



TRUTH IN NUMBERS. EVERY LIFE COUNTS.

2017 Annual Report | How Truth Initiative® is working toward a tobacco-free future



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LETTER FROM THE CEO AND PRESIDENT ROBIN KOVAL

I am delighted to share Truth Initiative's 2017 annual report. It was a record-breaking year by every measure, as we significantly advanced our mission to achieve a culture where youth and young adults reject tobacco. The theme of this year's report — "Truth In Numbers. Every Life Counts." — underscores Truth Initiative's commitment to continue to drive down the youth smoking rate to record lows via our ongoing commitment to data and evidence-based programs and tools. The numbers outlined in this report demonstrate how, through creativity, innovation and research, we are winning one of the toughest, largest and most critical public health battles of our time: ending the tobacco epidemic. But most importantly, the numbers represent lives that have been saved and changed for the better.

When I joined Truth Initiative in 2013, 9.6 percent of teens smoked. Today, 5.4 percent of teens smoke — a remarkable 44 percent decline in just four years. At this rate, it is possible that, as we approach our 20-year mark, we are on the cusp of something that might have seemed insurmountable when our **truth**® campaign first began: a youth smoking rate below 5 percent. While this impressive achievement also reflects the work of many partners in the public, nonprofit and private sectors, our efforts have been proven to play a significant and lifesaving role. In just a single year (2015-16), **truth** prevented more than 300,000 youth and young adults from becoming smokers. In fact, we estimate that over the life of the campaign, **truth** has been responsible for preventing more than 1 million young people from using tobacco.





While we take great pride in celebrating our victories, we also remain acutely aware that when we look more closely at the numbers and smoking patterns today, we see that tobacco use is disproportionate across the U.S. and higher among vulnerable populations. Our efforts in 2017 focused on calling attention to these disparities, and we did so in many ways that we are proud to highlight. For example, **truth** called out how the tobacco industry deliberately targets communities that already face adversity and inequality through exploitive tactics with a high-profile, year-long campaign. The Truth Initiative Schroeder Institute® released an extensive report highlighting a region of the country we call “Tobacco Nation,” where smoking prevalence exceeds not only the national average, but that of many of the most tobacco-dependent countries in the world.

During the past year, our movement saw progress as well as new challenges. We are cautiously optimistic regarding the renewed focus that the Food and Drug Administration is placing on tobacco. In response to the FDA’s information requests to the public, we are preparing to submit robust comments about a nicotine product standard to reduce nicotine in cigarettes to nonaddictive levels, the regulation of premium cigars and examining the role that flavors — including menthol — play in initiation, use and quitting of tobacco products. But, at the same time, we are frustrated by the FDA’s continued delay on full regulation of e-cigarettes — the consequences of which we are seeing with rapidly growing youth e-cigarette use, most recently in the meteoric rise of JUUL and its popularity with teens.



As a result, we have joined with six partner organizations in a lawsuit demanding that the FDA comply with its responsibilities under the requirements of the 2009 Tobacco Control Act and move with urgency to require pre-market review of all e-cigarette products introduced into the market after August 2016. We have also joined with partners to demand that the FDA comply with its statutory responsibility to implement graphic warnings on cigarette packaging.

Our ability to take on the tobacco industry and other tough issues stems from our strong position as a trusted source for tobacco control information and research. We're proud to provide our partners, the press, thought leaders and the public with the tools they need to create change. We helped expand the knowledge base this year by publishing more than 30 articles in academic journals, including Tobacco Control, the Journal of Health Communication and the New England Journal of Medicine. Our peer-reviewed studies spanned topics ranging from the harm of e-cigarettes and vaporized tobacco delivery to the unique smoking practices of youth versus adults. In 2017, we also published and submitted 22 in-depth fact sheets, white papers, policy statements and regulatory comments on a range of topics including flavors, menthol, tobacco in pop culture and industry retail practices. Our research on the awareness, use and perceptions of JUUL among youth and young adults was recently cited by the FDA in its letter to the makers of JUUL requesting information on the marketing practices and use of this highly youth-appealing product.



Our work also includes building a movement of social change leaders on the ground. We worked hard throughout 2017 to engage, inspire and develop a powerful cadre of youth activists to serve as the next generation of leaders building a tobacco-free future. Our youth activist efforts engaged more than 54,000 "Finishers" — young people mobilized to serve as drivers of social change — in communities across the U.S. Our Tobacco-Free College Program continued its trajectory of success. To date, our grants have helped 80 schools adopt 100 percent smoke- or tobacco-free policies, and more than 700,000 students, faculty and staff will benefit from these policies. We also continued or established critical new partnerships with national public health, youth-serving and social change leaders such as DoSomething.org, High School Nation, CVS Health Foundation, NAACP, Human Rights Campaign, Mayo Clinic and the Girl Scouts.

This year, the numbers also reflect the expansion of our "do good by doing well" innovation model. Our Innovations center designs, builds and deploys digital, social, web and mobile applications to support smokers who want to end their tobacco addiction. In only its second year, our EX[®] Program, in partnership with Mayo Clinic, has expanded both our individual and enterprise client base to provide "double bottom line" benefits — saving lives and contributing revenue to fund our mission-driven programs. The EX Program is a comprehensive, digital quit-smoking program designed for employers, health systems and health plans to offer to their employees or members who smoke. The program includes the popular quit-smoking planning tools and online community from the proven-effective quit-smoking program BecomeAnEX.org, which has helped more than 800,000 people begin their journey to a smoke-free life.



Our relentless work to investigate, inform, educate and speak out to advance the vision of a tobacco-free future has made the prospect of achieving our mission of a culture where youth and young adults reject tobacco seem more possible than ever. We could not have accomplished all that we did in 2017 without the tremendous work of our dedicated staff, the tireless commitment of our board of directors and our many partners in this work. I am grateful to be part of this incredible team. We are fueled and inspired by our accomplishments of the past year and energized by the challenges ahead. Let the countdown to a tobacco-free future begin!

Sincerely,

Robin Koval

Robin Koval



YOUTH AND YOUNG ADULT PUBLIC EDUCATION

truth is the national tobacco prevention counter-marketing campaign from Truth Initiative that speaks to youth and young adults on their terms. **truth** delivers the facts about the health effects and social consequences of tobacco use and the marketing tactics of the tobacco industry so that young people can make informed decisions and influence others to do the same. Truth Initiative is committed to evaluating the effectiveness of its work and conducts rigorous and ongoing measurement to monitor the impact of its public education efforts. Data demonstrate advertising awareness of 78 percent among 15- to 24-year-olds and brand awareness of 77 percent among 18- to 24-year-olds. Additionally, significant associations

2.3

million followers
across social platforms

are being seen between campaign awareness and changes in key targeted attitudes as well as intention not to smoke.

While youth and young adult smoking rates continue to decline and are at historic lows — the University of Michigan Monitoring the Future study puts the youth smoking rate at 5.4 percent, and the young adult rate is at 13.1 percent, according to the National Health Interview Survey — tobacco use still disproportionately affects many marginalized populations. This includes low-income communities, racial and ethnic minorities, LGBTQ individuals and those with mental illness. In 2017, **truth** called out the many ways that tobacco use is not only a public health issue, but a social justice issue as well.

78%
ad awareness of
truth among 15-24
year-olds

youth smoking rate at
5.4%

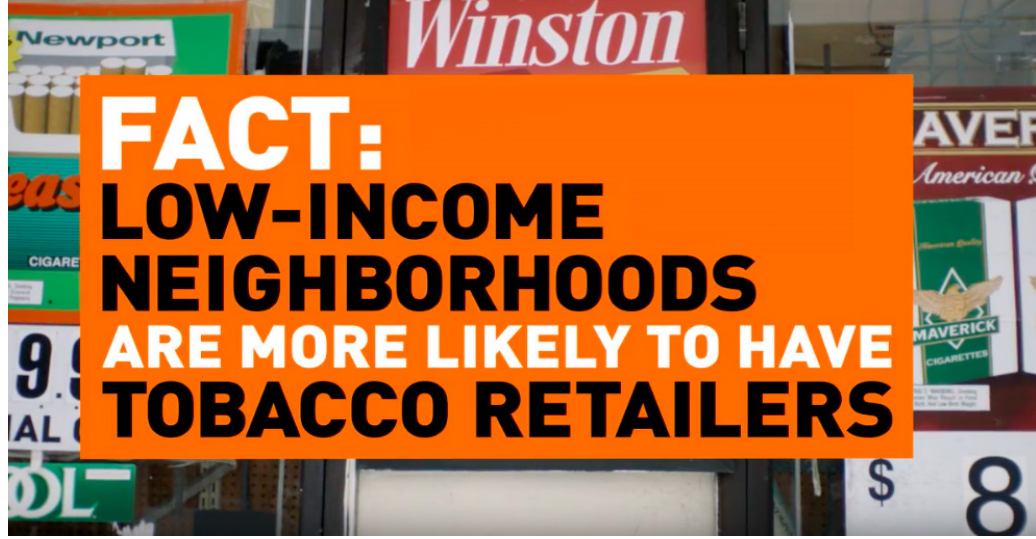


#3

on AdAge's viral video chart

45M

views in the first week of campaign launch



#STOPPROFILING

In February, **truth** debuted the [#STOPPROFILING campaign](#) to emphasize how the tobacco industry has used exploitative marketing tactics to deliberately single out communities that already face adversity and inequality.



The campaign, launched at the 2017 Grammy Awards, included two documentary-style videos featuring TV host and comedian Amanda Seales, 20 pieces of custom content across digital platforms and partnerships with Comedy Central and Adult Swim. **#STOPPROFILING** called out tobacco companies for their documented profiling practices, including the fact that, in cities like Washington, D.C., they advertise 10 times more often in black neighborhoods than in other neighborhoods.

In addition to 45 million views in the first week of its launch, **#STOPPROFILING** reached No. 3 on the AdAge viral video chart. It also received significant press coverage, including stories in Wall Street Journal Live, MarketWatch, Teen Vogue, Essence, Vibe and Mashable, to name a few. The coverage generated more than \$11.2 million in earned media.

TOBACCO USE IN LGBTQ COMMUNITIES

While the youth smoking rate is at a historic low, the LGBTQ community uses tobacco at much higher rates. In the summer of 2017, **truth** enlisted transgender rights activist Jazz Jennings — star of “I Am Jazz,” a reality show about her life as a young, transgender woman — to release a video highlighting how the LGBTQ community has been profiled by the tobacco industry. In the video, she shared that LGBTQ young adults are about twice as likely to smoke as their peers, due to a campaign by tobacco companies that included targeted advertising in LGBTQ press and community spaces.



“I AM JAZZ” [CC BY 2.0] by lwpkommunikacio

“BUSINESS OR EXPLOITATION?”

During the 2017 MTV Video Music Awards, **truth** debuted “Business or Exploitation?,” a campaign exposing the tobacco industry’s exploitation of individuals with mental health conditions and members of the military. Featuring rising hip-hop artist Logic, one of the two documentary-style videos aired immediately after his powerful performance and speech advocating support for mental health and suicide prevention.

“[Business or Exploitation?](#)” highlighted the military and mental health communities because of the long and documented history of exploitation by the tobacco industry. For example, the two videos exposed that people with mental health conditions and substance use disorders are estimated to account for 40 percent of cigarettes smoked in the U.S., and that 38 percent of military smokers start smoking after enlisting.

53M
views in the first week
of campaign launch

The “Business or Exploitation?” campaign was the subject of a Washington Post feature story and set a new **truth** record for most online video views in its first week at nearly 53 million, up almost 10 million from the previous campaign. Based on data from a Truth Initiative continuous media tracking study, more than 65 percent of the **truth** target audience reported that they want their generation to be known as the one that ends smoking.



of the **truth** target audience reports wanting their generation to be known for ending smoking





#WORTHMORE

more than
4M
social engagements

more than
2M
visits to thetruth.com

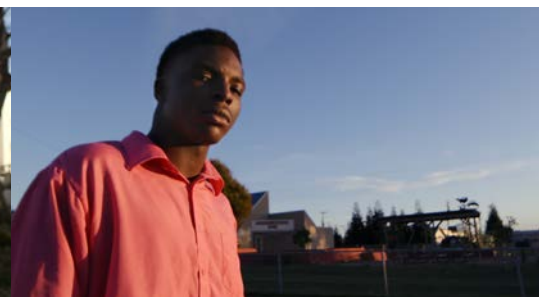
31M
views in 48 hours,
a new record

#WORTHMORE

truth again called attention to tobacco industry targeting with its [#WorthMore](#) campaign, with the help of Imagine Dragons lead vocalist Dan Reynolds and country star Jon Pardi. The campaign video, which debuted at the 2018 Grammy Awards, exposed the tobacco industry’s exploitation of low-income communities. The award-winning singers, along with young people from communities exploited by the tobacco industry, called out Big Tobacco for preying on the nation’s most vulnerable populations.

Video views outpaced all previous campaigns after 48 hours, with a total of 31 million views. The campaign also received more than 4 million engagements on social media and generated more than 2 million visits to thetruth.com as of mid-April 2018. [#WorthMore](#) received coverage from several music industry publications, including Billboard, CMT.com and Nash Country Daily. As part of the campaign, **truth** also partnered with MTV on an episode of [“Decoded.”](#)

Social justice efforts from Truth Initiative have garnered more than \$96.1 million in earned media coverage as of April 2018.



SOCIAL MOMENTS

In addition to ongoing **truth** activity, the campaign is responsive through social media to current events and cultural moments impacting the **truth** audience. Earth Day and the Met Gala are two memorable examples from 2017.

EARTH DAY: CIGARETTE BUTTS = CLINGY EXES

truth launched animated video and GIF content across Facebook, Instagram, Twitter and Snapchat to join the conversation on Earth Day. The focus was on cigarette butts, which are the most littered item on the planet. Cigarette butts have a significant negative impact on the environment — the toxic chemicals from littered cigarette butts leach into the environment and the filters are made from plastic, not cotton, as many smokers mistakenly believe. The content likened cigarette butts to a clingy ex — they follow you everywhere you go!

14.2 million views | 456,297 social media engagements

MET GALA: (NON)SMOKING SELFIES

Top celebrities including Bella Hadid, Dakota Johnson and Marc Jacobs made headlines when they posted Instagram and Snapchat selfies of themselves smoking in the bathroom at the 2017 Met Gala. In **truth** fashion, the campaign erased and replaced the cigarettes in the pictures with much safer alternatives, like a musical instrument and a plate of pasta. **truth** created a [video](#) of the new and improved photos and shared it across social platforms with a single, powerful fact: Big Tobacco spends more than 25 million dollars a day on advertising — so they don't need free ads from celebrities.

2.6 million views | 92,206 social media engagements



GAME TIME FOR TRUTH

In an ongoing effort to reach youth, **truth** partnered with video game publisher 2K Games on the 2017 release of its popular wrestling series, WWE 2K18, which contains no tobacco use. The partnership integrated the **truth** brand in key areas of the game's environment, such as arena signs, character outfits and branded achievements. **truth** gained 171 million brand impressions in the first three months of the game launch.

TRUTH ON THE GROUND

In addition to reaching teens through media and on digital platforms, **truth** engages with and educates youth and young adults on the ground. In 2017, **truth** participated in several tours and events and gave away a new batch of popular **truth** gear to get its message out and encourage young people to join the movement to end smoking.



For the 18th consecutive summer, **truth** participated in the annual Vans Warped Tour, an iconic, all-ages summer music festival that is the nation's largest of its kind. The signature orange **truth** truck, with a DJ booth and a dance floor, was present at more than 40 tour stops. **truth** tour riders provided an in-person "inoculation" via games, live music, contests and free merchandise branded with **truth** facts encouraging young people to join the movement and make tobacco a thing of the past.



For the third consecutive year, **truth** participated in the High School Nation tour. High School Nation works to keep music and arts programs in schools across the country by providing donations, equipment and facilities. On the 2017 tour of 60 cities, **truth** interacted with more than 200,000 students.

truth partnered with Cotopaxi, a socially conscious outdoor gear company, at its Questival adventure races. At each Questival stop, participants embarked on a 24-hour outdoor adventure race while also doing service in their local communities. During the events, **truth** armed participants with facts about tobacco use and invited attendees to visit the **truth** zone where they could compete in a series of mental and physical challenges to win **truth** merchandise, including a limited-edition Luzon Daypack designed by acclaimed artist Kevin Lyons.



truth also partnered with Epiphone to create a custom **truth** acoustic guitar to giveaway at the 2018 Grammy Awards gift lounge. Celebrities like Little Big Town, Luis Fonsi and Kesha either took guitars to use on tour, or signed them for donation to high school music programs in low-income communities. **truth** will donate more than 100 guitars, with deliveries already made in Tennessee and Kentucky.



SETTING THE RECORD STRAIGHT

Eleven years after a federal judge found that the tobacco industry violated civil racketeering laws, tobacco companies finally started running court-ordered TV and newspaper ads admitting that they manipulated cigarettes to make them more addictive and lied to the American public. Through a comprehensive marketing and earned media effort, **truth** leveraged the opportunity to call attention to the fact that tobacco companies are racketeers ordered to tell the truth about the deadly effects of smoking.

With infographics, videos, content partnerships, hashtags like #LiarLiar and GIF “bull****

detectors,” **truth** spread the word in its own voice to make sure the message reached younger audiences. The effort was amplified via stories in Vice, CNN, USA Today, Upworthy, AdAge, NBC, Healthline and the Associated Press, among others.





MAKING TRUTH INITIATIVE PROUD

While the true measure of success is the lives saved, Truth Initiative is exceedingly proud that it continues to be recognized for its creativity, effectiveness, stellar research and innovative campaigns with the following awards in 2017:

AMERICAN MARKETING ASSOCIATION

2017 Gold Effie for Disease Awareness and Education

2017 Gold Effie for Influencers

2017 Silver Effie for Youth Marketing

INTERNET ADVERTISING COMPETITION — BEST NONPROFIT RICH MEDIA ONLINE AD

REAL TIME ACADEMY SHORTY SOCIAL GOOD AWARDS HONORING THE BEST IN SOCIAL MEDIA

2017 Shorty Awards — Gold in Hashtag

2017 Shorty Awards — Silver in Call to Action

2017 Shorty Awards — Winner in Pets and Animals

DIGIDAY BEST ADVERTISER IN VIDEO

PUBLIC RELATIONS SOCIETY OF AMERICA

2017 Bronze Anvil Award in the category of Creative Tactic by Associations/Government/Nonprofit Organizations

Silver Anvil Award in the category of Public Service Nonprofit Organizations

THE COMMUNICATOR AWARDS

Award of Excellence (Integrated Campaign) in the category of Campaign-Nonprofit Organizations

Award of Distinction (Integrated Campaign) in the category of Campaign-Cause Marketing

NATIONAL CAPITAL CHAPTER THOTH AWARD IN THE CATEGORY OF INTEGRATED COMMUNICATIONS: ASSOCIATIONS/NONPROFIT ORGANIZATIONS

truth is also on a roll in 2018, and has so far brought in many significant honors, including:

Digiday Best Advertiser in Video with #STOPPROFILING

2018 Effie winner for Sustained Success for “Be the Generation that Ends Smoking #FinishIT” (Gold, Silver or Bronze announced May 31, 2018)

2018 Effie winner for Disease Awareness & Education: Advocacy for #STOPPROFILING (Gold, Silver or Bronze announced May 31, 2018)

The Communications Network inaugural Clarence B. Jones Impact Award for “Be the Generation that Ends Smoking #FinishIT” (Winners embargoed until June 2018; award accepted October 2018)

2018 Gold ARF David Ogilvy Award for Unexpected Targeting and Segmentation for #STOPPROFILING

Fast Company 2018 World Changing Ideas Awards finalist in Advertising for #STOPPROFILING

2018 Shorty Awards — Best multi-platform partnership with Applying Logic

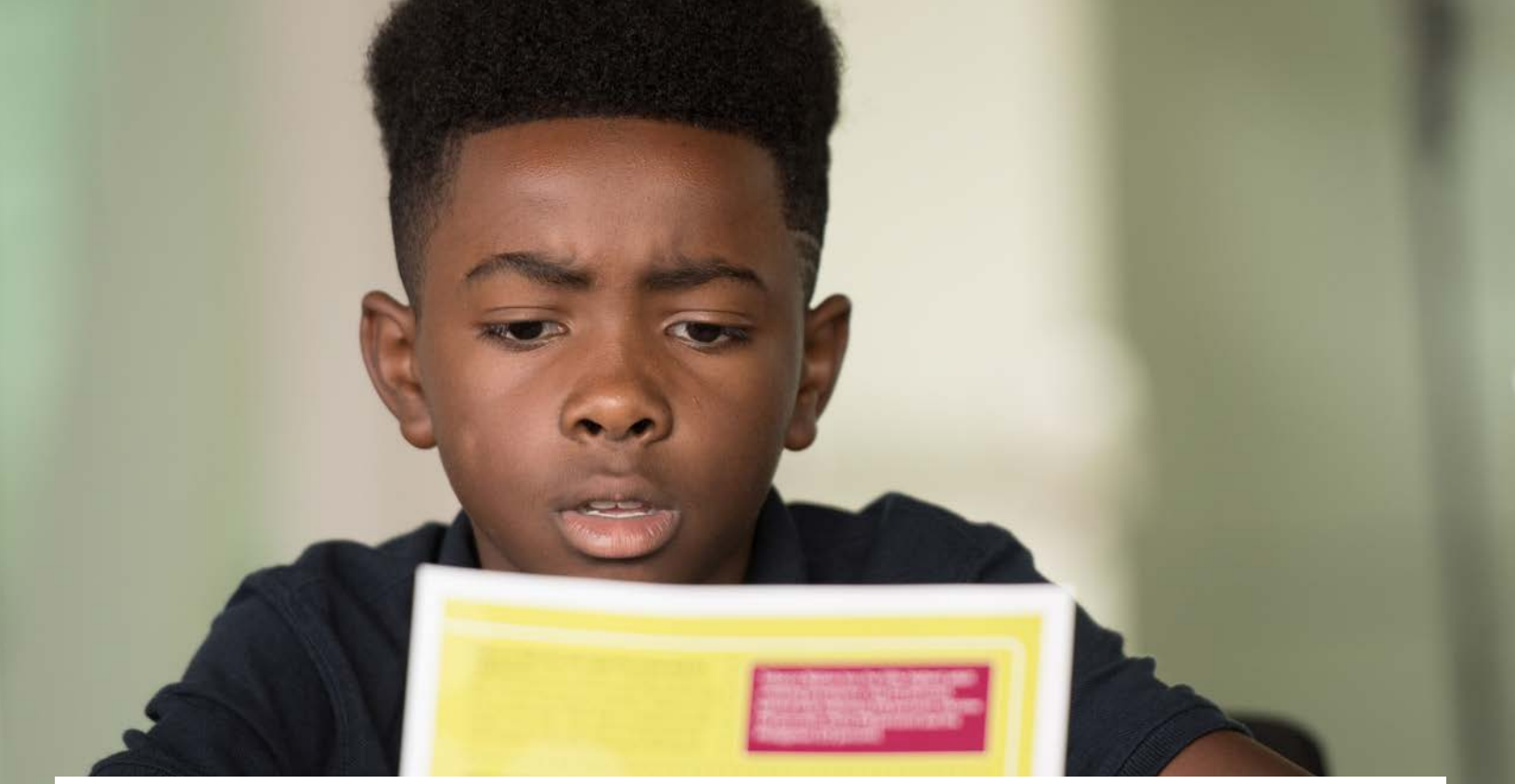
2018 North America SABRE Awards finalist for Marketing to Youth (winners announced May 1, 2018)

Silver Anvil finalist in Public Service for #STOPPROFILING

HALO Engage for Good finalist for Truth Initiative and CVS Health Foundation for Tobacco-Free Campuses

Internet Advertising Competition winner for **truth** and Adult Swim for Best Advocacy Integrated Ad Campaign





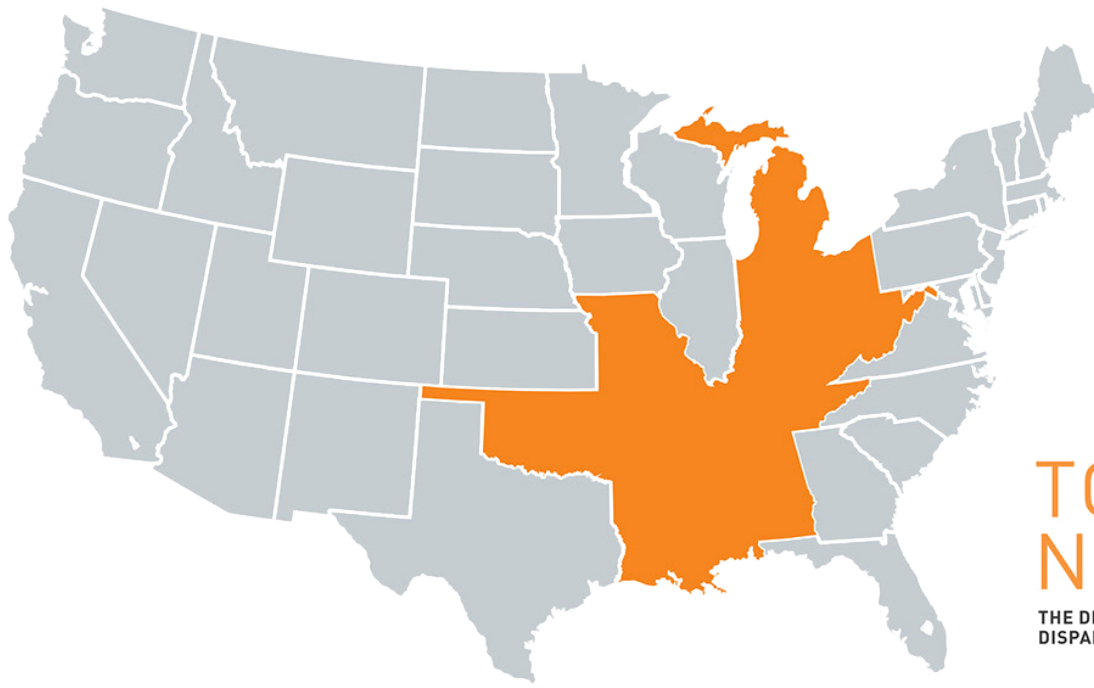
RESEARCH AND POLICY

Truth Initiative uses rigorous science to find ways to minimize the harms of tobacco use, measure effectiveness of its programs and identify best practices for tobacco control.

Since its inception, Truth Initiative has pursued these aims with extensive research focused on two main areas: tobacco control research and the impact of its program activity. In 2017, Truth Initiative bolstered its research capacity by combining its original research and program evaluative efforts into one expertise center, the Truth Initiative Schroeder Institute, which collaboratively conducts research that contributes to the organization's mission, core programs and policy priorities.



3
states passed
Tobacco 21 laws
in 2017



TOBACCO NATION

THE DEADLY STATE OF SMOKING DISPARITY IN THE U.S.

TRUTH IN RESEARCH

TOBACCO NATION

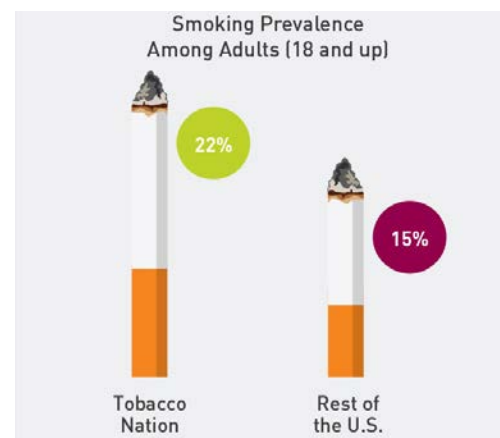
Truth Initiative coined the term “Tobacco Nation” to represent the 12 contiguous states that have the highest smoking prevalence in the U.S.

Three states (New Jersey, Maine and Oregon) joined California and Hawaii in passing Tobacco 21 laws in 2017.

Smoking in the U.S. has dramatically declined in the last two decades, particularly among young people. In 2000, 23 percent of teens smoked cigarettes. By 2017, that number fell to just 5.4 percent. While there is much to celebrate, these advances are not shared everywhere in America.

A collection of 12 contiguous states stretching from the upper Midwest to the South undermines this national achievement. The Truth Initiative report, “[Tobacco Nation](#),” is named after this area and found that here, smoking prevalence exceeds not only the national average, but also that of many of the most tobacco-dependent countries in the world. The report shows what leads to higher smoking rates in these states, including industry influence and fewer laws in place to discourage smoking, such as excise taxes on cigarettes, smoke-free policies and Tobacco 21 laws.

Bloomberg News, which announced the report, noted that Tobacco Nation makes up 20 percent of the U.S. population. The story also highlighted how these high regional smoking rates have real consequences: “Tobacco-related conditions including lung and other cancers, heart disease and chronic lower respiratory ailments are more prevalent in those states.”



SMOKING IN STREAMING

The Truth Initiative report, [“While You Were Streaming: Tobacco Use Sees a Renormalization in On-Demand Digital Content, Diluting Progress in Broadcast & Theaters,”](#) reveals that 79 percent of the shows most popular with young people aged 15-24 depict smoking prominently. Tobacco use in online streaming content is pervasive, rising and more prominent than in broadcast and cable programming. The findings present an opportunity for streaming content providers to heed the lessons learned from the motion picture industry.

Well-documented movie research shows that youth and young adults with high exposure to tobacco imagery are twice as likely to begin smoking as those with less. USA Today broke the news of the report with a front-page story, “Where There’s Streaming, There’s Smoke,” to raise awareness of the issue and help create change. The report received extensive coverage across broadcast, digital and print media, including in The Washington Post, Marketwatch, Chicago Tribune, Daily Mail, The Guardian, Yahoo!, Refinery29, Complex, TheFix.com and Variety.

In total, “While You Were Streaming” was picked up by more than 500 news organizations.

THE JUUL JUGGERNAUT

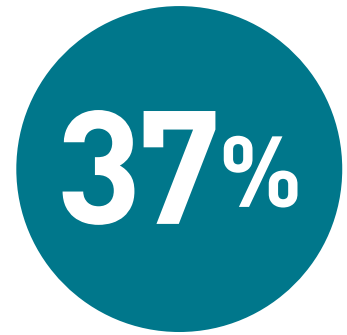
More than 11 percent of youth use e-cigarettes. JUUL, a new type of e-cigarette, has become so popular among young people that it has captured more than half of the e-cigarette market share in just two years. JUUL’s emergence into the e-cigarette market has been so rapid that national surveillance systems have yet to ask specifically about its use.

A [study](#) by the Truth Initiative Schroeder Institute found that 63 percent of youth and young adults using JUUL did not know that this product always contains nicotine. The amount of nicotine in one JUUL pod is equal to a pack of cigarettes, according to the company’s own website.

Promoted as a “satisfying alternative to cigarettes,” JUUL is putting a new generation of youth at risk of nicotine dependence and future cigarette use. Truth Initiative has been a thought leader on this issue and has been quoted in media outlets including CNBC, HealthDay, MedPage Today and MarketWatch, among many others.



of the shows most popular with young people aged 15-24 depict smoking



of new youth smoking initiation in the U.S. can be attributed to exposure to smoking imagery in movies



TRUTH, A CONVENER

In 2017, the Kenneth E. Warner Series brought together public health experts to discuss the findings in the Truth Initiative Tobacco Nation report. Reporter William Van from The Washington Post moderated the panel, which included experts from the Centers for Disease Control and Prevention Office on Smoking and Health, the University of Chicago Walsh Center for Rural Health Analysis, the Oklahoma Tobacco Settlement Endowment Trust and the Harvard University School of Public Health. Panelists discussed regional cultures of tobacco use, unique challenges of reducing tobacco use in rural areas and industry actions and policies that contribute to higher smoking rates.

The series also included a “Perspectives on Tobacco as a Social Justice Issue” panel discussion with experts from West Virginia University, the NAACP, CVS Health Foundation, Rutgers University-Robert Wood Johnson Medical School and the Human Rights Campaign. The panel was moderated by USA Today health care policy reporter Jayne O’Donnell, who is also a co-founder of the Urban Health Media Project. The panelists discussed a variety of solutions for tackling disparities in tobacco use, including: banning menthol, prohibiting tobacco sales in pharmacies, implementing smoke-free policies on college campuses and at mental and behavioral health treatment centers, and tailoring prevention and quitting messages to certain populations.





TRUTH LEADERS



Researchers and policy staff at Truth Initiative presented their work at a variety of forums in 2017, including the Society for Research on Nicotine and Tobacco annual meeting and the National Conference on Tobacco or Health.

Donna Vallone, chief research officer at the Truth Initiative Schroeder Institute, served as an editor for the National Cancer Institute report on tobacco-related health disparities, “Monograph 22: A Socioecological Approach to Addressing Tobacco-Related Health Disparities.” The report found that certain populations, including racial and ethnic minorities, low-income individuals, the LGBT community, those with mental health conditions and members of the military, are disproportionately affected by tobacco use. It also assessed existing research on race- and income-based disparities, provided guidance for future study and helped direct the implementation of promising strategies to reduce these disparities.

Top truths of 2017

Truth Initiative helped expand knowledge in the public health field this year by publishing more than 30 articles in academic journals, including Tobacco Control, the Journal of Health Communication and the New England Journal of Medicine. Peer-reviewed studies covered topics including the harm of e-cigarettes and vaporized tobacco delivery, preferences for menthol cigarettes, alternative smoking products like hookah and the unique smoking practices of youth versus adults.



80%

of youth tobacco users aged 12-17 use flavored tobacco²



73%

of young adult smokers aged 18-24 use flavored tobacco²

32%

of youth and young adults believe hookah is less harmful than cigarettes¹



1 in 3 mobile advertisements for e-cigarettes describe the product as "cool" or "high-tech," suggesting the ads are aimed at youth⁴



47%

of cigar smokers prefer to smoke flavored tobacco products⁵

71¢ Tax hikes of 71 cents to \$4.63 per cigarette pack would yield 8-46% reductions in cigarette consumption³

2X

as many little cigar and cigarillo smokers preferred flavored tobacco products compared with traditional cigar smokers⁵



TRUTH RESOURCE CENTER

Truth Initiative produces resources and fact sheets on a variety of tobacco control topics to offer the most up-to-date information to public health practitioners, policymakers, media and the general public. In 2017, Truth Initiative expanded its library of resources to include several new topics.

FLAVORS

Today, tobacco products come in an array of candy, fruit, dessert and cocktail flavors, such as sour apple, cherry, grape, chocolate, strawberry margarita, appletini, piña colada, cotton candy and cinnamon roll. These flavors play a big role in drawing youth to tobacco. Flavored tobacco products typically have bright, colorful packages and are often sold individually and cheaply, making them even more appealing. Research on national use patterns, perceptions, marketing and existing policies makes clear that the U.S. needs a ban on flavored tobacco products to protect public health, and [the Truth Initiative fact sheet on flavors](#) summarizes its key findings to support this cause.

LOCAL MENTHOL POLICIES

Truth Initiative produced a report that took a close look at 13 cities that recently passed or considered measures to ban flavored tobacco products. The report, “Menthol and flavor policies: Lessons from the field,” includes viewpoints from officials across the country on what it takes to pass menthol bans and flavored tobacco product restrictions at the local level.

TOBACCO TACTICS AT THE POINT OF SALE

Truth Initiative investigated retail strategies that tobacco companies use to boost sales, including using displays, shelving, in-store advertisements, discounts and coupons, among others. The report detailed not only industry marketing methods, but also how localities are fighting back by controlling tobacco retailer density, prohibiting tobacco sales near schools and banning tobacco sales in pharmacies.





POLICY PROGRESS AND CHALLENGES

The policy team at Truth Initiative works with government leaders to promote evidence-based solutions, with a focus on four policy priorities: tobacco in communities, tobacco in pop culture, flavors and menthol and harm reduction.

The federal and local tobacco control landscape experienced several shifts in 2017, underscoring the importance of Truth Initiative's ongoing policy work.

HARM REDUCTION

Nicotine regulation

The Food and Drug Administration shared its new comprehensive plan to address tobacco addiction, most notably by seeking to lower nicotine levels in combustible cigarettes. It also recommended delaying regulation of all nicotine-containing products by four to five years, depending on the product. Truth Initiative welcomed the announcement for plans to lower nicotine levels in cigarettes, but pushed the FDA to regulate all tobacco products, including e-cigarettes, in a more timely manner. Truth Initiative met with FDA Commissioner Scott Gottlieb, as well as staff from the White House Office of Management and Budget, to convey these views.

Heat-not-burn tobacco products

Philip Morris International applied to the FDA to sell IQOS — a new heat-not-burn tobacco product — in the U.S. and market it as less harmful than cigarettes. Truth Initiative submitted comments on the application and expressed concern that the product does not

help many smokers switch completely from cigarettes to IQOS. It also encourages dual use and could provide an unintentional boost to Marlboro products, as it would be sold under the Marlboro product name. Truth Initiative demanded that the FDA require Philip Morris to share what it knows about youth uptake and appeal of the product and provide more data on the impact of having a menthol version of it. The FDA's Tobacco Policy Scientific Advisory Committee voted unanimously in January 2018 to reject the company's application to market IQOS as a modified risk tobacco product. The FDA has yet to issue a rule on the matter, but generally follows the advice of the committee.



FLAVORS AND MENTHOL

Flavor and cigar regulation

The FDA indicated that it would solicit further information on flavored tobacco products, as well as information to guide its regulation decisions on premium cigars. Truth Initiative met with the FDA and OMB and emphasized that the science is already conclusive and that there is no need for further information. Removing menthol and other flavors from tobacco products would benefit public health (with a narrow exception for proven-less-harmful products that help adult smokers quit and do not attract youth). Because of their harmfulness to health, premium cigars should not be exempted from a minimal level of FDA regulation. The FDA published its requests for information on these topics in March 2018. Truth Initiative is preparing thorough responses and encouraging the FDA to continue regulating all cigars and moving forward with product standards to remove flavors, including menthol, from tobacco products.

Menthol bans

As of May 2018, at least 137 localities have passed some kind of menthol or flavor ban, and at least two communities updated their flavored tobacco policies to include menthol in 2017. This remains a primary policy goal at Truth Initiative, which continues to support these efforts by providing research and education on the impact menthol has on communities and the nation as a whole. These efforts are especially important as the tobacco industry invests heavy resources in defeating these measures, including securing a June ballot measure to try to overturn new restrictions on flavored tobacco products in San Francisco, California.



TOBACCO IN COMMUNITIES

Tobacco 21 laws

Three states — New Jersey, Maine and Oregon — passed Tobacco 21 laws, raising the legal age to purchase tobacco from 18 to 21. These states joined Hawaii and California, as well as 250 localities,

that already have similar measures in place. Truth Initiative issued a policy statement supporting these policies, emphasizing that most smokers start smoking before age 18 and nearly all smokers start smoking before age 26.

Tax increases

Several states passed or implemented tobacco tax increases, including New York City, which raised the minimum price of a pack of cigarettes to be the highest in the country and passed a package of other measures, including restricting retailer density and expanding smoke-free spaces. California and Oklahoma both raised taxes on cigarettes by more than \$1 per pack, and Connecticut, Delaware, Kentucky and Rhode Island all passed smaller tobacco tax increases.

EVALUATING IMPACT

Ongoing efforts to measure the impact of the organization's work reached a major milestone in 2017. The Truth Initiative Schroeder Institute published new [research](#) in the International Journal of Environmental Research and Public Health detailing how **truth** prevented more than 300,000 U.S. youth and young adults from becoming smokers in one year between 2015-16. The research linked positive sentiment toward the **truth** brand among young people to higher recall of anti-smoking messages and to favorable behavior outcomes: 15- to 21-year-olds who feel more favorably toward the **truth** brand are less likely to be smokers, and those who smoke are more than twice as likely to report intentions to quit in the next year. Since 2000, **truth** has prevented more than 1 million youth and young adults from smoking.

truth prevented more than
300,000
U.S. youth and young adults
from becoming smokers
in one year between 2015-16





COMMUNITY AND YOUTH ENGAGEMENT

The Truth Initiative Community and Youth Engagement program empowers individuals, coalitions and organizations to take action in their communities. It inspires and develops the next generation of tobacco control leaders, especially in communities of color and among low-income populations where tobacco use is significantly higher. Truth Initiative's community partners and emerging leaders give everyone in the U.S. a chance for a tobacco-free life.



**schools have adopted
100 percent smoke- or
tobacco-free policies**



TOBACCO-FREE COLLEGES

The Truth Initiative Tobacco-Free College Program continued in 2017. To date, the organization has awarded grants to 135 colleges, with 80 schools adopting 100 percent smoke- or tobacco-free policies — impacting nearly 730,000 students, faculty and staff members. Another 55 schools in the program are in the process of adopting policies.

Tobacco prevention efforts on college campuses are critical because 99 percent of smokers start smoking before age 26. The Tobacco-Free College Program helps prevent young adults from starting to use tobacco, helps tobacco users quit and reduces exposure to secondhand smoke. It does this through webinars, learning communities, in-person trainings and one-on-one consultations throughout the grant period. Supported in part by the CVS Health Foundation, the program focuses on minority-serving academic institutions and community colleges, given the increased risk for tobacco use among these populations. Truth Initiative expanded the program in 2018 to include women's colleges.

Public support for smoke- and tobacco-free campus policies remains strong: 3 in 4 Americans and 8 in 10 current U.S. college students support policies that prohibit smoking and other tobacco use on college campuses. Fifty-seven percent of U.S. college students say a tobacco-free campus is important to them when considering applying to or attending a college.

135

colleges received grants from the Truth Initiative Tobacco-Free College Program

730,000

students, faculty and staff benefit from these policies



MAKING TOBACCO-FREE CAMPUSES A REALITY

Truth Initiative works closely with its grantees to spread awareness about tobacco-related issues. One issue Truth Initiative addresses is the danger of flavored tobacco. Many tobacco products, such as cigars, hookah and e-cigarettes, come in a variety of flavors, and more than four out of five young adults aged 18-24 who have ever used tobacco report that their first product was flavored.

Recognizing the importance of getting flavored tobacco products, including menthol, off the market, four colleges and universities — Jackson State University, Prairie View A&M University, Northwest Florida State College and North Carolina A&T State University — participated in the **truth** Finish Flavors Tour. The tour raised awareness about the impact of flavored tobacco products and the marketing tactics tobacco companies use to attract young smokers to these products. More than 4,000 students had the opportunity to learn about tobacco issues and sign a petition to get menthol and other flavored tobacco products off the market.

Truth Initiative helped five other grantee campuses — Benedict College, Pitt Community College, Florida Memorial University, Cheyney University and Tougaloo College — celebrate going 100 percent smoke- or tobacco-free with a **truth** x arts college mural contest. The schools won up to \$1,000 for materials to create campus artwork that showcased the importance of their new policies.

57%

of U.S. college students say a tobacco-free campus is important to them when applying

73%

of Americans support policies that prohibit smoking and other tobacco use on college campuses

78%

of U.S. college students support policies that prohibit smoking and other tobacco use on college campuses



PARTNERING FOR TRUTH

In 2017, Truth Initiative expanded its partnership portfolio to include several new groups that have joined the fight to create a tobacco-free generation.

HUMAN RIGHTS CAMPAIGN FOUNDATION

The Truth Initiative partnership with the Human Rights Campaign Foundation seeks to address LGBTQ youth tobacco prevention and quitting. The HRC Foundation envisions a world where LGBTQ people are ensured equality and embraced as full members of society at home, at work and in every community.

HRC research findings show that LGBTQ individuals smoke at rates ranging from 35 to almost 200 percent higher than the general population. Truth Initiative and the HRC Foundation are working to raise awareness of smoking prevalence among LGBTQ youth, better understand why LGBTQ youth start smoking and develop new messaging and educational resources about smoking prevalence and quitting. As part of the collaboration, the HRC

Foundation launched a comprehensive survey, in partnership with the University of Connecticut, to 8,000 LGBTQ youth aged 13-17. The survey data sheds light on the frequency, duration and initiation of smoking among LGBTQ youth and will be used to inform educational sessions to reach LGBTQ youth-serving professionals and youth leaders.

NAACP

For decades, the NAACP has been a leader in the fight for social justice in the U.S. In 2016, the NAACP board of directors unanimously passed a resolution supporting efforts at the state and local level to restrict the sale of menthol cigarettes and other flavored tobacco products.

The Truth Initiative partnership with the NAACP includes working with seven college chapters — one chapter from each NAACP region — to develop a grassroots menthol counter-marketing campaign to recruit 10,000 youth and young adults to become **truth** activists. Truth Initiative is also working with the NAACP to promote tobacco prevention and menthol awareness on its website, in its publications and at regional and national conventions.



GIRL SCOUTS OF NATION'S CAPITAL

In 2017, Truth Initiative expanded its proprietary education program, **truthED**, in a partnership with the Girl Scouts to create Earth Defender Academy, a program and curriculum that empowers girls to defend the planet while learning about the environmental impact of tobacco. When girls complete the program, they will receive the Earth Defender's Girl Scout patch, which includes **truth** branding. The program is debuting in the Girl Scouts of Nation's Capital in 2018, reaching its constituency of up to 60,000 girls in Washington, D.C., as well as neighboring counties in Maryland, Virginia and West Virginia.





YOUTH FOR TRUTH

Youth are at the center of Truth Initiative activism efforts. Truth Initiative trains young people who are committed to ending tobacco use and spreading the word in their own communities through personal stories and by sharing them in their networks. In 2017, Truth Initiative training programs and activism efforts continued to mobilize young people to make a difference.

2017 NATIONAL SUMMIT ON YOUTH ACTIVISM

Truth Initiative held its largest National Summit on Youth Activism in Washington, D.C., in July with 150 high school students from 21 states across the country. It included four days of learning about effective activism strategies, approaches to community engagement, traditional and new media outreach and organizing through the lens of social justice. It also included a special focus on the impact of menthol tobacco products on youth. Participants left with a commitment to engage and train at least 100 youth in their respective communities in the next year.



2017-18 YOUTH ACTIVISM FELLOWSHIP

The Truth Initiative Youth Activism Fellowship is an intensive, year-long leadership development program. Fellows engage in interactive, skill-building trainings that focus on tobacco and social justice, community organizing and effective communication. These trainings equip youth leaders with the knowledge, tools and resources needed to design and implement effective tobacco prevention campaigns in priority communities.

The 2017-18 fellowship class included 28 youth activists. This year, the program focused on geographic regions that are disproportionately impacted by tobacco, with the goal of developing tobacco prevention campaigns in five priority cities — Atlanta, Georgia; Cleveland, Ohio; Indianapolis, Indiana; Nashville, Tennessee; and St. Louis, Missouri — by the end of the fellowship.

YOUTH VS. TOBACCO IN PHARMACIES

Retail tobacco marketing is linked with impulse purchases, an increased likelihood of young people starting to smoke and decreased success for people attempting to quit.

In the past year, Truth Initiative has pushed to end tobacco sales across the more than 53,000 pharmacies that stocked tobacco products in 2016, including the nation's second largest pharmacy chain, Walgreens.

Several high-profile activism efforts, including a rally outside of the 2017 Walgreens shareholders meeting in New York City, aimed to put pressure on pharmacies. Walgreens executives blocked a shareholder vote on whether to conduct a study on the consequences of continuing to sell tobacco, and youth activists rallied for the board of directors to reverse this decision.

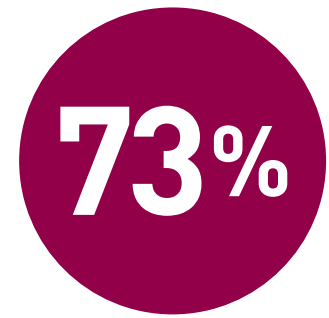
Truth Initiative also called for Walgreens to protect its customers and stop selling tobacco by staging a zombie-themed protest called “Not Happy or Healthy” — a play on the company's long-used tagline, “at the corner of happy and healthy.” Youth activists dressed like zombies and demonstrated at a Walgreens in downtown Washington, D.C., to symbolize the deadly health effects of tobacco products and why tobacco and pharmacies don't mix. The event received news coverage and young people across the country joined in by signing an online petition urging Walgreens to ban tobacco, as well as posting photos of themselves on social media with a **truth** zombie filter.



53,566

pharmacies in 2016 stocked
tobacco products

Truth Initiative also attended the 2018 Walgreens shareholders meeting in Scottsdale, Arizona, where three youth activists continued to urge the pharmacy chain to ban tobacco. The activists shared the results of a Truth Initiative survey that showed that nearly three-quarters — 73 percent — of Walgreens shoppers say the pharmacy chain should ban the sale of tobacco products.



of Walgreens shoppers say that it should ban the sale of tobacco products



YOUNG CHANGEMAKERS

In 2017, youth activists across the country put the skills they learned from Truth Initiative training programs to work in creative ways.



SMOKE-FREE HOUSING

Up to 400 student residents per semester of a cooperative at the University of California, Berkeley, will benefit from living in smoke-free communities thanks to Katelynd Todd, a former Truth Initiative youth activism fellow and a youth liaison for the Truth Initiative board of directors.

Todd researched how to pass a smoke-free policy in her student housing complex. She held educational trainings on secondhand smoke with all residents in her complex and wrote a policy that bans smoking in housing units and shared areas. The policy passed unanimously. Todd also passed her tobacco-free policy at a neighboring apartment complex also part of the Berkeley Student Cooperative.

“I’ve realized that you can make policies and set up environments that can help people make better health decisions for themselves,” Todd said. “It doesn’t matter how small your idea is or the lack of experience that you have — no idea is too small to pursue.”

DOCUMENTARY DIALOGUE

Lincoln Mondy, a former Truth Initiative youth activism fellow, screened his documentary “Black Lives / Black Lungs” at venues and college campuses from California to Washington, D.C. The documentary, which explores the history, marketing tactics and impact of the tobacco industry targeting African-Americans with menthol tobacco products, has been viewed online more than 3,000 times.

The documentary features interviews with African-American activists and experts and shows how menthol cigarettes, which are easier to smoke and harder to quit, have been strategically marketed to appeal to the African-American community for decades. Outlets including HuffPost, Colorlines, Newsy and Blavity all published stories on it.

“After the film, I want people to be motivated, I want them to be angry, I want them to go out and do something, I want them to tell their friends,” Mondy said. “That kind of spiral effect, I think, will start the drumbeat of what needs to happen in this country in framing tobacco control as a social justice issue.”





INNOVATIONS

Technology can have a profound impact on behavior, with the power to help people make healthier, potentially lifesaving choices. Guided by this evidence, the Innovations center at Truth Initiative designs, builds and deploys digital, social, web and mobile applications to support smokers who want to end their tobacco addiction. Not only do these innovative products save lives, they also generate revenue to fund the organization's mission-driven programs. In 2017, Truth Initiative helped thousands of people on their journeys toward a tobacco-free life.

THE EX PROGRAM

Truth Initiative rolled out its digital/social enterprise level product, the EX Program, to its first clients in 2017. The innovative quit-smoking digital solution, developed in collaboration with Mayo Clinic, is designed for employers, health systems and health plans to offer to their employees and members.

As part of the fully digital EX Program, participants receive digital coaching and medication support from tobacco treatment specialists at Truth Initiative and the Mayo Clinic Nicotine Dependence Center. They also receive proven-effective quitting tools and access to an online community of thousands of current and former smokers. Through a secure platform, users can access

and schedule on-demand live chats with tobacco treatment specialists. Nicotine replacement therapy, including patches, gum and lozenges, can be shipped directly to users, if needed. Employers and health plans receive frequent reports on employee engagement and outcomes, along with guidance on promoting the program and setting workplace tobacco policy. The EX Program also helps employers meet requirements for wellness programs under the Affordable Care Act and supports employee incentive programs that help motivate smokers to attempt to quit.

ex program

LOG IN CONTACT US

THE PROGRAM | COST OF SMOKING | PRICING | RESOURCES | ABOUT US

Helping tobacco users quit. For good.

A digital tobacco cessation program developed by Truth Initiative® in collaboration with Mayo Clinic.

truth initiative

What Makes Us Different:
a Benefits Program for Today's Tobacco User

MAYO CLINIC

Helped more than
800,000
smokers toward a tobacco-free life

The EX program expands on BecomeAnEX.org, the highly successful consumer platform that launched in 2008 and has helped guide more than 800,000 smokers toward a tobacco-free life. BecomeAnEX has been proven effective, and research shows that following the EX Plan quadruples a smoker's chance of quitting.

The EX Program ended 2017 with eight clients that span a range of industry types and include more than 50,000 employees and members and their adult dependents. Each client reported high satisfaction ratings on their experience launching and promoting the EX Program. The program's first client was CHI Mercy Health Facility in Roseburg, Oregon. CHI Mercy Health is part of Catholic Health Initiatives, the nation's second-largest nonprofit, faith-based health system that provides health care services in 19 states and 102 hospitals.

SUPPORTING HIDDEN HEROES: VETERANS AND THEIR CAREGIVERS



“The military community is hit from every single side by the tobacco industry,” said Steve Schwab, executive director of the Elizabeth Dole Foundation, where he leads the Hidden Heroes initiative that supports caregivers of military veterans and seeks solutions for their long-term needs. “We’ve seen rampant tobacco use and we’ve had caregivers tell us that they need help to quit.”

Military members are disproportionately impacted by tobacco use and have a long history of being targeted by the tobacco industry. In 2011, nearly a quarter — 24 percent — of active duty military personnel reported smoking cigarettes, compared with 19 percent of civilians. The rate is even higher for service members with combat experience. While the exact prevalence of smoking among military caregivers is unknown, research shows that 28 percent of post-9/11 military caregivers report that they are extremely challenged by their own physical health, mental health or general well-being.



**of post-9/11 military caregivers
are challenged by their own
physical health, mental health
or general well-being**

To address this problem, Truth Initiative partnered with Hidden Heroes to offer caregivers access to the EX Program. In 2017, the organization successfully piloted the EX Program with a small group of caregivers, received positive user reviews and subsequently rolled out the program to its full network of caregivers nationwide.

“These folks, a lot of them, are alone and feel like they are the only person in the world facing the challenges they have,” Schwab said. “By partnering with leaders like Truth Initiative and Mayo Clinic on a digital quit-smoking program, we’re able to give military caregivers the resources they need to develop a quit plan and improve their health and the health of their veteran. It’s a win-win.”



50,000+

people are supported by the EX Program to quit tobacco

800,000+

smokers quit through BecomeAnEX

BECOMEANEX

BecomeAnEX turned 9 years old in 2017, and Truth Initiative celebrated with an updated and optimized version of the platform, including on mobile.

Truth Initiative introduced a modernized community platform and a new look and feel for the website, and was selected by Jive, a software and consulting company, as a Top 25 Digital Transformation Award winner. Each year, Jive recognizes 25 organizations that demonstrate groundbreaking leadership and innovation by harnessing the power of technology to create engaging environments for employees, customers and partners.

BECOMING AN EX, MEASURING IMPACT

In 2017, Truth Initiative launched two BecomeAnEX studies with outside academic partners and advanced the science around development, delivery and evaluation of digital quit-smoking programs through several peer-reviewed publications and presentations at state, national and international conferences.

Active participation in the EX Community was significantly associated with successfully quitting. Researchers from Truth Initiative, the University of Iowa and Brown University published a study in the journal PLoS One that investigated outcomes among 2,657 smokers who registered on BecomeAnEX. After three months, 21 percent of those who actively contributed content to the EX Community quit smoking, compared with 11 percent who only

2.5M

cigarettes thrown into
a virtual “bonfire” on
BecomeAnEX

read others' posts and 8 percent who never visited the site after initially registering. The study received strong media coverage, including articles in HealthDay and U.S. News & World Report.

Participation in the EX Community, when combined with the use of nicotine replacement products, worked best to promote quitting, according to a Truth Initiative study published in the Annals of Behavioral Medicine. This was especially true when the subject proactively chose both methods, rather than being nudged by the study team. Three months after joining BecomeAnEX, 32.2 percent of participants who decided to use quitting medications and participate in the online community on their own had quit. These results underscore the importance of user choice as a key component of tobacco dependence treatment.

more than
50%

of smokers try
to quit every year

44%

of smokers say they would
be more likely to quit if
assisted by their workplace

7%

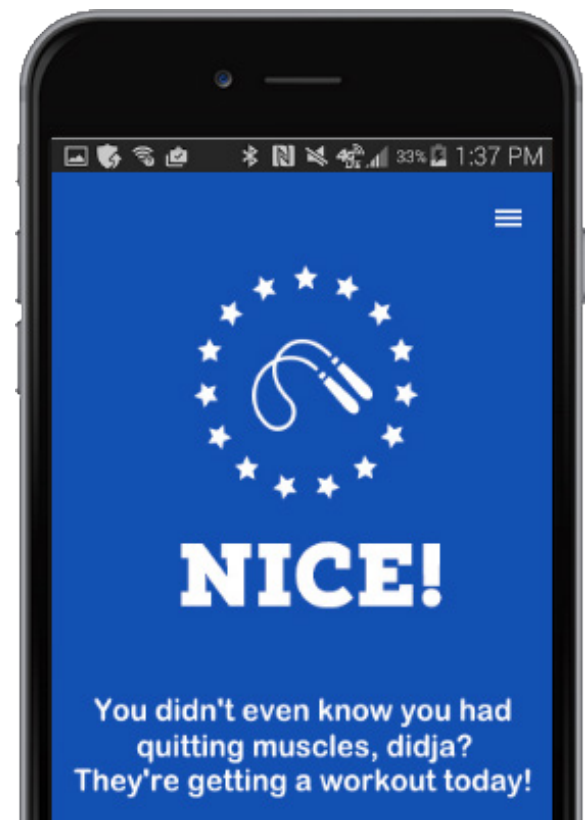
of smokers who try to quit
every year are successful

\$6,000

additional cost of a
smoker to an employer

THIS IS QUITTING

This is Quitting, a Truth Initiative mobile app and companion text messaging program, expanded in 2017 to more college campuses and regions around the country. Truth Initiative launched a customized version of TIQ in Colorado, where it has an agreement with the state's Department of Public Health and Education to bring this intervention to young smokers and grantees of the Truth Initiative Tobacco-Free College Program. Truth Initiative also partnered with a tribal health care organization in rural Alaska to bring the TIQ text messaging program to more than 50 rural communities with high smoking rates.



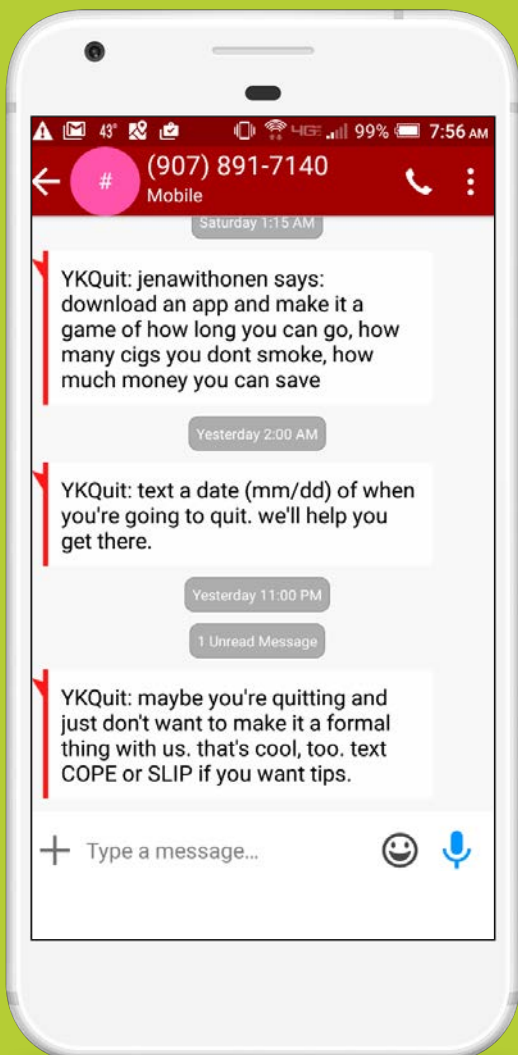
QUITTING TOBACCO IN RURAL ALASKA

Commercial tobacco use has long been part of communities in the Yukon-Kuskokwim Delta, a remote region in southwest Alaska comprised of more than 80 percent Alaska Natives. In a study from 2007, 63 percent of 15- to 18-year-olds in this region reported being current smokers or smokeless tobacco users.

These high tobacco use rates spurred Truth Initiative to reach out to the region's tribal health care organization, Yukon-Kuskokwim Health Corporation, to help local young people quit. With the help of a grant aimed at tobacco prevention from the state of Alaska, YKHC partnered with Truth Initiative to create a customized version of TIQ to counter specific, different cultural norms surrounding tobacco and to foster a sense of community among Alaska Native youth who want to quit.

The YKHC version of the program features tailored text messages from young people in the community and addresses forms of tobacco commonly used in the region, including iqmik, a homemade mix of tobacco and fungus ash that is unique to the Yukon-Kuskokwim Delta region.

TIQ is an especially good fit for the Yukon-Kuskokwim Delta, given that it is a geographically isolated area of more than 50 rural communities that are not connected by a road system. There is limited internet connectivity, yet wide cell phone use, allowing TIQ to uniquely support young people in their journey to quit tobacco through text message exchange.



FINANCIALS AND BOARD OF DIRECTORS

TRUTH INITIATIVE AND AFFILIATE CONSOLIDATED BALANCE SHEETS

JUNE 30, 2017 AND 2016 (IN THOUSANDS)

ASSETS		2017		2016
Cash and cash equivalents	\$	129,379	\$	77,266
Investments		855,240		826,661
Accrued interest receivable		262		897
Grants receivable		767		699
Note receivable		-		19,850
Prepaid expenses		940		336
Trades to be settled		806		-
Property and equipment, net		7,052		6,135
1724 Mass. Ave. building, net		24,278		24,940
Other assets		318		599
Total	\$	1,019,042	\$	957,383
LIABILITIES AND NET ASSETS				
Liabilities:				
Trades to be settled	\$	-	\$	607
Accrued expenses		11,109		12,312
Liability on interest rate swap agreement		4,667		6,950
Deferred rent		5,310		4,883
Deferred revenue		29		-
Refundable advance		213		-
Other liabilities		1,109		1,442
Loan payable		60,000		-
Total liabilities		82,437		26,194
Net Assets - Unrestricted		936,605		931,189
TOTAL LIABILITIES AND NET ASSETS	\$	1,019,042	\$	957,383

TRUTH INITIATIVE AND AFFILIATE CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2017 AND 2016 (IN THOUSANDS)

REVENUE AND SUPPORT		2017		2016
Rental income	\$	2,224	\$	1,533
Sponsored projects and other income		3,728		3,312
Investment (loss) income, net of fees		105,548		(5,920)
Settlement proceeds:				
Public education		226		141
Total revenue and support	\$	111,726	\$	(934)
EXPENSES				
Program expenses:				
Counter marketing	\$	69,282	\$	74,005
Communications		4,609		5,147
Schroeder Research Institute		4,587		7,701
Innovations		3,850		-
Evaluation Science and Research		7,084		6,786
Community and youth engagement		4,055		4,132
Grants		2,656		3,065
Other programs		1,127		1,957
	\$	97,250	\$	102,793
Supporting services:				
General and administrative	\$	8,848	\$	8,119
Building expenses		212		4,977
TOTAL EXPENSES	\$	106,310	\$	115,889
Change in net assets	\$	5,416	\$	(116,823)
NET ASSETS				
Beginning	\$	931,189	\$	1,048,012
Ending	\$	936,605	\$	931,189

TRUTH INITIATIVE AND AFFILIATE CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016 (IN THOUSANDS)

CASH FLOWS FROM OPERATING ACTIVITIES:	2017	2016
Change in net assets	\$ 5,416	(116,823)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized and unrealized (gain) loss on investments	(95,153)	15,959
Other investment gain	(5,697)	(5,899)
Depreciation	1,623	1,333
Change in interest rate swap agreements	(2,283)	2,101
Changes in assets and liabilities:		
(Increase) decrease in:		
Accrued interest receivable	635	(729)
Other assets	281	78
Prepaid expenses	(604)	87
Grants receivable	(68)	274
Increase (decrease) in:		
Accrued expenses	(1,203)	(2,318)
Deferred revenue	29	-
Deferred rent, net	427	4,883
Trades to be settled	(1,413)	597
Refundable advance	213	-
Other liabilities	(333)	152
Net cash used in operating activities	(98,130)	(100,305)

TRUTH INITIATIVE AND AFFILIATE CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016 (IN THOUSANDS)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of building	19,850	18,792
Purchase of property and equipment	(1,878)	(6,659)
Proceeds from sale of investments	259,315	181,689
Purchases of investments	(187,044)	(140,762)
Net cash provided by investing activities	90,243	53,060

CASH FLOWS FROM FINANCING ACTIVITIES:

Draws on line of credit	60,000	-
Payment on the extinguishment of bonds	-	(28,000)
Net cash provided by (used In) financing activities	60,000	(28,000)
Net Increase (decrease) in cash and cash equivalents	52,113	(75,245)

CASH AND CASH EQUIVALENTS:

Beginning	77,266	152,511
Ending	129,379	77,266

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid for interest	1,574	902
Cash paid for income taxes	47	29

BOARD OF DIRECTORS

AS OF DECEMBER 2017

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Principal, Mike Moore Law Firm, LLC
Flowood, Mississippi

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Chief Executive Officer, American Heart
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Berkeley, California

Lex Martinez (Youth Board Liaison)

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Robin Koval (Ex-Officio)

CEO and President
Truth Initiative

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AS OF DECEMBER 2017

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CEO and President

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Chief Marketing and Strategy Officer

Derrick Butts

Chief Information Officer

Dave Dobbins

Chief Operating Officer

Robert Falk

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Amanda Graham

Senior Vice President, Innovations

Tricia Kenney

Chief Communications Officer

Anthony O'Toole

Chief Financial and Investment Officer

Anna Spriggs

Chief of Human Resources and Administration

Amy Taylor

Senior Vice President, Community and Youth Engagement

Donna Vallone

Chief Research Officer, Truth Initiative Schroeder Institute



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