

2012

ANNUAL REPORT

www.vfhy.org



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Greetings from the Executive Director!



I am pleased to report to you that the Virginia Foundation for Healthy Youth helped cut high school smoking in Virginia by more than 50 percent in the last 10 years!

According to the Virginia Foundation for Healthy Youth's most recent Virginia Youth Tobacco Survey, just 13 percent of high school students are regular smokers. That's down from 28.6% when we started our work in 2001. And the number of middle school smokers has dropped by more than 65 percent over the same period!

Because of our great success at teaching young people to make healthy choices, and because tobacco use and obesity are the two leading causes of preventable deaths, the General Assembly gave VFHY the added mission of childhood obesity prevention in 2009.

In our third year of working on childhood obesity, VFHY helped forge and support sustainable community coalitions to address childhood obesity on the local level, funding 21 Healthy Communities Action Teams (HCAT) grantees. These grantees are implementing local childhood obesity prevention strategies such as establishing farmers' markets to increase community access to fresh produce; increasing physical activity in children enrolled in after-school programs; creating and maintaining community gardens; and establishing safe, neighborhood playgrounds.

While we are seeing some early improvement in Virginia and across the nation, the childhood obesity epidemic remains a major public health and safety issue.

Obesity is the leading cause for Army volunteers to be rejected for service. And sadly, because of projected obesity rates, this generation may be the first in U.S. history with a shorter life expectancies than their parents, according to studies published in the New England Journal of Medicine.

By reducing and preventing youth tobacco use and childhood obesity, the Virginia Foundation for Healthy Youth aims to make a great impact on the health of Virginia's children, teaching them to make healthy choices to last their entire lives.

Sincerely,

A handwritten signature in blue ink that reads "Marty H. Kilgore".

Marty H. Kilgore
Executive Director
Virginia Foundation for Healthy Youth



Did you know?

Tobacco use and obesity are the two leading causes of preventable deaths in the United States.

About VFHY

The Virginia Foundation for Healthy Youth leads statewide efforts to reduce and prevent youth tobacco use and childhood obesity. In 1999, as a result of the Master Settlement Agreement (MSA), the Virginia General Assembly established the Virginia Tobacco Settlement Foundation (VTSF) to lead youth tobacco-use prevention efforts in Virginia. In 2009, due to our great success at reducing youth tobacco use, the General Assembly changed our name to the Virginia Foundation for Healthy Youth (VFHY) and expanded our mission to include childhood obesity prevention. VFHY receives no taxpayer funds. Our budget comes from a small percentage of Virginia's yearly MSA payments.

We Get Results

Since we began working with young people in 2001, the number of high school students who smoke in Virginia has been cut by more than 55 percent and the number of middle schools students who smoke has dropped by more than 70 percent! Members of our Y Street teen advocacy group logged 982 volunteer hours on projects in FY 2011 and won a national award for their tobacco-use prevention work. VFHY also funded 21 regional childhood obesity prevention teams across Virginia in FY 2011. These collaborative groups instituted a variety of projects ranging from running farmer's markets and building community playgrounds to offering youth nutrition classes and increasing opportunities for physical activity in localities statewide.

Master Settlement Agreement

In 1998, the Attorneys General of 46 states, including Virginia, signed the Master Settlement Agreement (MSA) with the nation's four largest tobacco manufacturers to settle state lawsuits to recover costs associated with treating smoking-related illnesses. The spirit and intent of the MSA was to provide states with funding for tobacco-use prevention programs that would ultimately lower the prevalence of tobacco use, thus also lowering long-term medical costs.

VFHY's Goals Include:

- Educating young people and parents about the adverse health, economic and social effects of tobacco use
- Educating young people about the importance of making healthy choices, such as being physically fit, eating nutritious foods and reducing screen time
- Serving as the hub of all youth tobacco-use and childhood obesity prevention efforts in the Commonwealth
- Promoting school- and community-based educational programs that target youth tobacco use prevention and reduction
- Developing marketing strategies to promote VFHY's goals of reducing and preventing youth tobacco use and childhood obesity
- Creating sustainable community-based coalitions to prevent and reduce childhood obesity

VFHY STAFF

CENTRAL OFFICE STAFF

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CHAIRMAN

Robert C. Gunther, M.D., of Waynesboro, lead pediatrician, Augusta Pediatrics; Partner, University of Virginia Health Services Foundation *(term expires June 30, 2014)*

VICE CHAIRMAN

The Honorable John H. O'Bannon, III, M.D., member, House of Delegates, representing the 73rd District *(concurrent with House term)*

MEMBERS

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Sandy L. Chung, M.D., of Sterling, physician, Fairfax Pediatric Associates, PC *(term expires June 30, 2015)*

Curtis Coleburn, chief operating officer, Virginia Department of Alcoholic Beverage Control *(concurrent with appointment)*

Edda Collins Coleman, of Springfield, Vice President, Hill+Knowlton Strategies *(term expires June 30, 2015)*

Kevin R. Cooper, M.D., of Midlothian, professor, Virginia Commonwealth University School of Medicine *(term expires June 30, 2013)*

Stacey Ely, of Abingdon, community and government relations director, Mountain State Health Alliance *(term expires June 30, 2015)*

The Honorable T. Scott Garrett Jr., member, House of Delegates, representing the 23rd District *(concurrent with House term)*

The Honorable Thomas A. Garrett Jr., member, Senate of Virginia, representing the 22nd District *(concurrent with Senate term)*

Don Gehring, of Richmond, director of government relations, Anthem/Wellpoint of Virginia *(term expires June 30, 2014)*

Jeffrey Logan Holland, of Franktown, youth member *(term expires June 30, 2013)*

Corey Howell, of Manakin-Sabot, youth member *(term expires June 30, 2013)*

John O. James Jr., of Charlottesville, program director, News Radio WINA 1070 AM *(term expires June 30, 2014)*

Robert Leek, of Williamsburg, senior physician liaison, Sentara Healthcare, Eastern Virginia Medical School *(term expires June 30, 2014)*

Sarah T. Melton, PharmD., BCCP, CGP, of Lebanon, director of addiction outreach and associate professor of pharmacy practice, Appalachian College of Pharmacy *(term expires June 30, 2014)*

Christopher S. Nicholson, M.D., of Richmond, cardiologist, Henrico Cardiology Associates *(term expires June 30, 2015)*

The Honorable Ralph Northam, M.D., member, Senate of Virginia, representing the 6th District *(concurrent with Senate term)*

Stephen Reardon, shareholder and director, Spotts Fain *(term expires June 30, 2014)*

Davis Rennolds, consultant, McGuireWoods; state director, Share Our Strength *(term expires June 30, 2015)*

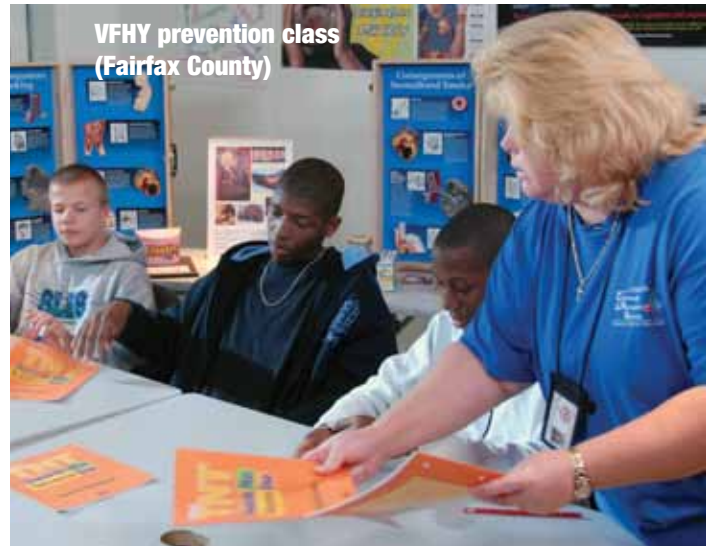
Karen Remley, M.D., commissioner of health, Virginia Department of Health *(concurrent with appointment)*

Claudia Tellez, of Loudoun County, director of Project Access, Medical Society of Northern Virginia *(term expires June 30, 2013)*

Board Service: July 1, 2011 - June 30, 2012



**VFHY prevention class
(Floyd County)**



**VFHY prevention class
(Fairfax County)**

The Virginia Foundation for Healthy Youth and the Virginia Department of Health (VDH) conduct biennial surveys of youth health behaviors, including tobacco use. These results are reported to the Centers for Disease Control and Prevention (CDC).

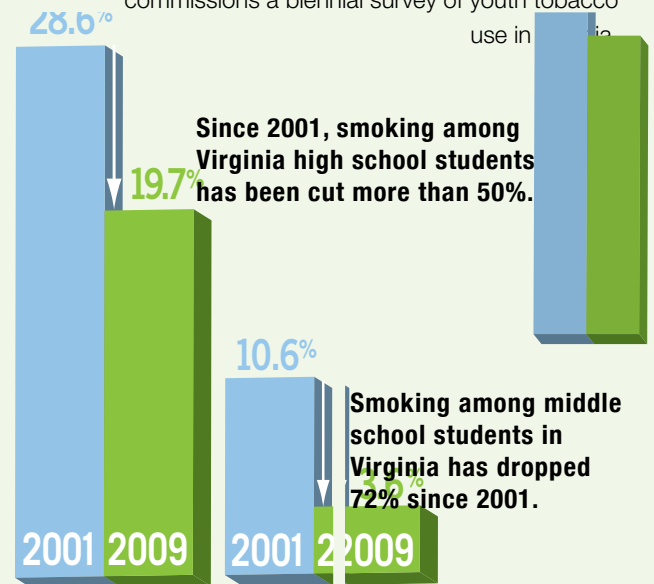
The Virginia Youth Survey (VYS) has been developed to monitor priority health risk behaviors that contribute markedly to the leading causes of death, disability, and social problems among youth and adults within the Commonwealth of Virginia.

VDH in collaboration with VFHY and the Virginia Department of Education administered the most recent Virginia Youth Survey in fall 2011. The survey was administered to students in grades 9 to 12 in 36 randomly selected public high schools statewide. The survey questions were tested and validated by the Centers for Disease Control and Prevention.

Questions asked on the Virginia survey are directly comparable to the standardized questions asked in other states.

Virginia Youth Tobacco Survey

Working in conjunction with the CDC, VFHY commissions a biennial survey of youth tobacco use in Virginia.



Since 2001, smoking among Virginia high school students has been cut more than 50%.

Smoking among middle school students in Virginia has dropped 72% since 2001.

SOURCES: Virginia Youth Survey, Virginia Department of Health, 2011. Virginia Youth Tobacco Survey, 2001-2009, Virginia Foundation for Healthy Youth



In fall 2011 the Virginia Foundation for Healthy Youth assisted the Virginia Department of Health and the Virginia Department of Education in administering the Virginia Youth Survey to students in grades 9 to 12 at 36 randomly selected public high schools across the state.

The results of the survey indicated:

REGION	OVERWEIGHT	OBESE
CENTRAL	16%	9%
NORTH	15%	11%
SOUTHEAST	19.5%	16.8%
SOUTHWEST	22%	13%

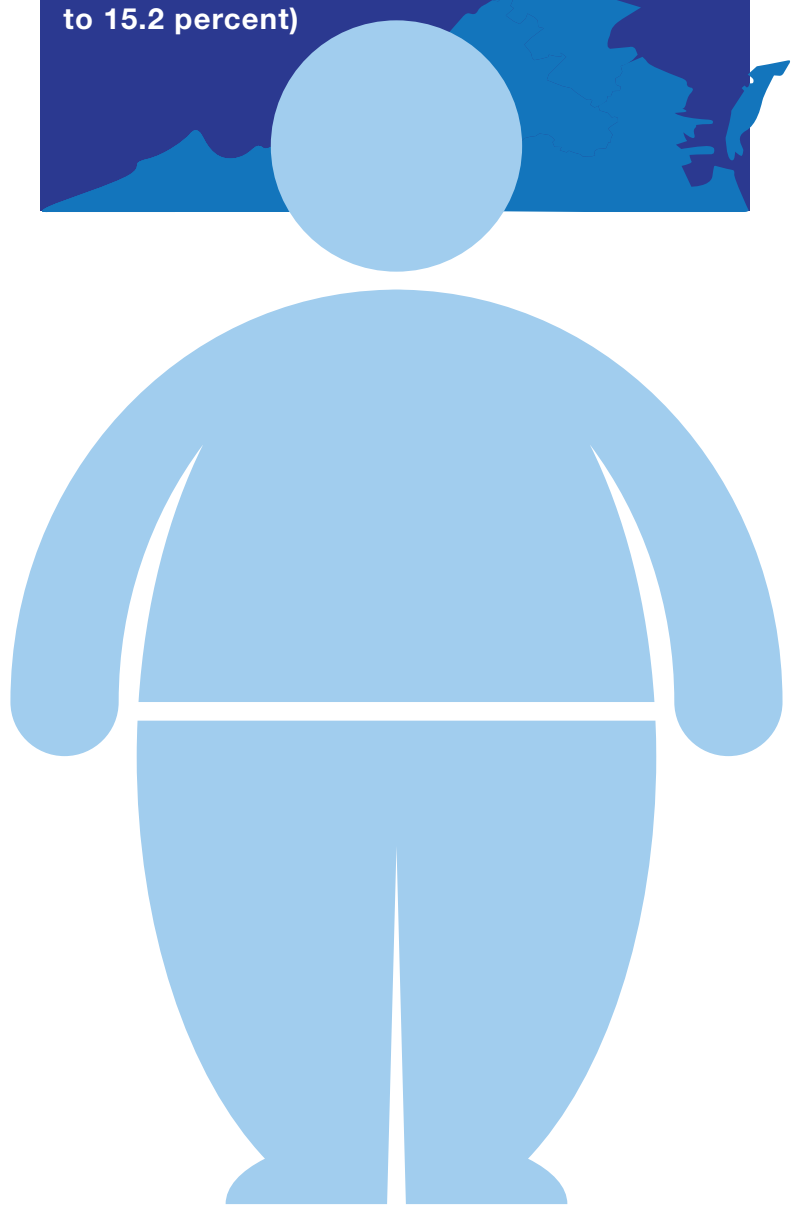
HIGH SCHOOL YOUTH (GRADES 9-12)

Overweight	17.2%
Obese	11.1%
Met the recommendation for fruit and vegetable consumption	75.9%
Less than 5 servings of fruits and vegetables per day	82.5%
Watched 3 or more hours of TV per day	31.1%
Drank soda at least three times a day	10%

MIDDLE SCHOOL YOUTH (GRADES 6-8)

Overweight	18%
Obese	12%
Do not meet physical activity guidelines for 60 minutes per day	73%
Watching 3 or more hours of TV per day	35%
Drank soda at least three times a day	4%

Virginia's youth obesity average is slightly below the national average (11.1 percent compared to 13 percent) but has a higher prevalence of overweight youth compared nationally (17.2 percent compared to 15.2 percent)



Data from the Virginia Department of Health, Virginia Youth Survey, Virginia Foundation for Healthy Youth, Virginia Nutrition and Physical Activity Survey. [2011]



CHILDHOOD OBESITY

2012

More than 350 children from Crestview Elementary School in Henrico County celebrated Walk to School Day in October 2011 at one of several events sponsored around the state by the Virginia Foundation for Healthy Youth.

The prevalence of obesity in the United States more than doubled among adults and more than tripled among children and adolescents from 1980 to 2008. Forecasters estimate that by 2030 more than half of the U.S. population will be obese.

An obese teenager has a 70% greater risk of becoming an obese adult and one in three children born after the year 2000 will develop diabetes at some point in their lifetime.

Due to the Virginia Foundation for Healthy Youth's outstanding success at preventing youth tobacco use, the General Assembly gave VFHY responsibility for childhood obesity prevention in 2009. VFHY has spearheaded efforts throughout the Commonwealth focusing on sharing best practices in childhood obesity prevention, building collaborations and partnerships between organizations, investing in community-led interventions to combat obesity, and using innovative strategies to increase awareness and build momentum.

On Oct. 4-5, 2011, VFHY hosted the second Weight of the State Conference on childhood obesity prevention in Virginia. More than 400 stakeholders, including leaders in education, healthcare, community engagement, agriculture, transportation and public health met to share best practices and hear from experts about emerging trends in childhood obesity prevention. Attendees also heard from First Lady of Virginia Maureen McDonnell, the honorary conference chair, as well as Virginia Secretary of Health and Human Resources Dr. Bill Hazel and Dr. Terry O'Toole from the Centers for Disease Control and Prevention.



Virginia Healthy Youth Day 2012

First Lady of Virginia Maureen McDonnell and more than 5,600 children around the Commonwealth helped VFHY celebrate its third annual Virginia Healthy Youth Day in a big way on Jan. 19, 2012. Established by a Virginia General Assembly resolution, Virginia Healthy Youth Day is held every January by VFHY and promotes physical fitness, good nutrition and healthy lifestyles for Virginia's children.

About 450 students from Chesterfield and Hanover public schools and St. Gertrude High School listened to Mrs. McDonnell and exercised with instructors from the YMCA of Greater Richmond. Other state officials in attendance included Virginia Secretary of Health and Human Resources Dr. Bill Hazel and state Health Commissioner Dr. Karen Remley.

Mascots from Richmond-area universities and sports teams, including Virginia Commonwealth University's Rodney the Ram and the Richmond Squirrels' Nutzy, added to the fun atmosphere by exercising with the children and posing for photos.

In addition to the Virginia Healthy Youth Day celebration at the State Capitol, VFHY sponsored more than 25 other Virginia Healthy Youth Day events across the state on Jan. 19, 2012, from the coalfields of far Southwest Virginia to the Chesapeake Bay and up to Northern Virginia. Schools and community organizations held events such as Walk to School Days, healthy cooking demonstrations and a variety of physical fitness activities.



VFHY has served as a catalyst for partnership and collaboration, focusing on local, regional, and state organizations with a commitment to reduce and prevent childhood obesity. As a founding member of the Secretary of Health and Human Resources' Interagency Taskforce on Nutrition and Obesity, VFHY has worked to attract nontraditional partners to obesity prevention efforts. One key partnership with the Virginia Department of Transportation is expanding efforts to promote physical activity through walking and biking to school. In October 2011, more than 75 schools throughout Virginia participated in International Walk to School Day as part of a statewide effort to promote safe walking and biking routes to schools.

Through the Healthy Community Action Teams (HCATs), VFHY has invested in community-led obesity prevention activities through providing infrastructure for local initiatives and promoting evidence-based practices from the Institute of Medicine. HCATs serve as coordinators and conveners for local activities and build momentum around increasing access to healthy foods, promoting physical activity, and preventing childhood obesity. HCATs have successfully implemented local policy, environment, and systems changes in their communities to increase access to Farmer's Market for low-income participants, change the built environment to provide safe places for recreation and physical activity, working with local schools to enhance school wellness policies, and provide nutrition education through community gardens.

While promoting evidence-based, proven strategies for childhood obesity prevention, VFHY also utilizes innovative approaches to addressing the epidemic. VFHY offers Healthy Youth Day mini-grants to communities all across Virginia to hold events to promote increased physical activity and better nutrition for children each January. (See sidebar.) And in May 2012 Virginia Gov. Bob McDonnell signed a proclamation recognizing Screen-Free Week and the negative impact that increasing time with televisions, computers and gaming devices can have on children's health. During Screen-Free Week, VFHY partnered with the Virginia Chapter of the American Academy of Pediatrics to spread the word about reducing screen time and providing fun ideas for families to be active.





HEALTHY COMMUNITIES ACTION TEAMS

In FY 2011, VFHY awarded more than \$1.15 million in 21-month grants over FY 2011 and 2012 to establish and/or support 21 local community coalitions across Virginia to fight childhood obesity. Funding and training provided by VFHY through its Healthy Communities Action Teams (HCAT) grants allow community organizations to implement promising practices in childhood obesity prevention identified by the National Institute of Medicine and the Centers for Disease Control and Prevention. In FY 2012, HCAT grant recipients received \$661,989. *(A list of grant recipients can be found on page 12 of this report.)*

HCAT grantees implement a variety of activities for childhood obesity prevention, such as working with or establishing farmers markets to increase community access to fresh produce; increasing physical activity among children enrolled in after-school programs; creating and maintaining community gardens; and establishing safe neighborhood playgrounds. HCAT grantees, which were selected by an independent grants application review panel, are required to comply with VFHY evaluation and reporting procedures.

Communities being served by HCAT grantee programs include: Alexandria, Blacksburg, Carroll County, Charlottesville, Danville, Floyd County, Fredericksburg, Galax, Gate City, Giles County, Hampton Roads, Henry County, Jamestown, Lee County, Martinsville, McLean, New River Valley, Norfolk, Northern Neck, Norton, Petersburg, Pittsylvania County, Prince William County, Rappahannock, Richmond, Roanoke, Scott County, Smyth County, Staunton, Suffolk, Tazewell County, Williamsburg, Wise County and Yorktown.





ACTOUT

VFHY’s Marketing Department devoted \$100,000 to a childhood obesity prevention campaign called ActOut that was implemented by teen volunteers in VFHY’s Y Street program (see page 21).



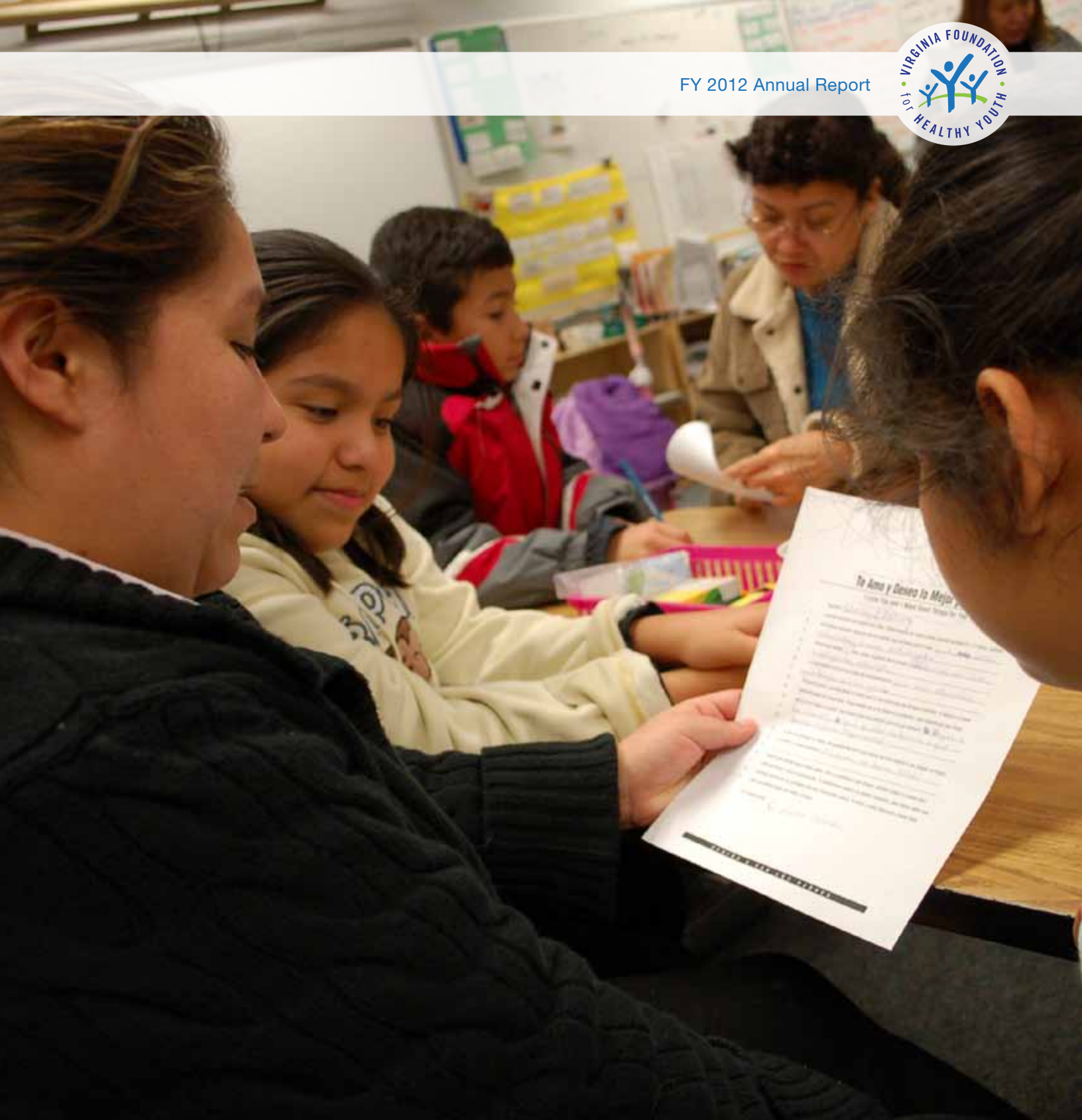
The ActOut campaign is about getting Virginia youth excited about being physically active. To do this, a supportive environment is necessary – which is why it is important to increase public awareness on the benefits of physical education for students’ intellectual, physical, and emotional well-being.

Y Street members survey students, parents, teachers, school administrators and community members about their opinions

regarding physical education and nutrition at schools. The completed surveys will be analyzed into reports to educate stakeholders and partners about what the community thinks about these issues. Each person who completes the survey will receive an ActOut info card with some facts about the importance of physical education. The respondent will be asked to share the information with family and friends in order to spread campaign awareness.

Since the launch of the ActOut campaign in fall 2011, Y Street members have collected more than 15,000 valid surveys from 210 communities in Virginia. Overwhelmingly, respondents support requiring physical education being part of the elementary and middle school day in Virginia. Visit ActOutVA.com to learn more.





PROGRAMS

Students at Drew Model School in Arlington participate in a VFHY-funded tobacco-use prevention program. VFHY's evidence-based curriculum programs such as Too Good For Drugs and LifeSkills Training provide prevention training to children on a variety of topics including conflict resolution and avoiding drug and alcohol use.



Compendium and Training

All of the funded grants used programs found in VFHY's Compendium of Tobacco Use Prevention Programs for Youth (Compendium). The Compendium programs address issues relative to tobacco-use prevention including primary tobacco-use prevention education, tobacco cessation, early tobacco intervention and reduction, advocacy, youth empowerment and social-skills building. These evidence-based programs have been recognized by national, state and nonprofit organizations as model, promising or effective tobacco-use prevention programs.

VFHY provides extensive training and technical assistance to help facilitators more effectively reach young people through our Compendium programs.

VFHY is committed to involving Virginia's communities in its effort to prevent youth tobacco use through tobacco-use prevention and cessation programs.

Taught at hundreds of public schools, community recreation centers, faith centers, day care and preschools statewide, VFHY's evidence-based community educational programs provide direct interaction with children and youth and are a key element in changing youth attitudes and behaviors about tobacco use.

During FY 2012, VFHY served 50,000 youth across Virginia through 52 tobacco-use prevention grant programs. Grant recipients included a variety of organizations teaching kids ages 2 to 17.

Program Evaluation

VFHY conducts rigorous evaluations of our programs to track their success and reach. Evaluations measure such factors as a student's ability to resist peer pressure and their knowledge of the harmful effects of tobacco use. VFHY contracted with Virginia Commonwealth University's (VCU) Survey and Evaluation Research Laboratory to provide a comprehensive evaluation of the 80 grant programs. VFHY awarded VCU \$205,000 for these evaluation services.

VFHY Compendium of Programs

- All Stars*
- Al's Pals*
- Creating Lasting Family Connections*
- Ending Nicotine Dependence*
- The Great Body Shop*
- Helping Teens Stop Using Tobacco*
- Intervening with Teen Tobacco Users*
- Know Your Body*
- Life Skills Training*
- Minnesota Smoking Prevention Program*
- Not On Tobacco*
- Positive Action*
- Project Alert*
- Project EX*
- Project Toward No Drug Use*
- Project Toward No Tobacco Use*
- Skills for Adolescence*
- Strengthening Families (ages 6-11)*
- Strengthening Families (ages 10-14)*
- Too Good for Drugs*



TRAINING CONTRACTS

Each year, VFHY offers capacity building and obesity/tobacco-use prevention program training for grantees and other organizations throughout Virginia. In 2012, in collaboration with the Department of Behavioral Health Services (DBHS) and the Virginia Department of Health (VDH), VFHY offered 29 workshops. Through a small registration fee and scholarship funding provided by DBHDS and VDH, all trainings were “self-funded.” The following trainers were contracted to provide the listed workshops.

TRAINER	WORKSHOP(S)	AMOUNT PAID
Ron J. Clark	Working Effectively With At Risk Youth	\$1,000
Kim Finley	The ABCs of Public Relations	\$400
Steve Hixon	Effective Strategies for Successful Youth Programs	\$600
Patti Kiger	Social Marketing	\$1,200
Valerie Liggins-Law	Effective Strategies for Successful Youth Programs	\$600
Moonshadow, LLC	Enhancing a Child’s Self-Esteem and Self-Efficacy	\$1,200
Kim Brown	Adaptive Evidence-Based Program Conducting a Comprehensive Needs Assessment	\$600
Janis Dauer	Reducing Tobacco Use Among Pregnant Teens & Young Adult Women	\$400
Alejandro Garcia-Barbon	Environmental & Tobacco Use Prevention & Cessation Strategies Latest Tobacco Use Trends Community Assessment How To Make Tobacco An Issue in Priority Populations	\$1,800
Gail Taylor	Facilitating Community Change Through Environmental Approaches	\$2,300
Donna Minnix Proctor	Understanding Yourself and Others	\$600
James Pritchett	The Basics of Building Capacity & Coalition Development	\$400



VFHY TOBACCO-USE PREVENTION & CESSATION PROGRAMS THREE-YEAR GRANTS (3RD YEAR AMOUNTS)

REGION	GRANTEE	AMOUNT
CENTRAL	Boys and Girls Clubs of Harrisonburg	\$69,221
	Central Virginia Community Service	\$32,418
	Charlottesville Public Schools	\$6,526
	Chesterfield County Public Schools	\$67,849
	Children Youth and Family Service	\$64,136
	Family Alliance	\$65,995
	Fluvanna County Public Schools	\$33,614
	Medical Home Plus	\$61,043
	Orange County Office on Youth	\$44,691
	Page County Public Schools	\$8,158
	Rockbridge Area Community Services Board	\$74,500
	Rockbridge County Public Schools	\$61,696
	Rockingham Memorial Hospital	\$75,000
	Southside AHEC	\$15,822
	Virginia Rural Health Resource Center	\$74,994
NORTH	Alexandria Community Services Board	\$65,809
	Arlington County Community Services Board	\$69,957
	Boys and Girls Club of Northern Shenandoah Valley	\$17,231
	Boys and Girls Club of Greater Washington	\$69,541
	Ethiopian Community Development Council	\$52,721
	Fairfax County Community and Recreation Services	\$74,310
	Fairfax/Falls Church Community Services Board	\$72,074
	Fauquier Cadre	\$70,304
	Global Wellness Solutions	\$73,958
	Loudoun County Mental Health	\$37,252
	Manassas City Public Schools	\$7,825
	Virginia Head Start	\$25,551
	Youth Apostles	\$34,115



SOUTHEAST		
Alternatives Inc.		\$87,686
Boys and Girls Clubs of Southeast Virginia		\$39,790
Boys and Girls Clubs of Virginia Peninsula		\$71,480
C. Waldo Scott Center for HOPE		\$21,816
Hampton-Newport News Community Services Board		\$64,731
Life Changing Community Development Corporation		\$19,179
Middle Peninsula-Northern Neck Community Services Board		\$75,000
Southside AHEC		\$74,726
Southside Community Services Board		\$34,876
The UP Center		\$71,210
Three Rivers Health District		\$30,677
William Hunton YMCA		\$65,190
YMCA South Hampton Roads		\$58,556
SOUTHWEST		
Bland County Schools		\$37,729
Blue Ridge Behavioral Healthcare		\$41,590
Bristol Youth Services		\$73,990
Grayson County Public Schools		\$68,100
Highlands Community Services		\$75,000
Mountain View Youth & Family Services		\$41,662
New River Valley Community Services		\$57,266
Piedmont Community Services		\$69,033
Pulaski County Schools		\$63,507
Scott County Schools		\$32,264
Virginia Wilderness Institute		\$5,605



2012 MARKETING

Judy Hou, a member of VFHY's statewide teen volunteer group Y Street, was invited to attend a Washington, D.C., press conference in March 2012 at which U.S. Surgeon General Regina Benjamin released the new Preventing Tobacco Use Among Youth and Young Adults Report. Through her participation in Y Street, Judy has helped raise public awareness about the dangers of dissolvable tobacco products and was the first teen to ever be asked to provide testimony to the FDA's Tobacco Products Scientific Advisory Committee.



Approach

The Virginia Foundation for Health Youth (VFHY) recognizes that not all youth are the same. Some youth will never use tobacco products regardless of VFHY’s efforts. Others are very likely to use tobacco products unless someone intervenes. The latter are our target audience. Reaching these youth requires that we change their knowledge, their environment and their culture. VFHY’s goals in each of these are:

Knowledge

Educate teens on the health, social and environmental consequences of tobacco use and encourage them to choose to live a tobacco-free lifestyle.

Environment

Encourage community stakeholders and institutions, such as parents, schools and community leaders, to reject youth tobacco use, tobacco marketing to youth and tobacco sales to youth and create an environment that encourages tobacco-free lifestyle choices

Culture

Promote cultural change within the “peer crowd” of every Virginia teen to ensure that living tobacco-free is perceived as a socially desirable choice.



PEER CROWD:

Groups of youth who share a combination of fashion, music, language, culture, mannerisms, media consumption habits and other behaviors to define their social identity and differentiate themselves from other groups of youth.



Rather than try to address all three of these domains through a single approach, VFHY recognizes that knowledge, environment and culture are three uniquely important domains for change that require unique strategies. Consequently, VFHY has worked with its social marketing and advertising contractors to identify three separate strategies for these domains as illustrated below:





ADVERTISING

No other strategy reaches as many people as efficiently and comprehensively as mass media advertising. Through TV, radio, outdoor and interactive media, VFHY reaches youth in every corner of the state. In addition, advertising campaigns have been proven by the Centers for Disease Control (CDC) to reduce youth tobacco use. Consequently VFHY uses a mass media advertising approach to spread knowledge to young people statewide.

VFHY's award-winning advertising campaign, *ydouthink*, prioritizes messages and media channels that evidence shows are most likely to reach at-risk teens. To select messages, VFHY first identifies which new piece of knowledge has the potential to change behavior. Then, *ydouthink* creative ideas are developed to present the selected message in the most effective manner possible. VFHY repeats this process every six to eight weeks by creating a new campaign with new advertisements to ensure that messages are refreshed often, constantly piquing the interest of high-risk teens.

In addition to mass media, each *ydouthink* campaign is also promoted through Facebook and YouTube. These social media channels have proven to be the most popular among Virginia teens, allowing *ydouthink* to communicate directly with teens. During each campaign, *ydouthink* has interactions with hundreds of teens through comments and direct messages. Each conversation deepens the brand's message and allows *ydouthink* to interact with even the most skeptical high-risk youth.

Since 2001, *ydouthink* has produced and aired more than 100 TV commercials and hundreds more radio, outdoor and interactive ads.

YOUTH ENGAGEMENT

Some youth are proud to be tobacco-free and want to help make their world more tobacco free. These leaders can contribute significantly to the health of Virginia's youth if their passion can be channeled towards tangible change. Through a hands-on, six-year process of trying different models of youth engagement, VFHY discovered strategies to engage youth in projects and events that achieve tangible contributions towards environmental change. This includes reaching parents, community leaders and other stakeholders who have the power to change the environments where youth live and make them more conducive to tobacco-free lifestyles.

Youth engagement is defined by the Centers for Disease Control (CDC) as providing the opportunity for young people to gain the ability and authority to make decisions that help improve the policy environment, change social norms and reduce smoking initiation and consumption in their communities. In 2004, VFHY launched its youth volunteer program, Y Street, to engage youth in changing tobacco use norms. Over the years, Y Street has evolved constantly to adopt the most cost effective strategies that engage the largest numbers of youth. In addition, when the Virginia legislature asked VFHY to tackle childhood obesity prevention in 2009, Y Street was the first VFHY program to step up by expanding its scope to include both tobacco-use and childhood obesity prevention.

Today, Y Street is one of the nation's largest and most efficient youth engagement programs, each year training more than 600 new high school students, who, combined with youth trained in prior years, complete more than 1,500 tobacco and obesity projects and volunteer more than 3,000 hours annually.





The Y Street model simplifies how youth are engaged in changing their environment. First, campaigns are created that focus on clear, short-term goals, such as educating adults about clean indoor air or the benefits of physical education in public schools. Then, Measures of Progress (MOPs) are created for each campaign. MOPs are tangible outcomes that document incremental steps towards the campaign's goals, such as testimonials, surveys, message cards, etc. Then, youth volunteers develop events and projects that focus on the completion of these MOPs. Youth are empowered to produce any kind of project or event, allowing them to be creative while at the same time focusing all youth efforts on the overall campaign outcomes. In addition, MOPs help youth volunteers measure the impact of their projects, which keeps them motivated and encourages them to create more effective strategies.

As MOPs build up, Y Street youth volunteers are able to fight for policy changes, such as adding more physical education classes in public schools, preventing tobacco products from being advertised to youth, etc. Through this process, Y Street youth have completed more than 50,000 MOPs, leading to results such as reports on Virginian's opinions of clean indoor air or motivating pop singer Kelly Clarkson to drop tobacco sponsorship of one of her concerts. Y Street youth volunteers have even been invited to testify before the FDA and to participate in press conferences with the governor of Virginia and the U.S. Surgeon General. They also meet with key government and community leaders to share the opinions and knowledge they have gathered from their community projects.



CULTURE CHANGE

Adults often cite "peer pressure" as the reason youth begin to smoke. But in reality, the reasons are more complicated than that. Few youth experience an isolated incident where one youth pressures him or her to smoke a cigarette. Instead, youth are more likely to experience an internalized pressure to adopt tobacco use from their peer crowd as a whole. When they believe smoking is norm in their culture, they begin to feel the pressure to adopt the behavior. But peer crowds aren't all bad; some promote tobacco-free norms. Consequently, VFHY has focused on identifying the peer crowds that are associated with tobacco use and utilizes Social Branding strategies to change the tobacco norms within those peer crowds.

The only way to eliminate a young person's desire to use tobacco is to make it uncool. But that's easier said than done. Changing cultural norms among young people requires penetrating their peer crowd in an authentic manner. To do this, VFHY first has to identify and understand the most common peer crowds in Virginia and determine which of these niche youth cultures are most likely to use tobacco products.

With the help of its contractors Rescue Social Change Group and Market Decisions Health Care Research, VFHY has collected ongoing data on the most common peer crowds in Virginia. Five peer crowds are present in nearly every high school and each has a different tobacco use rate. The figures come from a study conducted in 2011 that combines past 30-day cigarette smoking and Black & Mild smoking into an overall "smoking rate."

Changing the norms within each of these peer crowds requires strategies that are tailored to the unique images, language and media that define their culture. Using Rescue Social Change Group’s Social Branding model, VFHY reaches these high-risk teens in their own social venues to associate being tobacco-free with the situations where tobacco use is most likely to occur. In addition, Social Branding campaigns recruit influencers from each peer crowd and train them on tobacco control facts and messages, creating change agents within each high-risk culture. VFHY

has begun this strategy with the Alternative peer crowd, which has the highest chew tobacco rate, and the Hip Hop peer crowd, which has the highest smoking rate. SYKE and 2UP2DOWN target the Alternative and Hip Hop peer crowds, respectively, by hosting youth events, conducting social media campaigns, sending direct mail and training influencers. Collectively, these strategies strive to create change from within each peer crowd, reducing the pressure for current and future teens within that peer crowd to use tobacco products.

How SYKE Works

Syke is VFHY’s campaign to reach the Alternative peer crowd by delivering messages at rock concerts as well as direct mail and social media. When Syke began in 2009, the smoking rate amongst teens at rock concerts was 37.6%. In 2011, the smoking rate had fallen to 27.7%. Syke continues to work to reduce tobacco use in this unique population.



SYKE The Campaign to Reach Alternative Peer Crowd Youth



2UP2DOWN The Campaign to Reach Hip Hop Peer Crowd Youth



RESEARCH & EVALUATION

Ensuring VFHY's marketing efforts are effective is just as important as implementing them in the first place. VFHY develops and improves these strategies overtime using comprehensive research with current and likely tobacco users. Then VFHY tracks and evaluates each effort through a comprehensive evaluation model that monitors statewide youth tobacco use.

The original ydouthink advertising campaign was based on the most extensive youth marketing research ever conducted in Virginia. VFHY continues to study and survey smoking-related attitudes among Virginia middle and high school students, aiding us to further understand the associations between identity and smoking for the individuals comprising the different peer crowds of youth existing in Virginia.

CONTRACTORS

VFHY currently works with three contractors for its marketing campaign:

Market Decisions Health Care Research (\$150,000)

Market Decisions Healthcare Research was founded in 1977 and has served clients in some 25 states. They conduct large-



scale telephone surveys, mail/paper surveys, online surveys and focus groups for health care providers and government. MD/HRC has been active in tobacco cessation and prevention evaluation since 2001 and has conducted both telephone and in-school paper surveys on tobacco use prevalence and obesity for VFHY since 2009. Learn more at marketdecisions.com.

Barber Martin Advertising (\$3.5 million)

Barber Martin Agency, one of the most stable and well-respected advertising agencies in Virginia, has served as the VFHY's creative and media strategy partner for several years. Founded in 1988, the agency



was built almost exclusively with retail clients, which provides great experience, because in retail, results are everything. Barber Martin's track record of achieving results is part and parcel of its core competencies – strategic brand development, digital integration, print, television, radio, media planning and placement, out-of-home, new media and social media. Learn more at BarberMartin.com.

Rescue Social Change Group (\$1.2 million)

A VFHY contractor since 2004, Rescue Social Change Group is a social marketing agency focused exclusively on behavior



change programs. Rescue SCG developed the Social Branding and Outcome Oriented Youth Engagement models utilized by VFHY and manages their implementation through the Y Street, Syke, and 2up2down programs. Rescue SCG also develops creative media for the ydouthink campaign and manages the campaign's social media presence. Learn more at rescueSCG.com.



RESEARCH

Researchers (L to R) M. Imad Damaj, Ph.D., of Virginia Commonwealth University, Jessica Irons, Ph.D., of James Madison University and Patricia J. Hollen, , Ph.D., RN, FAAN, of the University of Virginia judge research students' posters during the Virginia Foundation for Healthy Youth's triennial research conference in April 2012.



George Mason University \$539,594

Principal Investigator:

Robert F. Smith, Ph.D.

Co-Investigator: Craig G.

McDonald, Ph.D.



Collaborating Partners:

GMU Molecular and Microbiology Department

Adolescent Nicotine: from the First Experience to Neural Remodeling

This year George Mason University (GMU) researchers continue to make progress defining both the first nicotine experience in adolescence, and enduring consequences. GMU reliably found that adolescents learn to prefer a cue associated with nicotine in a single trial (conditioned place preference – CPP), while adults do not. Many variables affect single-trial CPP. First, the dose-effect curve for nicotine was defined. Second, stress prior to CPP training dramatically lowered the nicotine dose-response curve, a phenomenon mediated by CRF1 receptors. Third, a high level of innate anxiety facilitates single-trial nicotine CPP, while low-anxious rats do not exhibit single trial CPP. Fourth, factors as varied as novelty stress and social defeat (a model of bullying) seem to play a role in the first nicotine experience. Adolescents are very susceptible to the first nicotine experience.

GMU researchers began to differentiate underlying brain factors affecting responses to nicotine. Dosing with nicotine at P28, P45, and P80 leads to different locomotor responses, and both locomotor and anxiety-like responses undergo different shifts in their relationship to underlying neurochemical mechanisms [DAD2 and enkephalin receptors]. During adolescence, the relationship between neurotransmitters and behavior changes, much as brain connectivity changes; this may underlie developmental differences in response to nicotine.

Cumulatively, GMU's findings imply that:

- High anxiety, or high stress, increases adolescent vulnerability to reinforcing effects of the first nicotine experience, and factors which affect these may alter reactions to nicotine.

- Brain systems which mediate responses to nicotine undergo profound changes during adolescent development, in terms of neurochemical mediation of behavior, and structural connections within brain; the brain itself is changing rather strikingly during adolescence. Pharmacological treatments effective in adults may not be as effective in adolescents.
- Adolescent nicotine shapes brain growth/development into a different pattern, with different behaviors, than a normal brain. These changes are long-lasting, and likely to be permanent.
- Brain changes resulting from adolescent nicotine result in increased addiction liability, negative emotions, and slight cognitive changes. As these brain changes are complex and rapidly developing upon initial nicotine use, and may be irreversible, the importance of prevention of initial use of nicotine is highlighted.

University of Virginia \$534,578

Principal Investigators: Pamela

Kulbok, Ph.D., University of Virginia,

Peggy Meszaros, Ph.D., Virginia

Tech, and Donna Bond, RN,

MSN, Carilion Health System



Collaborating Partners: Virginia Tech, Carilion Health System

Partnering with Rural Youth and Parents to Design and Test a Tobacco, Alcohol, and Drug Use Prevention Program Model

Prevention of tobacco, alcohol, and other drug use among rural youth in tobacco-growing counties such as Charlotte County, Virginia (VA) is critical for healthy youth development. In this UVA-led community-based participatory research (CBPR) project, an innovative prevention program was developed, implemented, and evaluated with the goal of sustaining effective strategies to prevent youth substance use in the county.

During this three-year project investigators from the University of Virginia (UVA), Virginia Tech (VT) and Carilion Clinic (CC) have:

- Established a community participatory research team (CPRT) in rural Charlotte County with 12 youth, 8 parents, and 4 community leaders;



- Conducted a community assessment with the CPRT to identify factors influencing youth substance use by conducting and analyzing 14 community leader interviews, six youth focus groups (N=34), and one parent focus group (N=7);
- Evaluated (with the CPRT) the effectiveness of three prevention programs and selected *Health Rocks!*, a national 4-H tobacco, alcohol, and drug use preventive program, as the best “fit” for this rural tobacco-producing county;
- Pilot tested the *Health Rocks!* program to determine feasibility, acceptability, obtain preliminary effectiveness data, and to refine the intervention for formal testing in other rural communities. Twelve youth and adults from the county were trained to lead *Health Rocks!*. Three pilot programs were implemented.
- Data collection, evaluation, and preparation of a grant to conduct a randomized clinical trial of the refined preventive intervention model in other rural communities will be done before the end of the grant term.

University of Virginia \$542,949

Co-Principal Investigators: Patricia Hollen Ph.D., RN, FAAN and Mary O’Laughlen, Ph.D., RN, FNP-BC



Collaborating Partners:

Virginia Commonwealth University

A Decision Aid to Reduce Substance Use Risk Behaviors in Medically At-Risk Adolescents: Targeting Persistent Asthma

This program of research is aimed at enhancing care for “medically at risk” adolescents. The major objective of this study is to further test a decision aid for adolescents with asthma that is aimed at difficult decisions related to engaging in risk behaviors.

The research team obtained additional IRB protocol modifications to increase recruitment efforts and conducted an assessment of recruitment goals, referral sources, and actual recruitment. The study is advertised by brochure mailing using the clinical data repository (CDR), posters (city buses and city laundromats), and direct introduction by providers.

The research team used many different recruitment strategies and worked with a pediatric allergist and the Asthma Coalition. To date, 91 young people are enrolled in the research study.

Virginia Commonwealth University \$509,351

Principal Investigators:

Robert Balster, Ph.D., Alison Breland, Ph.D., and J. Randy Koch, Ph.D.



Collaborating Partners:

The College of William & Mary, George Mason University, Virginia Tech, James Madison University, University of Virginia, Old Dominion University, Virginia State University, and Virginia Commonwealth University

Virginia Youth Tobacco Projects (VYTP) Research Coalition Core

The Virginia Youth Tobacco Projects (VYTP) Research Coalition was established in 2002 to advance the prevention of youth tobacco use through an integrated program of basic and applied research, research translation and dissemination. The VYTP has seen continued growth and now includes 49 investigators from eight universities.

Six studies were funded through the VYTP Small Grants Program. These studies represented a broad range of disciplines and research topics, and were successful in attracting several new investigators to the field of adolescent tobacco use while also contributing to our knowledge of youth tobacco use.

In Year three, the VYTP held their annual meeting which provided a venue for VYTP investigators to share their research findings and explore opportunities for future collaborations. The Coalition meetings also served as a setting for presentations and workshops by outside speakers, thus providing a mechanism for members to further enhance their knowledge and skills related to youth tobacco use research. Of particular note is that there was a large and increasing participation by students. This is critical to ensuring that there is a future generation of talented researchers studying youth tobacco use.

The triennial VYTP research conference conducted in April, 2012. Once again, this conference was a tremendous success. Titled: The Future of Tobacco Control: Implications for the Prevention of Youth Tobacco Use in Virginia, this conference brought together 121 researchers, policy makers and prevention professionals for two days of presentations and discussions on topics critical to the future of tobacco control.



Virginia Commonwealth University \$528,488

Principal Investigator:

Darlene H. Brunzell, Ph.D., VCU



Co-Investigator:

Wendy J. Lynch, Ph.D., UVA

Collaborating Partners: *University of Virginia*

Exercise as a Prevention and Intervention Strategy for Nicotine Use in Adolescents

The primary goal of Virginia Commonwealth University (VCU) was to determine whether exercise promotes nicotine cessation and to identify the biological mechanisms by which exercise may be an effective deterrent to nicotine use.

In Year Three, VCU researchers performed preclinical studies in rodents to enable observation of changes in brain signaling that affect nicotine use. Adolescent rats readily self-administer nicotine and have similar circulating hormones, transmitters and brain areas that regulate addiction behaviors in humans. VCU researchers have identified a signaling protein in brain (called ERK) that is significantly regulated by nicotine. Blocking ERK activation prevents elevations in nicotine administration that are seen following long-term nicotine abstinence. In the behavioral exercise studies, adolescent rats were given access to a running wheel for 2 hours per day during a 2 week quit-period (exercise group). Control animals had access to a wheel that was locked and did not permit running (sedentary group). The research found that male rats who exercised on the running wheel showed a significant reduction in relapse to nicotine seeking compared to sedentary animals. This benefit of exercise was correlated with the amount of wheel activity; higher levels of exercise further improved nicotine cessation outcomes in males. In the prefrontal cortex, a brain area activated during craving in smokers, nicotine and exercise similarly led to elevated levels of ERK. Although it is not clear how ERK in the prefrontal cortex may impact teens who smoke, the behavioral and physiological data in rodents suggest that exercise may act as a healthy substitute for nicotine during abstinence that decreases nicotine craving.

Virginia Commonwealth University \$559,760

Principal Investigator:

Earl Dowdy, Ph.D.



Collaborating Partners:

Amherst County Schools,
Appomattox County Schools

Translating Research into an Evidence-Based Model Curriculum

This study engaged a cadre of rural public school administrators and teachers in an effort to create, test, deploy, and promote a model curriculum. The guiding hypothesis has been that a Model Health Curriculum, properly constructed and deployed, can produce evidence of improvement in student health self-reports.

A 100 item questionnaire was developed and deployed, administering versions of it three times – immediately pre- and post-intervention and six months after baseline – to three intervention and four control middle school 6th grade cohorts. Differences between the Model Curriculum intervention and control conditions were examined at each time point using mixed model regression methods (SAS 9.2 MIXED and GLIMMIX procedures). These methods were necessary since the unit of randomization in this trial was the school rather than the individual student, thus requiring random effects. We assessed possible effect modification of the intervention by race and gender, including interaction terms of these covariates with the condition variable.

The Model Curriculum survey design is based on Social Cognitive and Reasoned Action Theory. It assesses behavioral and psycho-social outcomes expected to reflect positive change. The Model Curriculum approach looks to produce and measure a cyclical process of learning about living tobacco free and engaging in healthy eating and exercise behaviors.



Virginia Commonwealth University \$201,846

Principal Investigators:

Alison Breland, Ph.D., J. Randy Koch, Ph.D., and Jessica Irons, Ph.D.



Collaborating Partners: *Harrisonburg-Rockingham Community Services Board, Henrico Area Mental Health and Developmental Services, Piedmont Community Services, Rappahannock Area Community Services Board, Richmond Behavioral Health Authority*

Tobacco Use among Youth Receiving Public Behavioral Healthcare Services

Adolescents with behavioral healthcare problems are particularly vulnerable to tobacco use initiation and dependence. However, the extent to which tobacco-related issues are being addressed within behavioral healthcare settings is unknown. Thus, better understanding the issues surrounding the assessment and treatment of tobacco use/dependence among adolescents in behavioral healthcare settings, from both a patient and organizational perspective, is critical. Gaining a better understanding of tobacco-related issues in this population could lead to a reduction in barriers to treatment.

This study includes several phases to better understand the prevalence of tobacco use among youth receiving public behavioral healthcare services and how behavioral healthcare providers address tobacco use among their adolescent clients:

1. A chart review of adolescent intakes at a diverse group of community services boards (CSBs);
2. A brief, in-person assessment of adolescents receiving behavioral healthcare services; and
3. A survey of CSB staff about adolescent smoking cessation policies and practices.

Results of the chart reviews indicate that approximately one-third (34%) of the 794 admissions across four CSBs were screened for tobacco use. Of those screened, 7% were screened with a standardized assessment tool (such as the SASSI or GAIN) and 35% said they used tobacco. Of those who said they used tobacco, 6% were treated for tobacco use. Additional analyses are being conducted and a manuscript has been submitted for publication and is currently under review.



STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS

BALANCE SHEET

For the Fiscal Year Ended June 30, 2012

	<u>Governmental Funds</u>
	<u>Special Revenue</u>
ASSETS:	
Cash and cash equivalents held by the Treasurer of Virginia (Note 1-A)	\$9,180,462
*Investments Held by the Treasurer (Note 1-B)	\$0
Lease Deposits (Note 2-A)	\$6,366
Prepaid Expenses (Note 2-B)	\$5,262
Capital Assets, net of accumulated depreciation: (Note 3)	\$0
Operating equipment	\$0
TOTAL ASSETS	\$9,192,090
LIABILITIES:	
Accounts Payable (Note 4-A)	\$28,000
Accrued Payroll (Note 4-B)	\$76,742
Obligations Under Security Lend (Note 1-B)	\$0
Grants Payable (Note 4-C)	\$418,015
Contractual Obligations (Note 4-C)	\$217,801
Compensated absences (Note 5)	\$89,408
Total Liabilities	\$829,965
NET ASSETS:	
Investment in Capital Assets, net of related debt	\$0
Unrestricted	\$8,362,125
Total net assets	\$8,362,125

The accompanying notes are an integral part of the financial statements

- * The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies. VFHY had none for FY12.



STATEMENT OF ACTIVITIES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2012

REVENUES:

Master Settlement payments (Note 6)	9,557,501
Interest Income (Note 6)	\$0
* Proceeds from securities lending transactions (Note 1-B)	\$0
Grants and other revenues (Note 6)	64,086
Total Revenues	9,621,587

EXPENDITURES:	Expenses	Adjustments	Net (Expense) Revenue and Changes in Net Assets
Tobacco Settlement Expense:			
Administration (Note 7)	833,319	\$0	-\$833,319
Depreciation Expense (Note 3)	0	\$0	\$0
Expenses for Securities Lending (Note 1-B)	0	\$0	\$0
Marketing (Note 4-C)	3,291,727	\$0	-\$3,291,727
Program Expense (Note 8)	3,033,718	\$0	-\$3,033,718
Research and Evaluation (Note 9)	1,384,533	\$0	-\$1,384,533
Obesity (Note 8)	1,004,695	\$0	-\$1,004,695
Grant Program Expenses (Note 8)	53,262	\$0	-\$53,262
Inter-Agency Expenses (Note 10)	65,000	\$0	-\$65,000
State General Fund Transfers Out (Note 11)	72,062	\$0	-\$72,062
Total Expenditures	\$9,738,316		-\$9,738,316
Excess (deficiency) of revenue over expenditures			-\$116,729
Fund Balance/Net Assets, July 1, 2011			\$8,478,854
Fund Balance/Net Assets, June 30, 2012			\$8,362,125

The accompanying notes are an integral part of the financial statements

* The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies

** Amount reflects \$500 adjustment from a duplicate invoice reported as a payable on FY10 statements, but not paid.



NOTES TO FINANCIAL STATEMENTS

As of June 30, 2012

Note 1: CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Cash and Cash Equivalents

Cash and cash equivalents represent cash in the General Account at the Department of the Treasury. Treasury manages the General Account Investment Portfolio. Information related to the composition of this portfolio is available on a statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

B. Securities Lending Transactions

Investments and cash equivalents held by the Treasurer of Virginia represent the Virginia Tobacco Settlement Foundation's (VFHY) allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies.

Cash with the Treasurer of Virginia	\$9,180,462
Investments held by the Treasurer of Va.	<u>0</u>

Total cash, cash equivalents, and investments

\$9,180,462

Note 2: LEASE DEPOSITS and RENTS

- A.** VFHY rents office space at 701 E. Franklin for the main office and has field staff offices located in Fork Union, Blacksburg, and Hayes, Virginia. Three leases required deposits. The Richmond office is \$5,126.00, Hayes office \$840.00, and Fork Union office of \$400.00 for a total of \$6,366.00 in deposits for rental leases.
- B.** Prepaid expenses are any payments made in the current fiscal year for expenses that will occur in the next fiscal year. As of June 30, 2012 VFHY had prepaid expense of rents totaling \$5,262.

Note 3: CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5000.00 and an estimated life in excess of two years. The Virginia Foundation for Healthy Youth did not procure assets that would meet the capital asset requirements; therefore, they are maintained in an internal inventory control system.

Note 4: LIABILITIES

A. Accounts payable

Operating expenses accrued but unpaid as of June 30, 2010 totaled \$28,000.

B. Accrued Payroll

All VFHY employees are paid on a semi-monthly schedule. Accrued payroll expenses of \$76,742 represents work performed prior to June 30, 2012 but registered in FY13 Commonwealth Accounting Reconciliation System.

C. Grants/Contractual payables

The VFHY awarded funding to programs all over the Commonwealth for the prevention of tobacco use and obesity by youths. The VFHY contracted with higher education universities to conduct research, surveys and evaluations on tobacco use and prevention. They also have contracts with marketing agencies to lead a major campaign geared toward youths throughout Virginia on the prevention of tobacco use. At the end of the fiscal year there were outstanding payables for which VFHY had received invoices in the amount of \$635,816.



NOTES TO FINANCIAL STATEMENTS continued

As of June 30, 2012

Note 5: COMPENSATED ABSENCES

Compensated absences represent the amounts of annual, disability credits, and compensatory leave earned by VFHY employees, but not taken as of June 30, 2012. The \$89,408 represents the balances at the fiscal year end provided by the Commonwealth's leave liabilities tracking program. To determine how much of this amount to record as long-term liability, calculations were made by adding estimated additional earned leave and subtracting estimated leave to be taken during FY13. Balances for staff with longer years of service were based on the allowable carry forward amounts. As a result, it has been determined that \$51,341 of the entire amount is long-term liability and the remainder is considered a short-term liability.

Note 6: REVENUES

The VFHY is funded by receiving 10% of Virginia's share of the Master Settlement Agreement (MSA) negotiated between the various Attorneys General and the tobacco manufacturers in 1998. In FY 2012, the VFHY received \$9,557,501 in MSA payments and \$0 in interest payments. VFHY did not receive the full 10% due to legislation that decreased the amount to 8.5% for the fiscal year and due to deposits made into a dispute escrow fund by participating tobacco manufacturers resulting from estimated decreases in market share to non-participating manufacturers. VFHY received grant funds from VDH to broaden scope of services in community projects for prevention of obesity and tobacco use prevention.

Note 7: ADMINISTRATION

Administrative costs are all of the operating expenses needed for the maintenance of the VFHY. These include expenses of the Board of Trustees, some payroll (including accrued leave liabilities), rents, utilities, insurances, equipment (repairs, maintenance, rental and purchases), furniture and supplies, postage and delivery, printing, state vehicle fees, some employee travel and trainings. In addition, it includes expenses incurred for services such as website design and maintenance, etc.

Note 8: PROGRAM and OBESITY

Program and Obesity Expenses include funding provided to local organizations to conduct obesity and tobacco use prevention programs with youth and expenses associated with administering the programs.

Note 9: RESEARCH AND EVALUATION

These expenses include the contracts and agreements with higher education universities in Virginia focused on the research, evaluation of tobacco use prevention programs, evaluation of the statewide marketing campaign as well as a statewide Youth Tobacco Survey.

Note 10: INTER-AGENCY EXPENSE

These include expenses incurred as a result of Memorandums of Understanding with agencies such as the Virginia Department of Health for fiscal and payroll support.

Note 11: TRANSFERS

Transfers out are to reimburse the General Fund for expenses related to the Office of the Attorney General, Department of Taxation, DGS, DOA, and DHRM. Additionally, for savings due to the suspension of the state employee group life employer contribution rate.



Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

September 10, 2012

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable John M. O'Bannon, III
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the Virginia Foundation for Healthy Youth (Foundation) for the year ended June 30, 2012. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of the Foundation's internal controls, and test compliance with applicable laws and regulations.

Audit Scope and Methodology

The Foundation's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

- Master Settlement Agreement revenue
- Contractual and grant management
- Vendor payments
- Small purchase charge cards
- Budget control



We performed audit tests to determine whether the Foundation's controls were adequate, were placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, vouchers, marketing and research contracts, program grants, and observation of the Foundation's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that the Foundation properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Foundation records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Foundation's accounting system which reconciles to the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Exit Conference and Report Distribution

We discussed this report with management on September 10, 2012.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.


AUDITOR OF PUBLIC ACCOUNTS

LJH/clj



2012 ANNUAL REPORT

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