



February 1, 2018

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

RE: *ClearWay MinnesotaSM*
Court File No. C1-94-8565

Dear Mr. Steller:

Attached is a copy of the ClearWay Minnesota 2018 Report to the Court and Legislature. As you know, ClearWay Minnesota operates under the supervision of the Ramsey County District Court, and is required to report on its activities to the Court and the Minnesota Legislature on an annual basis. The information in this Report covers Fiscal Year 2017 (July 1, 2016 – June 30, 2017).

Copies of this Report have also been filed with the Ramsey County District Court, the Minnesota Attorney General's Office and the Legislative Auditor. The 2018 Report to the Court and Legislature will also be posted on the ClearWay Minnesota website (<http://www.clearwaymn.org>).

If you have any questions about the Report, please contact In-House Legal Counsel Jeri Lyn Reinhardt at 952-767-1417 or jreinhardt@clearwaymn.org.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Willoughby".

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



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

January 2018

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EXECUTIVE SUMMARY

This is the 17th regular Report to the Ramsey County District Court and the Minnesota State Legislature from ClearWay MinnesotaSM. We are a statewide nonprofit organization working to reduce tobacco's harm in Minnesota. Since 1998, we have helped reduce smoking in Minnesota from 22 percent to 14 percent. We have given more than 160,000 Minnesotans quit-smoking help through QUITPLAN[®] Services, advanced research that influences health efforts in our state and beyond, driven policies that reduce tobacco use and secondhand smoke, helped address commercial tobacco's burden in diverse communities and created powerful media campaigns.

We were created in accordance with the Court's Consent Judgment of May 8, 1998, in *State by Humphrey, et al., v. Philip Morris, Incorporated, et al.*, Ramsey County District Court File No. C 1-94-8565 (August 1994), and are funded with 3 percent (\$202 million) of the Minnesota tobacco settlement. We are a private, independent nonprofit corporation with a limited lifetime of 25 years. Our mission is to enhance life in Minnesota by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration.

This information in this Report covers Fiscal Year 2017 (July 1, 2016 – June 30, 2017). From inception through the end of this Fiscal Year, nearly \$247 million has funded our operations, including cessation, research, policy, community development, communications and outreach projects throughout the state.

Fiscal Year 2017 Initiatives and Developments

Organization

ClearWay Minnesota Board activities during Fiscal Year 2017 included creating and approving our organization's final Strategic Plan, conducting strategic and long-term planning, exercising fiduciary responsibilities and engaging in additional activities. This year the organization also underwent an audit by the Minnesota Office of the Legislative Auditor.

Program grants and contracts

Cessation

ClearWay Minnesota provided a robust set of 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 2017, we evaluated QUITPLAN Services. We awarded an additional year of funding to recipients of our Community Engagement Grants, an initiative to reach Minnesota populations that continue to smoke at higher rates and link them to cessation services, and also evaluated those grants. We partnered with the Minnesota Head Start Association on outreach to Minnesota families, continued efforts in multiple areas to ensure that all Minnesotans have access to comprehensive tobacco cessation treatment, and evaluated our cessation policy efforts.

Research

ClearWay Minnesota funds research that will lead to reduced tobacco use and secondhand smoke exposure in Minnesota. We awarded grant funding for four research projects and two dissemination projects during Fiscal Year 2017. These grants aim to advance science around tobacco control in specific communities. We also undertook a study of Twin Cities African American and Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) smokers, and began planning the next Minnesota Adult Tobacco Survey (MATS). This year also saw dissemination of findings from ClearWay Minnesota-funded or -conducted research projects in many publications and at presentations given in our state and across the country. Finally, with partner organizations, we hosted a conference on tobacco control efforts in Minnesota, which drew experts from around the state to share knowledge and exchange ideas.

Policy

During Fiscal Year 2017 at the State Legislature, ClearWay Minnesota continued our leadership of Minnesotans for a Smoke-Free Generation, a coalition of organizations that share the goal of saving Minnesota youth from a lifetime of addiction to tobacco. We saw public policy victories in local communities including Edina and Shoreview, worked to educate lawmakers about the need for an ongoing tobacco cessation quitline once ClearWay Minnesota ends QUITPLAN Services, engaged members of Minnesota's diverse communities in policy advocacy and also hosted a smoke-free advocacy Day at the Capitol.

Community development

During Fiscal Year 2017, ClearWay Minnesota continued engaging members of Minnesota's diverse communities in tobacco control efforts and working to reduce the harm commercial tobacco causes them. We supported American Indian advocates in Minnesota in their work to improve health and reduce commercial tobacco abuse on tribal lands, helped organize a Gathering of Native Americans (GONA) on the topic of traditional tobacco, hosted a meeting of coordinators from the Indian Health Service's Tribal Support Centers, convened meetings of Fellows from a project to build advocacy and leadership skills among diverse communities, continued our outreach to advance health equity in Minnesota and conducted other activities.

Communications and outreach

Advertising

In Fiscal Year 2017, ClearWay Minnesota continued using advertising to change social norms around smoking. Our efforts included launching a new campaign to remind Minnesotans of the tobacco industry's role in creating youth smokers, as well as promoting QUITPLAN Services through an advertising campaign and a quit-smoking contest. We also developed specific communications to reach American Indian audiences in Minnesota, including a public television documentary on the topic of traditional tobacco use vs. commercial tobacco abuse among Minnesota American Indians, and evaluated our communications efforts.

Community outreach

In addition to paid advertising, ClearWay Minnesota used earned (non-paid) media coverage and online social media in Fiscal Year 2017 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 17th regular Report to the Ramsey County District Court and the Minnesota State Legislature from ClearWay MinnesotaSM. We are a statewide nonprofit organization working to reduce tobacco's harm in Minnesota. Since 1998, we have helped reduce smoking in Minnesota from 22 percent to 14 percent. We have provided more than 160,000 Minnesotans with quit-smoking help through QUITPLAN[®] Services, advanced research that influences health efforts throughout our state and beyond, driven policies that reduce tobacco use and secondhand smoke, helped address commercial tobacco's burden in diverse communities and created powerful media campaigns.

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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 Fiscal Year, and a conclusion. Additional materials are found in accompanying appendices.

This information in this Report covers Fiscal Year 2017 (July 1, 2016 – June 30, 2017). From inception through the end of this Fiscal Year, nearly \$247 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.

ClearWay Minnesota was established with a directive not to duplicate the services of other Minnesota tobacco control organizations. For this reason, we partner with many organizations, large and small, to ensure attention is paid to multiple demographic groups harmed by tobacco use and the problems caused by tobacco addiction and use are addressed from many directions.

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

II. ORGANIZATION

A. GOVERNANCE

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

The ClearWay Minnesota Board has five standing committees:

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

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

Additionally, an Investment Advisory Committee serves as an advisory committee to the Audit/Finance Committee. (See *Finances – Investments – Ongoing Investment Oversight and Performance Evaluation*, pp. 19-20.) 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

Strategic planning

The Board of Directors and one of its standing committees, the Strategic Development and Planning Committee, are responsible for guiding the strategic direction of the organization.

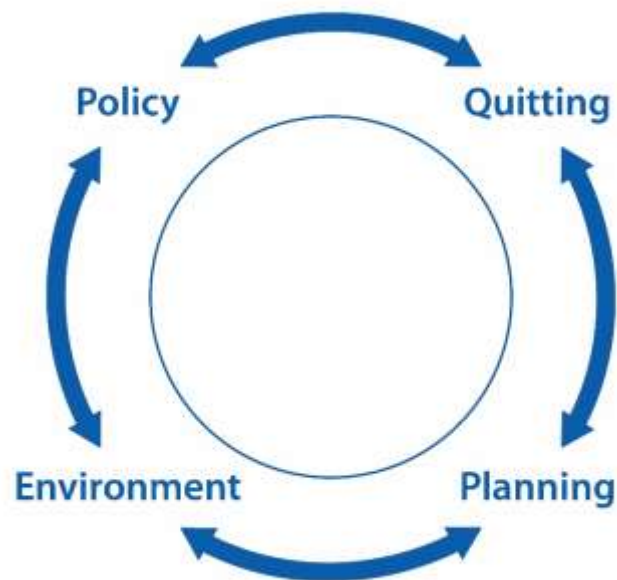
2015-2017 Strategic Plan

Our Strategic Plans represent ClearWay Minnesota's best judgment about appropriate priorities for reducing the harms of tobacco over a specific period. They provide programmatic direction to staff, and are the basis for annual budgeting.

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

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

This Strategic Plan took effect on July 1, 2014. (See *ClearWay MinnesotaSM 2015-2017 Strategic Plan*, Appendix C.)



ClearWay Minnesota'sSM Strategic Plans cover four planning areas



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

POLICY:

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

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

QUITTING:

Support Minnesotans in quitting tobacco use.

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

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

ENVIRONMENT:

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

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

PLANNING:

Plan for ClearWay Minnesota's limited life.

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

2018-2022 Strategic Plan

During Fiscal Year 2017, the Board developed and passed a new five-year Strategic Plan. Covering fiscal years 2018-2022, this plan will be the final Strategic Plan for our organization.

As reported in last year's Report to the Court, in March of 2016 the Board of Directors approved revisions to ClearWay Minnesota's Legacy Framework, a long-term strategic planning tool to guide our work in light of our limited lifetime. The Framework 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.*

Led by the Strategic Development and Planning Committee, in April of 2016 Board Members and staff began the process of developing Strategic Priorities and Outcomes for the final Strategic Plan. Through these elements, ClearWay Minnesota hopes to sustain the impact of our work beyond the end of our lifetime through the continued reduction of tobacco use rates, secondhand smoke exposure, and the death and disease caused by smoking in our state. We will do this by accomplishing the Legacy Goals stated above, by building capacity and relationships for ongoing tobacco control work by others, by advancing knowledge about ways to reduce tobacco's harm, and by increasing funding for tobacco control work that will continue after we close our doors.

After a lengthy data-collection and development process, which included a Board and staff retreat in October of 2016, the full Board passed a first read at their meeting in November of 2016, and a second and final read at their meeting in January of 2017.

The new Strategic Plan absorbs the Legacy Framework and will be our sole strategic planning guide for the rest of our existence. It contains our Vision, Mission Statement and Legacy Goals, 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.

The 2018-2022 began implementation on July 1, 2017. (See *ClearWay MinnesotaSM 2018-2022 Strategic Plan, Appendix D.*)

Long-term planning

ClearWay Minnesota will cease to exist by 2023. Governance structure planning efforts to facilitate a smooth transition for our end of life have been underway since 2014. To date, several planning activities have been undertaken, including a number of activities in Fiscal Year 2017.

ClearWay Minnesota staff retention/severance

ClearWay Minnesota is a life-limited organization that will end by 2023. As we move toward our end of life, we must retain staff needed to continue our successful work reducing the harm tobacco causes to Minnesotans. One of our chief challenges is reducing staffing while maintaining an experienced workforce that is fully engaged to the end.

In order to be most effective, ClearWay Minnesota needs to retain qualified staff to meet the ambitious Legacy Goals contained in our final Strategic Plan. (See *ClearWay MinnesotaSM 2018-2022 Strategic Plan*, Appendix D.) Our staff members have unique qualifications, not only in particular program areas such as service delivery or program evaluation, but also in the larger context of using tobacco control strategies and tactics to improve public health. They have highly specialized areas of expertise, and cannot easily be moved from one department to another to replace departing colleagues. Nor could such employees easily be replaced by temporary staffing, which also results in greater expenses for an organization. With the first program reductions taking place in 2018, it is imperative to address these important issues now.

In Fiscal Year 2017, a draft Retention/Severance Pay Plan was developed as a staff-retention tool in consultation with external human resources legal counsel Ingrid Culp and Debra Linder of Fredrikson & Byron, PA. The Plan takes into consideration best practices and comparison data from similar nonprofit organizations. Sources for the comparison data included severance package benchmarking surveys from WorldAtWork and Lee Hecht Harrison, and information provided by other limited-life organizations.

The Retention/Severance Pay Plan is designed to:

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

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

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

Board development and education

Board performance evaluation

Periodically, ClearWay Minnesota evaluates the performance of the Board of Directors. This year, an evaluation was conducted by consultant Maryanne O'Brien of Conscious Company, who has assisted the Board with evaluation since 2011.

Ms. O'Brien conducted her evaluation via analysis of a survey completed by Board Members. Areas for growth highlighted in the survey include continued strengthening of Board culture, continued education about end-of-life knowledge, and broader diversity in geographic and racial/ethnic Board Member representation.

Board education

Topics related to strategic and long-term planning were the predominant Board education topics in Fiscal Year 2017. Other Board education topics for Fiscal Year 2017 were:

- **July 2016 – *Strategic Planning and Sustainability***, presented by strategic planning facilitator Dr. Karen Keenan, ClearWay Minnesota Vice President Andrea Mowery and Strategic Development and Planning Committee Chair Joel Swanson
- **September 2016 – *Promoting Health in Indian Country: Overview and Evaluation***, presented by ClearWay Minnesota Senior Community Development Manager CoCo Villaluz, Fond du Lac Band of Lake Superior Chippewa Health Educator Roberta Marie and evaluator Sheri Scott
- **September 2016 – *Best Practices for Limited-Life Organizations***, presented by ClearWay Minnesota Chief Executive Officer David Willoughby
- **November 2016 – *Supporting Quitting and Improving Treatment Access: An Update on Cessation Priorities***, presented by ClearWay Minnesota Director of Cessation Programs Paula Keller
- **January 2017 – *Using Communications to Shape the Environment for Policy Change: An Update on Communications and Public Affairs***, presented by ClearWay Minnesota Director of Marketing and Communications Marietta Dreher
- **January 2017 – *Post-Election Analysis and 2017 Legislative Session Preview***, presented by ClearWay Minnesota Director of Public Affairs Molly Moilanen and consultant Todd Rapp of Rapp Strategies, Inc. (formerly Himle Rapp & Company)
- **March 2017 – *Board Performance Evaluation Presentation***, presented by Board evaluation facilitator Maryanne O'Brien
- **March 2017 – *Governance Planning and Board Recruitment Discussion***, presented by ClearWay Minnesota Senior Board Relations Manager Amy Henderson, Ms. O'Brien and external legal counsel J. Patrick Plunkett
- **March 2017 – *Highlights on Work with American Indian Communities***, presented by Senior Research Program Manager Dr. Erin O'Gara, Senior Cessation Manager Carole Specktor and Ms. Villaluz
- **May 2017 – *Review and Discussion of Retention/Severance Plan***, presented by Mr. Willoughby

Public policy

ClearWay Minnesota engaged in a number of public policy initiatives, authorized by the Board, during Fiscal Year 2017. These initiatives are detailed in *Program Grants and Contracts – Policy*, pp. 53-65. ClearWay Minnesota's lobbyist of record for Fiscal Year 2017 was Lockridge Grindal Nauen P.L.L.P.

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

CEO compensation

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

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

Pursuant to their annual review of the CEO's performance, the Executive/Governance Committee, in its role to oversee the organization's human resources, facilitated the annual performance review for the Chief Executive Officer. On September 21, 2016, the Board approved a 3.5 percent salary increase, effective November 1, 2016. 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 April 18, 2017, the Executive/Governance Committee approved the recommendation of Keystone Compensation Group, L.L.C., that all salary ranges be revised and realigned consistent with their market analysis. As a result, the salary range for the CEO was set at \$140,556-\$210,732 (\$175,644 midpoint), effective July 1, 2017. In addition, Keystone recommended a budget pool of 3.0 percent, plus 0.2 percent for merit, for Fiscal Year 2018. These recommendations were subsequently approved by the Board in May 2017, and they will be taken into consideration during the next CEO annual review in the fall of 2017.

As a result of the CEO annual review in the fall of 2016, and the review recommendations approved in September of 2016, the CEO's annual salary was set at \$179,087 as of June 30, 2017.

Legislative audit

When ClearWay Minnesota was established in 1998, the Ramsey County District Court granted the Minnesota Office of the Legislative Auditor the authority to audit our organization. These audits are conducted at the discretion of the Legislative Auditor. Previously, a legislative audit was conducted on ClearWay Minnesota in 2006.

During Fiscal Year 2016, the Office of the Legislative Auditor contacted us to inform us they would be undertaking a new audit of our organization, covering our activities from July of 2013 to March of 2016.

In October of 2016, the Office released an audit report on ClearWay Minnesota that contained no findings. (See *ClearWay MinnesotaSM Legislative Audit*, Appendix G.)

Other activities

In addition, the Board also undertook the following initiatives in Fiscal Year 2017:

- Reviewed and updated the Interim Chief Executive Officer (CEO) Succession Plan; and
- Approved revisions to the Audit/Finance Committee Charter.

Fiscal Year 2017 Board Roster

Board Members filling the 11 at-large positions at various times during Fiscal Year 2017 were:

- **Ellen Denzen**, researcher with the National Marrow Donor Program (New Hope) (term expired in September 2017);
- **Kelly Drummer**, President and CEO of the Tiwahe Foundation (Minneapolis) (term expired in September 2017);
- **Laurie Lafontaine**, former Vice President (Finance and Treasury) of Allina Health System (Plymouth);
- **Nevada Littlewolf**, Executive Director and Founder of Rural and American Indigenous Leadership, and Virginia City Council Member (Virginia);
- **Pamela Lux**, Director of Human Resources Communications at Travelers Insurance and former Vice President of Marketing and Communications at Blue Cross and Blue Shield of Minnesota (Shoreview);
- **Vivian Jenkins Nelsen**, cofounder, president and CEO of the INTER-RACE Institute, a diversity think-tank at Augsburg College (Minneapolis) (term expired in September 2017);
- **Howard Orenstein**, Senior Assistant Hennepin County Attorney and former partner at Robins, Kaplan, Miller & Cerisi (now Robins Kaplan L.L.P.) (Minneapolis);
- **Joy Rikala**, independent consultant, former Minnesota Bureau of Criminal Apprehension special agent and former police chief for the City of Minnetonka and the University of Minnesota Police Department (Plymouth) (term expired in September 2016);
- **Joel A. Swanson II**, Director of Strategic Marketing Communications at United Health Group and former President at Risdall Public Relations (Mounds View) (resigned in February 2017); and
- **Anne Vars**, Senior Merchandise Finance Manager at Target Corporation (Minneapolis).

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

Governor Mark Dayton appointed:

- **Karen Kraemer**, former Vice President of Disease and Case Management with HealthPartners (Eden Prairie);
- **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); and
- **Thomas Weaver**, CEO of Achieve Services, Inc., and former Chief Operating Officer of the Metropolitan Council (Anoka) (term expired in September of 2016) (note: Mr. Weaver was originally appointed by former Governor Tim Pawlenty and reappointed by Governor Dayton).

Speaker of the House Kurt Daudt appointed:

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

Former Speaker of the House Paul Thissen appointed:

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

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); and
- **Hugh T. Nierengarten, J.D.**, attorney and member of the Allina Health System board of directors (Minneapolis) (resigned in April 2017).

Former Senate Majority Leader Lawrence J. Pogemiller appointed:

- **Daniel Johnson**, nonprofit consultant, former executive at the National Multiple Sclerosis Society and past president of the United Health Foundation and the Blue Cross and Blue Shield of Minnesota Foundation (West St. Paul) (term expired in September 2016).

Attorney General Lori Swanson appointed:

- **Brian Short**, Chief Executive Officer of Leamington Co. and former U.S. Magistrate Judge (Minneapolis) (term expired in September 2017); and

- **Steven McWhirter**, Executive Vice President of Dougherty & Company, L.L.C. (Maple Plain).

ClearWay Minnesota Board Officers in Fiscal Year 2017 were:

- **Bob Boerschel** (September 2016 –)
- **Vivian Jenkins Nelsen, Vice Chair** (September 2016 – September 2017)
- **Laurie Lafontaine, Treasurer** (September 2016 – September 2017)
- **Anne Vars, Secretary** (September 2016 – September 2017)

A full roster of Board Members and Officers for Fiscal Year 2018 (July 1, 2017 – June 30, 2018) will be reported in next year's Report to the Court.

B. STAFF

ClearWay Minnesota's staff is made up of individuals with expertise in public health, cessation, research, public affairs, community development, marketing and communications, finance and nonprofit administration. (See *ClearWay MinnesotaSM Organization Chart Fiscal Year 2017*, Appendix H.) For Fiscal Year 2017, the Management Team of the organization consisted of:

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

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

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 2015-2017 Strategic Plan*, Appendix C.)

Audits

For Fiscal Year 2017, Olsen Thielen & Co., Ltd., was retained for an 11th year by the Audit/Finance Committee as independent auditor following an RFP process. At their meeting on June 22, 2017, the Committee reviewed and approved the audit plan presented by the auditors. On October 26, 2017, the audits for the fiscal years ended June 30, 2017 and 2016, 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 November 15, 2017.

As in every previous year, the audits found that in all material respects, ClearWay Minnesota's financial statements fairly present the organization's financial position and changes in net assets and cash flows. These statements were also determined to conform to accounting principles generally accepted in the United States of America. (See *ClearWay MinnesotaSM Financial Statements, June 30, 2017 and 2016* and *ClearWay MinnesotaSM Independent Auditors' Report to the Board of Directors and the Audit/Finance Committee*, October 26, 2017, Appendices J and K.)

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

Total operating expenses for Fiscal Year 2017 were \$14,872,397, and are summarized in the following table:

Table 1
Expenses for Fiscal Year 2017

	12 months ended June 30, 2017	
Cessation	\$11,991,765	80.6%
Research and other tobacco control purposes	\$1,569,726	10.6%
General and administrative	\$1,310,906	8.8%
TOTAL	\$14,872,397	

Required Filings

As a nonprofit organization, ClearWay Minnesota is required to file IRS Form 990 and 990 T annually. We also post our Form 990 and attachments on our website at <http://clearwaymn.org/about/legal/>. In addition, as a Minnesota nonprofit corporation, ClearWay Minnesota is required to file a Charitable Organization Annual Report with the Office of the Attorney General. (See *ClearWay MinnesotaSM IRS Forms 990 and 990T, June 30, 2017*, Appendices M and N, and *ClearWay MinnesotaSM Charitable Organization Annual Report June 30, 2017*, Appendix O.)

Investments

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

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

Investment strategy

As of June 30, 2017, ClearWay Minnesota structured its investments in four categories:

- **Treasury ladder/cash** (39 percent of the portfolio). The Treasury ladder provides adequate and timely availability of funds to help meet ClearWay Minnesota's budgeted spending over the next six years. The ladder is invested in short-term Treasury securities with the intention of holding to maturity.
- **Fixed income** (39 percent of the portfolio). The fixed-income portfolio provides adequate and timely availability of funds to help meet ClearWay Minnesota's budgeted spending over the next two years. The portfolio includes actively managed bond strategies and will be periodically adjusted to maintain durations consistent with the duration of budgeted spending needs.
- **Private equity** (22 percent of the portfolio). Cash flow from liquidations of the private-equity portfolio will be used each year to offset a portion of the anticipated budgeted spending. The three investments that comprise this segment are no longer expecting to call for additional contributions and plan to be fully liquidated by 2023.

At least annually, ClearWay Minnesota reviews and refines, if deemed necessary, our investment strategy in light of three major investment constraints: limited life, prohibition on investing directly in tobacco-related companies and liquidity needs. This past fiscal year, ClearWay Minnesota reduced our risk profile and secured future cash flows by liquidating our remaining Capital Appreciation investment manager (total proceeds of liquidations were \$3,300,000). Proceeds from liquidations were transferred to cash. At year end, a total of nine

distinct investment vehicles were used across the three investment strategies, as detailed in Table 2 (see *Ongoing Investment Oversight and Performance Evaluation*, below).

Ongoing investment oversight and performance evaluation

ClearWay Minnesota's Audit/Finance Committee uses an Investment Advisory Committee (IAC) to give advice on matters relating to the investment portfolio. The IAC meets quarterly to review the investment mix, fund performance and investment policies. The IAC'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, 2017, the IAC comprises three institutional investment experts and one Board Member. The Board Member serves as Committee Chair. The current membership is:

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

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

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

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

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

Table 2
Investment Manager by Strategy
June 30, 2017

<u>STRATEGY</u>	<u>TYPE</u>	<u>MANAGER</u>
Money Market/Cash	Institutional money market ICS (FDIC insured product)	Wells Fargo Bank, N.A. Venture Bank
U.S. Treasuries	U.S. Treasuries Notes	
Fixed Income	Fixed income Intermediate Fixed income Short	J.P. Morgan Core Bond J.P. Morgan Short Duration
Capital Appreciation	Hedge Funds	GAM, Coast (De minimus total)
Private Equity	Private Equity Manager Private Equity Manager Private Equity Manager	Mesirow Coller Weathergage

Summary of investment performance

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

For the 12-month period ended June 30, 2017, ClearWay Minnesota's investments returned +1.8 percent. Since inception, ClearWay Minnesota's investments have generated approximately \$78.6 million in investment returns, and positive earnings have been experienced in 14 of the 19 years of the organization's existence.

III. PROGRAM GRANTS AND CONTRACTS

A. CESSATION

Since inception through June 30, 2017, ClearWay Minnesota has funded \$61.3 million in cessation program grants and contracts. ClearWay Minnesota's cessation work focuses on both cessation services and cessation policy.

Currently, all Minnesotans have access to cessation services either through their health insurance or through ClearWay Minnesota. Because our limited lifetime will end by 2023, we are working to ensure that comprehensive cessation services remain available in the future. (See *Policy – Statewide Policy Work – Minnesotans for a Smoke-Free Generation – Quitline Funding*, p. 54.) To facilitate this, ClearWay Minnesota also supports cessation policy and systems change work among partners and systems that could provide such services. By supporting both direct service delivery and cessation policy initiatives, we strive to ensure that all Minnesota smokers, regardless of insurance status, will have access to treatments to help them quit.

Cessation Services Contracts

QUITPLAN® Services

ClearWay Minnesota's cessation services are referred to as QUITPLAN Services. QUITPLAN Services are effective, science-based programs that have given Minnesota tobacco users free tools to quit since 2001. Consistent



with the U.S. Public Health Service Clinical Practice Guideline and the U.S. Preventive Services Task Force's recommendations, QUITPLAN Services offers both behavioral interventions and cessation medications. To date, the program has helped more than 160,000 Minnesotans in their efforts to quit tobacco use.

In Fiscal Year 2017, ClearWay Minnesota offered the following suite of QUITPLAN Services:

The QUITPLAN Helpline:

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

Individual QUITPLAN Services:

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

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. Online social support (cessation advice) is provided for all Minnesota tobacco users using the QUITPLAN Services Facebook page and Twitter feed.

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

QUITPLAN Services encourages all tobacco users to think about quitting and to try to quit. In order to drive down smoking prevalence, we need to target tobacco users at all stages of readiness to quit, and to make resources and services available to them regardless of their readiness.

Recognizing that tobacco dependence is a chronic, relapsing condition and that it takes most tobacco users multiple attempts to quit successfully, tobacco users are encouraged to return to QUITPLAN Services and enroll in additional services if they need further support in quitting or would like to try to quit again. In Fiscal Year 2017, a standardized reengagement protocol was implemented to proactively reach out to previously enrolled participants via telephone, email and text. Through this outreach, participants who have relapsed and are interested are invited to reenroll in QUITPLAN Services.

Quit rates for QUITPLAN Services are consistently strong and comparable to what is seen in published literature for cessation services. An evaluation of QUITPLAN Services quit rates is being conducted in Fiscal Year 2018, and findings will be shared in the next 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 2017 to complement the program's approach and reflect our caring, compassionate approach to delivering QUITPLAN Services.



QUITPLAN® Services ads stress the program's non-judgmental approach to cessation counseling

Additionally, in Fiscal Year 2017 the services were also promoted with a statewide quit-tobacco contest, The QuitCash Challenge™. (See *Communications and Outreach – Advertising – QUITPLAN® Services Campaign – The QuitCash Challenge™*, p. 84, and *Community Outreach*, pp. 92-93.)

Tobacco users served

ClearWay Minnesota tracks both numbers of people who visit our website and contact us by phone and the numbers of enrollments in QUITPLAN Services. In Fiscal Year 2017, 19,119 people called QUITPLAN Services and 206,578 people visited the quitplan.com website.

In Fiscal Year 2017, 16,264 tobacco users were served by QUITPLAN Services.

- 2,025 tobacco users enrolled in the QUITPLAN Helpline's multi-call counseling program
 - 1,589 tobacco users received NRT patches, lozenges or gum as part of their Helpline enrollment.

- 13,318 tobacco users enrolled in one or more of the Individual QUITPLAN Services (NRT starter kit, text messaging, email and/or quit guide).
 - 11,244 tobacco users received an NRT starter kit
 - 6,502 tobacco users received a quit guide
 - 3,651 tobacco users signed up for email messages
 - 2,887 tobacco users signed up for text messages
- Additionally, 921 tobacco users either called us with questions but chose not to enroll, or were transferred to their health plan's quitline.

In 2014, ClearWay Minnesota reimagined QUITPLAN Services to provide Minnesota tobacco users with more tobacco cessation choices and easy access by phone and online. Since that time, interest in and use of the services has continued to be strong. Almost 43,000 tobacco users enrolled in QUITPLAN Services in Fiscal Years 2015, 2016 and 2017 combined, and many more were served by their health plans. This represents more than 6,300 Helpline enrollments, over 36,000 starter kits and more than 23,000 Quit Guides mailed to Minnesotans over three years. In addition, almost 13,000 participants have selected the email program and just over 9,000 have enrolled in the text messaging program.

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

Combination Nicotine Replacement Therapy (NRT)

Treating tobacco dependence with combination Nicotine Replacement Therapy (NRT) is well supported by the scientific literature and research studies, receiving an A rating in the U.S. Public Health Services Guideline Update (2008). Quit rates have been shown to improve with combination NRT. Given this evidence, QUITPLAN Services started offering combination therapy to Helpline enrollees on July 1, 2016. Combination NRT is defined as the nicotine patch (a long-acting form of NRT) used simultaneously with nicotine gum or lozenge. This offering has been well received, with an average of 70 percent of Helpline participants receiving combination NRT through QUITPLAN Services.

Evaluation of QUITPLAN® Services

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

We use an external evaluation firm, Professional Data Analysts, Inc. (PDA), to evaluate QUITPLAN Services. In Fiscal Year 2017, PDA worked closely with the ClearWay Minnesota Cessation Department to conduct multiple evaluations of QUITPLAN Services. The evaluation plan included monitoring service delivery through ongoing review of vendor data as well as evaluation of our reengagement protocol. Findings were shared with service provider Alere Wellbeing to help them improve their programs.

Findings from service delivery monitoring

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

Reengagement evaluation

As reported in the last year's Report to the Court and mentioned above, a standardized reengagement protocol was implemented on July 1, 2016, for QUITPLAN Services. A two-phase evaluation was conducted to 1) assess the implementation of the program and 2) explore participants' natural reenrollment in QUITPLAN Services as well as the impact of the reengagement protocol on participant reengagement. Participants in Phase 1 enrolled between July 1 and October 31, 2016. This phase of the evaluation helped identify some minor programmatic aspects that needed clarification to ensure the protocol was being implemented consistently and as intended. Quality improvements were made and positive results were seen in the second phase of the evaluation. PDA calculated six-month reengagement rates for participants who enrolled in July and August of 2016 (intervention group) and compared them to reengagement rates for participants who enrolled in July and August of 2015 (comparison group). PDA found that reengagement rates increased from 5.3 percent (comparison group) to 13 percent (intervention group). Given these results, the standardized reengagement protocol will continue, since it is bringing an increased number of participants back to QUITPLAN Services for additional help with quitting tobacco.

End of QUITPLAN® Services

ClearWay Minnesota is a life-limited organization that will end by 2023. (See *Organization – Governance – Board Initiatives – Long-Term Planning*, pp. 9-10.) We project that QUITPLAN Services, which provides free cessation treatment options to Minnesota tobacco users who have no health insurance or whose insurance does not cover tobacco dependence treatment, will end in 2020. Currently, QUITPLAN Services provides a safety net for uninsured and underinsured Minnesota tobacco users. Because the need for such services will continue beyond the end of our organization's lifespan, we are working with partners to advance public policies that will fund a tobacco cessation quitline after we have ended the program. (See *Policy – Statewide Policy Work – Minnesotans for a Smoke-Free Generation – Quitline Funding*, p. 54.)

Community Engagement Grant Initiative

As part of our focus to reach populations that continue to smoke at higher rates, ClearWay Minnesota launched the Community Engagement Grant initiative in Fiscal Year 2015. The primary goal of this initiative is to link smokers of low socioeconomic status (SES) to existing cessation services; a secondary goal is to build capacity for funded organizations to continue the work after the grant period. ClearWay Minnesota funded a total of 13 organizations for a 12-month funding period, eight in Fiscal Year 2015 (Cohort 1) and five in Fiscal Year 2016 (Cohort 2).

Some examples of the grantees' work include conducting community outreach, integrating tobacco conversations and referral options into intake processes and programs, developing culturally and linguistically appropriate materials to promote cessation resources, and using media and communications strategies to engage tobacco users and educate them about available cessation services.

Based on the successes experienced by grantees during their first year of work and the continued importance of reaching low-SES smokers with messages about the harms of tobacco and quitting resources, ClearWay Minnesota released a Request for Applications in January, 2016, to provide an opportunity for all Community Engagement grantees to apply for a second year of funding. The renewal of seven of the Cohort 1 grantees in Fiscal Year 2016 was reported in the most recent Report to the Court. Four of the Cohort 2 grantees applied for renewal funding for approval in Fiscal Year 2017. Those proposals were reviewed by a panel consisting of ClearWay Minnesota staff and evaluated based on progress to date and alignment of proposed activities with the goals of the community engagement granting initiative. The panel recommended all four proposals for funding. The panel's recommendations were reviewed and approved by the ClearWay Minnesota Board of Directors on July 20, 2016.

Below is the list of the Community Engagement grantees that were awarded a second year of funding in Fiscal Year 2017:

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

Grantees used lessons learned from their first year of funding to create the workplan for their second. Examples of the work include building on the most successful components from the first year, refining organizational integration processes, offering staff training and conducting community outreach.

Community Engagement Grants evaluation

ClearWay Minnesota engaged Professional Data Analysts, Inc. (PDA), as an external evaluator to evaluate and identify key learnings from the Community Engagement Grants.

The primary evaluation questions for the study were:

- *What was the reach and impact of community engagement grant funding?*
- *Were grantees able to accomplish the proposed activities? What were some key successes and challenges?*
- *What were key lessons learned from this work that could be helpful to other organizations undertaking a similar project?*

Methods

PDA completed a phone interview with one to three key informants from each of the 13 community engagement grantees to identify key learnings. Key informants were selected based on their involvement with the grant activities.

PDA also reviewed 39 grantee six-month, 12-month and final reports.

Key findings

PDA identified five key strategies used by grantees to connect tobacco users to cessation services and build organizations' capacity. Below are the strategies and the number of organizations that employed each strategy:

- Building capacity of partner organizations (three organizations)
- Building internal capacity (eight organizations)
- Employing community health workers (four organizations)
- Providing community outreach (nine organizations)
- Providing incentives (five organizations)

Key successes, challenges and learnings were identified for each strategy area. In evaluating the work across strategies, PDA identified a number of key facilitators and challenges that impacted the work. On the individual level, community-based, culturally tailored approaches facilitated success across strategies, whereas lack of readiness to quit and unstable life circumstances were barriers. Institutionally, staff turnover was a barrier to success, while collaboration between grantees and non-community engagement grant-funded activities were facilitators. PDA also concluded that the work of the Community Engagement grantees was consistent with promising practices for connecting priority populations to cessation services identified in a report by the North American Quitline Consortium. PDA provided key recommendations based on the grantees' work that can apply across the promising practices:

- Have trusted community members, such as community health workers, meet face-to-face in familiar spaces to build additional trust;
- Tailor the message to reflect the community, culture and level of tobacco knowledge;
- Provide ongoing training to organizational staff to promote understanding of the work as well as staff buy-in;
- Ensure that the cessation service used for referrals is reliable, accessible and comfortable for the community member;
- Identify organizational priorities that align with tobacco cessation to promote buy-in; and
- Collaborate with organizational partners who also prioritize tobacco.

In addition to the evaluation of all 13 grantees, PDA produced three case studies to tell the story of several organizations' work in greater detail to inform the tobacco control field. Below is a list of the case studies and the participating organizations:

- *Media Approaches to Connect American Indians to Cessation Services*, which highlights the mass media and social media approaches of the American Indian Cancer Foundation;
- *Culturally Competent Connections to Cessation Services*, which highlights the culturally specific approaches of the Native American Community Clinic and Comunidades Latinas Unidas En Servicio (CLUES); and
- *Connecting People with Mental Illnesses to Cessation Services*, which highlights the varying approaches to make cessation linkages by the four grantees who serve people living with mental illnesses: Mental Health Resources, NAMI Minnesota, RESOURCE, Inc. (now Avivo), and Touchstone Mental Health.

These case studies will be disseminated broadly within Minnesota as well as nationally to help inform the field on approaches to provide education on the harms of commercial tobacco to and cessation linkages for people of low socioeconomic status and other priority populations.

Minnesota Head Start Association Grant

In 2013, ClearWay Minnesota formed a partnership with the Minnesota Head Start Association (MNHSA) to work together to help Minnesota Head Start programs begin addressing tobacco use as a regular part of their work with families. Progress has been made in integrating addressing tobacco use into the work of Head Start. Based on our analysis of the work to date, Head Start is at a point where systemization of addressing tobacco could significantly expand. To that end, staff proposed and the Board approved a grant of up to \$15,000 for MNHSA as part of the Fiscal Year 2017 budget.

The MNHSA grant is another effort aimed at addressing the harms of commercial tobacco and creating linkages to cessation services for smokers of low socioeconomic status (SES). Below are some of the key reasons staff recommended a grant to MNHSA:

- Head Start is in a unique position to reach low-SES smokers, since all Head Start families are low-income, and staff has existing relationships with families;
- Head Start staff are required to make referrals to community services when appropriate; and
- The recently revised Head Start Performance Standards include a new provision requiring Head Start programs to address the harms of secondhand smoke exposure.

Under the grant, the MNHSA will develop a booklet to use as part of its health literacy work, which provides parents with health information and resources on many issues that may affect them and/or their children. The booklet will address the new requirement for Head Start programs to provide education on the harms of secondhand smoke exposure as well as cessation resources. The booklet will be used by Head Start programs throughout the state to educate parents and make referrals to cessation services, including QUITPLAN Services.

Cessation Policy

The Cessation Department also dedicates resources toward a series of policy efforts to help ClearWay Minnesota achieve our goals around ensuring access to comprehensive tobacco dependence treatment for all Minnesotans. (See *ClearWay MinnesotaSM 2015-2017 Strategic Plan*, Appendix C.)

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

Benefit design

The goal of this area is to ensure that all health insurance products include comprehensive tobacco cessation benefits (barrier-free coverage for all forms of counseling and for FDA-approved medications). In Fiscal Year 2017, staff continued working with state agencies and other key decision-makers around strengthening health insurance benefits within private and publicly funded health insurance products regulated by the state. Specifically, staff partnered with representatives from the Minnesota Departments of Health and Human Services to participate in a Centers for Disease Control and Prevention-[funded initiative](#) focused on improving chronic disease treatment for Medicaid enrollees. This work included engaging health plans, providers and other key stakeholders in improving access to cessation treatment for this priority population.

We continued to engage in health care reform activities at the state level as they relate to new and modified health insurance requirements, including educational efforts around requirements for tobacco dependence treatment. Staff also continued working closely with the Minnesota Department of Health in educating providers and Minnesota Health Care Program enrollees about recent benefit-related policy changes and reimbursement mechanisms. Staff also continued planning efforts for future work in this area.

Quality measurement

In order to enhance routine delivery of best-practice tobacco dependence treatment within health care provider organizations, this area of work aims to strengthen tobacco-related quality measures used in health care. Activities in Fiscal Year 2017 included continued building of relationships with key stakeholders from the quality measurement community, particularly those working on measure development at the Minnesota Department of Health. Legislation passed in 2017 will substantially change Minnesota's Statewide Quality Reporting and Measurement System and requires the Minnesota Departments of Health and Human Services to undertake various planning processes. Planning and identifying new opportunities for future work in this area continue, based on these recent legislative changes.

System integration

The goal of this work is to ensure that tobacco dependence treatment is integrated into routine health care.

Health system integration

We are supporting health system integration in three ways. The first is through our systems change grants. These grants provide an opportunity for health systems to make the delivery of tobacco treatment a standard practice of care and to fully integrate systems change strategies that can be sustained over time. Through our granting initiative, we have funded five Minnesota health systems. Each grant lasted for two years. Three health systems were funded in Fiscal Year 2014 and two were funded in Fiscal Year 2015. These grants are now completed. All five grantees successfully implemented comprehensive strategies for assessing and addressing patients' tobacco use within their health system. Example accomplishments include creating standard tobacco use assessment and treatment processes, modifying electronic health records to support the processes, defining roles and leveraging the expertise of members of the care delivery team to carry out the new process, and implementing ongoing trainings about the new process.

On June 28, 2016, we released a Request for Applications to award health systems change dissemination grants. The two Fiscal Year 2015 grantees were eligible for this award. We provided an open opportunity to apply for funding between September 1, 2016, and March 1, 2017. Both grantees submitted proposals and were awarded dissemination grants for a not to exceed amount of \$20,000 each and a project term of 14 months. The funded projects are:

- **Apple Tree Dental**, a nonprofit dental community clinic and critical access provider with six dental care clinics and offering on-site dental care at more than 130 community sites; and
- **Essentia Health**, a large integrated health system headquartered in Duluth.

Key activities proposed by the grantees include presenting health systems change strategies and key lessons learned at local, state and national conferences as well as webinars.

We are also leveraging our past investments in health systems change grants through a data analysis project. In March of 2017, a grant was awarded to Hennepin County Medical Center (HCMC) via the Minneapolis Medical Research Foundation in an amount not to exceed \$40,000 for a term of nine months. The purpose of this grant is to build on the work of HCMC's recently completed health systems change grant. They will analyze new data collected via the electronic health record (EHR) to better understand how tobacco use is now being assessed and addressed at HCMC. Another goal of the project is to break out the new tobacco use and treatment data by select social determinants of health to better understand the role these determinants play in tobacco use rates and treatment delivery. We will be working closely with the project team at HCMC to disseminate the project results.

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

On November 11, 2015, the Board approved a contract for the Institute for Clinical Systems Improvement (ICSI) to implement the capacity building project. ICSI is an independent, nonprofit organization with extensive experience in health systems change located in Bloomington, Minnesota. Working closely with ICSI, we completed the first full year of work in Fiscal Year 2017.

During Fiscal Year 2017, we held our kick-off event, titled *Rally Around Health Systems Change for Treating Tobacco Dependence*. This statewide meeting shared information on health systems change for tobacco dependence treatment and why is it important. Almost 100 individuals attended.



Dr. Michael Fiore of the University of Wisconsin's Center for Tobacco Research and Intervention speaks at Rally Around Health Systems Change for Treating Tobacco Dependence

This event was followed by two regional workshops focused on providing health systems with practical strategies for improving how their clinic assesses and addresses tobacco use. The two workshops reached almost 50 participants from a wide range of health systems and clinics throughout Minnesota. In addition, ICSI is facilitating in-depth coaching opportunities with three organizations to help them build their capacity to assess and address tobacco use: Entira Family Clinics in St. Paul, Tri County Health Care in Wadena and the American Indian Cancer Foundation. Both Entira and Tri County Health Care are prioritizing addressing their patients' tobacco use, changing care delivery processes and educating providers with a goal of improving

performance. The American Indian Cancer Foundation (AICAF) is currently providing support to Native American clinics on tobacco health systems change efforts. ICSI is using a “coach the coach” model with AICAF, providing training, shadowing and feedback opportunities to AICAF staff to build their capacity to more effectively coach the Native American clinics they are working with.

Another key activity implemented during Fiscal Year 2017 was quarterly meetings with the Systems Interest Group. This interest group comprises 23 participants representing health systems and clinics, health plans, statewide organizations and other partners. The purpose of the interest group is to provide an opportunity for participants to share insights on tobacco systems change strategies and to inform the capacity building activities.

In addition to the above activities, we also created a [Tobacco Systems Change website](#) to share key activities, upcoming opportunities, tools and resources. We also developed an electronic newsletter that is sent to over 170 participants every other month. This newsletter includes a variety of information and resources on tobacco dependence health systems change and related information.

Overall, the first full year of the capacity building project was very successful. We involved 159 participants in our meetings and workshops. Sixty-six different organizations across Minnesota have participated in this work, including 18 health systems or clinics, seven community health centers and multiple organizations working with communities and patients with high tobacco use rates, such as the Native American community or persons living with mental illness.

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

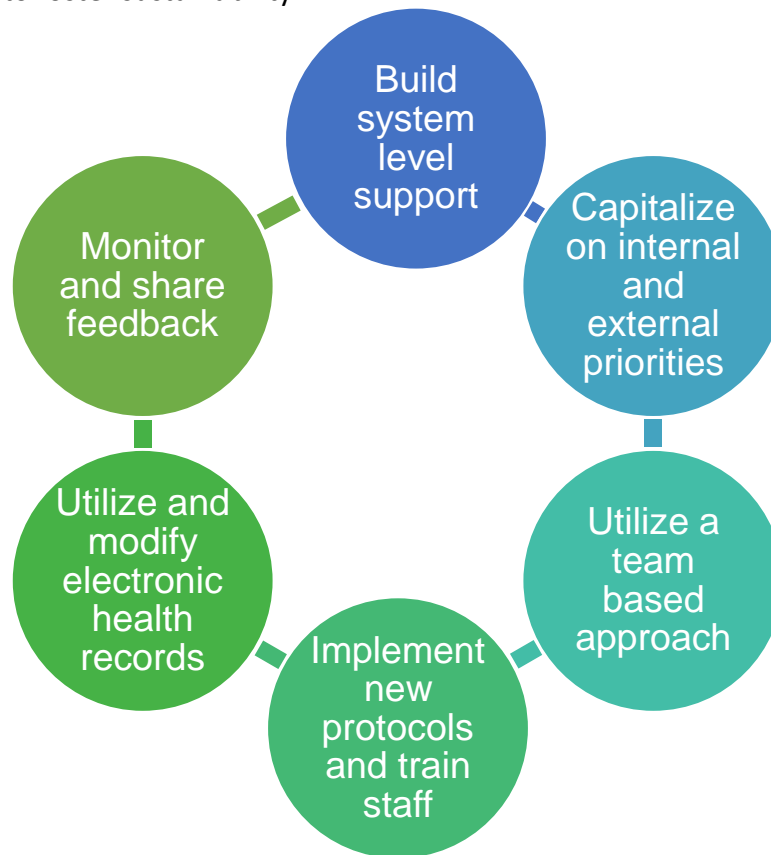
MS Strategies provided assistance with health system integration to ClearWay Minnesota in Fiscal Year 2017. In May 2017, the Board approved a subsequent contract with MS Strategies to continue assisting us through Fiscal Year 2018.

Cessation policy evaluation

ClearWay Minnesota worked with Professional Data Analysts, Inc. (PDA), to implement the process evaluation plan for our health systems change grants. The plan allowed us to understand how the work was implemented, to identify lessons learned for other health systems and to determine what strategies implemented during the grant period were sustained.

Summary findings from the health systems change process evaluation

PDA conducted a process evaluation on all five health systems change grant projects. Data sources included review of core documents (e.g. grantee progress reports, meeting notes, presentations) and key informant interviews with project staff at each health system (at baseline, after Year One and at the end of the project). Two evaluators reviewed and analyzed the data and identified strategies that facilitated change, challenges, lessons learned and key strategies to foster sustainability.



Strategies for successful health systems change

Strategies implemented by the grantees that fostered successful health systems change included:

- Building systems level support;
- Using a multidisciplinary team;
- Making the case for improving systems level performance;
- Modifying the electronic health record (EHR);
- Training and re-training staff on workflow protocols; and
- Monitoring and providing feedback to staff and providers.

Several challenges and potential solutions were identified by the grantees. One key challenge included implementing electronic health record (EHR) changes. The grantees used multiple tactics to overcome this challenge such as obtaining leadership and management support and working with IT staff from the beginning to prioritize EHR changes. Another key challenge was reaching all staff (including new staff) to share the new protocols and procedures. To overcome this, some of the grantees used multiple and repeated forms of communication to all staff and incorporated the workflow and new EHR elements into new employee orientations and trainings.

Key lessons learned were also identified through the evaluation and include:

- Gaining support from key decision makers (e.g., leadership, clinic-level providers and staff);
- Leveraging opportunities within the health system (e.g., existing tools and system-level priorities); and
- Being flexible and patient.

Many of these strategies and lessons learned also helped to sustain this work. For example, maintaining strong working relationships with key leadership and between departments was important for elevating tobacco as a priority throughout each health system. Integrating the work into quality improvement and reporting initiatives and sharing information with staff and providers was key to improving system processes and keeping the new processes at the forefront of the patient care. Finally, some grantees found that taking a population health approach to the work and leveraging other priorities and processes within the health system fostered continued commitment to systems change after grant funding ended.

Health systems change case studies

As a part of the process evaluation, we worked closely with PDA and the grantees to create individualized case studies for each project. The case studies highlight key strategies, successes, challenges and lessons learned by each funded project. During Fiscal Year 2017, case studies for Hennepin County Medical Center, Mille Lacs Band of Ojibwe and CentraCare Health were completed. During Fiscal Year 2018, we will work with PDA and the grantees to complete case studies for Essentia Health and Apple Tree Dental. These case studies are available on our website and have been shared with multiple other health systems and organizations throughout Minnesota and nationally.

Other Initiatives

State and national partnerships

ClearWay Minnesota has been instrumental in forging relationships and partnerships to advance both cessation services and policies. Such partnerships help improve these services and policies for Minnesotans, facilitate coordination, build capacity in partner organizations and contribute to the sustainability of these efforts after ClearWay Minnesota closes. Some examples of our partnerships include:

- *American Lung Association:* The National Chapter of the American Lung Association has a tobacco cessation policy project that provides up-to-date information and tools for advocates, policymakers, media and smokers. This project includes multiple cessation policy-focused workgroups, of which ClearWay Minnesota staff are active members. Staff works frequently with the American Lung Association to learn from other states doing similar work and to disseminate our work nationally.
- *Call it Quits Collaborative:* The Call it Quits Collaborative is a partnership that includes the major health insurers in Minnesota (Blue Cross and Blue Shield of Minnesota, HealthPartners, Medica, PreferredOne and UCare) and ClearWay Minnesota. The Minnesota Department of Health is an *ex officio* member. A primary goal of the collaborative is to allow health care providers to have better access to the tobacco quitline services operated by each organization. As a result of the collaborative's work, health care providers can use a single form and fax number to refer patients who use tobacco to quitline support. Quitline services and cessation benefits offered by the insurers have also been strengthened.
- *North American Quitline Consortium (NAQC):* The North American Quitline Consortium (NAQC) is a consortium of quitlines across North America that shares information and best practices. ClearWay Minnesota is an active member of NAQC and shares information about QUITPLAN Services with Consortium members on an ongoing basis. The Consortium also serves as a repository of knowledge and best practices, allowing ClearWay Minnesota to continue to learn and improve services. ClearWay Minnesota staff members serve on NAQC's Board of Directors and Advisory Council.
- *State Agencies:* ClearWay Minnesota collaborates with many state agencies to advance its cessation work. For example, the Minnesota Department of Health and ClearWay Minnesota collaborate on many activities, including cessation-focused work. ClearWay Minnesota partnered with the Department on a grant proposal to the U.S. Centers for Disease Control and Prevention (CDC) in Fiscal Year 2014, which was funded in Fiscal Year 2015. These funds supported a new outreach initiative targeting Medical Assistance and MinnesotaCare enrollees, informing them that they have cessation coverage through their health insurance. This work continued in Fiscal Year 2017. As reported earlier, ClearWay Minnesota also partnered with the Departments of Health and Human Services on CDC's 6|18 initiative, which focuses on reducing tobacco use among Medical Assistance enrollees.

Dissemination

ClearWay Minnesota Cessation staff, grantees and contractors actively disseminate 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. 39-52.

B. RESEARCH

ClearWay Minnesota funds research that will lead to reduced tobacco use and secondhand smoke exposure in Minnesota. We encourage research that addresses tobacco use in communities most affected by tobacco use and most targeted by tobacco industry marketing. Since inception through June 30, 2017, ClearWay Minnesota has funded \$30.4 million in research program grants and contracts (plus an additional \$7.5 million for evaluation projects).

Research Grants

ClearWay Minnesota awarded \$644,000 in grant funding for four research projects and two research dissemination projects during Fiscal Year 2017. Four grants are on the topic of reducing tobacco-related health disparities in Minnesota. The grants focused on a wide range of Minnesota's priority populations and novel approaches to addressing commercial tobacco addiction in each community. Three of the disparities-related grants focused on using culturally relevant methods to test interventions in specific populations (Asian-language-speaking smokers, male Somali smokers, and American Indian adult smokers and youth nonsmokers). The final disparities-related grant focused on addressing tobacco use in homeless shelters.

The dissemination grants were to distribute the findings of previously funded research on secondhand smoke exposure among some of Minnesota's most vulnerable populations. Specifically, the grants were awarded to:

- The University of Minnesota (Principal Investigator Steven Fu, M.D.) for an amount not to exceed \$125,000 for a term of 24 months; grant titled "Developing Proactive Outreach Strategies for Asian Language-Speaking Smokers." The long-term goal of this project is to identify the best approaches to increase the use of proven tobacco-dependence treatment methods among Asian-language-speaking smokers.
- The University of Minnesota (Principal Investigator Olamide Ojo-Fati, M.D.) for an amount not to exceed \$125,000 for a term of 24 months; grant titled "A Faith-Based Pilot Intervention to Reduce Tobacco Use Among Somali Male Smokers." The aims of the study are to develop a faith-based, community-informed innovative smoking cessation intervention in the Somali immigrant population in Minnesota, and to assess the feasibility of a faith-based smoking cessation intervention during the month of Ramadan.
- Public Health Law Center (Principal Investigator, Kerry Cork, J.D.) for an amount not to exceed \$125,000 for a term of 24 months; grant titled "Tobacco Control Policies in Homeless Shelters: Targeting Front-Line Staff." This project will explore in depth how shelter and provider staff, who play a significant role in implementing and enforcing smoke-free policies, use tobacco. The primary goals of the study are to learn from interviews with shelter staff and administrators, and identify ways to encourage, support and promote cessation in the shelter setting.

- The American Indian Cancer Foundation (Principal Investigator Kristine Rhodes, M.P.H.) for an amount not to exceed \$250,000 for a term of 24 months; grant titled “Impacts of Traditional Tobacco Messages on Prevention and Cessation.” This study will evaluate the effectiveness of conventional “mainstream” tobacco-control messages, as compared with American Indian-specific messages that differentiate between commercial and traditional tobacco. The intervention will measure the effectiveness of traditional messaging in both encouraging cessation and discouraging smoking initiation among Native youth.
- The University of Minnesota (Principal Investigator Deb Hennrikus, Ph.D.) for an amount not to exceed \$9,014 to disseminate findings of a previously funded research study on the impact of smoke-free policy implementation in public housing buildings. For the dissemination award, Dr. Hennrikus held a webinar, presented at several academic conferences and provided technical assistance on smoke-free multi-unit housing facilities.
- The Center for Energy and Environment (Principal Investigator Dave Bohac, Ph.D.) for an amount not to exceed \$9,546 to disseminate findings of a previously funded research study on secondhand smoke particulate concentrations in vehicles. For the dissemination project, Dr. Bohac partnered with the Association for Nonsmokers-Minnesota (ANSR-MN) to create a short video highlighting the dangers of smoking in cars with children.

Research Contracts

Technical assistance

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

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



The UW-CTRI technical assistance team also provides staff with collaboration and dissemination opportunities and reference librarian services as needed. Additionally, UW-CTRI invites ClearWay Minnesota staff to attend the weekly seminars that the organization holds on tobacco control and other health topics. In Fiscal Year 2017, UW-CTRI provided consultation on a number of special projects, including research Request for Proposals and grantee manuscripts.

Finally, UW-CTRI technical assistance has provided a unique service to some of our secondhand smoke grantees in the last fiscal year. When this cohort of grantees began their projects (2014), UW-CTRI worked with ClearWay Minnesota Research staff to bring them together and discuss some of the broader issues and connections between their very different areas of work. As the grants came to an end, another day-long meeting was held to discuss the outcomes of their respective projects as well as opportunities for synergy in policy actions related to secondhand smoke exposure. UW-CTRI then worked with these grantees on a joint submission of manuscripts based on the outcomes of these studies to be published in the journal *Tobacco Regulatory Science*. See *Dissemination – Publications – Grantee Publications*, pp. 40-42.)

Smoker interview study

Although the statewide smoking prevalence continues to decline in Minnesota and elsewhere, the reduction does not apply to all populations. We are interested in better understanding the smoking behavior, barriers and attitudes of selected demographic groups who have not seen the same reductions in smoking as the general population. In Fiscal Year 2017, the ClearWay Minnesota Research Department contracted with Rainbow Research, Inc., to conduct interviews with African American and Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) smokers living in the Twin Cities metro area about their smoking behaviors. This work is intended to advance science on eliminating tobacco-related health disparities, and to inform future policy and advocacy efforts. When completed, results will be shared via academic conferences and peer-reviewed publications.

Surveillance: Minnesota Adult Tobacco Survey (MATS) instrument cognitive testing

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 evaluate programs.

ClearWay Minnesota, in collaboration with partner organizations, previously conducted five rounds of MATS (in 1999, 2003, 2007, 2010 and 2014). Planning for the next MATS survey in 2018 has begun, with Westat selected through a competitive process as the vendor to conduct the upcoming survey. Technical reports and fact sheets are available here: www.mnadulttobaccosurvey.org.

In Fiscal Year 2017, ClearWay Minnesota contracted with Wilder Research to conduct cognitive testing of the instrument related to assessing secondhand smoke exposure. Testing existing survey items and new additional items for the future MATS instrument is an effort to improve the reliability of data collected. This is especially important as social norms regarding secondhand smoke exposure have changed over the past 10 years. We hope to deepen our understanding of secondhand smoke exposure with revisions to the 2018 MATS survey instrument. This knowledge will advance ClearWay Minnesota's work in the areas of policy and social norm change as they relate to secondhand smoke exposure.

Dissemination

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

Publications

One of ClearWay Minnesota's priorities is to disseminate findings from research, evaluations and other initiatives to a wide range of audiences. The goal of sharing this information is to help advance the field of tobacco prevention and control in Minnesota and elsewhere. ClearWay Minnesota staff, grantees and partners published a large number of peer-reviewed articles during Fiscal Year 2017 on a range of topics, including findings from the 2014 Minnesota Adult Tobacco Survey (MATS). These publications include:

- "Increasing Reach by Offering Choices: Results From an Innovative Model for Statewide Services for Smoking Cessation," by Paula Keller, Barbara Schillo, Amy Kerr, Rebecca Lien, Jessie Saul, Marietta Dreher and Randi Lachter, *Preventive Medicine*. This paper reports findings from our evaluation of reach, quit outcomes and cost per quit for our new suite of QUITPLAN Services.
- "Continuous Weeklong Measurements of Indoor Particle Levels in a Minnesota Tribal Casino Resort," by Zheng Zhou, David Bohac and Raymond Boyle, *BMC Public Health*. This paper examined the secondhand smoke fine particulate matter (PM_{2.5}) concentrations in multiple smoking and nonsmoking locations. Results indicated that secondhand smoke migrates into adjacent nonsmoking areas at high concentrations.
- "Secondhand Smoke Exposure Seven Years After an Indoor Smoke-Free Law," by Ann St. Claire, Michael Amato, Raymond Boyle, Peter Rode, and Ann Kinney, *American Journal of Health Promotion*. This paper examined locations of secondhand smoke exposure among nonsmokers seven years after a statewide smoke-free policy was passed. Results indicated that exposure continues after comprehensive policies restricted it from public places. Disparities in exposure rates exist for those who live with a smoker, are young and have low incomes. Findings suggest the need for additional policies that will have the greatest public health benefit.
- "The Tribal Tobacco Education and Policy Initiative: Findings From a Collaborative, Participatory Evaluation," by Sheryl Scott, Joanne D'Silva, Carol Hernandez, Nicole Toves Villaluz, Jaime Martínez and Chris Matter, *Health Promotion Practice*. This paper presents an overview of the Tribal Tobacco Education and Policy (TTEP) Initiative, which works to address the complexities surrounding high smoking rates in Minnesota's American Indian communities.

- “Exploring Exclusive and Poly-Tobacco Use Among Adult Cigarette Smokers in Minnesota,” by Erin O’Gara, Eva Sharma, Raymond Boyle and Kristie Taylor, *American Journal of Health Behavior*. The 2014 MATS indicated that, although low overall, consecutive use of multiple tobacco products more than doubled in five years. The most common combination of products was cigarettes and electronic nicotine delivery systems (ENDS).
- “Testing and Refining Measure of Secondhand Smoke Exposure Among Smokers and Nonsmokers,” by Melissa Chapman Haynes, Ann St. Claire, Raymond Boyle and Anne Betzner, *Nicotine and Tobacco Research*. This paper summarized cognitive testing that was used to explore the functioning and limitations of current secondhand smoke surveillance items, many of which are frequently used for statewide or national surveillance. Recommendations were provided on how best to assess secondhand smoke exposure on telephone-based surveys.
- “Effectiveness of Local Policy Efforts to Increase the Price of Cheap Cigars in Minnesota,” by Betsy Brock, Samantha Carlson, Molly Moilanen and Barbara Schillo, *American Journal of Public Health*. This paper evaluates the effect of minimum cigar pricing policy implementation in several Twin Cities metro cities. Results indicate that such policies are successful at reducing cigar purchases.
- “Raising the Minimum Legal Sale Age for Tobacco to 21: The Estimated Effect for Minnesota,” by Raymond Boyle, John Kingsbury and Michael Parks, *Minnesota Medicine*. This paper, published in the January/February issue of the journal of the Minnesota Medical Society, outlined the potential effect of raising Minnesota’s age for tobacco purchase to 21. Results indicated that raising the sale age to 21 in 2015 would prevent 3,355 young Minnesotans from ever starting to smoke, and that, over time, 30,000 young Minnesotans could be prevented from smoking.
- “Disparities in Cigarette Smoking and Use of Other Tobacco Products in Minnesota, 2003-2014,” by Raymond Boyle, Joanne D’Silva, Cassandra Stanton, Charles Carusi and Zhiqun Tang, *Journal of Public Health*. This paper examines widening disparities in certain populations in Minnesota. The paper suggests complements to known population-level strategies with community and individual-level approaches that are necessary to eliminate the gap in smoking disparities.
- “Linking Smokers to a Quitline: Randomized Controlled Effectiveness Trial of a Support Person Intervention That Targets Nonsmokers,” by Christi Patten, Raymond Boyle, David Tinkelman, Tabettha Brockman, Amy Lukowski, Paul Decker, Joanne D’Silva, Edward Lichtenstein and Shu-Hong Zhu, *Health Education Research*. This paper examines the impact of a three-session phone intervention for nonsmoking family members and persons (i.e. support persons). Results indicate that using support persons was successful in increasing smoker quitline enrollment, in both one- and three-call interventions.

Grantee publications

In addition to co-authored articles listed above, there were four peer-reviewed publications from grantees during Fiscal Year 2017. Highlighted here are the secondhand smoke grantee publications featured in the journal *Tobacco Regulatory Science*.

- “Parent Attitudes Toward Screening for Tobacco Exposure at Well-Child Visits,” by Eline Leemans Lenne, Gail Brottman, Tukhanh Quan, Winta Ghidei, Oriana Diaspro Higuera and Anne Joseph, *Tobacco Regulatory Science*. This paper provides an overview of a study to investigate parent reactions to positive laboratory screening for tobacco smoke exposure at one- or two-year well-child visits. Results indicated that using bio-marker evidence of tobacco exposure provides a valuable tool to use to discuss exposure with parents and caretakers and can prompt interest in quitting.
- “Personal Vehicle Secondhand Smoke Exposure for Various Ventilation Modes,” by David Bohac, Emily Waldhart, Zheng Zhou and Martha Hewett, *Tobacco Regulatory Science*. This paper provides evidence about the danger of secondhand smoke particulate concentrations in cars under a variety of driving conditions. Findings indicated that the average secondhand smoke exposure in a vehicle with smoking allowed was roughly equal to sitting in a smoky bar for three hours.
- “Addressing Tobacco Use in Assisted Living Residences: Obstacles and Opportunities,” by Kerry Cork, *Tobacco Regulatory Science*. This study examined state laws and regulations that restrict tobacco use in assisted living residences, challenges in preventing tobacco use on the premises and effective strategies to help address these obstacles. Recommendations include promoting staff cessation, prohibiting smoking with residents, providing tobacco cessation training and resources, encouraging integrated systems health care approaches and increasing insurance coverage for cessation.
- “Resident Reactions to Smoke-Free Policy Implementation in Public Housing,” by Deb Hennrikus, Rachel Widome, Kara Skahen, Lindsey Fabian and Zobeida Bonilla, *Tobacco Regulatory Science*. This paper examined the reactions and perceptions of residents living in subsidized multi-unit housing facilities with recently enacted smoke-free policies. Results indicated that building management did not consistently address policy violations, and the authors provided suggestions for increasing compliance and resident support.

*Anne Joseph, M.D.
University of Minnesota*



*David Bohac, Ph.D.
Center for Energy and
Environment*



*Kerry Cork, J.D.
Public Health Law Center*



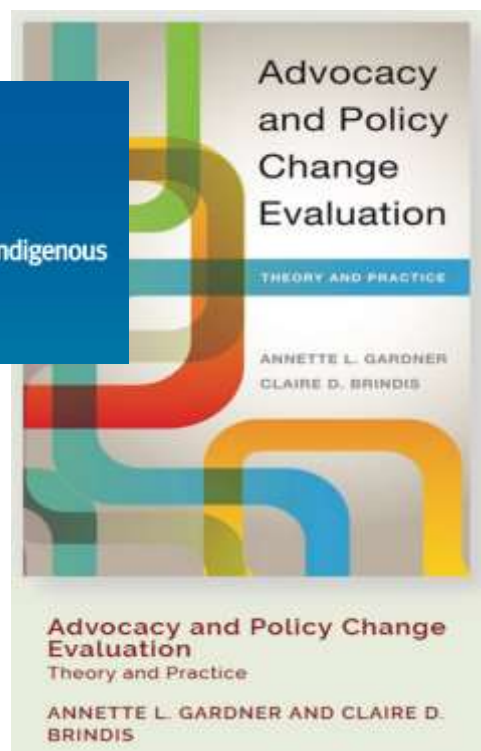
*Deb Hennrikus, Ph.D.
University of Minnesota*



***Four ClearWay MinnesotaSM grantees published
peer-reviewed research this year***

Case study

ClearWay Minnesota's Tribal Tobacco Education and Policy (TTEP) initiative was included as a case study in the Advocacy and Policy Change Evaluation textbook. (See *Community Development – Community Development Grants – Tribal Tobacco Education and Policy Initiative [TTEP]*, pp. 66-72.) This book on advocacy and policy change evaluation provides real-world examples of developing appropriate evaluation designs and applying the findings to advocacy practice and decision-making. The featured excerpts from the TTEP program highlighted the unique collaborative, participatory evaluation for addressing commercial tobacco use and policy efforts in Minnesota's indigenous communities.

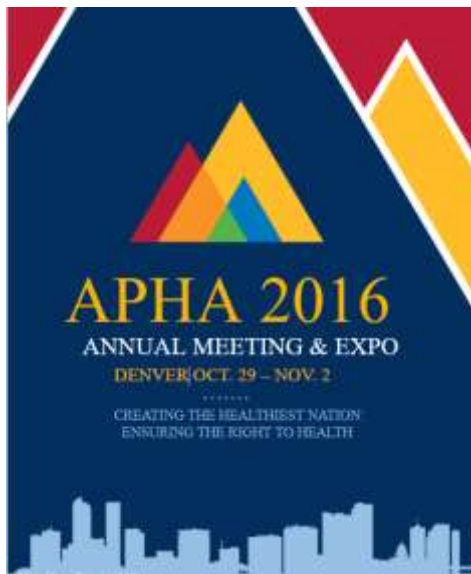


Presentations

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

American Public Health Association (APHA)

ClearWay Minnesota staff and grantees had two oral presentations at the annual American Public Health Association (APHA) conference, held October 29 - November 2, 2016, in Denver.



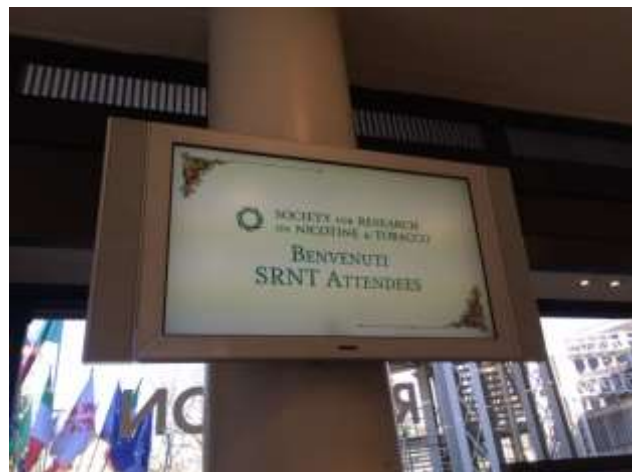
Senior Research Manager Joanne D'Silva presented on the tobacco industry's exploitation of sacred American Indian traditional tobacco. Grantees from the Association of Nonsmokers-Minnesota (ANSR-MN) and Northpoint Health and Wellness Center also presented an overview of the restriction of flavored tobacco to adult-only tobacco retailers in the Twin Cities.

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

Several staff attended the 23rd Annual Meeting of the Society for Research on Nicotine and Tobacco (SRNT) in Florence, Italy (March 2017). The conference provided opportunities to learn about cutting-edge tobacco

science and policy research from around the globe.

Senior Research Program Manager Joanne D'Silva participated in a symposium on "The Role of Research in Meeting FCTC Commitments to Indigenous Peoples: What Progress Have We Made?" During her presentation, Ms. D'Silva highlighted our approach to participatory evaluation when working with tribal Nations in the Tribal Tobacco Education and Policy Initiative. Other speakers included globally known experts in Indigenous tobacco research from New Zealand, Australia and Canada.





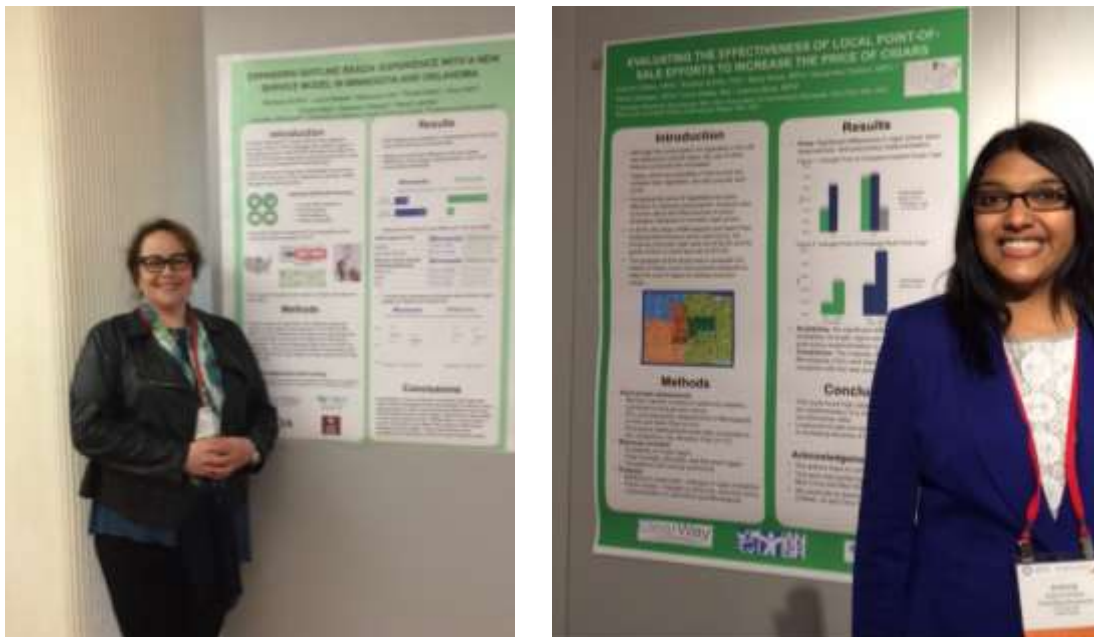
Senior Research Program Manager Joanne D'Silva (far right) presented her indigenous tobacco research at the 2017 Society for Research on Nicotine and Tobacco (SRNT) annual conference

Ms. D'Silva also had two poster presentations focused on the evaluation of local point-of-sale policies. One was a study focused on "Evaluating the Effectiveness of Local Point-Of-Sale Efforts to Increase the Price of Cigars," and the other was on "Assessing Effects of Flavored Tobacco Point-of-Sale Restrictions on Menthol Tobacco Marketing and Availability." In addition, Vice President Dr. Barbara Schillo presented a poster on "Evaluating Implementation of Flavored Tobacco Point-of-Sale Restrictions on Retail Environments in Minneapolis and St. Paul, Minnesota." These observational studies highlighted efforts to evaluate the cutting-edge flavored tobacco restrictions that were enacted in Minneapolis and Saint Paul last year. Director of Research Programs Dr. Raymond Boyle also presented a poster on "Evaluating Quit Attempts and Quitting Following a State Tobacco Tax Increase," which focused on the 2014 tobacco tax increase.



Three additional poster presentations shared findings from QUITPLAN Services research. Dr. Schillo presented a poster on "Expanding Quitline Reach: Experience With a New Service Model in Minnesota and Oklahoma," which looked at the experience of a similar cessation service innovation in two different states. Another poster focused on "Strategic Use of Media Modalities to Maximize Service Volumes: Predictors of a Statewide Cessation Program," examining which media modalities from a new advertising campaign had the biggest impact of service volumes. (See *Communications and Outreach – Advertising – QUITPLAN® Services Campaign – No Judgments. Just Help.*, p. 83.) Dr. Boyle also presented a poster, "Offering

Choices Engages More Smokeless Tobacco Users in Quitlines,” which found an increase in smokeless tobacco users using QUITPLAN Services after the new services were available.



Vice President Dr. Barbara Schillo (left) and Senior Research Program Manager Joanne D'Silva presented at the 2017 Society for Research on Nicotine and Tobacco (SRNT) annual conference

North American Quitline Consortium (NAQC)

ClearWay Minnesota staff members attended and presented at a conference of the North American Quitline Consortium (NAQC), held in conjunction with the National Conference on Tobacco or Health (NCTOH) in Austin, Texas, in March. (See *2017 National Conference on Tobacco or Health [NCTOH]*, pp. 46-50.)

Presentations included a plenary panel on the topic of evolving models for quitlines by the NAQC Board of Directors. ClearWay Minnesota Vice President Dr. Barbara Schillo is a member of the NAQC board and presented on the panel.

Director of Cessation Programs Paula Keller and Senior Cessation Manager Randi Lachter also attended the conference and presented on topics including three states' experiences with a new quitline model, reengaging tobacco users in statewide cessation services, and a method for monitoring quitline reach among populations they seek to serve.



2017 National Conference on Tobacco or Health (NCTOH)

Many members of ClearWay Minnesota's staff, partners and grantees attended the 2017 National Conference on Tobacco or Health (NCTOH), held March 22-24, 2017, in Austin, Texas. ClearWay Minnesota staff participated in one plenary session on an overview of the state of the field of tobacco control, one sub-plenary on using social media to advance public health, nine panel presentations, and 15 poster presentations. Complete lists of titles and first authors are below.



Plenary and sub-plenary

Lead Author	Presentation Title
CoCo Villaluz, Senior Community Development Manager	Overview of the State of the Field
Adam Kintopf, Senior Communications Manager	Beyond "Just Go Viral": Strategically Using Social Media to Advance Public Health



Senior Community Development Manager CoCo Villaluz (third from right) participated in a plenary session at the 2017 National Conference on Tobacco or Health

Panels

Lead Author	Presentation Title
Adam Kintopf, Senior Communications Manager	Media Analysis Across Multiple Communications Platforms
Amanda Jansen, Senior Cessation Manager	Tobacco Cessation and the Affordable Care Act: Promise and Practice
Erin O'Gara, Senior Research Program Manager, and CoCo Villaluz, Senior Community Development Manager	Only "Tobacco and Water": Natural American Spirit and the Marketing of Traditional Tobacco
Andrea Mowery, Vice President	The 2016 Tobacco Control Network Policy Recommendations Guide: A Valuable Resource for Planning Tobacco Control Programs
Marietta Dreher, Director of Marketing and Communications	Making the Case for Empathetic Messaging to Engage Smokers in Quitting
Marietta Dreher, Director of Marketing and Communications	Maximizing Scarce Promotional Dollars: Strategic Analysis of Media Tactics to Increase Service Volumes
Alexis Bylander, Senior Public Affairs Manager	Local E-Cigarette Regulation: How Minnesota Advocates Used Concern About a New Tobacco Product to Pass Comprehensive Tobacco Prevention Policies
LaTrisha Vetaw, grantee (NorthPoint Health & Wellness Center)	A Tale of Two Cities: Restricting the Sale of Cheap & Flavored Tobacco Products & Menthol Cigarettes
Rod Lew, contractor (Asian Pacific Partners for Empowerment, Advocacy & Leadership [APPEAL])	Building Leadership to Advance Health Equity with Priority Populations: The LAAMPP Institute Model

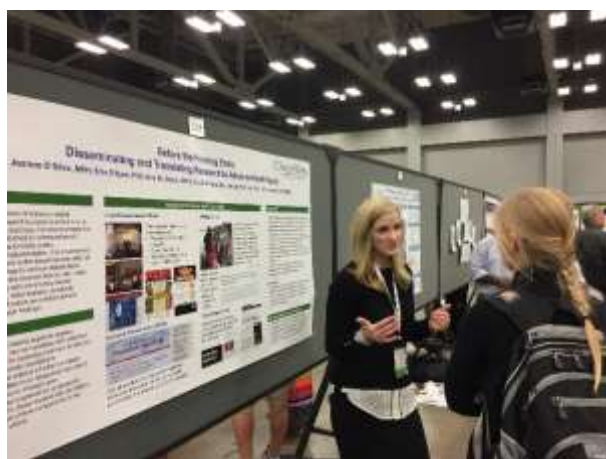
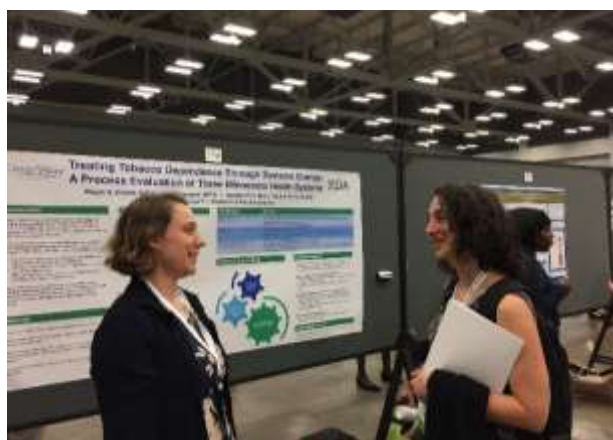
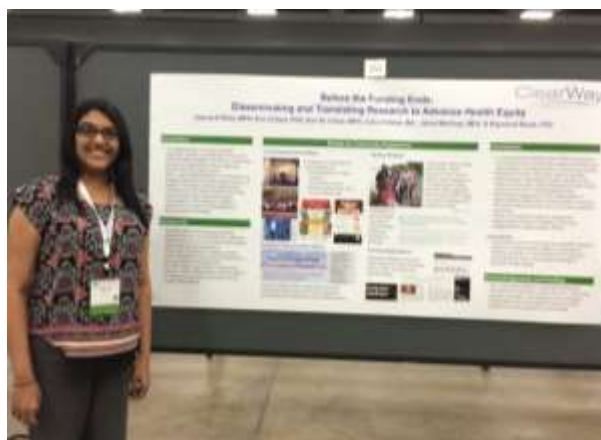


Senior Community Development Manager CoCo Villaluz (left), Senior Research Program Manager Joanne D'Silva (center) and Senior Research Program Manager Dr. Erin O'Gara (right) presented at the 2017 National Conference on Tobacco or Health

Posters

Lead Author	Presentation Title
Amy Kerr, contractor (Professional Data Analysts, Inc.)	Linking Low-SES Smokers to Cessation Services: Key Strategies, Successes and Lessons Learned
Andrea Mowery, Vice President	Where to Next? Long-Term Policy Planning
Barbara Schillo, Vice President	Expanding Quitline Reach: Experience With a New Service Model in Minnesota & Oklahoma
Betsy Brock, grantee (Association for Nonsmokers-Minnesota [ANSR-MN])	Evaluating the Impact of Local Policy Efforts to Increase the Price of Cheap Cigars
Carol Hernandez, grantee (Mille Lacs Band of Ojibwe)	Circle of Support: Building a Traditional Tobacco Movement in Minnesota
Mike Sheldon, Senior Communications Manager	Wait, There's More! Promoting QUITPLAN® Services Through an Infomercial
Andrea Mowery, Vice President, and Marietta Dreher, Director of Marketing and Communications	Using Media Campaigns to Shape Consumer Attitudes: Building Support for Tobacco Control Policies

Joanne D'Silva and Erin O'Gara, Senior Research Program Managers	Before the Funding Ends: Disseminating and Translating Research to Advance Health Equity
LaTrisha Vetaw, grantee (NorthPoint Health & Wellness Center)	Making Menthol Matter in Minnesota
Megan Whittet, Senior Cessation Manager	Treating Tobacco Dependence Through Systems Change: A Process Evaluation of Three Minnesota Health Systems
Ora Hokes, LAAMPP Policy Champion	Two Minnesota Programs That Increased Diversity in the Tobacco Control Movement
Paula Keller, Director of Cessation Programs	Using Policy Change, Outreach and Partnership to Help Medicaid Enrollees Quit Smoking
Randi Lachter, Senior Cessation Manager	Never Quit Trying: Reengaging Tobacco Users in Statewide Cessation Services
Roberta Marie, grantee (Fond du Lac Band of Lake Superior Chippewa)	Policy Success in Indian Country: Promising Practices from Tribal Advocates in Minnesota
Roberta Marie, grantee (Fond du Lac Band of Lake Superior Chippewa)	Addressing Commercial Tobacco Use to Advance Health Equity: The Fond du Lac Band of Lake Superior Chippewa's Approach to Commercial Tobacco-Free Spaces



ClearWay MinnesotaSM staff and partners display posters at the 2017 National Conference on Tobacco or Health (NCTOH)

Minnesota Tobacco Control Conference

ClearWay Minnesota, the Minnesota Department of Health and Blue Cross and Blue Shield of Minnesota's Center for Prevention co-hosted a statewide conference, *Inspiring Bold Action: The 2017 Minnesota Tobacco Control Conference*. More than 400 people attended the conference, representing staff, grantees, board members and community members. The three-day event featured several plenary sessions with nationally known speakers and multiple breakout sessions that highlighted cutting-edge work being done in Minnesota on local policies, health systems change, public education, data collection, health equity and cessation.



Jeanne Weigum of the Association for Nonsmokers-Minnesota (ANSR-MN) presents at the Minnesota Tobacco Control Conference (left)

Webinars and other presentations

ClearWay Minnesota staff, grantees and contractors also share information about our work through dissemination strategies such as webinars and teleconferences. Using a variety of methods to share information about our work with partners in Minnesota and nationally allows us more broadly to share lessons learned and advance tobacco control.



On November 16, 2016, Senior Community Development Manager CoCo Villaluz and Senior Research Program Manager Joanne D'Silva presented via webinar to the Montana Tobacco Use Prevention Program (MTUPP). The mission of MTUPP is to address the public health crisis caused by the use of all forms of commercial tobacco products. During the webinar, Ms. Villaluz discussed the "two tobacco ways" and shared clips from the *Reclaiming Sacred Tobacco* documentary. (See *Communications and Outreach – Keep Tobacco Sacred Campaign*, pp. 85-89.) Ms. D'Silva shared findings from tobacco industry documents research related to misappropriation of American Indian culture and tradition. Participants also received a list of ClearWay Minnesota resources pertaining to our portfolio of work in Indian Country.

In May of 2017, Senior Communications Manager Adam Kintopf presented on using social media for public health purposes on a webinar hosted by the U.S. Centers for Disease Control and Prevention's (CDC's) Office of Smoking and Health. The following month, Mr. Kintopf also gave a lecture on "The Practical Art of Public Health Storytelling" as part of the Minnesota Department of Health's annual State of Public Health Forum.



Senior Communications Manager Adam Kintopf presents at the Minnesota Department of Public Health's State of Public Health Forum 2017

C. POLICY

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

In compliance with the Court Order of February 25, 2003, approving ClearWay Minnesota's New Comprehensive Plans for Governance and Individual Smoking Cessation Activities, ClearWay Minnesota spends at least as much on individual cessation as on environmental approaches that reduce tobacco's harm, such as policy change. As long as parity between individual cessation and environmental programs is maintained, the Court permits the ClearWay Minnesota Board of Directors to approve work supporting the creation, implementation and defense of public policies to reduce tobacco's harm. From inception, ClearWay Minnesota has awarded \$45.3 million to programs supporting individual-level cessation and \$27 million to environmentally based programs. In addition, \$10 million has been spent on surveillance/assessment programs, \$9.4 million on capacity-building programs and \$1.3 million on other programs.

Statewide Policy Work

Minnesotans for a Smoke-Free Generation

In 2016 ClearWay Minnesota and partners launched Minnesotans for a Smoke-Free Generation, a coalition of organizations that share the goal of saving Minnesota youth from a lifetime of addiction to tobacco. The coalition's policy priorities are:

1. **Raising the tobacco sales age to 21.** Ninety-five percent of adult smokers started before the age 21. Widening the gap between teens and those who can legally purchase tobacco reduces kids' ability to buy it or access it through social networks.
2. **Restricting sales of flavored tobacco products.** The tobacco industry uses candy, fruit and menthol flavors to appeal to youth, African Americans, Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities and others. More than 40 percent of U.S. students who smoke use flavored products, and restrictions will help keep them out of young people's hands.
3. **Increasing public funding for tobacco control efforts.** Programs that help people quit tobacco and prevent youth from becoming addicted save lives, but funding sources for these programs in Minnesota are declining. Increasing funding for tobacco prevention efforts is a proven way to reduce tobacco use.
4. **Keeping tobacco prices high.** This is the most effective way to prevent kids from becoming addicted to tobacco products. High prices discourage youth from starting and encourage current smokers to quit.



In 2017 Minnesotans for a Smoke-Free Generation grew to a coalition of over 50 partner organizations, including A Healthier Southwest, the African American Leadership Forum, Allina Health, the American Cancer Society Cancer Action Network, the American Heart Association, the American Lung Association in Minnesota, Apple Tree Dental, the Association for Nonsmokers-Minnesota (ANSR-MN), Becker County Energize, Blue Cross and Blue Shield of Minnesota, CentraCare Health, Children's Defense Fund-Minnesota, Children's Hospitals and Clinics of Minnesota, ClearWay Minnesota, Comunidades Latinas Unidas En Servicio (CLUES), Essentia Health, Four Corners Partnership, Gillette Children's Specialty Healthcare, HealthEast, HealthPartners, Hennepin County Medical Center, Hope Dental Clinic, Indigenous Peoples Task Force, ISAIAH, the LAAMPP Institute, Lake Region Healthcare, Lincoln Park Children and Families Collaborative, the Local Public Health Association of Minnesota, March of Dimes, Mayo Clinic, Medica, the Minnesota Academy of Family Physicians, the Minnesota Association of Community Health Centers, the Minnesota Cancer Alliance, the Minnesota Chapter of the American Academy of Pediatrics, the Minnesota Council of Health Plans, the Minnesota Hospital Association, the Minnesota Medical Association, the Minnesota Oral Health Coalition, the Minnesota Public Health Association, Model Cities of St. Paul, Inc., NAMI Minnesota, North Memorial Health Care, NorthPoint Health and Wellness Center, PartnerSHIP 4 Health, Perham Health, Rainbow Health Initiative, SEIU Healthcare Minnesota, the St. Paul Chamber of Commerce, Tobacco-Free Alliance, the Twin Cities Medical Society, UCare and WellShare International.

Quitline funding

During the 2017 Legislative Session, the coalition worked with legislative leaders to introduce bills aligned with its policy priorities. Most notably, the coalition successfully lobbied to allocate funding for a tobacco cessation quitline, which was included in the Republicans' Health and Human Services budget bill. Unfortunately, funding for the quitline was shifted from another important public health program - the Statewide Health Improvement Partnership (SHIP). Ultimately, legislative leaders and the Governor could not agree on an alternative funding source and the quitline was removed from the final budget bill. Because of coalition efforts, legislators and the Governor understand that quitlines are proven to help smokers quit and save money. We are hopeful that the Legislature and the Governor will support new funding for a statewide quitline in 2018 so uninsured and underinsured Minnesota smokers do not lose access to quitting services when QUITPLAN Services ends in 2020. (See *Cessation – Cessation Services Contracts – QUITPLAN® Services – End of QUITPLAN Services*, p. 25.)



Tobacco 21

In 2017 the coalition met its goal of introducing a bill increasing the tobacco age to 21 in one body of the Legislature with a Republican champion and bipartisan support. During the final weeks of Session, Senator Carla Nelson (R-Rochester) agreed to author the Tobacco 21 bill, and Senators Jeffrey Hayden (DFL – Minneapolis), Melisa Franzen (DFL – Edina) and Erik Simonson (DFL – Duluth) joined her as co-authors. The bill introduction coincided with the Edina City Council passing the first local Tobacco 21 policy in the state and garnered significant statewide media coverage. The coalition is working with potential champions to introduce a House bill in 2018 as well as to have a hearing in a health committee. To date, five states and more than 270 local units of government have passed Tobacco 21 policies. We hope this national momentum continues and we see more Minnesota cities and eventually the entire state follow suit.



Coupons and flavoring

The tobacco industry uses price-manipulating strategies to reduce the cost of tobacco products, build brand loyalty and appeal to new customers. Coalition partners worked with Sen. Hayden and Representative Rena Moran (DFL – St. Paul) to introduce legislation restricting the redemption of tobacco coupons – a common and growing tobacco industry tactic. Representing diverse, urban districts, Sen. Hayden and Rep. Moran frequently voice their frustration with the tobacco companies for targeting already marginalized communities. They are both long-time tobacco prevention champions in the Legislature and work with partners in the Minnesota Menthol Coalition to educate Minnesotans about the harms of menthol tobacco and pass policies restricting youth access to all flavored tobacco products.

Preemption

In 2017, the Minnesota Legislature passed but Governor Dayton vetoed legislation preempting local units 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 legislation, and future debate on this topic is anticipated.

Tobacco taxes

Once again, the tobacco industry and its allies introduced legislation to roll back pieces of the historic tobacco tax package passed in 2013. Despite broad grassroots efforts by coalition members, the final tax bill included a significant tax cut for premium cigars, which are just as deadly and dangerous as other combustible tobacco products. The bill also eliminated the annual inflationary adjustment on the cigarette excise tax, freezing the excise tax at \$3.04 per pack.

Governor Dayton rejected these changes but ultimately signed the tax bill because legislative leaders added language tying future funding for the Department of Revenue to a successful tax bill.

After Session ended, Governor

Dayton line-item vetoed funding for the Legislature, and asked legislative leaders to come back to the table so they could renegotiate the tax bill. Legislative leaders instead filed a lawsuit claiming his line-item veto was unconstitutional. In May, Governor Dayton held a press conference to shine a spotlight on the tax breaks for the tobacco industry included in the tax bill. Coalition partners including ClearWay Minnesota's Director of Public Affairs and coalition co-chair Molly Moilanen spoke in favor of keeping tobacco prices high to help smokers quit and to prevent young people from starting. Nearly 50 kids in yellow Smoke-Free Generation t-shirts stood with the Governor demonstrating their support.



Governor Mark Dayton held a press conference in May to raise awareness of legislation giving tax breaks to the tobacco industry

Other legislation

Other successes to note include closing a tax loophole on large containers of moist snuff and maintaining funding for SHIP and the tobacco prevention and control unit at the Minnesota Department of Health.

Day at the Capitol

On February 22, 2017, ClearWay Minnesota and Minnesotans for a Smoke-Free Generation hosted an advocacy Day at the Capitol for coalition members and their networks of advocates. Almost 300 participants, the majority of them youth, traveled from around the state to meet with lawmakers and receive advocacy training. Participants met with their lawmakers and asked them to support the coalition's four priorities. A morning rally was led by various youth groups. Attendees heard inspirational words from youth advocates as well as lawmakers.



Sen. Jeffrey Hayden, co-author of the statewide Tobacco 21 legislation, speaks at Day at the Capitol



Youth from the Aurora/St. Anthony Neighborhood Development Corporation present a skit to Day at the Capitol participants

The Day at the Capitol event generated media coverage. Participants wrote letters to the editor while at the Capitol, and after the event ClearWay Minnesota sent out locally tailored press releases to newspapers around the state detailing meetings attendees had with their legislators. There was also a significant following of our event on social media, with more than 2,000 Twitter engagements that day. Grantees, partners and other participants shared their experiences across multiple platforms, including Instagram and Snapchat, and those posts were shared on Twitter to reach influencers at the Capitol. This swell of earned and social media attention served to illustrate widespread, diverse support for tobacco prevention measures.



ST. CLOUD Times

Legislature must protect kids from tobacco

I visited the Capitol in St. Paul with my high school's Project 4 Teens group Feb. 22 in association with Crave the Change.

We talked with area representatives — including Jim Knoblach, Tim O'Driscoll and Tama Theis — about how the tobacco industry targets young people like me.

By marketing products with colorful packaging, fruity flavors, contests and other incentives, the tobacco industry wants to hook me and my friends for life. They know most adult smokers start in their teens, and most teen smokers are able to get their tobacco products from older friends.

We talked about why it's really important lawmakers put young people's health above tobacco profits.



Day at the Capitol 2017 garnered earned and social media attention

Policy Champions

The Policy Champions Project provides alumni from the Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations (LAAMPP), a program that builds leadership skills among members of Minnesota diverse communities, with an opportunity to further apply their knowledge, networks, skills and experiences to ClearWay Minnesota's state and local tobacco control policy campaigns. (See *Community Development – Community Development Contracts – Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations [LAAMPP]*, pp. 78-79.) This year, the number of Policy Champions was increased and the project was also open to individuals who did not participate in LAAMPP.

The Association for Nonsmokers-Minnesota (ANSR-MN) has been coordinating the project since 2015. In Fiscal Year 2017, 14 Policy Champions were selected, and they contributed to ClearWay Minnesota's policy priorities both statewide and locally. At the Capitol, they provided testimony during key hearings and had one-on-one conversations with legislators. Locally, they participated in policy advocacy across the state, including writing their local elected officials and participating in community events and conversations. They also submitted several letters to the editor across the state, presented to local community groups and shared their lessons learned and expertise at conferences in Minnesota and nationwide.

Fiscal Year 2017 marked the final year for this program. ANSR-MN facilitated a year-end celebration where Policy Champions and participating staff shared success stories from the year and celebrated individual and group accomplishments.

Public Affairs Contracts

In Fiscal Year 2017, ClearWay Minnesota's Public Affairs Department contracted with the following vendors:

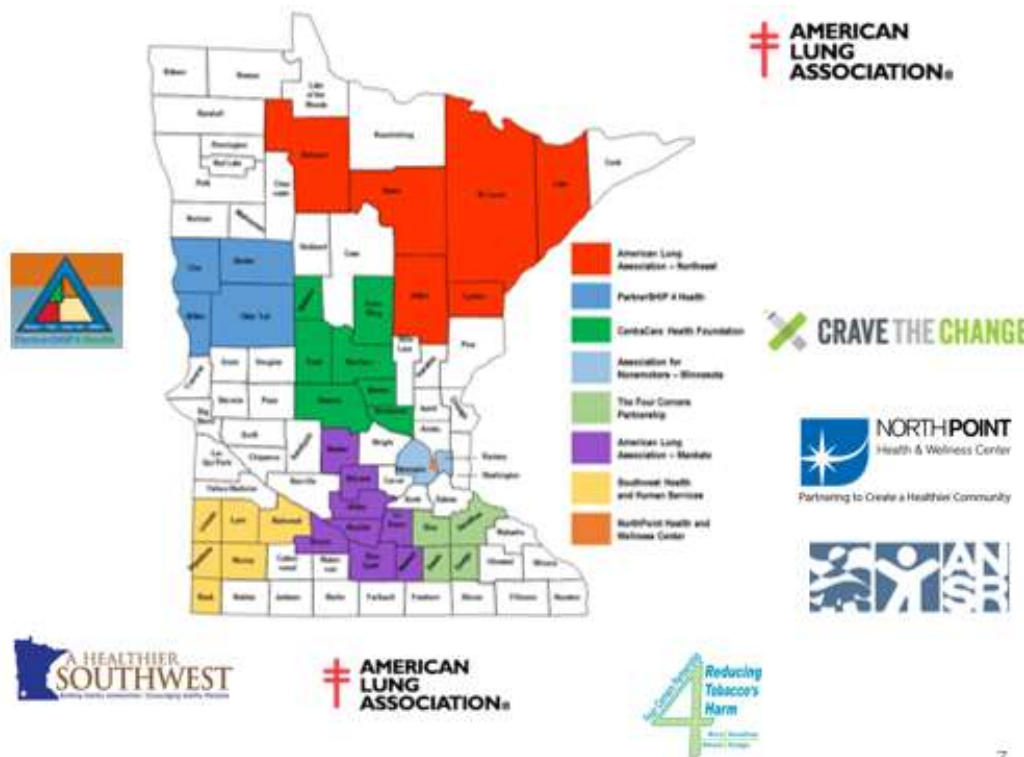
- Lockridge Grindal Nauen, P.L.L.P., for government relations services;
- Rapp Strategies, Inc. (formerly Himle Rapp & Company), for public affairs services;
- CustomScoop, for media tracking and analysis; and
- The Association for Nonsmokers-Minnesota (ANSR-MN), for tracking and analyzing tobacco companies'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

In compliance with our long-term contracting guidelines, this year the Public Affairs Department facilitated a competitive bid process for public affairs services. Rapp Strategies, Inc. (formerly Himle Rapp & Company), was awarded the contract in December 2016, and their new contract began in January 2017.

Local Community Grants

ClearWay Minnesota funds local efforts to organize public support around tobacco control policies and related issues. This year, we funded eight 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;
- CentraCare Health Foundation (organizing the Crave the Change initiative);
- Clay-Wilkin Community Health Board (organizing the PartnerSHIP 4 Health);
- Goodhue County (organizing the 4 Corners Partnership);
- NorthPoint Health and Wellness Center; and
- Southwest Health and Human Services (organizing a Healthier Southwest).



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 (see *ClearWay MinnesotaSM 2015-2017 Strategic Plan*, Appendix C); 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.

During Fiscal Year 2017, local policy grantees helped advance policies that reduce tobacco's harm at both the state and local level.

Request for Proposals (RFP) process

On October 5, 2016, ClearWay Minnesota released a Request for Proposals (RFP), *Local Policy Grants to Create a Smoke-Free Generation*. The purpose of this RFP was to fund organizations to pass bold tobacco control policies at the local level that will reduce youth tobacco initiation. These policies will also support ClearWay Minnesota's state-level policy priorities, which are:

- Raising the tobacco sale age to 21;
- Restricting the sale of fruit-, candy- and menthol-flavored tobacco products to adult-only tobacco shops;
- Keeping the price of tobacco high; and
- Funding tobacco prevention efforts.

Review process

ClearWay Minnesota's grant review process is intended to be fair, objective and thorough. The primary objective of the review is to identify those proposals that have the highest merit and are most likely to advance ClearWay Minnesota's Strategic Plan. Full proposals received were reviewed and competitively evaluated by review panels.

Due to the number of proposals submitted in response to this RFP, ClearWay Minnesota convened two review panels consisting of ClearWay Minnesota staff and external experts in the areas of tobacco control policy. One panel reviewed six local policy grant proposals. The other panel reviewed five local policy grant proposals and two technical assistance proposals. Reviewers assigned a score to each proposal based on set criteria as well as a rank within the panel's group of proposals. After the two review panels met, ClearWay Minnesota staff reviewed the final scores and ranks and looked at the funding requests in the context of ClearWay Minnesota's overall budget. The Public Affairs Department recommended the following proposals to the Board of Directors and they were approved for funding in Fiscal Year 2018:

- African American Leadership Forum
- American Lung Association in Minnesota – Northeast
- American Lung Association in Minnesota – Greater Mankato
- Association for Nonsmokers-Minnesota
- City of Bloomington
- City of Minneapolis
- Clay County Public Health
- Horizon Public Health

The Public Affairs Department also recommended the following proposals for technical assistance provider grant funding to the Board of Directors and they were approved for funding in Fiscal Year 2018:

- American Lung Association in Minnesota – Greater Mankato
- Association for Nonsmokers-Minnesota

Local grassroots accomplishments

Shoreview: Restricting fruit- and candy-flavored tobacco

This year the City of Shoreview was added to the small but growing list of cities that have taken the step of restricting sales of candy- and fruit-flavored tobacco products to adult-only tobacco stores. With this unanimous City Council vote, the city took a step towards preventing youth from being exposed to products like grape cigarillos and cherry chewing tobacco at kid-friendly stores. This bold action puts the health of kids ahead of Big Tobacco. As one testifier noted, tobacco companies are looking for a profit, and flavoring is a draw for youth.

Fun, kid-friendly flavoring can make youth believe tobacco products aren't harmful and lure them into a lifetime of addiction. Council Member Ady Wickstrom noted that her grandfather was a lifelong smoker. She said if her vote could save one person from the difficult death he experienced, it would be worth it. After the vote was taken, Mayor Sandy Martin acknowledged business owners' concerns about the new policy, but went on to say Shoreview is a leader doing the right thing, and she hoped many more communities will follow them.

Shoreview joined the cities of Saint Paul and Minneapolis in restricting the sale of flavored tobacco products, as well as other cities across the country such as Providence and New York City.



Advocates and City Council members after the vote in Shoreview

Minneapolis: Restricting menthol tobacco

Due to strong coalition building and public education, more than 100 advocates attended a Minneapolis City Council Committee hearing on a proposed ordinance to restrict the sale of menthol-flavored tobacco to adult-only tobacco shops. Approximately 70 individuals gave testimony, with many supporting the proposal. Speakers stressed that menthol attracts youth and nonsmokers to smoking, and that minority communities are targeted by menthol ads and disproportionately harmed by tobacco-related diseases.

Minneapolis resident and ClearWay Minnesota Board Vice Chair Vivian Jenkins Nelsen told the Council that it's about time policymakers and community leaders understood how cigarette companies and sellers of cigarettes prey on African Americans. In addition to Ms. Nelsen, youth, doctors, researchers, public health professionals, cancer survivors and others stood up to say why they wanted Minneapolis to get menthol-flavored tobacco products out of places of business where kids shop, like gas stations and corner stores.

The Council passed the policy in August; more details will be included in next year's Report to the Court.



ClearWay MinnesotaSM Vice Chair Vivian Jenkins Nelsen argued in support of an ordinance restricting menthol tobacco sales in Minneapolis

Edina: Raising the tobacco age to 21

This year Edina made Minnesota history as City Council Members voted unanimously to be the first locality in the state to raise the tobacco age to 21. Edina now joins five states and more than 270 cities that have taken this step to protect youth.

At a public hearing in May, students talked about the influence of tobacco in their schools and social circles. One noted that it's not uncommon to see the majority of people at a party vaping e-cigarettes. Two doctors and a nurse explained how nicotine is harmful to the adolescent brain and that raising the age would bring health benefits. And a parent and coach pointed out that tobacco sales to 18-, 19- and 20-year-olds make up only 2 percent of tobacco sales overall. That isn't enough to make or break retailers, but it creates a pipeline of future tobacco users, leading to disease and death.

It was clear the Edina City Council Members understood all of the issues at play. Council Member Mike Fischer said that his journey on this issue had started as cynical, then moved to skeptical and then on to hopeful and eventually inspired. Council Member Mary Brindle added that sometimes the local level is where good things start.

Ultimately, the Council voted unanimously to approve the ordinance, which went into effect on July 1, 2017. Edina is a role model for other communities that value protecting their youth from the tobacco industry and a lifetime of addiction.



Advocates after Edina City Council vote

Evaluation of local policy grants

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

Additionally, each quarter, grantees are required to submit reports on their progress toward measurable outcomes in the areas of public education, coalition building and policy advocacy. In Fiscal Year 2017, the local policy grantees accomplished the following:

- Placed 257 pieces of earned and paid media;
- Made 146 public presentations about tobacco's harm, QUITPLAN Services and tobacco policies;
- Participated in 212 community events;
- Conducted 378 activities that reached out to elected officials; and
- Passed 61 local policies that reduce exposure to secondhand smoke and decrease tobacco use.

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

Dissemination

ClearWay Minnesota Public Affairs staff actively disseminates research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings. For details, please see *Research – Dissemination*, pp. 39-52.

D. COMMUNITY DEVELOPMENT

During Fiscal Year 2017, ClearWay Minnesota engaged members of diverse communities in efforts to reduce the harm that commercial tobacco causes them. (*Commercial tobacco* refers to manufactured products such as cigarettes, not to the sacred and traditional use of tobacco by American Indians and other groups.)

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

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

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

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

Community Development Grants



Tribal Tobacco Education and Policy initiative (TTEP)

Commercial tobacco abuse in American Indian Nations is a health crisis. Nearly 60 percent of American Indians in Minnesota smoke cigarettes (compared to 14 percent of all Minnesota adults), and five of the six leading causes of death among Native people are linked to commercial tobacco use.

ClearWay Minnesota supports Minnesota’s American Indian advocates in work to advance commercial tobacco-free policies on tribal lands. In 2017, we continued funding a Tribal Tobacco Education and Policy (TTEP) initiative promoting American Indian health and advancing commercial tobacco-free tribal government policies on tribal lands in Minnesota by:

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

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

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

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

Bois Forte Band of Chippewa

- Created dialogue with the Bois Forte Tribal Chairwoman about creating smoke-free spaces in their casino;
- Created and sponsored radio advertisements with their local radio station to educate about traditional tobacco;
- Helped to plan the statewide Gathering of Native Americans (GONA), focused on traditional tobacco (see *Gathering of Native Americans [GONA] – Traditional Tobacco*, pp. 73-74);
- Continued participation in cultural gatherings that educated about traditional tobacco;
- Continued collaborations between various Bois Forte programs on commercial tobacco issues and traditional tobacco teachings; and
- Showed the *Reclaiming Sacred Tobacco* documentary at multiple events. (See *Communications and Outreach – Keep Tobacco Sacred Campaign – Reclaiming Sacred Tobacco*, pp. 87-89.)



Bois Forte TTEP coordinator Earl Villebrun (fifth from left) trained advocates in traditional tobacco practices at a Gathering of Native Americans (GONA)

Fond du Lac Band of Lake Superior Chippewa

- Six of the local powwows have agreed to use traditional tobacco only, with participants receiving instructions on traditional tobacco use;
- In January of 2017, the Black Bear Casino and Resort Pool Atrium went smoke-free (first and second floor);
- In April of the same year, Black Bear Casino and Resort increased the size of their nonsmoking breakroom on the hotel side; and
- Fond du Lac has also worked with the Minnesota Department of Health Statewide Health Improvement Partnership (SHIP) and developed a 90-minute educational training session that includes a SHIP workout, a healthy snack giveaway and an information session about available cessation services. As part of this training, they show *Reclaiming Sacred Tobacco* (see *Communications and Outreach – Keep Tobacco Sacred Campaign – Reclaiming Sacred Tobacco*, pp. 87-89) and demonstrate how to harvest traditional tobacco from the red willow.



Teaching about traditional tobacco at Fond du Lac

Mille Lacs Band of Ojibwe

- A decision was made to ban all commercial tobacco from the Hinckley powwow arena (particularly for elder seating), and signage was posted to inform visitors of that fact;
- The tribe collaborated with Onamia school district to provide commercial tobacco-free signage in both Anishinaabe and English;
- A draft policy has been submitted to the Mille Lacs Band of Ojibwe for a smoke-free foster care policy;
- An indoor air quality study was conducted at the Grand Casino Mille Lacs for future air-quality planning;
- Efforts continue to build relationships with multiple programs to promote commercial tobacco-free policies; and
- The tribe continued educating on traditional tobacco and the harms of commercial tobacco.



Traditional tobacco signage collaboration with Onamia Schools

Upper Sioux Community

- A viewing of *Reclaiming Sacred Tobacco* was required as part of tribal employee orientation (see *Communications and Outreach – Keep Tobacco Sacred Campaign – Reclaiming Sacred Tobacco*, pp. 87-89);
- Community screenings of *Reclaiming Sacred Tobacco* highlighted the two tobacco ways;
- The Elders Advisory Group brought speakers into the community to discuss the importance of traditional tobacco;
- The Upper Sioux Community was very instrumental in planning the statewide Gathering of Native Americans (GONA) (see *Gathering of Native Americans [GONA] – Traditional Tobacco*, pp. 73-74).



Upper Sioux coordinator Mathew Pendleton (center) collaborating with other tribal tobacco advocates at the Gathering of Native Americans (GONA)

White Earth Nation

- The Tribal Council and management at Shooting Star Casino, Hotel and Event Center agreed to go 100 percent smoke-free in both hotels;
- White Earth has conducted a community survey on tobacco use and traditional tobacco knowledge;
- They have created billboards specific to White Earth Nation around traditional tobacco;
- All tribally owned vehicles are smoke-free; and
- They have observed positive changes around the growing and sharing of traditional tobacco.



A traditional tobacco billboard created by White Earth Tobacco Coalition

Tribal technical assistance, training and mentorship

In Fiscal Year 2017, ClearWay Minnesota continued to provide technical assistance, training and mentorship to Minnesota's American Indian communities to support efforts to advance smoke-free policies on tribal lands. ClearWay Minnesota also continued our partnership with the Minnesota Department of Health, the Statewide Health Improvement Partnership (SHIP) and Blue Cross and Blue Shield of Minnesota, all of which work to promote health in Indian Country. These partners have shared resources to accomplish trainings.

Our contractor for mentorship is Mahnokini & Associates, and training support varies depending on needs of grantees. Our mentorship contractor is uniquely qualified for this work. This year, Lori New Breast of Mahnokini & Associates traveled to Tribal Tobacco Education and Policy (TTEP) grantee sites to provide tailored consultation and mentorship on how to engage communities and develop leadership to advance smoke-free policies.

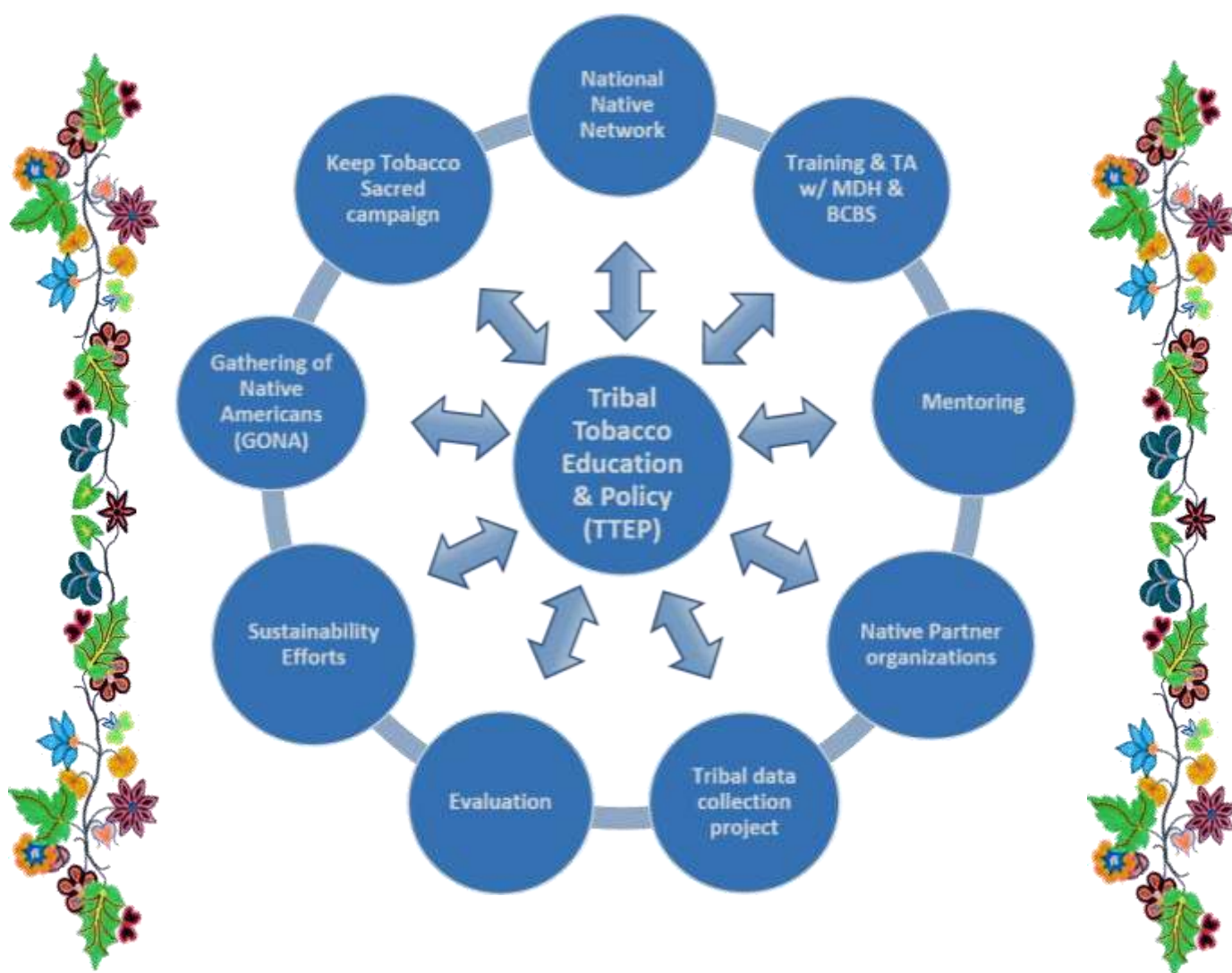
Evaluation of the Tribal Tobacco Education and Policy initiative (TTEP)

Scott Consulting has evaluated the TTEP projects since 2009, and was re-awarded the contract through a competitive process in 2014. The ongoing evaluation has informed TTEP grantees and ClearWay Minnesota on the initiative's progress. While formal evaluation of the project concluded in Fiscal Year 2016, Scott Consulting has continued to work with ClearWay

Minnesota staff to disseminate evaluation findings through publications and conference presentations. (See *Research – Dissemination*, pp. 39-52.)

Tribal Tobacco Education and Policy (TTEP) partnerships

Many components help make the TTEP initiative successful. Evaluation identifies the project's strengths and challenges. (See *Evaluation of the Tribal Tobacco Education and Policy initiative [TTEP]*, above.) Training, technical assistance and mentorship build skills to accomplish policy goals. Tribal Tobacco Use Project (TTUP) studies provide data to expand knowledge and inform grantees' work. Partnerships with the National Native Network (NNN), Indian Health Service (IHS), former Tribal Support Centers and the American Indian Cancer Foundation are building statewide and national initiatives to advance commercial tobacco-free policies on tribal lands.





Leech Lake Tribal College commercial tobacco-free policy evaluation

In Fiscal Year 2016, the evaluation of Leech Lake Tribal College's (LLTC's) commercial tobacco-free campus policy project was completed. LLTC was provided a TTEP grant in 2014 to make their campus commercial tobacco-free. The commercial tobacco-free campus policy took effect at the start of the 2014 fall term. The project and evaluation were co-funded by Blue Cross and Blue Shield of Minnesota and ClearWay Minnesota.

The evaluation results suggest that LLTC's decision to take a year to prepare campus members for the policy contributed to acceptance and awareness of the new restriction. Outcomes of the evaluation have been disseminated via the American Indian College Fund website and *Indian Country Today*, the nation's largest magazine devoted to American

Indian issues. In the spring of 2017, the *Tribal College Journal of American Indian Higher Education* published the Leech Lake Tribal College evaluation titled "Strengthening Traditions and Embracing a Commercial Tobacco-Free Campus," by Linda M. Bosma, evaluator, and Matt Hanson, Director of the Mino-ayaawigamig Wellness Center at LLTC.

Gathering of Native Americans (GONA) – Traditional Tobacco

In 2017, ClearWay Minnesota, the Minnesota Department of Health, Blue Cross and Blue Shield of Minnesota and American Indian advocates collaborated to hold the second Gathering of Native Americans (GONA), focused on traditional tobacco as a way to promote health in Indian country. The GONA is a unique community health prevention event based on American Indian cultural principles and strengths to support the resiliency that promotes wellbeing. The gathering focused on the two tobacco ways: the original healing traditions of *Can-sa-sa/Canli/Asemaa* tobacco, defined as plants given to our ancestors by the Creator and governed by cultural protocols for spiritual, ceremonial and cultural uses only; and the chemical/manufactured tobacco addiction introduced during a process of historical trauma, that causes harm to our people and communities. Teachings at the GONA made clear the death and destruction that commercial tobacco use like cigarette smoking causes, and how reclaiming traditional tobacco practices can restore a healthier way of living.

The key components of capacity building through the GONA process include:

- Raising awareness of commercial tobacco abuse activities and strengthening the readiness of stakeholders to respond in their community.
- Strengthening and acknowledging existing partnerships and/or identifying opportunities to expand community mobilization and collaboration resource synergy.
- Providing opportunities for tribal citizens and allies to engage in prevention activities and reject commercial tobacco addiction.



2017 Gathering of Native Americans (GONA) participants

SACRED TRADITIONAL TOBACCO FOR HEALTHY NATIVE COMMUNITIES



American Indian Nations are sovereign, and so Minnesota's smoke-free law does not apply to reservation workplaces, including casinos. To support ongoing education about secondhand smoke in the context of American Indian workplaces, in Fiscal Year 2017 we continued to

support the American Indian Cancer Foundation's presence at regional and national meetings of organizations such as the National Indian Gaming Association, National Indian Health Board and National Congress of American Indians. These meetings have led to invitations to visit individual tribal communities working on tobacco and cancer issues. Indian gaming and tribal decision-makers have been provided with inaccurate information by the commercial tobacco industry to deter them from making positive changes. It is important for us to develop trusted relationships with tribal leadership, businesses and gaming to show how they can be part of the solution.

Notably, this past year, Kristine Rhodes, the American Indian Cancer Foundation's Chief Executive Officer, had a number of opportunities to discuss tribal tobacco issues at the national level. She attended meetings and/or presented at the following events:

- Clinton Health Summit (Little Rock);
- American Indian Veterans (Minnesota);
- National Institutes of Health and National Cancer Institute (Washington, D.C.);
- National Conference on Tobacco or Health (Austin, Texas);
- Minnesota Chippewa Tribe Council (Minnesota);
- The National Indian Gaming Association Annual Tradeshow (San Diego);
- The National Congress of American Indians/Native Advocacy Group (Washington, D.C.);
- University of Oklahoma Health Sciences University (Oklahoma City);
- Tribal Support Centers/Tribal Tobacco Education and Policy Summit (Minnesota); and
- The National Indian Health Board (NIHB) Tribal Public Health Summit (Phoenix).

Collaboration With the Indian Health Service



Since ClearWay Minnesota is a life-limited organization, it is important to build relationships and collaboration with partners to continue the work in Indian Country beyond our lifetime. In the last year, we had the opportunity to assist in organizing a meeting with the Indian Health Service (IHS), which was interested in integrating commercial tobacco prevention into its framework. The Indian Health Service (IHS), an agency within the Department of Health and Human Services, is responsible for providing federal health services to American Indians and Alaska Natives. The provision of health services to members of federally recognized tribes grew out of the special government-to-government relationship between the federal government and Indian tribes.

The IHS is the principal federal health care provider and health advocate for Indian people, and its goal is to raise their health status to the highest possible level. The IHS provides a comprehensive health service delivery system for approximately 2.2 million American Indians and Alaska Natives who belong to 567 federally recognized tribes.



National Regional Coordinators of the Indian Health Service (IHS)

In an unprecedented move, the IHS has decided to engage in the traditional tobacco movement. IHS health coordinators from across the country gathered at Shakopee Mdewakanton Sioux Community for a two-day meeting to develop a plan for tobacco work. ClearWay Minnesota and the Minnesota Department of Health were invited to participate because of the extensive work both organizations accomplished with tribal partners to restore traditional tobacco practices and advance commercial tobacco-free policies on tribal lands. The result of the two-day meeting was the creation of a vision and mission for IHS's work in

tobacco. All the participating partners agreed to continue their partnership and collaboration to reduce the harm of commercial tobacco in Indian Country.



Tribal Support Centers and Tribal Tobacco Education and Policy (TTEP) gathering



More than 10 years ago, the U.S. Centers for Disease Control and Prevention's (CDC's) National Center for Chronic Disease Prevention and Health Promotion (NCCDPHP) and Office on Smoking and Health (OSH) funded three American Indian tribes and five American Indian/Alaska Native tribal organizations to reduce commercial tobacco use and abuse among American Indian and Alaska Native tribal members. The focus of these projects, known as the Tribal Support Centers, were to eliminate exposure to secondhand smoke, promote commercial tobacco cessation and prevent youth initiation of commercial tobacco use.



In late 2015, the CDC eliminated this 10-year Tribal Support Center initiative. When these projects were eliminated, there was no effort to try to capture all the lessons learned and best practices. In an effort to document this work, Truth Initiative, Blue Cross and Blue Shield of Minnesota and ClearWay Minnesota

collaborated to plan for a two-day gathering on October 25 and 26, 2016, in the ClearWay Minnesota offices. This meeting also included our Tribal Tobacco Education and Policy grantees and the American Indian Cancer Foundation. This gathering is important because there are limited promising/best practices specifically for commercial tobacco control programming and policy efforts in Indian Country. Documenting this work would advance the science of eliminating commercial tobacco-related health disparities and provide a roadmap for work in Indian Country. This gathering was the first of its kind; a final document will be produced in 2017 to disseminate to tribal communities, foundations, health departments and CDC.



Community Development Contracts

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

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

Asian Pacific Partners for Empowerment, Advocacy and Leadership (APPEAL) was the contractor for the Leadership Institute,

facilitating and organizing all three Institutes. Though the formal LAAMPP Institute ended in



LAAMPP Alumni Fellows

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

LAAMPP Alumni Fellows continue to be involved in policy advocacy issues with ClearWay Minnesota and in various health equity projects in their communities and have

influenced their organizations to address tobacco-related issues. APPEAL continues to communicate with Fellows to provide further assistance and knowledge. Because of LAAMPP, Fellows have provided advice on working in priority populations to various state systems and have been hired to join various tobacco control projects in the state.

Building Sustainability for Work in Indian Country

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

Paul and Sheila Wellstone Public Health Achievement Award

This year, Jaime Martínez, our Director of Community Development, was honored for his work to reduce tobacco's harms in diverse communities, who often smoke at higher rates and have worse disease burdens than the general population. Mr. Martínez received the Paul and Sheila Wellstone Public Health Achievement Award, awarded by the Minnesota Public Health Association (MPHA).

Highlights from Mr. Martínez's 18-year tenure include the Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations (LAAMPP), which built health leadership in diverse communities (see *Community Development Contracts – Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations [LAAMPP]*, pp. 78-79); partnerships with American Indians to restore traditional tobacco practices; and passage of the Freedom to Breathe Act in 2007.



***Director of Community Development
Jaime Martínez***

Dissemination

ClearWay Minnesota Community Development staff actively disseminates research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings. (See *Research – Dissemination*, pp. 39-52.)

IV. COMMUNICATIONS AND OUTREACH

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

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

A. ADVERTISING

Through our work with Minneapolis advertising firm Clarity Coverdale Fury, ClearWay Minnesota employs mass-media strategies to educate the public about the harms of tobacco. In Fiscal Year 2017, our advertising efforts included continued promotion of QUITPLAN Services and The QuitCash Challenge. This past fiscal year we launched a new campaign that reminds Minnesotans that we can and should do more to prevent kids from becoming addicted to tobacco; the campaign also helps build support for public policy initiatives that reduce tobacco's harm. In addition, ClearWay Minnesota continued to use media to support the *Keep Tobacco Sacred* messaging, including updating billboard messaging and producing a new documentary.

Stop the Start Campaign

While Minnesota continues to make progress in reducing smoking, a new ad campaign reminds Minnesotans that we can and should do more to prevent kids from becoming addicted to tobacco. ClearWay Minnesota launched an ad campaign called *Stop the Start* that hopes to end smoking for good.

The modern tobacco industry's use of social media, coupons, concert promotions and other tactics aimed at youth are explored in a new television ad, called "Cowboy Pop Star." Another new spot, "Train," highlights how tobacco companies work to attract new smokers because more than half of all smokers die from smoking-related diseases. The new TV spots aired statewide, along with other elements of the campaign, including a new website and print, radio, online and transit ads.

The new campaign directs viewers to a new website, www.stopthestartmn.com, which provides facts about tobacco industry marketing tactics, and highlights areas where progress has been made and resources for people who want to get involved.



The Stop the Start campaign highlights the tactics of the tobacco industry



stopthestartmn.com provides resources for Minnesotans to get involved

QUITPLAN® Services Campaign

The *QUITPLAN® Services* advertising campaign focuses on the fact that most smokers know they should quit, increasing positive understanding and awareness of the nonjudgmental support available through QUITPLAN Services, ClearWay Minnesota's free program that provides quitting support to Minnesota tobacco users. (See *Program Grants and Contracts – Cessation – Cessation Services Contracts – QUITPLAN® Services*, pp. 21-25.)

No Judgments. Just Help.

ClearWay Minnesota strategically sponsors programming that Minnesota smokers are most likely to see or hear. In Fiscal Year 2017, the *QUITPLAN® Services* media campaign – consisting of TV, radio, out-of-home and digital ads – reached 99 percent of Minnesota adults an average of 87 times throughout the year. Ads are also targeted at populations known to have high tobacco prevalence rates, including low socioeconomic status communities and communities of color.

The current campaign – *No Judgments. Just Help.* – continued throughout this fiscal year. Created by Clarity Coverdale Fury, the campaign reflects QUITPLAN Services' aim to provide tobacco users with a hopeful, nonjudgmental approach to quitting, with few barriers. In addition, ClearWay Minnesota continued to air its 30-minute QUITPLAN Services infomercial in Minneapolis and Duluth as well as testimonial ads created from the infomercial that ran statewide. QUITPLAN Services advertises in both English-language and Spanish-language media.

ClearWay Minnesota works to ensure that messages reach specific demographics including African American, Chicano/Latino, American Indian and LGBTQ (Lesbian, Gay, Bisexual, Transgender and Queer) communities. In many cases, this work supplements grantee efforts. While our mass-media advertising reaches many of these target audiences, we also employ specific tactics including Spanish-language television and radio, community newspapers, sponsorship of Twin Cities PBS's *Native Report* in Duluth and billboard campaigns in Indian Country. (See *Keep Tobacco Sacred Campaign*, pp. 85-89.)



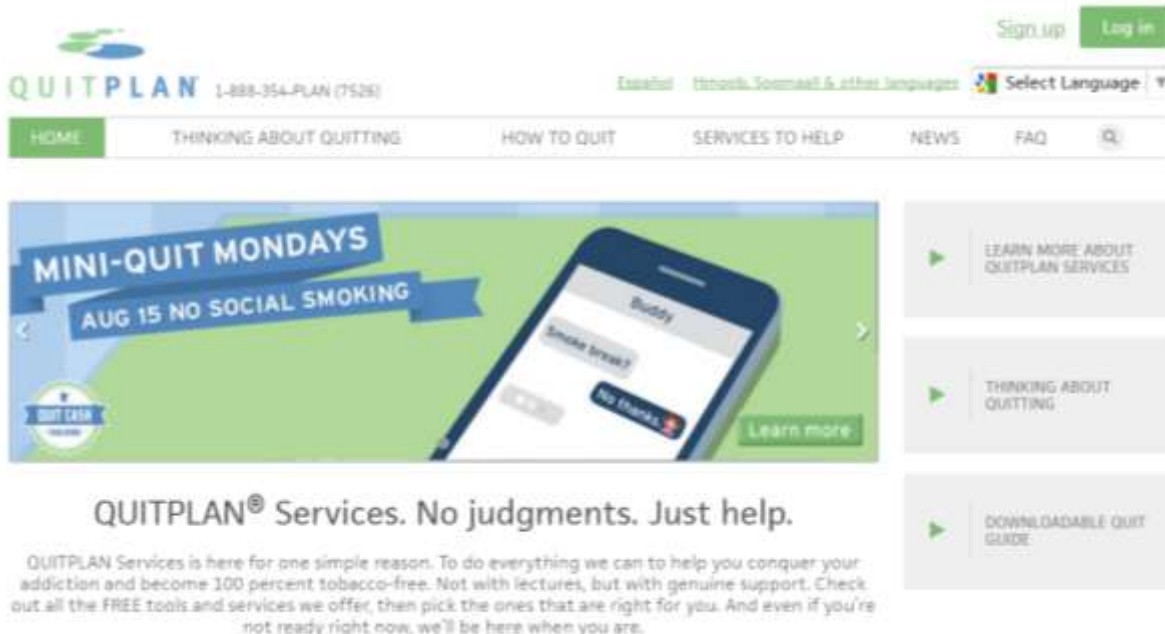
The QuitCash Challenge™

In Fiscal Year 2017, ClearWay Minnesota sponsored the ninth QuitCash Challenge, an annual quit-and-win contest that promotes QUITPLAN Services. Since the first contest in 2008, thousands of Minnesotans from around the state have participated in the QuitCash Challenge as they sought to quit smoking. Additionally, the contest provides an opportunity to inform Minnesotans about the free help available to quit through QUITPLAN Services. This year, more than 4,000 Minnesotans from around the state registered for the contest and a chance to win \$5,000. Melissa Hughes of Minneapolis remained tobacco-free through the contest month of April 2017 and was randomly selected as the grand prize winner. Ms. Hughes had smoked for more than 20 years, except for when she was pregnant with her children. She promised to quit smoking for her daughter's 10th birthday; to follow through with that promise, Ms. Hughes joined the QuitCash Challenge and has remained tobacco-free.



Melissa Hughes was the winner of this year's 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.



The QUITPLAN® Services website provides a quitting resource for all Minnesota tobacco users

QUITPLAN® Services at the Minnesota State Fair

ClearWay Minnesota also continued our presence at the Minnesota State Fair. In 2017, the QUITPLAN Services booth featured giveaways, lung-function testing for smokers, message boards for quitters and information on QUITPLAN Services. The booth also promoted the QuitCash Challenge contest. (See *The QuitCash Challenge™*, preceding page.)



Keep Tobacco Sacred Campaign

Minnesota's American Indian Nations have tobacco traditions that were passed down for generations. But those traditions have also been corrupted by the commercial tobacco industry, which today profits off the recreational abuse of plants that were sacred medicines for indigenous people.

Commercialization and direct marketing using American Indian images have led to an epidemic-level health problem in Minnesota's tribal communities. Today, the cigarette smoking rate for American Indians is 59 percent – four times that of the general population (14 percent). At the same time, American Indian people in Minnesota are working to restore traditional tobacco practices, to reduce commercial tobacco abuse like cigarette smoking, and to prevent secondhand smoke exposure. ClearWay Minnesota is helping by collaborating directly with tribes. Through our Tribal Tobacco Education and Policy (TTEP) Initiative, we fund reservations that are working to advance smoke-free policies and to raise awareness of the dangers of commercial tobacco use and secondhand smoke exposure. The project allows the tribes themselves to drive the work, and to determine readiness for specific changes within their communities. (See *Program Grants and Contracts – Community Development – Community Development Grants – Tribal Tobacco Education and Policy Initiative [TTEP]*, pp. 66-72.)

ClearWay Minnesota also collaborated with Minnesota tribes to create *Keep Tobacco Sacred*, an advertising campaign that reminds and educates about the differences between traditional and commercial tobacco. Components have included billboards, radio ads and art projects like murals and exhibitions of Native artwork.



Created by Native artists, this Keep Tobacco Sacred mural was installed at the Minneapolis American Indian Center

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


DO YOU KNOW THE DIFFERENCE?

COMMERCIAL TOBACCO

- In Minnesota, five of the six leading causes of death among American Indians are related to commercial tobacco use: cancer, coronary heart disease, diabetes, stroke and lower respiratory disease.¹
- 59 percent of American Indians in Minnesota report to be current smokers (compared to 14 percent of all Minnesota adults).^{2,3}
- Secondhand smoke from commercial tobacco is harmful to nonsmokers and contains known toxins and cancer-causing poisons.⁴
- The tobacco industry commonly uses cultural symbols and designs to target racial or ethnic populations, including American Indians. American Spirit cigarettes have been promoted as "natural" tobacco and the package features an American Indian smoking a pipe.⁵

TRADITIONAL TOBACCO

- Tobacco:
Ojibwe/Anishinaabe–Asemaa
Dakota/Lakota–Can-sa-sa
- Traditional tobacco is for spiritual, cultural and ceremonial use, and it ensures the continuance of the Native way of life.
- Traditional tobacco is used:
To honor and welcome guests.
To communicate with the Creator or Spirit World.
As a sacrifice to the Great Spirit.
As an offering to those asked to pray or share wisdom.

1. Great Lakes EpiCenter. *Concordance Profile: Minnesota, Wisconsin & Michigan Tribal Communities*, 2007. Great Lakes Intertribal Council, Inc. 2007. Available at: <http://www.glec.org/epicenter/publications/Profiles/Profile%20State%20WI%20MI%2007.pdf>. AND, Center for Health Statistics, Minnesota Department of Health. *Populations of Color in Minnesota*, Health status report, Update Summary, Spring 2010. Available at: <http://www.health.state.mn.us/divs/cha/POC/POCSumSpring2010.pdf>. All accessed Sept. 1, 2010.
2. American Indian Community Tobacco Projects. *Tribal Tobacco Use Project Survey*, *Statewide American Indian Community Report*, 2013.
3. ClearWay MinnesotaSM and the Minnesota Department of Health. *Tobacco Use in Minnesota: 2014 Update*, 2015.
4. Minnesota Indian Gaming Association. *MIGA Study Details: Job Benefits to Rural Minnesota*.
5. "Tobacco Use Among U.S. Racial/Ethnic Minority Groups: African Americans, American Indians and Alaska Natives, Asian Americans and Pacific Islanders, and Latinos: A Report of the Surgeon General." U.S. Department of Health and Human Services, 1998.

Culture-specific brochures are distributed at clinics in Indian Country

Reclaiming Sacred Tobacco

In November of 2016, ClearWay Minnesota released *Reclaiming Sacred Tobacco*, a documentary film collaboration with Twin Cities PBS (TPT).

Reclaiming Sacred Tobacco features American Indian Minnesotans discussing traditional tobacco practices, and how the commercial tobacco industry corrupted those practices into harmful behaviors like cigarette smoking. The film shows how restoring traditional ways can move people away from cigarette smoking and toward healthier living.

ClearWay Minnesota and TPT had worked together on a number of earlier television projects, and in 2015 we approached them with an idea for one that would focus on the two tobacco ways: traditional tobacco practices vs. commercial tobacco abuse. The project was built out of existing relationships and was created by Minnesota American Indian people themselves.



***Dozens of American Indian elders, experts and health advocates
contributed their stories to Reclaiming Sacred Tobacco***

Dakota/Diné filmmaker Leya Hale was chosen by TPT to direct the project with guidance from ClearWay Minnesota's Senior Community Development Manager CoCo Villaluz, who oversees our work in Indian Country and who helps our organization to understand the deep context of that work. We also invited two tribal elders – one Anishinaabe and the other Dakota – to talk with us about the project through various phases of its creation, and their wisdom was essential to the development of the film. We were honored that dozens of American Indian Minnesotans came forward to share their tobacco stories on camera. In October of 2016, many participants attended a premiere event and reception hosted by the funding organizations at Twin Cities PBS studios.

Since its release, *Reclaiming Sacred Tobacco* is informing diverse audiences about the differences between traditional and commercial tobacco use. American Indian health advocates are using it in innovative ways, including showing it in clinic waiting rooms on tribal lands. Additionally, it has been broadcast on public television stations around the state, and continues to be screened at Native film festivals in Minnesota and around the country, including the national

American Indian Film Festival in San Francisco, where it was nominated for Best Public Service film last year.



In October of 2017, *Reclaiming Sacred Tobacco* received an Emmy award for Best Topical Documentary of the year at the Upper Midwest Emmy awards gala in Bloomington. The film can be viewed at <http://www.tpt.org/reclaiming-sacred-tobacco/>.



Producer/director Leya Hale and Senior Communications Manager Adam Kintopf accepted the Emmy award for Best Topical Documentary on behalf of Twin Cities PBS and ClearWay MinnesotaSM

Evaluation

ClearWay Minnesota rigorously evaluates our communications efforts to measure our progress and identify areas for improvement. Every few years, we conduct an intensive evaluation of our media campaigns. The last such evaluation was in 2014.

This past year, our approach to evaluating media efforts was to use online market research surveys, focus groups, service volume tracking and vendor evaluations. These combined efforts allow us to determine the effectiveness of our campaigns, and strategically inform any changes we make to them throughout the year.

Evaluation activities this year included an online message survey pre-testing the new *Stop the Start* ads. Ads were tested to make sure they communicated that more should be done to protect kids. The survey showed a significant increase in those agreeing that the current marketing practices of the tobacco industry are deceptive after seeing the ads. (See *Stop the Start Campaign*, pp. 81-82.)



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

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

- *Return on investment:* Meets marketing goals, helps to advance ClearWay Minnesota's mission and vision, strives to exceed expectations, tenaciously stewards our budget, negotiates value-added or pro-bono placements and leverages communication efforts.
- *Timeliness:* Meets or beats deadlines.

- *Counsel:* Anticipates needs, demonstrates problem-solving ability and provides counsel.
- *Staff:* Assigns appropriate staff and is professional when representing ClearWay Minnesota.
- *Organizational skills:* Uses our time efficiently and communicates clearly.
- *Creativity:* Consistently demonstrates outstanding creativity in work product.
- *Goals:* Meets or exceeds process goals.
- *Budget:* Completes duties as outlined in the contract within the specified budget.

Dissemination

ClearWay Minnesota Marketing and Communications staff actively disseminates research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings. For details, please see *Research – Dissemination*, pp. 39-52.

B. COMMUNITY OUTREACH

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

Media Analysis

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

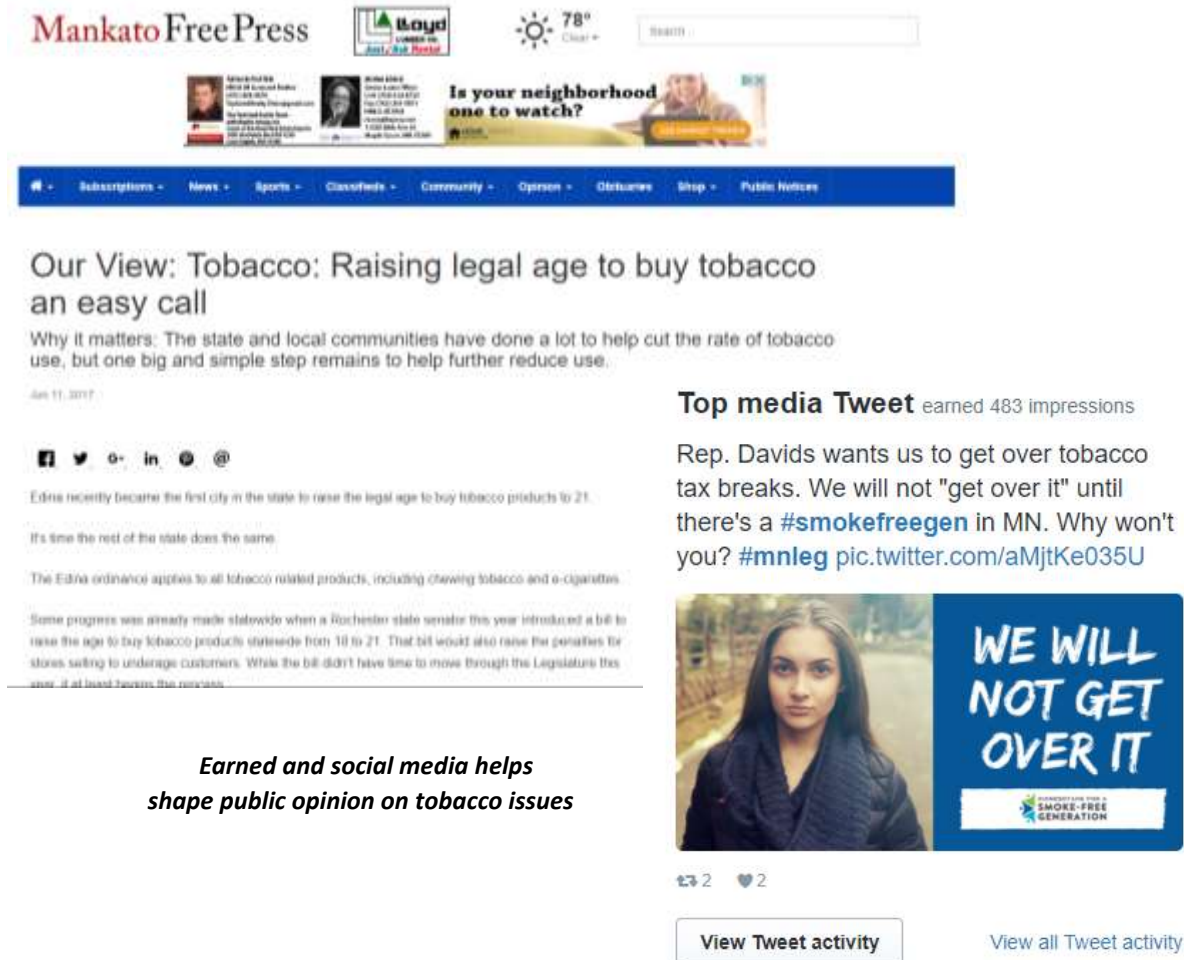
Media coverage is tracked and analyzed using database tools provided by CustomScoop. Digital and social media analysis is compiled using various quantitative tools, qualitative analysis and the institutional knowledge of ClearWay Minnesota staff.

ClearWay Minnesota's earned and digital media efforts and outcomes in Fiscal Year 2017 reinforced the integrity of our brands and campaigns, and our reputation to key audiences. More than 2,000 news clips were published that referred to our brands and/or specific campaign objectives. The vast majority of this coverage was positive or neutral in tone, and nearly all stories contained one or more of our key messages, such as the importance of reducing youth smoking. We also saw continued engagement through online social media and email outreach, include substantial growth in impressions on Twitter and ongoing strong performance on Facebook. All of these outcomes contribute to a positive impression of ClearWay Minnesota as an organization and of our messages to key audiences, including policymakers, influencers, partners and the public.

Standout stories this year included:

- *Tobacco 21*: Tobacco 21 policies have gained national and state momentum in recent years. (See *Program Grants and Contracts – Policy – Statewide Policy Work – Minnesotans for a Smoke-Free Generation – Tobacco 21*, p. 55.) This year, news coverage of these policies appeared in Minnesota outlets, covering many facets of the issue: Minnesota communities considering raising the age, statewide legislation, policies in other parts of the country, and Tobacco 21's potential to keep kids from smoking. This coverage helped shape the environment to support passage of these policies in Minnesota.

- **Tobacco industry influence:** Despite the tobacco industry's decades of deceptive marketing and selling products that cause death, disease and health care costs, the media and the public tend not to see its tactics as newsworthy. This year was an exception, as many stories about tobacco, and especially about tobacco taxes, focused on the industry's involvement in shaping policy in ways that make tobacco more accessible and increase their profits. This resulted from our efforts to educate media representatives, opinion leaders and the public about the role the tobacco industry continues to play and the threat tobacco poses the young people of our state.




The screenshot shows the Mankato Free Press website. The article title is "Our View: Tobacco: Raising legal age to buy tobacco an easy call". The byline is "Why it matters: The state and local communities have done a lot to help cut the rate of tobacco use, but one big and simple step remains to help further reduce use." The date is "Jan 11, 2017". The article text includes: "Edina recently became the first city in the state to raise the legal age to buy tobacco products to 21. It's time the rest of the state does the same. The Edina ordinance applies to all tobacco related products, including chewing tobacco and e-cigarettes. Some progress was already made statewide when a Rochester state senator this year introduced a bill to raise the age to buy tobacco products statewide from 18 to 21. That bill would also raise the penalties for stores selling to underage customers. While the bill didn't have time to move through the Legislature this year, it at least forces the conversation."

Earned and social media helps shape public opinion on tobacco issues

Top media Tweet earned 483 impressions

Rep. Davids wants us to get over tobacco tax breaks. We will not "get over it" until there's a [#smokefreegen](#) in MN. Why won't you? [#mnleg](#) [pic.twitter.com/aMjtKe035U](#)



2 retweets 2 likes

[View Tweet activity](#) [View all Tweet activity](#)

V. CONCLUSION

ClearWay Minnesota's work has helped achieve major changes in Minnesota since we were created in 1998. We've advanced policies that reduce smoking and secondhand smoke (like tobacco taxes and the Freedom to Breathe Act), given free help to more than 160,000 Minnesotans trying to quit, collaborated with communities heavily burdened by tobacco's harm, and advanced research and communications that are influencing health efforts throughout our state and beyond.

But we are a life-limited organization, and now we look to our final years with urgency and optimism. In our remaining time, we will focus on continuing to reduce smoking and secondhand smoke exposure and advancing science to help populations most touched by commercial tobacco's harms.

More than that, we will ensure that all our remaining work has the maximum impact on reducing smoking in our state. We were entrusted by our founders with an important mission, and every move we make must bring us closer to achieving that mission. As you have seen in these pages, excitement is building around new policy strategies for reducing smoking, and we will continue to lead the way in this and other frontiers.

The future health of Minnesota is what's at stake. Time is of the essence.



Appendix A

Board and Committee Charters

ClearWay MinnesotaSM

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

Introduction

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

Purpose of the Organization

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

The Role of the Board of Directors

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

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

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

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

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

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

The Board's Standards of Conduct

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

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

ClearWay MinnesotaSM

Charter of the Audit/Finance Committee

Board Approved January 20, 2016

Purpose:

The Audit/Finance Committee shall assist the Board in fulfilling its oversight responsibility for the integrity of ClearWay Minnesota's financial and operational results, the system of internal control, the audit process, ClearWay Minnesota's investment policies and portfolio, and compliance with legal and regulatory requirements (excluding the Report to the Court, which is under the purview of the Board of Directors).

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

Committee Structure:

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

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

Authority:

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

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

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

Responsibilities:

The Committee will carry out the following responsibilities:

Financial and Operational Review Oversight

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

Internal Control

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

Other Responsibilities

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

APPENDIX A

Guidelines for determination of a qualified Financial Expert:

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

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

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

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

ClearWay 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 MINNESOTA

CHARTER OF THE INVESTMENT ADVISORY COMMITTEE

Board Approved 9-20-06

I. PURPOSE:

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

II. COMPOSITION:

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

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

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

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

III. AUTHORITY:

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

IV. DUTIES AND RESPONSIBILITIES:

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

In addition the Committee shall:

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

V. MEETINGS AND NOTES:

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

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

ClearWay MinnesotaSM

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

Purpose:

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

Committee Structure:

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

Authority:

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

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

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

ClearWay MinnesotaSM

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

Reviewed and no changes recommended: November 2015

Purpose:

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

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

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

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

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

Committee Structure:

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

Authority:

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

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

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

funding priorities to the Board.

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

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

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

ATTACHMENT A

Program Grant and Contract Competitive Review Process

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

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

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

Step 4: Applicants submit full proposals.

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

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

Step 7. Full Board makes final funding decisions.

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

ClearWay MinnesotaSM

Charter of the Strategic Development and Planning Committee

Board Approved: January 15, 2014

Reviewed by Committee with no proposed changes: November 14, 2014

Purpose:

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

Committee Structure:

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

Authority:

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

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

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



Appendix B

Conflict of Interest Policy Adopted September 19, 2012



Conflict of Interest Policy

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

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

ClearWay Minnesota SM
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 2015 – 2017 Strategic Plan



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

POLICY:

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

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

QUITTING:

Support Minnesotans in quitting tobacco use.

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

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

ENVIRONMENT:

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

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

PLANNING:

Plan for ClearWay Minnesota's limited life.

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



Appendix D

Fiscal Year 2018 – 2022 Strategic Plan



CLEARWAY MINNESOTA

2018 < STRATEGIC PLAN > 2022



Leaving a Legacy



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

POLICY:

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

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Plan for ClearWay Minnesota's limited life.

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

ClearWay 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 E

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 F

2017 Policy Statements

ClearWay MinnesotaSM Policy Position One:

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

Facts:

- **Increasing the price of tobacco is one of the most effective methods for preventing and reducing tobacco use.** Every 10 percent increase in the real price of tobacco reduces smoking prevalence by 1.5 percent and overall cigarette consumption by approximately 3 to 5 percent.¹
- **Increasing the price of tobacco is one of the most effective methods for preventing youth initiation and use among young adults.** Every 10 percent increase in the real price of tobacco reduces the number of youth who smoke by more than 5 percent,¹ and the number of youth who start smoking by 10 percent.² Youth are two to three times more responsive than the general population to price increases, and are more likely to quit or cut back on smoking in order to avoid the cost.³ In a University of Minnesota study involving youth and young adults, 76 percent of those who had smoked in the past 30 days reported being aware of a recent price increase (Minnesota's 2005 health impact fee, 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
- **Limiting price discounting, a common tobacco industry practice, will prevent millions of youth and young adults from a lifetime of addiction.** While significantly increasing tobacco excise taxes is the most effective way to increase tobacco prices, there are other non-tax approaches to maintaining and increasing the price of tobacco products.⁵⁻⁹ One approach is prohibiting price discounting, a common strategy used by the tobacco industry to circumvent states' minimum price laws and/or blunt the impact of an excise tax increase. Research has proven that price discounting practices increase youths progression from experimentation to regular smoking and undermine quit attempts.¹⁰ 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).¹¹ Prohibiting the redemption of coupons and multipack discounts will maintain higher prices on tobacco products. Local jurisdictions including New York City and Providence, Rhode Island, have passed ordinances prohibiting the redemption of coupons. In Minnesota, many local communities have set minimum prices on single cigars, which has successfully increased prices and reduced availability of these products.
- **Certain smokers are more responsive to changes in the price of cigarettes.** Cigarette price and tax increases have been shown to reduce smoking among youth, young adults, African Americans and Chicanos/Latinos. Pregnant women are also more likely to reduce or quit smoking when tobacco prices rise.¹² A recent research review found individuals with low income or education were more likely than the general population to reduce both smoking and cigarette consumption following price increases.¹³
- **Tobacco use remains a persistent problem in Minnesota.** Each year in Minnesota, tobacco use is responsible for more than 5,100 deaths. Additionally, the annual cost of smoking in Minnesota is estimated to be \$2.87 billion in

direct health care costs.¹⁴ As of 2014, 14.4 percent of Minnesota adults continue to smoke, and 15.3 percent of the state's 18-24-year-olds smoke.¹⁵

- **There is more work to be done nationally to reduce smoking rates.** In 2015, a new low of 15.3 percent of U.S. adults were current cigarette smokers.¹⁶ The states that have seen some of the largest reductions in youth prevalence (e.g., Maine, New York and Washington) have all pursued comprehensive tobacco control programs that include significantly increasing the price of tobacco products.¹⁷ At the same time, many states have made little progress with tobacco control efforts, such as increasing tobacco taxes and passing comprehensive smoke-free workplace laws that cover places such as bars and restaurants.
- **Smokeless tobacco continues to be popular.** In 2014, 7.2 percent of Minnesota adult males used smokeless tobacco. Among smokers, 7.4 percent reported using smokeless tobacco in addition to cigarettes in 2014. This reflects the tobacco industry's marketing of smokeless tobacco products to smokers.¹⁵
- **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 2012.¹⁸ As of July 14, 2016, Minnesota ranked eighth in the United States for its cigarette tax. Seven states (New York, Massachusetts, Rhode Island, Connecticut, Hawaii, Vermont and Washington) currently have cigarette tax rates over \$3.00 per pack.¹⁹
- **Higher tobacco prices encourage smokers to quit.** In-state evidence shows that cigarette price increases prompt many smokers to quit or cut back.²⁰ In 2013, Minnesota's sales and excise tax on cigarettes increased by \$1.75 per pack. Quit attempts by Minnesotans increased dramatically. During the first two weeks of July 2013, QUITPLAN® Services received 256 percent more calls than in the first two weeks in July 2012, and saw a 289 percent increase in visits to quitplan.com. In addition, smokers reported that this price increase influenced their smoking behaviors, with 60.8 percent thinking about quitting, 48.1 percent cutting down on smoking and 44.2 percent making quit attempts. Among smokers who successfully quit in the year following the tax increase, 62.8 percent reported that the price increase helped them make a quit attempt, and 62.7 percent reported that it helped keep them from smoking again.²⁰
- **Tobacco's harm disproportionately impacts low-income smokers, who are more likely to quit or cut back following price increases.** Opponents of tobacco taxes frequently argue that a cigarette price increase will fall heavily on the economically disadvantaged, since tobacco is disproportionately used by low-income individuals. However, low-income populations are 70 percent more responsive to price increases than affluent populations. Consequently, low-income smokers are considerably more likely to stop or reduce tobacco use following a price increase. Since low-income smokers suffer disproportionately from the health effects of smoking, a larger proportion of the eventual benefits of quitting (and the correspondent savings on health care) will accrue to this low-income population.²¹
- **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.²² Minnesota's revenue estimates are reliable for predicting new revenue from increased tobacco taxes and fees. In 2013, when Minnesota raised the tax on cigarettes and other tobacco products, the Minnesota Department of Revenue estimated tobacco taxes would generate approximately \$593,271 million in revenue in Fiscal Year 2014. The actual revenue reported by Minnesota's Management and

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

Background:

- On May 23, 2013, Governor Mark Dayton signed into law a bill significantly increasing excise tax rates on cigarettes and other tobacco products and making several other important changes to Minnesota tobacco tax laws. Highlights of the new law include:
 - The excise tax on cigarettes increased by \$1.60 per pack (from \$1.23 per pack to \$2.83 per pack).
 - The excise tax on other tobacco products increased from 70 percent to 95 percent of wholesale price.
 - The definition of a “cigarette” for excise tax purposes has been amended to include so-called little cigars. As a result, products that bear a close resemblance to standard cigarettes will now be taxed as cigarettes, even if they are labeled as “cigars,” “small cigars,” “cigarillos” or “mini-cigarillos.”
 - An annual adjustment (indexing) of the cigarette excise tax will take effect starting January 1, 2014, and will likely result in a slight increase in the excise tax every year to keep pace with inflation.
 - As of January 1, 2014, a minimum tax was applied to all containers of “moist snuff.” The excise tax will be either 95 percent of the wholesale price or \$2.83 per container (whichever is greater).
 - There is a report about the tobacco tax components of the new law from the Public Health Law Center.²⁴
- For the purposes of taxation in Minnesota, all tobacco products except cigarettes are considered “other tobacco products” (OTPs). Any increase in Minnesota’s cigarette tax should be accompanied by an equivalent increase in the OTP tax rate. Maintaining tax equity between cigarettes and OTPs is becoming increasingly important, as a large price disparity between cigarettes and OTPs may encourage product substitution and undermine the cessation impact of a tax increase. Additionally, the tobacco industry has been advocating for lower excise taxes on tobacco products that they argue are less harmful than cigarettes. But that is true only if people completely switch, which data suggest is not happening; meanwhile, the industry is specifically promoting dual use of cigarettes with OTPs. ClearWay Minnesota supports keeping the price of cigarettes and OTPs equally high and not adjusting tax rates on some products based on false tobacco industry claims.
- Electronic cigarettes (e-cigarettes) are battery-operated devices that allow the user to inhale a vapor produced from cartridges filled with nicotine, flavors and other chemicals. Currently, Minnesota taxes the nicotine cartridges of electronic cigarettes as tobacco products, at 95 percent of the wholesale price. Minnesota should continue to impose the same excise tax rate on e-cigarettes as all other tobacco products and should monitor future regulatory guidance by the FDA. In 2015, traditional tobacco companies such as Reynolds America aggressively lobbied for legislation in Minnesota and around the country proposing to tax electronic cigarettes based on milliliters of nicotine. In Minnesota, this change would significantly decrease the tax rate on “closed-system” e-cigarette brands primarily owned by traditional tobacco companies. Independent e-cigarette manufacturers and retailers oppose this new tax method because they see it as a competitive advantage for traditional tobacco companies. In 2016, the Legislature decreased the tax on closed-system e-cigarettes from 95 percent to 45 percent of the wholesale price. However, Governor Dayton vetoed the tax bill that included this provision, so it was not implemented.
- “Little cigars” are filtered, often sweet-flavored products that are similar in size, shape, product engineering and packaging to cigarettes. The 2013 law that expanded Minnesota’s definition of cigarettes to include these

products has increased the price of most brands, making them less attractive to youth and other price-sensitive populations.

- Minnesota taxes tobacco products other than cigarettes using an ad valorem approach. This ensures that the tax burden does not decline over time by automatically adjusting for increases in the wholesale price of tobacco. Currently, Minnesota taxes non-cigarette tobacco products at 95 percent of their wholesale price. In recent legislative sessions, Philip Morris has aggressively pursued legislation to change the method of taxing moist snuff from an ad valorem system to a weight-based one. Weight-based taxes result in a declining tax burden on OTPs (including moist snuff) and are therefore not in the best interest of public health. Philip Morris is currently the market leader in premium moist snuff brands, and a change to weight-based taxes would significantly benefit the company by solidifying its market share. Other tobacco manufacturers oppose what they see as a competitive advantage for Philip Morris.
- Since 2005, cigarette sales have been exempt from state and local sales taxes. A per-pack tax applies instead of the sales tax ("fee in-lieu of sales tax"). The Commissioner of Revenue annually sets this in-lieu tax based on a survey of Minnesota retail cigarette prices. The rate is set as an average of these prices and is reset January 1 for the calendar year. Effective January 1, 2016, the rate is 54.3 cents/pack, a slight increase from 52.6 cents/pack in 2015. The tax does not replace local sales taxes, although cigarettes are exempt from these local taxes. Under the 2013 legislation, the excise tax rate on cigarettes is also annually adjusted on January 1 for the change in the average retail price of cigarettes in Minnesota. The annual adjustment has increased the excise tax rate by 17 cents (7 cents in 2015 and 10 cents in 2016) to \$3.00 per pack. Both of these annual adjustments help the sales and excise taxes keep pace with inflation and prevent the tax burden from declining over time. The predictive models used by the American Cancer Society, the Campaign for Tobacco Free Kids, ClearWay Minnesota and others to estimate the impact of price increases on public health (number of lives saved, number of smokers who will quit, number of youth who will not become addicted, etc.) assume that the real value of the tax is maintained over time. With all other factors held constant, if the value of the tax burden is not maintained over time, Minnesota will see an increase in youth uptake. Maintaining the value of the tax over time prevents youth from initiating smoking and becoming addicted in the future. However, the immediate impact of inflationary increases (or small tax increases) are difficult to measure. In addition, automatic inflationary increases may deter legislators from supporting significant, one-time tobacco tax increases which have measureable and immediate public health benefits.
- When the price of cigarettes increases, some smokers look for cheaper options, such as making cigarettes using loose-leaf or "roll-your-own" tobacco. In 2009, the federal tobacco excise tax increased, making the federal tax on roll-your-own tobacco equal to the federal cigarette tax. At the same time, pipe tobacco continued to be taxed at a much lower rate. As a result, many roll-your-own companies relabeled their tobacco as "pipe tobacco" to avoid the higher rate. In 2013, Minnesota increased the tax on loose-leaf tobacco and pipe tobacco from 70 percent to 95 percent of wholesale. Continued efforts to raise the price of all tobacco products and create tax uniformity across products will help deter individuals and companies from replacing high-tax tobacco products with lower-tax ones.
- For several years, ClearWay Minnesota and Blue Cross and Blue Shield of Minnesota convened more than 30 of the state's leading health and nonprofit organizations to work in coalition to increase taxes on tobacco products. The coalition was the driving force behind the significant 2013 tobacco tax increase. A complete list of partners can be found at www.raiseitforhealth.org.

- 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.
- **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).³ In 2014, the greatest proportion of exposure among adult nonsmokers in Minnesota occurred in community settings (31.7 percent, defined as locations other than home and car) followed by cars (6.9 percent) and in the home (3.2 percent).⁴ Most remaining exposure is in outdoor settings and for brief a duration. Decreased exposure to secondhand smoke corresponds with an increase in public, worksite and voluntary home and vehicle smoke-free policies. In 1999, 65 percent of Minnesotans reported having smoke-free policies for their own homes. That percentage rose significantly to 89.3 percent in 2014.⁵ Along with these reductions in exposure, awareness of the dangers of secondhand smoke is high. According to the 2014 Minnesota Adult Tobacco Survey (MATS), 92.6 percent of Minnesotans believe that secondhand smoke is very or somewhat harmful to health.⁵
- **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.⁶
- **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.⁷ 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.³
- **Children and youth are particularly vulnerable to the health effects of secondhand smoke exposure because their bodies are still developing.** According to the 2014 Minnesota Youth Tobacco Survey, 41.7 percent of

nonsmoking middle-school students and 47.8 percent of nonsmoking high-school students were exposed to secondhand smoke in the past seven days.⁸ 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.^{9,10} 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.¹¹ Since 2007, the American Academy of Pediatrics has called for policies that prohibit smoking in cars with minors.¹² Currently seven U.S. states and several other local jurisdictions ban smoking in cars with children riding in them.¹³ In 2014, the Minnesota Legislature passed legislation requiring a smoke-free environment (homes and vehicles) for all Minnesota children in licensed foster care.

- **Specific populations within Minnesota are disproportionately exposed to secondhand smoke.** A recent national study found 25.3 percent of nonsmokers were exposed to secondhand smoke in 2011-2012; however, rates among children aged three to 11 and non-Latino whites were considerably higher at 40.6 percent and 46.8 percent, respectively.¹⁴ 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).^{3,15} Although multi-unit housing structures in Minnesota are increasingly adopting voluntary smoke-free policies (including government-subsidized housing complexes), about 17 percent of all Minnesotans living in multi-unit housing structures reported smelling smoke in their unit in the past seven days, according to the 2014 MATS.⁵ ClearWay Minnesota is following the 2015 federal Housing and Urban Development proposed rulemaking to make all federally subsidized housing structures smoke-free; including a public comment in support of this potential new rule. Low-income populations tend to have higher rates of secondhand smoke exposure. Nationally, 60 percent of those living below the poverty level were exposed to secondhand smoke in 2007-2008¹⁶ and 34.4 percent of all multiunit housing residents with smoke-free home rules remain exposed to SHS in their homes according to 2013-2014 national data.¹⁷ The 2014 MATS found significantly higher exposure to secondhand smoke among those who reported incomes of \$35,000 or less both at home (5.8 percent) and in the car (14.1 percent) than among those with incomes of \$75,000 or more (2.1 percent and 4.8 percent respectively).⁵

Background:

- The Freedom to Breathe Act of 2007, the comprehensive smoke-free law prohibiting smoking in workplaces, is a public policy success. It has improved health, has been adopted by many and widely embraced by business owners, and is popular with Minnesotans:
 - A September 2014 public opinion survey found that 87 percent of Minnesotans support the statewide smoke-free law.¹⁸
 - 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.¹⁹
 - 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.²⁰
- ClearWay Minnesota supports additional policies to reduce exposure to secondhand smoke. Activities include, but are not limited to local smoke-free ordinances, smoke-free higher education campuses, smoke-free childcare sites, smoke-free foster homes, smoke-free worksites, smoke-free vehicles with minors as passengers, smoke-free multi-unit housing and smoke-free casinos.

- Fewer Minnesotans are exposed to secondhand smoke (2003 [61 percent] to 2010 [38 percent]) and more Minnesotans are adopting voluntary smoke-free home rules (1999 [65 percent] to 2010 [87 percent]). Such a trend is notable, since secondhand-smoke policy efforts in Minnesota have mainly been concerned with workplaces, not homes. This positive change in social norms suggests that policies for public settings might also impact practices in private ones.²¹ Exposure in the home has continued to decline, dropping from 4.4 percent among nonsmoking adult Minnesotans in 2007 to 3.2 percent in 2014.⁵
- While the harm of secondhand smoke exposure indoors is undeniably shown by research, the harm of exposure in outdoor settings is less evident.²² Exposure in outdoor settings is more variable than indoor exposure.²³ Caution should be taken, however, by those with preexisting health conditions, which can be aggravated even by brief secondhand exposure.²⁴ 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.²⁵ These combined factors provide a solid foundation for restricting smoking outdoors. ClearWay Minnesota supports some public policies restricting smoking in outdoor settings, including worksite campuses, higher education campuses, parks, zoos and community events.
- ClearWay Minnesota supports the adoption, implementation, and enforcement of policies (public and voluntary) that prohibit e-cigarette use in all indoor workplaces, including bars and restaurants, in order to uphold the standard of clean indoor air that Minnesotans expect and support.

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ClearWay MinnesotaSM Policy Position Three:

ClearWay Minnesota opposes state laws that preempt the authority of local governments to pass local standards for public health that go beyond Minnesota state laws pertaining to tobacco control.

Facts:

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

Background:

- Specific areas of law targeted for preemption include but are not limited to youth access restrictions, smoke-free policies, retailer licensing, tobacco advertising and taxation. As of July 1, 2016, 13 states have laws that partially or completely preempt local ordinances from restricting smoking in worksites. They are Nebraska, Wisconsin, Utah, South Dakota, Oklahoma, Florida, Tennessee, North Carolina, Virginia, Pennsylvania, Connecticut, New Hampshire and Michigan.⁴
- Broad support exists for allowing local action on policies reducing exposure to secondhand smoke, reducing youth exposure to tobacco products and limiting access to tobacco products. Organizations that oppose preemption laws include the American and Minnesota Medical Associations, the U.S. Centers for Disease Control and Prevention (CDC), the American Cancer Society – Midwest Division, the American Heart Association – Northland Affiliate, the League of Minnesota Cities, the Campaign for Tobacco-Free Kids, the Tobacco Technical Assistance Consortium, the National Association of County and City Health Officials and the National Association of Local Boards of Health.
- Many localities in Minnesota have enacted policies that go above and beyond the standards included in the Minnesota Clean Indoor Air Act. For example, cities and counties have passed policies that restrict smoking within certain distances of entrances and exits, ban the sampling of tobacco products in retail stores and prohibit the use of e-cigarettes anywhere conventional smoking is not allowed.
- Many localities in Minnesota have also enacted policies that go above and beyond the standards included in Minnesota’s youth access and tax statutes. For example, cities and counties have passed policies limiting the number of tobacco retailer licenses in their community, increasing the minimum age to sell tobacco to 18,

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

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ClearWay MinnesotaSM Policy Position Four:

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

Facts:

- **A comprehensive approach is the key to reducing and preventing tobacco use.** The U.S. Centers for Disease Control and Prevention (CDC) recommends evidence-based, statewide tobacco control programs that are comprehensive, sustained and accountable. These include state, community and health-system-based interventions; cessation services; counter-marketing; policy development and implementation; surveillance; and evaluation.¹
- **Minnesota's investment in tobacco prevention falls short.** CDC recommends that Minnesota spend \$52.9 million a year in order to have an effective, comprehensive tobacco control program.¹ In Fiscal Year 2016, Minnesota only spent \$21.5 million, or 40.6 percent of CDC's recommendation, on tobacco control.² In contrast, in Fiscal Year 2015 the state of Minnesota collected an estimated \$1.4 billion from ongoing settlement payments and tobacco taxes and fees; this funding is not dedicated to public health or tobacco control.² Furthermore, recent reports show the tobacco industry spends more than \$156.3 million annually on advertising and marketing in Minnesota.^{3,4}
- **Preventing youth from beginning tobacco use is essential to lowering prevalence rates.** In Minnesota, 78.3 percent of smokers tried their first cigarette when they were 18 or younger,⁵ and more than 95 percent of smokers nationwide started smoking before they turned 21.⁶ Approximately 19.3 percent of Minnesota high-school students used some form of tobacco in the past 30 days.⁷
- **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.⁸ Research has shown that tobacco prevention investments produce short- and long-term health care cost savings.⁹
- **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.¹
- **Some of Minnesota's diverse populations have much higher rates of smoking than Minnesota's population as a whole.** Several studies have documented higher rates in specific communities, including American Indian, African American, Chicano/Latino, Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) and Asian, Asian American and Pacific Islander communities.¹⁰⁻¹³

Background:

- Although increasing the price of tobacco products is one of the most effective ways to prevent youth from starting to use tobacco, the lack of a youth-focused counter-marketing campaign creates a significant gap in Minnesota youth prevention efforts. The 2014 Minnesota Youth Tobacco Survey showed that 19.3 percent of Minnesota students have used any tobacco products in the last 30 days.⁷
- ClearWay Minnesota actively pursues opportunities to leverage state and federal funding for tobacco prevention and cessation. For example, in May 2015, the Minnesota Legislature passed a bill requiring the Minnesota Department of Health to fund a one-time grant of \$200,000 from Statewide Health Improvement Program (SHIP) funding. The law requires that the grant be used to engage members of the African American community and community-based organizations to implement strategies and interventions to reduce the disproportionately high usage of cigarettes by African Americans, especially the use of menthol-flavored cigarettes, as well as the disproportionate harm tobacco causes in that community. In 2013, the Minnesota Legislature passed a bill including a one-time appropriation of \$100,000 for the Minnesota Department of Revenue to study and propose recommendations for improving compliance with the state's tobacco tax collection system. Additionally, ClearWay Minnesota participates in the SHIP Coalition, which advocates for increased funding for obesity and tobacco prevention funds. The SHIP Coalition's work resulted in increased program funding for these purposes (from \$15 million for fiscal years 2012-2013 to \$35 million for fiscal years 2014-2015 and again for fiscal years 2016-2017). On an ongoing basis, ClearWay Minnesota partners with the Minnesota Department of Public Health to obtain funding from the CDC to enhance cessation-related activities. For the past few years, this partnership resulted in funding to conduct outreach to Medical Assistance and MinnesotaCare enrollees and their health care providers to educate them about available cessation services as well as to support and improve the Call it Quits Referral Program.
- In line with a 2009 report published by the Robert Wood Johnson Foundation, *Voices in the Debate: Minority Action for Tobacco Policy Change*, ClearWay Minnesota supports building a tobacco control movement that is responsive to the history, culture, language, geography, socioeconomic status, and gender and sexual orientation of Minnesota's growing and heterogeneous communities.¹⁴ ClearWay Minnesota's efforts include building leaders in priority populations through the LAAMPP Institute (a program that develops skills for tobacco control efforts among diverse community leaders), developing campaigns that reach these populations in multiple languages, supporting culturally-based research, providing free cessation services, providing grants to community organizations to link smokers of low socioeconomic status to existing cessation services, and funding the Tribal Tobacco Education and Policy (TTEP) project, a granting initiative resulting in education and policy activities among Minnesota's American Indian populations.
- Achieving health equity, eliminating health disparities and improving the health of all Americans are overarching goals to improve and protect the health of the nation and state.¹⁵ 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.¹⁶

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ClearWay MinnesotaSM Policy Position Five:

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

Facts:

- **Research shows that people are much more likely to successfully quit tobacco use if they receive help.**¹ Quitting is extremely difficult for many smokers. Among current smokers who made quit attempts in the past 12 months, over half (56.6 percent) made multiple attempts to quit.² The 2008 U.S. Clinical Practice Guideline Update Treating Tobacco Use and Dependence describes how medication, counseling and a combination of the two are effective in helping tobacco users successfully quit.¹ Tobacco cessation treatment is also one of the services that receives a top grade from the U.S. Preventive Services Task Force (USPSTF). Additionally, data show that advice from health care providers increases the use of evidence-based cessation treatments and improves outcomes.³
- **The majority of Minnesota smokers want to quit.** According to the 2014 Minnesota Adult Tobacco Survey (MATS), more than half (53.4 percent) of current adult smokers made a quit attempt in the past year.²
- **There are barriers to accessing health care, and these affect 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.^{4,5} Decreasing barriers to tobacco dependence treatment increases use of cessation pharmacotherapy, quit attempts and sustained abstinence rates.^{3,6} 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.⁷ 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.⁸ 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.⁹
- **Cessation services are cost-effective and yield a positive return on investment.** The Clinical Practice Guideline demonstrates that effective treatments for tobacco users exist and should become a part of standard health care. Tobacco dependence treatment, including both counseling and medications, is one of the most cost-effective preventive services, providing substantial return on investment in the short and long term.¹ Cessation treatment in the outpatient setting lowers health care costs within 18 months of quitting.¹⁰ Within three years, a former smoker's health care costs will be at least 10 percent less than if they continued smoking.¹¹
- **Helping patients quit smoking is a core responsibility of health care systems, and there are opportunities for improvement.** Data show that advice from health care providers increases use of evidence-based cessation treatments and improves outcomes.^{3,12} However, 2014 MATS data show about 78.9 percent of current smokers are advised not to smoke by health care providers, but only half (52.6 percent) received referrals for assistance in quitting smoking.² Evidence indicates that institutional or systems support, including prompts, reminder systems, and measuring and reporting on adherence to best practices, improves the rates of delivering effective clinical interventions around tobacco use.^{13,14}

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

Background:

- ClearWay Minnesota defines a comprehensive cessation benefit to include both counseling (individual, group and telephone) and medications (all FDA-approved cessation medications) for at least two quit attempts per year. These benefits should be provided with no copayments or coinsurance and should not be subject to prior authorization or deductibles, or to annual or lifetime dollar limits.¹ This definition of a comprehensive benefit is consistent with other definitions, including the Clinical Practice Guideline¹ and the Federal Employees Health Benefit Program.²⁰ ClearWay Minnesota advocates for barrier-free, comprehensive cessation benefits within all insurance products, including individual and group products, the State Employees Group Insurance Program and other publicly funded programs (e.g., Medical Assistance, MinnesotaCare).
- Minnesota Health Care Programs (MHCP – Medical Assistance and MinnesotaCare) enrollees have coverage for all FDA-approved tobacco cessation medications. In 2015, legislation was passed that prohibits copayments on preventive services, including tobacco cessation counseling and medications. While this legislation was fully implemented on January 1, 2016, there are still barriers to accessing treatment for MHCP enrollees (e.g. prior authorization requirements and duration limits). ClearWay Minnesota supports efforts to remove all barriers to accessing cessation services for MHCP enrollees.
- One way to expand access to cessation services for MHCP enrollees is to ensure that all types of health care professionals who deliver cessation services are able to seek reimbursement for doing so. The federal Medicaid definition of preventive services was recently changed to include “services recommended by a physician or other licensed practitioner of the healing arts acting within the scope of authorized practice under state law.” Leveraging this federal rule change, in late 2014, tobacco cessation counselors were added to the MHCP Provider Manual definition of Physician Extenders who can be reimbursed for delivering individual and group cessation counseling services.²¹ Physician Extenders are health care professionals who are not physicians but who perform medical activities typically performed by a physician (e.g., nurses and pharmacists). The Provider Manual outlines covered services and billing codes across all MHCP enrollees and provides eligibility criteria for MHCP providers who deliver services on a fee-for-service basis. Managed Care Organizations (MCOs) (i.e. health plans) can choose to use the MHCP Provider Manual provider eligibility criteria, including physician extenders, or develop their own. ClearWay Minnesota supports ongoing, successful implementation of this new reimbursement policy, including working to determine which MCOs utilize the Provider Manual eligibility criteria and working with those MCOs that develop their own criteria to allow reimbursement for services delivered by tobacco cessation counselors.

- The Patient Protection and Affordable Care Act (ACA) allows health insurers to charge up to 50 percent more than standard rates for people who use tobacco. Such premium surcharges would be paid entirely by the individual, and would mean highly disproportionate cost increases for lower-income persons. These cost increases have potential to be prohibitively high, leading to a lack of insurance coverage and therefore becoming a barrier to accessing cessation services.⁸ Additionally, since surcharges have been implemented in states across the country, studies have shown that surcharges are making health insurance unaffordable²² for tobacco users and have not been effective in encouraging smokers to quit⁹. Under the ACA, states can impose stricter standards and could choose to disallow tobacco rating entirely or to limit the tobacco-rating factor to lesser amounts. ClearWay Minnesota supports efforts to minimize or prohibit tobacco user surcharges.
- ClearWay Minnesota supports the implementation of tobacco cessation treatment changes outlined in the Patient Protection and Affordable Care Act. These changes include:
 - Since 2010, all state Medicaid programs are required to cover smoking cessation services recommended by the Public Health Service Clinical Practice Guideline for pregnant women without co-payments.
 - Since 2011, any smoker enrolled in Medicare will have coverage for cessation counseling. The new policy will apply to services under Part A and B and will not change the prescription drug benefit (Part D) or state policies for Medicaid or the Children's Health Insurance Program. The new benefit will cover two individual cessation counseling attempts a year. Each attempt may include up to four sessions, with a total annual benefit covering up to eight sessions per patient.
 - Since January 1, 2014, state Medicaid Programs can no longer exclude smoking cessation medications from their formularies.
 - Since 2010, all new and significantly changed health plan products, including private products as well as products for Medicaid-expansion populations, must cover all preventive services given an 'A' or 'B' rating from the U.S. Preventive Services Task Force (USPSTF) with no cost-sharing (co-pays, co-insurance, deductibles). Tobacco cessation treatment is one of the services that receives an 'A' rating from the USPSTF. The USPSTF updated the cessation interventions rating in fall 2015, clarifying that all types of counseling and all FDA-approved medications are included. Most health insurance products beginning after October 1, 2016 must comply with the updated rating.
- On May 2, 2014, the U.S. Departments of Health and Human Services, Labor and Treasury issued guidance on insurance coverage of tobacco cessation as a preventive service. The guidance states that, to comply with ACA preventive services requirements, health plans should, for example, cover the following benefits:
 - Screening for tobacco use.
 - Two quit attempts per year, consisting of:
 - Four sessions of telephone, individual or group cessation counseling lasting at least 10 minutes each per quit attempt; and
 - All medications approved by the FDA as safe and effective for smoking cessation, for 90 days per quit attempt, when prescribed by a health care provider.

The guidance also reiterates that plans must not include cost-sharing for these treatments, and that plans should not require prior authorization for any of these treatments. Given the updated USPSTF tobacco cessation rating, ClearWay Minnesota supports updating the FAQ to reflect the USPSTF changes.

- Minnesota's health care system is undergoing major transformations. The roles, accountability and financial incentives of health plans, providers and government public health agencies are changing. There are opportunities within existing health care reform activities (e.g., Health Care Homes, Accountable Care Organizations, Accountable Communities for Health and Integrated Health Partnerships) for ClearWay Minnesota to influence benefit design and health system innovations to ensure that tobacco dependence treatment is routinely provided. ClearWay Minnesota must capitalize on these reform efforts by providing resources, influence and expertise.
- Minnesota's 2008 Health Reform Law requires the Commissioner of Health to establish a standardized set of quality measures for health care providers across the state. These mandatory statewide measures are collectively called the Statewide Quality Reporting Measurement System (SQRMS). These measures are publicly reported for use by consumers, health plans and other health care entities. The Commissioner of Health is required to annually evaluate the measures included in the set of quality measures. Measures within SQRMS are written into state statute and can only be amended through formal rule-making. ClearWay Minnesota supports efforts to strengthen measurement of tobacco use and treatment within health care quality measurement systems.
- The Statewide Quality Reporting and Measurement System (SQRMS) currently includes clinical-based quality measures (e.g., tobacco use status, glucose level, cholesterol, blood pressure). SQRMS does not take into account other non-clinical factors that impact a provider's ability to keep their patients healthy (e.g. race, ethnicity, language, other social determinants of health). These non-clinical factors impact a health system's ability to be successful on clinical quality measures, such as measures on tobacco use and treatment. These data can also be used to risk-adjust, or weight, measures within SQRMS. The goal of risk adjustment is to ensure health care quality measures are capturing the full picture of the quality of care delivered, including information on the social determinants of health. In 2015, legislation passed requiring the following:
 - Stratification of quality measures by race, ethnicity, preferred language and country of origin beginning with five measures, and stratifying additional measures in the future.
 - Considering future stratification of measures by additional social determinants of health.
 - Inclusion of relevant social determinants of health within the existing risk adjustment system.
 - Inclusion of priority population representation within MN Community Measurement's governance structure.

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

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ClearWay 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 14.4 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 percent 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 34 percent of total Minnesota adults),⁶ 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).⁴
- **In Minnesota, casino employees are not protected from secondhand smoke.** Recent reports show that, in Minnesota, tribal gaming and government provide 41,700 jobs.⁷ Many of these employees work in tribal casinos and are exposed to the dangers of secondhand smoke in their workplaces. A recent study of casinos concluded that less than two hours of exposure to secondhand smoke is enough to impair the heart's ability to pump blood, placing susceptible casino patrons and workers at acute risk of heart disease.⁸
- **Smoking in casinos exposes patrons and workers to high levels of dangerous toxins.** In 2003, a study was conducted on the effects of secondhand smoke in nonsmokers who visited casinos for an average of a little over four hours. The study measured a tobacco-specific carcinogen, NNK, and found an average increase of 112 percent in a four-hour period. Study findings "demonstrate that exposure of nonsmokers to ETS (environmental tobacco or secondhand smoke) in a commercial setting results in uptake of a tobacco-specific lung carcinogen." This study is evidence that customers, employees, and tribal members are being subjected to known carcinogens.⁸ This exposure has the potential to be prevented with the expansion of smoke-free policies. Research conducted in 2005-2006 by the National Institute for Occupational Safety and Health (NIOSH) on secondhand smoke confirmed that dealers at casinos in Las Vegas exposed to secondhand smoke were found to have increased levels of NNAL (another cigarette carcinogen) over an eight-hour work shift.⁹
- **Ventilation or air cleaning systems found in some casinos are ineffective at reducing the health risks of secondhand smoke.** It has been proven that ventilation and air cleaning systems do not control health risks from secondhand smoke exposure. Only comprehensive smoke-free air policies in all indoor locations adequately reduce exposure levels to those comparable to outdoor air quality.⁸

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

- **There is public support for smoke-free casinos.** A recent study shows that 54 percent of casino patrons were more likely to visit if casinos were smoke-free.¹⁰ The National Congress of American Indians has recently adopted a resolution that endorses policies for the protection of tribal community members from commercial tobacco use and secondhand smoke exposure through comprehensive policies that include casinos, cessation services, and dis-incentivizing promotions of tobacco products.¹¹
- **Many commercial tobacco-free policies have passed.** Since 2008, the Tribal Tobacco Education and Policy Initiative has been successful in passing significant commercial tobacco-free policies such as smoke free buffer zones, foster care, elder housing, tribal facilities, powwows and casino venues. The success of this effort is due to shifting the paradigm from “tobacco control” to a “traditional tobacco movement” and strategies that are tribally driven.¹²
 - Bois Forte has passed the first smoke-free foster care policy in Indian Country.
 - Fond du Lac has a smoke-free first floor in their casino.
 - Mille Lacs has commercial tobacco-free ceremonies.

Background:

- ClearWay Minnesota recognizes the unique, indigenous cultural and ceremonial tobacco traditions of American Indians and seeks to address health disparities that stem from commercial tobacco use and exposure to secondhand smoke. The core principles that guide this work at ClearWay Minnesota are:
 - We recognize the sovereign rights of American Indian Nations, rights secured under Indian treaties and agreements with the United States, and all other rights and benefits to which American Indian Nations are entitled under the laws of the United States and the state of Minnesota.
 - Building trust and establishing long-term working relationships is paramount to working with tribal communities.
 - The use and cultivation of traditional tobacco for spiritual and ceremonial use is an infinite and inherent right of the American Indian spiritual, religious and ceremonial traditions and practices as guaranteed under the American Indian Religious Freedom Act (1978).¹³
 - We recognize that for many American Indian cultures there are “two tobacco ways”: Traditional tobacco use honors the Creator and is governed by cultural protocol for spiritual, ceremonial and cultural uses. Manufactured/commercial tobacco addiction and product use causes sickness, disease and death in communities.¹⁴
 - Restoring traditional/sacred tobacco traditions is fundamental to advancing smoke-free tribal policies and cessation, and to promoting American Indian health.
 - Advancing policies in partnership with American Indian Nations advances health equity. According to a recent report released by the Minnesota Department of Health, causes of health inequities in American Indian communities are directly linked to determined and deliberate efforts of American federal, state and local governments to uproot the American Indian people away from their land, eradicate their languages and destroy their way of life.¹⁵
- The Freedom to Breathe Act of 2007 does not apply to sovereign nations in Minnesota.
- The American Indian Cancer Foundation Health Equity Report states that there is a real readiness among tribal communities to advance health through capacity building and the enactment of policy, supported by leadership that promotes community health. Exercising sovereignty to change systems and environments will solidify norms that support health.

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ClearWay MinnesotaSM Policy Position Seven:

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

Facts:

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

Background:

- Significant portions of the law went into effect, including a ban on flavored cigarettes (menthol exempted) on September 20, 2009, and prohibition of the advertising or labeling of tobacco products with the terms "light," "mild," "low" or similar descriptors without an FDA order on June 22, 2010. Requirements that cigarette packaging contain color graphics depicting the negative health consequences of smoking are currently being litigated, and have yet to be implemented.⁵ ClearWay Minnesota has provided public support for the components of the law that are already in effect and that are currently held up in the courts.
- In 2014, the FDA announced plans to regulate "newly-deemed" tobacco products, including e-cigarettes. The new rules require makers of new products to comply with marketing, reporting and sales rules that apply to existing tobacco products.³ ClearWay Minnesota submitted a public comment urging the FDA to apply the same flavoring, advertising and marketing restrictions for e-cigarettes as conventional cigarettes, to eliminate the menthol exemption from the flavor ban and to implement any new restrictions as quickly as possible, without extending comment periods or delaying implementation dates.⁴ ClearWay Minnesota also supports extending the ban on flavoring in cigarettes to all tobacco products.
- In 2015, the FDA accepted comments to determine whether or not it should require child-resistant packaging and/or poisoning warnings for products that contain liquid nicotine. ClearWay Minnesota signed on to a letter of support written by the Public Health Law Center, encouraging FDA to require such packaging and warnings.

- Also in 2015, the FDA issued warning letters to three tobacco companies (including Reynolds American, which owns the Natural American Spirit brand) that had violated the Family Smoking Prevention and Tobacco Control Act by using misleading advertising that characterized their products as less harmful than others. If the companies continue to make these claims, the FDA can and should order them removed from the market. The FDA also took action to remove four cigarette brands from shelves, citing that these products had different characteristics from existing approved products, and that R.J. Reynolds had not shown there were no new public health concerns around the new products. ClearWay Minnesota will continue to advocate for the FDA to pursue vigorous enforcement of current laws and regulations that are not being followed by the tobacco industry.
- In May 2016, the FDA finalized its rule extending its authority to all tobacco products. This step bars youth under 18 from purchasing e-cigarettes, which has been illegal in Minnesota since 2010. These new regulations also require e-cigarette sellers to register with the FDA and manufacturers to provide the government with details of their ingredients and manufacturing process, and disallows the distribution of sample products in stores.
- The Family Smoking Prevention and Tobacco Control Act is being legally challenged on multiple fronts. In different courts, tobacco manufacturers and retailers have challenged provisions in the law related to outdoor advertising regulations, modified-risk tobacco products, warning labels, flavored cigarettes and cigars, flavored rolling papers, and the authority and composition of the Tobacco Products Scientific Advisory Committee.
- The law's success relies on the public health community providing necessary input and scientific evidence to support the FDA's regulatory actions. It is imperative that the tobacco control community provides strong support and stands up to the tobacco industry's efforts to derail the regulatory process.⁵ As the FDA advances its regulatory agenda and legal parameters become clear, ClearWay Minnesota will look to incorporate new policy tools into our work.
- Minnesota's federal elected officials have urged the FDA to exert its authority and regulate e-cigarettes and other tobacco products quickly and decisively. U.S. Senator Amy Klobuchar has challenged e-cigarette makers publicly to stop using celebrity endorsements and kid-friendly flavors to market e-cigarettes to youth. Senator Al Franken sits on the U.S. Senate Committee for Health, Education, Labor and Pensions, which has met with officials at the FDA and CDC. Senator Barbara Boxer has introduced the Protecting Children from Electronic Cigarette Advertising Act. ClearWay Minnesota supports these efforts, and will work with our Congressional delegation where appropriate.

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ClearWay 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 targeting strategies intentionally tailored to market menthols 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 Advertising studies also show that menthol cigarette advertising is more highly concentrated in storefronts of minority-populated areas, as well as in magazines with African American and Chicano/Latino readerships.^{4,5} Hundreds of examples of the tobacco industry’s targeting of these populations can be found at <http://www.trinketsandtrash.org>.
- **Menthol increases smoking initiation rates among youth.** A 2013 U.S. Food and Drug Administration (FDA) report showed that menthol cigarettes increase youth smoking initiation, lead to a greater addiction and decrease successes in quitting smoking.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} A study demonstrated that 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 12-17. The teen menthol smoking rate is higher than that of any other age group.¹⁰ Compared to those who have been smoking for more than a year, youth who recently began smoking are more likely to smoke menthols.¹⁰ Eighty-three percent of African American youth smokers¹¹ 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.** African Americans in Minnesota smoke at a rate of 22.3 percent.¹³ Tobacco use is the top cause of preventable death and disease among African Americans. Among adult African American smokers, 88 percent smoke menthols, compared to 26 percent of adult white smokers.⁸ Eight out of every 10 (83 percent) African American youth smokers smoke menthols.¹² African Americans have the highest death rate and shortest survival rate from most cancers.¹⁴ They are also 53 percent likelier to die of heart disease.¹⁵ African Americans are among the individuals most exposed to secondhand smoke.¹⁶ Research suggests higher disease rates among African Americans may result in part from menthol smoking.¹⁷ 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.** The smoking rate for lesbian, gay and bisexual persons in Minnesota is 25.7 percent.¹³ More than 36 percent of LGBTQ smokers smoke menthol cigarettes, with LGBTQ female smokers smoking menthols at an extremely high rate (42.9 percent).²²
- **Adding menthol to cigarettes makes it harder for smokers to quit.** Multiple studies have shown that menthol smokers are more likely to try but less likely to successfully quit smoking than non-menthol cigarette smokers.²³

- **Menthol tobacco use is a specific problem for Minnesota.** In Minnesota, 25.1 percent of smokers report smoking menthol cigarettes.²⁴ About half of Minnesota teen smokers (44.3 percent of high-school students) smoke menthol cigarettes.²⁵ Preference for menthol cigarettes among Minnesota students has more than doubled since 2000.²⁵ In Minnesota, smoking-related disease rates among American Indians are at epidemic levels, and 42 percent of American Indian smokers smoke menthol cigarettes.²⁶
- **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.²⁷ Among Minnesota menthol smokers, approximately half reported they would quit smoking if menthol cigarettes were banned.²⁸ Therefore, banning menthol has the potential to reduce tobacco-related disparities. It is estimated that by 2050, there would be a 10 percent reduction in overall smoking prevalence and 633,252 lives would be saved.²⁹

Background:

- Menthol is a cigarette additive that is either extracted from mint oils or produced synthetically. It is added to cigarettes for its cooling and counter-irritant properties and gives menthol cigarettes their characteristic flavor.³⁰ 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.³¹
- ClearWay Minnesota supports a federal ban on menthol in cigarettes and in all other tobacco products. The 2009 Family Smoking Prevention and Tobacco Control Act gave the FDA the authority to regulate tobacco products. The Act also banned all flavored cigarettes except those containing menthol. The FDA created the Tobacco Products Scientific Advisory Committee (TPSAC) and charged the committee with developing a report and recommendations that address “the issue of the impact of the use of menthol in cigarettes on the public health including such use among children, African Americans, Hispanics and other racial and ethnic minorities.”³²
- The position to support an FDA ban of menthol from cigarettes is supported by several public health entities, including the American Legacy Foundation, the American Cancer Society, the American Heart Association, the American Lung Association, the Campaign for Tobacco-Free Kids, the National African American Tobacco Prevention Network, the American Academy of Pediatrics, the American Public Health Association, the Center for American Progress and the Delta Sigma Theta sorority.
- On July 19, 2016, delegates at the annual National Academy for the Advancement of Colored People (NAACP) convention adopted a resolution to support efforts at local and state levels to restrict the sale of menthol and other flavored tobacco products. The resolution will go to the NAACP Board of Directors in October, 2016. If ratified before the Board of Directors, the NAACP will adopt the official policy of endorsing restrictions to flavored tobacco, including menthol.³³
- The TPSAC used a rigorous process and well-established standards to review evidence from the scientific community and the tobacco industry and to arrive at its recommendations. The TPSAC report, presented by the FDA on March 18, 2011, concluded that “menthol cigarettes adversely affect U.S. public health and that there is no public health benefit to menthol cigarettes.”³¹
- The FDA also conducted its own independent review of the literature and in July 2013 concluded that menthol cigarettes lead to increased smoking initiation, greater addiction and decreased quitting. The report concluded that “these findings, combined with the evidence indicating that menthol’s cooling and anesthetic properties can reduce the harshness of cigarette smoke and the evidence indicating that menthol cigarettes are marketed as a

smoother alternative to non-menthol cigarettes, make it likely that menthol cigarettes pose a public health risk above that seen with non-menthol cigarettes.”⁶ The FDA then issued an Advanced Notice of Proposed Rule Making to invite public input. The docket closed in November 2013. Action from the FDA is still pending.

- ClearWay Minnesota also supports the rights of state and local governments to regulate menthol to the extent it is legally permissible. Potential regulatory options include restricting the sale of menthol tobacco products and restricting point-of-sale advertising.
- Chicago, Illinois, passed an ordinance in 2014 prohibiting sales of flavored tobacco products, including menthol tobacco, within 500 feet of schools.³⁴ Canadian provinces including Alberta, Ontario, Quebec, Nova Scotia, New Brunswick and Prince Edward Island have banned sales of menthol tobacco products altogether.³⁵ Despite some of the bans in Canadian provinces, products that claim to look and taste like menthol cigarettes are still being sold.³⁶
- The Minnesota Legislature passed legislation in 2015 authorizing a one-time grant of \$200,000 from the Statewide Health Improvement Plan (SHIP) to address menthol tobacco use among African Americans in Minnesota.
- The cities of Minneapolis and Saint Paul have passed ordinances banning the sale of flavored tobacco in stores children can enter, but the policies in both locations specifically exempt menthol. In September 2015, ClearWay Minnesota executed a new grant with NorthPoint Health and Wellness Center to educate Minnesotans about the health harms and history of menthol-flavored tobacco, build grassroots support for policies that restrict access to menthol tobacco products and explore options to add menthol to Minneapolis’s flavor policy.

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ClearWay MinnesotaSM Policy Position Nine

ClearWay Minnesota supports restricting the sale of candy-, fruit- and menthol flavored tobacco products at the local, state and national levels.

Facts:

- **The tobacco industry uses flavors to target youth.** Tobacco industry documents show that tobacco companies have used fruit, candy and alcohol flavors to attract new users. As documented in their internal communications:
 - “Sweetness can impart a different delivery taste which younger adults may be receptive to”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 tobacco products appeal to youth and young adults.** Research shows that fruit, candy and alcohol flavors are attractive to minors and young adults.⁴ Flavored tobacco products exploit sensory clues associated with candy and drinks that are popular with youth, such as Kool-Aid, Jolly Ranchers and Life Savers.^{5,6} In a recent national survey of students in grades six to 12, 35.9 percent of current cigar smokers were using flavored cigars.⁷ In Minnesota, the vast majority of students who have tried cigars used flavored cigars. According to the 2011 Minnesota Youth Tobacco Survey, 35.4 percent of Minnesota students have tried flavored cigar products. Additionally, a recent Minnesota Department of Health (MDH) survey found that nearly 13 percent of Minnesota kids are using e-cigarettes, which come in kid-friendly flavors like gummy bear and cotton candy.⁸
- **Use of flavored tobacco products, including menthol, by youth is rising.** From 2000 to 2014, menthol cigarette use by high-school students in Minnesota increased from 20 to 44 percent.⁹ Moreover, youth are much more likely to smoke menthol cigarettes than are adult smokers,⁹ with 25.1 percent of adult smokers usually smoking menthol cigarettes.¹⁰
- **Flavored smoking products lead many children and young adults to become lifetime smokers.** The earlier youth initiate smoking, the more likely they are to become addicted as adults. Almost 95 percent of adult smokers started smoking before 21.¹¹ Flavored cigarettes (except menthol) are prohibited by law, but many youth smokers are using flavored tobacco products such as cigars and cigarillos. According to the U.S. Centers for Disease Control and Prevention (CDC), 42 percent of middle-school and high-school students who smoke were using flavored smoking products.¹² In New York City, teens who tried (non-menthol) flavored tobacco products were nearly three times more likely to smoke than those who had never tried them.¹³ Candy and fruit flavors mask the harsh taste of tobacco, making it easier for kids to start using tobacco products. Once youth start using one tobacco product, they are more likely to experiment with others.¹⁴ E-cigarettes, which come in fruit and candy flavors, may raise teens’ risk for future smoking.¹⁵
- **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.¹⁶ Smokeless tobacco causes oral cancer, pancreatic cancer and cancer of the esophagus.¹⁷ And

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

- **Flavorings used in e-cigarettes can be harmful.** Research shows that inhaling e-cigarette aerosol inflames lung tissue, and the extent of the inflammation can vary depending on the flavoring that's used in the e-cigarette liquid.^{19,20}
- **Since the FDA banned flavored cigarettes, cigar use has increased.** In the 1960's, the tobacco industry worked to expand their appeal to youth with flavored "little cigars" and other cheap flavored products.²¹ Federal law prohibits flavoring in cigarettes, but users often do not distinguish between cigarettes and flavored little cigars. Since 2009 when flavored cigarettes were prohibited, little cigar and cigarillo use among young adults (18-24-year-olds) has increased. In 2011, 18.5 percent of young adult tobacco users reported using flavored tobacco products, compared to 11.9 percent in 2005. In the last 12 years, sales of cigars in the United States have increased from six billion cigars to more than 13 billion.²²

Background:

- In 2009, the U.S. Food and Drug Administration banned the use of most flavoring agents in cigarettes. Menthol was exempted from the flavor ban, which also does not apply to non-cigarette tobacco products. State and local governments have the authority to create their own regulations around tobacco sales, including restrictions around flavoring.
- State and local jurisdictions have the authority to restrict the sale of flavored tobacco products. New York City, Providence, Rhode Island, Chicago, Hayward and Santa Clara County California and Newton, Massachusetts, have passed restrictions on the sale of flavored tobacco products. Federal courts have upheld state and local governments' authority to create such policies.
- On July 10, 2015, the Minneapolis City Council voted unanimously to restrict the sale of flavored tobacco products (excluding menthol) to adult-only tobacco product shops and to set a minimum price for cheap cigars. As a result of these policies, tobacco manufactured in kid-friendly flavors like grape, chocolate and cherry can only be sold by 20 of the city's 300-plus licensed tobacco vendors, and cigars must be sold for at least \$2.60 apiece wherever they are sold.
- On January 6, 2016 the St. Paul City Council voted unanimously to restrict the sale of flavored tobacco products (excluding menthol) to adult-only tobacco product shops and to set a minimum price for cheap cigars. As a result of the policies, tobacco manufactured flavors can only be sold by 14 of the city's 260-plus licensed tobacco vendors, and cigars must be sold for at least \$2.60 apiece for packages containing three or more cigars, and at least \$10.40 for packages containing four cigars.

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ClearWay MinnesotaSM Policy Position Ten:

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

Facts:

- **According to the Surgeon General, preventing youth from initiating tobacco use is essential if we want to continue to reduce prevalence.**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 100 percent report first using before age 26.^{2,3} In Minnesota, 78.3 percent of smokers tried their first cigarette when they were 18 or younger, and 19.3 percent of Minnesota high-school students used some form of tobacco in the past 30 days.^{4,5} Young people who initiate smoking as teens are at greater risk of becoming addicted adult smokers.^{6,7} Although nationally, youth smoking rates declined by half between 1997 and 2011, more must be done to accelerate progress in further reducing overall smoking rates.⁷
- **Adolescents are especially vulnerable to the health impacts of tobacco use.** Adolescents are especially vulnerable to the toxic effects of nicotine. Exposure could harm brain development and predispose future tobacco use. Brief or continuous exposure to nicotine elicits lasting neurobehavioral damage.⁷ According to the Surgeon General: “[The] earlier age of onset smoking marks the beginning of the exposure to the many harmful components of smoking. This is during an age range when growth is not complete and susceptibility to the damaging effects of tobacco smoke may be enhanced. These concerns led the Minnesota Department of Health to issue a health advisory in 2015 to inform health care professionals and parents that no amount of nicotine exposure is a safe for youth.”⁸ 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.”⁹
- **Many smokers transition to regular, daily use between the ages of 18 and 21.** Half of adult smokers become regular, daily smokers before age 18 and many others transition to regular tobacco use between the ages of 18 and 21.¹⁰ It is estimated that four out of five adult smokers become regular daily smokers before they turn 21.¹⁰ 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.¹⁰
- **Older adolescents, including friends and classmates, are a social source of tobacco for youth.** Many of those who purchase cigarettes for minors are under the age of 21.^{11,12} In the United States, more than two thirds (69 percent) of 10th-grade students and nearly half (47.2 percent) of eighth-grade students report that getting cigarettes is easy.¹³ 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.¹⁴ In Minnesota, almost two of every five adolescent underage smokers reported obtaining their tobacco products through other people rather than by purchasing them themselves in a store.⁴ Research has shown that smokers 18-19 years of age are the group most likely to have been asked to provide tobacco to those who are underage.¹⁵ Raising the minimum legal purchase age to 21 increases the age gap between adolescents and those who can legally provide tobacco and removes easy access to tobacco products from the high-school environment.^{16,17}

- **Tobacco companies target 18-21-year-olds.** The tobacco industry heavily targets 18 to 21-year-olds. Internal industry documents note that if cigarette companies don't "capture new users by their early twenties, it is unlikely that they ever will."¹⁸ 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.⁷
- **Raising the minimum legal age to purchase tobacco products to 21 would simplify enforcement.** In the retail environment, it would become more difficult for an adolescent to pass as a 21-year-old than an 18-year-old.¹⁶ 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 21.¹⁸
- **Raising the minimum legal age to purchase tobacco products to 21 would improve the health of young people and save lives.** It would reduce prevalence by reducing youth initiation, reduce diminished academic, athletic and job performance tied to teen smoking, and substantially reduce tobacco-related disease and death. According to a 2015 report from the Institute of Medicine, increasing the legal age to purchase tobacco will mean fewer teenagers starting to smoke. For example, research predicts a 25 percent reduction in smoking initiation among 15-17-year-olds alone following such an increase. Raising the minimum age to 21 nationally would result in 223,000 fewer premature deaths and 50,000 fewer deaths from lung cancer.²

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.¹⁸ Most states set the minimum age at 18; four states (Arkansas, Alabama, Utah and New Jersey) have a minimum age of 19.² As of September 27, 2016, at least 200 localities in 14 states, including Boston, Chicago, and New York City, have raised the age to purchase tobacco to 21.¹⁹ Hawaii and California were the first states to raise the age to purchase tobacco to 21.
- While limited, there is direct research from places that have implemented policies to support increasing the minimum legal age. After Needham, Massachusetts, increased its tobacco sales age to 21 in 2005, tobacco use among high-school students was reduced by nearly half.²⁰ Both smoking rates and cigarette purchases declined significantly more in Needham than in 16 comparison communities. These declines were seen across all subgroups, with the exception of ninth-grade students, who already reported low smoking rates. In addition, alcohol use did not decline significantly more in Needham compared to the other communities, indicating the changes were specific to cigarette use and not due to broader declines in substance use. Likewise, studies of England's experience when it raised the minimum purchase age for cigarettes from 16 to 18 years of age in 2007 showed that this increase was associated with significant declines in smoking prevalence among 16- and 17-year-olds and that youth ages 11 to 15 were less likely to become regular smokers.^{21,22}
- 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.²³
 - A 2013 national survey found 70 percent of adults were in favor of Tobacco 21.²⁴

- In 2014 a national survey found 75 percent of adults in favor of increasing the minimum purchase age for tobacco to 21.²⁵ The majority of all assessed groups were in favor of this tobacco control strategy, with no statistically significant differences by gender, race, education, income and geographical region. It is notable that the majority of smokers (69.9 percent) were in support of raising the age to purchase tobacco to 21.
- While there is strong public support for raising the minimum legal age to purchase tobacco products, the tobacco industry is strongly opposed to this, as reflected in their internal documents:¹⁰ “Raising the legal minimum age for cigarette purchaser to 21 could gut our key young adult market (17-20), where we sell about 25 billion cigarettes and enjoy a 70 percent market share.” – Phillip Morris report, January 21, 1986
- The FDA, through the Institute of Medicine, convened an expert panel to study the public health implications of raising the tobacco purchase age, and their report was released in March of 2015.² 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 age to purchase tobacco products will likely prevent or delay initiation by adolescents and young adults, with the greatest impact for 15-17-year-olds.
 - The impact of raising the minimum legal age to 21 will likely be substantially higher than raising it to 19; the added effect of raising it from 21 to 25 is significantly less.
 - By the time today’s teenagers reach adulthood, a minimum legal age, if enacted now, would reduce prevalence of tobacco use among those adults by 3 percent if raised to age 19, by 12 percent if raised to age 21, and by 16 percent if raised to age 25.
 - Tobacco-related disease and mortality would decrease in proportion to these projected declines in prevalence.
 - It is projected raising the minimum legal age to 21 nationally would result in 240,000 fewer premature deaths, 45,000 fewer deaths from lung cancer and 4.2 million fewer years of life lost for those born between 2000 and 2019.
 - Increasing the minimum legal age for tobacco products will improve maternal, fetal and infant outcomes by reducing the likelihood of maternal and paternal smoking.
 - The Department of Defense and each of the armed services has a stated goal of a tobacco-free military.²⁶
- 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.¹³ However, social sources of tobacco may become increasingly important as other restrictions at point of sale increase.¹¹ 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.”^{27,28}
- Minnesotans for a Smoke-Free Generation, a coalition of over 40 leading health and other interested organizations, has adopted these guiding principles when pursuing state and local Tobacco 21 policies:
 1. We will pursue strong, defensible legislation;
 2. We will focus punishment on the seller (not the user);

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

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ClearWay MinnesotaSM Policy Position Eleven:

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

Facts:

- **An increasing number of people – especially young people – are using e-cigarettes.** Among U.S. high-school students in 2015, 16 percent reported that they used electronic cigarettes in the past 30 days—an increase from 1.5 percent in 2011.^{1,2} 28.4 percent of Minnesota high-school students have tried e-cigarettes, and 12.9 percent of them have used them in the past 30 days.³ Nationally, 47.6 percent of adults who smoked conventional cigarettes used e-cigarettes in 2014, up from 10 percent in 2010.⁴ In Minnesota, 17.8 percent of adults have tried e-cigarettes at least once, and 5.9 percent have used them in the past 30 days.⁵
- **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.^{6,7} The concentration of toxins produced can vary greatly among the many different types of e-cigarettes. There have been no long-term studies conducted on e-cigarettes, so the long-term impact on the health of users or those exposed to secondhand aerosol is unknown.⁸
- **E-cigarette marketing and flavoring appeal to kids and young people.** Youth exposure to e-cigarette ads has increased by more than 250 percent in recent years.⁹ Nearly 60 percent of Minnesota high-school students saw e-cigarette ads on TV in the past month. Studies demonstrate that advertising exposure is related to current e-cigarette use among students, and may increase the urge to smoke combustible cigarettes.⁹⁻¹¹ E-cigarettes may raise teens' risk for smoking.¹² Once kids start using one tobacco product, they are more likely to experiment with others.^{13,14} Flavored tobacco appeals to kids,¹³ and although federal law prevents most flavors from being added to cigarettes, e-cigarettes makers are still allowed to use candy flavors like bubble gum, cotton candy, and many others.
- **Flavoring used in e-cigarettes can be harmful.** Research shows that inhaling e-cigarette aerosol inflames lung tissue, and the extent of the inflammation can vary depending on the flavoring that is used in the e-cigarette liquid.^{15,16}
- **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.¹
- **Nicotine poisonings from e-cigarettes are on the rise in Minnesota and around the country.** E-cigarette liquid can be dangerous if swallowed or absorbed through the skin. In large enough doses, nicotine can be lethal.¹⁷ Nationally, incidence of children being exposed to e-cigarette liquids has risen significantly, and e-cigarette-related poisonings have also dramatically increased in Minnesota.^{18,19} More than two thirds of the incidents in Minnesota involved children or teens.
- **Modeling recreational tobacco use to kids and adults is concerning.** Research shows that exposure to e-cigarette use can trigger the urge to smoke combustible cigarettes.²⁰

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

Background:

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

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Appendix G

ClearWay MinnesotaSM Legislative Audit



OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA

FINANCIAL AUDIT DIVISION REPORT

ClearWay MinnesotaSM

**Internal Controls and
Compliance Audit**

July 2013 through March 2016

October 20, 2016

Report 16-14

FINANCIAL AUDIT DIVISION

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Conclusion on Internal Controls

The Financial Audit Division bases its conclusion about an organization's internal controls on the number and nature of the control weaknesses we found in the audit. The three possible conclusions are as follows:

Conclusion	Characteristics
Adequate	The organization designed and implemented internal controls that effectively managed the risks related to its financial operations.
Generally Adequate	With some exceptions, the organization designed and implemented internal controls that effectively managed the risks related to its financial operations.
Not Adequate	The organization had significant weaknesses in the design and/or implementation of its internal controls and, as a result, the organization was unable to effectively manage the risks related to its financial operations.



OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MINNESOTA • James Nobles, Legislative Auditor

October 20, 2016

Representative Sondra Erickson, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Joy Rikala, Board Chair, ClearWay MinnesotaSM

Members of the ClearWay Minnesota Board of Directors

David Willoughby, Chief Executive Officer
ClearWay Minnesota

This report presents the results of our internal controls and compliance audit of ClearWay Minnesota's expenditures for the period from July 1, 2013, through March 31, 2016. The objectives of this audit were to determine if the organization had adequate internal controls over its use of Tobacco Settlement money and complied with finance-related legal requirements.

This audit was conducted by Daphne Fabiano, CPA, Auditor-in-Charge, and assisted by auditor April Lee.

We received the full cooperation of ClearWay Minnesota's staff while performing this audit.

James R. Nobles
Legislative Auditor

Cecile M. Ferkul, CPA, CISA
Deputy Legislative Auditor

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Report Summary

Background

ClearWay MinnesotaSM (originally known as the Minnesota Partnership for Action Against Tobacco), is a nonprofit foundation created and funded through a legal settlement.

In 1994, the State of Minnesota and Blue Cross Blue Shield of Minnesota (Blue Cross) sued the major tobacco companies. Before the case went to the jury, the companies agreed to pay more than \$6 billion to compensate the state and Blue Cross for health care costs caused by tobacco products. The settlement, reached in 1998, earmarked \$202 million to fund a nonprofit, public health foundation for 25 years.

The court established a 19-member board to govern the foundation. The board appoints an executive director, who supervises a 28-person staff. The board and staff must operate the foundation consistent with the settlement agreement and subsequent court orders. The court granted the Office of the Legislative Auditor authority to audit the foundation.

This is our third audit of the foundation.¹ In this audit, we examined ClearWay Minnesota's expenditures from July 2013 through March 2016. We focused on whether ClearWay Minnesota had adequate internal controls and complied with legal requirements and its own policies and procedures.

Conclusion

ClearWay Minnesota had adequate internal controls and complied with legal requirements and its own policies and procedures.

¹ Office of the Legislative Auditor, Financial Audit Division Report 01-24, *Minnesota Partnership for Action Against Tobacco*, issued May 11, 2001; Office of the Legislative Auditor Financial Audit Division Report 07-24, *ClearWay Minnesota*SM issued September 13, 2007.

ClearWay MinnesotaSM

Background

In 1994, the State of Minnesota and Blue Cross Blue Shield of Minnesota (Blue Cross) filed a lawsuit against the major tobacco companies and their affiliated organizations. The state and health insurer claimed that tobacco companies had defrauded the public about the health effects of smoking and sued to recoup smoking-related health care costs.

After a nearly four-month trial and shortly before the case was to go to the jury, the state, Blue Cross, and the tobacco companies settled the case for \$6.1 billion on May 8, 1998.² Ramsey County District Court Judge Kenneth Fitzpatrick approved the Settlement Agreement with a Consent Judgment on that same date.³ The judgment reserved Ramsey County District Court's continuing authority to enforce the judgment over the Minnesota Partnership for Action Against Tobacco's (MPAAT) lifespan.⁴

The settlement provided for the creation of a public health foundation to help "diminish the human and economic consequences of tobacco use," and set aside \$202 million to fund its programs. The Consent Judgment specified that the tobacco companies would pay \$102 million by December 1998 into an account focused on helping Minnesotans quit smoking. The judgment also required the tobacco companies to pay \$10 million annually for ten years into a national research account aimed at preventing children from smoking, as well as funding other tobacco control efforts. The judgment also required the state to submit a plan to the court on how the foundation would operate.

In response, the state proposed the creation of a nonprofit organization called the Minnesota Partnership for Action Against Tobacco (MPAAT). The plan provided that a 19-member board of directors would govern the organization.⁵ The court approved the plan on August 27, 1998, and MPAAT began operating as an

² The settlement required the tobacco companies to make payments estimated to be worth approximately \$6.1 billion to the State of Minnesota and \$469 million to Blue Cross Blue Shield of Minnesota.

³ Also known as an "Agreed Judgment," a Consent Judgment is "a settlement that becomes a court judgment when the judge sanctions it." Bryan A. Garner, Editor in Chief, *Black's Law Dictionary* (St. Paul: Thomson Reuters, 2014), 970.

⁴ Since MPAAT/ClearWay Minnesota's inception, several judges have overseen the organization.

⁵ The board would include eleven at-large members and eight appointed members. Of the eight appointed members, the Speaker of the House appoints two directors (of different political parties); the Senate Majority Leader appoints two directors (of different political parties); the Governor appoints two directors; and the Attorney General appoints two directors. At-large members are elected based on their expertise in a variety of areas, including nonprofit management, finance, tobacco and health, community organizing, and public affairs.

independent, nonprofit organization in September 1998.⁶ The approved plan also required MPAAT to report annually to the court, the Minnesota Legislature, and granted the Office of the Legislative Auditor with authority to audit MPAAT.⁷

In 2002, Attorney General Mike Hatch filed a motion with the court to dissolve MPAAT and appoint the Department of Health and the University of Minnesota Medical School to administer the funds the court had set aside.⁸ Attorney General Hatch called MPAAT “rife with conflicts of interest” and accused it of failing to fund smoking cessation programs.⁹ MPAAT disagreed.¹⁰ While the judge overseeing MPAAT at the time, Michael Fetsch, did not dissolve MPAAT, he did order important changes. Judge Fetsch required MPAAT to restructure its Board to guard against conflicts of interests. He also required MPAAT to spend more money on helping individual smokers quit. MPAAT made those changes. In 2006, MPAAT changed its name to ClearWay Minnesota.

In 2013, ClearWay Minnesota asked Ramsey County District Court to allow it to further clarify its conflict of interest policy to help board members and staff identify actual situations where there may be conflicts of interests or the appearance of a conflict, even if no actual conflict exists. The judge approved the revisions.¹¹

ClearWay Minnesota’s board will undergo further changes in the years ahead. Earlier this year, ClearWay Minnesota proposed revising the board’s make up from 19 to 11 members in preparation for ClearWay Minnesota’s dissolution in 2023. On June 21, 2016, ClearWay Minnesota submitted its proposed changes to Ramsey County Chief Judge John Guthmann who approved the revisions on the same day.

ClearWay Minnesota’s Chief Executive Officer David Willoughby is in charge of day-to-day operations. He and his staff operate under policies established by the board, as well as procedures required by the Consent Judgment, the court-approved plan that established the foundation, and subsequent court orders.

⁶ Judge Kenneth Fitzpatrick, who issued the Consent Judgment retired shortly after the trial. Ramsey County Chief Judge Lawrence Cohen approved the State’s plan.

⁷ A public accounting firm annually audits ClearWay Minnesota’s financial statements. ClearWay Minnesota has received unqualified (clean) audit reports every fiscal year.

⁸ Mike Hatch became Minnesota Attorney General in 1999. He succeeded Hubert H. Humphrey, III who launched the state’s lawsuit against the tobacco companies in 1994. Attorney General Hatch’s motion called for the University of Minnesota Medical School to administer the medical research funds and for the Minnesota Department of Health to oversee the tobacco cessation funds.

⁹ Hatch Aff. 7, May 14, 2002.

¹⁰ MPAAT argued it provided direct services to smokers through telephone quit lines. Hurt Aff. 11, April 25, 2002.

¹¹ Judge John Guthmann approved the changes on May 15, 2013.

ClearWay Minnesota provides grants to health, community, and academic organizations throughout the state to support research, intervention, and related program activities. In addition, ClearWay Minnesota provides help to individual tobacco users through its QUITPLAN® Services. Those services include a telephone helpline, nicotine patches, and text messaging and email support programs. In addition, ClearWay Minnesota also contracts for advertising services, community development services, communications, public affairs, and research.

Since 2007, ClearWay Minnesota's main source of revenue has been investment income from its tobacco settlement funds. Grant and contract expenses accounted for approximately 73 percent of ClearWay Minnesota's expenses in our audit period.

Table 2 shows information extracted from ClearWay Minnesota's audited financial statements about its assets, liabilities, and net assets, as of June 30, 2015.

Table 2
ClearWay MinnesotaSM
Statement of Financial Position
As of June 30, 2015

Assets:	
Cash and cash equivalents	\$ 18,485
Accounts receivable	99,414
Prepaid expenses	50,090
Investments	71,968,643
Equipment and leasehold improvements	30,213
Total Assets	<u>\$72,166,845</u>
Liabilities and Net Assets:	
Liabilities:	
Accounts payable	\$ 1,101,133
Accrued expenses	179,773
Grants payable	3,023,520
Total Liabilities	<u>4,304,426</u>
Net Assets:	
Unrestricted – designated for tobacco research and other tobacco control purposes	<u>\$67,862,419</u>
Total Net Assets	<u>\$67,862,419</u>
Total Liabilities and Net Assets	<u>\$72,166,845</u>

Source: ClearWay Minnesota's audited financial statements as of June 30, 2015. Contact ClearWay Minnesota to obtain a full financial report.

Table 3 shows information extracted from ClearWay Minnesota's audited financial statements about its revenue and gains, expenses, and change in net assets for the year ended June 30, 2015.

Table 3
ClearWay MinnesotaSM
Statement of Activities
For the Year Ended June 30, 2015

Revenue and Gains:	
Net investment income	\$ 1,896,782
Contributions and grants	<u>123,955</u>
Total Revenue and Gains	<u>\$ 2,020,737</u>
Expenses:	
Program services:	
Tobacco cessation	\$12,060,970
Research and other tobacco issues	<u>1,906,344</u>
Total Program Services	\$13,967,314
Supporting services:	
General and administrative	<u>1,181,438</u>
Total Expenses	<u>15,148,752</u>
Change in Net Assets:	<u>(13,128,015)</u>
Net Assets at beginning of year	<u>\$80,990,434</u>
Net Assets at end of year	<u>\$67,862,419</u>

Source: ClearWay Minnesota's audited financial statements as of June 30, 2015. Contact ClearWay Minnesota to obtain a full financial report.

Audit Objective, Scope, and Methodology

The objective of our audit of ClearWay Minnesota for the period July 1, 2013, through March 31, 2016, was to answer the following questions:

- Did ClearWay Minnesota have adequate internal controls to ensure it safeguarded its financial resources; accurately paid employees, grantees, and vendors in accordance with management's authorization; complied with finance-related legal requirements; and created reliable financial data?
- For items tested, did ClearWay Minnesota comply with legal requirements related to its financial operations, including elements of Ramsey County District Court documents and ClearWay Minnesota Board of Directors' policies and procedures?
- Did ClearWay Minnesota resolve prior audit findings?

To answer these questions, we reviewed the tobacco settlement agreement, Ramsey County District Court orders, and ClearWay Minnesota's policies and procedures. We designed our audit approach based on our consideration of the

risk that errors and noncompliance could occur. We obtained and analyzed the accounting data to identify unusual trends or significant changes in financial operations. In addition, we selected samples of financial transactions and reviewed supporting documentation. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective.

Audit Criteria

We assessed ClearWay Minnesota's internal controls using the internal control standards published by the U.S. Government Accountability Office.¹² To establish legal compliance criteria for grants, contracts, and other expenditures we tested, we examined the requirements in the following documents:

Ramsey County District Court Documents:

- Settlement Agreement (sets terms of settlement between the tobacco companies and the State of Minnesota);
- Consent Judgment (court approval of the settlement);
- Order Approving Plan of Administration (court order approving the state's plan of administration for ClearWay Minnesota);
- Order approving revised Cessation Plan, dated February 25, 2003 (court order approving ClearWay Minnesota's revised comprehensive governance plan involving individual smoking cessation activities);
- Order removing certain salary limits, filed June 13, 2005 (court order revising ClearWay Minnesota staff's salary limits from not exceeding 120 percent of the Governor's salary to salaries based on an independent compensation study); and
- Order approving ClearWay Minnesota's Restated Conflict of Interest Policy filed May 15, 2013.

ClearWay Minnesota Policies and Procedures:

- Grant-Making Process Guidelines;
- Service Agreement Contracting Guidelines;
- Fiscal Policies, Procedures, and Guidelines Manual;
- ClearWay Minnesota Conflict of Interest Policy;
- ClearWay Minnesota Bylaws; and
- ClearWay Minnesota Policies on Tobacco Use and Interactions with the Tobacco Industry.

¹² Comptroller General of the United States, Government Accountability Office, *Standards for Internal Control in the Federal Government*, (Washington D.C., September 2014). In September 2014, the State of Minnesota adopted these standards as the internal control framework for the state's executive branch.

Status of Prior Audit Findings

Our 2007 audit report included three findings (areas that caused us concern).¹³ In this section, we restate each finding and discuss our approach to determine whether ClearWay Minnesota resolved the finding:

(1) ClearWay Minnesota had expenses that may have been unnecessary and unreasonable, not authorized by a board approved policy, and not adequately documented.

We reviewed current board policies and procedures to see if the board had set limits and established standards for authorization, approval, and documentation for the types of expenses questioned in the prior report.

We found that board policies now allowed ClearWay Minnesota to establish a Chief Executive Officer Special Events Fund as a separate budget item in the annual budget presented to the board for approval.¹⁴ The policy stated, “The total amount of the budget line item shall be limited to 0.5 percent of the total budgeted salaries or \$10,000 (whichever is greater) for any budget year.”

The policy states that the purpose of the fund is for “special events relating to staff, Board Members, Committee Members and other stakeholders of ClearWay Minnesota.” The policy further provides examples of the types of allowable events, including, but not limited to, special recognition, appreciation or rewards, retirements and staff resignations, staff meetings and events, and other events approved by the chief executive officer.

In addition to the special events fund, the board’s policies and procedures allowed for payment of costs related to board and committee meetings, conferences and events, and special projects.

ClearWay Minnesota continued to have expenses similar to those noted in our 2007 report, including meals, lodging, and other costs. For example, ClearWay Minnesota paid costs associated with the following events:

- board/staff strategic planning meetings,
- employee recognition,
- luncheon to celebrate ClearWay Minnesota’s 15th anniversary, and

¹³ Office of the Legislative Auditor, Financial Audit Division Report 07-24, *ClearWay Minnesota*SM issued September 13, 2007.

¹⁴ Fiscal Policies, Procedures, and Guidelines Manual, ClearWay MinnesotaSM revised August 2011.

- events to prepare for and facilitate a “Day at the Capitol” for grantees to interact with legislators and their staff.

We reviewed documentation supporting these and other expenses and discussed the events with ClearWay Minnesota’s management. We concluded these expenses complied with board policies, limits, and budgets related to the Chief Executive Officer Special Events Fund and board expenses. In addition, the documentation for these expenses showed appropriate board and management approval and supported the costs incurred.

(2) ClearWay Minnesota did not execute some contract amendments in a timely way.

Our testing related to contract payments made during the period from July 2013 through March 2016 showed that ClearWay Minnesota executed all contract amendments in a timely way.

(3) ClearWay Minnesota did not always complete purchase orders in advance of purchases.

Our testing of purchases during the period from July 2013 through March 2016 showed that ClearWay Minnesota routinely completed purchase orders in advance of the purchase; however, we noted a few instances when ClearWay Minnesota completed purchase orders shortly after the purchase occurred. For each of these instances, we found other evidence of approval prior to the purchase. We concluded that ClearWay Minnesota resolved this prior audit finding.

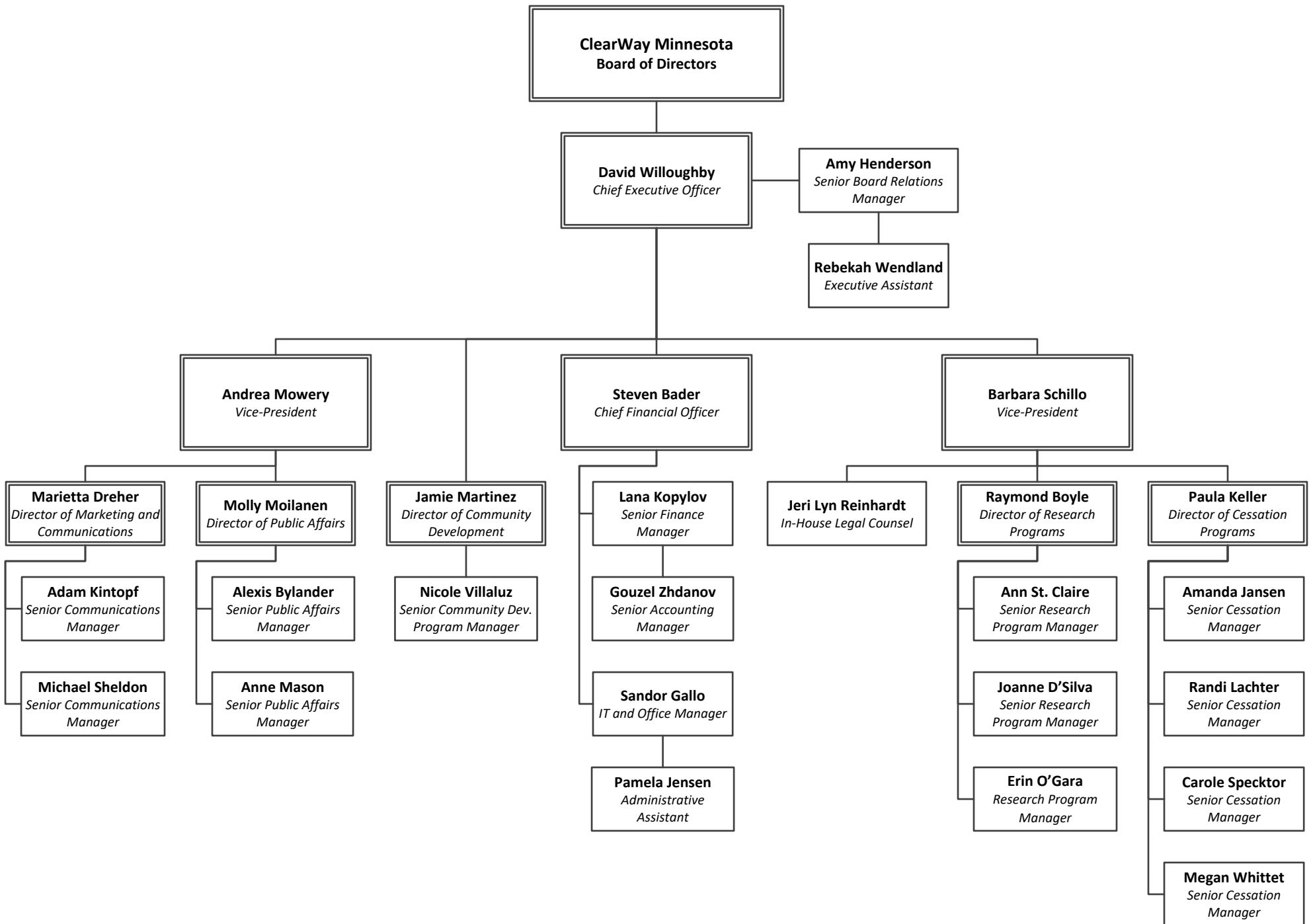
Conclusion

ClearWay Minnesota had adequate internal controls and complied with legal requirements applicable to its use of tobacco settlement money. ClearWay Minnesota also resolved the prior audit findings.



Appendix H

Organizational Chart as of June 30, 2016





Appendix I

Management Team Biosketches

ClearWay MinnesotaSM Senior Management Team Biosketches

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

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

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

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

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

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

Vice President Andrea Mowery

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

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

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

Vice President Barbara A. Schillo, Ph.D.

Vice President Dr. Barbara Schillo leads research and cessation initiatives, coordinates efforts to translate knowledge into initiatives that reduce tobacco use, and provides the organization

strategic and administrative leadership. Prior to becoming a Vice President, Dr. Schillo served as the organization's Director of Research Programs from 2001 to 2008. Dr. Schillo is active in sharing research and evaluation findings with others and has published on the topics of tobacco cessation including quitlines, tobacco control mass media campaigns, tobacco-related disparities in priority populations, and tobacco policy. As a community psychologist, Dr. Schillo has directed projects, published and lectured in areas of tobacco control, community health promotion and disease prevention, substance abuse, and health policy.

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

Chief Financial Officer Steven Bader

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

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

Dr. Boyle has enjoyed a 20-year career in tobacco control research. He completed his doctorate at the University of Oregon and has a Master of Public Health degree in epidemiology from the University of Minnesota. Dr. Boyle came to ClearWay Minnesota in 2009 from the University of Minnesota, Department of Family Medicine and Community Health. He has published over more than 90 peer-reviewed scientific articles.

Director of Marketing and Communications Marietta Dreher

Marietta Dreher oversees all communications and mass-media strategies for ClearWay Minnesota, including advertising, public relations, social media, event planning and general communications. She has been with ClearWay Minnesota for more than 12 years. She is currently a member of the Office on Smoking and Health Media Network's Stakeholder Committee and an advisor to the Centers of Disease Control and Prevention's Media Campaign Resource Center.

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

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

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

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

Keller has more than 25 years of experience in tobacco cessation, tobacco control policy and public health. She has extensive program management and policy analysis experience and has published on a variety of tobacco control topics. She also currently serves on the North American Quitline Consortium's Advisory Council and on the Society for Research on Nicotine and Tobacco's Public Health Policy Research Network Advisory Committee. Prior to joining ClearWay Minnesota in 2010, Keller was Senior Policy Advisor for the University of Wisconsin Center for Tobacco Research and Intervention.

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

Director of Community Development Jaime Martínez, M.Ed.

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

Martínez's education includes Bachelor of Science and Master of Education degrees. He has been a Kellogg Fellow in education with the Institute for Education Leadership at the University of Minnesota and a Fellow in the Advocacy Institute's Tobacco Control Leadership Fellows Program in Washington, D.C. He has more than 25 years of experience in alcohol and tobacco policy in Minnesota.

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

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

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

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

Minnesotans for a Smoke-Free Generation, a coalition of more than 50 health and nonprofit organizations committed to passing statewide policies to further reduce tobacco's harm in Minnesota.

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

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



Appendix J

ClearWay MinnesotaSM Financial Statements June 30, 2017

ClearWay MinnesotaSM

Financial Statements Together with Independent Auditor's Report



June 30, 2017

CLEARWAY MINNESOTASM

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CLEARWAY MINNESOTASM

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2017 AND 2016

ASSETS		
	<u>2017</u>	<u>2016</u>
Cash	\$ 16,419	\$ 19,158
Accounts Receivable	46,202	13,068
Prepaid Expenses	49,651	78,278
Investments	40,400,405	55,278,182
Equipment and Leasehold Improvements, Net	<u>49,248</u>	<u>42,558</u>
 TOTAL ASSETS	 <u>\$ 40,561,925</u>	 <u>\$ 55,431,244</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	\$ 412,061	\$ 823,023
Accrued Expenses	176,590	185,371
Grants Payable	<u>1,880,848</u>	<u>2,569,254</u>
Total Liabilities	<u>2,469,499</u>	<u>3,577,648</u>
 NET ASSETS:		
Unrestricted - Designated for Tobacco Research and Other Tobacco Control Purposes	<u>38,092,426</u>	<u>51,853,596</u>
Total Net Assets	<u>38,092,426</u>	<u>51,853,596</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 40,561,925</u>	 <u>\$ 55,431,244</u>

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

CLEARWAY MINNESOTASM

STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUE AND GAINS:		
Net Investment Income (Loss)	\$ 994,900	\$ (539,446)
Contributions and Grants	<u>116,327</u>	<u>119,354</u>
Total Revenue and Gains (Losses)	<u>1,111,227</u>	<u>(420,092)</u>
EXPENSES:		
Program Services:		
Tobacco Cessation	11,991,765	12,678,676
Research and Other Tobacco Issues	<u>1,569,726</u>	<u>1,636,269</u>
Total Program Services	<u>13,561,491</u>	<u>14,314,945</u>
Supporting Services:		
General and Administrative	<u>1,310,906</u>	<u>1,273,786</u>
Total Expenses	<u>14,872,397</u>	<u>15,588,731</u>
CHANGE IN NET ASSETS	(13,761,170)	(16,008,823)
NET ASSETS at Beginning of Year	<u>51,853,596</u>	<u>67,862,419</u>
NET ASSETS at End of Year	<u>\$ 38,092,426</u>	<u>\$ 51,853,596</u>

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

CLEARWAY MINNESOTASM

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2017 AND 2016

	2017				2016			
	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	\$ 1,466,629	\$ 462,535	\$ 875,144	\$ 2,804,308	\$ 1,390,621	\$ 461,302	\$ 827,653	\$ 2,679,576
Benefits	358,366	113,343	216,985	688,694	340,426	109,858	196,582	646,866
Payroll Taxes	112,199	35,385	66,950	214,534	106,831	35,439	63,583	205,853
Total Personnel Expenses	<u>1,937,194</u>	<u>611,263</u>	<u>1,159,079</u>	<u>3,707,536</u>	<u>1,837,878</u>	<u>606,599</u>	<u>1,087,818</u>	<u>3,532,295</u>
Consultants	30,012	6,250	8,978	45,240	35,327	8,981	15,408	59,716
Evaluation Fees	268,994	50,138		319,132	194,355	88,396		282,751
Professional Fees	102,898	23,324	36,298	162,520	105,136	27,132	59,037	191,305
Occupancy	68,961	20,971	42,157	132,089	69,985	21,443	43,266	134,694
Telephone	21,856	7,376	8,220	37,452	15,222	4,610	6,831	26,663
Equipment Rental and Repair	13,652	2,168	4,357	20,177	16,413	3,285	7,912	27,610
Printing	67,883	754	1,409	70,046	83,980	697		84,677
Postage	4,400	1,165	2,332	7,897	4,311	1,193	2,643	8,147
Office Supplies	7,322	2,337	9,699	19,358	15,227	4,312	9,093	28,632
Program Supplies	13,982	5,988	3,745	23,715	14,670	6,394	3,895	24,959
Conferences and Meetings	19,803	7,123	2,424	29,350	36,342	8,171	9,632	54,145
Travel	57,087	14,857	15,505	87,449	67,174	18,545	13,476	99,195
Insurance	8,874	2,699	5,425	16,998	9,541	2,757	6,084	18,382
Public Education/Relations	5,583,407	2,006	3,179	5,588,592	5,765,241	1,602	2,614	5,769,457
Program Grants and Contracts	3,772,055	807,402		4,579,457	4,398,342	829,399		5,227,741
Depreciation	10,360	3,150	6,333	19,843	6,586	1,903	4,199	12,688
Miscellaneous	<u>3,025</u>	<u>755</u>	<u>1,766</u>	<u>5,546</u>	<u>2,946</u>	<u>850</u>	<u>1,878</u>	<u>5,674</u>
Total Functional Expenses	<u>\$ 11,991,765</u>	<u>\$ 1,569,726</u>	<u>\$ 1,310,906</u>	<u>\$ 14,872,397</u>	<u>\$ 12,678,676</u>	<u>\$ 1,636,269</u>	<u>\$ 1,273,786</u>	<u>\$ 15,588,731</u>
Percent of Total Expense	<u>80.6%</u>	<u>10.6%</u>	<u>8.8%</u>	<u>100.0%</u>	<u>81.3%</u>	<u>10.5%</u>	<u>8.2%</u>	<u>100.0%</u>

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

CLEARWAY MINNESOTASM

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (13,761,170)	\$ (16,008,823)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Flows From Operating Activities:		
Depreciation	19,843	12,688
Realized and Unrealized (Gains) Losses on Investments, net	(489,998)	1,110,343
Change in Assets and Liabilities:		
Accounts Receivable	(33,134)	86,346
Prepaid Expenses	28,627	(28,188)
Accounts Payable	(410,962)	(278,110)
Accrued Expenses	(8,781)	5,598
Grants Payable	(688,406)	(454,266)
Net Cash Flows From Operating Activities	<u>(15,343,981)</u>	<u>(15,554,412)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	(26,533)	(25,033)
Purchase of Investments	(30,250,596)	(67,846,024)
Proceeds from Sale of Investments	45,618,371	83,426,142
Net Cash Flows From Investing Activities	<u>15,341,242</u>	<u>15,555,085</u>
NET CHANGE IN CASH	(2,739)	673
CASH at Beginning of Year	<u>19,158</u>	<u>18,485</u>
CASH at End of Year	<u>\$ 16,419</u>	<u>\$ 19,158</u>

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

CLEARWAY MINNESOTASM
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

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

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

Basis of Presentation

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

Accounting Estimates

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

Accounts Receivable

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

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment and Leasehold Improvements

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

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

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

Revenue Recognition

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

Investments

Investments in marketable securities are stated at fair value, which is determined by quoted market prices at June 30, 2017 and 2016. 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.

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

Functional Allocation of Expense

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

Program Grants and Contracts

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

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

CLEARWAY MINNESOTASM
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

ClearWay MinnesotaSM 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.

NOTE 2 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at June 30, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Leasehold Improvements	\$ 26,243	\$ 26,243
Furniture and Fixtures	72,586	72,586
Office Equipment	50,761	50,761
Computer Software and Equipment	<u>265,063</u>	<u>238,530</u>
	414,653	388,120
Less Accumulated Depreciation	<u>365,405</u>	<u>345,562</u>
Net Equipment and Leasehold Improvements	<u>\$ 49,248</u>	<u>\$ 42,558</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$19,843 and \$12,688, respectively.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS

Investments are stated at fair value at June 30, 2017 and 2016, and consisted of the following:

	<u>2017</u>	<u>2016</u>
Money Market and Short-term Investment Funds	\$ 12,397,834	\$ 8,772,595
Bonds and Pooled Bond Funds	18,980,334	32,541,473
Investments Measured at Net Asset Value	<u>9,022,237</u>	<u>13,964,114</u>
Total	<u>\$ 40,400,405</u>	<u>\$ 55,278,182</u>

Net investment income for the years ended June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Interest Income	\$ 519,166	\$ 635,082
Realized and Unrealized Gains (Losses) on Investments, net	489,998	(1,110,343)
Management Fees	<u>(14,264)</u>	<u>(64,185)</u>
Total	<u>\$ 994,900</u>	<u>\$ (539,446)</u>

The following tables, as of June 30, 2017 and 2016, 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
2017:				
Bonds and Pooled Bond Funds	\$ 18,980,334	\$ 18,980,334	\$ —	\$ —
Total Investments at Fair Value	18,980,334	<u>\$ 18,980,334</u>	<u>\$ —</u>	<u>\$ —</u>
Money Market and Short-Term Investment Funds	12,397,834			
Investments Measured at Net Asset Value	<u>9,022,237</u>			
Total Investments	<u>\$ 40,400,405</u>			
2016:				
Bonds and Pooled Bond Funds	\$ 32,541,473	\$ 32,541,473	\$ —	\$ —
Total Investments at Fair Value	32,541,473	<u>\$ 32,541,473</u>	<u>\$ —</u>	<u>\$ —</u>
Money Market and Short-Term Investment Funds	8,772,595			
Investments Measured at Net Asset Value	<u>13,964,114</u>			
Total Investments	<u>\$ 55,278,182</u>			

CLEARWAY MINNESOTASM
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Continued)

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

Investments measured at net asset value include alternative investment fund of funds and private equity fund of funds. The Organization uses the net asset value of these investment entities to determine the fair value of these investments which do not have a readily determinable fair value and either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company.

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

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

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2017 and 2016 are as follows:

	<u>2017</u> <u>Net Asset</u> <u>Value</u>	<u>2016</u> <u>Net Asset</u> <u>Value</u>	<u>Unfunded</u> <u>Commit-</u> <u>ments</u>	<u>Redemption</u> <u>Frequency</u> <u>(If Currently</u> <u>Eligible)</u>	<u>Redemption</u> <u>Notice</u> <u>Period</u>
Alternative investment fund of funds	\$ 52,107	\$ 3,324,427		Annual	90 days
Private equity fund of funds	<u>8,970,130</u>	<u>10,639,687</u>	\$ 2,063,000	N/A	N/A
Total Investments Measured at					
Net Asset Value	<u>\$ 9,022,237</u>	<u>\$ 13,964,114</u>			

The Organization has purchase commitments of \$2,063,000 to invest in private equity fund of funds portfolios. Commitments of \$330,000 are estimated to be called by June 30, 2018 to be offset by liquidations from the fund. The Organization does not anticipate the remaining purchase commitments will be called.

NOTE 4 - CONCENTRATIONS

Financial instruments which potentially subject ClearWay MinnesotaSM 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.

CLEARWAY MINNESOTASM

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - GRANTS PAYABLE

Grants payable at June 30, 2017 and 2016, are as follows:

	<u>2017</u>	<u>2016</u>
Payable in Less Than One Year	\$ 1,461,305	\$ 1,885,235
Payable in One to Five Years	<u>454,022</u>	<u>741,440</u>
Subtotal	1,915,327	2,626,675
Less: Discount to Present Value at 7.00%	<u>34,479</u>	<u>57,421</u>
Total Grants Payable	<u>\$ 1,880,848</u>	<u>\$ 2,569,254</u>

NOTE 6 - RETIREMENT PLAN

ClearWay MinnesotaSM participates in a 401(k) defined contribution retirement investment plan that covers all employees who meet eligibility requirements. For the years ended June 30, 2017 and 2016, the plan provided eligible employees with a 50% matching contribution up to 5% of the employee's compensation, a safe harbor contribution of 3% and a discretionary employer contribution of 7%. Contributions to the plan by ClearWay MinnesotaSM totaled \$404,215 and \$372,304 for the years ended June 30, 2017 and 2016, respectively.

NOTE 7 - COMMITMENTS

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

<u>Years Ending June 30:</u>	
2018	\$ 131,945
2019	129,991
2020	131,046
2021	128,749
2022	<u>23,617</u>
Total	<u>\$ 545,348</u>

Occupancy expense for the years ended June 30, 2017 and 2016, was \$132,089 and \$134,694, respectively.

NOTE 8 - SUBSEQUENT EVENTS

ClearWay MinnesotaSM evaluated its June 30, 2017 financial statements for subsequent events through October 26, 2017, the date the financial statements were approved by the Audit/Finance Committee of ClearWay MinnesotaSM. ClearWay MinnesotaSM is not aware of any subsequent events which would require recognition or disclosure in the financial statements.



Appendix K

Independent Auditors' Report to the Board of Directors and Audit/Finance Committee, August 23, 2016

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, 2017 and 2016 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, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Olsen Thielen & Co., Ltd.

Roseville, Minnesota
October 26, 2017



Appendix L

Audited Financial Statement Certification



AUDITED FINANCIAL STATEMENT CERTIFICATION


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

1. Each has reviewed the audited financial statements for the years ended June 30, 2017 and 2016 of ClearWay Minnesota;
2. Based on the knowledge of each of the undersigned, after due review and consideration, the financial statements, and other financial information included in the statements, fairly present in all material respects the financial condition, results of operations and cash flows of ClearWay Minnesota as of, and for, the period presented in these financial statements.
3. Based on the knowledge of each of the undersigned, there are appropriate procedures, processes and adequate systems of internal controls in place at ClearWay Minnesota to support the undersigned's representation in paragraph 2 above that the financial statements fairly represent the financial condition, results of operations and cash flows of ClearWay Minnesota, and to detect noncompliance with applicable laws and regulations and with the governing documents and policies of ClearWay Minnesota.

Dated: 10/24/2017

Signature: 
David J. Willoughby
Chief Executive Officer

Dated: 10/24/17

Signature: 
Steven L. Bader
Chief Financial Officer



Appendix M

IRS Form 990
June 30, 2016

EXTENDED TO MAY 15, 2018

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

- ▶ Do not enter social security numbers on this form as it may be made public.
▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016Open to Public
Inspection**A** For the 2016 calendar year, or tax year beginning **JUL 1, 2016** and ending **JUN 30, 2017****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 \$**46,253,864.****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) 15
	4	Number of independent voting members of the governing body (Part VI, line 1b) 15
	5	Total number of individuals employed in calendar year 2016 (Part V, line 2a) 29
	6	Total number of volunteers (estimate if necessary) 20
	7a	Total unrelated business revenue from Part VIII, column (C), line 12 41,993.
7b	Net unrelated business taxable income from Form 990-T, line 34 35,968.	
Revenue	8	Contributions and grants (Part VIII, line 1h) 119,354.
	9	Program service revenue (Part VIII, line 2g) 0.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d) 752,840.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 29,227.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) 901,421.
	Expenses	13
14		Benefits paid to or for members (Part IX, column (A), line 4) 0.
15		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 3,532,295.
16a		Professional fundraising fees (Part IX, column (A), line 11e) 0.
b		Total fundraising expenses (Part IX, column (D), line 25) 0.
17		Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) 6,892,880.
18		Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) 15,652,916.
19		Revenue less expenses. Subtract line 18 from line 12 -14,751,495.
Net Assets or Fund Balances		20
	21	Total liabilities (Part X, line 26) 3,577,648.
	22	Net assets or fund balances. Subtract line 21 from line 20 51,853,596.

Part II Signature Block

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

Sign Here	Signature of officer	Date			
	DAVID J. WILLOUGHBY, CHIEF EXEC OFFICER Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name LINDA M. NELSON, CPA	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN P00205567
	Firm's name ▶ OLSEN THIELEN & CO., LTD	Firm's EIN ▶ 41-1360831	Phone no. 651-483-4521		
	Firm's address ▶ 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 \$ 7,395,615. including grants of \$ 1,638,913.) (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 \$ 1,569,726. including grants of \$ 807,403.) (Revenue \$ 0.)**RESEARCH**

CLEARWAY MINNESOTA PROVIDES GRANTS TO ACADEMIC, PROFESSIONAL AND COMMUNITY-BASED ORGANIZATIONS AROUND THE STATE TO CONDUCT RESEARCH THAT ADVANCES SCIENTIFIC KNOWLEDGE OF EFFECTIVE TOBACCO CONTROL PROGRAMS AND POLICIES. DURING FISCAL YEAR 2017, CLEARWAY MINNESOTA AWARDED SIX RESEARCH GRANTS. FOUR OF THE FISCAL YEAR 2017 GRANTS WERE IN RESPONSE TO OUR REQUEST FOR PROPOSALS ON THE TOPIC OF REDUCING TOBACCO-RELATED HEALTH DISPARITIES. ONE FOCUSES ON IDENTIFYING THE BEST APPROACHES TO INCREASING THE USE OF PROVEN TOBACCO-DEPENDENCE TREATMENT METHODS AMONG ASIAN LANGUAGE-SPEAKING SMOKERS; ONE WILL DEVELOP A FAITH-BASED, COMMUNITY-INFORMED SMOKING CESSATION INTERVENTION IN THE SOMALI IMMIGRANT POPULATION IN MINNESOTA; AND ONE WILL EVALUATE THE

4c (Code:) (Expenses \$ 3,890,565. including grants of \$ 1,595,222.) (Revenue \$ 0.)**CESSATION**

CLEARWAY MINNESOTA PROVIDES EVIDENCE-BASED OR PROMISING PROGRAMS TO HELP MINNESOTANS QUIT TOBACCO USE. SINCE INCEPTION, QUITPLAN SERVICES HAS HELPED MORE THAN 160,000 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 \$ 705,585. including grants of \$ 537,919.) (Revenue \$ 0.)

4e Total program service expenses **13,561,491.**

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

Part IV Checklist of Required Schedules (continued)

	Yes	No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		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? <i>If "Yes," complete Schedule I, Parts I and II</i>	X	
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	X	
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
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?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>		X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

☒

		Yes	No
1a Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a 42		
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	
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 29		
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?	12a		
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state?	13a		
Note. See the instructions for additional information the organization must report on Schedule O.			
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b		
c Enter the amount of reserves on hand	13c		
14a Did the organization receive any payments for indoor tanning services during the tax year?	14a		X
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b		

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.Check if Schedule O contains a response or note to any line in this Part VI ☒**Section A. Governing Body and Management**

	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year 1a 15 If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
b Enter the number of voting members included in line 1a, above, who are independent 1b 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, CA, NY, VT, MD**

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

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

20 State the name, address, and telephone number of the person who possesses the organization's books and records: **►**
STEVE BADER, CFO - 952-767-1407
8011 34TH AVE S, STE 400, MINNEAPOLIS, MN 55425

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent 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) JOY RIKALA BOARD CHAIR (THRU SEPTEMBER 2016)	7.00	X		X				0.	0.	0.
(2) BOB BOERSCHER, BOARD CHAIR (BEG SEPT 2016), TREAS (THRU 9/2016)	7.00	X		X				0.	0.	0.
(3) DANIEL JOHNSON SECRETARY (THRU SEPTEMBER 2016)	2.00	X		X				0.	0.	0.
(4) ANNE VARS SECRETARY (BEGINNING SEPTEMBER 2016)	4.00	X		X				0.	0.	0.
(5) VIVIAN JENKINS NELSEN VICE CHAIR	5.00	X		X				0.	0.	0.
(6) LAURIE LAFONTAINE TREASURER (BEGINNING SEPTEMBER 2016)	5.00	X		X				0.	0.	0.
(7) GAIL AMUNDSON DIRECTOR (BEGINNING OCT 2016)	1.00	X						0.	0.	0.
(8) JOEL SWANSON DIRECTOR (THRU FEBRUARY 2017)	4.00	X						0.	0.	0.
(9) ELLEN DENZEN DIRECTOR	4.00	X						0.	0.	0.
(10) KELLY DRUMMER DIRECTOR	1.00	X						0.	0.	0.
(11) PAMELA LUX DIRECTOR	2.00	X						0.	0.	0.
(12) STEVEN MCWHIRTER DIRECTOR	4.00	X						0.	0.	0.
(13) HOWARD ORENSTEIN DIRECTOR	1.00	X						0.	0.	0.
(14) BRIAN OSBERG DIRECTOR	2.00	X						0.	0.	0.
(15) BRIAN SHORT DIRECTOR	1.00	X						0.	0.	0.
(16) JANET AVERY DIRECTOR	1.00	X						0.	0.	0.
(17) KAREN KRAEMER DIRECTOR	2.00	X						0.	0.	0.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) NEVADA LITTLEWOLF DIRECTOR	1.00	X						0.	0.	0.
(19) HUGH NIERENGARTEN DIRECTOR (THRU APRIL 2017)	2.00	X						0.	0.	0.
(20) TOM WEAVER DIRECTOR (THRU SEPTEMBER 2016)	4.00	X						0.	0.	0.
(21) DAVID J. WILLOUGHBY CHIEF EXECUTIVE OFFICER	40.00			X				167,409.	0.	48,936.
(22) STEVEN BADER CHIEF FINANCIAL OFFICER	40.00			X				133,534.	0.	35,951.
(23) BARBARA SCHILLO VICE PRESIDENT	40.00					X		144,608.	0.	42,375.
(24) ANDREA MOWERY VICE PRESIDENT	40.00					X		146,727.	0.	35,573.
(25) JAIME MARTINEZ DIRECTOR OF COMMUNITY DEVELOPMENT	40.00					X		127,391.	0.	31,148.
(26) RAYMOND BOYLE DIRECTOR OF RESEARCH PROGRAMS	40.00					X		120,888.	0.	31,694.
1b Sub-total								840,557.	0.	225,677.
c Total from continuation sheets to Part VII, Section A								113,496.	0.	34,388.
d Total (add lines 1b and 1c)								954,053.	0.	260,065.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **7**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
CLARITY COVERDALE FURY, INC., 120 SOUTH SIXTH ST, STE 1300, MINNEAPOLIS, MN 55402	MEDIA BUY AND ADVERTISING SERVICES	4,706,843.
PROFESSIONAL DATA ANALYSTS, INC., 219 MAIN STREET SE, STE 302, MINNEAPOLIS, MN 55414	QUITPLAN AND MEDIA EVALUATION	207,985.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **2**

SEE PART VII, SECTION A CONTINUATION SHEETS

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

[illegible]

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	116,327.				
	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			116,327.			
Program Service Revenue			Business Code				
	2 a						
	b						
	c						
	d						
	e						
	f All other program service revenue						
g Total. Add lines 2a-2f							
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			477,173.			477,173.
	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)			2,923,424.			2,923,424.
	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	41,993.		41,993.		
b							
c							
d All other revenue							
e Total. Add lines 11a-11d			41,993.				
12 Total revenue. See instructions.			3,558,917.	0.	41,993.	3,400,597.	

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	4,439,804.	4,439,804.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22	139,653.	139,653.		
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	409,465.	281,410.	128,055.	
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	2,486,013.	1,710,199.	775,814.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	356,471.	244,159.	112,312.	
9 Other employee benefits	241,053.	165,105.	75,948.	
10 Payroll taxes	214,534.	147,584.	66,950.	
11 Fees for services (non-employees):				
a Management				
b Legal	32,089.	24,922.	7,167.	
c Accounting	22,750.	17,669.	5,081.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	14,264.		14,264.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	107,681.	83,631.	24,050.	
12 Advertising and promotion				
13 Office expenses	178,645.	148,883.	29,762.	
14 Information technology				
15 Royalties				
16 Occupancy	132,089.	89,932.	42,157.	
17 Travel	87,449.	71,944.	15,505.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	29,350.	26,926.	2,424.	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	19,843.	13,510.	6,333.	
23 Insurance	16,998.	11,573.	5,425.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a PUBLIC EDUCATION/RELATI	5,588,592.	5,585,413.	3,179.	
b EVALUATION FEES	319,132.	319,132.		
c CONSULTANTS	45,240.	36,262.	8,978.	
d OTHER EXPENSES	5,546.	3,780.	1,766.	
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	14,886,661.	13,561,491.	1,325,170.	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	19,158.	1	16,419.
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net	10,793.	3	45,358.
	4 Accounts receivable, net	2,275.	4	844.
	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	78,278.	9	49,651.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 414,653.		
	b Less: accumulated depreciation	10b 365,405.		
	11 Investments - publicly traded securities	42,558.	10c	49,248.
	12 Investments - other securities. See Part IV, line 11	41,314,068.	11	31,378,168.
	13 Investments - program-related. See Part IV, line 11	13,964,114.	12	9,022,237.
	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)	55,431,244.	15		
Liabilities	17 Accounts payable and accrued expenses	55,431,244.	16	40,561,925.
	18 Grants payable	1,008,394.	17	588,651.
	19 Deferred revenue	2,569,254.	18	1,880,848.
	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.	3,577,648.	26	2,469,499.
	27 Unrestricted net assets			
	28 Temporarily restricted net assets	51,853,596.	27	38,092,426.
	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.		29	
	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	51,853,596.	33	38,092,426.
	34 Total liabilities and net assets/fund balances	55,431,244.	34	40,561,925.

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	3,558,917.
2	Total expenses (must equal Part IX, column (A), line 25)	2	14,886,661.
3	Revenue less expenses. Subtract line 2 from line 1	3	-11,327,744.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	51,853,596.
5	Net unrealized gains (losses) on investments	5	-2,433,426.
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	38,092,426.

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	2a	X
b Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2b	X
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	2c	X
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? _____	3a	X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits _____	3b	

Form 990 (2016)

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

**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	41-1921094	6	X		0.	0.
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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2016 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2015 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2016. 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 - 2015. 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 - 2016. 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 - 2015. 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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

15 Public support percentage for 2016 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2015 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2016 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2015 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2016. 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 - 2015. 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? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>	X	
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		X
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		X
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>		X
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		X
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (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? <i>If "Yes," provide detail in Part VI.</i>	X	
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		X
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		X
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		X
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		X
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		X
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i>		X
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		X
b A family member of a person described in (a) above?		X
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI .		X

Section B. Type I Supporting Organizations

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

Section C. Type II Supporting Organizations

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

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

Section E. Type III Functionally Integrated Supporting Organizations

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

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

- 1** ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (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 2016 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-2016	(iii) Distributable Amount for 2016
1 Distributable amount for 2016 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2016 (reasonable cause required- explain in Part VI). See instructions			
3 Excess distributions carryover, if any, to 2016:			
a			
b			
c From 2013			
d From 2014			
e From 2015			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2016 distributable amount			
i Carryover from 2011 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2016 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2016 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2016, 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 2016. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions			
7 Excess distributions carryover to 2017. Add lines 3j and 4c			
8 Breakdown of line 7:			
a			
b Excess from 2013			
c Excess from 2014			
d Excess from 2015			
e Excess from 2016			

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

PART I, LINE 12g:

COLUMNS (i) & (ii) - STATE OF MINNESOTA THROUGH THE SECOND JUDICIAL DISTRICT COURT. CLEARWAY MINNESOTA (SM) WAS CREATED BY (AND REMAINS SUBJECT TO THE AUTHORITY OF) THE STATE OF MINNESOTA'S JUDICIAL BRANCH, HAVING BEEN FORMED BY ORDER OF THE STATE'S SECOND JUDICIAL DISTRICT COURT TO RECEIVE AND ADMINISTER FUNDS WON BY THE STATE OF MINNESOTA IN THE STATE'S SUCCESSFUL LAWSUIT AGAINST A CONGLOMERATE OF TOBACCO COMPANIES FOR REMEDIES AND RELIEF FROM INJURIES TO THE HEALTH AND WELFARE OF THE PEOPLE OF THE STATE. FROM INCEPTION THE ORGANIZATION'S GOVERNANCE STRUCTURE HAS BEEN UNDER CONTROL OF THAT COURT, AND THE ORGANIZATION'S BOARD IS COMPRISED IN PART OF APPOINTEES WHO SERVE AT THE PLEASURE OF THE STATE'S LEGISLATURE AND EXECUTIVE BRANCHES. EIN IS N/A.

COLUMN (iv) - AS EXPLAINED IN CLEARWAY MINNESOTA (SM)'S EXEMPTION APPLICATION, THERE IS NO SPECIFIC NAMING OF A "SUPPORTED" ORGANIZATION IN THE ARTICLES OF INCORPORATION, BUT THE ARTICLES WERE PART OF THE COURT'S ORDER WHICH ITSELF BOTH CREATES THE ORGANIZATION WITH PURPOSES AND GOVERNANCE STRUCTURE FURTHERING THE STATE'S NEEDS AS MANDATED BY THE COURT ORDER.

COLUMN (v) - 100% OF THE ORGANIZATION'S PROGRAM SERVICE EXPENDITURES (\$13,661,491) 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 (\$1,325,170), 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.
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and
its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☒ 501(c)(3) (enter number) organization☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation☐ 501(c)(3) taxable private foundationCheck if your organization is covered by the **General Rule** or a **Special Rule**.**Note:** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.**General Rule**

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- ☐ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ _____

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2016)

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

Part I Contributors (See instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	MINNESOTA DEPARTMENT OF HEALTH P.O. BOX 64975 ST. PAUL, MN 55164	\$ 116,327.	Person <input checked="checked" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Employer identification number

41-1921094

Part II

[illegible]

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

Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) ▶ \$

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

- ▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.**

OMB No. 1545-0047

2016

**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) 2016

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)		57,215.													
b Total lobbying expenditures to influence a legislative body (direct lobbying)		65,586.													
c Total lobbying expenditures (add lines 1a and 1b)		122,801.													
d Other exempt purpose expenditures		14,749,596.													
e Total exempt purpose expenditures (add lines 1c and 1d)		14,872,397.													
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.		893,620.													
<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)		223,405.													
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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) Total
2a Lobbying nontaxable amount	997,940.	907,438.	929,437.	893,620.	3,728,435.
b Lobbying ceiling amount (150% of line 2a, column(e))					5,592,653.
c Total lobbying expenditures	149,099.	119,532.	111,591.	122,801.	503,023.
d Grassroots nontaxable amount	249,485.	226,860.	232,359.	223,405.	932,109.
e Grassroots ceiling amount (150% of line 2d, column (e))					1,398,164.
f Grassroots lobbying expenditures	90,396.	60,982.	54,566.	57,215.	263,159.

Schedule C (Form 990 or 990-EZ) 2016

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 2017, CLEARWAY MINNESOTA HAD A DIRECT LOBBYING CONTRACT WITH LOCKRIDGE GRINDAL NAUEN P.L.L.P. THIS YEAR'S DIRECT LOBBYING WORK FOCUSED ON DEFENDING THE TOBACCO TAX INCREASES PASSED IN 2013, SECURING SUSTAINED FUNDING FOR A CESSATION QUITLINE, INTRODUCING A BILL TO RAISE THE TOBACCO SALE AGE TO 21 AND LAYING THE GROUNDWORK FOR FUTURE EFFORTS TO RESTRICT YOUTH ACCESS TO CANDY-, FRUIT- AND MENTHOL-FLAVORED TOBACCO PRODUCTS. WE ALSO CONTINUED TO SUPPORT NEW REGULATIONS TO INCREASE ACCESS TO COMPREHENSIVE TOBACCO TREATMENT SERVICES. OTHER LOBBYING ACTIVITIES INCLUDED GRASSROOTS, COMMUNICATIONS AND PUBLIC RELATIONS EFFORTS. THIS YEAR, CLEARWAY MINNESOTA AWARDED EIGHT POLICY GRANTS TO NONPROFIT ORGANIZATIONS AND LOCAL UNITS OF GOVERNMENT TO REDUCE THE HARM TOBACCO CAUSES MINNESOTA THROUGH COALITION BUILDING, POLICY ADVOCACY AND PUBLIC EDUCATION. UP TO 3 PERCENT OF THEIR GRANT AWARDS CAN BE USED FOR LOBBYING ACTIVITIES. IN ADDITION, THE POLICY CHAMPIONS PROJECT ENGAGES INDIVIDUALS FROM PRIORITY POPULATIONS TO HELP ADVANCE CLEARWAY MINNESOTA'S POLICY AGENDA, AND A SMALL PORTION OF THESE CONTRACTS SUPPORT DIRECT AND GRASSROOTS LOBBYING ACTIVITIES. FINALLY, CLEARWAY MINNESOTA ALSO AWARDED GRANTS TO AMERICAN INDIAN TRIBES TO SUPPORT THE DEVELOPMENT OF RESERVATION INITIATIVES TO PROMOTE HEALTH AND ADVANCE SMOKE-FREE POLICIES ON TRIBAL LANDS IN MINNESOTA. A SMALL PORTION OF THESE GRANTS (UP TO \$2,000 PER GRANT) IS USED FOR LOBBYING TO ADVANCE SMOKE-FREE POLICIES ON TRIBAL LANDS.

SCHEDULE D
(Form 990)Department of the Treasury
Internal Revenue Service**Supplemental Financial Statements**▶ **Complete if the organization answered "Yes" on Form 990,
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**
▶ **Attach to Form 990.**▶ **Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No. 1545-0047

2016**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 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1

(ii) Assets included in Form 990, Part X

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenue included on Form 990, Part VIII, line 1

b Assets included in Form 990, Part X

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a ☐ Public exhibition d ☐ Loan or exchange programs
 b ☐ Scholarly research e ☐ Other _____
 c ☐ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII ☐

Part V Endowment Funds. Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment ☐ %
 b Permanent endowment ☐ %
 c Temporarily restricted endowment ☐ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations ☐
 (ii) related organizations ☐

	Yes	No
3a(i)	<input type="checkbox"/>	<input type="checkbox"/>
3a(ii)	<input type="checkbox"/>	<input type="checkbox"/>
3b	<input type="checkbox"/>	<input type="checkbox"/>

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.	25,792.	451.
d Equipment		388,410.	339,613.	48,797.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				49,248.

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) ALTERNATIVE INVESTMENT		
(B) FUND OF FUNDS	52,107.	END-OF-YEAR MARKET VALUE
(C) PRIVATE EQUITY FUND OF		
(D) FUNDS	8,970,130.	END-OF-YEAR MARKET VALUE
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ►	9,022,237.	

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ►		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ►	

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value	
(1) Federal income taxes		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ►		

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☒

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

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

1	Total revenue, gains, and other support per audited financial statements	1	1,111,227.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains (losses) on investments	2a	-2,433,426.
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	-2,433,426.
3	Subtract line 2e from line 1	3	3,544,653.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	14,264.
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	14,264.
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)	5	3,558,917.

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	14,872,397.
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	14,872,397.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	14,264.
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	14,264.
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)	5	14,886,661.

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART X, LINE 2:**FIN 48 (ASC 740) DISCLOSURE FROM AUDITED FINANCIAL STATEMENTS:**

CLEARWAY MINNESOTA IS EXEMPT FROM FEDERAL INCOME TAXES UNDER THE PROVISIONS OF SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. THE ORGANIZATION IS ALSO EXEMPT FROM MINNESOTA INCOME TAXES.

THE ORGANIZATION FOLLOWS THE CURRENT ACCOUNTING GUIDANCE RELATED TO UNCERTAINTY IN INCOME TAXES. THIS GUIDANCE CLARIFIES THE RECOGNITION THRESHOLD AND MEASUREMENT REQUIREMENTS FOR INCOME TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN IN INCOME TAX RETURNS. THIS INCLUDES POSITIONS THAT THE ENTITY IS EXEMPT FROM INCOME TAXES OR NOT SUBJECT TO ADDITIONAL INCOME TAX LIABILITY ON UNRELATED BUSINESS INCOME. UNDER THE STANDARDS, THE

Part XIII Supplemental Information *(continued)*

ORGANIZATION RECOGNIZES TAX BENEFITS FROM UNCERTAIN TAX POSITIONS ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITIONS WILL BE SUSTAINED ON EXAMINATION BY TAXING AUTHORITIES. THE ORGANIZATION HAS IDENTIFIED NO SIGNIFICANT INCOME TAX UNCERTAINTIES. THE ORGANIZATION FILES INFORMATION RETURNS AS A TAX-EXEMPT ORGANIZATION. SHOULD THAT STATUS BE CHALLENGED IN THE FUTURE, ALL YEARS SINCE INCEPTION COULD BE SUBJECT TO REVIEW BY THE IRS.

THE ORGANIZATION'S FEDERAL AND STATE INFORMATION RETURNS ARE OPEN TO EXAMINATION FOR TAX YEARS 2014 THROUGH 2016.

**SCHEDULE F
(Form 990)**Department of the Treasury
Internal Revenue Service**Statement of Activities Outside the United States**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 14b, 15, or 16.

▶ Attach to Form 990.

▶ Information about Schedule F (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016**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		824,224.
3 a Sub-total	0	0			824,224.
b Total from continuation sheets to Part I	0	0			0.
c Totals (add lines 3a and 3b)	0	0			824,224.

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

Schedule F (Form 990) 2016

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of noncash assistance	(h) Description of noncash assistance	(i) Method of valuation (book, FMV, appraisal, other)

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter ▲

3 Enter total number of other organizations or entities ▲

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; do not file with Form 990)* ☐ Yes ☒ No
- 3** Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations (see Instructions for Form 5471)* ☐ Yes ☒ No
- 4** Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund (see Instructions for Form 8621)* ☐ Yes ☒ No
- 5** Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships (see Instructions for Form 8865)* ☐ Yes ☒ No
- 6** Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to separately file Form 5713, International Boycott Report (see Instructions for Form 5713; do not file with Form 990)* ☐ Yes ☒ No

**SCHEDULE I
(Form 990)**

Department of the Treasury
Internal Revenue Service

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**
Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.

► Attach to Form 990.

► Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Open to Public
Inspection

Name of the organization

CLEARWAY MINNESOTA (SM)

Part I General Information on Grants and Assistance

Employer identification number
41-1921094

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" 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 noncash assistance	(h) Purpose of grant or assistance
ALERE WELLBEING, INC. 999 THIRD AVENUE, SUITE 2100 SEATTLE, WA 98104	20-0231080	FOR PROFIT CORP	7,163.	0.			PROCESSING FEE FOR REFERRALS TO QUITPLAN SERVICES
ALERE WELLBEING, INC. 999 THIRD AVENUE, SUITE 2100 SEATTLE, WA 98104	20-0231080	FOR PROFIT CORP	1,088,631.	0.			QUITPLAN HELPLINE RESEARCH STUDY TO UNDERSTAND AND EVALUATE THE IMPACT OF TRADITIONAL TOBACCO MESSAGING ON FACILITATE AMERICAN INDIAN MESSAGE TESTING FOR CESSATION SERVICES AND COMMUNICATIONS
AMERICAN INDIAN CANCER FOUNDATION 615 FIRST AVENUE NE, SUITE 125 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	250,000.	0.			CONVERSATIONS TO ADVANCE SMOKE-FREE CASINOS IV
AMERICAN INDIAN CANCER FOUNDATION 615 FIRST AVENUE NE, SUITE 125 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	36,441.	0.			FY'17 LOCAL POLICY GRANT
AMERICAN INDIAN CANCER FOUNDATION 615 FIRST AVENUE NE, SUITE 125 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	15,000.	0.			
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 490 CONCORDIA AVENUE - ST. PAUL, MN 55103	20-4392201	501C(3)	174,999.	0.			

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

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

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

SEE PART IV FOR COLUMN (H) DESCRIPTIONS

Schedule I (Form 990) (2016)

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 490 CONCORDIA AVENUE - ST. PAUL, MN 55103	20-4392201	501C(3)	185,865.	0.			FY'17 LOCAL POLICY GRANT
AMHERST H.WILDER FOUNDATION 451 LEXINGTON PARKWAY NORTH ST. PAUL, MN 55104	41-0693889	501C(3)	18,571.	0.			FORMATIVE RESEARCH FOR SURVEY DEVELOPMENT - COGNITIVE INTERVIEWS ON SHS SURVEY ITEMS
APPLE TREE DENTAL 8960 SPRINGBROOK DRIVE NW STE 150 MINNEAPOLIS, MN 55433	36-3411437	501C(3)	19,999.	0.			HEALTH SYSTEMS CHANGE DISSEMINATION GRANT
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE. W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	59,993.	0.			LAAMPP ALUMNI POLICY CHAMPIONS COORDINATION
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE. W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	49,993.	0.			TOBACCO INDUSTRY TRACKING
ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE. W, SUITE 310 - ST. PAUL, MN 55114	41-1410442	501C(3)	319,999.	0.			FY'17 LOCAL POLICY GRANT
BOSMA CONSULTING, LLC 1616 CLEMSON DRIVE, SUITE B EAGAN, MN 55122	43-2069648	FOR PROFIT LLC	9,000.	0.			LEECH LAKE TRIBAL COLLEGE DISSEMINATION
CENTER FOR ENERGY AND ENVIRONMENT 212 3RD AVENUE NORTH STE 560 MINNEAPOLIS, MN 55401	41-1647799	501C(3)	9,546.	0.			DISSEMINATION AWARD FOR THE WORK DONE ON SMOKE-FREE VEHICLES (SHS FORMATIVE RESEARCH)
CENTER FOR ENERGY AND ENVIRONMENT 212 3RD AVENUE NORTH STE 560 MINNEAPOLIS, MN 55401	41-1647799	501C(3)	12,084.	0.			CONDUCT REAL-TIME MONITORING OF INDOOR FINE PARTICULATE MATTER (PM2.5) CONCENTRATIONS

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
CENTRACARE HEALTH FOUNDATION 1406 6TH AVENUE NORTH ST. CLOUD, MN 56303	41-1855173	501C(3)	175,000.	0.			FY'17 LOCAL POLICY GRANT - CENTRAL MN
CLAY COUNTY PUBLIC HEALTH 715 11TH ST. NORTH, STE 303 MOORHEAD, MN 56560	41-6005775	2 W CENTRAL COUNTIES	149,987.	0.			FY'17 LOCAL POLICY GRANT - WESTERN MN
DAKOTA WICOHAN 230 WEST 2ND ST MORTON, MN 56270	42-1552956	501C(3)	19,201.	0.			FY'17 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
ESSENTIA HEALTH 502 EAST SECOND STREET DULUTH, MN 55805	20-0360007	501C(3)	19,718.	0.			HEALTH SYSTEMS CHANGE DISSEMINATION GRANT
FOND DU LAC BAND OF LAKE SUPERIOR CHIPPEWA - 927 TRETTEL LANE - CLOQUET, MN 55720	41-0965719	TRIBAL NATION	230,000.	0.			TRIBAL TOBACCO EDUCATION AND POLICY PROJECT FOR FOND DU LAC BAND OF LAKE SUPERIOR CHIPPEWA
GOODHUE COUNTY HEALTH AND HUMAN SERVICES - 426 WEST AVENUE, ROOM 104 - RED WING, MN 55066	41-6005797	GOODHUE COUNTY	180,000.	0.			FY'17 LOCAL POLICY GRANT-SOUTH EAST MN
HIMLE RAPP & COMPANY, INC. 333 SOUTH SEVENTH STREET, STE 2400 MINNEAPOLIS, MN 55402	41-1426445	FOR PROFIT CORP	129,413.	0.			PUBLIC AFFAIRS
HIMLE RAPP & COMPANY, INC. 333 SOUTH SEVENTH STREET, STE 2400 MINNEAPOLIS, MN 55402	41-1426445	FOR PROFIT CORP	122,533.	0.			PUBLIC AFFAIRS
INSTITUTE FOR CLINICAL SYSTEMS IMPROVEMENT - 8009 34TH AVENUE SOUTH, SUITE 1200 - BLOOMINGTON, MN 55425	41-1782168	501C(3)	186,340.	0.			HEALTH SYSTEMS CHANGE CAPACITY BUILDING PROJECT TO ASSESS AND ADDRESS TOBACCO USE

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
LOCKRIDGE GRINDAL NAUEN P.L.L.P. 100 WASHINGTON AVENUE S, SUITE 2200 MINNEAPOLIS, MN 55401	41-1340615	FOR PROFIT PARTNERSH	130,000.	0.			STATEWIDE LOBBYING
MINNEAPOLIS MEDICAL RESEARCH FOUNDATION - 701 PARK AVENUE, PP7.700 - MINNEAPOLIS, MN 55415	41-1677920	501C(3)	40,000.	0.			OPTIMIZING CARE FOR THE SMOKER WHO DESIRES TO QUIT IN AMBULATORY CARE PRACTICE
MINNESOTA HEAD START ASSOCIATION, INC. - 904 VALLEY DRIVE - DULUTH, MN 55804	36-3579547	501C(3)	14,659.	0.			DEVELOP TOBACCO HEALTH LITERACY TOOL AND CREATE LINKAGES TO EXISTING CESSATION SERVICES
MS STRATEGIES, LLC 1113 EAST FRANKLIN AVENUE, #202B MINNEAPOLIS, MN 55404	47-4197971	FOR PROFIT CORP	57,525.	0.			CONSULTATION ON CESSATION POLICY STRATEGIC PLAN IMPLEMENTATION
NORTH AMERICAN RESEARCH & ANALYSIS, INC. - 1016 11TH AVENUE - FARIBAULT, MN 55021	26-3210860	FOR PROFIT CORP	24,828.	0.			SUPPORT QUITPLAN SERVICES TRANSITION IMPLEMENTATION
NORTHPOINT HEALTH & WELLNESS CENTER, INC. - 1315 PENN AVENUE NORTH - MINNEAPOLIS, MN 55411	20-0898277	501C(3)	100,000.	0.			FY'17 LOCAL POLICY GRANT TO WORK IN CITY OF MINNEAPOLIS
PORTICO HEALTHNET 1600 UNIVERSITY AVENUE WEST, STE 21 ST. PAUL, MN 55104	41-1814659	501C(3)	15,547.	0.			FY'17 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO RESEARCH TO EXAMINE
PUBLIC HEALTH LAW CENTER, INC. 875 SUMMIT AVENUE ST. PAUL, MN 55105	41-1896367	501C(3)	125,000.	0.			TOBACCO CONTROL POLICIES IN HOMELESS SHELTERS AND RELATED HOUSING IN MN AND SMOKER INTERVIEW
RAINBOW RESEARCH, INC. 621 W LAKE STREET, STE 300 MINNEAPOLIS, MN 55408	41-1326460	501C(3)	18,680.	0.			STUDY-AFRICAN AMERICAN AND LGBTQ SMOKERS IN MINNESOTA

Schedule I (Form 990)

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
REGENTS OF THE UNIVERSITY OF WISCONSIN - 750 UNIVERSITY AVENUE, 4TH FLOOR - MADISON, WI 53706	39-6006492	WI LAND/GRANT ENTITY	19,274.	0.			TECHNICAL ASSISTANCE TO RESEARCH GRANTEE, ASSIST WITH THE DISSEMINATION OF RESEARCH FINDINGS AND
REGENTS OF THE UNIVERSITY OF WISCONSIN - 750 UNIVERSITY AVENUE, 4TH FLOOR - MADISON, WI 53706	39-6006492	WI LAND/GRANT ENTITY	124,989.	0.			TA TO RESEARCH GRANTEE, ASSIST WITH THE DISSEMINATION OF RESEARCH FINDINGS AND PROVIDE
REGENTS OF THE U OF M OFFICE OF SPA, 200 OAK ST, SUITE 45 MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRANT ENTITY	125,000.	0.			RESEARCH PILOT STUDY FOR A FAITH-BASED TEXT CESSATION INTERVENTION IN MN'S SOMALI COMMUNITIES.
REGENTS OF THE U OF M OFFICE OF SPA, 200 OAK ST, SUITE 45 MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRANT ENTITY	9,014.	0.			DISSEMINATION OF WORK DONE UNDER AWARD RC 2014-0015 (IMPACT OF SMOKE-FREE POLICY
REGENTS OF THE U OF M OFFICE OF SPA, 200 OAK ST, SUITE 45 MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRANT ENTITY	125,000.	0.			RESEARCH STUDY TO COLLECT FEASIBILITY AND PILOT DATA FOR AN RCT COMPARING PROACTIVE TELEPHONE
SOUTHWEST HEALTH AND HUMAN SERVICES - 607 WEST MAIN STREET, SUITE 100 - MARSHALL, MN 56258	27-3107061	5 SOUTHWEST COUNTIES	99,827.	0.			FY'17 LOCAL POLICY GRANT-SOUTHWEST MN
SUB-SAHARAN AFRICAN YOUTH & FAMILY SERVICES - 1885 UNIVERSITY AVENUE WEST, STE 297 - ST. PAUL, MN 55104	01-0771671	501C(3)	28,492.	0.			FY'17 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
VIETNAMESE SOCIAL SERVICES OF MINNESOTA - 277 UNIVERSITY AVENUE WEST - ST. PAUL, MN 55103	36-3532232	501C(3)	37,500.	0.			FY'17 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO
WESTAT, INC. 1650 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	21,451.	0.			ANALYSIS OF MATS 2014 DATA.

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
WHITE EARTH RESERVATION TRIBAL COUNCIL - 43408 OODENA DRIVE - ONAMIA, MN 56359	41-1737979	TRIBAL NATION	224,904.	0.			TRIBAL TOBACCO EDUCATION AND POLICY - MILLE LACS BAND OF OJIBWE GEGO ZAASWAAKEN (DON'T SMOKE)
GRANT CANCELLATIONS			-530,507.	0.			GRANT CANCELLATIONS
GRANTS \$5,000 AND UNDER			20,392.	0.			GRANTS \$5,000 AND UNDER
GRANT-RELATED EXPENSES			131,772.	0.			GRANT-RELATED EXPENSES
CHANGE IN GRANT NET PRESENT VALUE			22,941.	0.			CHANGE IN GRANT NET PRESENT VALUE
HEALTH PLAN REIMBURSEMENTS			-15,960.	0.			HEALTH PLAN REIMBURSEMENTS

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
CONSULTING AND TECHNICAL ASSISTANCE FOR AMERICAN INDIAN TOBACCO POLICY PROGRAM INITIATIVE	1	63,375.	0.	N/A	N/A
THE LAAMPP ALUMNI POLICY CHAMPIONS PROJECT	14	48,278.	0.	N/A	N/A
DELIVERABLES FOR TRIBAL SUPPORT CENTERS/TRIBAL TOBACCO EDUCATION GATHERING	1	16,500.	0.	N/A	N/A
MINNESOTA FUNDER DIALOGUE ASSESSMENT DELIVERABLES	1	5,500.	0.	N/A	N/A
FACILITATION FOR THE GATHERING OF NATIVE AMERICANS	1	6,000.	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 PROCESSES 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 GRANT FUNDS;
- TO VERIFY COMPLIANCE WITH LEGAL AND GRANT-MAKING REQUIREMENTS;
- TO ENSURE TIMELY PROGRESS IN MEETING PROJECT GOALS;
- TO IDENTIFY ISSUES AND WORK WITH THE GRANTEE TO ADDRESS THEM; AND
- TO IDENTIFY OPPORTUNITIES FOR DISSEMINATION AND SUPPORT FOR FINDINGS/RESULTS.

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

THROUGHOUT THE PROJECT PERIOD, GRANTEES 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: AMERICAN INDIAN CANCER FOUNDATION

(H) PURPOSE OF GRANT OR ASSISTANCE: RESEARCH STUDY TO UNDERSTAND AND EVALUATE THE IMPACT OF TRADITIONAL TOBACCO MESSAGING ON AMERICAN INDIAN SMOKING INITIATION AND CESSATION.

NAME OF ORGANIZATION OR GOVERNMENT: AMERICAN INDIAN CANCER FOUNDATION

(H) PURPOSE OF GRANT OR ASSISTANCE: FACILITATE AMERICAN INDIAN MESSAGE TESTING FOR CESSATION SERVICES AND COMMUNICATIONS CAMPAIGNS.

NAME OF ORGANIZATION OR GOVERNMENT: CENTER FOR ENERGY AND ENVIRONMENT

(H) PURPOSE OF GRANT OR ASSISTANCE: CONDUCT REAL-TIME MONITORING OF INDOOR FINE PARTICULATE MATTER (PM_{2.5}) CONCENTRATIONS FOR MILLE LACS GRAND CASINO

NAME OF ORGANIZATION OR GOVERNMENT: DAKOTA WICOHAN

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'17 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION SERVICES

NAME OF ORGANIZATION OR GOVERNMENT: PORTICO HEALTHNET

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'17 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION SERVICES

NAME OF ORGANIZATION OR GOVERNMENT: PUBLIC HEALTH LAW CENTER, INC.

(H) PURPOSE OF GRANT OR ASSISTANCE: RESEARCH TO EXAMINE TOBACCO CONTROL POLICIES IN HOMELESS SHELTERS AND RELATED HOUSING IN MN AND FIVE OTHER STATES.

Part IV Supplemental Information

NAME OF ORGANIZATION OR GOVERNMENT:

REGENTS OF THE UNIVERSITY OF WISCONSIN

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

NAME OF ORGANIZATION OR GOVERNMENT:

REGENTS OF THE UNIVERSITY OF WISCONSIN

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

NAME OF ORGANIZATION OR GOVERNMENT: REGENTS OF THE U OF M

(H) PURPOSE OF GRANT OR ASSISTANCE: DISSEMINATION OF WORK DONE UNDER AWARD RC 2014-0015 (IMPACT OF SMOKE-FREE POLICY IMPLEMENTATION ON PUBLIC HOUSING BUILDINGS)

NAME OF ORGANIZATION OR GOVERNMENT: REGENTS OF THE U OF M

(H) PURPOSE OF GRANT OR ASSISTANCE: RESEARCH STUDY TO COLLECT FEASIBILITY AND PILOT DATA FOR AN RCT COMPARING PROACTIVE TELEPHONE OUTREACH TO INTERACTIVE VOICE RESPONSE TECHNOLOGY TO CONNECT ASIAN-LANGUAGE SMOKERS TO THE ASQ.

NAME OF ORGANIZATION OR GOVERNMENT:

SUB-SAHARAN AFRICAN YOUTH & FAMILY SERVICES

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'17 COMMUNITY ENGAGEMENT GRANT TO LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION

Part IV Supplemental Information

SERVICES

NAME OF ORGANIZATION OR GOVERNMENT:

VIETNAMESE SOCIAL SERVICES OF MINNESOTA

(H) PURPOSE OF GRANT OR ASSISTANCE: FY'17 COMMUNITY ENGAGEMENT GRANT TO
LINK ADULT SMOKERS WITH LOW SOCIOECONOMIC STATUS TO EXISTING CESSATION
SERVICES

NAME OF ORGANIZATION OR GOVERNMENT:

WHITE EARTH RESERVATION TRIBAL COUNCIL

(H) PURPOSE OF GRANT OR ASSISTANCE: TRIBAL TOBACCO EDUCATION AND POLICY
- MILLE LACS BAND OF OJIBWE GEGO ZAASWAAKEN (DON'T SMOKE) PROJECT

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

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		

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

Schedule J (Form 990) 2016

Part III	Supplemental Information
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Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

[illegible]

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

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 2017, CLEARWAY MINNESOTA LAUNCHED A NEW CAMPAIGN, STOP
THE START, AIMED AT EDUCATING MINNESOTANS THAT WE CAN AND SHOULD DO
MORE TO PROTECT YOUTH FROM STARTING TO USE TOBACCO. THE NEW CAMPAIGN
INCLUDED A NEW WEBSITE, STOPTHESTARTMN.ORG. CLEARWAY MINNESOTA

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

Schedule O (Form 990 or 990-EZ) (2016)

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

CONTINUED ADVERTISING AND OUTREACH WORK FOCUSED ON PROMOTING QUITPLAN SERVICES, THE QUITCASH CHALLENGE(TM) AND MINI-QUIT MONDAYS, AND LEVERAGED CDC'S NATIONAL MEDIA CAMPAIGN BY PLACING TIPS FROM FORMER SMOKERS ADS IN PUBLICATIONS AROUND THE STATE. CLEARWAY MINNESOTA'S PROGRAMS, SERVICES OR KEY MESSAGES ALSO RECEIVED NEWS COVERAGE BY MINNESOTA MEDIA APPROXIMATELY 2,000 TIMES OVER THE COURSE OF THE YEAR.

IN FISCAL YEAR 2017, CLEARWAY MINNESOTA'S MASS MEDIA CAMPAIGNS REACHED 99 PERCENT OF MINNESOTA ADULTS AN AVERAGE OF 177 TIMES THROUGHOUT THE YEAR. FURTHERMORE, 99 PERCENT OF MINNESOTA SMOKERS SAW MESSAGES RELATING TO SMOKING CESSATION AN AVERAGE OF 87 TIMES DURING THE YEAR. IN ACCORDANCE WITH CLEARWAY MINNESOTA'S LONG-TERM CONTRACTING POLICY, IN FISCAL YEAR 2017 THE PUBLIC AFFAIRS DEPARTMENT LED A COMPETITIVE BID PROCESS TO SECURE A PUBLIC AFFAIRS VENDOR. IN NOVEMBER OF 2016, THE BOARD OF DIRECTORS APPROVED THE RECOMMENDATION OF A REVIEW PANEL TO CONTINUE WORKING WITH HIMLE RAPP & CO.

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 GRANTEES CONTRIBUTED TO CLEARWAY MINNESOTA'S STATEWIDE POLICY GOALS BY EDUCATING LAWMAKERS ABOUT THE IMPORTANCE OF KEEPING TOBACCO PRICES HIGH, INCREASING THE AGE TO PURCHASE TOBACCO, RESTRICTING YOUTH ACCESS TO FLAVORED TOBACCO PRODUCTS AND INCREASING FUNDING FOR TOBACCO PREVENTION. NOTABLY, THEY HELPED PASS OVER 50 NEW LOCAL POLICIES, SUCH AS RESTRICTING ACCESS TO FRUIT- AND CANDY-FLAVORED TOBACCO PRODUCTS TO ADULTS-ONLY STORES.

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

IN THE FALL OF 2016, CLEARWAY MINNESOTA RELEASED A REQUEST FOR PROPOSALS (RFP), LOCAL POLICY GRANTS TO CREATE A SMOKE-FREE GENERATION. THE PURPOSE OF THE RFP WAS TO FUND A NEW COHORT OF ORGANIZATIONS TO PASS BOLD TOBACCO CONTROL POLICIES AT THE LOCAL LEVEL THAT WILL REDUCE YOUTH TOBACCO INITIATION. IN FEBRUARY, CLEARWAY MINNESOTA CONVENED REVIEW PANELS THAT MET TO DISCUSS, SCORE AND RANK ALL OF THE PROPOSALS RECEIVED. BASED ON THOSE SCORES, THE PUBLIC AFFAIRS DEPARTMENT RECOMMENDED 11 PROPOSALS THAT WERE APPROVED BY THE BOARD OF DIRECTORS FOR FUNDING IN FISCAL YEAR 2018.

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

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

EFFECTIVENESS OF CONVENTIONAL "MAINSTREAM" TOBACCO-CONTROL MESSAGES, AS COMPARED WITH AMERICAN INDIAN-SPECIFIC MESSAGES THAT DIFFERENTIATE BETWEEN COMMERCIAL AND TRADITIONAL TOBACCO. THE FINAL TOBACCO-RELATED HEALTH DISPARITIES PROJECT WILL EXPLORE IN DEPTH HOW TOBACCO IS USED BY MINNESOTA'S HOMELESS SHELTER AND PROVIDER STAFF IN ORDER TO IDENTIFY WAYS TO ENCOURAGE, SUPPORT AND PROMOTE CESSATION IN SHELTER SETTINGS.

CLEARWAY MINNESOTA AWARDED TWO DISSEMINATION GRANTS TO DISTRIBUTE RESEARCH FINDINGS ON PREVIOUSLY FUNDED RESEARCH PROJECTS. ONE OF THESE AWARDS WENT TO A GRANT THAT EXAMINED THE IMPACTS OF SMOKE-FREE POLICY IMPLEMENTATION IN PUBLIC HOUSING BUILDINGS, AND THE OTHER DISSEMINATED FINDINGS FROM A STUDY ON THE DANGERS OF SECONDHAND SMOKE PARTICULATE CONCENTRATIONS IN VEHICLES WHERE SMOKING IS ALLOWED.

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

CLEARWAY MINNESOTA ALSO CONTRACTS TO EVALUATE MAJOR PROGRAMMATIC EFFORTS. IN ADDITION, SURVEILLANCE RESEARCH IS CONDUCTED TO MONITOR TOBACCO USE, ATTITUDES AND BEHAVIORS OVER TIME AND TO MEASURE THE IMPACT OF TOBACCO CONTROL POLICIES AND PROGRAMS. IN ADVANCE OF THE 2018 MINNESOTA ADULT TOBACCO SURVEY (MATS), CLEARWAY MINNESOTA CONTRACTED WITH WILDER RESEARCH TO CONDUCT COGNITIVE TESTING OF THE INSTRUMENT RELATED TO ASSESSING SECONDHAND SMOKE EXPOSURE. CLEARWAY MINNESOTA IS INTERESTED IN BETTER UNDERSTANDING THE SMOKING BEHAVIOR, BARRIERS AND ATTITUDES OF SELECTED DEMOGRAPHIC GROUPS WHO HAVE NOT SEEN THE SAME REDUCTIONS IN SMOKING AS THE GENERAL POPULATION. IN FISCAL YEAR 2017, THE CLEARWAY MINNESOTA RESEARCH DEPARTMENT CONTRACTED WITH RAINBOW RESEARCH, INC., TO CONDUCT INTERVIEWS WITH AFRICAN AMERICAN AND LESBIAN, GAY, BISEXUAL, TRANSGENDER AND QUEER (LGBTQ) SMOKERS LIVING IN THE TWIN CITIES METRO AREA ABOUT THEIR SMOKING BEHAVIORS, PERCEPTIONS OF HARM, AND REACTIONS TO TAX INCREASES.

GRANTEE DISSEMINATION HIGHLIGHTS IN FISCAL YEAR 2017 INCLUDED NATIONAL CONFERENCE PRESENTATIONS, PUBLICATION OF FIVE MANUSCRIPTS, DEVELOPMENT OF MULTIPLE MANUSCRIPTS FOR PUBLICATION, AND DISTRIBUTION OF DISSEMINATION MATERIALS THROUGH LISTSERVS AND WEBINARS.

DURING FISCAL YEAR 2017 CLEARWAY MINNESOTA, IN PARTNERSHIP WITH MINNESOTA TOBACCO CONTROL RESEARCHERS, PARTICIPATED IN NUMEROUS NATIONAL, STATE AND LOCAL CONFERENCE PRESENTATIONS AND PUBLISHED IN SEVERAL PEER-REVIEWED PUBLICATIONS. CLEARWAY MINNESOTA RESEARCH STAFF PUBLISHED 10 PEER-REVIEWED SCIENTIFIC PAPERS. STAFF PARTICIPATED IN ONE SYMPOSIUM (FOCUSED ON WORK WITH AND FROM INDIGENOUS COMMUNITIES IN

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REDUCING TOBACCO-RELATED HEALTH DISPARITIES) AT THE ANNUAL MEETING OF THE SOCIETY FOR RESEARCH ON NICOTINE AND TOBACCO (SRNT), AND ONE WEBINAR (ON THE TOBACCO-INDUSTRY USE OF AMERICAN INDIAN CULTURE IN THE MARKETING OF THEIR PRODUCTS). ADDITIONALLY, RESEARCH STAFF PRESENTED PAPERS AT THE MEETINGS OF THE AMERICAN PUBLIC HEALTH ASSOCIATION (APHA), AND THE NATIONAL CONFERENCE ON TOBACCO OR HEALTH (NCTOH). THE PAPERS PROVIDED A LOOK AT TOBACCO INDUSTRY USE OF AMERICAN INDIAN TRADITIONAL TOBACCO FOR THEIR OWN EDUCATION AND PRODUCT PURPOSES, AND AT SANTA FE NATURAL TOBACCO COMPANY'S PRODUCT NATURAL AMERICAN SPIRIT AND EXPLOITATION OF AMERICAN INDIAN CULTURE. RESEARCH STAFF ALSO PRESENTED FIVE POSTERS AT THE SRNT ANNUAL CONFERENCE AND THREE POSTERS AT THE NCTOH CONFERENCE.

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

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 2017:

-2,028 TOBACCO USERS ENROLLED IN THE QUITPLAN HELPLINE; AND

-13,318 TOBACCO USERS ENROLLED IN INDIVIDUAL QUITPLAN SERVICES.

CLEARWAY MINNESOTA ALSO PARTNERS WITH MAJOR MINNESOTA HEALTH PLANS THAT PROVIDE TELEPHONE COUNSELING SERVICES THROUGH THE CALL IT QUILTS COLLABORATIVE. THIS COLLABORATIVE PROVIDES A FORUM FOR ALL MINNESOTA

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QUITLINE SERVICE PROVIDERS TO SHARE INFORMATION AND LEARN ABOUT BEST PRACTICES. THE CALL IT QUILTS COLLABORATIVE AND THE MINNESOTA DEPARTMENT OF HEALTH SUPPORT THE CALL IT QUILTS REFERRAL PROGRAM, WHICH ALLOWS HEALTH CARE PROVIDERS TO USE A SINGLE FORM AND FAX NUMBER TO REFER PATIENTS TO QUITLINE SUPPORT, REGARDLESS OF INSURANCE STATUS.

IN FISCAL YEAR 2015 CLEARWAY MINNESOTA LAUNCHED THE COMMUNITY ENGAGEMENT GRANTS INITIATIVE. THIS INITIATIVE CONNECTS ADULT SMOKERS OF LOW SOCIOECONOMIC STATUS TO EXISTING SMOKING CESSATION SERVICES. FOUR COMMUNITY-BASED ORGANIZATIONS WERE AWARDED A SECOND YEAR OF FUNDING THROUGH THIS INITIATIVE IN FISCAL YEAR 2017. CLEARWAY MINNESOTA ALSO AWARDED A ONE-YEAR GRANT TO THE MINNESOTA HEAD START ASSOCIATION TO SUPPORT THE INTEGRATION OF ADDRESSING TOBACCO USE AND SECONDHAND SMOKE EXPOSURE INTO MINNESOTA HEAD START PROGRAMS. CLEARWAY MINNESOTA STAFF ARE ALSO INVOLVED IN CESSATION POLICY WORK TO ENSURE THAT ALL MINNESOTANS HAVE ACCESS TO COMPREHENSIVE TOBACCO DEPENDENCE TREATMENT. THIS WORK ENTAILS EDUCATING ABOUT AND ADVOCATING FOR COMPREHENSIVE TOBACCO CESSATION BENEFITS AS PART OF HEALTH INSURANCE COVERAGE, PROMOTING SYSTEMS CHANGES TO INTEGRATE TOBACCO DEPENDENCE TREATMENT INTO HEALTH CARE, AND ADVOCATING FOR HEALTH CARE QUALITY MEASURES ON TOBACCO TREATMENT DELIVERY. TWO HEALTH SYSTEMS CHANGE DISSEMINATION GRANTS WERE FUNDED IN FISCAL YEAR 2017. THESE GRANTS WERE AWARDED TO HEALTH SYSTEMS THAT HAD PREVIOUSLY RECEIVED HEALTH SYSTEMS CHANGE GRANTS. DISSEMINATION GRANTS PROVIDE HEALTH SYSTEMS WITH RESOURCES TO SHARE LESSONS LEARNED FROM THEIR GRANT-FUNDED WORK WITH OTHER MINNESOTA HEALTH SYSTEMS AS WELL AS NATIONAL AUDIENCES. WE ALSO AWARDED A GRANT TO ONE OF OUR PREVIOUS HEALTH SYSTEMS CHANGE GRANTEEES TO ANALYZE ELECTRONIC HEALTH RECORD DATA TO MEASURE THE IMPACT OF THEIR

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GRANT-FUNDED WORK. WE ALSO CONTINUED A PROJECT TO INCREASE HEALTH SYSTEM CAPACITY TO ASSESS AND ADDRESS TOBACCO USE. MUCH OF THIS WORK FOCUSES ON CLINICS AND HEALTH SYSTEMS THAT SERVE POPULATIONS THAT SMOKE AT HIGHER RATES.

QUITPLAN SERVICES, OUR CESSATION POLICY EFFORTS AND THE COMMUNITY ENGAGEMENT GRANTS ARE EVALUATED TO AID IN PROGRAM MONITORING, TO ENHANCE QUALITY AND TO GUIDE DECISION-MAKING AND RESOURCE ALLOCATION.

CLEARWAY MINNESOTA CESSATION STAFF MEMBERS, GRANTEES 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 2017, CLEARWAY MINNESOTA CONTINUED THE TRIBAL TOBACCO EDUCATION AND POLICY (TTEP) GRANT INITIATIVE IN INDIAN COUNTRY TO ADVANCE COMPREHENSIVE COMMERCIAL TOBACCO-FREE POLICIES AND PROMOTE HEALTH ON MINNESOTA TRIBAL LANDS. THESE GRANTEES INCLUDE BOIS FORTE BAND OF CHIPPEWA, WHITE EARTH NATION, MILLE LACS BAND OF OJIBWE, FOND

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DU LAC BAND OF LAKE SUPERIOR CHIPPEWA AND THE UPPER SIOUX COMMUNITY.

("COMMERCIAL TOBACCO" USE LIKE CIGARETTE SMOKING IS DIFFERENTIATED FROM SACRED, TRADITIONAL USES OF TOBACCO BY AMERICAN INDIANS.) IN FISCAL YEAR 2017, CLEARWAY MINNESOTA CONTINUED TO PROVIDE TECHNICAL ASSISTANCE, TRAINING AND MENTORSHIP TO THE TTEP GRANTEES TO SUPPORT EFFORTS TO ADVANCE SMOKE-FREE POLICIES ON TRIBAL LANDS. CLEARWAY MINNESOTA ALSO CONTINUED TO PARTNER WITH THE MINNESOTA DEPARTMENT OF HEALTH, THE STATEWIDE HEALTH IMPROVEMENT PROGRAM (SHIP) AND BLUE CROSS AND BLUE SHIELD OF MINNESOTA, ALL OF WHICH WORK TO PROMOTE HEALTH IN INDIAN COUNTRY.

ALSO IN 2017, IN AN EFFORT TO EXPAND THE TRADITIONAL TOBACCO MOVEMENT IN MINNESOTA, WE COLLABORATED WITH VARIOUS FUNDERS OF TRIBAL TOBACCO WORK AND AMERICAN INDIAN ADVOCATES TO HOLD A GATHERING OF NATIVE AMERICANS (GONA) ON TRADITIONAL TOBACCO AS A WAY TO PROMOTE HEALTH IN INDIAN COUNTRY. THE GONA IS A UNIQUE COMMUNITY HEALTH PREVENTION EVENT BASED ON AMERICAN INDIAN CULTURAL PRINCIPLES AND STRENGTHS TO SUPPORT THE RESILIENCY THAT PROMOTES OPTIMUM WELLBEING. THE GATHERING FOCUSED ON THE TWO TOBACCO WAYS, COMMERCIAL TOBACCO VS. TRADITIONAL TOBACCO.

THIS YEAR WE ALSO HOSTED TWO SIGNIFICANT MEETINGS TO ADVANCE KNOWLEDGE AND BUILD SUSTAINABILITY FOR WORK IN INDIAN COUNTRY; ONE WAS WITH THE CENTERS FOR DISEASE CONTROL AND PREVENTION'S TRIBAL SUPPORT CENTERS (TSC) AND TTEP PROJECTS. THE CDC'S TRIBAL SUPPORT CENTERS WERE CHARGED WITH ADVANCING COMMERCIAL TOBACCO CONTROL IN TRIBAL AND AMERICAN INDIAN/ALASKA NATIVE COMMUNITIES ACROSS THE COUNTRY, AND THE TTEP INITIATIVE WORKED ON ADVANCING COMMERCIAL TOBACCO-FREE POLICIES ON TRIBAL LANDS IN MINNESOTA. THE GATHERING HAS INITIATED A PUBLICATION TO

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HIGHLIGHT HOW TOBACCO WORK IN INDIAN COUNTRY EMERGES FROM THE COMMUNITY. A SECOND MEETING WITH THE INDIAN HEALTH SERVICE (IHS) WAS HELD TO ASSIST IHS IN INTEGRATING TOBACCO WORK INTO THEIR REGIONAL AND NATIONAL WORKPLANS.

COMMUNITY DEVELOPMENT HAS CONTINUED TO SUPPORT THE AMERICAN INDIAN CANCER FOUNDATION TO EDUCATE MINNESOTA AND NATIONAL INDIAN GAMING ASSOCIATIONS ABOUT COMMERCIAL TOBACCO AND SECONDHAND SMOKE IN AN EFFORT TO ADVANCE SMOKE-FREE CASINO POLICIES. THESE DISCUSSIONS HAVE RESULTED IN DEEPER CONVERSATIONS REGARDING SECONDHAND SMOKE AMONG TRIBAL BUSINESS LEADERS IN MINNESOTA AND ACROSS THE NATION.

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

FINALLY, FISCAL YEAR 2017 SAW THE DEBUT OF RECLAIMING SACRED TOBACCO, A DOCUMENTARY ON TRADITIONAL AND COMMERCIAL TOBACCO USE AMONG AMERICAN INDIANS IN MINNESOTA. THE PROGRAM WAS CREATED BY CLEARWAY MINNESOTA

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WITH TWIN CITIES PUBLIC TELEVISION, AND CONTINUES TO BE SHOWN ON
MINNESOTA PUBLIC TELEVISION STATIONS AND AT EVENTS, MEETINGS AND
GATHERINGS IN INDIAN COUNTRY.

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

EXPENSES \$ 705,585. INCLUDING GRANTS OF \$ 537,919. REVENUE \$ 0.

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

GUERNSEY, CAYMAN ISLANDS, BRITISH VIRGIN IS

FORM 990, PART VI, SECTION A, LINE 4:

THE ORGANIZATION UPDATED ITS BYLAWS FOR THE NUMBER OF BOARD OF DIRECTORS
CURRENTLY AND IN FUTURE YEARS AND THE DUTIES OF OFFICERS IN THE EVENT OF
ABSENCES FROM BOARD MEETINGS.

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

THE IRS FORM 990 AND ATTACHMENTS ARE COMPLETED BY THE INDEPENDENT AUDITOR
AND REVIEWED BY STAFF AND LEGAL COUNSEL. THE FORM IS PRESENTED TO THE
AUDIT/FINANCE COMMITTEE AND THE BOARD OF DIRECTORS FOR REVIEW AND APPROVAL.
THE COMMITTEE AND BOARD RECEIVE THE DOCUMENT APPROXIMATELY ONE WEEK IN
ADVANCE OF THE RESPECTIVE MEETING AT WHICH IT IS REVIEWED. THE INDEPENDENT
AUDITOR IS AVAILABLE TO ANSWER ANY QUESTIONS THAT MAY ARISE.

FORM 990, PART VI, SECTION B, LINE 12C:

CONFLICTS OF INTEREST, INCLUDING POLICIES RELATING TO LOANS AND GIFTS, ARE
GOVERNED BY CLEARWAY MINNESOTA'S CONFLICT OF INTEREST POLICY.

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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.

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

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MINNESOTA IN WHICH THEY HAVE POSSIBLE OR PERCEIVED CONFLICTS AS SOON AS THEY ARE DISCOVERED.

FORM 990, PART VI, SECTION B, LINE 15:

CLEARWAY MINNESOTA REVIEWS COMPENSATION (SALARY RANGES AND BENEFITS) ON AN ANNUAL BASIS. AT LEAST EVERY TWO YEARS, AN INDEPENDENT COMPENSATION CONSULTANT COMPARES ALL JOBS TO APPLICABLE MARKET SURVEYS TO DETERMINE COMPENSATION COMPETITIVENESS TO THE MARKET. IN YEARS WHERE A CONSULTANT IS NOT ENGAGED, STAFF REVIEWS THE MOST CURRENT ANNUAL WORLD-AT-WORK SURVEY TO DETERMINE MARKET TRENDS. FROM THESE ANALYSES, PAY RANGE MODIFICATIONS AND THE ANNUAL BUDGETED SALARY MERIT INCREASE PERCENTAGE ARE DETERMINED. THIS INFORMATION IS REVIEWED BY THE EXECUTIVE/GOVERNANCE COMMITTEE, AND BY THE BOARD OF DIRECTORS, WHICH MAKES THE FINAL DECISION ON SALARY RANGE LEVELS AND BUDGET AMOUNTS.

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

FORM 990, PART VI, SECTION C, LINE 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.

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FORM 990, PART IX, LINE 11D:

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



Appendix N

**IRS Form 990T
June 30, 2017**

EXTENDED TO MAY 15, 2018

Form **990-T****Exempt Organization Business Income Tax Return**
(and proxy tax under section 6033(e))

OMB No. 1545-0087

For calendar year 2016 or other tax year beginning **JUL 1, 2016**, and ending **JUN 30, 2017**► Information about Form 990-T and its instructions is available at www.irs.gov/form990t.

► Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

2016Open to Public Inspection for
501(c)(3) Organizations OnlyDepartment 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 codes (See instructions.)
		City or town, state or province, country, and ZIP or foreign postal code MINNEAPOLIS, MN 55425	900099
C Book value of all assets at end of year 40,561,925.	F Group exemption number (See instructions.)		
	G Check organization type <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust		

H Describe the organization's primary unrelated business activity. ► **PARTNERSHIP INVESTMENT****I** During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ☐ Yes ☒ No

If "Yes," enter the name and identifying number of the parent corporation. ►

J The books are in care of ► **STEVE BADER, CFO** Telephone number ► **952-767-1407**

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		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)		4b		
c Capital loss deduction for trusts		4c		
5 Income (loss) from partnerships and S corporations (attach statement)		5	41,993.	41,993.
6 Rent income (Schedule C)		6		
7 Unrelated debt-financed income (Schedule E)		7		
8 Interest, annuities, royalties, and rents from controlled organizations (Sch. F)		8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)		9		
10 Exploited exempt activity income (Schedule I)		10		
11 Advertising income (Schedule J)		11		
12 Other income (See instructions; attach schedule)		12		
13 Total. Combine lines 3 through 12		13	41,993.	41,993.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)
(Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors, and trustees (Schedule K)	14	
15 Salaries and wages	15	
16 Repairs and maintenance	16	
17 Bad debts	17	
18 Interest (attach schedule)	18	
19 Taxes and licenses	19	4,359.
20 Charitable contributions (See instructions for limitation rules) STATEMENT 3 SEE STATEMENT 2	20	666.
21 Depreciation (attach Form 4562)	21	
22 Less depreciation claimed on Schedule A and elsewhere on return	22a	22b
23 Depletion	23	
24 Contributions to deferred compensation plans	24	
25 Employee benefit programs	25	
26 Excess exempt expenses (Schedule I)	26	
27 Excess readership costs (Schedule J)	27	
28 Other deductions (attach schedule)	28	
29 Total deductions. Add lines 14 through 28	29	5,025.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	36,968.
31 Net operating loss deduction (limited to the amount on line 30)	31	
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	36,968.
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)	33	1,000.
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	35,968.

Part III Tax Computation**35 Organizations Taxable as Corporations.** See instructions for tax computation.Controlled group members (sections 1561 and 1563) check here ☐ See instructions and:**a** Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):

(1) \$ (2) \$ (3) \$

b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$

(2) Additional 3% tax (not more than \$100,000) \$

c Income tax on the amount on line 34 35c 5,395.**36 Trusts Taxable at Trust Rates.** See instructions for tax computation. Income tax on the amount on line 34 from:☐ Tax rate schedule or ☐ Schedule D (Form 1041) 36**37 Proxy tax.** See instructions 37**38 Alternative minimum tax** 38**39 Tax on Non-Compliant Facility Income.** See instructions 39**40 Total.** Add lines 37, 38 and 39 to line 35c or 36, whichever applies 40 5,395.**Part IV Tax and Payments****41a** Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) 41a**b** Other credits (see instructions) 41b**c** General business credit. Attach Form 3800 41c**d** Credit for prior year minimum tax (attach Form 8801 or 8827) 41d**e Total credits.** Add lines 41a through 41d 41e**42** Subtract line 41e from line 40 42 5,395.**43** Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Other (attach schedule) 43**44 Total tax.** Add lines 42 and 43 44 5,395.**45a** Payments: A 2015 overpayment credited to 2016 45a**b** 2016 estimated tax payments 45b**c** Tax deposited with Form 8868 45c 6,800.**d** Foreign organizations: Tax paid or withheld at source (see instructions) 45d**e** Backup withholding (see instructions) 45e**f** Credit for small employer health insurance premiums (Attach Form 8941) 45f**g** Other credits and payments: ☐ Form 2439 ☐ Form 4136 ☐ Other Total 45g**46 Total payments.** Add lines 45a through 45g 46 6,800.**47** Estimated tax penalty (see instructions). Check if Form 2220 is attached ☐ 47 41.**48 Tax due.** If line 46 is less than the total of lines 44 and 47, enter amount owed 48**49 Overpayment.** If line 46 is larger than the total of lines 44 and 47, enter amount overpaid 49 1,364.**50** Enter the amount of line 49 you want: Credited to 2017 estimated tax 1,364. Refunded 50 0.**Part V Statements Regarding Certain Activities and Other Information** (see instructions)

51 At any time during the 2016 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here **SEE STATEMENT 4**

52 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.

53 Enter the amount of tax-exempt interest received or accrued during the tax year \$

Sign Here

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

Signature of officer _____ Date _____ **CHIEF EXEC OFFICER** Title _____

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 _____ Date _____ Check ☐ if self-employed PTIN **P00205567**

Firm's name **OLSEN THIELEN & CO., LTD** Firm's EIN **41-1360831**

2675 LONG LAKE ROAD

Firm's address **ST. PAUL, MN 55113** Phone no. **651-483-4521**

Form 990-T (2016)

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		
3 Cost of labor	3		from line 5. Enter here and in Part I,		
4a Additional section 263A costs			line 2	7	
(attach schedule)	4a		8 Do the rules of section 263A (with respect to		
b Other costs (attach schedule)	4b		property produced or acquired for resale) apply to		
5 Total. Add lines 1 through 4b	5		the organization?		
				Yes	No

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 (2016)

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

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

Nonexempt Controlled Organizations

7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				
			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).
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)				
		Enter here and on page 1, Part I, line 9, column (A).		Enter here and on page 1, Part I, line 9, column (B).
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)						
		Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).			Enter here and on page 1, Part II, line 26.
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.

FOOTNOTES		STATEMENT	1
INCOME (LOSS) FROM PARTNERSHIPS			
MESIROW FINANCIAL PRIVATE EQUITY PARTNERSHIP FUND IV, LP			
UNRELATED BUSINESS TAXABLE INCOME PER K-1:			
LINE 1 - ORDINARY BUSINESS INCOME (LOSS)		7,059.	
LINE 2 - NET RENTAL INCOME (LOSS)		-648.	
LINE 5 - INTEREST INCOME		117.	
LINE 6A - ORDINARY DIVIDENDS		45.	
LINE 7 - ROYALTIES		5.	
LINE 8 - SHORT-TERM CAPITAL GAIN (LOSS)		-2,660.	
LINE 9A - LONG-TERM CAPITAL GAIN (LOSS)		41,358.	
LINE 10 - SECTION 1231 GAIN (LOSS)		-407.	
LINE 11A - OTHER PORTFOLIO INCOME		0.	
LINE 11F - OTHER INCOME		2,707.	
LINE 12 - SECTION 179 DEDUCTION		-68.	
LINE 13H - INVESTMENT INTEREST EXPENSE		-12.	
LINE 13J - SECTION 59(E)(2) EXPENDITURES		-3,567.	
LINE 13W - OTHER DEDUCTIONS		-1,767.	
WEATHERGAGE VENTURE CAPITAL LP			
UNRELATED BUSINESS TAXABLE INCOME PER K-1:			
LINE 1 - ORDINARY BUSINESS INCOME (LOSS)		-169.	
LINE 6A - ORDINARY DIVIDENDS		0.	
TOTAL PARTNERSHIP INCOME		41,993.	

FORM 990-T		CONTRIBUTIONS	STATEMENT	2
DESCRIPTION/KIND OF PROPERTY	METHOD USED TO DETERMINE FMV		AMOUNT	
FROM MESIROW FINANCIAL K-1	N/A		39.	
TOTAL TO FORM 990-T, PAGE 1, LINE 20			39.	

FORM 990-T	CONTRIBUTIONS SUMMARY	STATEMENT	3
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QUALIFIED CONTRIBUTIONS SUBJECT TO 100% LIMIT

CARRYOVER OF PRIOR YEARS UNUSED CONTRIBUTIONS

FOR TAX YEAR 2011

FOR TAX YEAR 2012

FOR TAX YEAR 2013

604

FOR TAX YEAR 2014

23

FOR TAX YEAR 2015

TOTAL CARRYOVER

627

TOTAL CURRENT YEAR 10% CONTRIBUTIONS

39

TOTAL CONTRIBUTIONS AVAILABLE

666

TAXABLE INCOME LIMITATION AS ADJUSTED

3,663

EXCESS 10% CONTRIBUTIONS

0

EXCESS 100% CONTRIBUTIONS

0

TOTAL EXCESS CONTRIBUTIONS

0

ALLOWABLE CONTRIBUTIONS DEDUCTION

666

TOTAL CONTRIBUTION DEDUCTION

666

FORM 990-T	NAME OF FOREIGN COUNTRY IN WHICH ORGANIZATION HAS FINANCIAL INTEREST	STATEMENT	4
------------	-------------------------------------------------------------------------	-----------	---

NAME OF COUNTRY

GUERNSEY
CAYMAN ISLANDS
BRITISH VIRGIN ISLANDS

Underpayment of Estimated Tax by Corporations

▶ Attach to the corporation's tax return.

FORM 990-T▶ Information about Form 2220 and its separate instructions is at www.irs.gov/form2220.**2016**

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

Note: Generally, the corporation isn't required to file Form 2220 (see Part II below for exceptions) because the IRS will figure any penalty owed and bill the corporation. However, the corporation may still use Form 2220 to figure the penalty. If so, enter the amount from page 2, line 38 on the estimated tax penalty line of the corporation's income tax return, but **do not** attach Form 2220.

Part I Required Annual Payment

1 Total tax (see instructions)	1	5,395.
2a Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 1	2a	
2b Look-back interest included on line 1 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method	2b	
2c Credit for federal tax paid on fuels (see instructions)	2c	
d Total. Add lines 2a through 2c	2d	
3 Subtract line 2d from line 1. If the result is less than \$500, do not complete or file this form. The corporation doesn't owe the penalty	3	5,395.
4 Enter the tax shown on the corporation's 2015 income tax return. See instructions. Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 3 on line 5	4	1,355.
5 Required annual payment. Enter the smaller of line 3 or line 4. If the corporation is required to skip line 4, enter the amount from line 3	5	1,355.

Part II Reasons for Filing - Check the boxes below that apply. If any boxes are checked, the corporation **must** file Form 2220 even if it doesn't owe a penalty. See instructions.

- 6 ☐ The corporation is using the adjusted seasonal installment method.
- 7 ☐ The corporation is using the annualized income installment method.
- 8 ☐ The corporation is a "large corporation" figuring its first required installment based on the prior year's tax.

Part III Figuring the Underpayment

	(a)	(b)	(c)	(d)
9 Installment due dates. Enter in columns (a) through (d) the 15th day of the 4th (Form 990-PF filers: Use 5th month), 6th, 9th, and 12th months of the corporation's tax year	9 10/15/16	12/15/16	03/15/17	06/15/17
10 Required installments. If the box on line 6 and/or line 7 above is checked, enter the amounts from Sch A, line 38. If the box on line 8 (but not 6 or 7) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% (0.25) of line 5 above in each column.	10 339.	339.	338.	339.
11 Estimated tax paid or credited for each period. For column (a) only, enter the amount from line 11 on line 15. See instructions	11			
Complete lines 12 through 18 of one column before going to the next column.				
12 Enter amount, if any, from line 18 of the preceding column	12			
13 Add lines 11 and 12	13			
14 Add amounts on lines 16 and 17 of the preceding column	14	339.	678.	1,016.
15 Subtract line 14 from line 13. If zero or less, enter -0-	15	0.	0.	0.
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	16	339.	678.	
17 Underpayment. If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18	17	339.	338.	339.
18 Overpayment. If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column	18			

Go to Part IV on page 2 to figure the penalty. Do not go to Part IV if there are no entries on line 17 - no penalty is owed.

Part IV Figuring the Penalty

	(a)	(b)	(c)	(d)
19 Enter the date of payment or the 15th day of the 4th month after the close of the tax year, whichever is earlier. <i>(C Corporations with tax years ending June 30 and S corporations: Use 3rd month instead of 4th month. Form 990-PF and Form 990-T filers: Use 5th month instead of 4th month.)</i> See instructions	19			
20 Number of days from due date of installment on line 9 to the date shown on line 19	20			
21 Number of days on line 20 after 4/15/2016 and before 7/1/2016	21			
22 Underpayment on line 17 x $\frac{\text{Number of days on line 21} \times 4\% (0.04)}{366}$...	22	\$	\$	\$
23 Number of days on line 20 after 06/30/2016 and before 10/1/2016 ...	23			
24 Underpayment on line 17 x $\frac{\text{Number of days on line 23} \times 4\% (0.04)}{366}$...	24	\$	\$	\$
25 Number of days on line 20 after 9/30/2016 and before 1/1/2017	25			
26 Underpayment on line 17 x $\frac{\text{Number of days on line 25} \times 4\% (0.04)}{366}$...	26	\$	\$	\$
27 Number of days on line 20 after 12/31/2016 and before 4/1/2017 ...	27	SEE ATTACHED WORKSHEET		
28 Underpayment on line 17 x $\frac{\text{Number of days on line 27} \times 4\% (0.04)}{365}$...	28	\$	\$	\$
29 Number of days on line 20 after 3/31/2017 and before 7/1/2017	29			
30 Underpayment on line 17 x $\frac{\text{Number of days on line 29} \times \%}{365}$	30	\$	\$	\$
31 Number of days on line 20 after 6/30/2017 and before 10/1/2017 ...	31			
32 Underpayment on line 17 x $\frac{\text{Number of days on line 31} \times \%}{365}$	32	\$	\$	\$
33 Number of days on line 20 after 9/30/2017 and before 1/1/2018	33			
34 Underpayment on line 17 x $\frac{\text{Number of days on line 33} \times \%}{365}$	34	\$	\$	\$
35 Number of days on line 20 after 12/31/2017 and before 3/16/2018 ...	35			
36 Underpayment on line 17 x $\frac{\text{Number of days on line 35} \times \%}{365}$	36	\$	\$	\$
37 Add lines 22, 24, 26, 28, 30, 32, 34, and 36	37	\$	\$	\$
38 Penalty. Add columns (a) through (d) of line 37. Enter the total here and on Form 1120, line 33; or the comparable line for other income tax returns	38			
		\$		41.

* Use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at www.irs.gov. You can also call 1-800-829-4933 to get interest rate information.

**FORM 990-T
UNDERPAYMENT OF ESTIMATED TAX WORKSHEET**

Name(s) CLEARWAY MINNESOTA (SM)					Identifying Number 41-1921094
(A) *Date	(B) Amount	(C) Adjusted Balance Due	(D) Number Days Balance Due	(E) Daily Penalty Rate	(F) Penalty
		-0-			
10/15/16	339.	339.	61	.000109290	2.
12/15/16	339.	678.	16	.000109290	1.
12/31/16	0.	678.	74	.000109589	5.
03/15/17	338.	1,016.	92	.000109589	10.
06/15/17	339.	1,355.	153	.000109589	23.
Penalty Due (Sum of Column F).					41.

* Date of estimated tax payment, withholding credit date or installment due date.

2016 TAX RETURN FILING INSTRUCTIONS

CALIFORNIA FORM 109

FOR THE YEAR ENDING

JUNE 30, 2017

Prepared for	CLEARWAY MINNESOTA (SM) 2 APPLETREE SQ, 8011 34TH AV S MINNEAPOLIS, MN 55425
Prepared by	OLSEN THIELEN & CO., LTD 2675 LONG LAKE ROAD ST. PAUL, MN 55113
To be signed and dated by	THE AUTHORIZED INDIVIDUAL(S).
Amount of tax	Total tax \$ 167.00 Less: payments and credits \$ 395.00 Plus: other amount \$ 0.00 Plus: interest and penalties \$ 0.00 OVERPAYMENT \$ 228.00
Overpayment	Credited to your estimated tax \$ 0.00 Other amount \$ 0.00 Refunded to you \$ 228.00
Make check payable to	NOT APPLICABLE
Mail tax return and check (if applicable) to	FRANCHISE TAX BOARD P.O. BOX 942857 SACRAMENTO, CA 94257-0500
Return must be mailed on or before	NOVEMBER 15, 2017
Special Instructions	

2016

California Exempt Organization Business Income Tax Return

Calendar Year 2016 or fiscal year beginning (mm/dd/yyyy) **07/01/2016**, and ending (mm/dd/yyyy) **06/30/2017**

Corporation/Organization name
CLEARWAY MINNESOTA (SM)

California corporation number

Additional information. See instructions.

FEIN
41-1921094

Street address (suite/room no.)
2 APPLETREE SQ, 8011 34TH AV S

PMB no.

City (If the corporation has a foreign address, see instructions.)
MINNEAPOLIS

State
MN

ZIP code
55425

Foreign country name Foreign province/state/county Foreign postal code

- A** First Return Filed? ☐ Yes ☒ No
- B** Is this an education IRA within the meaning of R&TC Section 23712? ☐ Yes ☒ No
- C** Is the organization under audit by the IRS or has the IRS audited in a prior year? ☐ Yes ☒ No
- D** Final Return?
☐ Dissolved ☐ Surrendered (Withdrawn) ☐ Merged/Reorganized
 Enter date (mm/dd/yyyy) ☐
- E** Amended Return ☐ Yes ☒ No
- F** Accounting Method Used: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other
- G** Nature of trade or business **PARTNERSHIP INVESTMENT**
- H** Is the organization a non-exempt charitable trust as described in IRC Section 4947(a)(1)? ☐ Yes ☒ No
- I** Is this organization claiming any former; Enterprise Zone (EZ), Los Angeles Revitalization Zone (LARZ), Local Agency Military Base Recovery Area (LAMBRA), Targeted Tax Area (TTA), or Manufacturing Enhancement Area (MEA) tax benefits? ☐ Yes ☒ No
- J** Is this organization a qualified pension, profit-sharing, or stock bonus plan as described in IRC Section 401(a)? ☐ Yes ☒ No
- K** Unrelated Business Activity (UBA) Code **900099**
- L** Is this a Hospital? ☐ Yes ☒ No
If "Yes," attach federal Schedule H (Form 990)

Taxable Corporation	1	Unrelated business taxable income from Side 2, Part II, line 30	•	1	36,595.00
	2	Mult. In 1 by the avg. apport. pctg 5.1628 % from the Sch. R, Apport. Formula Wksht, Part A, In 2 or Part B, In 5. See instr.	•	2	1,889.00
	3	Enter the lesser amt from In 1 or In 2. If the unrelated bus. activity is wholly in CA and Sch. R was not compltd, enter the amt from In 1	•	3	1,889.00
Taxable Trust	4	Unrelated business taxable income from Side 2, Part II, line 30	•	4	00
Tax Computation	5	Unrelated business taxable income from line 3 or line 4	•	5	1,889.00
	6	Pierce's disease, EZ, LARZ, LAMBRA, or TTA NOL carryover deduction	•	6	00
	7	Net Operating Loss deduction. See General Information N	•	7	00
	8	Add line 6 and line 7	•	8	00
	9	Net unrelated business taxable income. Subtract line 8 from line 5	•	9	1,889.00
	10	Tax 8.84 % x line 9. See General Information J	•	10	167.00
	11	Tax credits from Schedule B. See instructions	•	11	00
Total Tax	12	Balance. Subtract line 11 from line 10. If line 11 is greater than line 10, enter -0-	•	12	167.00
	13	Alternative minimum tax. See General Information O	•	13	00
	14	Total tax. Add line 12 and line 13	•	14	167.00
Payments	15	Overpayment from a prior year allowed as a credit	•	15	00
	16	2016 estimated tax payments. See instructions	•	16	00
	17	Withholding (Form 592-B and/or 593.) See instructions	•	17	395.00
	18	Amount paid with extension (form FTB 3539)	•	18	00
	19	Total payments and credits. Add line 15 through line 18	•	19	395.00
Use Tax/ Tax Due/ Overpayment	20	Use tax. See instructions	•	20	00
	21	Payments balance. If line 19 is more than line 20, subtract line 20 from line 19	•	21	395.00
	22	Use tax balance. If line 20 is more than line 19, subtract line 19 from line 20	•	22	00
	23	Tax due. Subtract line 21 from line 14. Pay entire amount with return. See instructions	•	23	00
	24	Overpayment. Subtract line 14 from line 21. See instructions	•	24	228.00
	25	Enter amount of line 24 to be applied to 2017 estimated tax	•	25	00

Refund or Amount Due	26	Refund. If line 25 is less than line 24, then subtract line 25 from line 24	26	228.00
	a Fill in the account information to have the refund directly deposited. Routing number		26a	
	b Type: Checking <input type="checkbox"/> Savings <input type="checkbox"/> c Account Number		26c	
	27	Penalties and interest. See General Information M	27	00
	28	<input type="checkbox"/> Check if estimate penalty computed using Exception B or C and attach form FTB 5806.		
	29	Total amount due. Add line 22, line 23, line 25, and line 27, then subtract line 24	29	00

Unrelated Business Taxable Income**Part I Unrelated Trade or Business Income**

1	a Gross receipts or gross sales	b Less returns and allowances	c Balance	1c	00	
2	Cost of goods sold and/or operations (Schedule A, line 7)				2	00
3	Gross profit. Subtract line 2 from line 1c				3	00
4	a Capital gain net income. See Specific Line Instructions - Trusts attach Schedule D (541)				4a	00
	b Net gain (loss) from Part II, Schedule D-1				4b	00
	c Capital loss deduction for trusts				4c	00
5	Income (or loss) from partnerships, limited liability companies, or S corporations. See specific line instructions. Attach Schedule K-1 (565, 568, or 100S) or similar schedule				5	41,993.00
6	Rental income (Schedule C)				6	00
7	Unrelated debt-financed income (Schedule D)				7	00
8	Investment income of an R&TC Section 23701g, 23701i, or 23701n organization (Schedule E)				8	00
9	Interest, Annuities, Royalties and Rents from controlled organizations (Schedule F)				9	00
10	Exploited exempt activity income (Schedule G)				10	00
11	Advertising income (Schedule H, Part III, Column A)				11	00
12	Other income. Attach schedule				12	00
13	Total unrelated trade or business income. Add line 3 through line 12				13	41,993.00

Part II Deductions Not Taken Elsewhere (Except for contributions, deductions must be directly connected with the unrelated business income.)

14	Compensation of officers, directors, and trustees from Schedule I	14	00
15	Salaries and wages	15	00
16	Repairs	16	00
17	Bad debts	17	00
18	Interest	18	00
19	Taxes	19	4,359.00
20	Contributions	20	39.00
21	a Depreciation (Corporations and Associations - Schedule J) (Trusts - form FTB 3885F)	21a	00
	b Less: depreciation claimed on Schedule A	21b	00
22	Depletion	22	00
23	a Contributions to deferred compensation plans	23a	00
	b Employee benefit programs	23b	00
24	Other deductions	24	00
25	Total deductions. Add line 14 through line 24	25	4,398.00
26	Unrelated business taxable income before allowable excess advertising costs. Subtract line 25 from line 13	26	37,595.00
27	Excess advertising costs (Schedule H, Part III, Column B)	27	00
28	Unrelated business taxable income before specific deduction. Subtract line 27 from line 26	28	37,595.00
29	Specific deduction	29	1,000.00
30	Unrelated business taxable income. Subtract line 29 from line 28. If line 28 is a loss, enter line 28	30	36,595.00

Sign Here	To learn about your privacy rights, how we may use your information, and the consequences for not providing the requested information, go to ftb.ca.gov and search for privacy notice. To request this notice by mail, call 800.852.5711.			
	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.			
Paid Preparer's Use Only	Signature of officer	Title	Date	• Telephone
		CHIEF EXEC OFFICER		
	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	• PTIN
	Firm's name (or yours, if self-employed)			P00205567
	and address			• FEIN
	OLSEN THIELEN & CO., LTD			41-1360831
	2675 LONG LAKE ROAD			• Telephone
	ST. PAUL, MN 55113			651-483-4521
	May the FTB discuss this return with the preparer shown above? See instructions			• <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Schedule A Cost of Goods Sold and/or Operations.

Method of inventory valuation (specify)

N/A

1	Inventory at beginning of year	1	00
2	Purchases	2	00
3	Cost of labor	3	00
4 a	Additional IRC Section 263A costs. Attach schedule	4a	00
b	Other costs. Attach schedule	4b	00
5	Total. Add line 1 through line 4b	5	00
6	Inventory at end of year	6	00
7	Cost of goods sold and/or operations. Subtract line 6 from line 5. Enter here and on Side 2, Part I, line 2	7	00

Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to this organization? ☐ Yes ☒ No

Schedule B Tax Credits.

1	Enter credit name	code	1	00
2	Enter credit name	code	2	00
3	Enter credit name	code	3	00
4	Total. Add line 1 through line 3. If claiming more than 3 credits, enter the total of all claimed credits on line 4. Enter here and on Side 1, line 11	4	00	

Schedule K Add-On Taxes or Recapture of Tax.

1	Interest computation under the look-back method for completed long-term contracts. Attach form FTB 3834	1	00
2	Interest on tax attributable to installment: a Sales of certain timeshares or residential lots	2a	00
b	Method for non-dealer installment obligations	2b	00
3	IRC Section 197(f)(9)(B)(ii) election to recognize gain on the disposition of intangibles	3	00
4	Credit recapture. Credit name	4	00
5	Total. Combine the amounts on line 1 through line 4	5	00

Schedule R Apportionment Formula Worksheet. Use only for unrelated trade or business amounts.**Part A. Standard Method - Single-Sales Factor Formula.** Complete this part only if the corporation uses the single-sales factor formula.

	(a) Total within and outside California	(b) Total within California	(c) Percent within California [(b) ÷ (a)] x 100
1 Total Sales	41,993.	2,168.	
2 Apportionment percentage. Divide total sales column (b) by total sales column (a) and multiply the result by 100. Enter the result here and on Form 109, Side 1, line 2.			5.1628%

Part B. Three Factor Formula. Complete this part only if the corporation uses the three-factor formula.

	(a) Total within and outside California	(b) Total within California	(c) Percent within California [(b) ÷ (a)] x 100
1 Property factor:			
2 Payroll factor: Wages and other compensation of employees			
3 Sales factor: Gross sales and/or receipts less returns and allowances			
4 Total percentage: Add the percentages in column (c)			
5 Average apportionment percentage: Divide the factor on line 4 by 3 and enter the result here and on Form 109, Side 1, line 2. See instructions for exceptions			

Schedule C Rental Income from Real Property and Personal Property Leased with Real Property

For rental income from debt-financed property, use Schedule D, R&TC Section 23701g, Section 23701i, and Section 23701n organizations. See instructions for exceptions.

1 Description of property	2 Rent received or accrued	3 Percentage of rent attributable to personal property
		%
		%
		%
4 Complete if any item in column 3 is more than 50%, or for any item if the rent is determined on the basis of profit or income	5 Complete if any item in column 3 is more than 10%, but not more than 50%	
(a) Deductions directly connected	(b) Income includible, column 2 less column 4(a)	(a) Gross income reportable, column 2 x column 3
		(b) Deductions directly connected with personal property
		(c) Net income includible, column 5(a) less column 5(b)

Add columns 4(b) and column 5(c). Enter here and on Side 2, Part I, line 6

Schedule D Unrelated Debt-Financed Income

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	(b) Other deductions
4 Amount of average acquisition indebtedness on or allocable to debt-financed property	5 Average adjusted basis of or allocable to debt-financed property	6 Debt basis percentage, column 4 ÷ column 5	7 Gross income reportable, column 2 x column 6	8 Allocable deductions, total of columns 3(a) and 3(b) x column 6	9 Net income (or loss) includible, column 7 less column 8
		%			
		%			
		%			
Total. Enter here and on Side 2, Part I, line 7					

Schedule E Investment Income of an R&TC Section 23701g, Section 23701i, or Section 23701n Organization

1 Description	2 Amount	3 Deductions directly connected	4 Net investment income, column 2 less column 3	5 Set-asides	6 Balance of investment income, column 4 less column 5
Total. Enter here and on Side 2, Part I, line 8					
Enter gross income from members (dues, fees, charges, or similar amounts)					

Schedule F Interest, Annuities, Royalties and Rents from Controlled Organizations

		Exempt Controlled Organizations			
1 Name of controlled organizations	2 Employer Identification Number	3 Net unrelated income (loss)	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					
Nonexempt Controlled Organizations					
7 Taxable Income	8 Net unrelated income (loss)	9 Total of specified payments made	10 Part of column (9) that is included in the controlling organization's gross income	11 Deductions directly connected with income in column (10)	
1					
2					
3					
4 Add columns 5 and 10					
5 Add columns 6 and 11					
6 Subtract line 5 from line 4. Enter here and on Side 2, Part 1, line 9					

Schedule G Exploited Exempt Activity Income, other than Advertising Income

1 Description of exploited activity (attach schedule if more than one unrelated activity is exploiting the same exempt activity)	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income from unrelated trade or business, column 2 less column 3	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expense, column 6 less column 5 but not more than column 4	8 Net income includible, column 4 less column 7 but not less than zero
Total. Enter here and on Side 2, Part I, line 10							

Schedule H Advertising Income and Excess Advertising Costs**Part I** Income from Periodicals Reported on a Consolidated Basis

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising income or excess advertising costs. If column 2 is greater than column 3, complete columns 5, 6, and 7. If column 3 is greater than column 2, enter the excess in Part III, column B(b). Do not complete columns 5, 6, and 7.	5 Circulation income	6 Readership costs	7 If column 5 is greater than column 6, enter the income shown in column 4, in Part III, column A(b). If column 6 is greater than column 5, subtract the sum of column 6 and column 3 from the sum of column 5 and column 2. Enter amount in Part III, column A(b). If the amount is less than zero, enter -0-.
Totals						

Part II Income from Periodicals Reported on a Separate Basis

Part III **Column A - Net Advertising Income**

Part III		Column B - Excess Advertising Costs
1	2	3
4	5	6
7	8	9
10	11	12
13	14	15
16	17	18
19	20	21
22	23	24
25	26	27
28	29	30
31	32	33
34	35	36
37	38	39
40	41	42
43	44	45
46	47	48
49	50	51
52	53	54
55	56	57
58	59	60
61	62	63
64	65	66
67	68	69
70	71	72
73	74	75
76	77	78
79	80	81
82	83	84
85	86	87
88	89	90
91	92	93
94	95	96
97	98	99
100	101	102
103	104	105
106	107	108
109	110	111
112	113	114
115	116	117
118	119	120
121	122	123
124	125	126
127	128	129
130	131	132
133	134	135
136	137	138
139	140	141
142	143	144
145	146	147
148	149	150
151	152	153
154	155	156
157	158	159
160	161	162
163	164	165
166	167	168
169	170	171
172	173	174
175	176	177
178	179	180
181	182	183
184	185	186
187	188	189
190	191	192
193	194	195
196	197	198
199	200	201
202	203	204
205	206	207
208	209	210
211	212	213
214	215	216
217	218	219
220	221	222
223	224	225
226	227	228
229	230	231
232	233	234
235	236	237
238	239	240
241	242	243
244	245	246
247	248	249
250	251	252
253	254	255
256	257	258
259	260	261
262	263	264
265	266	267
268	269	270
271	272	273
274	275	276
277	278	279
280	281	282
283	284	285
286	287	288
289	290	291
292	293	294
295	296	297
298	299	300
301	302	303
304	305	306
307	308	309
310	311	312
313	314	315
316	317	318
319	320	321
322	323	324
325	326	327
328	329	330
331	332	333
334	335	336
337	338	339
340	341	342
343	344	345
346	347	348
349	350	351
352	353	354
355	356	357
358	359	360
361	362	363
364	365	366
367</		

(a) Enter "consolidated periodical" and/or names of non-consolidated periodicals	(b) Enter total amount from Part I, column 4 or 7, and amount listed in Part II, column 4 or 7	(a) Enter "consolidated periodical" and/or names of non-consolidated periodicals	(b) Enter total amount from Part I, column 4, and amounts listed in Part II, column 4
Enter total here and on Side 2, Part I, line 11		Enter total here and on Side 2, Part II, line 27	

Schedule I	Compensation of Officers, Directors, and Trustees
-------------------	----------------------------------------------------------

1 Name of Officer	2 SSN or ITIN	3 Title	4 Percent of time devoted to business	5 Compensation attributable to unrelated business	6 Expense account allowances
			%		
			%		
			%		
			%		
			%		
Total. Enter here and on Side 2, Part II, line 14					

Schedule J Depreciation (Corporations and Associations only. Trusts use form FTB 3885F.)

1	2	3	4	5	6	7
Group and guideline class or description of property	Date acquired (mm/dd/yyyy)	Cost or other basis	Depreciation allowed or allowable in prior years	Method of computing depreciation	Life or rate	Depreciation for this year
1 Total additional first-year depreciation (do not include in items below)						
2 Other depreciation:						
Buildings						
Furniture and fixtures						
Transportation equipment						
Machinery and other equipment						
Other (specify)						
.....						
3 Other depreciation						
4 Total						
5 Amount of depreciation claimed elsewhere on return						
6 Balance. Subtract line 5 from line 4. Enter here and on Side 2, Part II, line 21a						

FORM 109	TAXES PAID	STATEMENT	1
DESCRIPTION		AMOUNT	
MINNESOTA TAXES		3,526.	
NEW YORK TAXES		250.	
VERMONT TAXES		300.	
MARYLAND TAXES		37.	
CALIFORNIA TAXES		167.	
MASSACHUSETTS TAXES		79.	
TOTAL TO FORM 109, PAGE 2, LINE 19		4,359.	

FORM 109	CASH CHARITABLE CONTRIBUTIONS	STATEMENT	2
DESCRIPTION		AMOUNT	
FROM MESIROW FINANCIAL K-1		39.	
TOTAL INCLUDED ON FORM 109, PAGE 2, LINE 20		39.	

2016 TAX RETURN FILING INSTRUCTIONS

MASSACHUSETTS FORM M-990T

FOR THE YEAR ENDING

JUNE 30, 2017

Prepared for	CLEARWAY MINNESOTA (SM) 2 APPLETREE SQ, 8011 34TH AV S MINNEAPOLIS, MN 55425
Prepared by	OLSEN THIELEN & CO., LTD 2675 LONG LAKE ROAD ST. PAUL, MN 55113
To be signed and dated by	THE AUTHORIZED INDIVIDUAL(S).
Amount of tax	Total tax \$ 79.00 Less: payments and credits \$ 164.00 Plus: other amount \$ 0.00 Plus: interest and penalties \$ 0.00 OVERPAYMENT \$ 85.00
Overpayment	Credited to your estimated tax \$ 0.00 Other amount \$ 0.00 Refunded to you \$ 85.00
Make check payable to	NOT APPLICABLE
Mail tax return and check (if applicable) to	MASS. DEPARTMENT OF REVENUE P.O. BOX 7067 BOSTON, MA 02204
Return must be mailed on or before	MAY 15, 2018
Special Instructions	



Massachusetts Department of Revenue
Form M-990T
Unrelated Business Income Tax Return

2016

For calendar year 2016 or taxable period beginning JULY 1, 2016 and ending JUNE 30, 2017

Name of company
CLEARWAY MINNESOTA (SM)

Federal Identification number
41-1921094

Mailing address

2 APPLETREE SQ, 8011 34TH AV S

City/Town

MINNEAPOLIS

State

MN

ZIP

55425

Phone number

952-767-1400

Name of treasurer

Fill in if a Taxpayer Disclosure Statement is enclosed

☐

Fill in if:

☐ Amended return (see "Amended return" in instructions) ☐ Federal amendment ☐ Federal audit ☐ Final return

Exempt under IRC section (fill in one only)

☒ 501 ☐ 408(e) ☐ 408A ☐ 529(a) ☐ 220(e) ☐ 530(a)

Organization type (fill in one only)

☐ Organization type ☒ 501(c) corporation ☐ 501(c) trust ☐ 401(a) trust ☐ Other

Excise calculation. Use whole dollar method.

1 Unrelated business taxable income (from U.S. Form 990T, line 34)	▶ 1	35,968
2 Foreign, state or local income, franchise, excise or capital stock taxes deducted from U.S. net income	▶ 2	4,359
3 Section 168(k) "bonus" depreciation adjustment	▶ 3	
4 Section 31I and 31K intangible expense add back adjustment	▶ 4	
5 Federal NOL add back adjustment (from U.S. Form 990T, line 31)	▶ 5	
6 Section 31J and 31K interest expense add back adjustment	▶ 6	
7 Federal production activity add back adjustment	▶ 7	
8 Abandoned Building Renovation deduction Total cost <input type="text"/> x .10 =	▶ 8	
9 Other adjustments, including research and development expenses (enclose explanation)	▶ 9	
10 Income subject to apportionment. See instructions	▶ 10	40,327
11 Income apportionment percentage (from Schedule F, line 5 or 1.0, whichever applies)	▶ 11	.024373
12 Multiply line 10 by line 11	▶ 12	983
13 Income not subject to apportionment	▶ 13	
14 Add lines 12 and 13	▶ 14	983
15 Certified Massachusetts solar or wind power deduction	▶ 15	
16 Taxable income before net operating loss deduction	▶ 16	983

Declaration

Under penalties of perjury, I declare that to the best of my knowledge and belief, this return and enclosures are true, correct and complete.

Signature of appropriate corporate officer (see instructions) Date

Social Security number

Phone number

Signature of paid preparer

Date

Employer Identification number

Address

41-1360831 ST. PAUL, MN 55113

If you are signing as an authorized delegate of the appropriate corporate officer, check here ☐ and enclose Massachusetts Form M-2848, Power of Attorney. The Privacy Act Notice is available upon request. Mail to: Massachusetts Department of Revenue, PO Box 7067, Boston, MA 02204.



Name of company
CLEARWAY MINNESOTA (SM)

Federal Identification number
41-1921094

Excise calculation (cont'd.)

17 Loss carryover deduction (from Schedule NOL)	▶ 17	<input type="text"/>
18 Taxable income. Subtract line 17 from line 16	▶ 18	<input type="text" value="983."/>
19 Multiply line 18 by .08	19	<input type="text" value="79."/>
20 Credit recapture (enclose Credit Recapture Schedule) and/or additional tax on installment sales. See instructions	▶ 20	<input type="text"/>
21 Excise due before credits. Add lines 19 and 20	21	<input type="text" value="79."/>

Credits. Any credit being claimed must be determined with respect to the unrelated business activity being reported on this return.

22 Economic Opportunity Area Credit (from Schedule EOAC)	▶ 22	<input type="text"/>
23 Economic Development Incentive Program Credit Certificate number ▶ <input type="text"/>	▶ 23	<input type="text"/>
24 Investment Tax Credit (from Schedule H)	▶ 24	<input type="text"/>
25 Vanpool Credit (from Schedule VP)	▶ 25	<input type="text"/>
26 Research Credit (from Schedule RC)	▶ 26	<input type="text"/>
27 Harbor Maintenance Tax Credit (from Schedule HM, line 23)	▶ 27	<input type="text"/>
28 Brownfields Credit Certificate number ▶ <input type="text"/>	▶ 28	<input type="text"/>
29 Low-Income Housing Credit Building Identification number ▶ <input type="text"/>	▶ 29	<input type="text"/>
30 Historic Rehabilitation Credit Certificate number ▶ <input type="text"/>	▶ 30	<input type="text"/>
31 Film Incentive Credit Certificate number ▶ <input type="text"/>	▶ 31	<input type="text"/>
32 Medical Device Credit Certificate number ▶ <input type="text"/>	▶ 32	<input type="text"/>
33 Employer Wellness Program Credit Certificate number ▶ <input type="text"/>	▶ 33	<input type="text"/>
34 Certified Housing Development Credit Certificate number ▶ <input type="text"/>	▶ 34	<input type="text"/>
35 Life Science Company Tax Credit	▶ 35	<input type="text"/>
36 Total credits. Add lines 22 through 35	36	<input type="text"/>

Excise after credits

37 Excise due before voluntary contributions. Subtract line 36 from line 21. Not less than "0"	37	<input type="text" value="79."/>
38 Voluntary contribution for endangered wildlife conservation	▶ 38	<input type="text"/>
39 Total excise plus voluntary contribution. Add lines 37 and 38	▶ 39	<input type="text" value="79."/>



Name of company
CLEARWAY MINNESOTA (SM)

Federal Identification number
41-1921094

Payments

40 2015 overpayment applied to 2016 estimated tax	▶ 40	<input type="text"/>
41 2016 Massachusetts estimated tax payments (do not include amount in line 40)	▶ 41	<input type="text"/>
42 Payment made with extension	▶ 42	<input type="text"/>
43 Pass-through entity withholding Payer Identification number ▶ 41-1921094	▶ 43	<input type="text" value="164."/>
44 Refundable film credit	▶ 44	<input type="text"/>
45 Refundable Dairy Credit Certificate number ▶ <input type="text"/>	▶ 45	<input type="text"/>
46 Refundable life science credit	▶ 46	<input type="text"/>
47 Refundable economic development incentive program credit	▶ 47	<input type="text"/>
48 Refundable Conservation Land Credit Certificate number ▶ <input type="text"/>	▶ 48	<input type="text"/>
49 Refundable Community Investment Credit Certificate number ▶ <input type="text"/>	▶ 49	<input type="text"/>
50 Total payments. Add lines 40 through 49	50	<input type="text" value="164."/>

Refund or balance due

51 Amount overpaid. Subtract line 39 from line 50	51	<input type="text" value="85."/>
52 Amount overpaid to be credit to 2017 estimated tax	▶ 52	<input type="text"/>
53 Amount overpaid to be refunded. Subtract line 52 from line 51	▶ 53	<input type="text" value="85."/>
54 Balance due. Subtract line 50 from line 39	▶ 54	<input type="text"/>
55a M-2220 penalty	▶ 55a	<input type="text"/>
55b Other penalties	▶ 55b	<input type="text"/>
55 Total penalty. Add lines 55a and 55b	55	<input type="text"/>
56 Interest on unpaid balance	▶ 56	<input type="text"/>
57 Total payment due at time of filing	▶ 57	<input type="text"/>



2016 Schedule F

MA16066011019

Income Apportionment

CLEARWAY MINNESOTA (SM)

41 1921094

- Fill in:
- Section 38 manufacturer
 - Mutual fund service corporation reporting sales of mutual funds only
 - Mutual fund service corporation reporting sales of non-mutual funds
 - ☒ Other
 - Change in method of calculating one or more factors from prior year

LOCATION

STATE FACILITY TYPE

ACCEPTS
ORDERS

REG. IN
STATE

FILES IN
STATE

Apportionment Factors

1. Tangible property			
a. Property owned	► Massachusetts	► Worldwide	
b. Property rented	► Massachusetts	► Worldwide	
c. Total property owned and rented	Massachusetts	► Worldwide	
d. Tangible property apportionment percentage		1d	
2. Payroll			
a. Total payroll	► Massachusetts	► Worldwide	
b. Payroll apportionment percentage		2b	
3. Sales			
a. Tangible (destination)	► Massachusetts	2047	
b. Tangible (throw back)	► Massachusetts		
c. Services	► Massachusetts	► Worldwide	41993
d. Rents and royalties	► Massachusetts	► Worldwide	
e. Other sales factors	► Massachusetts	► Worldwide	
f. Total sales factors	Massachusetts	2047	41993
g. Sales apportionment percentage		Worldwide	.048746
4. Apportionment percentage		3g	.097492
5. Massachusetts apportionment percentage		4	.024373
		5	

657691 11-29-16

EXTENSION FILING INSTRUCTIONS

MINNESOTA FORM M4NP

FOR THE YEAR ENDING

JUNE 30, 2017

Prepared for	CLEARWAY MINNESOTA (SM) 2 APPLETREE SQ, 8011 34TH AV S MINNEAPOLIS, MN 55425
Prepared by	OLSEN THIELEN & CO., LTD 2675 LONG LAKE ROAD ST. PAUL, MN 55113
Amount due	BALANCE DUE OF \$4,500.00
Make check payable to	WHEN THE EXTENSION IS FILED THE AMOUNT DUE SHOULD BE ELECTRONICALLY TRANSFERRED.
Mail extension and check (if applicable) to	NOT APPLICABLE
Extension must be mailed on or before	MAKE YOUR PAYMENT ON OR BEFORE NOVEMBER 15, 2017.
Special Instructions	REFER TO THE MINNESOTA REVENUE WEBSITE FOR PAYMENT INFORMATION. HTTP://TAXES.STATE.MN.US/CORPORATEFRANCHISE/PAGES/INDEX.ASPX WITH THIS PAYMENT THE FILING DUE DATE OF FORM M4NP WILL BE AUTOMATICALLY EXTENDED UNTIL JUNE 15, 2018. ESTIMATED TAX INSTALLMENT 2 OF THE MINNESOTA DECLARATION OF ESTIMATED TAX IN THE AMOUNT OF \$817.00 IS DUE BY DECEMBER 15, 2017. PAYMENT MUST BE MADE ELECTRONICALLY VIA THE MINNESOTA REVENUE WEBSITE AT: HTTP://TAXES.STATE.MN.US/CORPORATEFRANCHISE/PAGES/INDEX.ASPX

2016 Unrelated Business Income Tax (UBIT) Return

For tax-exempt organizations, cooperatives, homeowners associations and political organizations with unrelated business income.

Tax year beginning JUL 1, 2016, and ending JUN 30 2017 (required)

Please Print or Type

Name of Organization CLEARWAY MINNESOTA (SM)		FEIN 411921094	Minnesota Tax ID (required) 4088767
Mailing Address 2 APPLETREE SQ, 8011 34TH AV S		This Organization Files Federal Form (check one) <input checked="" type="checkbox"/> 990-T <input type="checkbox"/> 1120-C <input type="checkbox"/> 1120-H <input type="checkbox"/> 1120-POL	
City MINNEAPOLIS	County HENNEPI	State MN	ZIP Code 55425
Exempt Under IRS Section (check one) <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 528 <input type="checkbox"/> Other:		Enter your NAICS Codes (see instructions, pg. 3) 900099 /	
Check All That Apply: <input type="checkbox"/> Amended Return <input checked="" type="checkbox"/> Filing Under an Extension <input type="checkbox"/> Final Return (see inst., pg. 3) Enter Close Date:		Was 100% of the business conducted in Minnesota for this tax year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (complete and attach Schedule M4NPA)	
Are you filing a combined income return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

You must round amounts to nearest whole dollar.

Determining Tax

1	Federal taxable income before net operating loss and specific deduction (from federal Form 990-T line 30; 1120-C, line 25a; 1120-H, line 17; or 1120-POL, line 17c) ...	1	<u>36968</u>
2	Total subtractions from federal taxable income (from M4NPI, line 1)	2	<u>1000</u>
3	Federal taxable income or (loss) after subtractions (see instructions)	3	<u>35968</u>
If you conducted business both within and outside Minnesota, complete M4NPA (see instructions, pg. 6). If 100% of your activities were conducted in Minnesota, do not complete M4NPA. Enter line 3 on line 4.			
4	Minnesota taxable net income or (loss) (from M4NPA, line 15, or if 100% of your activities were conducted in Minnesota, enter amount from line 3 above)	4	<u>35968</u>
5	Minnesota net operating loss deduction (from NOL)	5	<u>0</u>
6	Subtract line 5 from line 4 (if zero or less, enter zero)	6	<u>35968</u>
7	Total deductions from taxable net income (from M4NPI, line 2)	7	<u></u>
8	Taxable income (subtract line 7 from line 6; if zero or less, enter zero)	8	<u>35968</u>
9	Regular tax (multiply line 8 by 9.8% [0.098]; if zero or less, enter zero)	9	<u>3525</u>
10	Proxy tax (see instructions, pg. 3)	10	<u></u>
11	Tax before credits (add lines 9 and 10)	11	<u>3525</u>
12	Total credits against tax (from M4NPI, line 3)	12	<u></u>
13	Minnesota tax liability (subtract line 12 from line 11; if zero or less, enter zero)	13	<u>3525</u>
14	Minnesota Nongame Wildlife Fund donation (see instructions, pg. 3)	14	<u></u>
15	Add lines 13 and 14	15	<u>3525</u>

Credits and Payments

Continued next page

2016 Unrelated Business Income Tax (UBIT) Return (continued)

Name of Organization CLEARWAY MINNESOTA (SM)	FEIN 411921094	Minnesota Tax ID 4088767
--------------------------------------------------------	--------------------------	------------------------------------

Credits and Payments, Cont.	16 Total refundable credits (from M4NPI, line 4) 16 _____	
	17 Amount credited from your 2015 Form M4NP, line 30 17 _____	
	18 2016 estimated tax payments 18 _____	
	19 2016 extension payment 19 <u>4500</u>	
	20 Total refundable credits and payments (add lines 16, 17, 18 and 19) 20 <u>4500</u>	
Tax, Donation, Penalty, Interest, Charges	21 Subtract line 20 from line 15 21 <u>-975</u>	
	22 Penalty (determine from worksheet in the instructions, pg. 4) 22 _____	
	23 Interest (determine from worksheet in the instructions, pg. 4) 23 _____	
	24 Additional charge for underpayment of estimated tax (from M15NP, line 17) 24 <u>22</u>	
	25 Tax, Nongame Wildlife Fund donation, penalty, interest and additional charge for underpayment of estimated tax (add lines 15, 22, 23 and 24) 25 <u>3547</u>	
Amount Due or Overpaid	26 Amount from line 25 26 <u>3547</u>	
	27 Amount from line 20 27 <u>4500</u>	
	28 AMOUNT DUE. If line 26 is more than or equal to line 27, subtract line 27 from 26 28 _____	
	Payment method: <input checked="" type="checkbox"/> Electronic (see inst., pg. 2) <input type="checkbox"/> Check (see inst., pg. 2) <input type="checkbox"/> Amended return payment by check (see inst., pg. 2)	
	29 OVERPAYMENT. If line 27 is more than line 26, subtract line 26 from line 27 29 <u>953</u>	
	30 Amount of line 29 to be credited to your 2017 estimated tax 30 <u>953</u>	
31 Refund (subtract line 30 from line 29) 31 _____		

To have your refund direct deposited, enter your banking information below.

Account type: ☐ Checking ☐ Savings Routing number _____ Account number (use an account not associated with any foreign banks) _____

I declare that this return is correct and complete to the best of my knowledge and belief.

Sign Here	Authorized Signature _____	Title _____	Date _____	Daytime Phone _____	<input checked="" type="checkbox"/> I authorize the Minnesota Department of Revenue to discuss this tax return with the paid preparer listed here.
	CHIEF EXEC OFFICER				
	Paid Preparer's Signature _____	PTIN _____	Date _____	Daytime Phone _____	
	P00205567 651-483-4521				
Email Address for Correspondence, if Desired DWILLOUGHBY@CLEARWAYMN.ORG			This email address belongs to (check one):		
			<input type="checkbox"/> Employee	<input type="checkbox"/> Paid Preparer	

Attach a complete copy of your federal Form 990-T, 1120-C, 1120-H or 1120-POL and all supporting schedules.

Mail to: Minnesota Revenue, Mail Station 1257, St. Paul, MN 55146-1257

2016 Income Adjustments, Deductions and Credits

For tax-exempt organizations, cooperatives, homeowners associations and political organizations with unrelated business income.

See instructions on page 5.

Name of Organization CLEARWAY MINNESOTA (SM)	FEIN 411921094	Minnesota Tax ID 4088767
--------------------------------------------------------	--------------------------	------------------------------------

You must round amounts to nearest whole dollar.

Subtractions	1 Subtractions from federal taxable income	
	a Federal specific, special and section 1382 deductions	1a <u>1000</u>
	b Advertising revenues from a newspaper published by a section 501(c)(4) organization	1b _____
	c Lawful gambling expenditures under Minnesota Statutes, Chapter 349, not deducted on federal return (see instructions, pg. 6)	1c _____
	d Other subtractions from income (you must provide a brief explanation below)	1d _____
	Total subtractions (add lines 1a through 1d)	1 <u>1000</u>
	Enter on Form M4NP, line 2.	
Deductions	2 Deductions from taxable net income	
	a Other deductions (you must provide a brief explanation below)	2a _____
	Total deductions from taxable net income	2 _____
	Enter on Form M4NP, line 7.	
Credits Against Tax	3 Credits against tax	
	a Employer Transit Pass Credit (from ETP, line 4)	3a _____
	b SEED Capital Investment Credit (see instructions, pg. 6)	3b _____
	c Other credits against tax (you must provide a brief explanation below)	3c _____
	Total credits against tax (add lines 3a, 3b and 3c)	3 _____
	Enter on Form M4NP, line 12.	
Refundable Credits	4 Refundable credits	
	a Greater Minnesota Internship Credit (see instructions, pg. 6)	4a _____
	b Historic Structure Rehabilitation Credit (attach credit certificate) and enter NPS project number: 	4b _____
	c Other refundable credits (you must provide a brief explanation below)	4c _____
	Total refundable credits (add lines 4a, 4b, and 4c)	4 _____
	Enter on Form M4NP, line 16.	

Additional Charge for Underpayment of Estimated Tax 2016

For tax-exempt organizations, cooperatives, homeowners associations and political organizations with unrelated business income.

Complete this schedule if your total tax is more than \$500 or you did not pay the correct amount of estimated tax by the due dates.

Name of Organization CLEARWAY MINNESOTA (SM)	FEIN 411921094	Minnesota Tax ID 4088767
--------------------------------------------------------	--------------------------	------------------------------------

Installment Method	Check installment method used on this schedule (must check one box):		
	<input checked="" type="checkbox"/> Standard Installment Method	<input type="checkbox"/> Adjusted Seasonal Installment Method	<input type="checkbox"/> Annualized Income Installment Method

You must round amounts to nearest whole dollar.

Required Annual Payment	1 Enter your 2016 total tax liability (from 2016 M4NP, line 13 minus line 16) 1	3525
	If \$500 or less, do not complete this form. You owe no additional charge.	
	2 Enter your 2015 regular tax (from 2015 Form M4NP, line 13 minus line 16) 2	885
	3 Required annual payment. Enter the amount from line 1 or line 2, whichever is less 3	885

Exceptions: If you did not file a 2015 return or filed a return for less than a full 12-month period in the preceding tax year, or you did not have a 2015 tax liability, you must enter the amount from line 1.

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
4 Enter the due dates 4	09/15/16	12/15/16	03/15/17	06/15/17
5 Required installments (see instructions) 5	221	221	221	221
6 Amount paid each period (see instructions) 6				
Complete lines 7-13 for one column before completing the next column. For the first column only, enter the amount from line 6 on line 10.				
7 Enter the amount from line 13 of the previous column 7				
8 Add lines 6 and 7 8				
9 Add lines 11 and 12 of the previous column 9	221	442	663	
10 Subtract line 9 from line 8. If less than zero, enter zero 10	0	0	0	0
11 Remaining underpayment from previous period. If line 10 is zero, subtract line 8 from line 9. Otherwise, enter zero 11	221	442	663	
12 UNDERPAYMENT. If line 10 is less than or equal to line 5, subtract line 10 from line 5, enter the result and go to line 6 of the next column. Otherwise, go to line 13 12	221	221	221	221
13 OVERPAYMENT. If line 5 is less than line 10, subtract line 5 from line 10 and enter the result. Go to line 6 of the next column 13				
14 Date underpayment is paid or regular due date of 2016 return, whichever is earlier 14				
15 Number of days from the due date on line 4 to the date on line 14 15				
16 Additional charge (line 15 ÷ 365 x .03 x line 12) 16				
17 TOTAL. Add amounts on line 16. Enter this amount on M4NP, line 24 17				22

Attach this schedule to Form M4NP.

UNDERPAYMENT OF ESTIMATED TAX WORKSHEET
MN

Name(s) CLEARWAY MINNESOTA (SM)					Identifying Number 41-1921094
(A) *Date	(B) Amount	(C) Adjusted Balance Due	(D) Number Days Balance Due	(E) Daily Penalty Rate	(F) Penalty
		-0-			
09/15/16	221.	221.	91	.000081967	2.
12/15/16	221.	442.	16	.000081967	1.
12/31/16	0.	442.	74	.000082192	3.
03/15/17	221.	663.	92	.000082192	5.
06/15/17	221.	884.	153	.000082192	11.
Penalty Due (Sum of Column F).					22.

* Date of estimated tax payment, withholding credit date or installment due date.

2016 TAX RETURN FILING INSTRUCTIONS

NEW YORK FORM CT-13

FOR THE YEAR ENDING

JUNE 30, 2017

Prepared for	CLEARWAY MINNESOTA (SM) 2 APPLETREE SQ, 8011 34TH AV S MINNEAPOLIS, MN 55425															
Prepared by	OLSEN THIELEN & CO., LTD 2675 LONG LAKE ROAD ST. PAUL, MN 55113															
To be signed and dated by	NOT APPLICABLE															
Amount of tax	<table><tr><td>Total tax</td><td>\$</td><td>250.00</td></tr><tr><td>Less: payments and credits</td><td>\$</td><td>660.00</td></tr><tr><td>Plus: other amount</td><td>\$</td><td>0.00</td></tr><tr><td>Plus: interest and penalties</td><td>\$</td><td>0.00</td></tr><tr><td>OVERPAYMENT</td><td>\$</td><td>410.00</td></tr></table>	Total tax	\$	250.00	Less: payments and credits	\$	660.00	Plus: other amount	\$	0.00	Plus: interest and penalties	\$	0.00	OVERPAYMENT	\$	410.00
Total tax	\$	250.00														
Less: payments and credits	\$	660.00														
Plus: other amount	\$	0.00														
Plus: interest and penalties	\$	0.00														
OVERPAYMENT	\$	410.00														
Overpayment	<table><tr><td>Credited to your estimated tax</td><td>\$</td><td>0.00</td></tr><tr><td>Other amount</td><td>\$</td><td>0.00</td></tr><tr><td>Refunded to you</td><td>\$</td><td>410.00</td></tr></table>	Credited to your estimated tax	\$	0.00	Other amount	\$	0.00	Refunded to you	\$	410.00						
Credited to your estimated tax	\$	0.00														
Other amount	\$	0.00														
Refunded to you	\$	410.00														
Make check payable to	NOT APPLICABLE															
Mail tax return and check (if applicable) to	THIS RETURN HAS BEEN PREPARED FOR ELECTRONIC FILING. IF YOU WISH TO HAVE IT TRANSMITTED ELECTRONICALLY TO THE NYSDTF, PLEASE CONTACT OUR OFFICE AND WE WILL THEN SUBMIT THE ELECTRONIC RETURN TO THE NYSDTF. DO NOT MAIL THE PAPER COPY OF THE RETURN TO THE NYSDTF.															
Return must be mailed on or before	NOT APPLICABLE															
Special Instructions																

**CT-2**

Department of Taxation and Finance

Corporation Tax Return Summary**THIS FORM MUST
BE FILED WITH
YOUR RETURN**

1 Legal name of corporation

1. **CLEARWAY MINNESOTA (SM)**Payment
enclosed

2.

3 Return type

4 Employer ID number (EIN)

5 File number (FCC)

6 Period beginning date (mm-dd-yy)

7 Period ending date (mm-dd-yy)

8 Amended (Y=1; N=0)

9 Address change (Y=1; N=0)

10 Final (Y=1; N=0)

11 NAICS code

12 MTA indicator (None = 0, Y = 1, N = 2, Both = 3)

13 Federal 1120-H filed (Y = 1, N = 0)

14 REIT/RIC indicator (Y = 1, N = 0)

15 Tax due/MTA surcharge

16 Mandatory first installment (MFI) - no extension filed and tax due is over \$1,000

17a Return a Gift to Wildlife

17b Breast Cancer Research and Education Fund

17c Prostate and Testicular Cancer Research and Education Fund

17d 9/11 Memorial

17e Volunteer Firefighting & EMS Recruitment Fund

17f Veterans Remembrance

17g Women's Cancers Education and Prevention Fund

18 Balance due

19 Amount of overpayment credited to next period - NYS

20 Refund of overpayment

21 Refund of unused tax credits

22 Tax credits to be credited as an overpayment to next year's return

23 Amount of overpayment credited to next period - MTA

24 Amount of MTA surcharge retaliatory tax credit to be refunded

25 Fixed dollar minimum

26 Designated agent's (Article 9-A) or combined parent's (Article 33) EIN

27 New York receipts

28 Have you been convicted of an offence (NYS Penal Law, Art. 200 or 496, or section 195.20)?

29 Paid preparer's EIN

30 Preparer's NYTPRIN

31 Excl. code

3. **CT13**4. **41-1921094**5. **MM8**6. **07-01-16**7. **06-30-17**8. **0**9. **0**10. 11. **900099**12. 13. 14. 15. **250.00**16. 17a. 17b. 17c. 17d. 17e. 17f. 17g. 18. 19. 20. **410.00**21. 22. 23. 24. 25. 26. **-**27. 28. 29. **41-1360831**30. 31. **03**

541001161019

684951
10-07-16

1019

For office use only

Form CT-186-E filers only

32	Excise tax on telecommunication services - NYS	32.	<input type="text"/>	<input type="text"/>
33	Excise tax on mobile telecommunication services subject to the 2.9% rate	33.	<input type="text"/>	<input type="text"/>
34	Total excise tax on telecommunication services	34.	<input type="text"/>	<input type="text"/>
35	Tax on gross income - NYS	35.	<input type="text"/>	<input type="text"/>
36	MTA surcharge related to non-mobile telecommunication services	36.	<input type="text"/>	<input type="text"/>
37	MTA surcharge related to telecommunication service subject to the 0.721% tax rate	37.	<input type="text"/>	<input type="text"/>
38	Total MTA surcharge related to telecommunication services	38.	<input type="text"/>	<input type="text"/>
39	MTA surcharge on gross income	39.	<input type="text"/>	<input type="text"/>
40				
41				
42				
43				
44				
45				
46	Balance due - NYS	46.	<input type="text"/>	<input type="text"/>
47	Balance due - MTA	47.	<input type="text"/>	<input type="text"/>
48	Provided telecommunication services in the MCTD this year? (None = 0, Y = 1, N = 2, Both = 3)	48.	<input type="text"/>	<input type="text"/>
49	Subject to supervision of the Department of Public Service and provided utility services in the MCTD this year? (None = 0, Y = 1, N = 2, Both = 3)	49.	<input type="text"/>	<input type="text"/>
50	Overpayment credited to next year's tax - NYS	50.	<input type="text"/>	<input type="text"/>
51	Overpayment credited to next year's tax - MTA	51.	<input type="text"/>	<input type="text"/>
52	Refund of overpayment - NYS	52.	<input type="text"/>	<input type="text"/>
53	Refund of overpayment - MTA	53.	<input type="text"/>	<input type="text"/>
54	Refund of unused tax credits - NYS	54.	<input type="text"/>	<input type="text"/>
55	Refund of unused tax credits - MTA	55.	<input type="text"/>	<input type="text"/>
56	Refundable tax credits to be credited to next year's tax - NYS	56.	<input type="text"/>	<input type="text"/>
57	Refundable tax credits to be credited to next year's tax - MTA	57.	<input type="text"/>	<input type="text"/>

541002161019





New York State E-File Signature Authorization for Tax Year 2016 For Form CT-3, CT-3-A, CT-3-M, CT-3-S, CT-13, CT-33, CT-33-A, CT-33-C, CT-33-M, CT-33-NL, CT-300, or CT-400

Electronic return originator (ERO)/paid preparer: **Do not** mail this form to the Tax Department. Keep it for your records.

Legal name of corporation: **CLEARWAY MINNESOTA (SM)**

Return type (mark an X for all that apply): CT-3 _____ CT-3-A _____ CT-3-M _____ CT-3-S _____ CT-13 **X** CT-33 _____
CT-33-A _____ CT-33-C _____ CT-33-M _____ CT-33-NL _____ CT-300 _____ CT-400 _____

Purpose

Form TR-579-CT must be completed to authorize an ERO to e-file a corporation tax return and to transmit bank account information for the electronic funds withdrawal.

General instructions

Part A must be completed by an officer of the corporation who is authorized to sign the corporation's return before the ERO transmits the electronically filed Form CT-3, *General Business Corporation Franchise Tax Return*; CT-3-A, *General Business Corporation Combined Franchise Tax Return*; CT-3-M, *General Business Corporation MTA Surcharge Return*; CT-3-S, *New York S Corporation Franchise Tax Return*; CT-13, *Unrelated Business Income Tax Return*; CT-33, *Life Insurance Corporation Franchise Tax Return*; CT-33-A, *Life Insurance Corporation Combined Franchise Tax Return*; CT-33-C, *Captive Insurance Company Franchise Tax Return*; CT-33-M, *Insurance Corporation MTA Surcharge Return*; CT-33-NL, *Non-Life Insurance Corporation Franchise Tax Return*; CT-300, *Mandatory First Installment (MFI) of Estimated Tax for Corporations*; or CT-400, *Estimated Tax for Corporations*.

EROs/paid preparers must complete Part B prior to transmitting electronically filed corporation tax returns. Both the paid preparer and the ERO are required to sign Part B. However, if an individual performs as

both the paid preparer and the ERO, he or she is only required to sign as the paid preparer. It is not necessary to include the ERO signature in this case. Note that an alternative signature can be used as described in TSB-M-05(1)C, *Alternative Methods of Signing for Tax Return Preparers*. Go to our website at www.tax.ny.gov to find this document.

Do not mail this form to the Tax Department. EROs/paid preparers must keep this form for three years and present it to the Tax Department upon request.

Do not use this form for electronically filed Form CT-5, *Request for Six-Month Extension to File (for franchise/business taxes, MTA surcharge, or both)*; CT-5.3, *Request for Six-Month Extension to File (for combined franchise tax return, or combined MTA surcharge, or both)*; CT-5.4, *Request for Six-Month Extension to File New York S Corporation Franchise Tax Return*; CT-5.6, *Request for Three-Month Extension to File Form CT-186 (for utility corporation franchise tax return, MTA surcharge return, or both)*; CT-5.9, *Request for Three-Month Extension to File (for certain Article 9 tax returns, MTA surcharge, or both)*; or CT-5.9-E, *Request for Three-Month Extension to File Form CT-186-E (for telecommunications tax return and utility services tax return)*. Instead use Form TR-579.1-CT, *New York State Authorization for Electronic Funds Withdrawal For Tax Year 2016 Corporation Tax Extension*.

Financial institution information (required if electronic payment is authorized)

1 Amount of authorized debit 1. _____
2 Financial institution routing number 2. _____
3 Financial institution account number 3. _____

Part A - Declaration of authorized corporate officer for Form CT-3, CT-3-A, CT-3-M, CT-3-S, CT-13, CT-33, CT-33-A, CT-33-C, CT-33-M, CT-33-NL, CT-300, or CT-400

Under penalty of perjury, I declare that I have examined the information on this 2016 New York State electronic corporate tax return, including any accompanying schedules, attachments, and statements, and certify that this electronic return is true, correct, and complete. If this filing includes Form DTF-686, *Tax Shelter Reportable Transactions*, as an authorized officer of the corporation, I hereby consent to the waiver of the secrecy provisions of Tax Law sections 202, 211.8, 1467, and 1518 as such provisions relate to the disclosure requirements of Tax Law section 25. The ERO has my consent to send this 2016 New York State electronic corporate return to New York State through the Internal Revenue Service (IRS). I understand that by executing this Form TR-579-CT, I am authorizing the ERO to sign and file this return on behalf of the corporation and agree that the ERO's submission of the corporation's return to the IRS, together with this authorization, will serve as the electronic signature for the return and any authorized payment transaction. If I am paying New York State corporation taxes due by electronic funds withdrawal, I authorize the New York State Tax Department and its designated financial agents to initiate an electronic funds withdrawal from the financial institution account indicated on this 2016 electronic return, and I authorize the financial institution to withdraw the amount from the account. As New York does not support International ACH Transactions (IAT), I attest the source for these funds is within the United States. I understand and agree that I may revoke this authorization for payment only by contacting the Tax Department no later than five business days prior to the payment date.

Signature of authorized officer of the corporation: _____ Date: _____

Print your name and title: **DAVID J. WILLOUGHBY, CHIEF EXEC OFFICER**

Part B - Declaration of ERO and paid preparer

Under penalty of perjury, I declare that the information contained in this 2016 New York State electronic corporate tax return is the information furnished to me by the corporation. If the corporation furnished me a completed paper 2016 New York State corporate tax return signed by a paid preparer, I declare that the information contained in the corporation's 2016 New York State electronic corporate tax return is identical to that contained in the paper return. If I am the paid preparer, under penalty of perjury I declare that I have examined this 2016 New York State electronic corporate tax return, and, to the best of my knowledge and belief, the return is true, correct, and complete. I have based this declaration on all information available to me.

ERO's signature: _____ Date: _____

Print name: _____

Paid preparer's signature: _____ Date: _____

Print name: _____

**CT-13**

Department of Taxation and Finance

**Unrelated Business Income
Tax Return**

All filers enter tax period:

Tax Law - Article 13

beginning

07-01-16

ending

06-30-17

Employer identification number (EIN) 41-1921094	File number MM8	Business telephone number 952-767-1400	If you claim an overpayment, mark an X in the box <input checked="" type="checkbox"/>
Legal name of corporation CLEARWAY MINNESOTA (SM)		Trade name/DBA	
Mailing name (if different from legal name above) c/o		State or country of incorporation MINNESOTA	Date received (for Tax Department use only)
Number and street or PO box 2 APPLETREE SQ, 8011 34TH AV S		Date of incorporation 01-01-98	
City MINNEAPOLIS, MN		Foreign corporations: date began business in NYS	
State 55425			
NAICS business code number (from federal return) 900099	If address/phone above is new, mark an X in the box <input type="checkbox"/>	If you need to update your address or phone information for corporation tax, or other tax types, you can do so online. See <i>Business information</i> in Form CT-1.	
Principal unrelated business activity (see instructions) PARTNERSHIP INVESTMENT		Audit (for Tax Department use only)	

Form CT-247, Application for Exemption from Corporation Franchise Taxes by a Not-For-Profit**Organization** - Have you filed this New York State application for exemption? (see instructions) Yes ☐ No ☒Mark an **X** in this box if you are an employee trust as defined in Internal Revenue Code (IRC) section 401(a) ☐Mark an **X** in this box if you ceased operating the unrelated business during the tax year covered by this return (see section Who must file Form CT-13 in the instructions) ☐

A. Pay amount shown on line 22. Make payable to: New York State Corporation Tax ◀ Attach your payment here. Detach all check stubs. (See instructions for details.)	A	Payment enclosed
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------	------------------

Computation of income and tax

1 Federal unrelated business taxable income before net operating loss deduction and after \$1,000 specific deduction	1	35,968.
2 New York State Article 13 and Article 23 tax deducted on federal return	2	250.
3 Additions required for shareholders of federal S corporations (see instructions)	3	
4 Grossed-up taxes for shareholders of New York S corporations (see instructions)	4	
5 Other additions (see instructions) • IRC section 199 deduction:	5	
6 Add lines 1 through 5	6	36,218.
7 Other income (see instructions)	7	
8 Federal S corporation shareholder subtractions (see instructions)	8	
9 Other subtractions (see instructions)	9	
10 Total subtractions (add lines 7, 8, and 9)	10	
11 Taxable income before net operating loss deduction (subtract line 10 from line 6)	11	36,218.
12 New York net operating loss deduction (attach federal and NYS computations; see instructions)	12	
13 Taxable income (subtract line 12 from line 11)	13	36,218.
14 Allocated taxable income (multiply line 13 by 3.3387 % from line 42; or enter amount from line 13 if allocation is not claimed) •	14	1,209.
15 Tax based on income (multiply line 14 by 9% (.09))	15	109.
16 Minimum tax	16	250. 00
17 Tax (line 15 or line 16, whichever is larger)	17	250.
18 Total prepayments from line 46 •	18	660.
19 Balance (if line 18 is less than line 17, subtract line 18 from line 17)	19	
20 Interest on late payment (see instructions) •	20	
21 Late filing and late payment penalties (see instructions) •	21	
22 Balance due (add lines 19, 20, and 21 and enter here; enter the payment amount on line A above)	22	
23 Overpayment (if line 17 is less than line 18, subtract line 17 from line 18)	23	410.
24 Amount of overpayment on line 23 to be credited to next year	24	
25 Amount of overpayment on line 23 to be refunded (subtract line 24 from line 23)	25	410.

See page 3 for third-party designee, certification, and signature entry areas.

400001161019



Have you been audited by the Internal Revenue Service in the past 5 years? Yes ☐ No ☒ If Yes, list years: _____

Federal return was filed on: 990-T ☒ Other: ☐ Attach a complete copy of your federal return.

Schedule A - Unrelated business allocation

If you did not maintain a regular place of business outside New York State, leave this schedule blank. A regular place of business is any office, factory, warehouse, or other space regularly used by the taxpayer in its unrelated business. If you claim this allocation, attach a list of each place of business, the location, nature of activities, and number and duties of employees.

Average value of:		A New York State	B Everywhere	
26	Real estate owned (see instructions)	26		
27	Gross rents (attach list; see instructions)	27		
28	Inventories owned	28		
29	Other tangible personal property owned (see instructions)	29		
30	Total (add lines 26 through 29)	30		
31	Percentage in New York State (divide line 30, column A, by line 30, column B)	31		%

Receipts in the regular course of business from:

32	Sales of tangible personal property shipped to points within New York State	32			
33	All sales of tangible personal property	33			
34	Services performed	34			
35	Rentals of property	35			
36	Other business receipts	36	1,402.	41,993.	
37	Total (add lines 32 through 36)	37	1,402.	41,993.	
38	Percentage in New York State (divide line 37, column A, by line 37, column B)	38		3.3387	%
39	Wages, salaries, and other compensation of employees (except general executive officers; see instructions)	39			
40	Percentage in New York State (divide line 39, column A, by line 39, column B)	40			%
41	Total of New York State percentages (add lines 31, 38, and 40)	41		3.3387	%
42	Business allocation percentage (divide line 41 by three or by the number of percentages)	42		3.3387	%

Composition of prepayments claimed on line 18*

		Date paid	Amount
43	Payment with extension request, Form CT-5, line 5	43	
44a	Second installment from Form CT-400	44a	03-15-17 660.
44b	Third installment from Form CT-400	44b	
44c	Fourth installment from Form CT-400	44c	
45	Amount of overpayment credited from prior years	45	
46	Total prepayments (add lines 43 through 45; enter here and on line 18)	46	660.

* Taxpayers subject to the unrelated business income tax are not required to make estimated tax payments. If you did make these unrequired payments, report them on lines 44a, 44b, and 44c.

Amended return information

If filing an amended return, mark an X in the box for any items that apply and attach documentation.

Final federal determination ☐ If marked, enter date of determination: • _____

Net operating loss (NOL) carryback ... ☐ Capital loss carryback ☐

Federal return filed Form 1139 • ☐ Amended Form 990-T ☐

400002161019



2016 TAX RETURN FILING INSTRUCTIONS

MARYLAND FORM 500

FOR THE YEAR ENDING

JUNE 30, 2017

Prepared for	CLEARWAY MINNESOTA (SM) TWO APPLETREE SQ, 8011 34TH AVE S, STE 400 MINNEAPOLIS, MN 55425
Prepared by	OLSEN THIELEN & CO., LTD. 2675 LONG LAKE ROAD ROSEVILLE, MN 55113-1117
To be signed and dated by	THE APPROPRIATE CORPORATE OFFICER(S).
Amount of tax	Total tax \$ 37.00 Less: payments and credits \$ 46.00 Plus: other amount \$ 0.00 Plus: interest and penalties \$ 0.00 OVERPAYMENT \$ 9.00
Overpayment	Credited to your estimated tax \$ 0.00 Other amount \$ 0.00 Refunded to you \$ 9.00
Make check payable to	NOT APPLICABLE
Mail tax return and check (if applicable) to	COMPTROLLER OF MARYLAND REVENUE ADMINISTRATION DIV. 110 CARROLL STREET ANNAPOLIS, MD 21411-0001
Return must be mailed on or before	MAY 15, 2018
Special Instructions	



OR FISCAL YEAR BEGINNING 0701 2016, ENDING 063017

411921094

Federal Employer Identification Number (9 digits)

FEIN Applied for Date (MMDDYY)

092198

► Date of Organization or Incorporation (MMDDYY)

► Business Activity Code No. (6 digits)

CLEARWAY MINNESOTA SM

Name

TWO APPLETREE SQ 8011 34TH AVE S STE 400

Current Mailing Address Line 1 (Street No. and Street Name or PO Box)

Current Mailing Address Line 2 (Apt No., Suite No., Floor No.)

MINNEAPOLIS

City or Town

MN

State

55425

ZIP code

+4

06

► ME

17

► YE

STAPLE CHECK
HERE

CHECK HERE IF:

☐
☐
☐
☐

Name or address has changed

First filing of the corporation

This tax year's beginning and ending dates are different from last year's due to an acquisition or consolidation.

☐
☐

Inactive corporation

Final Return

SEE CORPORATION INSTRUCTIONS. ATTACH A COPY OF THE FEDERAL INCOME TAX RETURN THROUGH SCHEDULE M2.

1a. Federal Taxable Income (Enter amount from Federal Form 1120 line 28 or Form 1120-C

line 25.) See Instructions. Check applicable box:

☐ 1120

☐ 1120-REIT

☒ 990T

☐ Other: _____

IF 1120S, FILE ON FORM 510

1a.

35968.00

1b. Special Deductions (Federal Form 1120 line 29b or

Form 1120-C line 26b.)

1b.

1c. Federal Taxable Income before net operating loss deduction

(Subtract line 1b from 1a.)

► 1c.

35968.00

MARYLAND ADJUSTMENTS TO FEDERAL TAXABLE INCOME

(All entries must be positive amounts.)

ADDITION ADJUSTMENTS

2a. Section 10-306.1 related party transactions

► 2a.

2b. Decoupling Modification Addition adjustment

(Enter code letter(s) from instructions.)

► 2b.

2c. Total Maryland Addition Adjustments to Federal Taxable Income (Add lines 2a and 2b.)

2c.

SUBTRACTION ADJUSTMENTS

3a. Section 10-306.1 related party transactions

► 3a.

3b. Dividends for domestic corporation claiming foreign tax credits

(Federal form 1120/1120C Schedule C line 15)

► 3b.

3c. Dividends from related foreign corporations

(Federal form 1120/1120C Schedule C line 13 and 14)

► 3c.

3d. Decoupling Modification Subtraction adjustment

(Enter code letter(s) from instructions.)

► 3d.

3e. Total Maryland Subtraction Adjustments to Federal Taxable Income

(Add lines 3a through 3d.)

3e.

4. Maryland Adjusted Federal Taxable Income before NOL deduction is applied

(Add lines 1c and 2c, and subtract line 3e.)

4.

35968.00

5. Enter Adjusted Federal NOL Carry-forward available from previous tax years (including

FDSC Carry-forward) on a separate company basis (Enter NOL as a positive amount.)

► 5.



165000105

NAME CLEARWAY MINNES FEIN 411921094

6. **Maryland Adjusted Federal Taxable Income** (If line 4 is less than or equal to zero, enter amount from line 4.) (If line 4 is greater than zero, subtract line 5 from line 4 and enter result. If result is less than zero, enter zero.) 6. 35968.00

MARYLAND ADDITION MODIFICATIONS

(All entries must be positive amounts.)

- 7a. State and local income tax 7a. 4359.00
7b. Dividends and interest from another state, local or federal tax exempt obligation 7b. _____
7c. Net operating loss modification recapture (Do not enter NOL carryover. See instructions.) 7c. _____
7d. Domestic Production Activities Deduction 7d. _____
7e. Deduction for Dividends paid by captive REIT 7e. _____
7f. Other additions (Enter code letter(s) from instructions and attach schedule.) 7f. _____
7g. Total Addition Modifications (Add lines 7a through 7f.) 7g. 4359.00

MARYLAND SUBTRACTION MODIFICATIONS

(All entries must be positive amounts.)

- 8a. Income from US Obligations 8a. _____
8b. Other Subtractions (Enter code letter(s) from instructions and attach schedule.) 8b. 0.00
8c. Total Subtraction Modifications (Add lines 8a and 8b.) 8c. 0.00

NET MARYLAND MODIFICATIONS

9. Total Maryland Modifications (Subtract line 8c from 7g. If less than zero, enter negative amount.) 9. 4359.00
10. Maryland Modified Income (Add lines 6 and 9.) 10. 40327.00

APPORTIONMENT OF INCOME

(To be completed by multistate corporations whose apportionment factor is less than 1, otherwise skip to line 13.)

11. Maryland apportionment factor (from page 4 of this form) (If factor is zero, enter .000001.) 11. .011097
12. Maryland apportionment income (Multiply line 10 by line 11.) 12. 448.00
13. Maryland taxable income (from line 10 or line 12, whichever is applicable.) 13. 448.00
14. Tax (Multiply line 13 by 8.25%.) 14. 37.00
15a. Estimated tax paid with Form 500D, Form MW506NRS and/or credited from 2015 overpayment 15a. 46.00
15b. Tax paid with an extension request (Form 500E) 15b. _____
15c. Nonrefundable business income tax credits from Part Y. (See instructions for Form 500CR.)
15d. Refundable business income tax credits from Part BB. (See instructions for Form 500CR.)
15e. The Heritage Structure Rehabilitation Tax Credit is claimed on line 1 of Part BB on Form 500CR. Check here ☐ if you are a non-profit corporation.
15f. Nonresident tax paid on behalf of the corporation by pass-through entities (Attach Maryland Schedule K-1.) 15f. _____
15g. Total payments and credits (Add lines 15a through 15f.) 15g. 46.00
16. Balance of tax due (If line 14 exceeds line 15g, enter the difference.) 16. 0.00
17. Overpayment (If line 15g exceeds line 14, enter the difference.) 17. 9.00
18. Interest and/or penalty from Form 500UP or late payment interest TOTAL 18. 0.00
19. Total balance due (Add lines 16 and 18, or if line 18 exceeds line 17 enter the difference.) 19. 0.00
20. Amount of overpayment to be applied to estimated tax for 2017 (not to exceed the net of line 17 less line 18) 20. _____
21. Amount of overpayment TO BE REFUNDED (Add lines 18 and 20, and subtract the total from line 17.) 21. 9.00

You must file this form electronically to claim
business tax credits from Form 500CR.



NAME CLEARWAY MINNES FEIN 411921094

DIRECT DEPOSIT OF REFUND (See Instructions.) **Be sure the account information is correct.**

If this refund will go to an account outside of the United States, then to comply with banking rules, place a "Y" in this box ☐ and see Instructions.

For the direct deposit option, complete the following information clearly and legibly.

22a. Type of account: ☐ Checking ☐ Savings

22b. Routing Number (9-digits):

22c. Account number:

INFORMATIONAL PURPOSES ONLY (LINES 23 & 24)

23.	NOL generated in Current Year - Carryforward 20 years and back 2 years (If line 6 is less than zero, enter on line 23.)	23.	<u>0.00</u>
24.	NAM generated in Current Year - Carried Forward/Back with Loss on Line 23 per Section 10-205(e) (If line 6 is less than zero AND line 9 is greater than zero, enter the amount from line 9 on line 24.)	24.	<u>0.00</u>



165000305

NAME CLEARWAY MINNES FEIN 411921094**Schedule A - COMPUTATION OF APPORTIONMENT FACTOR** (Applies only to multistate corporations. See instructions.)

	Column 1 TOTALS WITHIN MARYLAND	Column 2 TOTALS WITHIN AND WITHOUT MARYLAND	Column 3 DECIMAL FACTOR (Column 1 ÷ Column 2 rounded to six places)
NOTE: Special apportionment formulas are required for rental/leasing, financial institutions, transportation and manufacturing companies.			
1A. Receipts			
a. Gross receipts or sales less returns and allowances			
b. Dividends			
c. Interest			
d. Gross rents			
e. Gross royalties			
f. Capital gain net income			
STMT 1			
g. Other income (Attach schedule.)	466	41993	
h. Total receipts (Add lines 1A(a) through 1A(g), for Columns 1 and 2.)	466	41993	.,011097
1B. Receipts Enter the same factor shown on line 1A, Column 3. Disregard this line if special apportionment formula is used			.,011097
2. Property			
a. Inventory			
b. Machinery and equipment			
c. Buildings			
d. Land			
e. Other tangible assets (Attach schedule.)			
f. Rent expense capitalized (multiply by eight)			
g. Total property (Add lines 2a through 2f, for Columns 1 and 2.)
3. Payroll			
a. Compensation of officers			
b. Other salaries and wages			
c. Total payroll (Add lines 3a and 3b, for Columns 1 and 2.)
4. Total of factors (Add entries in Column 3.),022194
5. Maryland apportionment factor Divide line 4 by four for three-factor formula, or by the number of factors used if special apportionment formula required. (If factor is zero, enter .000001 on line 11 page 2.),011097



165000405

NAME CLEARWAY MINNES FEIN 411921094**SCHEDULE B - ADDITIONAL INFORMATION REQUIRED (Attach a separate schedule if more space is necessary.)**

1. Telephone number of corporation tax department: 9527671400
2. Address of principal place of business in Maryland (if other than indicated on page 1): _____
3. Brief description of operations in Maryland: _____
4. Has the Internal Revenue Service made adjustments (for a tax year in which a Maryland return was required) that were not previously reported to the Maryland Revenue Administration Division? ☐ Yes ☒ No
If "yes", indicate tax year(s) here: _____ and submit an amended return(s) together with a copy of the IRS adjustment report(s) under separate cover.
5. Did the corporation file employer withholding tax returns/forms with the Maryland Revenue Administration Division for the last calendar year? ☐ Yes ☒ No
6. Is this entity part of a federal consolidated filing? ☐ Yes ☒ No
If a multistate operation, provide the following:
7. Is this entity a multistate corporation that is a member of a unitary group? ☐ Yes ☒ No
8. Is this entity a multistate manufacturer with more than 25 employees? ☐ Yes ☒ No

SIGNATURE AND VERIFICATION

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. If prepared by a person other than taxpayer, the declaration is based on all information of which the preparer has any knowledge.

Check here ☒ if you authorize your preparer to discuss this return with us.

Officer's Signature_____
Date_____
Officer's Name and TitleLINDA M NELSON CPA_____
Preparer's SignatureOLSEN THIELEN CO LTD_____
Preparer's name, address and telephone number
2675 LONG LAKE ROAD
ROSEVILLE MN 551131117
6514834521▶ P00205567

Preparer's PTIN (required by law)

Make checks payable to and mail to:

Comptroller Of Maryland
Revenue Administration Division
110 Carroll Street
Annapolis, Maryland 21411-0001
(Write Your FEIN On Check Using Blue or Black Ink.)

2016 TAX RETURN FILING INSTRUCTIONS

VERMONT FORM CO-411

FOR THE YEAR ENDING

JUNE 30, 2017

Prepared for	CLEARWAY MINNESOTA (SM) TWO APPLETREE SQ, 8011 34TH AVE S, STE 400 MINNEAPOLIS, MN 55425															
Prepared by	OLSEN THIELEN & CO., LTD. 2675 LONG LAKE ROAD ROSEVILLE, MN 55113-1117															
To be signed and dated by	THE APPROPRIATE CORPORATE OFFICER(S).															
Amount of tax	<table><tr><td>Total tax</td><td>\$</td><td>300.00</td></tr><tr><td>Less: payments and credits</td><td>\$</td><td>0.00</td></tr><tr><td>Plus: other amount</td><td>\$</td><td>0.00</td></tr><tr><td>Plus: interest and penalties</td><td>\$</td><td>0.00</td></tr><tr><td>BALANCE DUE</td><td>\$</td><td>300.00</td></tr></table>	Total tax	\$	300.00	Less: payments and credits	\$	0.00	Plus: other amount	\$	0.00	Plus: interest and penalties	\$	0.00	BALANCE DUE	\$	300.00
Total tax	\$	300.00														
Less: payments and credits	\$	0.00														
Plus: other amount	\$	0.00														
Plus: interest and penalties	\$	0.00														
BALANCE DUE	\$	300.00														
Overpayment	<table><tr><td>Credited to your estimated tax</td><td>\$</td><td>0.00</td></tr><tr><td>Other amount</td><td>\$</td><td>0.00</td></tr><tr><td>Refunded to you</td><td>\$</td><td>0.00</td></tr></table>	Credited to your estimated tax	\$	0.00	Other amount	\$	0.00	Refunded to you	\$	0.00						
Credited to your estimated tax	\$	0.00														
Other amount	\$	0.00														
Refunded to you	\$	0.00														
Make check payable to	VERMONT DEPARTMENT OF TAXES															
Mail tax return and check (if applicable) to	VERMONT DEPARTMENT OF TAXES 133 STATE STREET MONTPELIER, VT 05633-1401															
Return must be mailed on or before	APRIL 17, 2018															
Special Instructions	<p>PAYMENT OF TAX SHOULD BE MADE SEPARATELY FROM THE FILING OF THE TAX RETURN. INCLUDE FORM CO-422 WITH THE CHECK OR MONEY ORDER AND MAIL TO:</p> <p>VERMONT DEPARTMENT OF TAXES 133 STATE STREET MONTPELIER, VT 05633-1401</p>															



VT Form
CO-422

**CORPORATE INCOME TAX RETURN
PAYMENT VOUCHER**

USE THIS FORM IF NOT SUBMITTING PAYMENT WITH FORM CO-411.

If you electronically filed, DO NOT include a copy of the filed return with this payment.

FOR COMPUTERIZED USE ONLY

CLEARWAY MINNESOTA SM

FID 411921094

2 APPLETREE SQ 8011 34TH AVE S STE

FYB 20160701

FYE 20170630

MINNEAPOLIS

MN 55425

AMT 300

1019

Mail to: VT Department of Taxes
133 State Street
Montpelier, VT 05633-1401

Form CO-422
10/14

TAXPAYER'S COPY - KEEP THIS PORTION FOR YOUR RECORDS

Cut at line above.

Mail top portion with check or money order to:

Vermont Department of Taxes, 133 State Street, Montpelier, VT 05633-1401

VT Form
CO-422

**CORPORATE INCOME TAX RETURN
PAYMENT VOUCHER**

USE THIS FORM IF NOT SUBMITTING PAYMENT WITH FORM CO-411.

If you electronically filed, DO NOT include a copy of the filed return with this payment.

Federal ID Number
Tax Year **BEGIN** date (YYYYMMDD)
Tax Year **END** date (YYYYMMDD)

411921094
20160701
20170630

Entity Name CLEARWAY MINNESOTA (SM)
Mailing Address, Line 1 2 APPLETREE SQ, 8011 34TH AVE S, STE
Mailing Address, Line 2
City or Town, State, ZIP Code MINNEAPOLIS MN 55425
Foreign Country (if not U.S.)

Amount of this payment (Use WHOLE DOLLARS) If "\$0", DO NOT file \$ 300.



VT Form CO-411	CORPORATE INCOME TAX RETURN
---------------------------	------------------------------------

Entity Name

Fiscal Year Ending (YYYYMMDD) Federal ID Number

CLEARWAY MINNESOTA (SM)

20170630

411921094

FOR COMPUTERIZED USE ONLY

FID	411921094	FYB	20160701	FYE	20170630	NAICS			
CLEARWAY MINNESOTA SM				APC	N	AMD	N	EXT	N
TWO APPLETREE SQ 8011 34TH AVE S S				COM	N	CON	N	FIN	N
					FED	990T		DSC	Y
MINNEAPOLIS		MN	55425		WEG	0		VNX	0
				SMFM	N	NOVT	N	HCA	N
1	35968	7		40327		19A			0
2	0	8		0		19B			0
3	35968	9		0		19C			0
4A	0	10		0		19D			0
4B	4359	11		0		19E			0
4C	0	12		0		19F			0
4D	0	13		0		20			300
4E	0	14		300		21			0
4F	0	15		0		22			0
4G	0	16		300		23			0
5	40327	17		0		PTIN		P00205567	
6	000000	18		300		PEIN		411360831	

I hereby certify that I am an officer or authorized agent responsible for the taxpayer's compliance with the requirements of Title 32 of the Vermont Statutes and that this return is true, correct, and complete to the best of my knowledge. If prepared by a person other than the taxpayer, this declaration further provides that under 32 V.S.A. § 5901, this information has not been and will not be used for any other purpose, or made available to any other person, other than for the preparation of this return unless a separate valid consent form is signed by the taxpayer and retained by the preparer.

11 01 17

Signature of Officer or Authorized Agent

Date

Preparer's signature

Date

Printed name

Print name, Firm's name (or yours if self-employed) and address below

Daytime telephone number (optional) **952-767-1400**

E-mail address (optional)

OLSEN THIELEN & CO., LTD.
2675 LONG LAKE ROAD
ROSEVILLE, MN 551131117

Telephone **651-483-4521**

Form CO-411

May the Dept. of Taxes discuss this return with the preparer shown?



Yes



No

1019

682301
12-21-16

Preparer's e-mail address

Rev. 10/16

Entity Name	CLEARWAY MINNESOTA (SM)		Federal ID Number	411921094
Address, Line 1	TWO APPLETREE SQ, 8011 34TH AVE S, S			
Address, Line 2				
City, State, ZIP Code	MINNEAPOLIS	MN	55425	
Foreign Country				

	Yes	No	
Did the Accounting Period change?		N	Tax year BEGIN date (YYYYMMDD) 20160701
Is this an Amended Return?		N	Tax year END date (YYYYMMDD) 20170630
Is this an Extended Return?		N	Primary 6-digit North American Industrial
Is this a Unitary Combined Return?		N	Classification System (NAICS) Number
Is this a Unitary Consolidated Return?		N	Number of companies in Water's Edge Group 0
Is this a Final Return? If yes, this cancels account		N	Number with Vermont Nexus 0

Federal tax return filed (check one box)

☐ 1120
 ☐ 1120-F
 ☒ 990-T
 ☐ 1120-H
 ☐ Other

1. FEDERAL TAXABLE INCOME	1.	35968.
2. Bonus Depreciation Adjustment (see instructions)	2.	0.
3. Federal Taxable Income adjusted for disallowance of Bonus Depreciation (Line 1 plus Line 2)	3.	35968.
4. ADD (a) Interest on non-Vermont state and local obligations	4(a).	0.
(b) State and local income or franchise taxes	4(b).	4359.
LESS (c) Non-business income or loss allocated everywhere		
(Schedule BA-402, Line 1a, or leave blank)	4(c).	0.
(d) Foreign dividends received	4(d).	0.
(e) Interest on U.S. Government obligations	4(e).	0.
(f) "Gross Up" required by IRC Sec. 78 and other		
excludable income	4(f).	0.
(g) Targeted Job Credit salary and wage expense		
addback	4(g).	0.
5. NET APPORTIONABLE INCOME (Line 3 plus Lines 4(a) and 4(b) less Lines 4(c) through 4(g))	5.	40327.
6. Vermont Apportionment Percentage (100% or amount from VT Schedule BA-402, Line 22).		
Calculate percentage to six places to the right of the decimal point	6.	.000000%
7. Apportionable Income (Form CO-411, Line 5)	7.	40327.
8. Income Apportioned to Vermont (Multiply Line 6 by Line 7)	8.	0.
9. Income Allocated to Vermont (Schedule BA-402, Line 1b)	9.	0.
10. Foreign Dividends Allocated to Vermont (Schedule BA-402, Line 1d)	10.	0.
11. Net VT Income Allocated and Apportioned to Vermont (Add Lines 8, 9, and 10)	11.	0.
12. VT Net Operating Loss deduction applied (attach schedule)	12.	0.
13. VT Net Taxable Income for this entity (Subtract Line 12 from Line 11)	13.	0.
14. VT Tax. Apply VT Tax Rates (below) to amount on Line 13	14.	300.
15. Credits (Schedule BA-404, Column C, Line 13)	15.	0.
16. Tax Due for this entity (Subtract Line 15 from Line 14)	16.	300.
17. Gross Receipts (For purpose of minimum tax calculation. See instructions)	17.	0.

Check box if exception to minimum tax applies:

☐ SMALL FARM CORPORATION (\$75 minimum)
 ☐ NO VERMONT ACTIVITY (\$0)
 ☐ HOMEOWNER'S / CONDO ASSOC. (Federal Form 1120-H only) (\$0)

TAX COMPUTATION SCHEDULE	
(Effective for taxable periods beginning January 1, 2012)	
IF VT NET INCOME IS	TAX IS
\$10,000 or less	6.00%.
\$10,001 to \$25,000	\$600 plus 7.00% of excess over \$10,000.
\$25,001 and over	\$1,650 plus 8.50% of excess over \$25,000.
IF GROSS RECEIPTS ARE	MINIMUM TAX IS
\$2,000,000 OR less	\$300
\$2,000,001 - \$5,000,000	\$500
\$5,000,001 and over	\$750

Entity Name

Fiscal Year Ending (YYYYMMDD)

Federal ID Number

CLEARWAY MINNESOTA (SM)

20170630

411921094

18. Total Tax Due (Sum of Line 16 and Line 11 of all attached CO-421)	18.	300.
19. PAYMENTS		
19a. Estimated Payments	19a.	0.
19b. Payment with Extension	19b.	0.
19c. Nonresident Estimated Payments (Form WH-435)	19c.	0.
19d. Real Estate Withholding Payments (Form RW-171)	19d.	0.
19e. Prior Year Overpayment Applied	19e.	0.
19f. Total Payments (Add Lines 19a through 19e)	19f.	0.
20. Balance Due. If Line 18 is more than Line 19f, subtract Line 19f from Line 18	20.	300.
Make checks payable to VT DEPARTMENT OF TAXES		
21. Overpayment. If Line 19f is more than Line 18, subtract Line 18 from Line 19f	21.	0.
22. Overpayment to be applied to next tax year	22.	0.
23. Overpayment to be refunded (Subtract Line 22 from Line 21)	23.	0.

Return is due on the date prescribed for filing under the Internal Revenue Code, unless extended.

Payment is due on the date prescribed for filing under the Internal Revenue Code, even if the return is extended. Corporations with liabilities over \$500, see instructions for estimated payments, VT Form CO-414.

Make check payable to: **Vermont Department of Taxes**

Send return Vermont Department of Taxes
 and check to: 133 State Street
 Montpelier, VT 05633-1401



VT Schedule BA-402	APPORTIONMENT & ALLOCATION SCHEDULE
-------------------------------	----------------------------------------------------

Enter all amounts in WHOLE DOLLARS
For Unitary filers, complete a separate Schedule BA-402 for each taxable affiliate.

**Attach to Form CO-411
or Form BI-471**

Entity Name (same as on Form CO-411 or Form BI-471) CLEARWAY MINNESOTA (SM)	Fiscal Year Ending (YYYYMMDD) 20170630	Federal ID Number 411921094
FOR UNITARY GROUPS ONLY - Name of Affiliate		Affiliate's Federal ID Number

FOR COMPUTERIZED USE ONLY

PFID	411921094	9A	0	15A	0
AFID		9B	0	15B	0
1A	0	10A	0	16A	0
1B	0	10B	0	16B	0
1C	0	11A	41993	17A	0
1D	0	11B	0	17B	0
2	0	12A	41993	18A	0
3	0	12B	0	18B	0
4	0	12C	000000	19A	0
5	0	13A	0	19B	0
6	0	13B	0	20A	0
7	0	13C	000000	20B	0
8A	0	14A	0	20C	000000
8B	0	14B	0	21	000000
				22	000000

Entity Name (same as on Form CO-411 or Form BI-471)

CLEARWAY MINNESOTA (SM)

FOR UNITARY GROUPS ONLY - Name of Affiliate

Fiscal Year Ending (YYYYMMDD)

20170630

Federal ID Number

411921094

Affiliate's Federal ID Number

PART 1 Directly Allocated Nonbusiness Income and Foreign Dividends**Everywhere****Vermont**

1. Nonbusiness Income	1a.	0.	1b.	0.
Foreign Dividends	1c.	0.	1d.	0.

PART 2 Apportioned Income**Section A Sales and Receipts Factor (Do not enter negative values in Part 2)**

2. Sales or gross receipts	2.	0.		
3. Services performed in Vermont			3.	0.
4. Sales delivered or shipped to purchasers in Vermont from outside Vermont			4.	0.
5. Sales delivered or shipped to purchasers in Vermont from within Vermont			5.	0.
6. Sales shipped from Vermont to the U.S. Government			6.	0.
7. Sales shipped from Vermont to purchasers in a state where the entity is not taxable			7.	0.
8. Business interest	8a.	0.	8b.	0.
9. Royalties	9a.	0.	9b.	0.
10. Gross rents	10a.	0.	10b.	0.
11. Other business income (attach statement) STMT 1	11a.	41993.	11b.	0.
12. TOTAL INCOME, SALES AND GROSS RECEIPTS				
(Add Lines 2-11)	12a.	41993.	12b.	0.
12c. Vermont Sales and Receipts factor as percent of everywhere (Divide Line 12b by Line 12a)			12c.	.000000 %

Section B Salaries and Wages Factor

13. TOTAL SALARIES AND WAGES	13a.	0.	13b.	0.
13c. Vermont as percent of everywhere (Divide Line 13b by Line 13a)			13c.	.000000 %

Section C Property Factor (Average value during year)

14. Inventories	14a.	0.	14b.	0.
15. Buildings and other depreciable assets (original cost)	15a.	0.	15b.	0.
16. Depletable assets (original cost)	16a.	0.	16b.	0.
17. Land	17a.	0.	17b.	0.
18. Other assets (attach schedule)	18a.	0.	18b.	0.
19. Rented real and personal property (Multiply annual rent by 8)	19a.	0.	19b.	0.
20. TOTAL PROPERTY (Add Lines 14 through 19)	20a.	0.	20b.	0.
20c. Vermont as percent of everywhere (Divide Line 20b by Line 20a)			20c.	.000000 %

Section D Vermont Apportionment Factors

21. VERMONT COMBINED FACTORS (Sales and Receipts, Double-weighted) (Add Line 12c twice, and Lines 13c and 20c above)	21.	.000000 %
22. VERMONT APPORTIONMENT FACTOR (Divide Line 21 by 4 or as indicated below) Express as a decimal to six places. If there are less than three factors with an "EVERYWHERE" denominator, then divide Line 21 as follows:	22.	.000000 %

- Sales/Receipts and Salaries and Wages - divide by 3
- Sales/Receipts and Property - divide by 3
- Salaries and Wages and Property - divide by 2
- Sales/Receipts only - divide by 2
- Salaries and Wages only - divide by 1
- Property only - divide by 1

(Transcribe to Form CO-411, Line 6; or Schedule CO-421, Line 1; or Schedule BI-472, Line 7; or Schedule BI-473, Line 8.)

VT BA-402	SECTION A OTHER BUSINESS INCOME	STATEMENT	1
DESCRIPTION	EVERYWHERE	VERMONT	
OTHER RECEIPTS	41,993.		0.
TOTALS TO FORM BA-402, PAGE 2, LINE 11	41,993.		0.



AUDITED FINANCIAL STATEMENT CERTIFICATION

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

1. Each has reviewed the audited financial statements for the years ended June 30, 2017 and 2016 of ClearWay Minnesota;
2. Based on the knowledge of each of the undersigned, after due review and consideration, the financial statements, and other financial information included in the statements, fairly present in all material respects the financial condition, results of operations and cash flows of ClearWay Minnesota as of, and for, the period presented in these financial statements.
3. Based on the knowledge of each of the undersigned, there are appropriate procedures, processes and adequate systems of internal controls in place at ClearWay Minnesota to support the undersigned's representation in paragraph 2 above that the financial statements fairly represent the financial condition, results of operations and cash flows of ClearWay Minnesota, and to detect noncompliance with applicable laws and regulations and with the governing documents and policies of ClearWay Minnesota.

Dated: 10/24/2017

Signature: _____

David J. Willoughby
Chief Executive Officer

Dated: 10/24/17

Signature: _____

Steven L. Bader
Chief Financial Officer



Appendix 0

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: 06/30/2017

mm/dd/yyyy

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

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

1. Organization's website: WWW.CLEARWAYMN.ORG

2. List all of the organization's alternate and former names (attach list if more space is needed).

☐ Alternate ☐ Former
☐ Alternate ☐ Former

3. List all names under which the organization solicits contributions (attach list if more space is needed).

4. Is the organization incorporated pursuant to Minn. Stat. ch. 317A? ☒ Yes ☐ No

5. Total amount of contributions the organization received from Minnesota donors: \$ 116,327.

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	167,409.	48,936.
BARBARA SCHILLO VICE PRESIDENT	144,608.	42,375.
ANDREA MOWERY VICE PRESIDENT	146,727.	35,573.
STEVEN BADER CHIEF FINANCIAL OFFICER	133,534.	35,951.
JAIME MARTINEZ DIRECTOR OF COMMUNITY DEV	127,391.	31,148.

*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 _____

day of _____, 20____, approving the contents of the document, and do hereby certify that the

BOARD OF DIRECTORS (Board of Directors, Trustees, or Managing Group) has assumed, and will continue

to assume, responsibility for determining matters of policy, and have supervised, and will continue to supervise, the operations and finances of the

organization. We further state that the information supplied is true, correct and complete to the best of our knowledge.

BOB BOERSCHEL

Name (Print)

Signature

CHAIR, BOARD OF DIRECTORS

Title

Date

LAURIE LAFONTAINE

Name (Print)

Signature

TREASURER

Title

Date