy expense for the years ended June 30, 2019 and 2018, was \$127,808 and \$126,722, respectively.

NOTE 10 - SUBSEQUENT EVENTS

The Organization evaluated its June 30, 2019 financial statements for subsequent events through September 6, 2019, the date the financial statements were approved by the Audit/Finance Committee of the Organization. Except as discussed in Note 3, there were no subsequent events which would require recognition or disclosure in the financial statements.



Appendix M

Modeling the Health and Economic Impact of Reducing Cigarette Use in Minnesota

Modeling the Health and Economic Impact of Reducing Cigarette Use in Minnesota



ModelHealth™: Tobacco Minnesota

The damaging health and economic effects of tobacco use are well-established. More than 6,000 Minnesotans die each year as a result

of tobacco use.¹ Additionally, the annual cost of smoking in Minnesota is estimated to be more than \$7 billion: \$3.19 billion in direct health care costs and \$4.3 billion in lost productivity.²

Minnesota has been at the forefront of tobacco control, including being the first state to enact clean indoor air legislation, one of a few states that taxes e-cigarettes as tobacco products, and one of the first to sue tobacco companies. That tobacco lawsuit established ClearWay MinnesotaSM in 1998 to implement tobacco control programs and fund research. During ClearWay Minnesota's tenure, the adult smoking prevalence in Minnesota fell from 21.8 percent in 1997 to 15.2 percent in 2016.³ This 30 percent decline in smoking prevalence in less than 20 years is a significant public health achievement. Prior studies have estimated lives lost from tobacco along with the cost of smoking. The prevented heart attacks, cancers, tobacco-related deaths and medical expenses resulting from a decline in tobacco use have not been counted until now.

Part I: A 20-Year Retrospective Look

Study Methods

This study uses a simulation model to quantify health and economic gains to help account for the impact of tobacco control programming and inform future decisions. Researchers at HealthPartners Institute and ClearWay Minnesota conducted a study based on HealthPartners' previous work in developing a nationally recognized model, ModelHealth™: Tobacco. This simulation model uses

databases and evidence-based research to simulate lifetime changes in smoking status on a person-by-person basis. The model used a simulation of 1.3 million individuals to estimate changes in rates of smoking-attributable disease, death, medical care spending and lost productivity from reduced cigarette smoking. A constant prevalence scenario was created to simulate the tobacco harms that would have occurred had smoking prevalence stayed at 1997 levels. Those harms were compared to a scenario with actual prevalence in Minnesota from 1998 to 2017.

Results

The simulation model predicts that reducing cigarette smoking from 1998 to 2017 has prevented 4,560 cancers, 31,691 hospitalizations for cardiovascular and diabetes, 12,881 respiratory disease hospitalizations and 4,118 smoking-attributable deaths. Minnesotans spent an estimated \$2.7 billion less in medical care and gained \$2.4 billion in worker productivity (inflation adjusted to 2017 U.S. dollars) (Table 1).

Conclusions

ClearWay Minnesota's investment in comprehensive tobacco control measures has driven down smoking rates, saved billions in medical care and productivity costs, and prevented tobacco-related deaths and diseases among Minnesota residents. Notably, during the last five years of the 20-year timeline, the effects are four times higher than during the first five years. Additional gains are possible in coming decades through maintaining and expanding evidence-based tobacco control policy. The benefits of prevention and cessation accrue gradually, so these numbers will grow as people who quit smoking or never started live longer and enjoy better health.

¹BCBSM 2017 Healthcare Costs and Smoking in Minnesota

²BCBSM 2017 Healthcare Costs and Smoking in Minnesota

³Behavioral Risk Factor Surveillance System
http://nccd.cdc.gov/s_broker/WEATSQL.exe/weat/index.hspl. Accessed November 9, 2015.

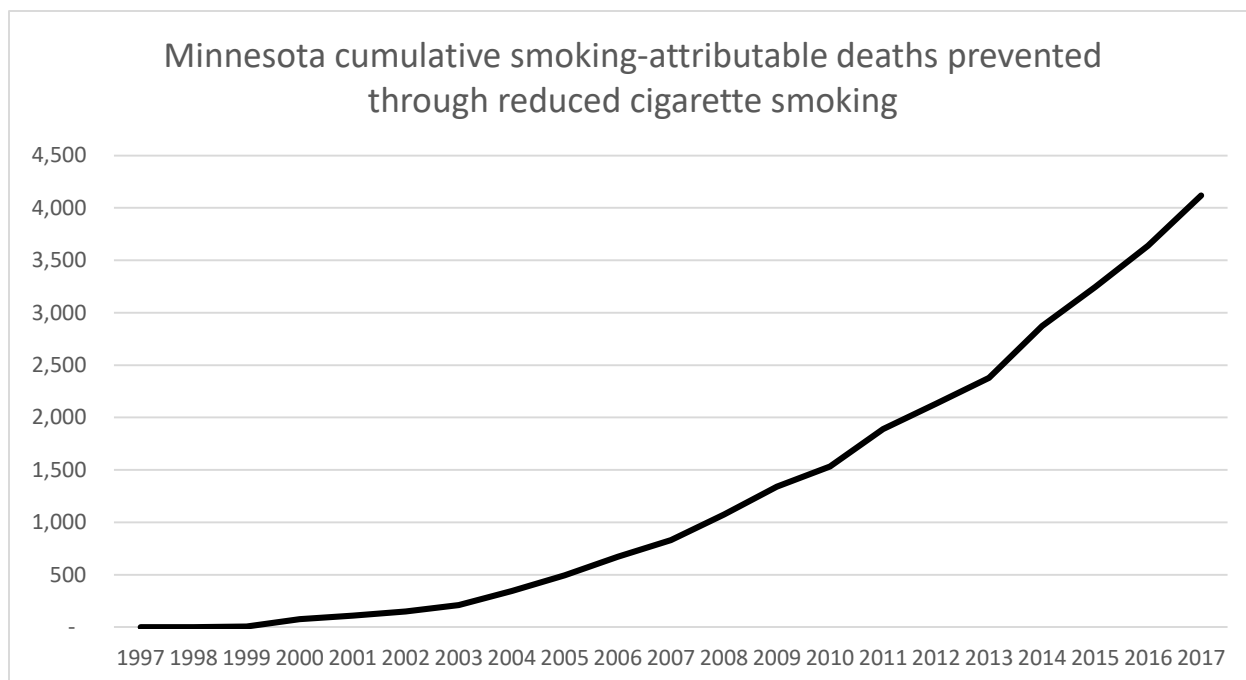


Table 1: Cumulative impact of reducing smoking prevalence, Minnesota 1998 to 2017

Outcome	Constant Prevalence Scenario	Realized Prevalence Scenario	Difference
Youth smoking prevalence, ages 9-17 ^a	13.7%	4.3%	-9.4%
Adult smoking prevalence, ages 18+	23.5%	13.5%	-10.0%
Person-years of cigarette smoking, all ages	19,717,413	14,167,908	-5,549,505
SA cancers	175,533	170,974	-4,560
SA CVD and diabetes hospitalizations	1,507,229	1,475,538	-31,691
SA respiratory disease hospitalizations	452,004	439,123	-12,881
SA deaths	186,555	182,437	-4,118
SA medical costs (millions of 2017 \$US)	29,829	27,172	-2,657
Productivity (millions of 2017 \$US)	4,807,088	4,809,466	2,378

SA = Smoking-attributable. CVD = Cardiovascular disease

^aYouth rates in the model in all youth 9-17 and reflect a lower overall prevalence than the rates reported elsewhere for middle and high school students.



Modeling the Health and Economic Impact of Reducing Cigarette Use in Minnesota

Part II: A 20-Year Prospective Look

Study Methods

We also extended our prior analysis to quantify the potential benefits to Minnesotans over the next 20 years (2018-2037). The analysis captures the continued benefits of already having reduced smoking prevalence during 1998-2017, as well as the potential benefits from two scenarios of future prevalence rates: extending the prevalence trends observed in 1998-2017 ("Extended Prevalence Scenario") and accelerating those prevalence trends to obtain an adult prevalence rate of 5 percent in 2037 ("Accelerated Prevalence Scenario"). To determine the health and economic impact of these potential scenarios, we compared them to the hypothetical scenario in which the prevalence of smoking in Minnesota remained at 1997 rates ("Constant Prevalence Scenario").

Results

The simulation model predicts that from 2018-2037, the Extended Prevalence Scenario will result in a reduction in the occurrence of smoking attributable diseases such as cancer cases by 12,298; cardiovascular disease and diabetes hospitalizations by 72,208; respiratory disease hospitalizations by 31,913; and smoking-attributable deaths by 14,063 compared to a scenario in which cigarette smoking remained at 1997 levels. In addition, this scenario also reduces smoking attributable medical spending by \$10.2 billion (measured in 2017 US dollars), and increases productivity by \$9.4 billion compared to a scenario in which prevalence had stayed at 1997 rates (Table 2).

The benefits are larger, as expected, when adult prevalence is calibrated to decrease to 5 percent in 2037 for the Accelerated Prevalence Scenario, which represents what might be achieved if tobacco control policies are intensified from current levels. The simulation predicts that 15,635 SA deaths would be prevented, \$11.5 billion less would be spent on SA medical care, and productivity would increase by \$10.2 billion (Table 2).

Conclusions

If reductions in smoking prevalence follow recent trends, by the year 2037, 14,063 smoking-attributable deaths could be prevented, smoking-attributable medical spending could be reduced by \$10.2 billion, and productivity could increase by \$9.4 billion compared to if prevalence had stayed at 1997 rates. These estimates are approximately four times higher than the gains we estimated for the earlier 20-year period between 1998-2017, as would-be-smokers age into years of greater disease risk and many former smokers experience larger reduction in tobacco disease risks from having quit many years earlier.

The full extent of these estimated gains can only be realized if tobacco control policy in Minnesota during the next 20 years is of similar innovation and intensity to the prior 20 years. The simulation results show that additional gains might be realized with a more aggressive tobacco control policy that further reduces adult tobacco prevalence to 5 percent by 2037.

Table 2. Results summary. Predicted cumulative impact of reducing smoking prevalence, Minnesota 2018 to 2037

Outcome	Constant Prevalence Scenario	Extended Prevalence Scenario	Accelerated Prevalence Scenario	Scenario Comparisons		
				Extended – Constant	Accelerated – Constant	Accelerated – Extended
Youth smoking prevalence, ages 9-17	13.6%	1.0%	1.0%	-12.7%	-12.7%	0.0%
Adult smoking prevalence, ages 18+	22.2%	7.6%	5.0%	-14.6%	-17.2%	-2.5%
Person-years of cigarette smoking, all ages	21,420,638	9,281,174	7,471,058	-12,139,464	-13,949,580	-1,810,116
SA cancers	236,718	224,420	222,824	-12,298	-13,894	-1,596
SA CVD and diabetes hospitalizations	2,028,541	1,956,333	1,942,394	-72,208	-86,147	-13,939
SA respiratory disease hospitalizations	610,655	578,742	573,556	-31,913	-37,099	-5,186
SA deaths	266,216	252,154	250,581	-14,063	-15,635	-1,572
SA medical costs (millions of 2017 \$US)	32,264	22,067	20,766	-10,198	-11,498	-1,300
Productivity (millions of 2017 \$US)	5,265,706	5,275,078	5,275,865	9,372	10,159	787

SA = Smoking-attributable. CVD = Cardiovascular disease.



Appendix N

The Role of Public Policies in Reducing Smoking: Minnesota SimSmoke Tobacco Policy Model 1993-2018

The Role of Public Policies in Reducing Smoking: Minnesota SimSmoke Tobacco Policy Model 1993-2018



Minnesota has been a leader in pursuing tobacco control policies that reduce smoking rates. In 2011, researchers in Minnesota worked with Dr. David Levy to develop a Minnesota specific

version of SimSmoke, a well-established model used to examine the effect of tobacco control policies over time.^{1, 2} Results from this first study demonstrated that tobacco control policies, most notably taxes, had contributed substantially to reduced smoking prevalence.¹ Taxes, smoke-free air laws, mass-media campaigns, cessation treatment policies and youth-access enforcement all contributed to the decline in smoking prevalence and also saved lives. Taken together, these policies had reduced smoking prevalence by almost 30 percent. The model also found that stronger, future policies would further reduce Minnesota's smoking rate and prevent additional deaths.

Since 2011, Minnesota has continued to advance policies that further reduce the harms of tobacco. These have included a significant tax increase in 2013, continued funding for mass media campaigns and significant advancements in cessation treatment policies. In 2018, research and public affairs staff at ClearWay Minnesota worked with Dr. Levy to update the model to further understand the impact past and future policies play in reducing smoking prevalence.

The Study Methods

The SimSmoke Model projects smoking prevalence and smoking-attributable deaths over time and estimates the impact of tobacco control policies on those rates. Inputs for the model include population parameters (age, gender, death rates and fertility rates), smoking status (prevalence, initiation and cessation rates, and relative smoking mortality risks), and policy effects based on reviews of the literature and advice from expert staff. Transitions over time are examined using a mathematical Markov process to project population change through fertility and deaths, and to project smoking rates through

initiation and cessation. Once run, the model was calibrated and validated against surveys of Minnesota smoking rates.

While the original and the updated model were similar, there are differences. Notably, the policies and parameters were expanded from the original model and their impacts on initiation and cessation were updated to reflect current knowledge. This study also included the impacts of policies on smokeless tobacco in addition to cigarettes. Because of the changes, the models are not directly comparable.

Impact of Tobacco Control Policies through 2018

The current Minnesota SimSmoke model demonstrates that policies continue to have a big impact on driving down smoking rates. Policies modeled included tax, smoke free air, tobacco control funding, marketing restrictions, health warnings, cessation treatment policies and youth access restrictions. Two of these policies – health warnings and marketing restrictions – had minimal impacts. These two federal level policies have not changed significantly over the study time period and are not policies that can be adjusted at the state level.

Between 1993 and 2018, Minnesota SimSmoke estimates a 35% percent decline in smoking prevalence relative to trends that would have occurred if tobacco control policies had not been implemented. In terms of the relative contribution of each policy to this reduction, we see that taxes are the biggest driver of change, accounting for 53 percent of the overall decline (See Figure 1). Taxes and smoke-free air-account for almost three quarters of the prevalence decline. Tobacco control funding, cessation treatment and youth access are additional drivers of change. These policies work together as part of a comprehensive tobacco control program, creating necessary and critical synergy. For example, mass-media campaigns educate and raise awareness of the need for tobacco control policies as well as change social norms. Cessation treatment coupled with cessation media campaigns are needed to support those who are motivated to quit smoking

as a result of increased prices and smoke-free spaces.

Impact of Future Policies

We modeled the impact of a future \$1.50 tobacco tax increase if implemented in 2021 and a statewide tobacco 21 policy passed in 2020. These policy advances, along with continued investment in tobacco control, would result in an additional 8.0 percent relative decline in the smoking rate by 2025 and an additional 15.0 percent relative decline in the smoking rate compared to the projected 2040 smoking rates were such policies not implemented.

The importance of maintaining tobacco control funding was underscored in the model. While tax increases and raising the minimum purchase age from 18-21 were shown to have substantial effects, the impact would be largely negated by reducing tobacco control funding for comprehensive prevention and cessation programs that include mass media, quitting services and future policy advancements. The model predicts that 2,147 lives would be saved by 2040 with new policies and continued funding, while new policies without funding would result in 240 lives saved.

Conclusion

MN SimSmoke has demonstrated that tobacco control policies work to reduce smoking prevalence and tobacco-related mortality. Increasing the price of tobacco and implementing smoke-free policies continue to show the greatest impact. The model illustrates that complimentary programs and policies, that support quit attempts and that change social norms also play an important role.

As we look to the future, additional policy efforts have strong potential to reduce tobacco prevalence and smoking-attributable deaths even further. While additional price increases and raising the legal purchasing age of tobacco products would further drive down smoking rates, these advances would be negated without state funding to support a comprehensive program that includes cessation services, media campaigns and future policy advancements. Continued investment in these areas is crucial to realizing these projected gains and improve the quality of life for all Minnesotans.

¹Levy DT, Boyle RG, Abrams DB. The role of public policies in reducing smoking: the Minnesota SimSmoke tobacco policy model. *Am J Prev Med.* Nov 2012;43(5 Suppl 3):S179-186.

²Levy DT, Meza R, Zhang Y, Holford TR. Gauging the Effect of U.S. Tobacco Control Policies From 1965 Through 2014 Using SimSmoke. *Am J Prev Med.* Apr 2016;50(4):535-542.

Relative Impact of Policies: 1993-2018

