<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letter from the CEO and President</td>
<td>3</td>
</tr>
<tr>
<td>Youth and Young Adult Public Education</td>
<td>6</td>
</tr>
<tr>
<td>Research and Policy</td>
<td>17</td>
</tr>
<tr>
<td>Community and Youth Engagement</td>
<td>24</td>
</tr>
<tr>
<td>Innovations</td>
<td>29</td>
</tr>
<tr>
<td>Financial Statements</td>
<td>35</td>
</tr>
</tbody>
</table>
For Truth Initiative®, 2016 was a year driven by creative inspiration, exciting innovation and measurable impact as we significantly advanced our mission to achieve a culture where all youth and young adults reject tobacco. At the same time, it was a year marked by rapid change, with hard-fought tobacco control regulations now at risk, an emboldened and enriched tobacco industry becoming more aggressive in its marketing tactics, and the tobacco epidemic further concentrated among Americans of low income, less education, and race. Within this environment, Truth Initiative’s role has never been more important in making tobacco a thing of the past. We are fueled and inspired by our accomplishments of the past year, energized by the challenges ahead and excited to share this annual report with you.

A sure sign of the impact we are making is the teen smoking rate reported by the University of Michigan’s annual Monitoring the Future survey of 2016. National data show that cigarette smoking among 8th, 10th and 12th grade students fell to just under six percent (a record-low of 5.9%) last year. That’s the good news. However, when we look more closely at teen smoking patterns, we see that tobacco use is uneven across the U.S. and disproportionate across more vulnerable populations. A further complicating factor is the shift in how young people use tobacco products. Today, young adults are more likely to smoke socially—among friends or at parties. This includes the poly-use of multiple combustible tobacco products, such as hookah and little cigars, in addition to cigarettes. When you add all forms of tobacco, the rate of teen tobacco use in America jumps to roughly one in 10. More than 5.6 million young people are at risk of dying from tobacco use. It is a reminder of the importance of our work to inspire and achieve tobacco-free lives.
The cornerstone of our effort and impact is the truth® youth tobacco prevention FinishIT campaign. The campaign exposes the connection between tobacco use and things young people are passionate about right now such as relationships, animals, money and social justice. For example, in 2016, truth asked teens to imagine the internet without their beloved cat videos and created the national phenomenon, #CATmaggedon, to illustrate a surprising fact about secondhand smoke—pets are twice as likely to get cancer if their owner smokes. Later in the year, we grabbed our audience’s attention with #Squadless, an effort that gave young people a glimpse of what they’ll miss out on as a smoker, because smokers earn 20 percent less than nonsmokers. Across digital, social and linear media, we invited young people to join the movement, become “Finishers” with us and be the generation to end smoking for good.

Results from our continuous tracking and multi-year longitudinal evaluation of the truth campaign indicate our efforts are making a measurable difference. Over three-quarters of people ages 15-21 in the U.S. can recall a truth ad. More importantly, our longitudinal data indicate significant anti-tobacco attitudinal shifts and intentions to smoke tied to the campaign, a dose effect (the more truth you see the stronger the effect), and most recently a behavioral impact tied to attitudinal shift showing that in just 12 months, we prevented almost 200,000 young people from smoking.

In addition to the life-saving results of the truth campaign, our grassroots activities in communities from coast-to-coast are amplifying and extending our impact. A shining example is our tobacco-free campus initiative. By the end of 2016, we enlisted 135 academic institutions to join us in a commitment to adopt, implement and enforce policies for tobacco-free campus environments. Our effort, now expanded via a grant from the CVS Foundation, focuses exclusively on historically black colleges and universities (HBCU’s) and community colleges because these schools serve students at the highest risk for smoking. Ultimately, these policies will protect millions of students, faculty and staff providing healthier air to breathe and surroundings that de-normalize tobacco use.
Our work on the ground also includes building a movement of social change leaders. Our advocacy and activism training includes a summit for high school students and a yearlong fellowship for young adults. We challenge these young people to use what they learn in hands-on projects in their hometowns to increase awareness of the deadly consequences of tobacco use and motivate others to take a stand, get involved and be the generation to FinishIt.

We’re also proud to be a trusted source for tobacco control information for our partners, the press, thought leaders and the public. In 2016, we published in-depth fact sheets, white papers and policy statements on menthol, little cigars, smokeless tobacco, smoking in video games and the role of nicotine in harm reduction. Our renowned scientists from Truth Initiative’s Schroeder Institute® and Evaluation Science and Research team published more than 50 peer-reviewed papers during 2016, contributing significantly to the field’s knowledge base and advancing the case for tobacco control. Our body of research covered diverse topics including tobacco use and other substances, expansion of our knowledge about e-cigarettes, the evidence supporting the need to ban menthol and the misperceptions surrounding “natural” cigarette brands.

Our scholarly reports helped to shape new tobacco product regulations issued by the Food and Drug Administration. Our thought leadership played a role in the adoption of important new federal policies such as a tobacco education component within the Head Start program, new smoke-free public housing regulations from the U.S. Department of Housing and Urban Development, and the inclusion of tobacco prevention measures among the priorities of the Cancer Moonshot.

And, we took innovation literally in 2016, establishing Truth Initiative Innovations, our expertise center devoted to designing, building and marketing mission building and revenue enhancing products and services. Our first project out of the gate is the expansion of our evidence-proven BecomeAnEX digital smoking cessation program re-imagined for enterprise use by business, healthcare and health benefits providers. Branded as the EX Program, and in partnership with the Mayo Clinic, this new effort is already providing “Double Bottom Line” benefits—saving lives and contributing revenue to fund Truth Initiative’s mission-driven programs.

Every year, our lifesaving work is strengthened through collaboration, and 2016 was no different. We expanded our successful efforts with partners such as DoSomething.org, High School Nation, the CVS Foundation and Petco. We joined forces and developed new relationships with leaders including the NAACP, Human Rights Campaign, and the Mayo Clinic. As we look forward we are excited to develop new relationships with national youth-serving organizations.

We could not have accomplished all that we did in 2016 without the tremendous work of our dedicated staff and the tireless commitment of our board of directors, and for that I am most grateful. I am inspired to be part of this incredible team, and delighted to have new partners helping us to FinishIT.

Together, we will achieve a culture where youth and young adults reject tobacco and truly make tobacco a thing of the past. I look forward to continuing our mission-advancing work together.

Sincerely,

Robin Koval
CEO and President
truth® is our national tobacco prevention counter-marketing campaign that speaks to youth and young adults on their terms, through the channels they understand and trust. 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.
Our truth campaign received the most recognition in 2016 than in any previous year since the campaign was launched. truth was ranked by the North American Effie Index as the most effective brand of the year (in a three-way tie with CVS Health and Walmart) and won four Effie awards, two Advertising Research Foundation Ogilvy Awards and many others (see below).

The year’s biggest win, however, was a record-low teen smoking rate of just under six percent (5.9 percent). That’s a one percentage point reduction in one year, and a 38.5 percent drop since before the truth campaign relaunched in 2014.

Public education campaigns like truth—the country’s most successful and longest-running youth tobacco prevention program—have played a big part in driving down the smoking rate. An October segment that featured the truth campaign on NBC’s Sunday TODAY show made that point, crediting hard-hitting ads like those from truth as a reason for the significant drop in youth smoking rates. In fact, truth was the subject of more than $66.7 million in earned media coverage during 2016, helping to keep youth tobacco prevention in the news.

Our FinishIT movement, which aims to make today’s young people the generation that ends smoking, embarked on its third year in 2016 with two campaigns that show how smoking affects our target in immediate and unexpected ways.
A world without cat videos?!

In February 2016, truth asked young people to imagine a world without cat videos which, as we all know, power the internet. Why? To make the point that cats and dogs are twice as likely to get cancer if their owners smoke. This clever re-framing of the dangers to people and pets of second- and third-hand smoke became an immediate sensation, becoming a trending topic within minutes of airing.

The #CATmageddon video, which featured internet-famous felines like Pirate Cat, Keyboard Cat, and Lil Bub, garnered more than 16 million views within 48 hours of release during the television broadcast of the 58th Grammy Awards. Video views grew to more than 207 million by the end of the year. The media took notice too, with truth garnering coverage in Mashable, People, and USA Today, among the more than 600 earned media placements worth more than $9.5 million. Most importantly, the campaign made an impact. After viewing the #CATmageddon video on YouTube, people were twice as likely to search “quit smoking” and 16 percent more likely to respond that they would not smoke.

#CATmageddon Stats

Video Views: 207,100,561

Social Engagements: 2,933,757

Unique Visitors (Website): 1,408,218
Aaron’s Animals is a video series documenting the life of internet celebrity Aaron Benitez and his furry friends. There was no better partner to help truth inspire cat owners to think about the impact of smoking in 2016.

What would the world be like without the dancing cat in a mariachi hat Pico de Gato or Cat doesn’t finish vegetables? Aaron’s thousands of fans didn’t want to find out.

truth created an innovative “retweet to unlock” mechanism to inspire teens to spread the word about #CATmageddon. The reward for retweets was a special Aaron’s Animals video.

The Epic Cat House Party has been viewed more than 13 million times since its release, helping us spread the truth about tobacco and rally teens to join the fight to end smoking.
Surprising young people about the cost of smoking

Money is among the top three concerns of today’s young people. While most know that cigarettes are expensive, few realize that smoking impacts how much you earn. We premiered a new effort on the MTV Video Music Awards in August 2016 based on the fact that smokers earn 20 percent less than nonsmokers.

When you’re young, not having cash in your pocket means not being able to hang with your friends, leaving you “squadless.” The #Squadless ad earned 34 million video views in a week and landed #Squadless in the arbiter of pop culture, Urban Dictionary.

#Squadless Stats

Video Views: 199,404,108
Social Engagements: 4,203,197
Unique Visitors (Website): 1,571,228

DON’T GO #Squadless

SMOKING = LESS MONEY = LESS EXPERIENCES
SMOKERS EARN 20% LESS THAN NON-SMOKERS, WHICH IS UP TO $10,000 A YEAR.

PLUS THEY SPEND MONEY ON CIGARETTES. ON AVERAGE, A PACK-A-DAY SMOKER SPENDS $2,193 PER YEAR On CIGARETTES. HERE’S WHAT ELSE YOU CAN DO WITH JUST THAT $$5.

47 CONCERT TICKETS
548 VENTI LATTES
44 NEW VIDEO GAMES
253 MOVIE TICKETS

SOURCES: *U.S. Census Bureau, Smoking and Tobacco Use, Population Projections, 2012-2030. **Internal Truth research. ***NERC, Truth. **Truth's graphic tools. Truth's graphic tools and the #Squadless icon were designed by Laura Henningsen. All artwork ©Truth. Truth does not endorse or support any product or service. The data and information herein is for illustrative purposes only and is not intended to serve as financial or investment advice. Truth does not recommend or encourage any action based on the information provided. Truth is a nonprofit public health organization. Truth aims to prevent youth from starting to smoke and Tobacco Use.
In 2016, we continued our tradition of partnering with iconic brands, celebrities and social media stars to help spread the truth about tobacco use.

Innovative partnerships create opportunities to inspire and engage
Taking truth on the road

Our signature orange truth truck spent the summer and fall months on the road with a crew of tour riders ready to engage and entertain young people at music venues, sporting events and amusement parks. Our truth crew, while playing games, dancing and giving out truth-branded gear, armed more than 600,000 young people with facts about smoking.

In 2016, we introduced the truth x LIVE tour at the University of Pittsburgh. The tour stop, in partnership with Buzzfeed and gaming site Twitch, was the centerpiece of the campus Fall Fest, attracting more than 5,000 students.
Making a mark with longtime partner, Vans

Artist Kevin Lyons designed the 2016 edition of the truth x Vans shoe with an aim to inspire young people to FinishIt. We also encouraged students to imagine a world free of tobacco as part of our truth x Vans Custom Culture Skate Deck Challenge. The art program at Station Camp High School in Gallatin, Tenn., received our $10,000 award for the winning student design.

Our DoSomething.org partnership gets it done

Truth Initiative joined DoSomething.org again in 2016, sponsoring two contests designed to move teens to action.

As part of our #CATmageddon effort, we collaborated with DoSomething.org to create Four-Legged Finishers, an online campaign that asked pet owners to share photos of their pets and engage in a conversation about how smoking affects their pet’s health. Katherine McNamara, the star of Freeform’s hit show Shadowhunters, and her dog Sophie, promoted the campaign in a public service announcement resulting in more than 63,000 campaign sign-ups.
Later in the year, we unveiled "Take Back the Shelves," a campaign created to send the message that tobacco and pharmacies don’t mix. Kira Kosarin, star of Nickelodeon’s The Thundermans, asked young people to create and share artwork featuring items that belong on pharmacy shelves instead of tobacco. More than 67,000 youth registered, with many submitting suggestions, such as fruit, flowers, lava lamps and scented candles, to convince pharmacies to remove tobacco products from store shelves.

In connection with Take Back the Shelves, truth organized a petition calling on Walgreens Pharmacy to stop selling tobacco products. We took the petition, with its more than 5,300 signatures, to a rally outside the company’s shareholder meeting in New York City and took part in the meeting asking its board to respond to the fact that selling cigarettes in a pharmacy,—to borrow a phrase from Walgreens’ marketing—is neither happy nor healthy.

Petco charms pet owners to be tobacco-free

truth collaborated with Petco, one of the largest pet-care retailers in the U.S., to support the #CATmageddon campaign. Together, we created social posts, co-branded store signs and handed out pet collar charms in 1,430 Petco stores across the country.

#CheggMusic101 contests make back-to-school fun and tobacco-free

Online student hub Chegg joined with truth on two contests in the fall of 2016, offering high school and college students the chance to win a #CheggMusic101 music session at their school and a $10,000 grant for their school’s art and music program.

As a reward to the winning school, pop sensation Shawn Mendes performed at Resurrection High School in Chicago in December 2016. Students at Brooklyn Technical High School earned a performance by world-renowned dance music artist Kaskade.
A record-setting year for recognition

Over 15 years, the truth campaign has earned more than 400 awards for excellence and effectiveness. In 2016, the campaign reached new heights with the top spot on the North American Effie Index and a record single-year count of four Effie awards.

Additional honors included two Advertising Research Foundation Ogilvy Awards, PR Week’s Arts, Entertainment, Sports & Media Campaign of the Year and Nonprofit Campaign of the Year. Recognition also came from the Creative Media Awards, Digiday Video Awards and Shorty Awards.

Partner DoSomething.org honored truth as well. We were recognized for our 2015 collaboration, Get the Filter Out. The campaign encouraged young people to collect and dispose of cigarette butts in an effort to protect the environment, inspiring more than 78,000 young people to collect and properly dispose of more than 3.7 million cigarette butts.

Documenting life-saving Impact

truth is designed to change youth attitudes, beliefs and, ultimately, behaviors related to tobacco use. We assess our efforts both pre- and post-market through rigorous evaluation, including a continuous tracking study to assess campaign awareness and message receptivity and a longitudinal survey (Truth Longitudinal Cohort or TLC) of more than 10,000 young people, aged 15-21.

Our tracking data show that over 75 percent of young people, ages 15-21 years of age, are aware of the truth campaign.

The TLC data demonstrate that campaign awareness is associated with significant shifts in anti-tobacco attitudes and intentions to smoke and that increased exposure to the campaign improves this response indicating a dose effect. Results also demonstrate a behavioral effect with increased anti-tobacco attitudes resulting in reduced tobacco use over time and the prevention of almost 200,000 young people from smoking over 12 months.

Together, these studies provide compelling evidence of the effectiveness of the truth campaign’s ability to influence youth and young adults to reject tobacco.
2016 was an especially inspiring year for Nicole Dorrler.

Award-winning ways are not uncommon for this mother of two (aged 6 and 13) who has led the truth campaign for nearly a decade. Under her stewardship, the nation’s longest-running national tobacco prevention campaign has earned more than 400 awards and has been voted “Campaign of the Decade” (2000-2010) by the readers of AdWeek.

But last year, it was Nicole who was recognized with an Advertising Working Mothers of the Year Award from the Advertising Women of New York and as the American Marketing Association’s Nonprofit Marketer of the Year.

Dorrler is known for her passion, creativity and results—emphasis on results—with teen smoking rates declining dramatically during her tenure. She and her team rigorously use data to measure awareness of truth and ensure the brand is reaching its target audience. “We’re going up against an industry that spends over $9 billion a year marketing their deadly products,” Dorrler said. “Data is a powerful tool for us.”

She closely tracks changes in the media landscape so she can understand where truth’s audience spends its time. That allows the campaign to speak to teens through the channels they understand and trust. “Music is a passion point for teens,” said Dorrler, explaining why truth ads frequently debut during the Grammys and MTV Video Music Awards. “But, we no longer rely simply on television advertising. We connect with our audience through digital marketing, social media—anywhere we can reach the young people that are likely to hear and share our message.”

Dorrler, however, focuses not on accolades but on the ultimate aim of her work. “With a business client, you measure your impact in sales,” says Dorrler. “With truth, our sales are the lives we’ve saved.”
To be effective, tobacco control policies and practices must be evidence-based. Our Schroeder Institute for Tobacco Research and Policy Studies and our Evaluation Science and Research team use rigorous science to identify the most effective means to minimize the harms of tobacco use, measure the effectiveness of interventions and identify best practices for tobacco control. We share findings with decision-makers across federal, state and local levels, so the programs and policies they endorse will work to prevent young people from using tobacco.
Answering the research questions that inspire us

Which cigarette brands do young adults prefer? Do graphic warning labels on cigarette packages work? How does cigarette marketing affect smokers’ views of harm? What can we learn from menthol tobacco use patterns? How does exposure to e-cigarette advertising affect young adults?

Answers to these questions and many more are found in Truth Initiative research published in 2016. Our work includes more than 50 peer-reviewed research articles published in leading journals, including Addictive Behaviors, American Journal of Preventive Medicine, Nicotine & Tobacco Research and Tobacco Control.
Youth and young adult tobacco use

Understanding youth and young adult tobacco use is essential to ending the tobacco epidemic. Last year, our researchers revealed many insights to inform future programs and policies.

Our researchers examined top brands of cigarettes, cigars and e-cigarettes used by young adults to monitor trends in product use and explore the factors underlying brand preferences. Researchers surveyed youth attending a music festival to learn about the characteristics of those carrying a pack of cigarettes, information that can be used to design more effective tobacco-cessation messaging. Another interesting study tested young adult smokers’ reactions to graphic warning labels on cigarette packs by scanning participants’ brain waves. Investigators found that viewing these warnings triggers brain activity linked to emotion, decision-making and memory in young adults. Young adults who saw the graphic warning images were more likely to say they were motivated to quit smoking than those who did not see graphic images.

Our researchers also explored the density of tobacco retail outlets. In a first-of-its-kind study, the research team determined that an increased density of tobacco outlets near a home residence was significantly associated with a higher likelihood of initiating cigarette use among adults aged 25-34. They found a similar link for initiation of non-cigarette combustible use among 18-24-year-olds. Study authors warned that the location of tobacco outlets may play a role in young adult tobacco use initiation.

Menthol-flavored tobacco

We know that menthol cigarettes appeal to youth and pose unique public health risks, including making it harder to quit smoking. Truth Initiative research published in 2016 examined menthol tobacco products from many angles. We demonstrated that first use of flavored tobacco products is correlated with current tobacco use in youth and young adults. We also found that young adults who smoked menthol cigarettes had nearly double the odds of increased smoking behavior over a one-year period. Our researchers also confirmed that menthol cigarette use increased among smokers between 2012-2014 compared to that in 2008-2010 and disproportionately affected youth, female and black smokers. Findings from our Truth Initiative Young Adult Cohort Study showed that young adults who smoke menthol cigarettes are more likely to be female, black or Hispanic, or identify as LGBT, compared to non-menthol smokers. Another study found that young adults who say they have used menthol tobacco products in the past 30 days were more likely to report symptoms of depression or anxiety compared with non-menthol tobacco users.

BANNING MENTHOL TOBACCO PRODUCTS COULD SAVE LIVES.

38.9% of all menthol smokers and 44.5% of African American menthol smokers say they would try to quit smoking if menthols were banned.

IF A BAN ON MENTHOL HAD PASSED IN 2011, IT COULD HAVE SAVED AN ESTIMATED 320,000 LIVES.
Cigarette harm perceptions

Two studies published in 2016 examined consumer perceptions of the Natural American Spirit cigarette brand. The product’s marketing and advertising prominently includes the words “natural,” “organic” and “additive-free.” Our research found that these descriptors, and other aspects of the packs, lead as many as 60 percent of U.S. adults to incorrectly believe that Natural American Spirit cigarettes are less harmful than a comparison cigarette pack. A second study concluded that Natural American Spirit smokers are 22 times more likely than other smokers to believe their brand is less harmful than other brands, even though there is no evidence that it is any safer.

Electronic nicotine delivery systems

The emergence of electronic nicotine delivery systems, commonly known as e-cigarettes or vaping devices, has important implications for tobacco control and public health. Yet, much remains to be learned about these products and their use by consumers. In 2016, Truth Initiative researchers published studies designed to fill the knowledge gap, and contributed to the 2016 U.S. Surgeon General’s Report on E-Cigarette Use Among Youth and Young Adults.

One key study is a systematic review of nearly 700 peer-reviewed articles. This summary of the existing evidence on e-cigarettes concluded that:

- e-cigarettes pose substantially less harm than traditional cigarettes and expose users to fewer toxins than cigarettes;
- e-cigarette use is increasing, particularly among current smokers, and a majority report using e-cigarettes to help quit smoking; and
- e-cigarettes can be effective quit tools, with some studies finding that they can be at least as effective as nicotine replacement therapy.

Other work published last year included a study that found that most youth who reported using e-cigarettes had also used other tobacco products, primarily combustible tobacco products. Researchers also found that exposure to e-cigarette advertisements may enhance curiosity and use among young adults. A study of how many people visit vape shops concluded that 11 percent of young adults had ever visited a vape shop.

Our researchers stress that more long-term studies are needed to assess the impact of electronic cigarettes on the public and determine their long-term health effects and that prudent regulation of these products through FDA authority, as asserted in the deeming rule, is essential. Truth Initiative strongly believes that those who do not use tobacco, particularly young people, should never start using any tobacco or nicotine-containing product, including electronic nicotine delivery system products. Read where we stand in detail here.
The question that drives Shyanika Rose is one of the most important issues facing public health: How can we decrease racial and socioeconomic health disparities when it comes to tobacco?

For Rose, an investigator at the Schroeder Institute for Tobacco Research and Policy Studies at Truth Initiative, answering that question means researching exposure to tobacco advertising.

We know that communities have different amounts and types of tobacco advertising: Low-income neighborhoods have more tobacco advertising overall. Black communities have more menthol product advertising. Rural white communities have more ads for smokeless tobacco. But how can we better measure people’s exposure to that advertising and what effect does that exposure have? “We want to think more deeply about health equity and the factors that may put individuals at risk,” Rose said.

To do that, Rose piloted a “person-centered” approach to advertising exposure, where she sent mini-surveys to a group of study participants several times a day asking questions about tobacco marketing they could see in their current location. She also collected photographs of advertising from stores visited by participants. Early findings show that flavored tobacco products account for much of the tobacco advertising in the minority and low-income communities she studied compared with other communities.

“Advertising works. One of the ways it works, especially for tobacco products, is not through people consciously thinking ‘this product is great’, but through frequency,” said Rose. “People think it’s much more normalized than it is, that everyone must be doing it because it’s in the environment where you are and it’s highly available.”
Support for tobacco control policies that promise lasting impact

Spreading information and ideas to inspire change

We are committed to being a trusted source for tobacco-control information so that programs and policies aimed at reducing tobacco use are backed by rigorous science. Our fact sheets, white papers and policy statements exist to support policymakers, the press and members of the public interested in ending the deadly tobacco epidemic.

During 2016, we published fact sheets and policy statements on little cigars, cigarillos and cigars, menthol tobacco products, smokeless tobacco and youth marijuana use. We also published Rethinking Nicotine and its Effects, a white paper that synthesizes scientific evidence concerning use and effects of nicotine in human populations and re-examines nicotine’s role in promoting and potentially reducing tobacco-related harm.

We call attention to important emerging issues as well, such as the need to remove images of smoking from video games popular with young people. Prior research has demonstrated a correlation between youth exposure to smoking imagery and their likelihood to smoke. In an update to our report, Played: Smoking in Video Games, we revealed that 93 percent of parents are unaware of the prevalence of smoking in video games and that more than 65 percent would not purchase games for their kids if they knew they included tobacco content. The release of the report during the holiday gift-buying season resulted in more than 100 press stories, including national coverage from the Wall Street Journal and CNBC.

In February 2016, we proudly hosted a one-on-one conversation with the nation’s 19th U.S. Surgeon General Vice Admiral Vivek Murthy as part of our ongoing thought leader forum, the Kenneth E. Warner Series. In the discussion with USA Today reporter Liz Szabo, Dr. Murthy hailed the reduction in U.S. smoking rates as a tremendous public health success. He credited concerted public education campaigns about the dangers of tobacco use and the public policy measures that have been put in place over the past several decades as the reasons behind this progress. Dr. Murthy challenged today’s youth to drive the smoking rate to zero, noting that it would be “a crowning accomplishment” for this generation.
The federal government took some important steps in 2016 to adopt policies designed to reduce tobacco use and save lives. Truth Initiative helped to shape these provisions through public commentaries, letters and presentations that endorsed decisions based on evidence-based approaches.

Truth Initiative’s call for tobacco measures to be included in program standards for Head Start became reality in 2016 as the U.S. Department of Health & Human Services issued updated standards. We leveraged more than a decade of work with state-level Head Start programs and created a coalition of 77 nonprofits, government agencies, corporations and individuals to advocate for standards that require programs to provide parents with opportunities to learn about the health risks of secondhand smoke and how to keep their families safe while at home.

Truth Initiative also championed an announcement by the U.S. Department of Housing and Urban Development to implement a smoke-free policy for public housing, requiring each agency administering public housing to enact a smoke-free policy. The result of this rule will be safer living situations by eliminating secondhand smoke in residents’ homes.

While some progress was made at the U.S. Food and Drug Administration (FDA), more work needs to be done. The agency asserted jurisdiction over all tobacco products, including cigars, hookah and e-cigarettes, almost seven years after passage of the Family Smoking Prevention and Tobacco Control Act. The release of the long-awaited “deeming rule” is an important step that means that these products must meet registration, manufacturing, marketing and sales requirements.

But, not all measures needed to protect the public were included in the final regulation. Among the missing provisions were important restrictions on tobacco marketing, such as prohibiting sporting or other cultural sponsorships by hookah, cigar and e-cigarette manufacturers, and controls over internet sales and marketing. The biggest piece missing from the deeming rule was an expansion of the rule preventing candy and fruit flavors in cigarettes to other tobacco products. Youth are more likely to start tobacco use with flavored products, and the rationale behind prohibiting candy and fruit flavors in cigarettes clearly applies to other products. The FDA tried to include stricter rules for approval of flavored products, but those restrictions were stripped from the final regulation. The absence of these regulatory provisions represents a failure of the federal government to fulfill its obligation to protect the health of youth and young adults, and we call on the FDA to move forward to institute these protections.

We also called on the FDA to fulfill its commitment on graphic warning labels. In 2012, a federal appeals court struck down the FDA’s initial set of warnings, and the FDA never issued revised ones. In October 2016, we joined seven public health groups and several individual pediatricians to file a lawsuit to compel enforcement of a requirement that graphic health warnings appear on cigarette packs and in advertising. Our lawsuit seeks a court order requiring the FDA to propose a new set of graphic warnings.
Community and Youth Engagement

We empower individuals, coalitions and organizations to act in their communities so we can achieve a tobacco-free generation. We inspire and mobilize future leaders to help us counter tobacco’s influence, especially within communities of color and low-income populations. Our community partners and emerging leaders give everyone in the U.S. a chance for a tobacco-free life.
Inspiring individuals toward activism to create community-level impact

Creating change at the community level is central to our work to inspire tobacco-free lives. We are building an army of Finishers: young people committed to ending tobacco use for good and spreading the word through their own personal stories and networks. In 2016, we expanded our programs to equip hundreds of young people with the skills they need to make a difference in their communities.

On-the-ground impact: tobacco-free college campuses

Truth Initiative’s multi-year commitment to creating tobacco-free college campuses continued in 2016 at community colleges and historically black colleges and universities (HBCUs) in the U.S. Our work at these institutions, which often serve populations at higher risk for tobacco use, reaches across 35 states and has the potential to protect nearly 1.2 million students, faculty and staff members.

By the close of 2016, we had active grants at 135 academic institutions, with 50 grantees adopting and implementing a 100 percent tobacco- or smoke-free campus policy. We expect to have 100 schools adopt similar policies by December 2017.

We forged a partnership with the National Pan-Hellenic Council, a group of historically black sororities and fraternities known as the “Divine Nine,” to grow our tobacco-free movement on HBCU campuses. These influential social organizations adopted tobacco prevention as one of the council’s core platforms and pledged to mobilize members to act.

Our tobacco-free college initiative led to a partnership with the CVS Health Foundation. The truth x CVS Health Foundation tobacco-free campus initiative is part of CVS Health’s “Be The First” campaign, the company’s five-year, $50 million commitment to deliver the nation’s first tobacco-free generation. With support from the CVS Health Foundation, we are expanding our assistance to advocate for, adopt and implement smoke-free and tobacco-free policies to 42 HBCUs and 64 community colleges in 2017.
Inspiring action among today’s generation

Our 2015-2016 cohort of youth fellows included young people, ages 18 to 24, from 20 states from Vermont to Hawaii.

Throughout the yearlong program, fellows created community-based projects that reflected their interests and skills. For example, two fellows from Howard University in Washington, D.C., hosted an event to build support for a tobacco-free campus policy during the fall semester’s new student orientation. Another group of fellows partnered to plan and host a conference focusing on the impact of secondhand smoke for junior high students in Cleveland, Ohio.

We train middle and high school student activists as well. During summer 2016, youth representing 22 states gathered for our annual National Youth Activism Summit. It is an experience like no other for these youth leaders. The students learn effective activism strategies, community engagement approaches and traditional and new media outreach techniques, all through the lens of tobacco as a social justice issue. Each team of students returned home with a project plan to address a tobacco issue in their home state. For example, participants from California created a project to get rid of tobacco-related litter and encourage a smoke-free environment in their local parks. Following the summit, they held three cigarette park clean-up events, collecting thousands of cigarette butts. The students achieved additional impact by convincing the City of Los Angeles’ Department of Recreation and Parks to post new “no smoking” signs to reinforce the existing tobacco-free policy and securing a commitment to begin a discussion on the importance of policy enforcement.

The Truth Initiative Youth Activism team spread the truth about tobacco in 2016 at 30 events around the nation.

- Youth + Health + Tech Live Conference
  San Francisco, CA
- PHAST JV Training
  Modesto, CA
- Protecting Health and Slamming Tobacco Training
  Stanislaus County, CA
- Marketing & Public Policy Conference
  San Luis Obispo, CA
- AME Church Youth Conference
  Los Angeles, CA
- Spotlight on Success
  Los Angeles, CA
- Major League Baseball All-Star Game Fan Fest
  San Diego, CA
- National Association of County & City Health Officials
  Phoenix, AZ
- Eliminate Tobacco Use Summit
  Houston, TX
- TX Say What Conference
  Texas
- Inspiring Future Leaders Youth (IFLY)
  Mississippi
- Project Prevention Conference
  Little Rock, AR
- NAACP Courageous Together National Youth Summit
  Chicago, IL
- PHAST JV Training
  Modesto, CA
- Protecting Health and Slamming Tobacco Training
  Stanislaus County, CA
- Marketing & Public Policy Conference
  San Luis Obispo, CA
- AME Church Youth Conference
  Los Angeles, CA
- Spotlight on Success
  Los Angeles, CA
- Major League Baseball All-Star Game Fan Fest
  San Diego, CA
- National Association of County & City Health Officials
  Phoenix, AZ
- Eliminate Tobacco Use Summit
  Houston, TX
- TX Say What Conference
  Texas
- Inspiring Future Leaders Youth (IFLY)
  Mississippi
- Project Prevention Conference
  Little Rock, AR
- National Service Learning Conference
  Minneapolis, MN
- Spring Tobacco Control Institute
  Chamberlain, SD
- Kick Butts Generation Conference
  Newark, DE
- Advocacy Institute Real Talk Tobacco #RISE Youth Summit!
  Philadelphia, PA
- Community Anti-Drug Coalition of America National Forum
  National Harbor, MD
- Reduce Tobacco Use Conference
  Arlington, VA
- Community Anti-Drug Coalition of America Regional Training
  Winston-Salem, NC
- NC A&T Training
  Greensboro, NC
- North Carolina Central University’s Summer Youth Business and Entrepreneurship Academy
  Durham, NC
- Hall of Fame Conference
  Atlanta, GA
- TN FFA Conference
  Gatlinburg, TN
- FACT Summit
  Sevierville, TN
- Southeastern Region Peace Jam Conference
  Tallahassee, FL
- Florida Regional Summit
  Panama City, FL
From intern to activist; that’s Lincoln Mondy’s journey with Truth Initiative. Mondy joined the organization as an intern in June 2015. As he worked on his internship assignments, he learned about the issue of tobacco—specifically about Big Tobacco’s marketing of menthol cigarettes to the African American community. It didn’t take long for Mondy to connect the dots between tobacco marketing and his father’s years of heavy menthol smoking.

Entering his senior year at The George Washington University in 2015, Mondy decided he wanted to know more about the tobacco industry and tobacco control. He applied to the Truth Initiative fellowship program. Upon acceptance, Mondy chose a digital storytelling project as the focus of his fellowship so he could explore further how the tobacco industry peddled menthol cigarettes to the black community.

“I wanted to present the evidence and the issue in a way that got people’s attention and moved the needle in the right direction,” Mondy said.

The result was Black Lives/Black Lungs, a short video that Mondy posted on Facebook. The five-minute video shows college students reading tobacco industry documents about Big Tobacco’s efforts to target African Americans interspersed with the students’ reflections and observations.

The video has been viewed 99,000 times on Facebook, and the response from friends and colleagues inspired Mondy to continue his journey. Mondy decided to turn his video into a 15-minute documentary film that will be released in 2017.
Eileen Howard Boone helped to inspire an entire company to go tobacco-free. As the senior vice president of Corporate Social Responsibility and Philanthropy at CVS Health, she was instrumental in the company’s bold decision to stop selling tobacco products in 2014. Truth Initiative was there, applauding CVS for its groundbreaking move.

“For years, the public health community had been arguing that deadly products didn’t belong on the shelves of pharmacies,” said Robin Koval, Truth Initiative CEO and president. “Here was a company that risked profits to demonstrate a real commitment to the health of their customers.”

In 2016, two years following the decision to go tobacco free, we learned of its measurable impact. In areas where CVS retail outlets had a 15 percent or greater share of the pharmacy market, approximately 95 million fewer cigarette packs were sold in the eight months after CVS Health stopped selling tobacco products. At the same time, data show that nicotine patch purchases increased by four percent.

In March 2016, CVS Health furthered its tobacco-free commitment with a $50 million pledge to “Be The First,” a five-year initiative to create a tobacco-free generation. Given our shared commitment to ending tobacco use, CVS Health and Truth Initiative have been natural partners.

“When our company announced that we would stop selling tobacco products in our CVS stores, we also made a commitment to support programs that are helping people lead tobacco-free lives,” said Boone. “We’re proud that the CVS Health Foundation is working with partners such as Truth Initiative in achieving our shared goal of helping to deliver the first tobacco-free generation.”
Innovations

Truth Initiative is working to achieve a tobacco-free generation. That life-saving vision requires building new partnerships and ventures to reach more smokers with evidence-based cessation resources. It also provides an opportunity to sustain our life-saving work through new funding sources. Our Innovations center is a “do good/do well” program designed to provide best-in-class expertise to business-to-business partners and help them achieve happy, healthy and tobacco-free populations.
Creating impact through technology-based approaches for smoking cessation

Truth Initiative believes that every individual has the right to live in a world free from tobacco dependence and we are leveraging our expertise in novel, technology-based approaches for smoking cessation to that end. In 2016, we established our Innovations center to design, build and deploy digital, social, web and mobile applications that support smokers who want to end their tobacco addiction.

Building on a decade of impact

Each year, hundreds of thousands of smokers turn to BecomeAnEX.org for help quitting. Our BecomeAnEX program offers smokers an interactive website with tools to create a personalized quit-smoking plan, companion text messages and email support, and a large, active community of current and former smokers. Developed in 2007 in collaboration with the Mayo Clinic, more than 800,000 registered users have made BecomeAnEX one of the most popular and trusted online tobacco-cessation programs available.

Building on the success of BecomeAnEX, we launched the EX Program in 2017, in partnership with the Mayo Clinic, to fill a gap in the market. This fully digital program is designed for employers, health systems and health plans to offer to their covered populations.

The EX Program combines the best of BecomeAnEX—its interactive tools, medication support and active online community—with advanced features such as customized text messaging and digital coaching with certified Tobacco Treatment Specialist EX Coaches. The EX Program also offers organizational co-branding, extensive client support and reporting on member enrollment and engagement. The program launched officially in May 2017. We invite you to visit at theEXprogram.com.
Mobilizing young adults to quit smoking

The mobile quit-smoking program, *This is Quitting*, is a novel, evidence-based intervention for teens and young adults. This is Quitting was developed based on extensive formative research with young adult current and former smokers, including monitoring social media and listening to determine how young smokers talk about quitting. The program, available for free on Android and iOS, includes a mobile app and companion text messaging program featuring messages written by young people to guide users to quit smoking.

This is Quitting is customizable, supporting partner organizations and research teams to tailor the intervention to their populations. In 2016, we delivered campus-specific versions of This is Quitting to more than 80 historically black colleges and universities and community colleges through our tobacco-free college campus initiative. We also worked with the Yukon-Kuskokwim Health Corporation in Alaska to customize the program’s text messages for Alaska Native teens and entered an agreement with Colorado to bring this intervention to young smokers in the state.
Designing technology to advance the field

The Innovations team builds and maintains software to enable research and experimentation. Our web-based clinical trials management system automates many aspects of conducting intervention studies online, from small pilots to clinical trials. The platform facilitates efficient enrollment of thousands of study participants while minimizing human error and allowing rapid access to data.

The text message platform, UbiQUITxt, which powers the BecomeAnEX and This is Quitting text message programs, holds the potential for an infinite number of text message libraries. As a standalone intervention platform, UbiQUITxt supports myriad partner quit-smoking text message programs in research studies and at Mayo Clinic’s Nicotine Dependence Center and Surgery Department.

The science behind online quit smoking interventions

Our Schroeder Institute investigators authored several peer-reviewed papers in 2016 that advanced our understanding of web-based, quit-smoking approaches.

In an article published in Substance Abuse and Rehabilitation, our researchers concluded that interactive and tailored web-based tools can help smokers quit just as effectively as face-to-face or telephone counseling and are more effective than print materials. The authors based their finding on a systematic review and meta-analysis of 40 randomized trials of Internet smoking cessation interventions involving more than 98,000 smokers.

They also published peer-reviewed studies on BecomeAnEX that examined the types of smokers that use the program and the nature of their utilization patterns. For example, in a study published in the Annals of Behavioral Medicine, they found few differences between the smokers that registered on BecomeAnEX and a nationally representative sample of smokers across a range of demographic and smoking characteristics. Two differences that emerged were that smokers on BecomeAnEX were more likely to be daily smokers and heavier smokers, contradicting myths that smokers on the Internet are lighter or less addicted smokers. Multiple other peer-reviewed manuscripts regarding the effectiveness and rich social dynamics of BecomeAnEX have been published or are under review.

Three large, federally-funded trials from the National Cancer Institute, National Institute on Alcohol Abuse and Alcoholism and the National Institute on Drug Abuse are leveraging BecomeAnEX as the cornerstone of a research portfolio. The trials are examining the integration of BecomeAnEX into the lung cancer screening setting, evaluating the impact of alcohol-specific content on BecomeAnEX for heavy drinkers, and building and evaluating a novel two-way text messaging program that delivers a dynamic, individually tailored experience on BecomeAnEX.
For nearly a decade, Dr. J. Taylor Hays has been one of the tobacco dependence treatment experts inspiring people to quit smoking on BecomeAnEX. Today, Hays is the director of Mayo Clinic’s Nicotine Dependence Center, leading a team of clinicians who are partnering with Truth Initiative to reimagine how to help smokers quit.

A 25-year veteran in the field, Hays notes “the growing body of scientific evidence about how to most effectively help smokers quit” that came to be during his tenure at Mayo Clinic. Doctors had less certainty of what worked to help smokers quit in the early 1990s, Hays said. Today, we understand what is most successful in treating tobacco dependence, and it is our job to make smokers aware of the proven approaches that will help them succeed.

Since its debut, the quit plan on BecomeAnEX encouraged a combination of therapies, medication (like nicotine replacement), skills training, and social support, as a proven approach to quitting smoking successfully. These core elements of tobacco dependence treatment remain central to BecomeAnEX even as the platform evolves to incorporate the advantages of new technologies.

Hays has been heartened to witness a steep decline in smoking rates over the course of his career, but he knows his work is not finished. “Unfortunately,” he said, “smoking prevalence has declined much less among vulnerable populations,” such as people suffering from mental illness and those in lower socio-economic groups.

“The reach of the Internet and mobile technologies to virtually all corners of the U.S. represents an exciting opportunity to connect with smokers who might not otherwise access tobacco dependence treatment.” Hays and his team at Mayo Clinic along with his colleagues at Truth Initiative are working on enhancements to make the BecomeAnEX program a resource more accessible and more available. “We’re in this until every single smoker gets his or her best chance to quit,” Hays said.
Since BecomeAnEX launched in 2008, it has helped more than 800,000 registered users. That’s a lot of people, but for Dr. Amanda Graham, it’s also a lot of data.

As senior vice president of the new Innovations center and a research investigator within the Schroeder Institute, Graham’s work centers around maximizing the impact of BecomeAnEX and the other digital cessation and prevention products her team develops.

“We don’t just build products; we are continually learning and folding what we learn back into our cessation tools,” says Graham, whose research has focused on technology-based smoking cessation interventions for the past 20 years. Graham and her team rolled out several improvements to BecomeAnEX this year, including an enhanced community platform with new features that make it easier for users to communicate and support each other.

Dr. Graham and her team have been funded by the National Cancer Institute, National Institute on Alcohol Abuse and Alcoholism and the National Institute on Drug Abuse to learn more about how to improve the reach and effectiveness of digital smoking cessation interventions. Through these projects and others, Innovations programs will continue to help smokers throughout the U.S. while leading the field of digital cessation intervention research.
Financial Statements

+ Board of Directors
+ Senior Staff
# Truth Initiative and Affiliate
## Consolidated Balance Sheets

### June 30, 2016 and 2015 (In Thousands)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 77,266</td>
<td>$ 152,511</td>
</tr>
<tr>
<td>Investments</td>
<td>826,661</td>
<td>877,648</td>
</tr>
<tr>
<td>Accounts receivables from building sale</td>
<td>-</td>
<td>18,792</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>897</td>
<td>168</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>699</td>
<td>973</td>
</tr>
<tr>
<td>Note receivable</td>
<td>19,850</td>
<td>19,850</td>
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<tr>
<td>Prepaid expenses</td>
<td>336</td>
<td>423</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>6,135</td>
<td>302</td>
</tr>
<tr>
<td>1724 Massachusetts Ave building, net</td>
<td>24,940</td>
<td>25,447</td>
</tr>
<tr>
<td>Other assets</td>
<td>599</td>
<td>677</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 957,383</strong></td>
<td><strong>$ 1,096,791</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS&lt;br/liabilities:</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trades to be settled</td>
<td>$ 607</td>
<td>$ 10</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>12,312</td>
<td>14,630</td>
</tr>
<tr>
<td>Liability on interest rate swap agreement</td>
<td>6,950</td>
<td>4,849</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>4,883</td>
<td>-</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>1,442</td>
<td>1,290</td>
</tr>
<tr>
<td>Bonds payable</td>
<td>-</td>
<td>28,000</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>26,194</strong></td>
<td><strong>48,779</strong></td>
</tr>
<tr>
<td>Net Assets - Unrestricted</td>
<td>931,189</td>
<td>1,048,012</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td><strong>$ 957,383</strong></td>
<td><strong>$ 1,096,791</strong></td>
</tr>
</tbody>
</table>
Truth Initiative and Affiliate
Consolidated Statements of Activities

Years Ended June 30, 2016 and 2015 (In Thousands)

<table>
<thead>
<tr>
<th>REVENUE AND SUPPORT</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental income</td>
<td>$1,533</td>
<td>$2,742</td>
</tr>
<tr>
<td>Sponsored projects and other income</td>
<td>3,312</td>
<td>2,817</td>
</tr>
<tr>
<td>Investment (loss) income, net of fees</td>
<td>(5,920)</td>
<td>22,752</td>
</tr>
<tr>
<td>Gain on sale of building</td>
<td>-</td>
<td>14,270</td>
</tr>
<tr>
<td>Settlement proceeds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public education</td>
<td>141</td>
<td>125</td>
</tr>
<tr>
<td>TOTAL REVENUE AND SUPPORT</td>
<td>$ (934)</td>
<td>$42,706</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Counter marketing</td>
<td>$74,005</td>
<td>$66,132</td>
</tr>
<tr>
<td>Communications</td>
<td>5,147</td>
<td>2,869</td>
</tr>
<tr>
<td>Schroeder Research Institute</td>
<td>7,701</td>
<td>5,972</td>
</tr>
<tr>
<td>Evaluation Science and Research</td>
<td>6,786</td>
<td>7,098</td>
</tr>
<tr>
<td>Community and youth engagement</td>
<td>4,132</td>
<td>2,796</td>
</tr>
<tr>
<td>Grants</td>
<td>3,065</td>
<td>3,315</td>
</tr>
<tr>
<td>Other programs</td>
<td>1,957</td>
<td>3,879</td>
</tr>
<tr>
<td>TOTAL PROGRAM EXPENSES</td>
<td>$102,793</td>
<td>$92,061</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUPPORTING SERVICES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Administrative</td>
<td>$8,119</td>
<td>$7,073</td>
</tr>
<tr>
<td>Building Expenses</td>
<td>4,977</td>
<td>6,107</td>
</tr>
</tbody>
</table>

| TOTAL EXPENSES                                   | $115,889 | $105,241 |
| CHANGE IN NET ASSETS                             | $ (116,823) | $(62,535) |

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning</td>
<td>$1,048,012</td>
<td>$1,110,547</td>
</tr>
<tr>
<td>Ending</td>
<td>$931,189</td>
<td>$1,048,012</td>
</tr>
</tbody>
</table>
## Truth Initiative and Affiliate

**Consolidated Statements of Cash Flows**

**Years Ended June 30, 2016 and 2015 (In Thousands)**

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES:</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ (116,823)</td>
<td>$ (62,535)</td>
</tr>
</tbody>
</table>

Adjustments to reconcile change in net assets to net cash used in operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on sale of building</td>
<td>-</td>
<td>(14,270)</td>
</tr>
<tr>
<td>Realized and unrealized loss (gain) on investments</td>
<td>15,959</td>
<td>(7,088)</td>
</tr>
<tr>
<td>Other investment gain</td>
<td>(5,899)</td>
<td>(7,933)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,333</td>
<td>1,843</td>
</tr>
<tr>
<td>Change in interest rate swap agreements</td>
<td>2,101</td>
<td>942</td>
</tr>
</tbody>
</table>

Changes in assets and liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Increase) decrease in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>(729)</td>
<td>53</td>
</tr>
<tr>
<td>Other assets</td>
<td>78</td>
<td>177</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>87</td>
<td>470</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>274</td>
<td>(365)</td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>(2,318)</td>
<td>6,962</td>
</tr>
<tr>
<td>Deferred rent, net</td>
<td>4,883</td>
<td>-</td>
</tr>
<tr>
<td>Trades to be settled</td>
<td>597</td>
<td>436</td>
</tr>
<tr>
<td>Refundable advances</td>
<td>-</td>
<td>(84)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>152</td>
<td>(11)</td>
</tr>
</tbody>
</table>

**Net cash used in operating activities**

<table>
<thead>
<tr>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>(100,305)</td>
<td>(81,403)</td>
</tr>
</tbody>
</table>
# Truth Initiative and Affiliate
## Consolidated Statements of Cash Flows (Continued)
### Years Ended June 30, 2016 and 2015 (In Thousands)

### CASH FLOWS FROM INVESTING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of building</td>
<td>18,792</td>
<td>531</td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(6,659)</td>
<td>(318)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>181,689</td>
<td>378,137</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(140,762)</td>
<td>(300,781)</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td>53,060</td>
<td>77,569</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM FINANCING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment on the extinguishment of bonds</td>
<td>(28,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(28,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net decrease in cash and cash equivalents</strong></td>
<td>(75,245)</td>
<td>(3,834)</td>
</tr>
</tbody>
</table>

### CASH AND CASH EQUIVALENTS:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning</td>
<td>152,511</td>
<td>156,345</td>
</tr>
<tr>
<td>Ending</td>
<td>77,266</td>
<td>152,511</td>
</tr>
</tbody>
</table>

### SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for interest</td>
<td>902</td>
<td>955</td>
</tr>
<tr>
<td>Cash paid for income taxes</td>
<td>29</td>
<td>6</td>
</tr>
</tbody>
</table>

### SUPPLEMENTAL SCHEDULES OF NON-CASH FINANCING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable from building sale</td>
<td>-</td>
<td>18,792</td>
</tr>
<tr>
<td>Issuance of note receivable from building sale</td>
<td>-</td>
<td>19,850</td>
</tr>
</tbody>
</table>
Truth Initiative Grants

Fiscal Year Ended June 30, 2016

Action on Smoking and Health
Altarum Institute
American Academy of Pediatrics
American Heart Association
American Nonsmokers’ Rights Foundation
Asian Pacific Partners for Empowerment, Advocacy and Leadership
Breathe California of Sacramento - Emigrant Trails
Campaign for Tobacco-Free Kids
Johns Hopkins University
Northeastern University
The National Center on Addiction and Substance Abuse at Columbia University
The Trustees of Columbia University in the City of New York
University of California, San Francisco
Wyman Center

**SUBTOTAL** $ 2,645,180

Community College Initiative
Historically Black Colleges and Universities

**SUBTOTAL** $ 3,005,485
Board of Directors

as of December 2016

CHAIR
The Honorable Tom Miller
Attorney General of Iowa
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