



Historic Progress in the U.S. and 10 Years of Lifesaving Work Around the World

Annual Report

(FY 2017: April 1, 2016-March 31, 2017)



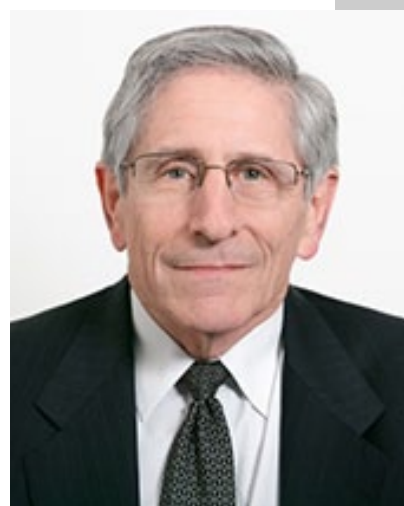
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Historic Progress in the U.S. and 10 Years of Lifesaving Work Around the World

When the Campaign for Tobacco-Free Kids was created in 1996, youth smoking rates in the United States were over 36 percent and climbing. Today, youth smoking rates are under 11 percent and falling, and four states have smoking rates of 5 percent or less, including large, diverse states like New York and Florida.

Adult smoking, which was once over 42 percent in the U.S., is now down to just 15 percent. Since opening our doors in 1996, the Campaign for Tobacco-Free Kids has helped to cut smoking in the U.S. by 70 percent among youth and 39 percent among adults. We must not underappreciate the magnitude of these declines. This is historic progress, and it is resulting in millions of lives improved and saved.



The progress we are making is so swift that a 2016 New England Journal of Medicine study found if the U.S. can maintain its recent rates of progress, we could reduce smoking to zero by 2035 and end the death and disease caused by tobacco.

This proves we are on the right path, and of course none of this happened by accident. We know what works when it comes to reducing tobacco use. Together with our partners and allies, we have worked tirelessly over the past two decades to increase tobacco taxes, pass smoke-free laws, and fund prevention programs. We also fought and won the long battle to give the U.S. Food and Drug Administration authority over tobacco, and we are now fighting to defend that authority and see that it is used as intended to protect kids and save lives.

This year we have continued to break new ground in our fight on a new front – raising the sale age of tobacco to 21. California, Hawaii and over 230 counties and cities have now raised the sale age to 21, and Washington state, Oregon, and Massachusetts might not be far behind.

CAMPAIGN FOR TOBACCO-FREE KIDS 2017 ANNUAL REPORT

Beyond the U.S., we continue to make historic gains as a proud partner with the Bloomberg Initiative to Reduce Tobacco Use and the Bill and Melinda Gates Foundation's efforts to reduce tobacco use in Africa.

2017 marks ten years since the Campaign for Tobacco-Free Kids began to work on tobacco control internationally. In that time, our work with the Bloomberg Initiative has supported implementation of proven tobacco control measures in 59 countries, reaching 3.5 billion people and saving 30 million lives. This year we can unequivocally say our work is helping to change the trajectory of the tobacco epidemic. Global cigarette sales have now fallen for three years in a row. Even in China, the country with the most smokers in the world, sales have fallen for the last two years and Shanghai recently joined Beijing and Shenzhen in going smoke-free, protecting more people than live in the entire country of Argentina.

This year we have also seen landmark legal victories. In July 2016, Uruguay defeated Philip Morris International to uphold its strong graphic warning labels, a huge victory for our 2016 Champion Award honoree, Tabaré Vázquez, the president of Uruguay.

Closely following Uruguay's victory, the World Trade Organization upheld Australia's world-first plain packaging law against a challenge backed by Philip Morris and British American Tobacco. As of today, nine countries have now approved plain packaging, including the United Kingdom, France and Ireland.

Despite our gains in the U.S. and around the world, threats to our progress are real and imminent. In the U.S., tobacco industry lobbyists are working to roll back the FDA's authority over e-cigarettes and cigars and to slash prevention budgets. Globally, tobacco companies continue to fight us every step of the way as they target low- and middle-income countries for sales growth of their deadly products.

In 2017, we are pleased to mark both our historic progress and our firm commitment to see this work through to the end. Along with our partners and the unwavering backing of our supporters, we will continue to fight until we have reduced smoking to zero and ended the death and disease caused by tobacco once and for all.



Matthew L. Myers
President

U.S. PROGRAMS

In the U.S., smoking rates fell to record lows, the FDA finally regulated e-cigarettes and cigars, and both tobacco-free baseball and Tobacco 21 laws spread from coast to coast. California set the pace with a \$2 tobacco tax increase.

Smoking rates hit record lows.

The high school smoking rate fell to 10.8 percent in 2015 – an astonishing 70 percent decline since 1997. The adult rate fell to 15.1 percent, down 64 percent since 1965. An analysis published in *The New England Journal of Medicine* found that if this recent rate of progress continues, the U.S. could eliminate smoking by 2035.

FDA finally regulates electronic cigarettes and cigars.

The FDA issued its long-overdue rule to protect kids and public health from e-cigarettes and cigars. A Surgeon General's report underscored what's at stake, finding that e-cigarette use among youth and young adults "is now a major public health concern." However, tobacco companies wasted no time in pushing Congress to weaken the rule and protect their ability to market candy-flavored products to kids. The Campaign for Tobacco-Free Kids and our partners are fighting to defend the FDA's authority.

California approves \$2 tobacco tax increase.

In a resounding victory over Big Tobacco, California voters approved a \$2-per-pack tobacco tax increase, the largest ever increase by any state. Led by our Champion Award honoree Tom Steyer, the Prop 56 campaign received 64 percent of the vote despite the tobacco industry spending more than \$70 million in opposition. Pennsylvania also enacted a \$1-per-pack tobacco tax increase.

Tobacco-free baseball becomes inevitable.

Our Knock Tobacco Out of the Park campaign continued to gain ground. State and local laws prohibited smokeless tobacco use in 14 of the 30 Major League Baseball (MLB) stadiums by the start of the 2017 season. In addition, baseball's new labor agreement prohibits new MLB players from using smokeless tobacco. It's now a matter of when, not if, baseball goes completely tobacco-free. And the Chicago Cubs, who went over 100 years without a championship, won the World Series just four months after Wrigley Field became tobacco-free. Coincidence? You decide.

Tobacco 21 laws spread quickly.

Efforts to raise the tobacco age to 21 spread like wildfire. California, Hawaii and over 220 counties and cities have now passed Tobacco 21 laws, including New York City, Chicago, Boston, Cleveland, St. Louis, Columbus, both Kansas Cities and Washington, D.C.

Public housing will become smoke-free.

The Department of Housing and Urban Development issued a rule to make public housing properties smoke-free nationwide. The new rule will protect the health of over 2 million public housing residents, including 760,000 children. In other smoke-free news, at least 1,757 colleges and universities now have smoke-free campuses, including 1,468 that are completely tobacco-free.

INTERNATIONAL PROGRAMS

Internationally, Uruguay won a historic victory over Philip Morris International, Shanghai went smoke-free, global cigarette sales fell for the third consecutive year, plain packaging picked up speed and Michael Bloomberg renewed his commitment to the global fight against tobacco.

Uruguay defeats Big Tobacco.

In a historic public health victory, Uruguay won an international legal battle against Philip Morris International to uphold its tobacco control laws. One of the challenged laws requires graphic warnings covering 80 percent of cigarette packs, while the other limits brands to a single version in order to eliminate misleading terms like “light” and “mild.” The ruling affirmed the sovereign right of all countries to protect their citizens’ health.

Smoke-free Shanghai boosts momentum in China.

Home to over 20 million people, Shanghai took a landmark step by implementing a smoke-free law covering all restaurants, bars, workplaces and public transportation. In joining Beijing, which went smoke-free in 2015, Shanghai set another powerful example for China and the world.

Michael Bloomberg renews commitment to fighting tobacco.

Former New York City mayor and philanthropist Michael R. Bloomberg committed an additional \$360 million to the global fight against tobacco use, bringing his total commitment to nearly \$1 billion. In its first 10 years, the Bloomberg Initiative has supported the implementation of tobacco control measures in 59 countries, reaching 3.5 billion people and saving an estimated 30 million lives. The Campaign for Tobacco-Free Kids is a proud partner in this initiative.

Plain packaging continues to spread.

Spurred by legal victories like Uruguay's and the effectiveness of Australia's pioneering law, a growing number of countries are adopting laws requiring tobacco products to be sold in plain packaging, free of colorful logos. In addition to Australia, countries that have implemented or passed plain packaging laws include the United Kingdom, France, Hungary, Ireland, Norway, New Zealand and Slovenia.

More countries require graphic warnings.

Graphic health warnings continued to spread, with India among countries leading the charge with warnings covering 85 percent of tobacco products. Altogether, at least 109 countries and jurisdictions have finalized requirements for graphic warnings.

Tobacco taxes are on the rise.

In the past year, more countries moved to increase tobacco taxes, with Colombia and Ukraine doing so at the end of 2016. In January 2017, a landmark National Cancer Institute-World Health Organization report, *The Economics of Tobacco and Tobacco Control*, found that tobacco use costs countries more than \$1 trillion a year in health care expenses and lost productivity, while tobacco taxes are highly effective at reducing tobacco use and its terrible health and financial toll.

GLOBAL HEALTH ADVOCACY INCUBATOR

For over three years, the Global Health Advocacy Incubator has applied the Campaign for Tobacco-Free Kids' decades of advocacy experience, along with our in-country knowledge and networks developed through our tobacco control work, to strengthen the advocacy capacity of public health advocates working on public health projects around the world.

The Global Health Advocacy Incubator focuses on building and strengthening advocacy capacity by providing training, mentoring, and technical assistance to public health advocates working on a growing number of public health projects around the world.

We are currently working to improve public health in a growing number of countries around the world, focusing on three areas: data for health, road safety, and obesity prevention.

Data for Health

In 2015, Bloomberg Philanthropies launched its Data for Health Initiative, which aims to improve civil registration and vital statistics systems (CRVS)—including developing birth and death registries—in low- and middle-income countries; developing and testing the use of mobile phone technology to conduct non-communicable disease (NCD) surveillance; and promoting strategic use of data for policy and planning.

In 2017, the Global Health Advocacy Incubator completed the first two legal analyses in Ghana and Tanzania, conducted additional workshop in Philippines, and began the process of planning workshops in six other countries.

Global Road Safety Project

Since its founding, the Global Health Advocacy Incubator has focused on providing advocacy assistance to Bloomberg Philanthropies' Global Road Safety Project (GSRP). In 2017, the Incubator is continuing to lead GSPR efforts in the five current priority countries – China, India, Philippines, Tanzania and Thailand.

Obesity Prevention

In 2017, the Global Health Advocacy Incubator began supporting Bloomberg Philanthropies' obesity prevention effort focused on four policy areas: taxation of sugar-sweetened beverages; the marketing of unhealthy foods and beverages, especially to children; healthy public sector food policy; and improved front-of-package food labeling. We are currently working on these issues with local partners in three countries – Colombia, Brazil and South Africa.

INDUSTRY WATCH

Tobacco's devastating toll in the U.S. and around the world stems directly from the tobacco industry's insidious practices. For decades, the industry has marketed its deadly and addictive products to children, deceived the public about the health effects of these products and aggressively opposed measures to reduce tobacco use. They still do so today. The Campaign for Tobacco-Free Kids works tirelessly to track, expose and counter the industry's shameful tactics.

Candy-Flavored E-Cigarettes and Cigars Threatens to Hook a New Generation of Kids

As fewer kids smoke traditional cigarettes, tobacco companies are enticing them with a booming market of sweet-flavored tobacco products, especially e-cigarettes and cigars. *The Flavor Trap, How Tobacco Companies are Luring Kids with Candy-Flavored E-Cigarettes and Cigars*, is an eye-opening report issued by the Campaign for Tobacco-Free Kids and four leading public health organizations - American Academy of Pediatrics, American Cancer Society Cancer Action Network, American Heart Association and American Lung Association.

The report warns these candy- and fruit-flavored products are putting a new generation of kids at risk of nicotine addiction and the serious health harms that result from tobacco use. It calls on the FDA to prohibit all flavored tobacco products and urges Congress to reject legislation that would weaken the FDA's authority, especially over e-cigarettes and cigars.

Studies show:

- E-cigarettes are available in more than 7,700 flavors, with hundreds more added every month.
- The number of unique cigar flavor names more than doubled from 2008 to 2015, from 108 to 250.
- Sales of flavored cigars have increased by nearly 50 percent since 2008, and flavored cigars made up more than half (52.1 percent) of the U.S. cigar market in 2015.

Sweet flavors make the products “seem like they belong in a candy store or ice cream parlor,” the report states. Flavor examples cited include gummy bear, cotton candy, peanut butter cup, cookies ‘n cream and pop rocks for e-cigarettes and chocolate, wild berry, watermelon, lemonade and cherry dynamite for cigars. Flavors have helped fuel the popularity of these products among kids. Youth use of e-cigarettes soared from 2011 to 2015, surpassing use of regular cigarettes, and more high school boys now smoke cigars than cigarettes, surveys show.

The report makes abundantly clear the dangers these products pose to public health, and why Congress must reject the proposals to weaken FDA oversight of products like e-cigarettes and cigars, including the flavored products that have flooded the market in recent years.

Exposing the Deadly Alliance between Big Tobacco and Convenience Stores

Tobacco companies have enlisted convenience stores as their most important partners in marketing tobacco products and fighting policies that reduce tobacco use, thereby enticing kids to use tobacco and harming the nation’s health.

As other forms of tobacco marketing have been restricted, tobacco companies now spend more than 95 percent of their marketing budget — nearly \$8.7 billion a year — to saturate convenience stores, gas stations and other retail outlets. Tobacco companies pay stores to ensure that cigarettes and other tobacco products are advertised heavily, displayed prominently and priced cheaply to appeal to both kids and current tobacco users.

Convenience stores have also become partners with — and front groups for — the tobacco industry in fighting higher tobacco taxes and other public policies that reduce tobacco use.

To shed light on these underhanded marketing tactics, the Campaign for Tobacco-Free Kids released a report entitled *Deadly Alliance: How Big Tobacco and Convenience Stores Partner to Hook Kids and Fight Life-Saving Policies*. Co-authored by Counter Tobacco and the American Heart Association, this report is an update to the original released in 2012.

Youth Programs

The vast majority of smokers began as teenagers. As a result, youth are critical and powerful voices in the fight against tobacco. Through initiatives like Kick Butts Day, our Youth Advocates of the Year Awards and our annual Youth Advocacy Symposium, the Campaign for Tobacco-Free Kids fosters the next generation of youth leaders who will finish the fight against tobacco.

Kick Butts Day 2017

Kick Butts Day is a large-scale, national day of activism that empowers youth to stand out, speak up and seize control against Big Tobacco. Each year, thousands of young people plan and conduct events and activities that call attention to the problems caused by tobacco and tobacco industry marketing that targets youth.

Kick Butts Day 2017 was tremendous display of youth activism, with nearly 1,100 events taking place in 50 states and 8 countries. This broad success was made possible thanks to the Campaign for Tobacco-Free Kids' partnerships with the Department of Defense, the Tobacco Free College Campus Initiative, Students Against Drunk Driving, the National Institute on Drug Abuse, and the Family, Career and Community Leaders of America.

Key Highlights - Kick Butts Day 2017:

- More than 1 million people were reached directly through Kick Butts Day events
- 167 events were held on military bases in the U.S. and around the world
- 32 Kick Butts Day interviews were conducted with radio and TV stations across the country
- Over 150 local media stories in 42 states highlighted Kick Butts Day
- 14 Kick Butts Day legislative events were hosted in states including Texas, Washington, Rhode Island, New Jersey, Nebraska, West Virginia, Missouri, Massachusetts, North Carolina, and Hawaii

2016 Youth Advocates of the Year Awards Gala

Each year, the Campaign for Tobacco-Free Kids recognizes exceptional youth who are leaders in the fight against tobacco. We are proud to recognize the important work they do at the local, state and international levels.

The 2016 Youth Advocates of the Year inspire those of us who work alongside them and make tangible strides in the fight to end the tobacco epidemic. Their creativity, energy and courage motivate us as we work to create a tobacco-free generation.

Group Winner

Youth With Vision

Conor Henry, Jordan Elder, Maddy Mills, Madison Schmerbach
Kansas City, Missouri

East Regional Youth Advocate of the Year

Jada Rasulallah

Philadelphia, Pennsylvania

West Regional Youth Advocate of the Year

Tyra Nicolay

Shiprock, New Mexico

South Regional Youth Advocate of the Year

Carlos Vela

Ingleside, Texas

Central Regional Youth Advocate of the Year

Breanna (Bree) Wilson

Jamestown, Indiana

National Youth Advocate of the Year

Bryce Moore

Gulfport, Mississippi

In 2016, the Campaign for Tobacco-Free Kids presented our National Youth Advocate of the Year Award to Bryce Moore of Gulfport, Mississippi. Bryce is motivated to fight tobacco by both personal experience – his beloved grandfather was diagnosed with cancer caused by tobacco use –

and the experience of his state, Mississippi, which has high rates of smoking and related diseases.

Bryce has advocated for policy change at the local and state levels. He works with the Mississippi Tobacco-Free Coalition to help communities pass smoke-free air policies. There are now more than 116 smoke-free communities in Mississippi. He also worked with Cleaner Air for Kids, a grassroots organization, to encourage local businesses to adopt smoke-free policies. Bryce has also supported a statewide campaign to raise the minimum age of sale for tobacco products to 21, and he currently serves on the board of Generation Free, Mississippi's youth-led tobacco prevention program.

In addition to our Youth Advocates of the Year, the Campaign for Tobacco-Free Kids honored the following leaders in the fight against tobacco:

Judy Wilkenfeld Award for International Tobacco Control Excellence

Feras Hawari of Jordan, MD, FCCP, Director, Cancer Control Office and Chief of Pulmonary and Critical Care at the King Hussein Cancer Center

Champion Award

Tom Frieden, MD, MPH
Director, Centers for Disease Control and Prevention
Atlanta, Georgia

2016 Youth Symposium

This year, we welcomed 21 youth advocates from 21 different states to our 13th Youth Advocacy Symposium, a multi-layered training program designed to enhance local tobacco control efforts while providing youth with an opportunity to be involved in national tobacco control efforts.

As part of the symposium, in addition to hands-on, in-depth advocacy training, the youth met with members of Congress to talk about protecting youth from tobacco use and developed post-Symposium action plans designed to support local and statewide tobacco control efforts.

Financials

Campaign for Tobacco-Free Kids

Revenue	Unrestricted	Temporarily Restricted	Total
Grants income	\$34,248	\$22,468,411	\$22,502,659
Contributions	\$430,545	-	\$430,545
Events	\$501,170	-	\$501,170
Investment Income	\$80,694	-	\$80,694
Other Revenue	\$12,823	-	\$12,823
Net assets released from restriction	\$23,217,786	(\$23,217,786)	-
TOTAL REVENUE	\$24,277,266	(\$749,375)	\$23,527,891
Expenses			
<i>Program services:</i>			
Public information and communications	\$1,640,393	-	\$1,640,393
Research, advocacy and technical assistance	\$4,333,934	-	\$4,333,934
Constituent relations and outreach	\$899,333	-	\$899,333
International Programs	\$16,013,380	-	\$16,013,380
<i>Supporting services:</i>			
General and administrative	\$1,169,108	-	\$1,169,108
Fundraising	\$1,085,041	-	\$1,085,041
TOTAL EXPENSES	\$25,141,189	-	\$25,141,189
Change in net assets	(\$863,923)	(\$749,357)	(\$1,613,298)
Net Assets			
Beginning	\$4,998,104	\$42,171,966	\$47,170,070
Ending	\$4,134,181	\$41,422,591	\$45,556,772

**Temporarily Restricted assets represent financial commitments that are available to be spent over future years. The Campaign for Tobacco-Free Kids frequently receives grant pledges for two years of work and books the full amount in the year the pledge is received, per FASB standards. In these instances the income is recorded in one year and the expenses are recorded over two years. This can create the appearance of a deficit in the second year.

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