



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

***January 2015***

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## EXECUTIVE SUMMARY

This is the 14<sup>th</sup> regular Report to the Ramsey County District Court and the Minnesota State Legislature from ClearWay Minnesota<sup>SM</sup>. We are a statewide nonprofit organization working to reduce tobacco's harm in Minnesota. Since 1998, we have helped reduce smoking in Minnesota from 22 percent to 16 percent, provided more than 100,000 Minnesotans with cessation help through QUITPLAN<sup>®</sup> Services, advanced policies known to reduce tobacco's harm, broken ground in research, formed partnerships within diverse communities to reduce tobacco's burden and created many innovative programs.

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

ClearWay Minnesota operates under the supervision of the Ramsey County District Court and we are required to report on our activities to the Court and the Minnesota Legislature on an annual basis. The information in this Report covers Fiscal Year 2014 (July 1, 2013 – June 30, 2014). Through the end of this Fiscal Year, nearly \$78.2 million has funded cessation, research, policy, community development and outreach projects throughout the state.

### **Fiscal Year 2014 Initiatives and Developments**

#### **Organization**

ClearWay Minnesota Board activities during Fiscal Year 2014 included creating a new Strategic Plan for the 2015-2017 strategic planning cycle, undertaking initiatives related to Board development and education, refining our Conflict of Interest Policy, hosting a panel discussion on the 15<sup>th</sup> anniversary of the Minnesota tobacco settlement and other activities.

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

##### *Cessation*

ClearWay Minnesota continued providing comprehensive tobacco cessation services to adult Minnesotans through QUITPLAN Services, our effective, science-based programs that have given Minnesota tobacco users free tools to quit since 2001. In Fiscal Year 2014, ClearWay Minnesota implemented a redesign of QUITPLAN Services to reduce barriers, offer choices and use a wider range of technologies to help tobacco users quit. Additionally, ClearWay Minnesota dedicated resources toward a series of policy efforts to help ensure that 100 percent of Minnesota smokers will have access to comprehensive tobacco dependence treatment by 2023, and participated in activities with partners to advance both cessation services and policies.

##### *Research*

ClearWay Minnesota funds and conducts research that can translate into interventions leading to reduced tobacco use and secondhand smoke exposure in Minnesota. We awarded \$1,466,641 in grant funding for six research projects during Fiscal Year 2014. Topics to be explored include issues concerning menthol cigarettes and secondhand smoke exposure. This year also saw data collection for the Minnesota Adult Tobacco Survey (MATS) and dissemination of findings from several ClearWay Minnesota-funded or -conducted research projects.

### *Policy*

During Fiscal Year 2014, ClearWay Minnesota continued to lead a coalition focused on advancing policies that reduce tobacco's harm in Minnesota. We helped pass a law that prohibits smoking in foster homes and vehicles when a foster child is present, and helped pass legislation restricting e-cigarette sale and use in a number of ways. ClearWay Minnesota also funded local efforts to organize public support around tobacco control policies and other tobacco-related issues.

### *Community development*

During Fiscal Year 2014, ClearWay Minnesota continued engaging members of Minnesota's diverse communities in tobacco control efforts and working to reduce the harm that commercial tobacco causes them. (*Commercial tobacco* refers to manufactured products such as cigarettes, not to the sacred and traditional use of tobacco by American Indians and other groups.) We supported Minnesota's American Indian advocates in their work to advance smoke-free policies on tribal lands, built advocacy and leadership skills for effective tobacco control among members of diverse populations, supported policy efforts that reduce tobacco's harm among these groups and conducted other activities.

## **Communications and outreach**

### *Advertising*

In Fiscal Year 2014, our advertising efforts supported the launch of the reimagined QUITPLAN Services. Our media work also continued to raise awareness of tobacco's dangers to change social norms around tobacco use in Minnesota, and helped build support for public policy initiatives to reduce tobacco's harm.

### *Community outreach*

In addition to paid advertising, ClearWay Minnesota used earned and social media to reach key stakeholders and help build support for public policy initiatives that reduce tobacco's harm.

### *Conferences and events*

ClearWay Minnesota staff, grantees and Board Members participated in various conferences and symposia, keeping abreast of new research and advancing the field of tobacco control by sharing findings from Minnesota with other public health experts.

## I. INTRODUCTION

This is the 14<sup>th</sup> regular Report to the Ramsey County District Court and the Minnesota State Legislature from ClearWay Minnesota<sup>SM</sup>. We are a statewide nonprofit organization working to reduce tobacco's harm in Minnesota. Since 1998, we have been a state leader in media, research and smoking cessation. Working with partners, we have helped reduce smoking in Minnesota from 22.1 percent in 1999 to 16.1 percent in 2010 (the most recent year for which data are available). We have provided more than 100,000 Minnesotans with quit-smoking services through QUITPLAN<sup>®</sup> Services, advanced health policies including the Freedom to Breathe Act and tobacco price increases, broken ground in research, formed partnerships within diverse communities to reduce tobacco's burden and created many innovative programs.

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

ClearWay Minnesota operates under the supervision of the Ramsey County District Court and we are required to report on our activities to the Court and the Minnesota Legislature on an annual basis. This Report consists of this introduction, three sections explaining our operations and activities for Fiscal Year 2014 and a conclusion. Additional materials are found in the accompanying appendices.

This information in this Report covers Fiscal Year 2014 (July 1, 2013 – June 30, 2014). Through the end of this Fiscal Year, nearly \$78.2 million has funded cessation, research, policy, community development and outreach projects throughout the state.

In addition to Court oversight, we conduct thorough evaluations of our own work. Evaluation findings measure programs' impact, help to improve them and inform strategic planning. Since 2001, we have spent more than \$6.4 million for services to support a rigorous evaluation agenda. (The U.S. Centers for Disease Control and Prevention [CDC] identifies evaluation as an essential component of a comprehensive tobacco control program.) Findings from recent evaluations are included throughout this report to give a picture of our overall impact.

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

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

## II. ORGANIZATION

### A. GOVERNANCE

ClearWay Minnesota has a 19-member Board of Directors, composed of 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.

The Investment Advisory Committee serves as an advisory committee to the Audit/Finance Committee. While the Investment Advisory Committee is not a standing committee of the Board, the Board determined that it should also have a charter. (See *ClearWay Minnesota<sup>SM</sup> Board and Committee Charters*, Appendix A.)

#### **Fiscal Year 2014 Board Initiatives**

During Fiscal Year 2014 the Board of Directors provided oversight and guidance for the organization's activities, and undertook a number of actions, including:

#### **Strategic planning developments**

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. ClearWay Minnesota's work is directed by our Legacy Statement and Legacy Goals, which set specific targets we hope to achieve by the end of our lifespan in 2023:

##### Legacy Statement

*By 2023, ClearWay Minnesota's work will have changed Minnesota in ways that have a lasting, tangible impact on the lives and health of its people.*

*We will have reduced tobacco-related harms, improved health and created a tobacco-free future for Minnesotans.*

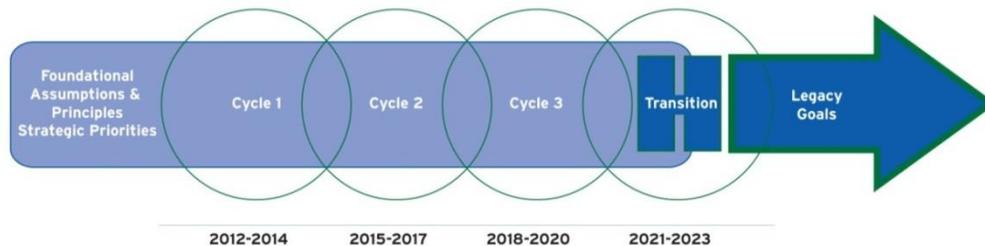
*We will have created capacity and infrastructure for ongoing, sustainable tobacco control work. We will have changed the overall environment in Minnesota so that tobacco use is less acceptable than it was before our work began.*

### Legacy Goals

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

The Legacy Statement and Goals were created in 2009 as part of the 2023 Framework, a long-term strategic planning tool. (See *ClearWay Minnesota<sup>SM</sup> 2023 Framework Executive Summary*, Appendix B.)

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



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

### *2012-2014 Strategic Plan*

The three-year Strategic Plan that came to its conclusion this year was implemented on July 1, 2011. That Plan focused on:

- Supporting policies that reduce tobacco's harm;
- Reducing tobacco-related disparities in diverse communities;
- Applying research to reduce tobacco use in Minnesota;
- Ensuring that quitting help exists for all Minnesotans; and
- Planning future work.

(See *ClearWay Minnesota Strategic Plan for 2012-2014*, Appendix C.)

### *2015-2017 Strategic Plan*

In Fiscal Year 2013, the Strategic Development and Planning Committee began the process of creating a Strategic Plan for the 2015-2017 strategic planning cycle. During Fiscal Year 2014, the Strategic Plan for 2015-2017 was drafted, based on concepts explored by Board and staff through a facilitated process. Board and staff finalized the new Strategic Plan at a retreat in October. The Board did a first reading at their meeting in November of 2013, and passage of the 2015-2017 Strategic Plan by the full Board took place in January of 2014.



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.

The new Strategic Plan identifies four strategic priorities for the next three years:

- 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.

#### *Evaluation*

ClearWay Minnesota measures the progress made toward reaching our Legacy Goals. (See above.) The next formal Legacy Evaluation will be conducted once relevant data are available from the 2014 Minnesota Adult Tobacco Survey (MATS). These data are expected late in 2014. In the meantime, we continue to use other data sources to inform our organization's overall direction and strategic planning.

Legacy evaluation data reported previously and other information was used to inform the development of the 2015-2017 Strategic Plan. Board and staff were given written and verbal presentations on progress made toward our Legacy Goals to date, on tobacco control measures conducted in Minnesota over time and on changing demographic profiles of tobacco users.

#### **Board development**

##### *Nominating and Board Development Committee*

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

In Fiscal Year 2013 the Board conducted an evaluation survey to highlight areas for future focus. As a result of the survey, a Board Development Plan was adopted that includes several new initiatives, including peer orientation, one-year follow-up interviews, a new officer transition timeline, conference attendance guidelines and exit interviews.

In Fiscal Year 2014, the Board implemented this plan by orientating new Board Members to the Board Development Plan and by defining Board values. The Board engaged a consultant to facilitate a process to define these core values, articulate their meaning and create agreement for engagement and implementation. (See *Board Values*, Appendix D.)

#### **Board education**

##### *Strategic Development and Planning Committee*

The Strategic Development and Planning Committee of the Board developed a series of educational presentations for the Board related to strategic planning issues. Information from these presentations provides important context about tobacco control and the work of ClearWay Minnesota, and helps the Board make important decisions about our strategic direction.

Board education topics for Fiscal Year 2014 were:

- The Tobacco Industry (Association for Nonsmokers – Minnesota and Campaign for Tobacco-Free Kids staff);
- Populations With High Smoking Rates and Tobacco-Related Health Disparities Among Minnesota’s American Indian Communities (ClearWay Minnesota staff and Dr. Jean Forster of the University of Minnesota);
- ClearWay Minnesota’s Tribal Tobacco Education and Policy Projects (ClearWay Minnesota and Scott Consulting staff);
- ClearWay Minnesota Research Dissemination Highlights (ClearWay Minnesota staff);
- The History of E-Cigarette Development (ClearWay Minnesota staff and Dr. Anne Joseph of the University of Minnesota); and
- The Framework Convention for Tobacco Control (Doug Blanke of the Public Health Law Center at the William Mitchell College of Law and the Tobacco Control Legal Consortium).

### **Conflict of Interest Policy**

ClearWay Minnesota’s Conflict of Interest Policy outlines the organization’s process for disclosing, documenting and addressing conflicts of interest and the appearance of such conflicts. Annually, all Board Members and staff are asked to review ClearWay Minnesota’s list of grantees and vendors and to complete certification of compliance forms documenting that they did not have actual conflicts of interest with any grantee or vendor.

In Fiscal Year 2014, ClearWay Minnesota refined the conflict of interest screening process to identify potential conflicts involving applicants that have not had a grants or contracts with ClearWay Minnesota during the past year. This process identifies potential conflicts early in the application process in order to implement mitigation strategies that may be necessary during the application review process.

ClearWay Minnesota also established a screening process for Board candidates. The purpose of having a conflict of interest screening process for Board candidates is to help identify actual or potential conflicts of interest early in the nomination process. This will help to confirm the candidate’s eligibility and to recommend mitigation strategies that may be necessary if applicants or their family members have affiliations with ClearWay Minnesota vendors, grantees or contractors and are selected for Board service. (See *ClearWay Minnesota<sup>SM</sup> Conflict of Interest Policy Adopted September 19, 2012*, Appendix E.)

### **Public policy**

ClearWay Minnesota engaged in a number of public policy initiatives, authorized by the Board, during Fiscal Year 2014. These initiatives are detailed in *Program Grants and Contracts – Policy*, pp. 34-40. ClearWay Minnesota’s lobbyist of record for Fiscal Year 2014 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 Minnesota<sup>SM</sup> 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 the preceding January.

Pursuant to their annual review of the CEO's performance, the Executive/Governance Committee, in its role to oversee the organization's human resources policies, recommended a salary increase totaling 3.5 percent. This increase, effective November 1, 2013, was approved by the Board on September 18, 2013. 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. This past year, Keystone Compensation Group LLC was selected to conduct a competitive market analysis of compensation and benefits for ClearWay Minnesota. The primary objective of the study was to provide the Board with sound competitive market analysis to ensure that ClearWay Minnesota staff members are paid reasonably, based on the labor market.

At the Executive/Governance Committee Meeting on December 18, 2013, Keystone presented the results of its salary review. The Executive/Governance Committee approved Keystone's recommendation 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 \$128,000-\$192,000 (\$160,000 midpoint), effective January 1, 2014. In addition, Keystone recommended a budget pool of 3.0 percent, plus 0.5 percent for merit, for Fiscal Year 2014. These recommendations were subsequently approved by the Board in January of 2014. (These amounts will be taken into consideration during the next CEO annual review in the fall of 2014.)

As a result of the CEO annual review in the fall of 2013 and the Keystone compensation review approved in January of 2014, as of June 30, 2014, the CEO's annual salary was set at \$160,750 with the salary range at \$128,000-\$192,000.

### **Fifteenth anniversary panel discussion**

2013 marked the 15<sup>th</sup> anniversary of ClearWay Minnesota's founding. The anniversary was commemorated at a meeting of the Board of Directors in November with a presentation and panel discussion that featured speakers who were directly involved with the Minnesota tobacco trial in the 1990s and with the creation of ClearWay Minnesota as an independent nonprofit organization working to reduce tobacco's harm.

The speakers included:

- Hubert H. "Skip" Humphrey III, who as Minnesota Attorney General joined with Blue Cross and Blue Shield of Minnesota to sue the tobacco companies in the 1990s;
- Mike Ciresi and Roberta Walburn, the attorneys who represented the state;
- The Honorable Kenneth Fitzpatrick, the judge who oversaw the trial; and
- Dr. Richard Hurt, the founder of Mayo Clinic's Nicotine Dependence Center, who served as first witness for the state during the trial and later became ClearWay Minnesota's first Board Chair.



*Left to right: Roberta Walburn, Mike Ciresi, Judge Kenneth Fitzpatrick, Dr. Richard Hurt and former Attorney General Skip Humphrey*

### **Other activities**

In addition, the Board also undertook the following initiatives in Fiscal Year 2014:

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

### **Fiscal Year 2014 Board Roster**

Board Members filling the 11 at-large positions at various times during Fiscal Year 2014 were:

- **Ellen Denzen**, researcher with the National Marrow Donor Program (New Hope);
- **Kelly Drummer**, President and CEO of the Tiwahe Foundation (Minneapolis);
- **Vernae Hasbargen**, former Executive Director of the Minnesota Rural Education Association and former Vice Chair of the Minnesota Council of Nonprofits (Breckenridge) (term expired September 28, 2013);

- **David Jones**, former Chief Financial Officer and Chief Operating Officer of Allina Health and Interim Chief Executive Officer of Hennepin County Medical Center (Arden Hills);
- **Larry Kryzaniak**, Chief Financial Officer for Hennepin County Medical Center (New Hope) (resigned November 5, 2013);
- **Russel Kuzel**, Chief Medical Officer and a Senior Vice President at UCare (Minneapolis);
- **Pamela Lux**, Director of Human Resources Communications at Travelers Insurance and former Vice President of Marketing and Communications at Blue Cross and Blue Shield of Minnesota (Shoreview);
- **Vivian Jenkins Nelsen**, cofounder, president and CEO of the INTER-RACE Institute, a diversity think-tank at Augsburg College (Minneapolis);
- **Howard Orenstein**, Senior Assistant Hennepin County Attorney and former partner at Robins, Kaplan, Miller & Cerisi (St. Paul);
- **Jenny Peterson**, Executive Director at Generations Health Care Initiatives (Duluth);
- **Joy Rikala**, independent consultant, former Minnesota Bureau of Criminal Apprehension special agent and former police chief for the City of Minnetonka and the University of Minnesota Police Department (Plymouth);
- **Lyn Stepaniak**, Director of Cardiac Rhythm Disease Management for Medtronic (Minneapolis); and
- **Joel A. Swanson II**, President at Risdall Public Relations (Mounds View).

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

Governor Mark Dayton appointed:

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

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

Former Speaker of the House Paul Thissen appointed:

- **Teresa Matsui Sanders**, President and CEO of InnWorks (Shoreview) (resigned on December 31, 2014).

Former Speaker of the House Kurt Zellers appointed:

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

Senate Majority Leader Tom Bakk appointed:

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

Former Senate Majority Leader Lawrence J. Pogemiller appointed:

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

Attorney General Lori Swanson appointed:

- **James Deal**, Board Director for QBE/NAU Country Insurance Company and owner of PSD Holding, L.L.C. (Anoka) (term expired September 28, 2013); and
- **Brian Short**, Chief Executive Officer of Leamington Co. and former U.S. Magistrate Judge (Minneapolis); and
- **Steven McWhirter**, Executive Vice President of Dougherty & Company LLC (Maple Plain).

ClearWay Minnesota Board Officers in Fiscal Year 2014 were:

- **Thomas Weaver, Chair** (September 29, 2013 – present)
- **Vernae Hasbargen, Chair** (September 29, 2011 – September 28, 2013 )
- **Joel Swanson, Vice Chair** (September 29, 2013 – September 28, 2014)
- **Jim Rhodes, Vice Chair** (March 20, 2013 – September 28, 2013)
- **Bob Boerschel, Treasurer** (September 29, 2013 – present)
- **James Deal, Treasurer** (September 29, 2011 – September 28, 2013)
- **Daniel Johnson, Secretary** (September 29, 2013 – September 28, 2014)
- **Joy Rikala, Secretary** (September 29, 2012 – September 28, 2013)

A full roster of Board Officers for Fiscal Year 2015 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, tobacco cessation, research, community development, finance, investments, marketing and communications, public affairs and nonprofit administration. (See *ClearWay Minnesota<sup>SM</sup> Organization Chart Fiscal Year 2014*, Appendix G.) For Fiscal Year 2014, 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 Paul Orman;**
- **Director of Research Programs Raymond Boyle, Ph.D.;**
- **Director of Marketing and Communications Marietta Dreher;**
- **Director of Cessation Programs Paula Keller, M.P.H.;**
- **Director of Community Development Jaime Martínez, M.Ed.; and**
- **Director of Public Affairs Molly Moilanen, M.P.P.**

(See *ClearWay Minnesota<sup>SM</sup> Management Team Biosketches*, Appendix H.)

## C. FINANCES

ClearWay Minnesota strives to be a good steward of the settlement funds with which the organization was created, and many practices are in place to ensure appropriate financial management and maximum cost-effectiveness of programs and operations. Annual budgets are developed based on three-year Strategic Plans. (See *Governance – Fiscal Year 2014 Board Initiatives – Strategic Planning Developments – 2012-2014 Strategic Plan*, p. 5.)

### Audits

For Fiscal Year 2014, Olsen Thielen & Co., Ltd., was retained for an eighth year by the Audit/Finance Committee as independent auditor. At its meeting on June 24, 2014, the Committee reviewed and approved the audit plan presented by the auditors. After completion, the audits for the years ended June 30, 2014 and 2013, were presented to the Audit/Finance Committee by representatives of Olsen Thielen, in August of 2014. (The audits were presented to and accepted by the Board of Directors on September 17, 2014.)

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 with accounting principles generally accepted in the United States of America. (See *Financial Statements, June 30, 2014 and 2013*, together with *Independent Auditors' Report to the Board of Directors and the Audit Finance Committee, August 28, 2014*, Appendix I.)

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 *Audited Financial Statement Certification*, Appendix J.)

Total operating expenses for Fiscal Year 2014 were \$16,958,807, and are summarized in the following table:

**Table 1**  
**Expenses for Fiscal Year 2014**

	<b>12 months ended June 30, 2014</b>	
<b>Cessation</b>	\$12,321,138	72.6%
<b>Research and other tobacco control purposes</b>	\$3,436,667	20.3%
<b>General and administrative</b>	\$1,201,002	7.1%
<b>TOTAL</b>	\$16,958,807	

## **Required Filings**

As a nonprofit organization, ClearWay Minnesota is required to file IRS Form 990 annually. We also post our Form 990 and attachments on our website at [www.clearwaymn.org](http://www.clearwaymn.org). In addition, as a Minnesota nonprofit corporation, ClearWay Minnesota is required to file a Charitable Organization Annual Report with the Office of the Attorney General. (See *IRS Forms 990 and 990T June 30, 2014*, Appendix K, and *Charitable Organization Annual Report June 30, 2014*, Appendix L.)

## **Investments**

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

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

### **Investment strategy and refinement**

At June 30, 2014 ClearWay Minnesota continued to structure our investments by using three separate pools of investment funds:

- **The Money Market Pool**, which covers spending in the short term (up to six months), is invested in securities designed to have low risk;
- **The Near-Term Pool**, which covers spending for two years, has a somewhat greater investment risk than the Money Market Pool in order to achieve a better return; and
- **The Long-Term Pool**, which has greater risk than either of the above two pools, seeks capital appreciation to support future spending needs through a broadly diversified portfolio of investments.

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 significant liquidity needs (especially as we approach the end of our 25-year lifespan). This past Fiscal Year, the Near-Term Pool was adjusted by commencing liquidation of the investment in Common Sense Investment Fund and adding the PIMCO Short-Term Fund (both to be completed in January of 2014). In the Long-Term Pool, the Cornerstone Capital (formerly Madison Square) investment is in the process of liquidation (completed in July of 2014) and the Smith small cap fund was liquidated. These were replaced in July of 2013 – due to performance issues and personnel changes (Madison Square), and to keep expenses low in light of decreasing investment balances — by an iShares Russell 3000 Index ETF investment. In addition, changes are being made to the fixed income portfolio to lower overall duration in anticipation of rising interest rates. At year-end, a total of 19 distinct investment vehicles were used across the three investment pools, as detailed in Table 2 (see *Ongoing Investment Oversight and Performance Evaluation*, below).

### **Ongoing investment oversight and performance evaluation**

ClearWay Minnesota's Audit/Finance Committee uses an Investment Advisory Committee (IAC) to give advice on matters relating to the investment portfolio. The IAC meets quarterly to review the investment mix, fund performance and investment policies. The IAC also evaluates investments recommended by ClearWay Minnesota's investment consultant (currently Ellwood Associates).

The IAC's advice is offered to the Audit/Finance Committee to help guide that committee's decision-making. This advice includes recommending and monitoring the investment custodian, investment consultant and investment managers. As of June 30, 2014, the IAC comprises external investment experts and one Board Member. The Board Member serves as Committee Chair.

In 2014, the external Committee Members included:

- Lois Buermann, Retirement Services Specialist Principal, Minnesota State Retirement System;
- Kim Faust, Vice President and Treasurer, Fairview Health Services; and
- LeaAnn Stagg, Chief Operating Officer, Minnesota State Board of Investment.

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

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

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 19 investment vehicles (sorted by pool):

**Table 2**  
**Investment Manager by Pool**  
**June 30, 2014**

<u>POOL</u>	<u>TYPE</u>	<u>MANAGER</u>
<b>Money market</b>	Institutional money market ICS (FDIC insured product)	Wells Fargo Bank, N.A. Venture Bank
<b>Near-term</b>	Low-duration bonds Alternative fund of funds U.S. Treasuries Fixed income	J.P. Morgan Common Sense Investment Fund Internally managed bond ladder PIMCO Short -Term Fund
<b>Long-term</b>	Large-cap U.S. equities Non-U.S. equities Non-U.S. equities Fixed income Fixed income Fixed income Private equity fund of funds	iShares Russell 3000 ETF Dodge & Cox Funds iShares ACWX ETF PIMCO Total Return Fund III PIMCO Low Duration Fund III Templeton Global Bond Fund Coller Capital

Private equity fund of funds	Weathergace Capital L.L.C.
Private equity fund of funds	Mesirow Financial
Alternative fund of funds	The Blackstone Group
Alternative fund of funds	Coast Asset Management
Alternative fund of funds	GAM USA, Inc.

### **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, 2014, ClearWay Minnesota's investments gained 10.0 percent, compared with the benchmark gain of 7.9 percent. For the three-, five- and 10-year periods, ClearWay Minnesota had annualized market gains of 5.3 percent (5.3 percent benchmark), 8.1 percent (7.2 percent benchmark) and 5.6 percent (5.7 percent benchmark), respectively. From inception, ClearWay Minnesota investments have returned 4.1 percent annualized, compared to the benchmark return of 4.7 percent. This overall underperformance of 0.6 percent is primarily due to lower returns versus the corresponding benchmark from domestic equity, short duration bonds and alternative managers, including a young but starting to mature private equity portfolio. The underperformance in those areas has been partially offset by superior performance versus the corresponding benchmark in international equities, commodities and fixed income.

### III. PROGRAM GRANTS AND CONTRACTS

#### A. CESSATION

Since inception through June 30, 2014, ClearWay Minnesota has funded \$49.4 million in cessation program grants and contracts; of that, \$28.9 million funded individual cessation programs directly. ClearWay Minnesota's cessation work focuses on both cessation services and cessation policy.

Currently, all Minnesotans have access to cessation services either through their health insurance or through ClearWay Minnesota. Because our limited lifetime will end in 2023, we are working to ensure that comprehensive cessation services remain available in the future. To facilitate this, ClearWay Minnesota also supports cessation policy and systems change work among partners and systems that could provide such services. (See *Organization – Governance – Fiscal Year 2014 Board Initiatives – Strategic Planning Developments*, pp. 4-7.) 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. To date, the program has helped more than 100,000 Minnesotans in their efforts to quit tobacco use.

In Fiscal Year 2014, ClearWay Minnesota implemented a redesign of QUITPLAN Services to better serve Minnesota tobacco users. Our service offerings at the beginning of the Fiscal Year were the QUITPLAN Helpline and quitplan.com. The QUITPLAN Helpline provided telephone counseling and, as appropriate, nicotine replacement therapy to Minnesotans

who were uninsured or underinsured (i.e., Minnesotans who had no insurance coverage for telephone counseling and/or nicotine replacement therapy). quitplan.com was a standalone online cessation program available to all Minnesotans. While the redesign work was underway, both services continued to be offered in order to help tobacco users successfully quit. National Jewish Health provided QUITPLAN Helpline services and Alere Wellbeing offered the stand-alone online cessation program.

As reported in the 2013 Report to the Court, ClearWay Minnesota staff had planned the redesign of QUITPLAN Services beginning in 2012. After staff released a Request for Proposals (RFP) and conducted a thorough review, the Board of Directors approved a new QUITPLAN Services vendor, Alere Wellbeing, in July 2013 to develop an expanded array of tobacco cessation services as well as infrastructure (personnel and technology) to support this expansion. The redesigned service offerings are based on scientific evidence and emerging best practices, on cessation services offered by other tobacco control programs and on tobacco users' needs. The redesigned services reduce barriers, offer choices and use a wider range of technologies, which will help ClearWay Minnesota reach more tobacco users and increase quit attempts.

Beginning March 3, 2014, ClearWay Minnesota began offering the redesigned suite of QUITPLAN Services (all available in English and Spanish unless noted):

- The QUITPLAN Helpline (telephone counseling by trained coaches) with integrated text and email support and nicotine replacement therapy (if appropriate) for uninsured and underinsured Minnesotans;
- Nicotine replacement therapy (NRT) starter kits (two weeks' worth of NRT) for all Minnesota tobacco users;
- Text-messaging support program for all Minnesota tobacco users (English only);
- Email support program for all Minnesota tobacco users; and
- A printed Quit Guide (self-help workbook) for all Minnesota tobacco users.



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

Other improvements made to QUITPLAN Services were:

- A redesigned website, [www.quitplan.com](http://www.quitplan.com), providing free information, tools and resources to all visitors;
- Both online and telephone registration for all QUITPLAN Services; and
- Online social support (cessation advice) for all Minnesota tobacco users using the QUITPLAN Services Facebook page.



# JANICE QUIT

**Now she can help you.**

Janice is a dedicated Quit Coach® who has helped hundreds of people quit tobacco through QUITPLAN® Services. Quit Coaches are highly trained professionals who provide one-on-one support throughout the quitting process.

Here are her insights and tips for becoming and staying tobacco free.

**How do you help motivate tobacco users to quit?**  
I invite participants to share how smoking gets in the way of important things in their life. It is helpful to keep a list of the positive outcomes of quitting (rather than focusing only on the negative effects of smoking).

**What tip or trick seems to be most helpful in becoming tobacco free?**  
Finding new, healthy ways of managing stress or other emotions.



*Minnesota tobacco users can connect with counselors and fellow quitters at the QUITPLAN® Services Facebook page*

As part of the redesign of QUITPLAN Services, the stand-alone online cessation program called quitplan.com was ended. This program was offered from July 1, 2003, to March 2, 2014. This program provided free, immediate help to all Minnesotans who wished to quit using tobacco products, and support to those who had already quit. This program was successful in serving many Minnesotans, and evaluation data demonstrated that the program was clinically and cost-effective. However, evaluation data also demonstrated declining enrollments and use of this service over time. Based on these data and information from the planning process that informed development of the new suite of QUITPLAN Services, this service was ended. Similar information and resources to those previously provided through this program are now available in other forms through the redesigned [www.quitplan.com](http://www.quitplan.com) website.

## **QUITPLAN® Services offerings**

A core principle behind the redesign of QUITPLAN Services is to encourage all tobacco users to think about quitting and to try to quit. In order to drive down 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 readiness. Recognizing that tobacco dependence is a chronic, relapsing condition and that it takes most tobacco users multiple attempts to quit successfully, tobacco users are encouraged to return to QUITPLAN Services and enroll in additional services if they need further support in quitting or would like to try again to quit. Tobacco users can choose to enroll either in the QUITPLAN Helpline or in one or more of the Individual QUITPLAN Services (NRT starter kit, text messaging, email support and/or printed quit guide).

The following is a brief summary of each QUITPLAN Service.

### *QUITPLAN® Helpline*

ClearWay Minnesota partners with Minnesota's major health plans to avoid duplication of telephone counseling services offered by health plans to their members. If individuals with insurance call the QUITPLAN Helpline, they are transferred to the relevant health plan telephone cessation service.

The QUITPLAN Helpline serves uninsured tobacco users and those whose health insurance does not offer telephone counseling and/or nicotine replacement therapy (NRT). The QUITPLAN Helpline program provides a series of telephone counseling sessions individualized to each tobacco user's unique needs, as well as printed materials, email and text-message support for those who are interested. NRT, in the form of patches, gum or lozenges, is provided to adult callers who:

- Do not have insurance coverage for telephone counseling and/or NRT;
- Are 18 years of age or older;
- Enroll in the multi-call counseling program; and
- Do not have any medical reasons not to use NRT (such as being pregnant).

Counseling is provided in-language for English and Spanish and through an interpreter in more than 170 additional languages.

### *Nicotine replacement therapy (NRT) starter kit*

Tobacco users can sign up for two weeks of free nicotine patches, gum or lozenges through QUITPLAN Services. The purpose of the starter kit is to foster more quit attempts among the entire population of tobacco users in Minnesota. In order to drive down prevalence, we need to engage a broad array of tobacco users – from those who are ambivalent about quitting to those who are definitely ready to quit – and encourage all of them to try. This medication also helps provide relief from withdrawal symptoms and cravings as tobacco users try to quit. All tobacco users who sign up for a starter kit receive a follow-up telephone call from QUITPLAN Services. The purpose of this call is to ensure that participants received their medications, to answer any questions, to inform participants that other QUITPLAN Services are available to them if they would like additional aid, and to help them enroll in additional services if they wish to do so.

### *Text messaging*

Text2Quit<sup>SM</sup> is an evidence-based series of tailored text messages sent out before and after a tobacco user's quit date to help prepare them for quitting and prevent relapse after they have quit. The text message library has more than 300 messages, which include tips, reminders, information about medications, games and other tools to support tobacco users.

### *Email support program*

The email support program is designed to guide tobacco users through the quitting process. The email program includes 13 separate emails over 24 days, with daily emails for the first week of an individual's quit. The email program includes tips for successful quitting, and advice on overcoming urges, how to encourage friends and family to provide support, managing stressful situations, and the benefits of being quit.

### *Quit guide*

The quit guide provides information and worksheets to guide tobacco users through the quitting process. The quit guide is mailed to tobacco users; it is also available for download at no charge on [www.quitplan.com](http://www.quitplan.com).



*The Quit Guide provides helpful information to tobacco users*

## Media campaign

QUITPLAN Services is promoted with a large-scale mass-media campaign, incorporating television and various other types of advertising. A new series of ads was produced to complement the redesigned services and reflect our caring, compassionate approach to delivering QUITPLAN Services. (See *Communications and Outreach – Advertising – QUITPLAN® Services Campaign*, pp. 54-56.)



*New QUITPLAN® Services ads show compassion for tobacco users who struggle to quit*

## Tobacco users served

ClearWay Minnesota tracks both numbers of people who visit our website and contact us by phone, as well as the numbers of enrollments in QUITPLAN Services. In Fiscal Year 2014, 12,535 people called QUITPLAN Services and 124,280 people visited the quitplan.com website.

In Fiscal Year 2014, 9,547 tobacco users enrolled in QUITPLAN Services.

- 2,753 tobacco users enrolled in the QUITPLAN Helpline’s multi-call counseling program
  - 2,239 tobacco users received NRT patches, lozenges or gum as part of their Helpline enrollment
- 1,486 tobacco users enrolled in quitplan.com
- 5,308 tobacco users enrolled in one or more of the Individual QUITPLAN Services (NRT starter kit, text messaging, email and/or quit guide)
  - 5,028 tobacco users received a NRT starter kit
  - 3,159 tobacco users received a quit guide
  - 1,964 tobacco users signed up for email messages
  - 1,717 tobacco users signed up for text messages

The initial response to our redesigned suite of services and new advertising campaign has been very positive. In four months’ time (March 3, 2014 - June 30, 2014), more tobacco users were served than in all of Fiscal Year 2013.

## **Evaluation of QUITPLAN® Services**

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

ClearWay Minnesota uses external evaluation firm Professional Data Analysts, Inc. (PDA), to evaluate QUITPLAN Services. Findings are used to help our vendors in improving their programs.

During Fiscal Year 2014, ClearWay Minnesota and PDA developed an extensive evaluation plan for the new suite of QUITPLAN Services. The evaluation plan includes reviewing data for completeness and quality, reviewing recorded calls to assess the interactions between participants and vendor staff, and interviewing participants to understand their experience and satisfaction with QUITPLAN Services.

### *Findings from initial programmatic data review*

PDA reviewed March 2014 data from Alere Wellbeing to assess whether data were complete and of good quality, and to describe characteristics of those who enrolled in services in the first month of services. The review of initial programmatic data showed that about 60 percent of participants enrolled online. Individual QUITPLAN Services were more popular than the Helpline, with 84 percent of participants choosing to enroll in one or more of the new Individual QUITPLAN Services offered. Compared to those enrolling in Individual QUITPLAN Services, people choosing the Helpline were more likely to be older, African American and/or smokers of cigarettes only (as opposed to those who used other or multiple forms of tobacco). Overall, data were found to be of good quality; any clarification questions were raised to Alere Wellbeing by staff and answered.

### *Findings from the registration call review*

PDA reviewed 10 recorded registration phone calls with program participants to assess the interactions between callers and vendor staff. The calls occurred from March 24-31, 2014. The review of recorded registration phone calls found that almost all of the intake specialists did an excellent job making an effort to connect with callers in a non-judgmental and encouraging way to support them in their efforts to quit. Despite the newness of the program, we found that the service selection process went smoothly for several of the calls reviewed for this study. In a small number of calls, however, the program selection process took more time than expected. Feedback from the registration call review was shared with Alere Wellbeing and was used by Alere staff to further improve the registration process.

### *QUITPLAN® Services interview study results*

In May and June of 2014, PDA conducted an interview study designed to monitor the implementation and quality of ClearWay Minnesota's newly launched suite of QUITPLAN Services and to assess participant satisfaction with the services. A total of 47 interviews were conducted with QUITPLAN Services participants who enrolled in services between April 14 and April 30, 2014.

Overall findings from the interview study were positive, with 42 of the 47 interviewees reporting being satisfied with their experience with QUITPLAN Services. Many participants stated that they were highly satisfied with the program. Almost all participants stated they would refer the program to another tobacco user, and many already had referred people. Although participants reported occasional issues with QUITPLAN Services, few found the issues to be problematic enough to be dissatisfied with the program.

The following are some examples of positive feedback obtained from participants:

- *“It’s amazing. When I decided to quit, I thought ‘Who will care?’ It was so awesome to know that someone did care and was working to help me.”*
- *“Normally you don’t get free help from anyone. It costs a lot to visit a doctor and get a prescription, even though it is less expensive than continuing to smoke. But I’ve worked all my life and paid my taxes, and sometimes you just need a little help. I’m impressed with the help I got from QUITPLAN Services.”*
- *“I’m not computer-smart, but it was easy to use, even for a 75-year-old guy.”*
- *“QUITPLAN Services is not condescending. They’ll support you, not criticize you, even if you go back to smoking.”*
- *“So often websites don’t follow through with what they say they’ll do, but QUITPLAN does.”*

The study found that most participants were aware of the different services available to them and had made a conscious decision to select services that met their support needs and lifestyles. Few QUITPLAN Services enrollees reported encountering barriers to receiving the services they were interested in using. Almost all participants, regardless of whether they registered via the web or by phone, reported that the registration process was easy and quick. Problems with signing up for services were few and isolated.

In sum, the interviews provide early evidence that new QUITPLAN Services are meeting the needs of a variety of tobacco users, with many participants finding great value in one component or the other. With only a few of the interviewees reporting problems, it appears that the quality of the programs is high. Offering a choice of programs appears to be meeting the needs of Minnesota tobacco users, who have varying preferences for how to be engaged in cessation support.

We did not conduct a cessation outcome evaluation during Fiscal Year 2014. Our practice is to conduct such evaluations when there are vendor changes or substantial programmatic changes. The type of outcome evaluation that is standard for quitlines occurs seven months after a participant enrolls in the service. Since the redesigned set of QUITPLAN Services launched in March 2014, not enough time had elapsed to conduct this type of outcome evaluation. This evaluation will be conducted in Fiscal Year 2015. Additional evaluation findings, including results from our outcome evaluation, will be shared in future Reports to the Court.

### **Cessation Policy**

The Cessation Department has been dedicating resources toward a series of policy efforts to help ClearWay Minnesota achieve our third Legacy Goal (that 100 percent of Minnesota smokers will have access to comprehensive tobacco dependence treatment by 2023) (see *Organization – Governance – Fiscal Year 2014 Board Initiatives – Strategic Planning Developments*, pp. 4-7).

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

### **1. 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 2014, work in this area began with assessing the current environment of coverage for cessation services in public and private health insurance products.

Based on findings from this assessment, staff began initial conversations with state agencies and other decision makers on ways to strengthen tobacco cessation insurance benefits. We engaged in health care reform activities at the state level as they related to new and modified health insurance requirements, including educational efforts around requirements related to tobacco dependence treatment. Staff also continued planning efforts for future work in this area.

### **2. Quality measurement**

In order to enhance routine delivery of best-practice tobacco dependence treatment within health care systems, this area of work aims to strengthen tobacco-related quality measures used in health care. Activities in Fiscal Year 2014 included a continued environmental scan of existing tobacco use and treatment quality measures used in health care, relationship-building meetings with key stakeholders from the quality measurement community and dissemination of last year's analysis of tobacco use data as part of other quality measures by the nonprofit organization Minnesota Community Measurement (<http://mncm.org/tobacco-spotlight/>).

Staff also began exploring opportunities to strengthen data collection related to social determinants of health (e.g. race, ethnicity, language, etc.) to help interpret health care quality measures. Because tobacco use is not distributed evenly across the entire population, collecting additional data and integrating it with quality measures related to tobacco has the potential to assist health systems in better understanding where gaps in tobacco treatment delivery exist and to identify strategies to help close those gaps. This approach will help lead to more consistent delivery of best practice tobacco dependence treatment to all patients.

### **3. System integration**

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

#### *Health system integration*

In Fiscal Year 2014, ClearWay Minnesota released a Request for Proposals titled *Health Systems Change for Treating Tobacco Dependence*. By normalizing the treatment of tobacco dependence within health care, we anticipate that not only will patients' health be improved, health care systems will also have the potential to realize cost savings.

Three grants were awarded, totaling \$561,004, to advance health systems changes to ensure that addressing tobacco use is fully integrated into the health care experience for patients. These two-year grants were awarded to Hennepin Health Foundation, CentraCare Health Foundation and Mille Lacs Band of Ojibwe.

Hennepin Health Foundation aims to create standardized processes for identifying tobacco users, assessing willingness to quit and referring individuals to cessation services that will be implemented throughout Hennepin County Medical Center. CentraCare Health Foundation aims to integrate tobacco dependence treatment into their continuum of care models, to conduct proactive outreach to tobacco users through their Total Cost of Care center and to improve identification, outreach and resources for tobacco-dependent patients. Mille Lacs Band of Ojibwe seeks to expand their Electronic Health Record (EHR) and implement quality measurement and improvement processes to support best practices and care coordination for patients using commercial tobacco.

Continued support of health systems change is a priority for ClearWay Minnesota. We conducted an environmental scan to assess changes in the environment over the past year to guide our future work. We also continue to build relationships to inform future work and funding opportunities in this area.

#### *Systems change in public programs*

This year ClearWay Minnesota deepened its systems change work with state agencies and with programs that serve low-socioeconomic-status (SES) Minnesotans. The goal of this work is for public programs to integrate addressing tobacco use into service delivery. Programs worked with include Head Start, Women Infants and Children (WIC) and Minneapolis public housing (through work with the city Health Department), as all housing will go smoke-free over a five-year period. Key activities include developing QUITPLAN Services promotional materials for public housing units printed in English and Somali, and a flyer for pregnant women that lists benefits of quitting printed in Spanish and English; conducting trainings for Head Start staff for programs to begin addressing tobacco systematically; communications to WIC staff regarding the tobacco tax increase and QUITPLAN Services materials; and trainings for partners on QUITPLAN Services. ClearWay Minnesota has seen many positive outcomes from this work, including development of strong relationships with these partners, approval by the Minnesota Head Start Association Board for Head Start programs to partner with ClearWay Minnesota to begin addressing tobacco statewide, increased knowledge of QUITPLAN Services within programs, increased reach to Minnesotans who smoke at higher rates (particularly those of low SES) and distribution of more than 17,000 QUITPLAN Services brochures and other promotional pieces to these agencies and organizations as a direct result of this work.

ClearWay Minnesota will continue to build capacity within public programs. These efforts will be guided by opportunities that continue to emerge from the strategic partnerships that have been developed. In addition, we are working to identify potential funding opportunities to connect low-SES smokers to cessation services, including QUITPLAN Services. In Fiscal Year 2014, we began conducting an environmental scan to shape future funding in this area.

Halleland Habicht Consulting, L.L.C., has been assisting ClearWay Minnesota in our cessation policy work, and they continued to provide assistance during Fiscal Year 2014. In May of 2014, the Board approved a subsequent contract with Halleland Habicht to continue assisting us through Fiscal Year 2015.

### **Cessation policy evaluation**

In Fiscal Year 2014, ClearWay Minnesota staff and external evaluator Professional Data Analysts (PDA) finalized an evaluation framework for our cessation policy work. This framework is used by staff and by PDA to define and prioritize efforts to assess our cessation policy endeavors.

This framework was then used to develop a process to annually evaluate progress towards achievement of ClearWay Minnesota's third Legacy Goal. In Fiscal Year 2014, a Baseline Report was drafted to document the state of the environment for cessation policy in Minnesota. We anticipate that each year following, PDA will prepare a report that builds off this baseline to allow us to describe progress made as well as changes in the environment that impact this work.

Also in Fiscal Year 2014, ClearWay Minnesota used the health systems change evaluation findings discussed in last year's Report to the Court for planning additional work in this area (see *System Integration*, above). ClearWay Minnesota worked with PDA to create a process evaluation plan for our new health systems change grants to allow us to understand how this work progresses, identify lessons learned for other Minnesota health systems and others who may wish to undertake similar work, and to learn whether the progress made during the grant period is sustained after funding has ended.

### **Other Initiatives**

#### **State and national partnerships**

ClearWay Minnesota has been instrumental in forging relationships and partnerships to advance both cessation services and policies. Such partnerships help improve these services and policies for Minnesotans, facilitate coordination and avoid duplication of efforts. In the future, we expect this work to expand in order to achieve our Legacy Goal of ensuring that all Minnesota smokers have access to comprehensive tobacco dependence treatment by 2023. (See *Organization – Governance – Fiscal Year 2014 Board Initiatives – Strategic Planning Developments*, pp. 4-7.) Key partnerships include:

- *Call it Quits Collaborative*: The Call it Quits Collaborative is a partnership that includes the major health insurers in Minnesota (Blue Cross and Blue Shield of Minnesota, HealthPartners, Medica, PreferredOne, and UCare) and ClearWay Minnesota. A primary goal of the collaborative is to allow health care providers to have better access to the tobacco quitline services operated by each organization. As a result of the collaborative's work, health care providers can use a single form and fax number to refer patients who use tobacco to quitline support. Quitline services and cessation benefits offered by the insurers have also been strengthened.
- *Minnesota Department of Health*: The Minnesota Department of Health and ClearWay Minnesota collaborate on many activities, including cessation-focused work. In Fiscal Year 2013, ClearWay Minnesota partnered with the Minnesota Department of Health on a grant proposal funded by the U.S. Centers for Disease Control and Prevention (CDC). The purpose of the proposal was to provide resources to states for quitline services, media and systems change. The proposal was funded and work began in February 2013. Resources from this grant are primarily being used to help support the systems change in public programs work described under *Cessation Policy – System Integration*, above. ClearWay Minnesota partnered with the Health Department on a second proposal to CDC in Fiscal Year 2014; if awarded, these funds will support a new outreach initiative targeting Medicaid enrollees. Additionally, as a part of our benefit design work (see *Benefit Design*, above), staff have worked with the Department to facilitate implementation of the Affordable Care Act's changes to tobacco cessation coverage.

- *Minnesota Department of Human Services:* ClearWay Minnesota is currently working with the Minnesota Department of Human Services to identify ways to help address tobacco use among Minnesota Medical Assistance and MinnesotaCare enrollees.
- *Minnesota Department of Commerce:* As a part of our benefit design work (see *Benefit Design*, above), staff members have worked with the Minnesota Department of Commerce to facilitate implementation of the Affordable Care Act's changes to tobacco cessation coverage.
- *North American Quitline Consortium:* The North American Quitline Consortium (NAQC) is a consortium of quitlines across North America that shares information and best practices. ClearWay Minnesota is an active member of NAQC and has shared information about QUITPLAN Services with Consortium members on an ongoing basis. The Consortium also serves as a repository of knowledge and best practices, allowing ClearWay Minnesota to continue to learn and improve services.
- *Minnesota Head Start Association:* The Minnesota Head Start Association (MHSA) provides a unified voice for Head Start programs to speak about and act on issues affecting low-income children and families and works to improve Head Start programs and policies. In July of 2014, the MHSA board approved a partnership with ClearWay Minnesota to begin addressing tobacco with Head Start parents on a regular and systematic basis. Our work with the MHSA and Head Start programs has been part of our Systems Change in Public Programs work (see above).

## B. RESEARCH

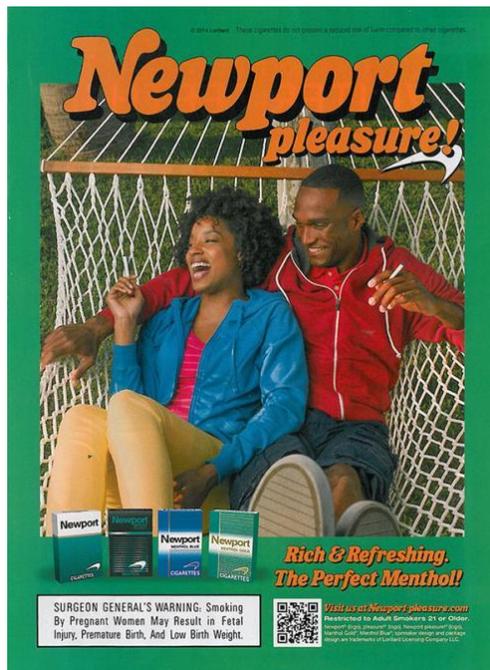
One of ClearWay Minnesota's main goals is to fund research that can be translated into effective interventions leading to reduced tobacco use and secondhand smoke exposure in Minnesota. ClearWay Minnesota encourages research that addresses tobacco reduction in communities most affected by tobacco use and most targeted by tobacco industry marketing.

Since inception through June 30, 2014, ClearWay Minnesota has funded \$28 million in research program grants and contracts (plus an additional \$6.4 million for evaluation projects).

### Research Grants

ClearWay Minnesota awarded \$1,466,641 in grant funding for six research projects during Fiscal Year 2014. Two research grants were awarded to continue a line of research initiated in Fiscal Year 2013 on the impact of menthol cigarettes. Menthol cigarettes increase smoking initiation among youth, make it harder for smokers to quit and are disproportionately marketed to African Americans and other priority populations. Research on this topic will inform ClearWay Minnesota and our partners about how to help menthol smokers quit and will contribute to federal regulatory efforts. These grants were awarded to:

- The University of Minnesota, for a project titled "Efficacy of Electronic Cigarette Alone and in Combination with Nicotine Patch Among African American Menthol Smokers." This three-year project, not to exceed \$499,998, will examine the use of electronic cigarettes to help menthol smokers quit.
- The University of Minnesota, for a project titled "Effect of Banning Menthol Flavored Cigarettes on Smoking Cessation." This three-year project, not to exceed \$492,158, will examine smokers' behavior in response to a simulated ban on menthol cigarettes.



***Menthol cigarettes are disproportionately marketed to African Americans and other priority populations***

Four research grants were also awarded as a follow-up to formative research conducted in Fiscal Year 2013 that furthered our understanding of secondhand smoke exposure. These new grants seek to reduce exposure to secondhand smoke and disparities in this exposure across defined populations and locations in Minnesota. The grants were awarded to:

- The Center for Energy and Environment, for a project titled “Research to Measure Secondhand Smoke in Vehicles.” This 19-month research project, not to exceed \$100,000, will measure secondhand smoke components in vehicles under various conditions.
- The Public Health Law Center, for a project titled “Adult Foster Care: Smoke-Free Challenges and Opportunities.” This 17-month research project, not to exceed \$125,000, will explore policy options for providing smoke-free environments in foster care settings for mentally or physically impaired adults.
- The University of Minnesota, for a project titled, “Impact of Smoke-Free Policy Implementation in Public Housing Buildings.” This 15-month project, not to exceed \$124,616 will examine how the introduction of a smoke-free policy in subsidized housing affects residents’ attitudes, behaviors and exposures.
- The University of Minnesota, for a project titled “Concurrent Childhood Screening for Lead and Tobacco Smoke Exposure at Well-Child Visits.” This two-year research project, not to exceed \$124,869, will explore new methods for promoting smoking cessation among parents and protecting children from secondhand smoke exposure.

In addition, a pilot grant, not to exceed \$25,000, was awarded to the University of Minnesota Program in Health Disparities Research to fund a project titled “Shisha Smoking Among East Africans in the Twin Cities: Addressing an Emerging Health Crisis.”

## **Research Contracts**

### **Minnesota Adult Tobacco Survey: Westat**

The Minnesota Adult Tobacco Survey (MATS) is a statewide telephone-based survey of adult Minnesotans. The survey asks a representative sample of Minnesotans about smoking and quitting behaviors, secondhand smoke exposure, and attitudes and beliefs about tobacco control measures. This is the most comprehensive tobacco control surveillance project in Minnesota, and ClearWay Minnesota uses data from the project in program planning as well as evaluation efforts, including our Legacy Evaluation. (See *Organization – Governance – Fiscal Year 2014 Board Initiatives – Strategic Planning Developments – Evaluation*, p. 7.)

MATS is conducted every three to four years. Prior rounds of MATS were conducted in 1999, 2003, 2007 and 2010. During Fiscal Year 2014, planning and data collection for the fifth round of MATS was conducted with our partners at the Minnesota Department of Health and our survey vendor, Westat. In addition to the standard methods used in prior MATS surveys, the 2014 MATS has been designed to examine differences across eight regions of the state. Data analysis, report writing and dissemination of MATS 2014 findings will be conducted in Fiscal Year 2015, with the public release scheduled for early in calendar year 2015.

### **Technical Assistance: University of Wisconsin**

The University of Wisconsin Center for Tobacco Research and Intervention (UW-CTRI) provides technical assistance to ClearWay Minnesota's Research Department and its grantees. Technical assistance is provided to research grantees in the form of reverse site visits intended to discuss progress on current research projects funded by ClearWay Minnesota and offer feedback on study implementation, manuscript review and critique, ad hoc assistance in preparing for conferences or other dissemination efforts, research design improvement, and other support as needed. The UW-CTRI technical assistance provides ClearWay Minnesota staff with review of manuscripts, collaboration opportunities, dissemination of ClearWay Minnesota information via tobacco control community listservs and reference librarian services for research articles as needed. UW-CTRI also holds weekly seminars in which ClearWay Minnesota staff may participate. These seminars are typically on tobacco control and other relevant health topics. In Fiscal Year 2014, UW-CTRI also provided professional consultation on a number of special projects, including an assessment of the tobacco retail environment following a tobacco tax increase and a scan of targeted approaches to reach populations living in poverty and those with a mental illness and/or other substance-use disorders.

### **Dissemination of Research Findings**

ClearWay Minnesota places a high priority on the translation and dissemination of ClearWay Minnesota-funded research and programs. ClearWay Minnesota staff members actively disseminate results of research and evaluation findings. Dissemination of this sort has helped to establish ClearWay Minnesota as a leader in tobacco control, and our specific research findings have advanced knowledge, practices and policies that reduce tobacco's harm.

During Fiscal Year 2014 ClearWay Minnesota, in partnership with other Minnesota tobacco control researchers, participated in numerous national, state and local conference presentations and published in several peer-reviewed publications. Specifically, ClearWay Minnesota staff published several peer-reviewed scientific papers:

- Senior Research Program Manager Joanne D'Silva and Vice President Dr. Barbara Schillo co-authored "Evaluation of Use of Stage of Tobacco Epidemic to Predict Post-Immigration Smoking Behaviors," published in *Nicotine and Tobacco Research*.
- Director of Research Dr. Raymond Boyle and Senior Research Program Manager Ann St. Claire co-authored "The Land of 10,000 Tobacco Products: How Minnesota Led the Way in Regulating Tobacco Products," published in the *American Journal of Public Health*.
- Ms. D'Silva co-authored "The Wiidookowishin Program: Results from a Qualitative Process Evaluation of a Culturally Tailored Commercial Tobacco Cessation Program," published in *American Indian and Alaska Native Mental Health Research*.
- Dr. Boyle co-authored "Minnesota Smokers' Perceived Helpfulness of 2009 Federal Tobacco Tax Increase in Assisting Smoking Cessation: A Prospective Cohort Study," published in *BMC Public Health*.

In addition, Dr. Boyle and Ms. D'Silva facilitated two symposia at the 19<sup>th</sup> annual meeting of the Society for Research on Nicotine and Tobacco. The first focused on the impact of a tobacco price increase on tobacco marketing, consumer purchasing behavior and cessation. The second symposium addressed the emerging science on menthol cigarettes and implications for treatment and policy. Both symposia included five Minnesota-based researchers as well as nationally known tobacco control experts who served as discussants.

### **Grantee dissemination**

The dissemination of findings from ClearWay Minnesota grant-funded research projects has been critical in advancing the science of tobacco control in Minnesota. We encourage grantees to take advantage of opportunities to publicize and share research results, and we provide them with dissemination awards for activities that make knowledge, tools and other products resulting from ClearWay Minnesota-funded research widely available.

During the 2014 Fiscal Year, highlights of grantee dissemination included the following projects:

- Mike Freiberg of the Public Health Law Center was a plenary speaker at the Seventh National Smokeless and Spit Tobacco Summit in August of 2013. He presented as part of a panel discussion entitled “Regulating Smokeless Tobacco: Current Regulations, Policy Options, and Practical Experience.” Mr. Freiberg’s research is applied research and he has reached a large variety of audiences with his dissemination work (e.g., in a journal supplement and at several conferences). Additionally, Mr. Freiberg has provided comments on local and federal regulations for electronic cigarettes, hookahs and water pipes, snus and little cigars. He presented this research at the Society for Research in Nicotine and Tobacco (SRNT) national conference in February of 2014.
- Kerry Cork of the Public Health Law Center presented work on advancing regulations for menthol cigarettes in Minnesota at the Promising Practices to Promote Tobacco-Free Active Living and Healthy Eating in Low Socioeconomic Status Communities conference in April of 2014.
- Kris Rhodes of the American Indian Cancer Foundation presented on her research on American Indian Systems for Tobacco Addiction Treatment at the Mayo Clinic Spirit of Eagles national Conference in October of 2013, and at the National Indian Health Boards Annual Tribal Public Health Summit in April of 2014.
- Kola Okuyemi of the University of Minnesota presented his research on cessation preferences of menthol smokers at the SRNT national conference in February of 2014.
- Michael Kotlyar of the University of Minnesota presented his research on smoker response to the banning of menthol cigarettes at the SRNT national conference in February of 2014.

## C. POLICY

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

In compliance with the Court Order of February 25, 2003, approving ClearWay Minnesota's New Comprehensive Plans for Governance and Individual Smoking Cessation Activities, ClearWay Minnesota spends at least as much on individual cessation as on environmental approach programs. 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 \$38.7 million to programs supporting individual-level cessation and \$19.7 million to environmentally based programs. In addition, \$9.4 million has been spent on surveillance/assessment programs, \$9.5 million on capacity-building programs and \$855,000 on other programs.

### Statewide Policy Work

#### Legislative developments

##### *Defending the 2013 tobacco tax Increase*

During the 2014 Legislative Session, ClearWay Minnesota and Blue Cross and Blue Shield of Minnesota led Raise it for Health, a coalition of more than 30 organizations including the American Cancer Society-Cancer Action Network, the American Heart Association, the American Lung Association, the Minnesota Medical Association and Mayo Clinic.



The coalition came together around the goal of increasing and maintaining high tobacco prices – one of the most effective ways to help current tobacco users quit and to prevent youth from starting.

In 2013, the coalition successfully lobbied for passage of a significant tobacco tax increase. In 2014, the coalition focused on keeping the price of tobacco high and opposing any efforts to roll back or weaken the tax increase. Fortunately, no significant attempts to roll back the legislation occurred, and legislators were further educated about the importance of keeping our state's tobacco prices high.

##### *Smoke-free foster care*

ClearWay Minnesota's main legislative priority in 2014 was supporting the passage of smoke-free foster care legislation to ensure that all children in foster homes have safe and healthy living environments.

There is no safe level of secondhand smoke, especially for children. Secondhand smoke is a known cause of Sudden Infant Death Syndrome (SIDS), respiratory infections, asthma attacks and ear infections. Children exposed to secondhand smoke inhale the same cancer-causing substances as smokers, and are particularly vulnerable because their bodies are still developing.



ClearWay Minnesota partnered with several organizations, including the American Lung Association, the Association for Nonsmokers – Minnesota and the American Cancer Society-Cancer Action Network, to support statewide smoke-free foster care legislation during the 2014 Session. Ultimately, the coalition was successful and helped pass a law that prohibits smoking in foster homes and vehicles when a foster child is present. This will help to ensure the children in foster care are not exposed to dangerous secondhand smoke that could make them sick or exacerbate existing health problems.

The new law was noteworthy in that it prohibits smoking outdoors in close proximity to foster children. Medical studies have shown that tobacco smoke exposes users and bystanders to serious health risks, including in close-quarter outdoor areas.

The smoke-free foster care bill will protect our state's most vulnerable children from secondhand smoke. The majority of children who live in foster homes in the United States have at least one chronic medical condition, and ensuring healthy, smoke-free environments for them will help them to thrive.



#### *Common-sense restrictions for e-cigarettes*

ClearWay Minnesota also led the Freedom to Breathe Coalition this year. This group focused on common-sense restrictions for e-cigarettes, a tobacco product that has dramatically risen in popularity over the last few years.



E-cigarettes are devices containing nicotine and other chemicals that produce a vapor that is inhaled. Studies show that e-cigarette vapor contains nicotine, heavy metals and other toxic compounds. Also concerning is that e-cigarettes are sold in kid-friendly flavors like blueberry waffle, gummy bear, cotton candy and many others, and that the use of e-cigarettes among middle- and high-school students increased significantly between 2011 and 2012.

The Freedom to Breathe Coalition successfully helped pass legislation that will ban the use of e-cigarettes in government-owned or -licensed buildings, including:

- Hospitals, health care clinics and doctor's offices;
- Most government-owned buildings (including correctional facilities);
- Any facility owned by the University of Minnesota or Minnesota State Colleges and Universities (including dorm rooms); and
- Licensed daycare facilities, including home daycares during hours of operation.

Additionally, the following provisions were put in place:

- E-cigarettes can no longer be sold from kiosks;
- E-cigarette liquids must be sold in child-resistant packaging to prevent poisonings;
- Just like tobacco retailers, e-cigarette retailers must obtain a local license;
- All e-cigarettes will have to be sold from behind the counter or in locked cases in stores;
- The penalties for selling any type of e-cigarettes to minors were reinforced.

Since this statewide legislation passed, many cities, counties and businesses have established further limits for where e-cigarettes can be used. ClearWay Minnesota will continue to support local efforts to protect Minnesotans from these products until more is known about them.

*Day at the Capitol*

On April 8, 2014, ClearWay Minnesota hosted a Day at the Capitol for our local policy grantees and their networks as well as for members of the Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations (LAAMPP) and our statewide partners. The purpose of this event was to provide a training and educational opportunity for participants and to show the grassroots momentum around our legislative agenda.

The event involved nearly 200 participants from around the state, many of whom were youth. Through our materials, youth t-shirts, buttons and poster boards for targeted elected officials, we had a unified message and visible presence at the Capitol.



*Health advocates from around the state visited the State Capitol in April*

Rep. Laurie Halverson, who authored the e-cigarette legislation, and Rep. Tina Liebling, who authored the smoke-free foster care legislation, spoke at our opening session.



*Rep. Laurie Halverson (l.) and Rep. Tina Liebling, authors of tobacco control bills during the 2014 Legislative Session*

Advocates collectively met with over 65 legislative offices that day, educating their lawmakers about tobacco's harm and asking them to support our three initiatives:

- Defending the significant tobacco tax increase that passed in 2013;
- Smoke-free foster care legislation; and
- Creating common-sense restrictions for e-cigarettes.

Day at the Capitol contributed to the success we had with our legislative agenda this year.



**Day at the Capitol gave Minnesotans from around the state the chance to discuss tobacco issues with lawmakers**

ClearWay Minnesota also used this event to leverage earned media. Participants wrote letters to the editor while at the Capitol, and several of those letters were published. After the event, ClearWay Minnesota sent out 37 tailored press releases (featuring 64 legislators) to local papers and saw a steady stream of them published in the weeks following the event.

## Letter to the Editor

### Dear Editor:

Our names are Kristen and Melanie Egger and Aurora Cagnizi, and we are from Hayfield. We got a chance this week to go to the Capitol in St. Paul to talk to legislators about smoke-free foster care, e-cigarettes, and advocate for some reasonable restrictions on e-cigarettes. We met with Sen. Dan Sparks and Rep. Shannon Savick because we believe that there are some dangers in the unknowns of e-cigarettes. They can look like candy and are sold in candy flavors. These can be appealing to kids. And they contain nicotine and heavy metals, which can be dangerous for kids. And because they are

unregulated, they could contain other toxic substances, and we might not even know. Rep. Savick was also supportive of the proposed legislation to make foster homes smoke free. She is a foster parent, and worries that cigarette use in front of kids is dangerous because of secondhand smoke and could make smoking look normal. Thank you, Reps. Sparks and Stavick, for your support for common sense regulations to keep kids safe from secondhand smoke and keep e-cigarettes out of kids' hands!

**Kristen and Melanie Egger and Aurora Cagnizi Hayfield**

## Red Wing residents talk smoking at the Capitol

Red Wing residents Gaye Ruhlach, Gina Johnson, Nancy and Norm Wille joined nearly 200 advocates at the Minnesota State Capitol this month to discuss two key proposals with lawmakers: making Minnesota's foster homes smoke-free and regulations on e-cigarettes.



Norm Wille (left), Nancy Wille, Rep. Tim Kelly, Gaye Ruhlach and Gina Johnson pose for a photo during the Red Wing residents' visit to the Capitol to discuss restricting e-cigarette use in public and making foster homes smoke-free.

"By participating in the democratic process, they are working to protect some of Minnesota's most vulnerable children from the dangers of secondhand smoke," said Molly Molinas, director of Public Affairs at ClearWay Minnesota, a statewide nonprofit that helped organize the event. "The long-term effects of e-cigarettes on users and bystanders are unknown. Prohibiting their use in indoor public spaces protects everyone's right to breathe clean air and helps keep these untested devices away from kids."

**Hollies and Rock County residents meet with Reps. Spicker and Hamilton at the State Capitol, ask them to keep kids from secondhand smoke, e-cigarettes**

Participants who participated at the State Capitol are (on the right) Brent Thompson, Gretchen Nowatzki, Hailey Hight, Paula Blommondal, Blake Ziegler and Paige Baban. They are pictured with State Representative Joe

(See also *Communications and Outreach – Community Outreach – Media Analysis*, p. 59.)

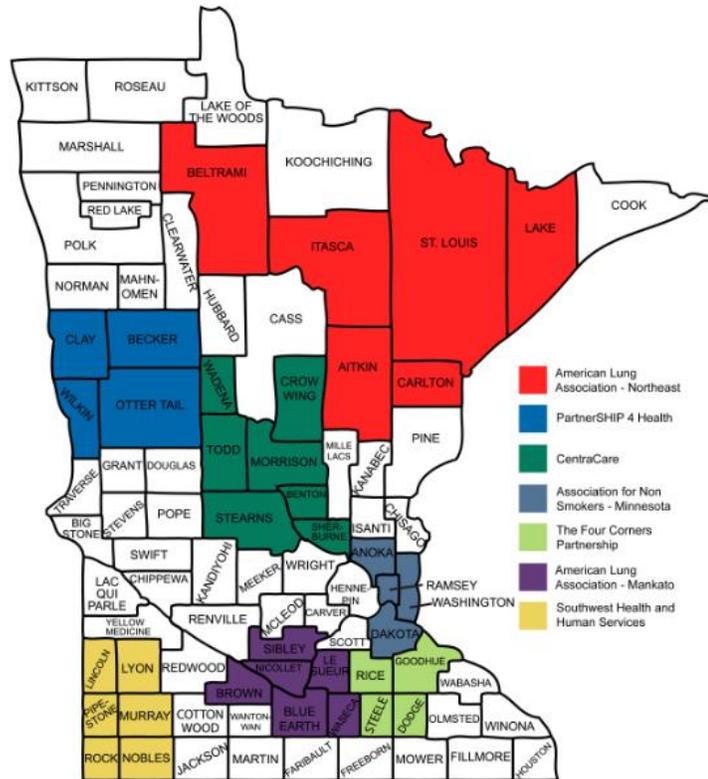
**Public Affairs Contracts**

In Fiscal Year 2014, ClearWay Minnesota had a lobbying contract with Lockridge Grindal Nauen P.L.L.P, a public affairs contract with Himle Rapp & Co. and a media tracking and analysis contract with Cision (formerly Vocus). All of the contracts were renewed by the Board for Fiscal Year 2014.

**Local Community Grants and Contracts**

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

- The Greater Mankato and Northeast chapters 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 PartnerSHIP 4 Health)
- Goodhue County (organizing the 4 Corners Partnership)
- Southwest Health and Human Services (organizing the Southwest Community Health Improvement Program)



Policy deliverables included:

- Establishing, expanding and mobilizing local coalitions of grassroots advocates through community outreach and organizing;
- Educating the public about tobacco cessation, QUITPLAN Services, and public policy and research aligned with ClearWay Minnesota’s 2012-2014 Strategic Plan; and
- Supporting statewide initiatives to protect people from secondhand smoke.

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

- Increasing the availability of smoke-free multi-unit housing;
- Establishing tobacco-free college campuses;
- Passing smoke-free polices in foster homes and daycares;
- Updating and strengthening local tobacco ordinances;
- Creating tobacco-free grounds policies at workplaces and healthcare facilities; and
- Addressing tobacco advertising and promotions in retail environments.

During Fiscal Year 2014, local policy grantees helped advance policies that reduce tobacco's harm at both the state and local level.



*Pat McKone of the American Lung Association in Minnesota (r.), pictured with bill author Sen. Kathy Sheran, shows state lawmakers an e-cigarette during a committee hearing*

### **Local grassroots accomplishments**

#### *Restricting e-cigarettes at the local level*

ClearWay Minnesota funded some of the first communities to create restrictions for e-cigarettes. Duluth, Beltrami County, Bemidji, Ely and Hermantown all created policies to include e-cigarettes in their indoor air laws this past year. Additional communities took action on e-cigarettes by including them in their definition of tobacco products and banning the sampling of e-cigarettes in stores. These first local policies showed that there was interest all around Minnesota for restricting these new products and set the stage for our statewide work during the 2014 Session.



#### *Smoke-free foster care*

Also this year, Ramsey County passed a policy making all of their foster homes smoke-free. Ramsey County was the ninth community in Minnesota to pass such a policy, and this local work contributed to our statewide success in passing a smoke-free foster care bill. Our local policy grantee, the Association for Nonsmokers – Minnesota, worked in collaboration with LAAMPP fellows representing African and African American populations in Minnesota to pass the policy. Both groups had excellent feedback about the process of partnering and their ultimate policy victory.



*Coalition members worked to pass a smoke-free foster care policy in Ramsey County*

### *“Little cigars”*

Finally, the Association for Nonsmokers – Minnesota worked very closely with the city of Brooklyn Center as they moved to update their local tobacco ordinance. The policy raised the minimum price for a single individually wrapped, flavored “little cigar” to \$2.10. Previously, some of these products had retailed for as little as 89 cents each. Raising the price will make them less appealing and accessible to young people. The ordinance also requires that e-cigarettes be subject to requirements for other tobacco products, such as being kept behind the counter and subject to local compliance checks.

### **Evaluation of local policy grants**

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



Additionally, each quarter grantees are required to submit reports on their progress toward measurable outcomes in the areas of public education, coalition building and policy advocacy. In Fiscal Year 2014, the local policy grantees accomplished the following:

- Published 302 pieces of earned media;
- Placed 24 pieces of paid media;
- Made 121 public presentations about tobacco’s harm, QUITPLAN Services and tobacco policies;
- Participated in 107 community events;
- Conducted 421 activities that reached out to elected officials; and
- Passed 57 local policies that reduce exposure to secondhand smoke and decrease tobacco use.

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

## **D. COMMUNITY DEVELOPMENT**

During Fiscal Year 2014, ClearWay Minnesota continued engaging members of Minnesota’s diverse communities in tobacco control efforts and working to reduce the harm that commercial tobacco causes them. (Commercial tobacco refers to manufactured products such as cigarettes, not to the sacred and traditional use of tobacco by American Indians and other groups.)

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 educational and innovative training opportunities to develop capacity in priority populations; and
- Support for community activities.

### **Community Development Grants**

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

The impact of commercial tobacco use in American Indian Nations in Minnesota represents a real public health crisis. Fifty-nine percent of American Indians in Minnesota report being current smokers (compared to 16 percent of all Minnesota adults). 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.

ClearWay Minnesota supports Minnesota’s American Indian advocates in their work to advance smoke-free policies on tribal lands. In 2008, we initiated a Tribal Tobacco Education and Policy (TTEP) Request for Proposals (RFP) to develop a reservation initiative promoting American Indian health and advancing smoke-free tribal government policies on tribal lands in Minnesota by:

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

In Fiscal Year 2014, ClearWay Minnesota continued the TTEP initiative with five funded grants to Bois Forte Band of Chippewa, Leech Lake Band of Ojibwe, Mille Lacs Band of Ojibwe, Upper Sioux Community and the White Earth Band of Ojibwe.

Each of the reservations developed strategies based on ClearWay Minnesota guidelines and the readiness of their unique environments, with the overall goal of preparing their communities to advance smoke-free tribal policies. Core elements across all grants included:

- Staff capacity, community support and resources for ongoing sustained efforts.
- Restore traditional/sacred tobacco traditions.
- Address and reduce tobacco industry marketing and influence.
- Create formal and informal smoke-free policies and system changes.
- Businesses and casinos in tribal communities are smoke-free.

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

*Bois Forte Band of Chippewa*

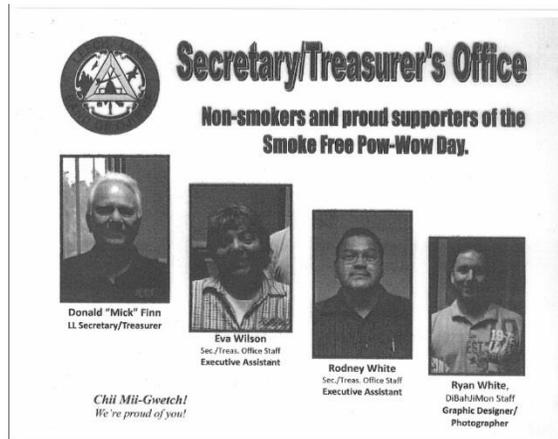
- Created and provided clear signage for commercial tobacco-free outdoor powwows;
- Passed a policy to prohibit smoking in all Bois Forte Band tribally owned and leased vehicles; and
- Continued to educate all Bois Forte communities on commercial tobacco, traditional tobacco and secondhand smoke.



*Bois Forte community education event*

*Leech Lake Band of Ojibwe*

- Held a smoke-free outdoor powwow;
- Continued to engage seven local American Indian councils to participate in Leech Lake's Tobacco Coalition as members of a tobacco advisory committee consisting of key stakeholders (including elders, spiritual leaders and other tribal members); and
- Engaged spiritual gathering places for leaders and elders to educate on traditional tobacco ways and to promote commercial tobacco-free environments.



**Leech Lake Tribal Leadership supporting Smoke-free Powwow Day**

*Mille Lacs Band of Ojibwe*

- Created a smoke-free *Wewinabi* (cultural immersion school) campus;
- Continued to hold a smoke-free State of the Band address and “tiny tots” powwow;
- Conducted dialogues for traditional tobacco stories to be shared with the community; and
- Continued to partner with a traditional healer/leader to help provide tobacco education to all three districts and urban communities.



**Commercial tobacco-free signage from Mille Lacs**

*Upper Sioux Community*

- Held a community-wide event that educated on leadership and traditional tobacco teachings;
- Continued to educate on their informal e-cigarette policy;
- Posted signage for their 27-foot smoke-free buffer zones and other smoke-free areas;
- Educated on the difference between commercial tobacco abuse and traditional tobacco medicines; and
- Continued collaboration with Minnesota Department of Health-funded tribal programs to educate the community on commercial tobacco issues and to promote QUITPLAN Services.

**E-CIGARETTES MAKE IT EASIER FOR KIDS AND FIRST-TIMERS TO TRY SMOKING.**

-E-cigarettes come in many flavors. The flavors may make them easier to try.

-Some of the flavors-such as grape, strawberry, and fruit punch-look like they are made to attract kids!

-The sweet flavors still have nicotine. And once a person gets hooked on the nicotine in an e-cigarette, they may try commercial tobacco and other products.



**KEEP TOBACCO TRADITIONAL**



**REMEMBER YOUR POWER!**

To keep the people around you safe from second and third hand smoke

It is never too late to quit smoking commercial tobacco!

Want to quit?  
320-564-6341  
or  
320-564-6319



*Upper Sioux Community e-cigarette informational brochures*

*White Earth Nation*

- Created and passed a smoke-free park policy at Mahnomen;
- Presented indoor air quality information to their casino and leadership on the dangers of commercial tobacco use;
- Held a smoke-free outdoor powwow;
- Educated on the harms of commercial tobacco abuse and traditional tobacco medicines; and
- Continued collaboration with Minnesota Department of Health-funded tribal programs to educate the community on commercial tobacco issues and to promote QUITPLAN Services.

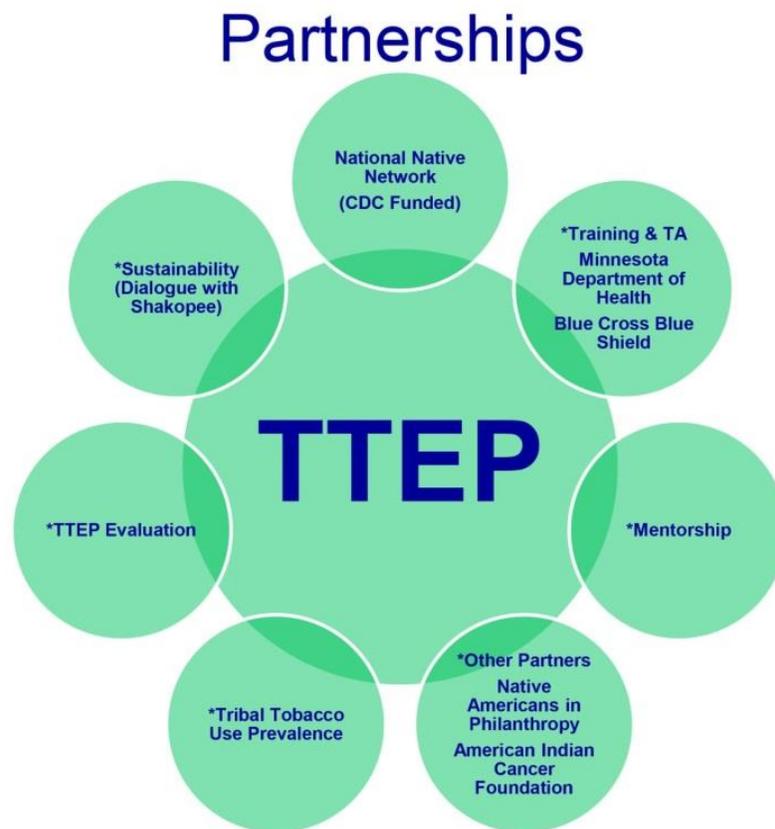


*Evaluation of the Tribal Tobacco Education and Policy initiative (TTEP)*

Scott Consulting has evaluated the Tribal Tobacco Education and Policy (TTEP) initiative since 2009. The ongoing evaluation informs both TTEP grantees and ClearWay Minnesota on the initiative’s progress. An annual evaluation report will be presented to the Board in March of 2015. Data from this report will be shared in next year’s Report to the Court.

*Partnerships*

Many components help make the TTEP initiative successful. Evaluation supports and demonstrates the overall project strengths and challenges. (See *Evaluation of the Tribal Tobacco Education and Policy initiative [TTEP]*, above.) Training, technical assistance and mentorship build skills for our coordinators to accomplish their overarching policy goals. The Tribal Tobacco Use Prevalence (TTUP) studies provide data for our grantees to expand their knowledge and inform their work. Our partnerships with Native Americans in Philanthropy (NAP), the National Native Network (NNN) and the American Indian Cancer Foundation continue to build a successful statewide and national initiative to advance commercial tobacco-free policies on tribal lands. We also are working with NAP to discuss collaborations that could occur so that other organizations continue to improve health equity around commercial tobacco use in Indian Country once ClearWay Minnesota’s funding is gone.





**Leech Lake Tribal College commercial tobacco-free policy**

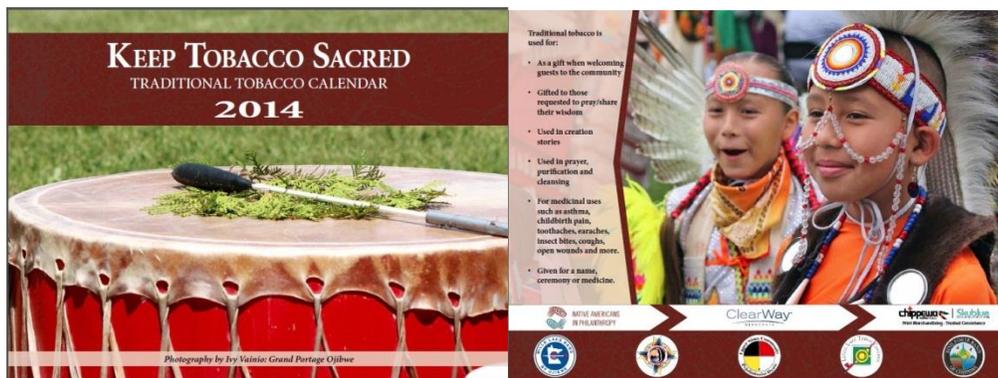
In Fiscal Year 2014 ClearWay Minnesota funded a grant to Leech Lake Tribal College (LLTC), located on the Leech Lake Band of Ojibwe Nation. The goal of this project is for LLTC to create and implement a commercial tobacco-free campus policy by the start of fall term in 2014. The project will educate students, staff and community members about traditional uses of tobacco and the harmful health effects of commercial tobacco, and will promote quitting with a contest.

*Evaluation of Leech Lake Tribal College commercial tobacco-free policy*

Since the LLTC commercial tobacco-free policy project is a unique effort in Minnesota, ClearWay Minnesota engaged an evaluator to document progress on the project. Only one other American Indian college and one technical college have adopted commercial tobacco-free policies for their campuses. This evaluation is being supported in collaboration with Blue Cross and Blue Shield of Minnesota and the American Indian College Fund, and results from this project will be disseminated to other tribal colleges in Minnesota and the nation. The evaluation report will be available in spring of 2015.

**Keep Tobacco Sacred campaign**

ClearWay Minnesota supports ongoing education around commercial tobacco control initiatives in Minnesota’s Indian Country. We worked with tribal grantees, stakeholders and partners to initiate a culturally tailored campaign to serve as an educational tool for American Indian communities and partners on the differences between traditional tobacco and commercial tobacco use. In 2013, we developed a calendar to educate on this topic. All funded tribal grantees received calendars with their specific tribal logo, and all sponsors and partners who contributed to this project received calendars as well. Grantees were delighted to receive the calendars, which told their stories of traditional tobacco. The calendar was distributed in their communities as part of an overall effort to promote health in a traditional storytelling way.



**Keep Tobacco Sacred: Traditional Tobacco Calendar**

Additionally, we have been working with tribal communities to create an advertising campaign on the same theme for American Indian communities. With community and tribal input and in collaboration with ClearWay Minnesota’s Communications Department we developed the message “Value our Tradition: Keep Tobacco Sacred” – a concept that would resonate with Indian Country and serve as an educational tool for the broader public. (See *Communications and Outreach – Advertising – American Indian Campaign*, pp. 56-57.)



*Keep Tobacco Sacred billboard near the Bois Forte reservation*

### **Dialogues with Indian gaming**

American Indian Nations are sovereign, and so Minnesota's smoke-free law does not apply to reservation workplaces, including their popular casinos. To advance smoke-free tribal policies, it is important to engage and educate the National Indian Gaming Association, the Minnesota Indian Gaming Association and Reservation Economic Summits regarding secondhand smoke and its harms.

In Fiscal Year 2014 we continued to support the American Indian Cancer Foundation to lead dialogues with the Indian gaming industry and businesses in Indian Country in Minnesota and the nation. 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 to develop trusted relationships with gaming personnel to show how they can be part of the solution.

This past year, the American Indian Cancer Foundation:

- Continued developing relationships and held conversations with the National Indian Gaming Association, the Minnesota Gaming Association and Reservation Economic Summits regarding secondhand smoke to advance smoke-free policies on tribal lands, especially casinos; and
- Continued one-on-one conversations with key tribal leaders on this issue and suggested a comprehensive approach to commercial tobacco control that includes smoke-free casinos.

### **Community Development Contracts**

#### **Tribal technical assistance, training and mentorship**

In Fiscal Year 2014, ClearWay Minnesota's Community Development Department continued to provide technical assistance, training and mentorship to Minnesota's American Indian communities supporting efforts to advance smoke-free policies on tribal lands. ClearWay Minnesota also continued our partnership with the Minnesota Department of Health's Office of Tobacco Prevention and Control, the Statewide Health Improvement Program (SHIP) and Blue Cross and Blue Shield of Minnesota, all of which have mutual goals promoting health in Indian Country. These partners have shared the cost of trainings as appropriate.



Fellows shared the following statements at the Capstone event:

“LAAMPP allowed me to build bridges, expand networks and create personal friendships.”

- Lina Houston (LGBTQ priority population)

“LAAMPP has opened opportunities to enrich my life with leadership skills and professional networks to continue this work and inspire others.”

-Tina Murphy (Asian, Asian American and Pacific Islander priority population)

“LAAMPP has given me the confidence to talk to decision makers.”

-Perla Montoya (Chicano/Latino priority population)

“LAAMPP gives me motivation when my energy for tobacco control is gone.”

-Dominick Knutson (American Indian priority population)

“LAAMPP has opened the door for me to meet new friends and interact with other cross-cultural community groups.”

-Margaret Coleman (African/African American priority population)

### **LAAMPP projects**

LAAMPP Fellows are provided \$45,000 per community to develop time-limited tobacco control projects, reviewed by other Fellows and approved by ClearWay Minnesota. LAAMPP III projects included:

- An African and African American community proposal to collaborate with the Ramsey Tobacco Coalition and pass a smoke-free foster care policy in Ramsey County. The Fellows also assisted with the state smoke-free foster care initiative that was successfully passed in 2014. (See *Policy – Statewide Policy Work – Legislative Developments – Smoke-Free Foster Care*, pp. 34-35.)
- An American Indian community project to create a report that documents how the commercial tobacco industry targets American Indian communities with their deadly products. This report will be used to educate community and leaders in efforts to reduce commercial tobacco use and advance smoke-free policies in Indian Country.
- An Asian, Asian American and Pacific Islander community project that created a smoke-free grounds policy for the Hmongtown Marketplace in St. Paul. Extensive outreach and education with businesses built support for this policy.
- A Chicano/Latino community project in collaboration with Comunidades Latinas Unidas En Servicio (CLUES) and the Association for Nonsmokers – Minnesota (ANSR-MN). LAAMPP Fellows raised awareness of the harms of commercial tobacco and secondhand smoke, and worked to pass tobacco-free policies in Chicano/Latino communities. In the metro area, the project resulted in two apartment complexes going smoke-free, and in Mankato and Willmar two churches made their parking lots and grounds smoke-free.
- A Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) community project that focused efforts and interventions in Duluth-area LGBTQ communities to implement smoke-free policies. The Fellows were successful in implementing three smoke-free policies, including Duluth-Superior Pride, the Clayton Jackson McGhie Memorial and Community Action Duluth. In addition, this project developed cultural competency materials regarding LGBTQ inclusion in the greater tobacco control movement. The LGBTQ Fellows put together a resource packet to include in the next LAAMPP cohort resource binder about LGBTQ identities and how to respectfully include them in multicultural spaces.

## **Evaluation of LAAMPP**

The LAAMPP Institute is an innovative program and the first of its kind to address diverse tobacco control issues for priority populations through culturally tailored training, capacity building, leadership development and technical assistance.

Evaluation of LAAMPP is comprehensive, and seeks to look beyond individual impact, to fully explore what happens to social relationships/networks as a result of LAAMPP participation and to document change at the systems and community level resulting from LAAMPP Fellows' actions.

The evaluation of LAAMPP III will address the following research questions:

- Is there an increase in Fellows' motivation and confidence to develop skills and see themselves as leaders in creating community change?
- What social relationships and networks are developed within the Institute, communities and cross-culturally?
- What changes happen at the systems and community level as a result of actions taken by the Fellows?

The evaluation component of LAAMPP began with the Core Leadership Summit on September 28, 2012. During Fiscal Year 2014, the evaluator interviewed Fellows and staff and observed LAAMPP Institute trainings and related activities to collect data for the evaluation. The evaluation will be completed in September 2014.

Findings from the evaluation will be shared with stakeholders and disseminated broadly through peer-reviewed publications. The evaluation will also contribute to building the evidence base for effective strategies to develop leadership among priority population communities. Finally, the evaluation will be used to interest other funders in supporting the LAAMPP project. A summary of findings will be included in the 2015 Report to the Court.

### *Post-program survey report – LAAMPP II*

The second LAAMPP Institute was held from 2009 – 2011. As part of our ongoing effort to contribute to the evidence base of effective strategies to develop leadership among priority population communities, we conduct follow-up surveys with each cohort of LAAMPP Institutes for three years. This past year we conducted our second survey with LAAMPP II Fellows to determine their ongoing progress in tobacco control and leadership development.

The second follow-up survey that was made available to all 29 Fellows who had completed the program. Twenty-one of 29 Fellows completed surveys, for a 72 percent response rate.

In this survey, 20 of 21 Fellows (95 percent) reported applying knowledge and skills acquired through the Leadership Institute some two years after conclusion of the formal trainings. Further, more than two thirds of the Fellows reported applying knowledge and/or skills from all five core competencies. The surveys show that LAAMPP II Fellows continue to use the skills that they learned in the Institute and that at least half of the Fellows remain involved in tobacco control activities two years after completing the Institute. ClearWay Minnesota plans to use the results from the follow-up survey, in conjunction with other evaluation efforts, to contribute to promising and/or best practices in building priority population leaders for tobacco control. A copy of the survey is attached as Appendix M.



***LAAMPP II Fellows***

### **LAAMPP alumni Policy Champions**



***Policy Champion Jack Ayim (r.), with Rep. Peggy Scott***

In 2013, we engaged the Headwaters Foundation for Justice to recruit LAAMPP alumni representing Minnesota’s diverse communities and engage them with mainstream tobacco control efforts related to e-cigarette and smoke-free foster care state legislation. (See *Policy – Statewide Policy Work – Legislative Developments – Smoke-Free Foster Care and Common-Sense Restrictions for E-Cigarettes*, pp. 34-36.) LAAMPP Policy Champion roles in this effort were:

- Conducting outreach and education in their communities;
- Participating in the Minnesota Health Equity and ClearWay Minnesota Days at the Capitol;
- Participating in the Raise it for Health Coalition;
- Advocating and lobbying policymakers; and
- Presenting at the Power in Unity Conference – *Innovation to Equity: Eliminating Tobacco Disparities in Minnesota Conference*.

The Policy Champions were excellent spokespersons, active in doing outreach in their communities, testifying at the Legislature and communicating with elected officials to convince them to support the tobacco control legislation. In the end, statewide legislation on e-cigarettes and smoke-free foster care was passed.

## Conferences

### *Power in Unity*

On November 21-22, 2013 the third Power in Unity Conference – *Innovation to Equity*:



NOVEMBER 21-22, 2013  
www.powerinunitymn.org

## **Innovation to Equity:** **Eliminating Tobacco Disparities in Minnesota**

*Eliminating Tobacco Disparities in Minnesota Conference* – was held in Bloomington. The conference highlighted critical tobacco control issues in Minnesota’s priority populations and set the tone for a powerful priority population movement towards parity and equity in commercial tobacco control in Minnesota. This conference brought together national, state and local advocates and allies that will help create a vision and movement within priority populations to address the harm that commercial tobacco causes their people.



### *Promising Practices*

In April, ClearWay Minnesota and LAAMPP Policy Champions participated with the third annual national conference, *Promising Practices to Promote Tobacco-Free Active Living and Healthy Eating in Low Socioeconomic Status Communities*, in the Washington, D.C., area. ClearWay Minnesota was a sponsor of this national conference, which welcomed participants from all over the world.

The conference addressed three goals:

1. To share emerging/promising systems-change strategies and practices to improve the health outcomes of low-socioeconomic-status communities;
2. To build the leadership capacity of attendees in reducing commercial tobacco use, increasing healthy eating, and encouraging active living in low-socioeconomic populations through policy and programmatic initiatives; and
3. To facilitate cross-pollination of lessons learned and recommendations between the fields of tobacco and obesity prevention.

ClearWay Minnesota and LAAMPP personnel gave three presentations at this conference:

- **Promoting Policy Change to Address Tobacco Disparities in Minnesota Tribal Nations**, Sheryl Scott (Scott Consulting Partners), CoCo Villaluz (ClearWay Minnesota). This panel discussion examined ClearWay Minnesota’s work to advance commercial tobacco-control policies in Indian Country.

- **Reducing Tobacco-Related Disparities Among Low-Socioeconomic American Indian Communities**, Linda Bosma (Bosma Consulting, LLC), Joanne D'Silva (ClearWay Minnesota). The panel discussion highlighted ClearWay Minnesota's efforts to engage American Indian communities in cessation efforts.
- **WITH Not For: Community-Led Policy Change**, Jaime Martínez (ClearWay Minnesota); David Nicholson (Headwaters Foundation for Justice); and Joo Hee Pomplun, Ani Koch and Dr. Jonathon Rose (LAAMPP Fellows). This workshop discussed reducing tobacco-related health disparities in low-socioeconomic populations by ensuring that community-based approaches and community-led voices are included in health improvement efforts.

*Healthy Native Communities: The Role of Tribes and Funders*



As part of ClearWay Minnesota's commitment to build sustainability for our work in Indian country we have partnered with Native Americans in Philanthropy (NAP) to hold a series of dialogues with funding partners and tribal leadership. On June 17, 2014, NAP and ClearWay Minnesota invited American Indian leaders and the philanthropic community for a conversation on roles in supporting healthy American Indian communities in Minnesota. The meeting was

held at the Mille Lacs nation and was attended by over 40 participants including funders, American Indian leaders and tribal colleges.

## IV. COMMUNICATIONS AND OUTREACH

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

In addition to our advertising activities – such as paid advertising on television, Internet and radio, and in print media and out-of-home venues (bus sides and billboards) – 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 2014, our advertising efforts supported the launch of the reimagined QUITPLAN Services. Our media work also continued to raise awareness of tobacco's dangers to change social norms around tobacco use in Minnesota, and to help build support for public policy initiatives that reduce tobacco's harm.

#### **QUITPLAN® Services Campaign**

The *QUITPLAN® Services* advertising campaign builds knowledge of the best ways to quit smoking and increases awareness, positive understanding and knowledge about QUITPLAN Services.

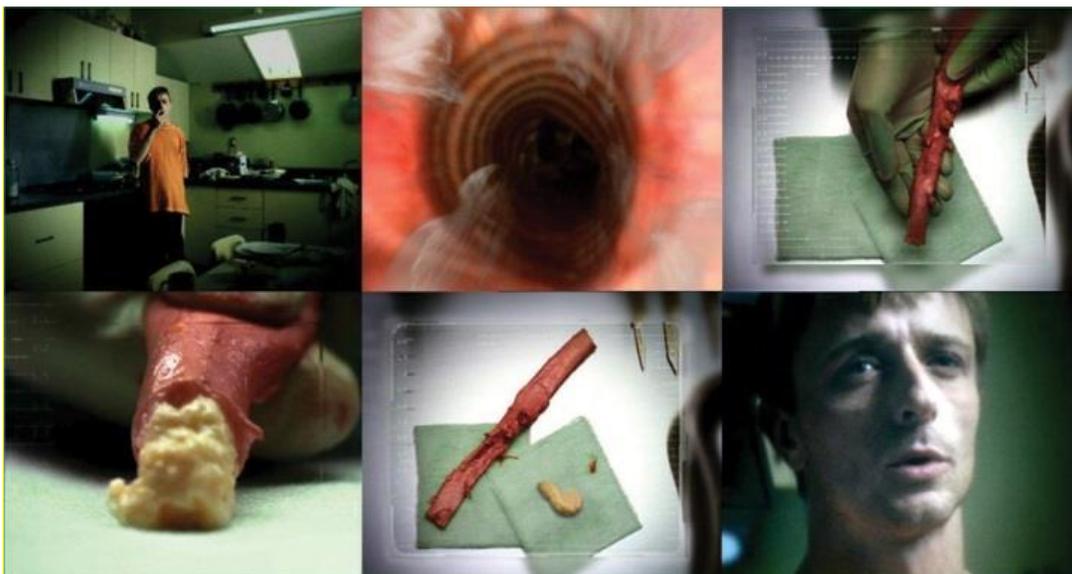
In March of 2014, ClearWay Minnesota launched a new suite of QUITPLAN Services, the free quitting program available to all Minnesotans. The reimagined QUITPLAN Services retain the most popular elements of the program to date, and add a number of new options to help Minnesota tobacco users successfully quit. (See *Program Grants and Contracts – Cessation – Cessation Services Contracts – QUITPLAN® Services*, pp. 18-20.)

The relaunch was accompanied by a new advertising campaign highlighting the new services and promising “No Judgments. Just Help.” Created by Clarity Coverdale Fury, the campaign reflects the program's aim to provide tobacco users with a hopeful, nonjudgmental approach to quitting with few barriers. Television ads used stop-motion animation to present a compassionate view of smokers struggling to quit. The campaign also used online banner ads, bus interiors, restroom posters, transit stop advertising and light rail train wraps. QUITPLAN Services advertises in both English-language and Spanish-language media.



*New QUITPLAN® Services ads promised tobacco users “No judgments. Just help.”*

Before the relaunch, another QUITPLAN Services ad was seen to significantly increase calls to the program in the wake of a statewide tobacco tax increase. Originally created in Australia, the graphic ad showed how smoking creates fat and cholesterol build-up in the arteries. The QUITPLAN Helpline saw a 370 percent increase in calls during the weeks the ad was running.



*The graphic “Artery” ad helped increase QUITPLAN® Helpline volumes by 370 percent*

ClearWay Minnesota strategically sponsors programming that Minnesota smokers are most likely to see or hear. In Fiscal Year 2014, the QUITPLAN® Services media campaign – consisting of TV, radio, out-of-home and digital ads – reached 99 percent of Minnesota adults an average of 65 times throughout the year. Ads are targeted at populations known to have high tobacco prevalence rates, including low socio-economic communities, priority populations and communities of color.

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

ClearWay Minnesota also continued our established presence for QUITPLAN Services at the Minnesota State Fair. The QUITPLAN Services booth featured giveaways, a prize wheel, lung-function testing for smokers, message boards for quitters and information on QUITPLAN Services. ClearWay Minnesota also promoted QUITPLAN Services from the Fair on the Spanish-language television network Univision.

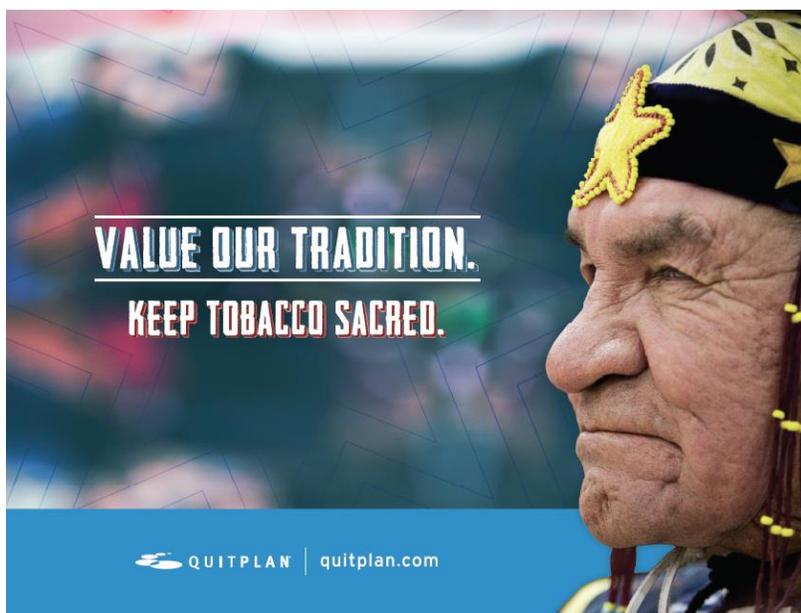


*Former smokers at the QUITPLAN® Services State Fair booth*

### **American Indian campaign: Keep Tobacco Sacred**

This year, ClearWay Minnesota launched a billboard campaign to reach American Indian audiences in Minnesota. Traditionally, American Indians view tobacco as a sacred medicine, bestowed by the Creator and central to tribal culture. But for generations, the commercial tobacco industry has corrupted Native tobacco practices and marketed directly to American Indians. Today the smoking rate among American Indians in Minnesota is enormously high: 59 percent compared to 16 percent in the general population. Smoking-related diseases are the top killers in their communities, with cancer and heart disease at epidemic levels. (See *Program Grants and Contracts – Community Development – Community Development Grants – Tribal Tobacco Education and Policy Initiative (TTEP)*, pp. 41-47.)

Working with American Indian grantees funded by the Minnesota Department of Health, ClearWay Minnesota created a new advertising campaign to remind Native audiences that there is a difference between sacred tobacco practices and commercial tobacco use like cigarette smoking. The ads, which promote the free QUITPLAN Services program, are designed to respect American Indian traditions while educating about the harms of smoking.



*Value Our Tradition ads reinforced traditional teachings against commercial tobacco abuse*

### **Still a Problem campaign**



In the fall of 2013, ClearWay Minnesota began airing “Baby Seat,” an ad using compelling imagery of a child being exposed to secondhand smoke in a car. Originally created by the Iowa Department of Public Health, the ad effectively continued the themes of our *Still a Problem* campaign, which aims to make Minnesotans aware of the ongoing problem of tobacco use in our state. Another ad, “Home Sick,” also suggested the impact secondhand smoke exposure has on children. In addition, ClearWay Minnesota continued airing “Grave Digger,” an ad focused on the death toll from tobacco use in Minnesota, and “Roller Coaster,” which highlights the tobacco industry’s role in attracting and addicting youth. The *Still a Problem* media

campaign reached 99 percent of Minnesota adults an average of 40 times during Fiscal Year 2014.

### **Publication on advertising effectiveness**

An article coauthored by ClearWay Minnesota Vice Presidents Andrea Mowery and Dr. Barbara Schillo and by former ClearWay Minnesota staff member Dr. Jeong Kyu Lee was published in *Social Marketing Quarterly* in July of 2013. The article was titled “Effectiveness of Statewide Advertising Campaigns in Promoting the QUITPLAN Services Brand.”

## Evaluation

ClearWay Minnesota rigorously evaluates our communications efforts to measure progress and identify areas for improvement. All contractors are evaluated against the following criteria:

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

ClearWay Minnesota considers these criteria when renewing contracts or initiating new projects, and strives to provide the greatest return on investment to Minnesotans. Pro-bono and value-added media are required as a part of the advertising media buy. In Fiscal Year 2014, ClearWay Minnesota received \$572,159 in bonus advertising due to negotiating efforts of advertising vendor Clarity Coverdale Fury.

### **Evaluation of media campaign**

In Fiscal Year 2014, ClearWay Minnesota completed a four-wave media evaluation using an online survey panel of Minnesota tobacco users and non-users. The evaluation measured ad awareness and effectiveness for the *Still a Problem* campaign and for cessation ads promoting QUITPLAN Services.

Overall, ClearWay Minnesota ads were found to have medium to high ad awareness and scored at or above average for ad effectiveness. Over the evaluation, we saw positive changes in social norms around tobacco issues, such as awareness that smokers who get help have more success quitting.

Awareness of the *Still a Problem* campaign was associated with agreement with these statements:

- *Many Minnesota teens who begin smoking will face a lifetime of tobacco addiction;*
- *All Minnesotans bear the costs of tobacco use;* and
- *Too many Minnesota youth use tobacco.*

The evaluation also found evidence of awareness and favorability toward the *QUITPLAN Services* brand. At the final wave, 70 percent of viewers said they were aware of QUITPLAN Services, almost a third said they viewed QUITPLAN Services “very favorably” and approximately half associated QUITPLAN Services with attributes such as “accessible,” “respectful,” “personalized,” “compassionate” and “straightforward.”

The findings from this evaluation are consistent with prior evaluations demonstrating high awareness of our ads, strong associations with shaping public attitudes and increases in brand awareness. There is also a strong correlation with volumes reported by our QUITPLAN Services cessation programs. (See *Program Grants and Contracts – Cessation – Cessation Services Contracts – Tobacco Users Served*, p. 23.)

## **B. COMMUNITY OUTREACH**

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

### **Media Analysis**

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

ClearWay Minnesota's earned and social media efforts in Fiscal Year 2014 reinforced the integrity of our brands and campaigns, and our reputation to key audiences. The tone of stories that mentioned our brands and campaigns were more positive this year than last year.

The most prominently covered stories for the year included:

- Efforts to pass e-cigarette restrictions at the state and local level;
- Tobacco cessation-related coverage, including the implementation of a new tobacco tax and the relaunch of QUITPLAN Services;
- The 50<sup>th</sup> anniversary of the first U.S. Surgeon General's Report on smoking; and
- The University of Minnesota going tobacco-free on its Twin Cities campuses.

ClearWay Minnesota's social media strategy proved effective in reaching key audiences and increasing engagement without losing many followers this year. Paid Facebook advertising successfully boosted reach and brought users to the QUITPLAN Services page. Using the ClearWay Minnesota Twitter handle helped us to communicate with supporters and opponents of our public policy goals and with the general public.

## C. CONFERENCES AND EVENTS

Over the course of Fiscal Year 2014, ClearWay Minnesota staff, grantees and Board Members participated in various conferences and symposia. These events allow the organization to remain abreast of the latest and best available tobacco research and trends, and to share local and state findings and experiences with other public health experts.

Conferences and other events attended include:

- National Summit on Smokeless and Spit Tobacco (August)
- National Conference on Health Communication, Marketing and Media (August)
- Hot Topics in Business Law (September)
- Preserving Privilege: Educating Management and Employees on Attorney/Client and Work Product Protection (Practical Law) (September)
- Master Settlement Agreement Conference (October)
- Many Faces of Community Health (October)
- Mayo Clinic Spirit of Eagles National Conference (October)
- American Public Health Association Annual Meeting (November)
- American Cancer Society Cancer Action Network National Meeting (November)
- Power in Unity: Innovation to Equity – Eliminating Tobacco Disparities in Minnesota (November)
- Minnesota refugee listening session on addressing tobacco-related health disparities (November)
- University of St. Thomas Executive Conference on the Future of Health Care (November)
- National Alliance on Mental Illness (NAMI) Minnesota conference (November)
- Minnesota Council on Foundations: Pause! Shift! Engage! (November)
- BoardSource Leadership Forum (November)
- Society for Research on Nicotine and Tobacco Use (SRNT) Annual Meeting (February)
- Academy Health's National Health Policy Conference (February)
- Society for Research on Nicotine and Tobacco Intercultural Cancer Conference (March)
- 2014 Nonprofit Law Conference (March)
- National Indian Health Board Annual Tribal Public Health Summit (March-April)
- Mayo Nicotine Dependence Conference (April)
- Promising Practices: Promoting Tobacco-Free Active Living and Healthy Eating in Low-Socioeconomic-Status Communities (April)
- National Conference on Tobacco and Behavioral Health (May)
- U.S. Centers for Disease Control and Prevention (CDC) Office of Smoking and Health meeting (June)
- Minnesota E-Health Summit (June)
- Asian Smokers Quitline meeting (June)
- Tobacco-Free Indiana Conference (June)
- Minnesota Council of Nonprofits Nonprofit Leadership Conference (June)

## V. CONCLUSION

In 1964, U.S. Surgeon General Dr. Luther Terry released the first-ever Surgeon General's Report on smoking and health. That report helped launch five decades of progress in the fight against tobacco, as doctors, scientists, policymakers and concerned citizens developed ways to help smokers quit, to prevent young people from becoming addicted to tobacco and to counter the influence of the tobacco industry. This year saw the 50th anniversary of that report. Since its publication, the national smoking rate has fallen from 42 to 19 percent, and it's estimated that 8 million American lives have been saved by public health initiatives to reduce tobacco's harm over those five decades.

2013 was also a landmark year for ClearWay Minnesota, as we celebrated our 15th anniversary as an organization working to improve health for all Minnesotans by reducing tobacco use and secondhand smoke exposure. Our initiatives are among the most diverse of any tobacco control organization in the country. We are recognized as a leader in areas of individual cessation, public policy, research, systems change, community development, media and more. And our work has helped to push the smoking rate in Minnesota below the national average.

The fight to end tobacco use in Minnesota and across the country is far from over. The tobacco industry is continually reimagining itself in reaction to increased public awareness of tobacco's dangers, and to public health efforts to reduce its influence. Inventive marketing and whole new strains of products are being used to introduce tobacco to customers who can't remember a time when people could smoke in restaurants.

ClearWay Minnesota is rising to these challenges with innovative ideas and partnerships. This report has shown some of our best work from the past year, and our ongoing strategic planning efforts will continue to shape our work to achieve both short-term and long-term goals.

We are proud of the work we have done to help realize the Surgeon General's vision in Minnesota, and we continue to look for new opportunities to make even more progress in the future.





## **Appendix A**

### **Board and Committee Charters**

# ClearWay Minnesota<sup>SM</sup>

## Charter of the Board of Directors Board Approved January 15, 2014

### **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.
- Establish a succession plan for Board leadership and the CEO, and oversee the CEO's establishment of a succession plan for 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.
- Annually review and approve (if necessary) the strategic plan and approve the Annual Operating Plan and budget. Ensure that each has objectives and a means of measurement.

- Oversee and approve ClearWay Minnesota’s financial and other reporting obligations with particular attention to its annual report to the Ramsey County District Court and the Minnesota Legislature.
- Oversee ClearWay Minnesota’s management and utilization of its human and financial resources to ensure a responsible and effective organization.
- Promote regular education of the Board and management respecting (1) tobacco control policies, practices, strategies and research, locally, nationally and internationally, and (2) sound governance practices and policies.

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

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

**The Board’s Standards of Conduct**

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

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

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

### Charter of the Executive/Governance Committee Board Approved May 15, 2013

#### **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. Review and recommend changes to executive compensation, salary ranges and budgeted merit increase 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, as permitted by Article IV, Section 3 of the Bylaws. Committee assignments are brought to the Board for ratification.
3. Approve annually a Public Policy Rapid Response Team that provides advice and counsel to the Board Chair and CEO on public policy matters when immediate action is required between regular meetings of the Board. The appointment of the Public Policy Rapid Response Team is brought to the Board for ratification.
4. 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.
5. 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.
6. 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.
7. Ensure that orientation and training are in place for both new and current Board Members, as appropriate.
8. Provide for a Board self-evaluation at least every two years.
9. 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.
10. Develop the agenda for meetings of the Board of Directors, including the distribution of approved Executive/Governance Committee minutes to the Board.

**Charter of the Audit/Finance Committee**

Board Approved January 15, 2014

**Purpose:**

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

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

**Committee Structure:**

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

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

**Authority:**

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

- Appoint, compensate, terminate and oversee the work of any public accounting firm employed by ClearWay Minnesota.
- Resolve any disagreements between management and the external auditors regarding financial or operational control and reporting.
- Pre-approve all audit and non-audit services provided by our independent auditor.
- Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.
- Review and accept the external auditor's reports along with management's written responses when appropriate.
- Be immediately informed by the auditor of all unresolved matters that obstruct the conduct of an audit or review, after, where feasible, such matters were first brought to the attention of the Chief Executive Officer and/or Chief Financial Officer.

- Review and approve the external auditor’s audit plans.
- Seek any information it requires from employees – all of whom are directed to cooperate with the Committee’s requests – or with external auditors, legal counsel or others as necessary.
- Oversee the performance of the responsibilities of the Investment Advisory Committee (IAC), in accordance with the IAC’s Charter, including receiving periodic reports from the IAC and periodically reporting to the Board regarding the management and performance of Clearway’s financial assets.

**Responsibilities:**

The Committee will carry out the following responsibilities:

**Financial and Operational Review Oversight**

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

**Internal Control**

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

## **Other Responsibilities**

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

# ClearWay Minnesota<sup>SM</sup>

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

### **Purpose:**

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

### **Committee Structure:**

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

### **Authority:**

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

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

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

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

**Purpose:**

The Program Grants and Program Contracts Committee (“PGPCC”) shall assist the Board in fulfilling its oversight and fiduciary duties with respect to program grants and program contracts (“Program Grants and Contracts”) in excess of \$75,000<sup>1</sup>.

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

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

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

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

**Committee Structure:**

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

**Authority:**

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

1. Meet with staff to review proposed funding priorities and make final recommendations on funding priorities to the Board.
2. Exercise oversight to ensure that the grant and contract process established and managed by

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

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.

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

**Purpose:**

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

**Committee Structure:**

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

**Authority:**

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

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

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

## **CLEARWAY MINNESOTA**

### **CHARTER OF THE INVESTMENT ADVISORY COMMITTEE**

Board Approved 9-20-06

#### **I. PURPOSE:**

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

#### **II. COMPOSITION:**

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

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

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

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

#### **III. AUTHORITY:**

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

#### **IV. DUTIES AND RESPONSIBILITIES:**

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

In addition the Committee shall:

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

#### **V. MEETINGS AND NOTES:**

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

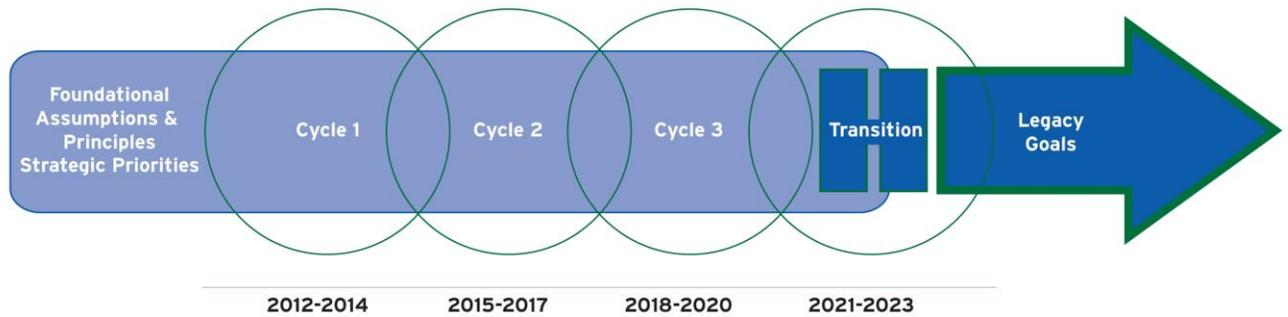
The Committee shall prepare written notes of its meetings. Such meeting notes shall be made available to the Audit/Finance Committee or Board if requested.



## **Appendix B**

### **2003 Framework Executive Summary**

# ClearWay Minnesota<sup>SM</sup> 2023 Framework Report



**CONFIDENTIAL**

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

**ClearWay<sup>SM</sup>**  
MINNESOTA

## Executive Summary

### Introduction

In 1998, ClearWay Minnesota<sup>SM</sup> was created as an independent nonprofit organization with a 25-year lifespan. Through research, action and collaboration we work to reduce the harm – the negative health, economic and emotional consequences<sup>1</sup> – of tobacco use in Minnesota.<sup>2</sup>

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

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

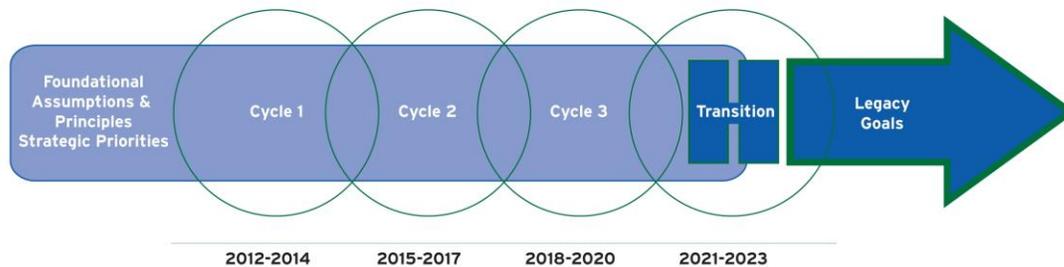
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<sup>1</sup> ClearWay Minnesota defines tobacco’s harm as the negative health, economic and emotional consequences of tobacco use and secondhand smoke exposure. As of this writing, smoking accounts for an estimated 438,000 deaths each year in the U.S.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

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

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

## Framework Model



## **Method**

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

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

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

## **Findings and Recommendations**

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

### Findings

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

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

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

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

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

Recommendations

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

*Foundational Assumptions and Principles*

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

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

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

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

### **Legacy Statement**

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

### **Legacy Goals**

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

### *Strategic Priorities*

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

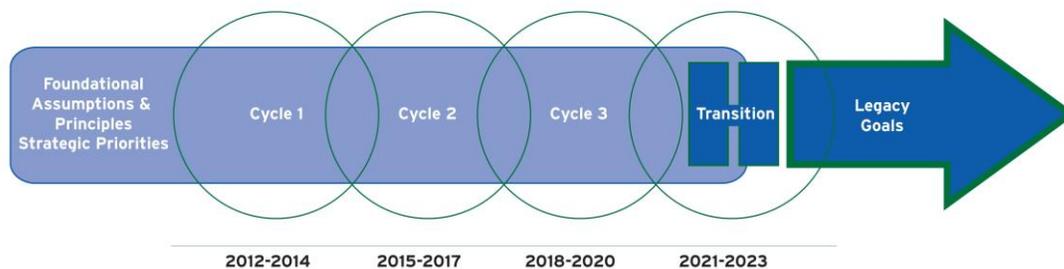
- ***Policy will be the priority, as research and practice have shown policy change has the most lasting impact to reduce tobacco's harm.***
- ***Cessation services will be focused on treating those with the highest rates of tobacco use, the greatest challenges in quitting and the least access to such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

### *Financial Forecasting*

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

### *Planning Cycles*

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



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

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

### **Conclusion**

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



## **Appendix C**

### **Strategic Plan Executive Summary for 2012-2014**

**Strategy I: Support policies that reduce tobacco use and exposure to secondhand smoke.**

*Goal 1: Make tobacco products less accessible.*

*Goal 2: Pass at least one policy initiative that advances tobacco control work (secondhand smoke, cessation, e.g.) on each ClearWay Minnesota-funded tribal reservation.*

*Goal 3: Advance policies that protect people from secondhand smoke.*

*Goal 4: Enhance tobacco cessation benefits for Minnesotans.*

*Goal 5: Increase public and private resources dedicated to reducing tobacco's harm in Minnesota.*

**Strategy II: Advance initiatives for priority populations to eliminate tobacco-related disparities.**

*Goal 1: Build capacity and skills within priority populations to effectively reduce tobacco's harm.*

*Goal 2: Advance practices for reducing tobacco-related disparities.*

**Strategy III: Support research that can be translated into effective policies and practices to reduce tobacco's harm in Minnesota.**

*Goal 1: Assess the impact of ClearWay Minnesota's efforts to change social norms around tobacco.*

*Goal 2: Support research that measures the impact of policies supported by ClearWay Minnesota and its partners.*

*Goal 3: Support research that advances the delivery of QUITPLAN® Services and other Minnesota cessation services.*

**Strategy IV: Ensure access to evidence-based tobacco cessation services for all Minnesotans.**

*Goal 1: Improve access to QUITPLAN Services for underserved Minnesotans.*

*Goal 2: Increase the number of Minnesota smokers who use evidence-based cessation services.*

**Strategy V: Build capacity to sustain Minnesota tobacco control work beyond ClearWay Minnesota's<sup>SM</sup> existence.**

*Goal 1: Transfer knowledge about effective tobacco control work to our partners.*

*Goal 2: Develop more expertise and leadership within the Minnesota tobacco control community.*

*Goal 3: Continue Board discussion and action around ways to fulfill ClearWay Minnesota's legacy.*

*Goal 4: Seek out opportunities to create long-lasting impact to reduce tobacco's harm and improve health.*



## **Appendix D**

### **Board Values**

# I WILL

**Keep the ClearWay MN mission and charter at the forefront of every decision.**

**Remain fully committed to serving my roles and responsibilities.**

**Follow the best practices for Board governance.**

**Come prepared to all meetings.**

**Be fully engaged and participate in all Board meetings.**

**Respectfully listen to all points of view.**

**Be open and welcoming to all members.**

**Model the highest personal standards.**

**Address issues directly, honestly, respectfully and quickly.**

**Be accepting of different personal styles and perspectives.**

**Be open to innovate ideas, creative strategies and solutions.**

**Consistently deliver excellent work, thoughtful input and decisions.**



## **Appendix E**

**Conflict of Interest Policy  
Approved September 2012**



## **Conflict of Interest Policy**

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

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

**ClearWay Minnesota<sup>SM</sup>**  
**Restated Policy Concerning Conflicts of Interest**  
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	<b>If the disclosure is made after the Board or a Board committee considers the action</b>	<b>5</b>
	<b>For a ClearWay Minnesota Employee</b>	<b>5</b>
	<b>If the disclosure is made before the Board considers the action</b>	<b>6</b>

<b>If the disclosure is made after the Board considers the action</b>	<b>6</b>
<b>VIII. Records</b>	<b>7</b>
<b>IX. Policy Enforcement; Education and Training</b>	<b>7</b>
<b>X. Gifts</b>	<b>7</b>
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**ClearWay Minnesota<sup>SM</sup>**  
**Restated Policy Concerning Conflicts of Interest**  
**Approved by the ClearWay Minnesota Board of Directors September 19, 2012**  
**Approved by the Ramsey County District Court May 14, 2013**

**I. Introduction**

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

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

**II. Definitions**

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

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

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

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

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

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

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

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

### **III. Actual Conflict of Interest**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **IV. Procedure for Disclosing an Actual Conflict of Interest**

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

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

## **V. Possible Conflict of Interest**

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

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

## **VI. Appearance of Conflict (Perceived Conflict)**

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

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

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

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

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

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

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

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

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

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

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

## **2) For a ClearWay Minnesota Employee**

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

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

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

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

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

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

## **VIII. Records**

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

## **IX. Policy Enforcement; Education and Training**

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

## **X. Gifts**

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

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

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

## **XI. Consultant Fees, Honoraria**

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

## **XII. Loans**

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

**AMENDED AND RESTATED BYLAWS**  
**of**  
**CLEARWAY MINNESOTA<sup>SM</sup>**  
**Effective July17, 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 F**

### **Fiscal Year 2014 Policy Statements**

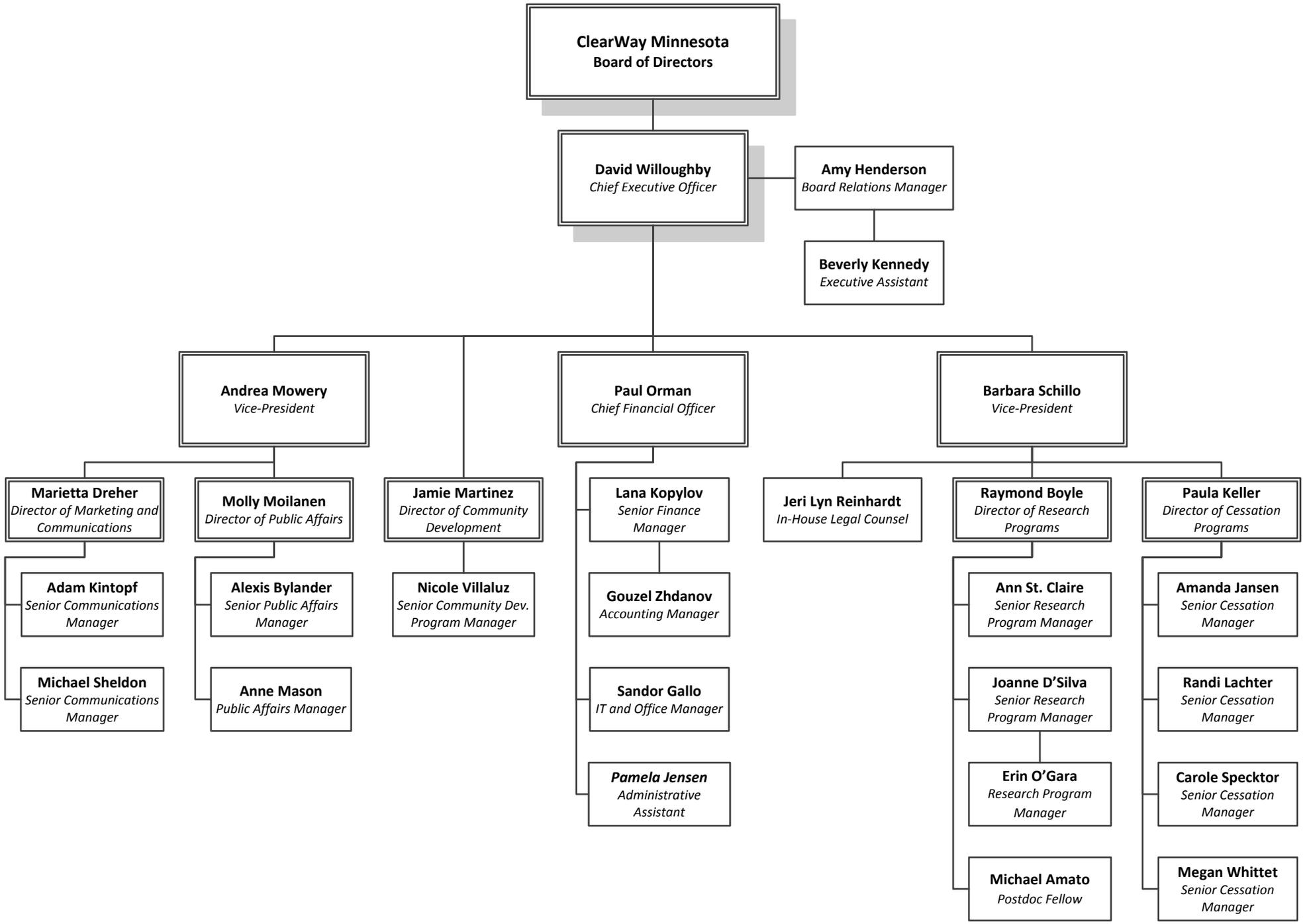
## ClearWay Minnesota's Policy Position Statements and Proposed Changes for Fiscal Year 2014

Policy Positions	Proposed Changes for FY14
<p>Policy Position One: <i>ClearWay Minnesota supports maintaining and increasing Minnesota's tobacco prices.</i></p>	<p>Added new information describing the significant 2013 tobacco tax increase. Added a section describing what e-cigarettes are and how they are taxed.</p>
<p>Policy Position Two: <i>ClearWay Minnesota supports the adoption, implementation and enforcement of policies (public and voluntary) that protect people from the dangers of secondhand smoke.</i></p>	<p>Added a section specifically about the impact that secondhand smoke has on children and youth. Added a section about what is known about secondhand vapor from e-cigarettes.</p>
<p>Policy Position Three: <i>ClearWay Minnesota opposes state laws that preempt the authority of local governments to pass local standards for public health that go beyond the 2007 Minnesota Clean Indoor Air Act.</i></p>	<p>No changes.</p>
<p>Policy Position Four: <i>ClearWay Minnesota supports additional public funding of evidence-based efforts to reduce tobacco use, especially among youth and young adults.</i></p>	<p>Updated data throughout the facts and background sections of the statement. Provided recent examples of ClearWay Minnesota's work to support public tobacco control funding.</p>
<p>Policy Position Five: <i>ClearWay Minnesota supports public and private sector efforts to ensure that all Minnesotans have access to comprehensive cessation services.</i></p>	<p>Added information about the impact of tobacco user premium surcharging, reflecting changes made by the Affordable Care Act. Added information about the impacts of health care quality measurement as it relates to work with Minnesota's statewide measurement system. Clarified ClearWay Minnesota's position and work on individual policies referenced in this statement.</p>
<p>Policy Position Six: <i>ClearWay Minnesota supports Minnesota's American Indian Nations in their efforts to reduce commercial tobacco use and create policy initiatives to prevent exposure to secondhand smoke in workspaces, including restaurants, bars and casinos, on Indian lands in Minnesota.</i></p>	<p>Added data about American Indian smoking prevalence and exposure to secondhand smoke. Added information about traditional tobacco use among American Indians.</p>
<p>Policy Position Seven: <i>ClearWay Minnesota supports the Food and Drug Administration (FDA) using full legal authority in regulating tobacco.</i></p>	<p>No changes.</p>
<p>Policy Position Eight: <i>ClearWay Minnesota supports a ban on menthol in cigarettes by the Food and Drug Administration.</i></p>	<p>Updated data throughout the facts and background section of the statement. Added information about the FDA's independent review of menthol literature.</p>



## **Appendix G**

### **Fiscal Year 2013 Organizational Chart**





## **Appendix H**

### **Senior Management Team Biosketches**

## **ClearWay Minnesota<sup>SM</sup> Senior Management Team Biosketches**

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

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

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

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

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

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

### **Vice President Andrea Mowery**

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

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

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

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

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

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

**Chief Financial Officer Paul R. Orman, C.P.A. [Inactive]**

Paul Orman was been responsible for all investment, administration, finance and accounting programs at ClearWay Minnesota from August of 2003 through August of 2014. Working closely with the Board of Directors, Orman developed and maintained ClearWay Minnesota's financial forecast modeling tool, which projects investment allocations, earnings and spending through 2023. During his tenure as CFO he was instrumental in overseeing the development and/or improvement of comprehensive personnel, investment, information technology, fiscal, budgeting, reporting and other policies and systems.

Orman has more than 20 years' experience in nonprofit administration and investment oversight. Prior to joining ClearWay Minnesota he was Chief Financial Officer and then Chief Investment Officer at Minnesota Masonic Homes, a long-term care facility in Bloomington, Minnesota; Deputy Director at the Minnesota Museum of American Art; Controller at a manufacturing entity; and public accounting auditor at the firm now known as McGladrey LLP.

Orman resigned from ClearWay Minnesota in August of 2014.

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

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

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

**Director of Marketing and Communications Marietta Dreher**

Marietta Dreher oversees all communications and mass-media strategies for ClearWay Minnesota, including advertising, public relations, social media, event planning and general communications. She has been with ClearWay Minnesota for more than 10 years.

Prior to joining ClearWay Minnesota, Dreher spent over a decade working in advertising in the Twin Cities. Formerly an account supervisor at BBDO, Dreher worked on the New Jersey

Department of Health's Comprehensive Tobacco Control Program, developing social marketing campaigns in youth prevention and adult cessation. Dreher also worked in account management at Clarity Coverdale Fury and Kruskopf Olson.

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

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

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

Keller has more than 20 years of experience in tobacco cessation, tobacco control policy and public health. Prior to joining ClearWay Minnesota in 2010, Keller was Senior Policy Advisor for the University of Wisconsin Center for Tobacco Research and Intervention. She also had key roles with the Subcommittee on Cessation of the Interagency Committee on Smoking and Health and in disseminating the 2008 U.S. Public Health Service Clinical Practice Guideline Update. In addition, Keller served as Deputy Director for the Addressing Tobacco in Managed Research Grants Program and served as Co-Principal and Project Director for tobacco control policy research projects. She has published and presented on several tobacco control topics. Prior to joining the University of Wisconsin, she managed various public health programs for the Wisconsin Medical Society and the Health Resources and Services Administration.

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

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

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

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

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

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

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

Molly Moilanen leads ClearWay Minnesota's public policy efforts. She is responsible for advancing tobacco control policies at the local and state level using grassroots organizing, direct lobbying and public relations. Since Moilanen joined ClearWay Minnesota in 2004, she has managed various QUITPLAN programs and developed the local policy grant program. She also served on the organization's internal strategic planning team and currently co-chairs a coalition of more than 30 health and nonprofit organizations committed to passing statewide policies to further reduce tobacco's harm in Minnesota.

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

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



## **Appendix I**

**Financial Statements and  
Independent Auditor's Report  
to the Board of Directors and the Audit/Finance  
Committee  
August 22, 2014**

**REPORT TO BOARD OF DIRECTORS AND AUDIT/FINANCE COMMITTEE**

Board of Directors and Audit/Finance Committee  
ClearWay Minnesota<sup>SM</sup>  
Bloomington, Minnesota

We have audited the financial statements of ClearWay Minnesota<sup>SM</sup> for the year ended June 30, 2014, and have issued our report thereon dated August 28, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 16, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our discussion of planning matters on June 24, 2014.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

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

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

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

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

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

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

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

#### *Disagreements with Management*

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

Significant Audit Findings (Continued)

*Management Representation*

We have requested certain representation from management that are included in the management representation letter dated August 28, 2014.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

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

St. Paul, Minnesota  
August 28, 2014

*Olsen Thielen & Co., Ltd.*

CLEARWAY MINNESOTA<sup>SM</sup>

FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2014

# CLEARWAY MINNESOTA<sup>SM</sup>

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of ClearWay Minnesota<sup>SM</sup> (a nonprofit organization) which comprise the statement of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ClearWay Minnesota<sup>SM</sup> as of June 30, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

St. Paul, Minnesota  
August 28, 2014

*Olsen Thielen & Co., Ltd.*

**CLEARWAY MINNESOTA<sup>SM</sup>**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013**

ASSETS		
	2014	2013
Cash and cash equivalents	\$ 18,486	\$ 17,895
Accounts receivable	65,451	112,654
Prepaid expenses	58,495	60,471
Investments	84,977,918	92,918,379
Equipment and leasehold improvements, net	42,590	64,095
 TOTAL ASSETS	 \$ 85,162,940	 \$ 93,173,494
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 687,807	\$ 1,167,048
Accrued expenses	172,050	123,609
Grants payable	3,312,649	2,551,020
Total liabilities	4,172,506	3,841,677
NET ASSETS:		
Unrestricted - designated for tobacco research and other tobacco control purposes	80,990,434	89,331,817
Total net assets	80,990,434	89,331,817
 TOTAL LIABILITIES AND NET ASSETS	 \$ 85,162,940	 \$ 93,173,494

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

CLEARWAY MINNESOTA<sup>SM</sup>

STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2014 AND 2013

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	<u>2014</u>	<u>2013</u>
REVENUE AND GAINS:		
Net investment income	\$ 8,413,327	\$ 5,806,607
Contributions and grants	<u>204,097</u>	<u>474,451</u>
Total revenue and gains	<u>8,617,424</u>	<u>6,281,058</u>
EXPENSES:		
Program services:		
Tobacco cessation	12,321,138	11,892,709
Research and other tobacco issues	<u>3,436,667</u>	<u>1,891,642</u>
Total program services	<u>15,757,805</u>	<u>13,784,351</u>
Supporting services:		
General and administrative	1,201,002	1,097,249
Total expenses	<u>16,958,807</u>	<u>14,881,600</u>
CHANGE IN NET ASSETS	<u>(8,341,383)</u>	<u>(8,600,542)</u>
NET ASSETS at beginning of year	<u>89,331,817</u>	<u>97,932,359</u>
NET ASSETS at end of year	<u>\$ 80,990,434</u>	<u>\$ 89,331,817</u>

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

**CLEARWAY MINNESOTA<sup>SM</sup>**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

	2014				2013			
	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	\$ 1,284,176	\$ 437,614	\$ 772,674	\$ 2,494,464	\$ 1,330,078	\$ 439,703	\$ 1,769,781	\$ 2,462,039
Benefits	311,646	106,227	186,172	604,045	306,525	109,839	416,364	588,321
Payroll taxes	89,790	30,642	53,995	174,427	93,591	30,946	124,537	173,232
Total personnel expenses	1,685,612	574,483	1,012,841	3,272,936	1,730,194	560,488	2,310,682	3,223,592
Consultants	40,498	1,969	-	42,467	32,357	10,278	42,635	43,633
Evaluation fees	212,762	235,959	-	448,721	167,888	333,143	501,031	501,031
Professional fees	57,412	20,442	30,047	107,901	66,592	13,760	80,352	103,031
Occupancy	80,787	23,342	51,517	155,646	92,949	30,030	122,979	172,471
Telephone	15,245	5,435	7,151	27,831	15,572	6,252	21,824	28,520
Equipment rental and repair	21,688	6,858	12,223	40,769	31,353	10,988	42,341	58,010
Printing	77,861	26	58	77,945	79,171	327	79,498	79,563
Postage	3,843	967	2,125	6,935	3,052	1,026	4,078	5,524
Office supplies	11,777	3,507	7,077	22,361	17,526	3,245	20,771	25,738
Program supplies	17,685	5,994	2,158	25,837	19,901	8,412	28,313	30,691
Conferences and meetings	83,797	25,947	43,619	153,363	102,730	30,985	133,715	179,472
Travel	46,524	28,118	7,386	82,028	64,856	25,633	90,489	100,606
Insurance	9,377	2,709	5,979	18,065	14,927	4,823	19,750	27,698
Public education/relations	5,941,193	1,439	3,176	5,945,808	6,378,380	28,930	6,407,310	6,411,197
Program grants and contracts	3,990,544	2,492,383	-	6,482,927	3,052,277	795,896	3,848,173	3,848,173
Depreciation	16,633	4,806	10,607	32,046	16,489	5,328	21,817	30,598
Miscellaneous	7,900	2,283	5,038	15,221	6,495	2,098	8,593	12,052
Total functional expenses	\$ 12,321,138	\$ 3,436,667	\$ 1,201,002	\$ 16,958,807	\$ 11,892,709	\$ 1,891,642	\$ 13,784,351	\$ 14,881,600
Percent of total expense	72.6%	20.3%	7.1%	100.0%	79.9%	12.7%	92.6%	100.0%

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

**CLEARWAY MINNESOTA<sup>SM</sup>**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
RECONCILIATION OF DECREASE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES:		
Change in Net Assets	<b>\$ (8,341,383)</b>	<b>\$ (8,600,542)</b>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	<b>32,046</b>	30,598
Unrealized gains on investments	<b>(3,156,025)</b>	(2,452,079)
Realized gains on investments	<b>(4,511,088)</b>	(2,043,043)
Change in assets and liabilities:		
Receivables	<b>47,203</b>	(110,833)
Prepaid expenses	<b>1,976</b>	12,101
Accounts payable	<b>(479,241)</b>	563,056
Accrued expenses	<b>48,441</b>	(1,523)
Grants payable	<b>761,629</b>	(445,622)
Net cash used in operating activities	<b>(15,596,442)</b>	<b>(13,047,887)</b>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	<b>(10,021)</b>	(21,903)
Purchase of investments	<b>(82,315,453)</b>	(64,043,150)
Proceeds from sale of investments	<b>97,922,507</b>	77,058,230
Net cash provided by investing activities	<b>15,597,033</b>	<b>12,993,177</b>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<b>591</b>	(54,710)
CASH AND CASH EQUIVALENTS at beginning of year	<b>17,895</b>	<b>72,605</b>
CASH AND CASH EQUIVALENTS at end of year	<b>\$ 18,486</b>	<b>\$ 17,895</b>

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

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Organization

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

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

#### Basis of Presentation

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

#### Accounting Estimates

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

#### Cash Equivalents

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

#### Equipment and Leasehold Improvements

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

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

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

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

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

#### Fair Value of Financial Instruments

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

Investments in marketable securities are stated at fair value, which is determined by quoted market prices at June 30, 2014 and 2013. Alternative investment fund of funds and private equity fund of funds, for which there is no public market, are valued at net contributions to the fund plus allocated share of undistributed profit and losses, including realized and unrealized gains and losses based on the financial information provided by the investee funds' management, which may include audited financial statements of the investee funds. Because these alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investment existed.

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

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

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

#### Fair Value Measurements

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

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

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

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

#### Functional Allocation of Expense

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

#### Program Grants and Contracts

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

#### Income Taxes

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

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

The Organization's federal and state information returns are open to examination for tax years 2011 through 2013.

#### Advertising Expense

Advertising expense is expensed as incurred.

### NOTE 2 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at June 30, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Leasehold improvements	\$ 26,243	\$ 26,243
Furniture and fixtures	72,586	62,046
Office equipment	61,759	61,759
Computer software and equipment	<u>204,767</u>	<u>207,639</u>
	365,355	357,687
Less accumulated depreciation	<u>322,765</u>	<u>293,592</u>
Net equipment and leasehold improvements	<u>\$ 42,590</u>	<u>\$ 64,095</u>

Depreciation expense for the years ended June 30, 2014 and 2013 was \$32,046 and \$30,598, respectively.

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

**NOTE 3 - INVESTMENTS**

Investments are stated at fair value at June 30, 2014 and 2013, and consisted of the following:

	<u>2014</u>	<u>2013</u>
Money market and short-term investment funds	\$ 2,183,427	\$ 7,599,837
Bonds and pooled bond funds	51,280,391	45,059,408
U.S. equity fund - all cap index	4,994,295	-
U.S. equity fund - large cap enhanced index	-	7,113,724
International equities	4,332,898	8,315,123
Alternative investment fund of funds	5,243,264	10,013,159
Private equity fund of funds	14,358,368	12,417,516
Commodity index fund	2,585,275	2,399,612
Total	<u>\$ 84,977,918</u>	<u>\$ 92,918,379</u>

Net investment income for the years ended June 30, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Interest income	\$ 948,131	\$ 1,598,658
Realized gains on sales of investments	4,511,088	2,043,043
Unrealized gains on investments	3,156,025	2,452,079
Management fees	(201,917)	(287,173)
Total	<u>\$ 8,413,327</u>	<u>\$ 5,806,607</u>

ClearWay Minnesota has purchase commitments to invest in private equity fund of fund portfolios. These commitments are currently estimated to be called by June 2015 and will be funded with other investment funds. At June 30, 2014, ClearWay Minnesota had outstanding and unfunded investment purchase commitments of \$2,933,000.

The following tables, as of June 30, 2014 and 2013, provide information by Level for assets that are measured at fair value.

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

**CLEARWAY MINNESOTA<sup>SM</sup>**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - INVESTMENTS (Continued)**

Description	Total	Fair value measurements using inputs considered as		
		Level 1	Level 2	Level 3
2013:				
Money market and short-term investment funds	\$ 7,599,837	\$ 7,599,837	\$ -	\$ -
Bonds and pooled bond funds	45,059,408	45,059,408	-	-
U.S. equity fund - large cap enhanced index	7,113,724	7,113,724	-	-
International equities	8,315,123	8,315,123	-	-
Alternative investment fund of funds	10,013,159	-	4,677,024	5,336,135
Private equity fund of funds	12,417,516	-	-	12,417,516
Commodity index fund	2,399,612	-	2,391,213	8,399
Totals	<u>\$ 92,918,379</u>	<u>\$ 68,088,092</u>	<u>\$ 7,068,237</u>	<u>\$ 17,762,050</u>

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

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

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

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

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - INVESTMENTS (Continued)

The following table provides summary of changes in fair value of the Organization's Level 3 financial assets for the years ended June 30, 2013 and 2014:

	<u>Total</u>	<u>Investments in Investee Funds by Class</u>		
		<u>Alternative Investments Fund of Funds</u>	<u>Private Equity Fund of Funds</u>	<u>Commodity Index Fund</u>
Balance at June 30, 2012	<b>\$ 17,583,068</b>	\$ 5,998,219	\$ 11,575,069	\$ 9,780
Purchases	<b>1,305,000</b>	-	1,305,000	-
Sales	<b>(2,834,286)</b>	(1,754,171)	(1,078,755)	(1,360)
Net realized and unrealized gains (losses) on investments	<b>1,233,511</b>	617,864	616,202	(555)
Investment expense	<b>(92,203)</b>	(92,201)	-	(2)
Transfers in and out of Level 3	<b>566,960</b>	566,424	-	536
Balance at June 30, 2013	<b>17,762,050</b>	5,336,135	12,417,516	8,399
Purchases	<b>905,000</b>	-	905,000	-
Sales	<b>(6,544,153)</b>	(3,378,860)	(3,165,293)	-
Net realized and unrealized gains on investments	<b>4,763,085</b>	561,453	4,201,145	487
Investment Expense	<b>(87,606)</b>	(87,622)	-	16
Transfers in and out of Level 3	<b>2,065,224</b>	2,069,162	-	(3,938)
Balance at June 30, 2014	<b>\$ 18,863,600</b>	\$ 4,500,268	\$ 14,358,368	\$ 4,964

### NOTE 4 - CONCENTRATIONS

Financial instruments which potentially subject ClearWay Minnesota to concentrations of credit risk consist principally of cash and investments. At times during fiscal years 2014 and 2013, cash balances exceeded federally insured limits. The investments are not insured and involve risks, including the possible loss of the principal invested.

### NOTE 5 - GRANTS PAYABLE

Grants payable at June 30, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Payable in less than one year	<b>\$ 2,280,519</b>	\$ 2,074,683
Payable in one to five years	<b>1,129,822</b>	510,621
Subtotal	<b>3,410,341</b>	2,585,304
Less: discount to present value at 7.00%	<b>97,692</b>	34,284
Total grants payable	<b>\$ 3,312,649</b>	\$ 2,551,020

### NOTE 6 - RETIREMENT PLAN

ClearWay Minnesota participates in a 401(k) defined contribution retirement investment plan that covers all employees who meet eligibility requirements. For the years ended June 30, 2014 and 2013, the plan provided eligible employees with a 50% matching contribution up to 5% of the employee's compensation, a safe harbor contribution of 3% and a discretionary employer contribution of 7%. ClearWay Minnesota's contributions to the plan totaled \$329,546 and \$309,041 for the years ended June 30, 2014 and 2013, respectively.

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7 - COMMITMENTS

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

Years Ending June 30:

2015	\$ 130,600
2016	130,292
2017	132,195
2018	24,220
2019	<u>—</u>
Total	<u>\$ 417,307</u>

Occupancy expense for the years ended June 30, 2014 and 2013, was \$155,646 and \$172,471, respectively.

### NOTE 8 - SUBSEQUENT EVENTS

ClearWay Minnesota evaluated its June 30, 2014 financial statements for subsequent events through August 28, 2014, the date the financial statements were approved by ClearWay Minnesota's Audit/Finance Committee. ClearWay Minnesota is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

**REPORT TO BOARD OF DIRECTORS AND AUDIT/FINANCE COMMITTEE**

Board of Directors and Audit/Finance Committee  
ClearWay Minnesota<sup>SM</sup>  
Bloomington, Minnesota

We have audited the financial statements of ClearWay Minnesota<sup>SM</sup> for the year ended June 30, 2014, and have issued our report thereon dated August 28, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 16, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our discussion of planning matters on June 24, 2014.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

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

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

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

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

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

### *Difficulties Encountered in Performing the Audit*

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

### *Corrected and Uncorrected Misstatements*

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

### *Disagreements with Management*

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

Significant Audit Findings (Continued)

*Management Representation*

We have requested certain representation from management that are included in the management representation letter dated August 28, 2014.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

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

St. Paul, Minnesota  
August 28, 2014

*Olsen Thielen & Co., Ltd.*



## **Appendix J**

### **Audited Financial Statements Certification**

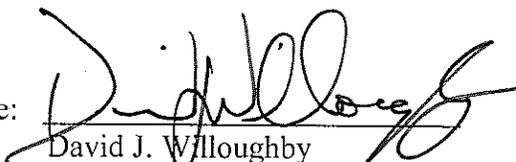


**AUDITED FINANCIAL STATEMENT CERTIFICATION**

David J. Willoughby/Paul R. Orman individually certify that:

1. Each has reviewed the audited financial statements for the years ended June 30, 2014 and 2013 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: 08/28/2014

Signature:   
David J. Willoughby  
Chief Executive Officer

Dated: 08/22/2014

Signature:   
Paul R. Orman  
Chief Financial Officer



## **Appendix K**

**IRS Form 990 and 990T  
June 30, 2014**

Form **990**

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

OMB No. 1545-0047

**2013**

Department of the Treasury  
Internal Revenue Service

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](http://www.irs.gov/form990)

Open to Public Inspection

**A** For the 2013 calendar year, or tax year beginning **JUL 1, 2013** and ending **JUN 30, 2014**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization <b>CLEARWAY MINNESOTA (SM)</b>		<b>D</b> Employer identification number <b>41-1921094</b>
	Doing Business As		<b>E</b> Telephone number <b>952-767-1400</b>
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	<b>G</b> Gross receipts \$ <b>99,074,735.</b>
	<b>TWO APPLETREE SQ, 8011 34TH AVE S</b>	<b>400</b>	
	City or town, state or province, country, and ZIP or foreign postal code <b>MINNEAPOLIS, MN 55425</b>		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>F</b> Name and address of principal officer: <b>DAVID J. WILLOUGHBY SAME AS C ABOVE</b>		<b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(c)</b> Group exemption number ▶	
<b>J</b> Website: ▶ <b>WWW.CLEARWAYMN.ORG</b>		<b>L</b> Year of formation: <b>1998</b> <b>M</b> State of legal domicile: <b>MN</b>	
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities: <b>CLEARWAY MINNESOTA (SM) IS AN INDEPENDENT NONPROFIT ORGANIZATION THAT WORKS TO IMPROVE THE HEALTH *</b>		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	<b>19</b>
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	<b>19</b>
	<b>5</b> Total number of individuals employed in calendar year 2013 (Part V, line 2a)	<b>5</b>	<b>30</b>
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	<b>22</b>
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	<b>3,812.</b>
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	<b>0.</b>	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	<b>Prior Year</b> 474,451.	<b>Current Year</b> 204,097.
	<b>9</b> Program service revenue (Part VIII, line 2g)	0.	0.
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,641,701.	5,459,219.
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0.	0.
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	4,116,152.	5,663,316.
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	3,848,173.	6,482,927.
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	3,223,592.	3,272,936.
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶	0.	
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	8,097,008.	7,404,861.
	<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	15,168,773.	17,160,724.
<b>19</b> Revenue less expenses. Subtract line 18 from line 12	<11,052,621.>	<11,497,408.>	
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)	<b>Beginning of Current Year</b> 93,173,494.	<b>End of Year</b> 85,162,940.
	<b>21</b> Total liabilities (Part X, line 26)	3,841,677.	4,172,506.
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	89,331,817.	80,990,434.

**Part II Signature Block**

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

<b>Sign Here</b>	Signature of officer		Date		
	DAVID J. WILLOUGHBY, CHIEF EXEC OFFICER				
<b>Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	LINDA M. NELSON	<i>Linda M. Nelson</i>	10/7/14		P00205567
Firm's name ▶		Firm's EIN ▶			
OLSEN THIELEN & CO., LTD		41-1360831			
Firm's address ▶		Phone no.			
2675 LONG LAKE ROAD		651-483-4521			
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 Accomplishments

Check 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 [X] No

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [X] Yes [ ] No

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 \$ 7,406,182. including grants of \$ 1,266,827. ) (Revenue \$ 0. ) COMMUNICATIONS AND PUBLIC AFFAIRS COMMUNICATIONS AND OUTREACH ACTIVITIES HELP CLEARWAY MINNESOTA PROMOTE ITS CESSATION SERVICES, MOTIVATE MINNESOTA TOBACCO USERS TO QUIT AND EDUCATE MINNESOTANS ABOUT THE DANGERS OF TOBACCO USE AND SECONDHAND SMOKE. CLEARWAY MINNESOTA DEVELOPS ITS COMMUNICATIONS CAMPAIGNS AFTER EXTENSIVE RESEARCH AND PLANNING, USING GUIDELINES FROM THE U.S. CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC) AND LEARNING FROM THE EXPERIENCES OF NATIONAL AND STATE PARTNERS.

CLEARWAY MINNESOTA CONDUCTS STATEWIDE ADVERTISING CAMPAIGNS CONSISTING OF PAID BROADCAST, INTERNET, PRINT AND OUT-OF-HOME ADVERTISING. ADDITIONALLY, CLEARWAY MINNESOTA CONDUCTS AN OUTREACH PROGRAM OF \*

4b (Code: ) (Expenses \$ 3,197,920. including grants of \$ 2,492,383. ) (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 2014, CLEARWAY MINNESOTA AWARDED TWO GRANTS TO ADVANCE OUR KNOWLEDGE OF THE IMPACT OF MENTHOL CIGARETTES AND FOUR GRANTS TO STUDY INNOVATIVE APPROACHES TO FURTHER REDUCE EXPOSURE TO SECONDHAND SMOKE. CLEARWAY MINNESOTA ALSO CONTRACTS TO EVALUATE ITS MAJOR PROGRAMMATIC EFFORTS. IN ADDITION, CLEARWAY MINNESOTA CONDUCTS SURVEILLANCE RESEARCH TO MONITOR TRENDS IN TOBACCO-RELATED KNOWLEDGE, ATTITUDES AND BEHAVIORS OVER TIME AND TO MEASURE THE IMPACT OF TOBACCO \*

4c (Code: ) (Expenses \$ 3,788,293. including grants of \$ 1,516,524. ) (Revenue \$ 0. ) CESSATION CLEARWAY MINNESOTA SERVES MINNESOTANS BY PROVIDING EVIDENCE-BASED OR PROMISING PROGRAMS TO HELP PEOPLE QUIT TOBACCO USE. SINCE INCEPTION, QUITPLAN SERVICES HAS HELPED MORE THAN 100,000 MINNESOTANS IN THEIR ATTEMPTS TO QUIT.

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

THE QUITPLAN HELPLINE PROVIDES TELEPHONE COUNSELING AND PRINTED MATERIALS TO UNINSURED MINNESOTANS AND THOSE WHOSE INSURANCE DOES NOT \*

4d Other program services (Describe in Schedule O.) (Expenses \$ 1,365,410. including grants of \$ 1,207,193. ) (Revenue \$ )

4e Total program service expenses 15,757,805.

**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>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	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>		X
4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	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>	N/A	
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>		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>		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>		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>		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>		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>	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>	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>		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>		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>		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>	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>	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>		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>	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>		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>		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>		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>		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>		X
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?	N/A	

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

		Yes	No
21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or 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 individuals in the United States 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	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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 so, 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>	N/A	
36	<b>Section 501(c)(3) organizations.</b> 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
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
<b>1c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
<b>2a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
<b>2b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," to line 3b, provide an explanation in Schedule O	X	
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	X	
<b>4b</b>	If "Yes," enter the name of the foreign country: <b>SEE SCHEDULE O</b> See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
<b>5c</b>	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	N/A	
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>7a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
<b>7b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	N/A	
<b>7c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
<b>7d</b>	If "Yes," indicate the number of Forms 8282 filed during the year		
<b>7e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
<b>7f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
<b>7g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	N/A	
<b>7h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	N/A	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	N/A	
<b>9a</b>	<b>Sponsoring organizations maintaining donor advised funds.</b> Did the organization make any taxable distributions under section 4966?	N/A	
<b>9b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	N/A	
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter:		
<b>10a</b>	Initiation fees and capital contributions included on Part VIII, line 12		
<b>10b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter:		
<b>11a</b>	Gross income from members or shareholders		
<b>11b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	N/A	
<b>12b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>13a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.	N/A	
<b>13b</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		
<b>13c</b>	Enter the amount of reserves on hand		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?		X
<b>14b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	N/A	

**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 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.	19	
b	Enter the number of voting members included in line 1a, above, who are independent	19	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?		X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		X
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	X	
b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

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

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

**Section C. Disclosure**

- 17 List the states with which a copy of this Form 990 is required to be filed **MN**
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
 Own website     Another's website     Upon request     Other (explain in Schedule O)
- 19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: **LANA KOPYLOV - 952-767-1400**  
**8011 34TH AVE S, STE 400, MINNEAPOLIS, MN 55425**

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

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

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) TOM WEAVER BOARD CHAIR (BEGINNING SEPT'13)	7.00	X		X				0.	0.	0.
(2) VERNAE HASBARGEN BOARD CHAIR (THRU SEPT'13)	7.00	X		X				0.	0.	0.
(3) JOEL SWANSON VICE CHAIR (BEGINNING SEPT'13)	3.00	X		X				0.	0.	0.
(4) JAMES RHODES VICE CHAIR (THRU SEPT'13)	4.00	X		X				0.	0.	0.
(5) BOB BOERSCHEL TREASURER (BEGINNING SEPT'13)	4.00	X		X				0.	0.	0.
(6) JAMES DEAL TREASURER (THRU SEPT'13)	2.00	X		X				0.	0.	0.
(7) DANIEL JOHNSON SECRETARY (BEGINNING SEPT'13)	3.00	X		X				0.	0.	0.
(8) JOY RIKALA SECRETARY (THRU SEPT'13)	5.00	X		X				0.	0.	0.
(9) ELLEN DENZEN DIRECTOR	1.00	X						0.	0.	0.
(10) KELLY DRUMMER DIRECTOR (BEGINNING MAY'14)	1.00	X						0.	0.	0.
(11) DAVID JONES DIRECTOR (BEGINNING SEPT'13)	2.00	X						0.	0.	0.
(12) LARRY KRYZANIAK DIRECTOR (THRU NOV'13)	3.00	X						0.	0.	0.
(13) RUSSEL KUZEL, MD DIRECTOR	1.00	X						0.	0.	0.
(14) VIVIAN JENKINS NELSEN DIRECTOR	2.00	X						0.	0.	0.
(15) PAMELA LUX DIRECTOR	1.00	X						0.	0.	0.
(16) TERESA MATSUI SANDERS DIRECTOR (THRU DEC'13)	1.00	X						0.	0.	0.
(17) STEVEN MCWHIRTER DIRECTOR (BEGINNING OCT'13)	2.00	X						0.	0.	0.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) HOWARD ORENSTEIN DIRECTOR	1.00	X						0.	0.	0.
(19) JENNY PETERSON DIRECTOR	4.00	X						0.	0.	0.
(20) BRIAN SHORT DIRECTOR	1.00	X						0.	0.	0.
(21) LYN STEPANIAK DIRECTOR	4.00	X						0.	0.	0.
(22) GALEN VETTER DIRECTOR (BEGINNING JULY '13)	3.00	X						0.	0.	0.
(23) DAVID J. WILLOUGHBY CHIEF EXECUTIVE OFFICER	40.00			X				147,927.	0.	48,409.
(24) PAUL R. ORMAN CHIEF FINANCIAL OFFICER	40.00			X				123,008.	0.	31,661.
(25) BARBARA SCHILLO VICE PRESIDENT	40.00				X			138,278.	0.	37,449.
(26) ANDREA MOWERY VICE PRESIDENT	40.00				X			133,097.	0.	29,002.
<b>1b Sub-total</b>								542,310.	0.	146,521.
<b>c Total from continuation sheets to Part VII, Section A</b>								326,171.	0.	89,535.
<b>d Total (add lines 1b and 1c)</b>								868,481.	0.	236,056.

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	5,263,822.
PROFESSIONAL DATA ANALYSTS, INC., 219 MAIN STREET SE, STE 302, MINNEAPOLIS, MN 55414	QUITPLAN AND MEDIA EVALUATION	387,404.
HIMLE RAPP & COMPANY, INC., 333 SOUTH 7TH ST, STE 2400, MINNEAPOLIS, MN 55402	PUBLIC AFFAIRS SERVICES	341,573.
BLACKSTONE ALTERNATIVE MANAGEMENT L.P., 45 PARK AVENUE, 28TH FLOOR, NEW YORK, NY	INVESTMENT MANAGEMENT SERVICES	140,259.

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 **4**

SEE PART VII, SECTION A CONTINUATION SHEETS



**Part VIII Statement of Revenue**

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

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512-514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1 a</b> Federated campaigns	<b>1a</b>					
	<b>b</b> Membership dues	<b>1b</b>					
	<b>c</b> Fundraising events	<b>1c</b>					
	<b>d</b> Related organizations	<b>1d</b>					
	<b>e</b> Government grants (contributions)	<b>1e</b>	203,079.				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	1,018.				
	<b>g</b> Noncash contributions included in lines 1a-1f: \$						
	<b>h Total.</b> Add lines 1a-1f			204,097.			
<b>Program Service Revenue</b>	<b>2 a</b> _____		<b>Business Code</b>				
	<b>b</b> _____						
	<b>c</b> _____						
	<b>d</b> _____						
	<b>e</b> _____						
	<b>f</b> All other program service revenue						
	<b>g Total.</b> Add lines 2a-2f						
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts)		948,131.		3,812.	944,319.	
	<b>4</b> Income from investment of tax-exempt bond proceeds						
	<b>5</b> Royalties						
	<b>6 a</b> Gross rents	(i) Real	(ii) Personal				
		<b>b</b> Less: rental expenses					
		<b>c</b> Rental income or (loss)					
		<b>d</b> Net rental income or (loss)					
	<b>7 a</b> Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
		<b>b</b> Less: cost or other basis and sales expenses					
		<b>c</b> Gain or (loss)					
		<b>d</b> Net gain or (loss)		4,511,088.			4,511,088.
	<b>8 a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	<b>a</b>					
		<b>b</b> Less: direct expenses	<b>b</b>				
		<b>c</b> Net income or (loss) from fundraising events					
<b>9 a</b> Gross income from gaming activities. See Part IV, line 19	<b>a</b>						
	<b>b</b> Less: direct expenses	<b>b</b>					
	<b>c</b> Net income or (loss) from gaming activities						
<b>10 a</b> Gross sales of inventory, less returns and allowances	<b>a</b>						
	<b>b</b> Less: cost of goods sold	<b>b</b>					
	<b>c</b> Net income or (loss) from sales of inventory						
<b>Miscellaneous Revenue</b>		<b>Business Code</b>					
<b>11 a</b> _____							
	<b>b</b> _____						
	<b>c</b> _____						
	<b>d</b> All other revenue						
	<b>e Total.</b> Add lines 11a-11d						
<b>12 Total revenue.</b> See instructions.			5,663,316.	0.	3,812.	5,455,407.	

**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

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 governments and organizations in the United States. See Part IV, line 21	6,414,162.	6,414,162.		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22	68,765.	68,765.		
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	363,533.	251,040.	112,493.	
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	2,204,315.	1,521,516.	682,799.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	286,024.	197,869.	88,155.	
9 Other employee benefits	244,637.	169,238.	75,399.	
10 Payroll taxes	174,427.	120,432.	53,995.	
11 Fees for services (non-employees):				
a Management				
b Legal	25,157.	18,152.	7,005.	
c Accounting	19,515.	14,081.	5,434.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	201,917.		201,917.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	63,229.	45,621.	17,608.	
12 Advertising and promotion				
13 Office expenses	201,678.	170,886.	30,792.	
14 Information technology				
15 Royalties				
16 Occupancy	155,646.	104,129.	51,517.	
17 Travel	82,028.	74,642.	7,386.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	153,363.	109,744.	43,619.	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	32,046.	21,439.	10,607.	
23 Insurance	18,065.	12,086.	5,979.	
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	5,945,808.	5,942,632.	3,176.	
b EVALUATION FEES	448,721.	448,721.		
c CONSULTANTS	42,467.	42,467.		
d OTHER EXPENSES	15,221.	10,183.	5,038.	
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	17,160,724.	15,757,805.	1,402,919.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

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

**Part X Balance Sheet**

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

		(A) Beginning of year		(B) End of year	
Assets	1	Cash - non-interest-bearing	17,895.	1	18,486.
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net	108,082.	3	60,387.
	4	Accounts receivable, net	4,572.	4	5,064.
	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	60,471.	9	58,495.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	365,355.		
	b	Less: accumulated depreciation	322,765.	10c	42,590.
	11	Investments - publicly traded securities	68,088,092.	11	62,791,011.
	12	Investments - other securities. See Part IV, line 11	24,830,287.	12	22,186,907.
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11		15	
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	93,173,494.	16	85,162,940.	
Liabilities	17	Accounts payable and accrued expenses	1,290,657.	17	859,857.
	18	Grants payable	2,551,020.	18	3,312,649.
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26	<b>Total liabilities.</b> Add lines 17 through 25	3,841,677.	26	4,172,506.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	89,331,817.	27	80,990,434.
	28	Temporarily restricted net assets		28	
	29	Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
33	<b>Total net assets or fund balances</b>	89,331,817.	33	80,990,434.	
34	<b>Total liabilities and net assets/fund balances</b>	93,173,494.	34	85,162,940.	

**Part XI Reconciliation of Net Assets**

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	5,663,316.
2	Total expenses (must equal Part IX, column (A), line 25)	2	17,160,724.
3	Revenue less expenses. Subtract line 2 from line 1	3	<11,497,408.>
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	89,331,817.
5	Net unrealized gains (losses) on investments	5	3,156,025.
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	80,990,434.

**Part XII Financial Statements and Reporting**

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

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
3b	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	N/A	

**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](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013**

Open to Public Inspection

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1  A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2  A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3  A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4  A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8  A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10  An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
  - a  Type I
  - b  Type II
  - c  Type III - Functionally integrated
  - d  Type III - Non-functionally integrated
- e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?		<input checked="" type="checkbox"/>
(ii) A family member of a person described in (i) above?		<input checked="" type="checkbox"/>
(iii) A 35% controlled entity of a person described in (i) or (ii) above?		<input checked="" type="checkbox"/>
- h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
SEE SCHEDULE A PART IV SUPPLEMENTAL INFORMATION	SEE SCHEDULE A PART IV SUPPLEMENTAL INFORMATION	6	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		SEE SCHEDULE A PART IV SUPPLEMENTAL INFORMATION
<b>Total</b>									<b>0.</b>

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

Schedule A (Form 990 or 990-EZ) 2013

**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**

N/A

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
3 The value of services or facilities furnished by a governmental unit to the organization without charge .....						
4 <b>Total.</b> Add lines 1 through 3 .....						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) .....						
6 <b>Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

N/A

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 IV.) .....						
11 <b>Total support.</b> Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions) .....					12	
13 <b>First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here .....						<input type="checkbox"/>

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

N/A

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) .....	14		%
15 Public support percentage from 2012 Schedule A, Part II, line 14 .....	15		%
16a <b>33 1/3% support test - 2013.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization .....			<input type="checkbox"/>
b <b>33 1/3% support test - 2012.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization .....			<input type="checkbox"/>
17a <b>10% -facts-and-circumstances test - 2013.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....			<input type="checkbox"/>
b <b>10% -facts-and-circumstances test - 2012.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....			<input type="checkbox"/>
18 <b>Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions .....			<input type="checkbox"/>

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

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

N/A  
N/A

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose .....						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>6 Total.</b> Add lines 1 through 5 .....						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year .....						
<b>c</b> Add lines 7a and 7b .....						
<b>8 Public support.</b> (Subtract line 7c from line 6.)						

**Section B. Total Support**

N/A

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
<b>9</b> Amounts from line 6 .....						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources .....						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) .....						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)						

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

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

N/A

<b>15</b> Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f)) .....	<b>15</b>	%
<b>16</b> Public support percentage from 2012 Schedule A, Part III, line 15 .....	<b>16</b>	%

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

N/A

<b>17</b> Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f)) .....	<b>17</b>	%
<b>18</b> Investment income percentage from 2012 Schedule A, Part III, line 17 .....	<b>18</b>	%

**19a 33 1/3% support tests - 2013.** 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 - 2012.** 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**

**Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12.

Also complete this part for any additional information. (See instructions).

PART I, LINE 11h

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

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

(vii) 100% OF EXPENDITURES AS MANDATED BY TERMS OF THE ORGANIZATION'S FORMATION BY THE COURT AND ORGANIZATIONAL DOCUMENTS. (SEE EXPLANATION OF RELATIONSHIP TO THE STATE OF MINNESOTA IN (i) AND (ii) ABOVE.)

**SCHEDULE C**  
**(Form 990 or 990-EZ)**

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2013**

Department of the Treasury  
Internal Revenue Service

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.**  
 ▶ **See separate instructions.** ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

**Open to Public Inspection**

If the organization answered "Yes," to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes," to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

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

**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.** N/A

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.
- 2 Political expenditures ..... ▶ \$ \_\_\_\_\_
- 3 Volunteer hours ..... \_\_\_\_\_

**Part I-B Complete if the organization is exempt under section 501(c)(3).** N/A

- 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).** N/A

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ..... ▶ \$ \_\_\_\_\_
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ..... ▶ \$ \_\_\_\_\_
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ..... ▶ \$ \_\_\_\_\_
- 4 Did the filing organization file Form 1120-POL for this year? .....  Yes  No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.

**Part II-A** Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A Check  if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B Check  if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying) .....	90,396.													
b	Total lobbying expenditures to influence a legislative body (direct lobbying) .....	58,703.													
c	Total lobbying expenditures (add lines 1a and 1b) .....	149,099.													
d	Other exempt purpose expenditures .....	16,809,708.													
e	Total exempt purpose expenditures (add lines 1c and 1d) .....	16,958,807.													
f	Lobbying nontaxable amount. Enter the amount from the following table in both columns.	997,940.													
<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) .....	249,485.													
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 instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period						
Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total	
2a	Lobbying nontaxable amount	871,259.	859,535.	894,080.	997,940.	3,622,814.
b	Lobbying ceiling amount (150% of line 2a, column(e))					5,434,221.
c	Total lobbying expenditures	147,464.	106,065.	171,709.	149,099.	574,337.
d	Grassroots nontaxable amount	217,815.	214,884.	223,520.	249,485.	905,704.
e	Grassroots ceiling amount (150% of line 2d, column (e))					1,358,556.
f	Grassroots lobbying expenditures	98,485.	58,910.	117,623.	90,396.	365,414.

**Part II-B** Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
<b>1</b> 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:			
<b>a</b> Volunteers?			
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
<b>c</b> Media advertisements?			
<b>d</b> Mailings to members, legislators, or the public?			
<b>e</b> Publications, or published or broadcast statements?			
<b>f</b> Grants to other organizations for lobbying purposes?			
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?			
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
<b>i</b> Other activities?			
<b>j</b> Total. Add lines 1c through 1i			
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> 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
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members?	1	
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
<b>3</b> Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

**Part III-B** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No," OR (b) Part III-A, line 3, is answered "Yes."

<b>1</b> Dues, assessments and similar amounts from members	1	
<b>2</b> Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
<b>a</b> Current year	2a	
<b>b</b> Carryover from last year	2b	
<b>c</b> Total	2c	
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
<b>4</b> 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	
<b>5</b> 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, line 2; and Part II-B, line 1. Also, complete this part for any additional information.

**PART II-A - BRIEF DESCRIPTION OF ORGANIZATION'S LOBBYING ACTIVITIES:**

ACCORDING TO AUTHORITIES INCLUDING CDC AND THE U.S. SURGEON

GENERAL'S OFFICE, PUBLIC POLICIES THAT PROTECT PEOPLE FROM SECONDHAND

SMOKE, MAKE QUIT-SMOKING HELP MORE ACCESSIBLE, MAKE IT HARDER FOR TOBACCO

COMPANIES TO DO BUSINESS AND GENERALLY CHANGE THE ENVIRONMENT SO THAT

TOBACCO IS LESS ACCEPTABLE HAVE A SIGNIFICANT IMPACT ON REDUCING THE HARM

**Part IV** Supplemental Information (continued)

TOBACCO CAUSES INDIVIDUALS AND COMMUNITIES. BECAUSE SUCH POLICIES HELP  
REDUCE SMOKING RATES AND REDUCE EXPOSURE TO SECONDHAND SMOKE, CLEARWAY  
MINNESOTA SUPPORTS WORK IN THIS AREA.

IN FISCAL YEAR 2014, CLEARWAY MINNESOTA RENEWED ITS DIRECT LOBBYING  
CONTRACT WITH A QUALIFIED VENDOR. THIS YEAR'S DIRECT LOBBYING WORK FOCUSED  
ON DEFENDING THE TOBACCO TAX INCREASE PASSED IN 2013, PASSING SMOKE-FREE  
FOSTER CARE LEGISLATION AND PASSING NEW STATEWIDE RESTRICTIONS ON  
ELECTRONIC CIGARETTES. OTHER LOBBYING ACTIVITIES INCLUDED PUBLIC  
RELATIONS, COMMUNICATIONS AND GRASSROOTS ORGANIZING ACTIVITIES TO ADVANCE  
PRIORITY POLICY AREAS AND PROVIDING PUBLIC COMMENTS ON VARIOUS STATE AND  
FEDERAL REGULATORY POLICY PROPOSALS. THIS YEAR, CLEARWAY MINNESOTA AWARDED  
SEVEN NEW GRANTS TO NONPROFIT ORGANIZATIONS AND LOCAL UNITS OF GOVERNMENT  
TO REDUCE THE HARM TOBACCO CAUSES MINNESOTA THROUGH COALITION BUILDING,  
POLICY ADVOCACY AND PUBLIC EDUCATION. FINALLY, CLEARWAY MINNESOTA ALSO  
AWARDED GRANTS TO AMERICAN INDIAN TRIBES TO SUPPORT THE DEVELOPMENT OF  
RESERVATION INITIATIVES TO PROMOTE HEALTH AND ADVANCE SMOKE-FREE POLICIES  
ON TRIBAL LANDS IN MINNESOTA. A SMALL PORTION OF THESE GRANTS (UP TO  
\$2,000 PER GRANT) IS USED FOR LOBBYING TO ADVANCE SMOKE-FREE POLICIES ON  
TRIBAL LANDS.

**SCHEDULE D**  
(Form 990)

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.  
▶ Attach to Form 990.

▶ Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013**

Open to Public Inspection

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

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6. **N/A**

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year .....		
2 Aggregate contributions to (during year) .....		
3 Aggregate grants from (during year) .....		
4 Aggregate value at end of year .....		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	

**Part II Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7. **N/A**

- 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 an 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	
- 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
- Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ \_\_\_\_\_
- Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_
- Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? .....
- Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ \_\_\_\_\_
- Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ \_\_\_\_\_
- 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)? .....
- In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" to Form 990, Part IV, line 8. **N/A**

- 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.
- 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) Revenues included in Form 990, Part VIII, line 1 .....	▶ \$ _____
(ii) Assets included in Form 990, Part X .....	▶ \$ _____
- 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 Revenues included in Form 990, Part VIII, line 1 .....	▶ \$ _____
b Assets included in Form 990, Part X .....	▶ \$ _____

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

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

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

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

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

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

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?  Yes  No

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

**Part V Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10. N/A

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

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

- a Board designated or quasi-endowment  %
  - b Permanent endowment  %
  - c Temporarily restricted endowment  %
- The percentages in lines 2a, 2b, and 2c should equal 100%.

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

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	

4 Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements		26,243.	15,961.	10,282.
d Equipment		339,112.	306,804.	32,308.
e Other				
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				42,590.

**Part VII Investments - Other Securities.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) ALTERNATIVE INVESTMENT		
(B) FUND OF FUNDS	5,243,264.	END-OF-YEAR MARKET VALUE
(C) PRIVATE EQUITY FUND OF		
(D) FUNDS	14,358,368.	END-OF-YEAR MARKET VALUE
(E) COMMODITY INDEX FUND	2,585,275.	END-OF-YEAR MARKET VALUE
(F)		
(G)		
(H)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 12.)	<b>22,186,907.</b>	

**Part VIII Investments - Program Related.**

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

N/A

(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)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 13.)		

**Part IX Other Assets.**

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

N/A

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

**Part X Other Liabilities.**

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

N/A

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

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

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

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

<b>1</b>	Total revenue, gains, and other support per audited financial statements		<b>1</b>	8,617,424.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
<b>a</b>	Net unrealized gains on investments	<b>2a</b>	3,156,025.	
<b>b</b>	Donated services and use of facilities	<b>2b</b>		
<b>c</b>	Recoveries of prior year grants	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	<201,917.>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>		<b>2e</b>	2,954,108.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>		<b>3</b>	5,663,316.
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>		
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>		<b>4c</b>	0.
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.)		<b>5</b>	5,663,316.

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

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

<b>1</b>	Total expenses and losses per audited financial statements		<b>1</b>	16,958,807.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
<b>a</b>	Donated services and use of facilities	<b>2a</b>		
<b>b</b>	Prior year adjustments	<b>2b</b>		
<b>c</b>	Other losses	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>		
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>		<b>2e</b>	0.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>		<b>3</b>	16,958,807.
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	201,917.	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>		<b>4c</b>	201,917.
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.)		<b>5</b>	17,160,724.

**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

**Part XIII** Supplemental Information (continued)

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

THE ORGANIZATION'S FEDERAL AND STATE INFORMATION RETURNS ARE OPEN TO EXAMINATION FOR TAX YEARS 2011 THROUGH 2013.

PART XI, LINE 2D - OTHER ADJUSTMENTS:

INVESTMENT PORTFOLIO MANAGEMENT FEES -201,917.

PART XII, LINE 4B - OTHER ADJUSTMENTS:

INVESTMENT PORTFOLIO MANAGEMENT FEES 201,917.







Part IV Foreign Forms

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* .....  Yes  No
- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)* .....  Yes  No
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations. (see Instructions for Form 5471)* .....  Yes  No
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)* .....  Yes  No
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect To Certain Foreign Partnerships. (see Instructions for Form 8865)* .....  Yes  No
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report. (see Instructions for Form 5713)* .....  Yes  No



**SCHEDULE I  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.

▶ Attach to Form 990.

▶ Information about Schedule I (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013**

Open to Public  
Inspection

Name of the organization

**CLEARWAY MINNESOTA (SM)**

Employer identification number  
**41-1921094**

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

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?  Yes  No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

**Part II** Grants and Other Assistance to Governments and Organizations in the United States

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ALERE WELLBEING, INC. 999 THIRD AVENUE, SUITE 2100 SEATTLE, WA 98104	20-0231080	FOR PROFIT CORP	9,905.	0.			FAX AND TELEPHONE REFERRAL SERVICES
ALERE WELLBEING, INC. 999 THIRD AVENUE, SUITE 2100 SEATTLE, WA 98104	20-0231080	FOR PROFIT CORP	403,054.	0.			QUITPLAN HELPLINE
ALERE WELLBEING, INC. 999 THIRD AVENUE, SUITE 2100 SEATTLE, WA 98104	20-0231080	FOR PROFIT CORP	84,120.	0.			QUITPLAN WEB-BASED CESSATION PROGRAM
AMERICAN INDIAN CANCER FOUNDATION 800 IDS CENTER, 80 SOUTH 8TH STREET MINNEAPOLIS, MN 55402	27-0300026	501C3	20,000.	0.			PROJECT TO ADVANCE SMOKE FREE CASINO POLICIES II
AMERICAN LUNG ASSOCIATION UPPER MW-GREATER MANKATO - P.O. BOX 2252 - MANKATO, MN 56003	20-4392201	501C3	149,955.	0.			LOCAL POLICY GRANT-SOUTH CENTRAL MN
AMERICAN LUNG ASSOCIATION UPPER MW-NORTHEAST - 424 WEST SUPERIOR STREET - DULUTH, MN 55802	20-4392201	501C3	159,967.	0.			LOCAL POLICY GRANT-NE MN

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table **21.**

3 Enter total number of other organizations listed in the line 1 table **7.**

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

Schedule I (Form 990) (2013)

**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
APPEAL 300 FRANK H. OGAWA PLAZA, SUITE 620 OAKLAND, CA 94612	20-2028771	501C3	25,000.	0.			DRAFT STRATEGIC PLAN FOR THE PHOENIX PARITY GROUP
APPEAL 300 FRANK H. OGAWA PLAZA, SUITE 620 OAKLAND, CA 94612	20-2028771	501C3	243,502.	0.			LAAMPP III PROJECT
APPEAL 300 FRANK H. OGAWA PLAZA, SUITE 620 OAKLAND, CA 94612	20-2028771	501C3	38,156.	0.			INNOVATION TO EQUITY: ELIMINATING TOBACCO DISPARITIES IN MINNESOTA
ASSOCIATION F/NONSMOKERS RIGHTS-MN 2395 UNIVERSITY AVE. W, #310 ST. PAUL, MN 55114-1512	41-1410442	501C3	30,987.	0.			TRACKING TOBACCO INDUSTRY MARKETING TACTICS PROJECT
ASSOCIATION FOR NONSMOKERS-MN 2395 UNIVERSITY AVE WEST ST. PAUL, MN 55114	41-1410442	501C3	149,976.	0.			LOCAL POLICY GRANT- TWIN CITIES MN
CENTER FOR ENERGY AND ENVIRONMENT 212 3RD AVENUE NORTH MINNEAPOLIS, MN 55401	41-1647799	501C3	7,622.	0.			WHITE EARTH NATION AIR QUALITY MONITORING PROJECT
CENTER FOR ENERGY AND ENVIRONMENT 212 THIRD AVENUE NORTH, SUITE 560 MINNEAPOLIS, MN 55401	41-1647799	501C3	75,000.	0.			CENTER FOR ENERGY AND ENVIRONMENT POST DOC RESEARCH FELLOW DISSEMINATION
CENTER FOR ENERGY AND ENVIRONMENT 212 THIRD AVENUE NORTH, SUITE 560 MINNEAPOLIS, MN 55401	41-1647799	501C3	100,000.	0.			SMOKE-FREE VEHICLES (SHS FORMATIVE RESEARCH)
CENTRACARE HEALTH FOUNDATION 1406 6TH AVENUE N. ST. CLOUD, MN 56303	41-1855173	501C3	199,983.	0.			HEALTH SYSTEM CHANGE FOR TREATING TOBACCO DEPENDENCE

Schedule I (Form 990)

CLEARWAY MINNESOTA (SM)

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 N. ST. CLOUD, MN 56303	41-1855173	501C3	175,000.	0.			LOCAL POLICY GRANT-CENTRAL MN
CLAY-WILKIN COMMUNITY HEALTH BOARD 715 11TH ST. NORTH, SUITE 303 MOORHEAD, MN 56560	41-6005775	TWO MN COUNTIES	149,022.	0.			LOCAL POLICY GRANT-WESTERN MN
GOODHUE COUNTY PUBLIC HEALTH SERVICES - 512 WEST 6TH STREET - RED WING, MN 55066	41-6005797	GOODHUE COUNTY	179,983.	0.			LOCAL POLICY GRANT-SOUTH EAST MN
HALLELAND HABICHT CONSULTING 33 SOUTH 6TH STREET, SUITE 3900 MINNEAPOLIS, MN 55402	27-2428394	FOR PROFIT CORP	91,039.	0.			CONSULTING SERVICES FOR CESSATION POLICY STRATEGIC PLAN IMPLEMENTATION
HALLELAND HABICHT PA 33 SOUTH 6TH STREET, SUITE 3900 MINNEAPOLIS, MN 55402	27-1987370	FOR PROFIT CORP	7,694.	0.			LEGAL SERVICES RELATED TO ONGOING CESSATION POLICY WORK.
HEADWATERS FOUNDATION FOR JUSTICE 2801 21ST AVENUE SOUTH MINNEAPOLIS, MN 55407	36-3359386	501C3	221,725.	0.			MANAGE LAAMEP III FELLOW'S PROJECTS
HEADWATERS FOUNDATION FOR JUSTICE 2801 21ST AVENUE SOUTH MINNEAPOLIS, MN 55407	36-3359386	501C3	88,391.	0.			LAAMPP ALUMNI POLICY PROJECT II
HENNEPIN HEALTH FOUNDATION 701 PARK AVENUE, LSB-3 MINNEAPOLIS, MN 55415	41-0845733	501C3	161,030.	0.			HEALTH SYSTEM CHANGE TO TREAT TOBACCO DEPENDENCE AT THE HENNEPIN CO. MEDICAL CENTER
LEECH LAKE TRIBAL COLLEGE PO BOX 180, 6945 LITTLEWOLF RD. NW CASS LAKE, MN 56633	75-3061657	501C3	165,000.	0.			LEECH LAKE TRIBAL COLLEGE COMMERCIAL TOBACCO-FREE CAMPUS

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 PART	137,500.	0.			STATEWIDE LOBBYING
MILLE LACS BAND OF OJIBWE 43408 OODENA DRIVE ONAMIA, MN 56359	41-1661577	TRIBAL NATION	171,945.	0.			HEALTH SYSTEM CHANGE FOR TREATING TOBACCO DEPENDENCE
MILLE LACS BAND OF OJIBWE 43408 OODENA DRIVE ONAMIA, MN 56359	41-1661577	TRIBAL NATION	224,408.	0.			TRIBAL TOBACCO ED.& POLICY GRANT; "GEGO ZAGASWAAKEN" (DON'T SMOKE) PROJECT
MINNESOTA COMMUNITY MEASUREMENT 3433 BROADWAY STREET NE MINNEAPOLIS, MN 55413	35-2246162	501C3	25,060.	0.			STATEWIDE TOBACCO USE MEASURE DEVELOPMENT, IMPLEMENTATION AND DISSEMINATION
NATIONAL JEWISH HEALTH 1400 JACKSON STREET DENVER, CO 80206	74-2044647	501C3	320,747.	0.			QUITPLAN HELPLINE
NATIONAL JEWISH HEALTH 1400 JACKSON STREET DENVER, CO 80206	74-2044647	501C3	21,082.	0.			SUPPORT PERSON STUDY TO PROMOTE SMOKER QUITPLAN HELPLINE UTILIZATION
NATIVE AMERICANS IN PHILANTHROPY 2801 21ST AVENUE SOUTH, SUITE 132D MINNEAPOLIS, MN 55407	56-1949598	501C3	38,105.	0.			DIALOGUE FACILITATION TO ADVANCE HEALTH EQUITY IN INDIAN COUNTRY
NORTH AMERICAN RESEARCH & ANALYSIS, INC. - 1016 11TH AVENUE - FARIBAULT, MN 55021	26-3210860	FOR PROFIT CORP	6,075.	0.			CONSULTATION TO CESSATION DEPARTMENT IN ORDER TO ADVANCE CESSATION SERVICE DELIVERY AND POLICY WORK
NORTH AMERICAN RESEARCH & ANALYSIS, INC. - 1016 11TH AVENUE - FARIBAULT, MN 55021	26-3210860	FOR PROFIT CORP	14,459.	0.			SUPPORT QUITPLAN SERVICES TRANSITION IMPLEMENTATION

CLEARWAY MINNESOTA (SM)

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
PROFESSIONAL DATA ANALYSTS, INC. 219 MAIN STREET S.E., SUITE 302 MINNEAPOLIS, MN 55414	41-1862390	FOR PROFIT CORP	89,915.	0.			FORMATIVE RESEARCH SECONDHAND SMOKE PROJECT
PROFESSIONAL DATA ANALYSTS, INC. 219 MAIN STREET S.E., SUITE 302 MINNEAPOLIS, MN 55414	41-1862390	FOR PROFIT CORP	51,240.	0.			TAX INCREASE 2013- SMOKER INTERVIEW STUDY
PUBLIC HEALTH LAW CENTER, INC. 875 SUMMIT AVENUE ST. PAUL, MN 55105	41-1896367	501C3	125,000.	0.			ADULT FOSTER CARE: SMOKE-FREE CHALLENGES AND OPPORTUNITIES
REGENTS OF THE UOM, OFFICE OF SPA 200 OAK STREET, SUITE 450 MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRA NT ENTITY	6,389.	0.			MATS COHORT ANALYSIS
REGENTS OF THE UNIVERSITY OF WISCONSIN - 750 UNIVERSITY AVENUE, 4TH FL - MADISON, WI 53706	39-6006492	WI LAND/GRA NT ENTITY	149,992.	0.			PROVISION OF TECHNICAL ASSISTANCE TO CLEARWAY MINNESOTA GRANTEES
REGENTS OF THE UOM, OFFICE OF SPA 200 OAK STREET, SUITE 450 MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRA NT ENTITY	499,998.	0.			EFFICACY OF E-CIGARETTE ALONE AND IN COMBINATION WITH NICOTINE PATCH AMONG MENTHOL SMOKERS
REGENTS OF THE UOM, OFFICE OF SPA 200 OAK STREET, SUITE 450 MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRA NT ENTITY	492,158.	0.			EFFECT OF BANNING MENTHOL FLAVORED CIGARETTES ON SMOKING CESSATION
REGENTS OF THE UOM, OFFICE OF SPA 200 OAK STREET, SUITE 450 MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRA NT ENTITY	124,616.	0.			IMPACT OF SMOKE-FREE POLICY IMPLEMENTATION IN PUBLIC HOUSING BUILDINGS
REGENTS OF THE UOM, OFFICE OF SPA 200 OAK STREET, SUITE 450 MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRA NT ENTITY	124,869.	0.			CONCURRENT CHILDHOOD SCREENING FOR LEAD AND TOBACCO SMOKE EXPOSURE

**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 UOM, OFFICE OF SPA 200 OAK STREET, SUITE 450 MINNEAPOLIS, MN 55455	41-6007513	MN LAND/GRANT ENTITY	25,000.	0.			PILOT GRANT IN HEALTH DISPARITIES RESEARCH
SW HEALTH AND HUMAN SERVICES 605 W. MAIN ST., SUITE 100 MARSHALL, MN 56258	27-3107061	FIVE MN COUNTIES	149,994.	0.			FY'14 LOCAL POLICY GRANT-SOUTHWEST MN
UPPER SIOUX COMMUNITY P.O. BOX 147, 5744 HWY 67 EAST GRANITE FALLS, MN 56241	41-0916290	TRIBAL NATION	180,000.	0.			TRIBAL TOBACCO EDUCATION AND POLICY GRANT FOR UPPER SIOUX COMMUNITY
WELLSTONE ACTION FUND 2446 UNIVERSITY AVENUE WEST ST. PAUL, MN 55114	35-2191193	501C3	58,212.	0.			TA FOR TRIBAL TOBACCO EDUCATION AND POLICY GRANTEEES
WESTAT, INC 1651 RESEARCH BOULEVARD ROCKVILLE, MD 20850	84-0529566	FOR PROFIT CORP	633,685.	0.			MINNESOTA ADULT TOBACCO SURVEY (MATS) 2014
GRANT CANCELLATIONS			<196,658.>	0.			
GRANTS \$5,000 AND UNDER			18,487.	0.			
GRANT-RELATED EXPENSES			58,656.	0.			
CHANGE IN GRANT NET PRESENT VALUE			<63,408.>	0.			



**Part III** Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
ASSISTANCE IN MONITORING LAAMP III PROJECTS.	1	10,483.	0.	N/A	N/A
CONSULTING AND TECHNICAL ASSISTANCE FOR AMERICAN INDIAN TOBACCO POLICY PROGRAM INITIATIVE	1	50,782.	0.	N/A	N/A
DISSEMINATION OF JTUP STATEWIDE DATA	1	7,500.	0.	N/A	N/ASCHSCH

**Part IV** Supplemental Information. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

**SCHEDULE I, PART I, LINE 2:**

CLEARWAY MINNESOTA'S GRANT MONITORING PROCEDURES ARE SET FORTH IN THE GRANT-MAKING PROCESS GUIDELINES. THIS DOCUMENT IS UPDATED WHENEVER ANY OF CLEARWAY MINNESOTA'S GRANT-MAKING DEPARTMENTS REVISES ITS GRANT-MAKING PROCEDURES. THIS DOCUMENT SERVES AS OFFICIAL DOCUMENTATION OF CLEARWAY MINNESOTA'S GRANT-MAKING PROCESS AND AS A GUIDE FOR EMPLOYEES AS THEY CREATE OPPORTUNITY ANNOUNCEMENTS, PLAN GRANT-REVIEW PROCESSES AND MONITOR AWARDED GRANTS.

**Part IV** Supplemental Information

CLEARWAY MINNESOTA RECOGNIZES THAT GRANT MONITORING IS ESSENTIAL IN SUPPORTING THE CAPACITY OF GRANTEEES TO MAKE SIGNIFICANT CONTRIBUTIONS TO THE FIELD OF TOBACCO CONTROL IN MINNESOTA. THE PURPOSE OF MONITORING GRANTEEES IS:

- TO ENSURE ACCOUNTABILITY AND PROPER USE OF GRANT FUNDS;
- TO VERIFY COMPLIANCE WITH LEGAL AND GRANT-MAKING REQUIREMENTS;
- TO ENSURE TIMELY PROGRESS IN MEETING PROJECT GOALS;
- TO IDENTIFY ISSUES AND WORK WITH THE GRANTEE TO ADDRESS THEM;
- TO ENCOURAGE CONTINUOUS IMPROVEMENT OF PROGRAM QUALITY; AND
- TO IDENTIFY OPPORTUNITIES FOR DISSEMINATION AND SUPPORT FOR FINDINGS/RESULTS.

THE FOLLOWING IS A GENERAL OUTLINE OF THE PROCEDURES THAT CLEARWAY MINNESOTA USES FOR GRANT MONITORING.

**GRANTEE ORIENTATION:**

ONCE GRANTS ARE APPROVED BY THE BOARD, GRANT MANAGERS COMMUNICATE WITH GRANTEEES AS NEEDED, EITHER IN PERSON, BY TELEPHONE OR VIA WRITTEN COMMUNICATION. THESE INITIAL COMMUNICATIONS PROVIDE BACKGROUND TO GRANTEEES ABOUT KEY ELEMENTS CONTAINED IN THEIR GRANT AGREEMENTS, WITH A FOCUS ON PROGRESS AND FINANCIAL REPORTING REQUIREMENTS. AFTER GRANT AGREEMENTS ARE EXECUTED, GRANTEEES RECEIVE AN ORIENTATION PACKET AND ADDITIONAL RELEVANT INFORMATION.

THE INITIAL GRANT PAYMENT IS MADE AFTER EXECUTION OF THE GRANT AGREEMENT, AFTER THE GRANT IS RECORDED IN THE GENERAL LEDGER AND AFTER RECEIPT OF IRB APPROVAL, IF REQUIRED.

**Part IV** Supplemental Information

REPORTING:

REPORTS ARE THE PRIMARY TOOL USED TO MONITOR GRANTEE PROGRESS, CHALLENGES AND FINANCIAL STATUS. THROUGHOUT THE GRANT PERIOD, GRANTEES SUBMIT PROGRESS AND FINANCIAL REPORTS ON A REGULAR BASIS. IN-PERSON MEETINGS ARE SCHEDULED ON AN AS-NEEDED BASIS DEPENDING ON THE SCOPE, NEEDS AND PROGRESS OF THE FUNDED GRANT. PAYMENTS ARE RELEASED ACCORDING TO THE APPROVED PAYMENT SCHEDULE, AND ONLY IF ALL PROGRESS AND FINANCIAL REPORTS HAVE BEEN APPROVED.

SITE VISITS:

CLEARWAY MINNESOTA GRANT MANAGERS MAY OPT TO SPEND TIME WITH GRANTEES AT THEIR WORKSITES. THE SCOPE AND FREQUENCY OF SITE VISITS VARIES BY DEPARTMENT AND GRANT TYPE.

TECHNICAL ASSISTANCE:

AS CLEARWAY MINNESOTA GRANT MANAGERS REVIEW PROGRESS AND FINANCIAL REPORTS, THEY NOTE AREAS IN WHICH GRANTEES MAY NEED ADDITIONAL TRAINING OR ASSISTANCE WITH THIRD-PARTY EXPERTS AS NEEDED.

**SCHEDULE J  
(Form 990)**

**Compensation Information**

OMB No. 1545-0047

**2013**

Department of the Treasury  
Internal Revenue Service

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. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Open to Public  
Inspection

Name of the organization

**CLEARWAY MINNESOTA (SM)**

Employer identification number

**41-1921094**

**Part I Questions Regarding Compensation**

	Yes	No								
<p><b>1a</b> Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.</p> <table border="0"> <tr> <td><input type="checkbox"/> First-class or charter travel</td> <td><input type="checkbox"/> Housing allowance or residence for personal use</td> </tr> <tr> <td><input type="checkbox"/> Travel for companions</td> <td><input type="checkbox"/> Payments for business use of personal residence</td> </tr> <tr> <td><input type="checkbox"/> Tax indemnification and gross-up payments</td> <td><input type="checkbox"/> Health or social club dues or initiation fees</td> </tr> <tr> <td><input type="checkbox"/> Discretionary spending account</td> <td><input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)</td> </tr> </table>	<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use	<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence	<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees	<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)		
<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use									
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence									
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees									
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)									
<p><b>b</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</p>	<b>1b</b> N/A									
<p><b>2</b> Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?</p>	<b>2</b> N/A									
<p><b>3</b> 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.</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Compensation committee</td> <td><input checked="" type="checkbox"/> Written employment contract</td> </tr> <tr> <td><input checked="" type="checkbox"/> Independent compensation consultant</td> <td><input checked="" type="checkbox"/> Compensation survey or study</td> </tr> <tr> <td><input checked="" type="checkbox"/> Form 990 of other organizations</td> <td><input checked="" type="checkbox"/> Approval by the board or compensation committee</td> </tr> </table>	<input checked="" type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract	<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study	<input checked="" type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee				
<input checked="" type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract									
<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study									
<input checked="" type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee									
<p><b>4</b> During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:</p> <p><b>a</b> Receive a severance payment or change-of-control payment?</p>	<b>4a</b>	X								
<p><b>b</b> Participate in, or receive payment from, a supplemental nonqualified retirement plan?</p>	<b>4b</b>	X								
<p><b>c</b> Participate in, or receive payment from, an equity-based compensation arrangement?</p> <p>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.</p>	<b>4c</b>	X								
<p><b>Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.</b></p>										
<p><b>5</b> For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:</p> <p><b>a</b> The organization?</p>	<b>5a</b>	X								
<p><b>b</b> Any related organization?</p> <p>If "Yes" to line 5a or 5b, describe in Part III.</p>	<b>5b</b>	X								
<p><b>6</b> For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:</p> <p><b>a</b> The organization?</p>	<b>6a</b>	X								
<p><b>b</b> Any related organization?</p> <p>If "Yes" to line 6a or 6b, describe in Part III.</p>	<b>6b</b>	X								
<p><b>7</b> For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III</p>	<b>7</b>	X								
<p><b>8</b> Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III</p>	<b>8</b>	X								
<p><b>9</b> If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</p>	<b>9</b> N/A									

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

Schedule J (Form 990) 2013





**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](http://www.irs.gov/form990)

OMB No. 1545-0047

**2013**

Open to Public  
Inspection

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number  
41-1921094

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

OF ALL MINNESOTANS BY ELIMINATING THE HARM CAUSED BY TOBACCO. CLEARWAY  
MINNESOTA WAS CREATED IN 1998 TO ADMINISTER 3 PERCENT (\$202 MILLION) OF  
MINNESOTA'S TOBACCO SETTLEMENT FUNDS OVER A PERIOD OF 25 YEARS.

CLEARWAY MINNESOTA'S MISSION IS TO ENHANCE LIFE FOR ALL MINNESOTANS BY  
REDUCING TOBACCO USE AND EXPOSURE TO SECONDHAND SMOKE THROUGH RESEARCH,  
ACTION AND COLLABORATION.

THE ORGANIZATION'S WORK IS GROUNDED IN SOUND SCIENCE AND PUBLIC HEALTH  
BEST PRACTICES, AND INCLUDES A COMPREHENSIVE BODY OF TOBACCO CESSATION  
PROGRAMS (MARKETED AS QUITPLAN (R) SERVICES), EXTENSIVE GRANT-MAKING  
ACTIVITIES IN AREAS OF RESEARCH, POLICY AND COMMUNITY DEVELOPMENT, AND  
MEDIA CAMPAIGNS TO RAISE AWARENESS OF THE HARMS OF TOBACCO AND  
SECONDHAND SMOKE EXPOSURE AND TO PROMOTE QUITTING.

FORM 990, PART III, LINE 3, CHANGES IN PROGRAM SERVICES:

IN FISCAL YEAR 2014, CLEARWAY MINNESOTA (SM) STOPPED OFFERING  
A STANDALONE WEB-BASED TOBACCO CESSATION PROGRAM, AND INSTEAD  
DEVELOPED NEW TOOLS AND SERVICES THAT ARE AVAILABLE BOTH ONLINE AND BY  
PHONE TO BETTER MEET TOBACCO USERS' NEEDS AND SUPPORT THEM IN THE  
QUITTING PROCESS. THESE SERVICES ARE DESCRIBED IN PART III, LINE 4C.  
SPECIFIC PROGRAM GRANTS AND CONTRACTS DO CHANGE FROM YEAR TO YEAR; SEE  
ATTACHMENTS FOR A LIST OF PROGRAM GRANTS AND CONTRACTS.

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

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

Schedule O (Form 990 or 990-EZ) (2013)

Name of the organization

CLEARWAY MINNESOTA (SM)

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COMMUNITY VISITS, MEDIA INTERVIEWS AND MEETINGS WITH COMMUNITY LEADERS.

THIS WORK ENGAGES MINNESOTANS AT THE LOCAL LEVEL, PROVIDING

OPPORTUNITIES FOR THEM 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 2014, CLEARWAY MINNESOTA'S ADVERTISING AND OUTREACH WORK

WAS SPECIFICALLY FOCUSED IN THE FOLLOWING AREAS: THE PROMOTION OF A NEW

SUITE OF QUITPLAN SERVICES; EDUCATION ABOUT THE HEALTH AND ECONOMIC

COSTS OF SMOKING TO MINNESOTA, AND THE IMPACT OF TOBACCO USE ON YOUTH;

THE ROLE PLAYED BY THE TOBACCO INDUSTRY IN CREATING THOSE EFFECTS; AND

THE BENEFITS OF CIGARETTE PRICE INCREASES.

IN FISCAL YEAR 2014, CLEARWAY MINNESOTA'S MASS MEDIA CAMPAIGNS -

CONSISTING OF TV, RADIO, OUT OF HOME AND DIGITAL ADS - REACHED 99

PERCENT OF MINNESOTA ADULTS AN AVERAGE OF 104 TIMES THROUGHOUT THE

YEAR. FURTHERMORE, 99 PERCENT OF MINNESOTA SMOKERS SAW MESSAGES

RELATING SPECIFICALLY TO SMOKING CESSATION AN AVERAGE OF 65 TIMES

DURING THE YEAR.

IN ADDITION, CLEARWAY MINNESOTA AGAIN LEVERAGED CDC'S NATIONAL MEDIA

CAMPAIGN BY PURCHASING ADDITIONAL MEDIA TIME FOR THE HARD-HITTING

CESSATION ADS. CLEARWAY MINNESOTA'S PROGRAMS, SERVICES OR KEY MESSAGES

ALSO RECEIVED COVERAGE BY MINNESOTA MEDIA MORE THAN 2,400 TIMES OVER

THE COURSE OF THE YEAR.

THIS YEAR, CLEARWAY MINNESOTA ALSO AWARDED SEVEN NEW GRANTS TO

NONPROFIT ORGANIZATIONS AND LOCAL UNITS OF GOVERNMENT TO REDUCE

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TOBACCO'S HARM IN MINNESOTA THROUGH COALITION BUILDING, POLICY ADVOCACY AND PUBLIC EDUCATION. ALL GRANTEEES CONTRIBUTED TO CLEARWAY MINNESOTA'S STATEWIDE POLICY GOALS BY DEFENDING THE 2013 TOBACCO TAX INCREASE, PASSING SMOKE-FREE FOSTER CARE LEGISLATION AND SECURING NEW REGULATIONS ON E-CIGARETTES. THEY ALSO CONTRIBUTED TO REDUCING TOBACCO'S HARM IN THEIR LOCAL JURISDICTIONS THROUGH PUBLIC EDUCATION AND ENGAGEMENT ACTIVITIES AND THROUGH UPDATING LOCAL TOBACCO ORDINANCES, PASSING NEW PUBLIC POLICIES AND PASSING VOLUNTARY POLICIES SUCH AS SMOKE-FREE MULTI-UNIT HOUSING POLICIES.

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

CONTROL POLICIES AND PROGRAMS. RESULTS FROM THESE RESEARCH AND EVALUATION PROJECTS ARE USED TO ADVANCE AND GUIDE CLEARWAY MINNESOTA'S ACTIVITIES.

DURING FISCAL YEAR 2014 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. GRANTEE DISSEMINATION HIGHLIGHTS IN FISCAL YEAR 2014 INCLUDED ONE CONFERENCE ABSTRACT, A TOOL KIT DEVELOPMENT AND DISTRIBUTION, A LOCAL CONFERENCE PRESENTATION, AN ARTICLE IN LOCAL PRINT MEDIA, DEVELOPMENT OF THREE MANUSCRIPTS FOR PUBLICATION, AND DISTRIBUTION OF DISSEMINATION MATERIALS THROUGH LIST SERVES AND WEBINARS. CLEARWAY MINNESOTA STAFF ALSO PUBLISHED FOUR PEER-REVIEWED SCIENTIFIC PAPERS. IN ADDITION, STAFF FACILITATED TWO SYMPOSIA AT THE ANNUAL MEETING OF THE SOCIETY FOR RESEARCH ON NICOTINE AND TOBACCO. THE FIRST SYMPOSIUM FOCUSED ON THE IMPACT OF A TOBACCO PRICE INCREASE ON TOBACCO MARKETING, CONSUMER PURCHASING BEHAVIOR AND

Name of the organization CLEARWAY MINNESOTA (SM)	Employer identification number 41-1921094
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CESSATION. THE SECOND SYMPOSIUM ADDRESSED THE EMERGING SCIENCE ON MENTHOL CIGARETTES AND THE IMPLICATIONS FOR TREATMENT AND POLICY. BOTH SYMPOSIA INCLUDED FIVE MINNESOTA-BASED RESEARCHERS AND A NATIONALLY KNOWN TOBACCO CONTROL EXPERT WHO SERVED AS PANELISTS.

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

COVER CESSATION HELP; OVER-THE-COUNTER NICOTINE REPLACEMENT PRODUCTS IN THE FORM OF PATCHES, GUM AND LOZENGES ARE PROVIDED AS APPROPRIATE. HELPLINE ENROLLEES MAY ALSO ADD INTEGRATED TEXT MESSAGING AND/OR EMAIL SUPPORT SERVICES AS PART OF THE HELPLINE PROGRAM.

THROUGH JANUARY 2014, CLEARWAY MINNESOTA OFFERED QUITPLAN.COM, AN INTERACTIVE TOBACCO CESSATION WEBSITE THAT PROVIDED SOCIAL SUPPORT AND TOOLS TO USERS WHO WERE READY TO QUIT OR HAD RECENTLY QUIT TOBACCO USE. THIS PROGRAM ENDED IN FISCAL YEAR 2014 PRIOR TO THE LAUNCH OF OUR NEW SUITE OF QUITPLAN SERVICES.

ON MARCH 3, 2014, QUITPLAN SERVICES EXPANDED TO INCLUDE MORE OPTIONS. TOBACCO USERS CAN NOW CHOOSE THE QUITPLAN HELPLINE OR INDIVIDUAL QUITPLAN SERVICES. INDIVIDUAL QUITPLAN SERVICES INCLUDE NICOTINE REPLACEMENT STARTER KITS, A TEXT-MESSAGING PROGRAM, AN EMAIL PROGRAM AND/OR A PRINTED QUIT GUIDE. TO COMPLEMENT THE NEW SERVICES AND FACILITATE ONLINE ENROLLMENT, THE QUITPLAN SERVICES WEBSITE WAS REDESIGNED IN ITS ENTIRETY TO PROVIDE EASY ACCESS TO INFORMATION, TOOLS AND RESOURCES. WITH THE LAUNCH OF OUR NEW SUITE OF SERVICES, TOBACCO USERS CAN REGISTER FOR ANY QUITPLAN SERVICE EITHER ONLINE OR BY PHONE. DURING FISCAL YEAR 2014:

-2,753 TOBACCO USERS ENROLLED IN THE QUITPLAN HELPLINE.

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-1,486 PEOPLE ENROLLED IN QUITPLAN.COM.

-5,270 TOBACCO USERS ENROLLED IN INDIVIDUAL QUITPLAN SERVICES.

QUITPLAN SERVICES ARE EVALUATED TO AID IN PROGRAM MONITORING, TO ENHANCE QUALITY AND TO GUIDE DECISION-MAKING AND RESOURCE ALLOCATION.

CLEARWAY MINNESOTA STAFF WORKS WITH A WIDE RANGE OF ORGANIZATIONS TO ADVANCE CESSATION SERVICES, PARTNERING CLOSELY WITH THE MAJOR MINNESOTA HEALTH PLANS THAT PROVIDE TELEPHONE COUNSELING SERVICES THROUGH THE CALL IT QUILTS COLLABORATIVE. THIS COLLABORATIVE PROVIDES A FORUM FOR ALL OF THE STATE'S QUITLINE SERVICE PROVIDERS TO SHARE INFORMATION AND LEARN ABOUT BEST PRACTICES. THE CALL IT QUILTS COLLABORATIVE ALSO SUPPORTS THE CALL IT QUILTS REFERRAL PROGRAM, WHICH ALLOWS HEALTH CARE PROVIDERS TO USE A SINGLE FORM AND FAX NUMBER TO REFER PATIENTS TO QUITLINE SUPPORT, REGARDLESS OF INSURANCE STATUS.

CLEARWAY MINNESOTA STAFF IS ALSO ACTIVELY INVOLVED IN CESSATION POLICY WORK TO ENSURE THAT ALL MINNESOTANS HAVE ACCESS TO COMPREHENSIVE TOBACCO DEPENDENCE TREATMENT. THIS WORK ENTAILS EDUCATING ABOUT AND ADVOCATING FOR COMPREHENSIVE TOBACCO CESSATION BENEFITS AS PART OF HEALTH INSURANCE COVERAGE, PROMOTING SYSTEMS CHANGES TO FOSTER THE INTEGRATION OF TOBACCO DEPENDENCE TREATMENT INTO BOTH HEALTH CARE AND PUBLIC PROGRAMS, AND ADVOCATING FOR HEALTH CARE QUALITY MEASURES ON TOBACCO TREATMENT DELIVERY.

CLEARWAY MINNESOTA STAFF MEMBERS WORK TO SHARE FINDINGS AND LESSONS LEARNED FROM OUR WORK THROUGH LOCAL, STATE AND NATIONAL CONFERENCE PRESENTATIONS.

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FORM 990, PART III, LINE 4D, OTHER PROGRAM SERVICES:

COMMUNITY DEVELOPMENT

CLEARWAY MINNESOTA FUNDS EFFORTS IN PRIORITY POPULATIONS (AFRICANS AND AFRICAN AMERICANS, AMERICAN INDIANS, ASIANS, ASIAN AMERICANS, PACIFIC ISLANDERS, CHICANOS/LATINOS, LESBIAN, GAY, BISEXUAL AND TRANSGENDER [LGBT] COMMUNITIES, BLUE-COLLAR WORKERS, 18-24-YEAR-OLDS AND OTHER GROUPS TO CREATE AWARENESS ABOUT THE HARMS OF COMMERCIAL TOBACCO AND SECONDHAND SMOKE, TO PROMOTE STOP-SMOKING SERVICES, TO BUILD LEADERSHIP AND CAPACITY FOR TOBACCO CONTROL POLICY, AND TO DEVELOP COMMUNITY NETWORKS/COALITIONS AND PROJECTS THAT SUPPORT AND PROMOTE TOBACCO CONTROL EFFORTS. THESE POPULATIONS HAVE A DISPROPORTIONATE TOBACCO-RELATED DISEASE BURDEN AND DISPARITY.

IN FISCAL YEAR 2014, CLEARWAY MINNESOTA CONTINUED ITS POLICY EFFORTS IN INDIAN COUNTRY TO ADVANCE COMPREHENSIVE COMMERCIAL TOBACCO-FREE POLICIES AND PROMOTE HEALTH ON MINNESOTA TRIBAL LANDS. (THE ABUSE OF COMMERCIAL TOBACCO PRODUCTS, SUCH AS CIGARETTES, IS DIFFERENTIATED FROM SACRED, TRADITIONAL USES OF TOBACCO PRACTICED BY AMERICAN INDIAN NATIONS.) A COMPREHENSIVE EVALUATION COMPONENT IS PART OF THESE PROJECTS WITH THE GOAL OF DOCUMENTING PROGRESS AND CONTRIBUTING TO PROMISING AND BEST PRACTICES IN THE TOBACCO CONTROL FIELD. A PROJECT TO EDUCATE THE MINNESOTA AND NATIONAL INDIAN GAMING ASSOCIATIONS REGARDING THE HARMS OF COMMERCIAL TOBACCO AND SECONDHAND SMOKE IS ALSO SUPPORTED, IN AN EFFORT TO ADVANCE SMOKE-FREE CASINO POLICIES. ADDITIONALLY, CLEARWAY MINNESOTA IS SUPPORTING AND INVOLVED IN A DIALOGUE WITH MINNESOTA FOUNDATIONS AND TRIBAL LEADERSHIP ABOUT THE FUTURE OF HEALTH PROMOTION WORK IN INDIAN COUNTRY.

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number  
41-1921094

CLEARWAY MINNESOTA ALSO CONTINUED THE LEADERSHIP AND ADVOCACY INSTITUTE TO ADVANCE MINNESOTA'S PARITY FOR PRIORITY POPULATIONS (LAAMPP). LAAMPP IS A FELLOWSHIP PROGRAM CREATED TO BUILD CAPACITY AND LEADERSHIP IN PRIORITY POPULATION COMMUNITIES TO DEVELOP AND IMPLEMENT EFFECTIVE TOBACCO PREVENTION AND CONTROL PROGRAMS AND POLICIES; LAAMPP ALSO HAS AN EVALUATION COMPONENT. ADDITIONALLY, A LAAMPP ALUMNI POLICY CHAMPIONS PROJECT IS NOW ENGAGING LAAMPP FELLOWS IN PUBLIC POLICY WORK IN MINNESOTA.

EXPENSES \$ 1,365,410. INCLUDING GRANTS OF \$ 1,207,193. REVENUE \$ 0.

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

GUERNSEY, CAYMAN ISLANDS, BRITISH VIRGIN IS

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

THE IRS FORM 990 AND ATTACHMENTS ARE COMPLETED BY THE INDEPENDENT AUDITOR AND REVIEWED BY STAFF AND LEGAL COUNSEL. THE FORM IS PRESENTED TO THE AUDIT/FINANCE COMMITTEE AND THE BOARD OF DIRECTORS FOR REVIEW AND APPROVAL. THE COMMITTEE AND BOARD RECEIVE THE DOCUMENT APPROXIMATELY ONE WEEK IN ADVANCE OF THE RESPECTIVE MEETING AT WHICH IT IS REVIEWED. THE INDEPENDENT AUDITOR IS AVAILABLE TO ANSWER ANY QUESTIONS THAT MAY ARISE.

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. BY THIS POLICY, CONTRACTS AND GRANTS WITH BOARD MEMBERS, EMPLOYEES OR THEIR FAMILIES ARE PROHIBITED.

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

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.

IN FISCAL YEAR 2014, CLEARWAY MINNESOTA REFINED THE 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

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

ORGANIZATION THE RELEVANT FACTS OF ANY PROPOSED ACTION INVOLVING CLEARWAY MINNESOTA IN WHICH THEY HAVE POSSIBLE OR PERCEIVED CONFLICTS AS SOON AS THEY ARE DISCOVERED.

FORM 990, PART VI, SECTION B, LINE 15:

CLEARWAY MINNESOTA REVIEWS COMPENSATION (SALARY RANGES AND BENEFITS) ON AN ANNUAL BASIS. AT LEAST EVERY TWO YEARS, AN INDEPENDENT COMPENSATION CONSULTANT COMPARES ALL JOBS TO APPLICABLE MARKET SURVEYS TO DETERMINE COMPENSATION COMPETITIVENESS TO THE MARKET. THIS REVIEW WAS LAST DONE IN FISCAL YEAR 2014. IN YEARS WHERE A CONSULTANT IS NOT ENGAGED, STAFF REVIEWS THE MOST CURRENT ANNUAL WORLD-AT-WORK SURVEY OR SIMILAR INFORMATION 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 19:

CLEARWAY MINNESOTA'S GOVERNING DOCUMENTS, INCLUDING ITS CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS, ARE AVAILABLE AT THE CLEARWAY MINNESOTA OFFICE FOR INSPECTION.

# Exempt Organization Business Income Tax Return

(and proxy tax under section 6033(e))

For calendar year 2013 or other tax year beginning **JUL 1, 2013**, and ending **JUN 30, 2014**

## 2013

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury  
Internal Revenue Service

▶ Information about Form 990-T and its instructions is available at [www.irs.gov/form990t](http://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).

<p><b>A</b> <input type="checkbox"/> Check box if address changed</p> <p><b>B</b> Exempt under section  <input checked="" type="checkbox"/> 501(c)(3)  <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e)  <input type="checkbox"/> 408A <input type="checkbox"/> 530(a)  <input type="checkbox"/> 529(a)</p>	Print or Type	<p>Name of organization ( <input type="checkbox"/> Check box if name changed and see instructions.)  <b>CLEARWAY MINNESOTA (SM)</b></p> <p>Number, street, and room or suite no. If a P.O. box, see instructions.  <b>TWO APPLETREE SQ, 8011 34TH AVE S, NO. 400</b></p> <p>City or town, state or province, country, and ZIP or foreign postal code  <b>MINNEAPOLIS, MN 55425</b></p>	<p><b>D</b> Employer identification number (Employees' trust, see instructions.)  <b>41-1921094</b></p> <p><b>E</b> Unrelated business activity codes (See instructions.)  <b>900099</b></p>
<p><b>C</b> Book value of all assets at end of year  <b>85,162,940.</b></p>		<p><b>F</b> Group exemption number (See instructions.)</p>	<p><b>G</b> Check organization type <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust</p>

**H** Describe the organization's primary unrelated business activity. ▶ **PARTNERSHIP INVESTMENT**

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

**J** The books are in care of ▶ **LANA KOPYLOV** Telephone number ▶ **952-767-1400**

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
1 a Gross receipts or sales			
b Less returns and allowances			
c Balance			
2 Cost of goods sold (Schedule A, line 7)			
3 Gross profit. Subtract line 2 from line 1c			
4 a Capital gain net income (attach Form 8949 and Schedule D)			
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)			
c Capital loss deduction for trusts			
5 Income (loss) from partnerships and S corporations (attach statement)	3,812.	STATEMENT 1	3,812.
6 Rent income (Schedule C)			
7 Unrelated debt-financed income (Schedule E)			
8 Interest, annuities, royalties, and rents from controlled organizations (Sch. F)			
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			
10 Exploited exempt activity income (Schedule I)			
11 Advertising income (Schedule J)			
12 Other income (See instructions; attach schedule.)			
13 Total. Combine lines 3 through 12	3,812.		3,812.

**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)			
15 Salaries and wages			
16 Repairs and maintenance			
17 Bad debts			
18 Interest (attach schedule)			
19 Taxes and licenses			
20 Charitable contributions (See instructions for limitation rules.)	STATEMENT 3 SEE STATEMENT 2		0.
21 Depreciation (attach Form 4562)	21		
22 Less depreciation claimed on Schedule A and elsewhere on return	22a		
23 Depletion			
24 Contributions to deferred compensation plans			
25 Employee benefit programs			
26 Excess exempt expenses (Schedule I)			
27 Excess readership costs (Schedule J)			
28 Other deductions (attach schedule)			
29 Total deductions. Add lines 14 through 28			0.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13			3,812.
31 Net operating loss deduction (limited to the amount on line 30)	STATEMENT 1		3,812.
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30			0.
33 Specific deduction (Generally \$1,000, but see instructions for exceptions.)			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			0.

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here... 36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: 37 Proxy tax. See instructions 38 Alternative minimum tax 39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) 40b Other credits (see instructions) 40c General business credit. Attach Form 3800 40d Credit for prior year minimum tax (attach Form 8801 or 8827) 40e Total credits. Add lines 40a through 40d 41 Subtract line 40e from line 39 42 Other taxes. Check if from: Form 4255 Form 8611 Form 8697 Form 8866 Other (attach schedule) 43 Total tax. Add lines 41 and 42 44a Payments: A 2012 overpayment credited to 2013 44b 2013 estimated tax payments 44c Tax deposited with Form 8868 44d Foreign organizations: Tax paid or withheld at source (see instructions) 44e Backup withholding (see instructions) 44f Credit for small employer health insurance premiums (Attach Form 8941) 44g Other credits and payments: Form 2439 Form 4136 Other Total 45 Total payments. Add lines 44a through 44g 46 Estimated tax penalty (see instructions). Check if Form 2220 is attached 47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed 48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid 49 Enter the amount of line 48 you want: Credited to 2014 estimated tax Refunded

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

1 At any time during the 2013 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here SEE STATEMENT 4 2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file. 3 Enter the amount of tax-exempt interest received or accrued during the tax year \$

Schedule A - Cost of Goods Sold. Enter method of inventory valuation N/A

1 Inventory at beginning of year 2 Purchases 3 Cost of labor 4a Additional section 263A costs (att. schedule) 4b Other costs (attach schedule) 5 Total. Add lines 1 through 4b 6 Inventory at end of year 7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2 8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Signature of officer Linda M. Nelson Date 10/9/14 Title CHIEF EXEC OFFICER May the IRS discuss this return with the preparer shown below (see instructions)? [X] Yes [ ] No

Paid Preparer Use Only Print/Type preparer's name LINDA M. NELSON Preparer's signature Linda M. Nelson Date 10/9/14 Check [ ] if self-employed [ ] if PTIN P00205567 Firm's name OLSEN THIELEN & CO., LTD Firm's EIN 41-1360831 Firm's address 2675 LONG LAKE ROAD ST. PAUL, MN 55113 Phone no. 651-483-4521

**Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)** (see instructions)

1. Description of property

(1)			
(2)			
(3)			
(4)			
2. Rent received or accrued		3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)	
(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)		
(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.		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			0.	0.
Total dividends-received deductions included in column 8			0.	0.

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

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					
Nonexempt Controlled Organizations					
7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10	
(1)					
(2)					
(3)					
(4)					
Totals			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).	
0.			0.	0.	

**Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization**  
(see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals		Enter here and on page 1, Part I, line 9, column (A). 0.		Enter here and on page 1, Part I, line 9, column (B). 0.

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

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals		Enter here and on page 1, Part I, line 10, col. (A). 0.	Enter here and on page 1, Part I, line 10, col. (B). 0.			Enter here and on page 1, Part II, line 26. 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)	3,608.
LINE 2 - NET RENTAL INCOME (LOSS)	<131.>
LINE 5 - INTEREST INCOME	1,364.
LINE 6A - ORDINARY DIVIDENDS	1,359.
LINE 7 - ROYALTIES	1.
LINE 8 - SHORT-TERM CAPITAL GAIN (LOSS)	214.
LINE 9A - LONG-TERM CAPITAL GAIN (LOSS)	241.
LINE 10 - SECTION 1231 GAIN (LOSS)	56.
LINE 11F - OTHER INCOME	1,826.
LINE 12 - SECTION 179 DEDUCTION	<11.>
LINE 13H - INVESTMENT INTEREST EXPENSE	<1,157.>
LINE 13J - SECTION 59(E)(2) EXPENDITURES	<2,054.>
LINE 13W - OTHER DEDUCTIONS	<1,673.>

WEATHERGAGE VENTURE CAPITAL LP  
UNRELATED BUSINESS TAXABLE INCOME PER K-1:

LINE 1 - ORDINARY BUSINESS INCOME (LOSS)	471.
LINE 13J - SECTION 59(E)(2) EXPENDITURES	<302.>

## TOTAL PARTNERSHIP INCOME

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3,812.

## NET OPERATING LOSS CARRYFORWARD SCHEDULE

FYE 6/30/2009 LOSS	<4,613.>
FYE 6/30/2010 LOSS	<3,550.>
FYE 6/30/2011 LOSS	<6,794.>
FYE 6/30/2012 TAXABLE INCOME	2,376.
FYE 6/30/2013 TAXABLE INCOME	4.

## TOTAL LOSS CARRYFORWARD

&lt;12,577.&gt;

## FYE 6/30/2014 TAXABLE INCOME

---

3,812.

## NET OPERATING LOSS CARRYFORWARD TO FYE 6/30/2015

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<8,765.>

FORM 990-T		CONTRIBUTIONS	STATEMENT	2
DESCRIPTION/KIND OF PROPERTY	METHOD USED TO DETERMINE FMV		AMOUNT	
FROM MESIROW FINANCIAL K-1	N/A		1,567.	
TOTAL TO FORM 990-T, PAGE 1, LINE 20			1,567.	

FORM 990-T

CONTRIBUTIONS SUMMARY

STATEMENT 3

QUALIFIED CONTRIBUTIONS SUBJECT TO 100% LIMIT

CARRYOVER OF PRIOR YEARS UNUSED CONTRIBUTIONS

- FOR TAX YEAR 2008
- FOR TAX YEAR 2009
- FOR TAX YEAR 2010
- FOR TAX YEAR 2011
- FOR TAX YEAR 2012

TOTAL CARRYOVER

TOTAL CURRENT YEAR 10% CONTRIBUTIONS

1,567

TOTAL CONTRIBUTIONS AVAILABLE

1,567

TAXABLE INCOME LIMITATION AS ADJUSTED

0

EXCESS 10% CONTRIBUTIONS

1,567

EXCESS 100% CONTRIBUTIONS

0

TOTAL EXCESS CONTRIBUTIONS

1,567

ALLOWABLE CONTRIBUTIONS DEDUCTION

0

TOTAL CONTRIBUTION DEDUCTION

0

FORM 990-T

NAME OF FOREIGN COUNTRY IN WHICH  
ORGANIZATION HAS FINANCIAL INTEREST

STATEMENT 4

NAME OF COUNTRY

GUERNSEY  
CAYMAN ISLANDS  
BRITISH VIRGIN ISLANDS



## **Appendix L**

### **Charitable Organization Annual Report**

# STATE OF MINNESOTA

## CHARITABLE ORGANIZATION INITIAL REGISTRATION & ANNUAL REPORT FORM

ATTORNEY GENERAL LORI SWANSON

SUITE 1200, BREMER TOWER

445 MINNESOTA STREET

ST. PAUL, MN 55101-2130

(651) 757-1311

(651) 296-1410 (TTY)

www.ag.state.mn.us

Annual Reporting

Initial Registration

FEDERAL EIN NUMBER: 41-1921094

FOR YEAR ENDING: 06/30/2014

### SECTION A: REQUIRED INFORMATION FOR INITIAL REGISTRATION & ANNUAL REPORTING

1. Legal Name of Organization: CLEARWAY MINNESOTA (SM)

If annual reporting, is this a new name since the organization's last filing?

Yes

No

If so, please state former name: \_\_\_\_\_

2. List all names under which the organization solicits contributions:

\_\_\_\_\_  
\_\_\_\_\_

3. Mailing Address of Organization (required)

TWO APPLETREE SQ, 8011 34TH AVE S  
NO. 400  
MINNEAPOLIS, MN 55425

Physical Address of Organization (required)

TWO APPLETREE SQ, 8011 34TH AVE S  
NO. 400  
MINNEAPOLIS, MN 55425

4. Contact Person DAVID WILLOUGHBY

Tel. No. 952-767-1400

E-mail DWILLOUGHBY@CLEARWAYMN.ORG

Fax No. 952-767-1422

5. Does the organization use the services of a professional fund-raiser (outside solicitor or consultant)?

Yes

No

If so, provide name and address of any outside professional fund-raiser employed by the organization and state the total amount of compensation each outside fund-raiser received from the filing organization during the year. Attach schedule if more than one.

Name N/A

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Compensation \_\_\_\_\_

6. a) Does this professional fund-raiser solicit or consult in Minnesota?

Yes

No

b) Is this professional fund-raiser registered to solicit or consult in Minnesota?

Yes

No

7. Month and day accounting year ends: 06/30

8. Has the organization included the filing fee, late fee (if any) and all attachments required by the instructions?

Yes

No

Office Use Only:  ARF  \$25  \$50  N (e-Postcard)  990  EZ  PF  FES  SIG  BD  SAL  Audit

9. This Section A(9) must be completed by organizations filing a 990-N (e-Postcard) or organizations whose filing does not contain the information requested below. This includes organizations that: 1) do not file an IRS Form 990, 2) file an IRS Form 990-EZ or 990-PF, or 3) organizations that file a group return that does not include the filing organization's individual financial information.

**INCOME**

SEE FORM 990

Contributions from the public	\$ _____
Government Grants	\$ _____
Other revenue	\$ _____
<b>TOTAL REVENUE</b>	<b>\$ _____</b>

EXCESS or DEFICIT	\$ _____
TOTAL Assets	\$ _____
TOTAL Liabilities	\$ _____

**END OF YEAR FUND BALANCE/NET WORTH** (Assets minus Liabilities) \$ \_\_\_\_\_

**SECTION C: REQUIRED FOR ANNUAL REPORTING ONLY**

*ALL Annual Report filers MUST complete questions 1-6*

1. Has the organization's accounting year changed since the last report was filed?  Yes  No  
 If yes, provide the new year-end date: \_\_\_\_\_

2. **Attach** an explanation if there has been any change in the organization's tax status with the Internal Revenue Service; a significant change in the purposes of the organization; or if the organization's right to solicit funds has been denied, suspended, revoked or enjoined by any state agency or court in any state, or if there are proceedings pending.  None  Attached

3. List of the five highest paid directors, officers, and employees of the organization and its related organizations, as that term is defined by section 317A.011, subdivision 18, that receive total compensation of more than \$100,000, together with the compensation paid to each. For purposes of this subdivision, "compensation" is defined as the total amount reported on Form W-2 (Box 5) or Form 1099-MISC (Box 7) issued by the organization and its related organizations to the individual. The value of fringe benefits and deferred compensation paid by the charitable organization and all related organizations as that term is defined by section 317A.011, subdivision 18, shall also be reported as a separate item for each person whose compensation is required to be reported pursuant to this subdivision.

	Name/Title	Compensation	Deferred Compensation	Fringe Benefits
1	DAVID J. WILLOUGHBY CHIEF EXECUTIVE OFFICER	147,927.	23,259.	25,150.
2	BARBARA SCHILLO VICE PRESIDENT	138,278.	20,038.	17,411.
3	ANDREA MOWERY VICE PRESIDENT	133,097.	20,087.	8,915.
4	PAUL R. ORMAN CHIEF FINANCIAL OFFICER	123,008.	19,130.	12,531.
5	JAIME MARTINEZ DIRECTOR OF COMMUNITY DEV	116,816.	14,463.	12,608.

4. **Attach** a list of organization's board of directors.  Attached  Included in IRS return
5. **Attach a GAAP audit** if total revenue exceeds \$750,000.  Attached  
 Audit not included under the Food Shelf Exemption (excluding from total revenue the value of food donated to a nonprofit food shelf for redistribution at no cost).  Audit not required
6. Minnesota law requires that an organization file a copy of all tax or informational returns filed with the IRS, including IRS Form 990-N (e-Postcard), 990, 990-EZ, or 990-PF, including all schedules and amendments. Has the organization included with this annual report a copy of all tax or informational returns, including IRS Form 990-N (e-Postcard), 990, 990-EZ or 990-PF that it filed with the IRS (excluding Schedule B or any other donor list)?  Yes  No (Not required to file a return with IRS or files a group return).

*NOTE: By answering YES to the above question, you are attesting that the IRS informational return filed with this office is an exact copy, including all schedules and attachments, of the IRS informational return filed with the IRS (excluding Schedule B or any other donor list the IRS may require).*

SEE FORM 990

7. This Section C(7) must be completed by organizations that: 1) do not file an informational return with the IRS; 2) file a 990-N (e-Postcard), 990-EZ, or 990-PF; 3) file a group return that does not include the filing organization's functional expense information; or 4) file an IRS Form 990 that does not contain a completed functional expenses statement within the IRS Form 990.

<b>Statement of Functional Expenses</b>				
	<b>(A)</b> Total expenses	<b>(B)</b> Program service expenses	<b>(C)</b> Management and general expenses	<b>(D)</b> Fundraising expenses
<b>1</b> Grants and other assistance to governments and organizations in the U.S.				
<b>2</b> Grants and other assistance to individuals in the U.S.				
<b>3</b> Grants and other assistance to governments, organizations, and individuals outside the U.S.				
<b>4</b> Benefits paid to or for members				
<b>5</b> Compensation of current officers, directors, trustees, and key employees				
<b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1) and persons described in section 4958(c)(3)(B))				
<b>7</b> Other salaries and wages				
<b>8</b> Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
<b>9</b> Other employee benefits				
<b>10</b> Payroll taxes				
<b>11</b> Fees for services (non-employees):				
<b>a</b> Management				
<b>b</b> Legal				
<b>c</b> Accounting				
<b>d</b> Lobbying				
<b>e</b> Professional fundraising services				
<b>f</b> Investment management fees				
<b>g</b> Other				
<b>12</b> Advertising and promotion				
<b>13</b> Office expenses				
<b>14</b> Information technology				
<b>15</b> Royalties				
<b>16</b> Occupancy				
<b>17</b> Travel				
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials				
<b>19</b> Conferences, conventions, and meetings				
<b>20</b> Interest				
<b>21</b> Payments to affiliates				
<b>22</b> Depreciation, depletion, and amortization				
<b>23</b> Insurance				
<b>24</b> Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
<b>a</b> _____				
<b>b</b> _____				
<b>c</b> _____				
<b>d</b> All other expenses				
<b>25</b> <b>Total functional expenses.</b> Add lines 1 through 24d				
<b>26</b> <b>Joint costs.</b> Check here <input type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Must be prepared in accordance with generally accepted accounting principles.**  
**For 990-EZ filers: Column A, Line 25 should equal line 17 IRS Form 990-EZ**  
**For 990-PF filers: Column A, Line 25 should equal line 26 IRS Form 990-PF**  
**The total of Column A, lines 1 through 24d should equal line 25a.**  
**The total of lines 25b, 25c and 25d, should equal line 25a**

**SECTION D: REQUIRED FOR INITIAL REGISTRATION & ANNUAL REPORTING**

**BOARD OF DIRECTORS**  
**SIGNATURES AND ACKNOWLEDGMENT**

We, the undersigned, state and acknowledge that we are duly constituted officers of this organization, being the

CHAIR, BOARD OF DIRECTORS (Title) and TREASURER (Title) respectively, and

that we execute this document on behalf of the organization pursuant to the resolution of the

BOARD OF DIRECTORS (Board of Directors, Trustees, or Managing Group) adopted on the 17TH

day of SEPTEMBER, 2014, approving the contents of the document, and do hereby certify that the

BOARD OF DIRECTORS (Board of Directors, Trustees, or Managing Group) has assumed, and will continue

to assume, responsibility for determining matters of policy, and have supervised, and will continue to supervise, the finances of the organization. We

further state that the information supplied is true, correct and complete to the best of our knowledge.

THOMAS WEAVER

Name (Print)

Signature

CHAIR, BOARD OF DIRECTORS

Title

09/17/2014

Date

BOB BOERSCHEL

Name (Print)

Signature

TREASURER, BOARD OF DIRECTORS

Title

09/17/2014

Date

**\* NOTICE \***

Documents required to be filed are public records. Please do not include social security numbers, driver's license numbers or bank account numbers on the documents filed with this Office as they are not required, but could become part of the public records. A charitable organization is not required to file a list of its donors. If it is included, it may become part of the public file.

AG: #3124563-v1