OHIO TOBACCO USE PREVENTION AND CONTROL FOUNDATION

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2007

OHIO TOBACCO USE PREVENTION AND CONTROL FOUNDATION

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees
Ohio Tobacco Use Prevention and Control Foundation
300 East Broad Street, Suite 310
Columbus, Ohio 43215-3704

We have audited the accompanying financial statements of the governmental activities and Special Revenue Fund of the Ohio Tobacco Use Prevention and Control Foundation (the "Foundation"), State of Ohio, as of and for the year ended June 30, 2007, which collectively comprise the Foundation's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the Foundation's financial statements present the financial position and changes in financial position of only the Ohio Tobacco Use Prevention and Control Foundation. They do not purport to, and do not, present fairly the financial position of the State of Ohio as of June 30, 2007, or the changes in its financial position and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and Special Revenue Fund of the Ohio Tobacco Use Prevention and Control Foundation as of June 30, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2007, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing in internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards.* You should read it in conjunction with this report in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the accounting principles generally accepted in the United States of America require. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion in it.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 10, 2007

The management of the Ohio Tobacco Use Prevention and Control Foundation (the Foundation or OTPF), part of the primary government of the State of Ohio, offers readers of the Foundation's financial statements this narrative overview and analysis of the financial activities of the Foundation for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented herein in conjunction with the Foundation's financial statements, which begin on page 9 of this report.

The financial statements highlight the activities of the Foundation that are principally supported by investment income or by use of the principal portion of the endowment fund. Programs of the Foundation are intended to reduce and eliminate tobacco use in the State of Ohio. In this regard, the Foundation has seven specific goals as follows:

- Prevent youth tobacco use initiation
- Reduce youth tobacco use
- Reduce tobacco use among diverse and underserved populations, including those disproportionately affected by tobacco
- Reduce tobacco use among pregnant women
- Reduce exposure to secondhand tobacco smoke
- Reduce adult tobacco use
- Reduce smokeless tobacco use among youth and adults.

The financial arrangement of the Foundation is unlike those for most state agencies. The most significant difference is that the Foundation's assets are not appropriated by the General Assembly. Assets of the Foundation are under the direct control of the Foundation's governing board. The Foundation does maintain two special revenue funds within the state's central accounting system (OAKS), OAKS Funds 5M80 and H870. Although appropriated, OAKS funds 5M80 and H870 are not major special revenue funds, and therefore, budgetary reporting is not required. The monies received, if any, from the Tobacco Master Settlement Agreement (MSA) are given to the Foundation and are deposited in the Foundation's endowment fund. The endowment fund is a "custodial fund", a certain type of fund permitted by state law. The fund is held in custody by the Treasurer of State, but is not, by law, part of the state treasury. The Foundation's assets are managed by the Foundation's governing board. The Foundation's board, not the Governor and not the General Assembly, determines its annual budget. The Foundation also must manage the investment of its assets under limitations established by state law. This is a responsibility most state agencies do not have.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2007 are as follows:

- The Foundation's net assets decreased by $4,226,927 or 1.4%.

- During 2007, the Foundation's cash and investments (all at market value) decreased by $3,791,369.

- During 2007, there was a net excess of expenditures over revenues of $4,226,927.

- During 2007, investment income was $34,108,058 or 216% of the $15.8 million budgeted.

- During 2007, $12,078,851 of cessation and prevention grants were disbursed to over 70 grantees as follows:

    - $1,858,602-Community I Grants
    - $2,415,322-Community II Grants
    - $1,336,066-High Risk Population
    - $6,070,938-Community III Grants (new program in FY 07)
    - $225,358- School Based Programs

  - $125,668-Tobacco Public Policy Center
  - $46,897-State Agency Partnerships and Other

- During 2007, the Foundation spent $10,456,113 on Ohio Quits, a comprehensive statewide cessation program which utilizes a smoking quit line (1-800-934-4840 (or 1-800-QUIT NOW)), partners with employer groups and insurance providers and which provides NRT to qualified individuals. The quit line is operated through a contract with the National Jewish Medical and Research Center in Denver, Colorado. Over 30,000 Ohioans called the Ohio Quit Line in FY 07 and over 25,000 Ohioans have quit since the inception of the Quit Line.

- During 2007, the Foundation spent $11,605,887 in its counter-marketing efforts. This is an aggressive statewide media and counter-marketing campaign which utilizes youth empowerment messages and images to combat the nearly $500 million dollars in marketing that tobacco manufacturers spend each year in Ohio. The goal is to de-normalize tobacco use among the general public, especially among the group most at risk for starting a tobacco habit – children and teens ages 11-15.

- During 2007, administrative costs of the Foundation were $936,761 or 2.44% of operating expenses.

- During 2007, $1,673,257 was spent with certified Ohio Minority Business Enterprise (MBE) companies.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Foundation's basic financial statements. The Foundation's basic financial statements comprise two components: 1) financial statements, and 2) notes to the financial statements.

The Foundation follows governmental accounting principles, which means these statements are presented in a manner similar to other governmental units. The financial statements are designed to provide readers with a broad overview of the Foundation's finances in total. These statements offer short and long-term financial information about its activities.

The *Governmental Funds Balance Sheet / Statement of Net Assets* presents information on all of the Foundation's assets and liabilities, including information about the nature and amounts of investments and the Foundation's net assets at June 30, 2007. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Foundation is improving or deteriorating.

The *Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities* present information showing the changes in the Foundation's net assets during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leaves and accrued interest receivable).

FINANCIAL ANALYSIS OF THE FOUNDATION

The following is condensed financial information as of June 30:

	2007	2006	% Change
Total Assets	$301,899,120	$305,492,230	(1.2%)
Total Liabilities	3,920,017	3,286,200	19.3%
Total Net Assets	297,979,103	302,206,030	(1.4%)
Revenues			
Tobacco Settlement	0	0	n/a
Investment income	34,108,058	20,491,803	66.4%
Donations/Grants	0	1,000	n/a
Total Revenues	34,108,058	20,492,803	66.4%
Operating Expenditures	38,334,985	34,042,503	12.6%
Change in Net Assets	(4,226,927)	(13,549,700)	68.8%
Ending Net Assets	$297,979,103	$302,206,030	(1.4%)

The reasons for Significant Changes from fiscal year 2007 are as follows:

- Investment income had a significant gain in 2007 which is directly attributable to the financial markets. The Foundation's assets are invested per ORC 183.08(A) which limits investments to those permitted for the public retirement systems under ORC 145.11.

- Tobacco settlement revenues in fiscal years 2007 and 2006 were zero. Fiscal year 2007 and 2006 tobacco settlement revenues that were originally designated for the Foundation were diverted to the state's General Revenue Fund.

- The change in liabilities is an increase of $633,817 and is primarily related to an increase in accounts payables due to the timing of receiving invoices from vendors and for the increase in obligations under lent securities for which there is an equal and offsetting asset account.

- Total operating expenditures in fiscal year 2007 were $38,334,985 and in fiscal year 2006, $34,042,503. The Foundation was formed in fiscal year 2001 and the first staff person was hired in fiscal year 2002. Fiscal year 2003 was the first full year of operations with a budget of $27,098,571. FY 2004, FY 2005 and FY 2006 continued a "ramping up" of the operations of the Foundation. In fiscal year 2006 the Foundation's board reduced its budget to $47,269,810 whereas the fiscal year 2005 budget was $53,305,790. Additionally and as a result of the continued diversion of payments of the tobacco settlement revenues from the legislature, the Foundation's Board of Trustees approved a budget for fiscal year 2007 of $45.1 million dollars. This amount is less than the minimum $62 million suggested for Ohio by the United States Centers for Disease Control (CDC). The approved budget for fiscal year 2008 is $44.7 million dollars.

CAPITAL ASSETS

At the end of fiscal year 2007, the Foundation had a net investment in capital assets of $84,449 as detailed below:

Fixed Assets at June 30

	2007	2006	% Change
Furniture	$114,157	$111,482	2.4%
IT Equipment	124,164	124,164	0%
Total Fixed Assets	$238,321	$235,647	1.1%
Less Accumulated Depreciation	153,872	117,757	30.7%
Net Fixed Assets	$84,449	$117,890	(28.4%)

The net fixed assets of the Foundation decreased $33,441 during fiscal year 2007. Total fixed assets increased $2,674 while accumulated depreciation increased $36,115. IT Equipment is being depreciated over five years and office furniture over ten years.

ACCOMPLISHMENTS

During its fifth full year of operation that ended June 30, 2007, the Foundation provided cash payments of $12,078,851 in grants to prevent and control the use of tobacco (i.e., see above for detail).

The Foundation spent $10,456,113 for Ohio Quits, which is a comprehensive statewide tobacco cessation program which centers on the Ohio Tobacco Quitline which served over 30,000 Ohioans.

The Foundation funded a total of $1,671,322 for evaluation and research activities. These funds were primarily spent with RTI (Research Triangle Institute) to conduct evaluation studies of the effectiveness of the Foundation's counter-marketing efforts; with Case Western Reserve University to evaluate the effectiveness of the Foundation's tobacco prevention and cessation grants; and with the accounting and auditing firm of GBQ partners to perform financial reviews of the various prevention and cessation grants.

Finally the Foundation spent $11,605,887 in its counter-marketing media campaign.

The Foundation at the end of the fiscal year 2007 had authorized personnel strength of eighteen staff members with seventeen positions being filled at the date of this report.

ECONOMIC FACTORS

- In June 2003, HB 95 was signed into law. This legislation contained provisions relating to $112,262,375 in funds the Foundation was to receive from the Master Settlement Agreement for fiscal year 2004. HB 95 diverted this fiscal year 2004 payment into the State of Ohio's General Revenue Fund. These diverted dollars were to be repaid to the Foundation from tobacco revenues that the State receives in fiscal year 2015. The bill called for up to $120 million dollars to be diverted. In July 2004 (FY 2005) the Foundation was notified that it would receive $16,851,294 of funds that were not utilized for diversion.

- In May 2004, HB 434 was signed into law. This legislation contained provisions stating that the Foundation would receive appropriations of $0 and $107,500,000 in FY 2005 and FY 2006 respectively from the Tobacco Master Settlement Fund Group. In addition the legislation appropriated $1,273,000 and $1,298,000 for FY 2005 and FY 2006, respectively for operating expenses (all personnel costs). These amounts were increased to $1,495,768 and $1,525,136 respectively by action of the Controlling Board on November 15, 2004.

- In June 2005, HB 66 was signed into law. This legislation contained provisions stating that the Foundation would not receive the appropriations previously approved for FY 2006 in the amount of $107,500,000 and furthermore the Foundation would not receive any appropriations for FY 2007. There was no mention in the legislation of any repayment of these diverted funds.

- For fiscal year 2006 the Foundation Board of Trustees approved a budget of total expenditures of $47.2 million including $40.4 million for programs. Actual expenditures for fiscal year 2006 were 34,042,503 (72% of the budget amount). The Foundation's Board previously had also approved the concept of spending at a rate that ensures that the Foundation will remain in existence for at least ten years starting with fiscal year 2006. However, spending may be "front-loaded" so as to have the greatest impact on changing the culture in Ohio as it relates to smoking.

- For fiscal year 2007 the Foundation and its investment advisors believed the economic recovery would continue such that net investment income for FY 07 would be approximately 6% of the endowment fund balance or approximately $15.8 million dollars. Actual investment earnings achieved were $34,108,058 or 216% of the budgeted amount.

- In June 2007, HB 119 was signed into law. This legislation contained provisions that essentially all future (for the next forty years) receipts from the Tobacco Master Settlement agreement would be securitized. This means that the state would sell its future interest in such receipts for an estimated five billion dollars. This lump sum would then be used primarily to fund property tax relief for seniors and school facilities. As a result, there will be no additional monies coming to the Foundation directly from the Tobacco Master Settlement agreement for the foreseeable future.

CONTACTING THE FOUNDATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide an overview of the Foundation's finances and it's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Marvin G. Gutter, Ph.D., CPA, Finance Director, Ohio Tobacco Use Prevention and Control Foundation, 300 East Broad Street, Suite 310, Columbus, Ohio 43215-3704.

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OHIO TOBACCO USE PREVENTION AND CONTROL FOUNDATION
GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

	Special Revenue Fund	Adjustments (See Note 2)	Statement of Net Assets
Assets:			
Cash and cash equivalents	$ 5,711,755	$ -	$ 5,711,755
Other cash equity with Treasurer of State	47,269	-	47,269
Investments at market value (cost $284,057,826)	294,054,206	-	294,054,206
Accrued interest and dividends receivable	1,583,480	-	1,583,480
Collateral on lent securities	411,261	-	411,261
Prepaid employee health benefits	6,700	-	6,700
Capital assets, net of accumulated depreciation	-	84,449	84,449
Total Assets	$ 301,814,671	$ 84,449	$ 301,899,120
Liabilities:			
Accounts payable	$ 3,211,296	$ -	$ 3,211,296
Personnel payable	98,505	-	98,505
Obligations under lent securities	411,261	-	411,261
Compensated absences:			
Due within one year	-	28,227	28,227
Due after one year	-	170,728	170,728
Total Liabilities	3,721,062	198,955	3,920,017
Fund Balance / Net Assets:			
Reserved for compesated absences	47,269	(47,269)	-
Reserved for employee health benefits	6,700	(6,700)	-
Fund balance unreserved	298,039,640	(298,039,640)	-
Total Fund Balance	298,093,609	(298,093,609)	-
Total liabilities and fund balance	$ 301,814,671		
Net Assets:			
Invested in net capital assets, net of related debt		84,449	84,449
Unrestricted		297,894,654	297,894,654
Total net assets		$ 297,979,103	$ 297,979,103

The notes to the financial statements are an integral part of this statement.

OHIO TOBACCO USE PREVENTION AND CONTROL FOUNDATION
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE / STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Special Revenue Fund	Adjustments (See Note 2)	Statement of Ativities
Revenues			
Investment income (loss)	$ 34,108,058	$ -	$ 34,108,058
Other	-	-	-
Total Revenues	34,108,058	-	34,108,058
Expenditures / Expenses:			
Personnel costs	1,507,909	9,353	1,517,262
Contracts	24,036,246	-	24,036,246
Operating costs	666,511	-	666,511
Depreciation	-	36,115	36,115
Grants	12,078,851	-	12,078,851
Capital Outlay	2,674	(2,674)	-
Total Expenditures / Expenses	38,292,191	42,794	38,334,985
Excess (Deficit) of Revenues over Expenditures/Expenses	(4,184,133)	4,184,133	
Change in net assets		(4,226,927)	(4,226,927)
Fund Balance / Net Assets:			
Beginning Balance - July 1, 2006	302,277,742	(71,712)	302,206,030
Ending Balance - June 30, 2007	$ 298,093,609	$ (114,506)	$ 297,979,103

The notes to the financial statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Authorizing Legislation

The Tobacco Use Prevention and Control Foundation (the Foundation) was created by amended Senate Bill No. 192, effective June 2000, to develop a plan and to implement programs designed to decrease tobacco use in Ohio with emphasis on reducing the use of tobacco by youth, minority and regional populations, pregnant women, and other populations disproportionately affected by tobacco use. The plan shall cover a period of at least five years and be updated annually. The legislation describes a variety of means by which the Foundation is to develop its plan and carry out its charge.

Pursuant to its legislative mandate, the Foundation's Board was created in Ohio Revised Code (ORC) Section 183.04 and is enabled in ORC 183.04 through ORC 183.09 inclusive. The Foundation's Board was originally composed of twenty voting and four non-voting members as set forth in Section 183.04 of the Ohio Revised Code. Members include eight health professionals, health researchers, or representatives of health organizations; one person with experience in financial planning and accounting; one person with experience in media and mass marketing; seven individuals recommended one each by the following entities: the American Cancer Society, the American Heart Association, the American Lung Association, the Association of Hospitals and Health Systems, the Ohio State Medical Association, the Association of Ohio Health Commissioners, the Ohio Dental Association; three State officials (Director of Health, Executive Director of the Commission on Minority Health, and the Attorney General) sitting ex officio; and two members each from the House and Senate (non-voting).

SB 321 which was signed into law in June, 2006 eliminated the Attorney General as an ex officio board member which therefore reduced the number of voting members to nineteen.

Method of Operation

The Foundation shall implement or provide funding through grants to private or public agencies to carry out research and programs related to tobacco use prevention and cessation. The Foundation shall establish an objective process to determine which research and program proposals to fund. The Foundation shall also adopt rules under Chapter 119 of the Ohio Revised Code regarding conflicts of interest in the research and programs which it funds.

To carry out the duties of the Foundation, a separate endowment fund (Tobacco Use Prevention and Control Endowment Fund) was created in the custody of the Treasurer of State but which is not part of the State Treasury. Legislation requires the endowment fund to consist of funds disbursed to it through the Foundation's Tobacco Use Prevention and Control Trust Fund (Fund H87), grants and donations made to the Foundation, and investment earnings of the endowment fund. The endowment fund shall be used by the Foundation to carry out its legislative mandate. The Foundation is the trustee of the endowment fund and the Treasurer of State shall pay disbursements only upon instruments duly authorized by the Foundation's Board of Trustees or its designee. The endowment fund, however, is not a trust fund.

The endowment fund is to be used to pay all Foundation expenditures such as staff salaries, equipment purchases, rental payments and program expenses. The legislation also defined the Foundation's employees as State employees, which as a result required the State of Ohio to establish an appropriation line item (Central Accounting System Fund-OAKS 5M80-Tobacco Use Prevention and Control Operating Expenses fund) to provide for the Foundation's payroll. This amount is then reimbursed by and through the Foundation's endowment fund. For the years ended June 30 2007 and 2006, the amounts appropriated were $1,659,091and $1,525,136, respectively. As of June 30, 2007, the number of employees authorized was eighteen with seventeen positions being filled as of the date of this report. The majority of the Foundation's assets are required to be maintained in the endowment fund, an un-appropriated account, which is monitored by the Foundation. Payroll costs were less than 4.0% of the Foundation's total reported expenditures and less than 0.005 of the total net assets; therefore, no budgetary comparison information is provided.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At the request of the Foundation, the Treasurer of State shall select and contract with one or more investment mangers to invest all money credited to the fund that is not currently needed for carrying out the functions of the Foundation.

The accompanying financial statements of the Tobacco Use Prevention and Control Foundation present the financial position and results of operations of the Foundation. The financial statements, as of June 30, 2007, and for the year then ended conform with accounting principles generally accepted in the United States of America as applied to governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The GASB's Codification of Governmental Accounting and Financial reporting Standards (GASB Codification) documents these principles. The Foundation's significant accounting policies are as follows:

A. Reporting Entity

Within the State of Ohio's Comprehensive Annual Financial Report, the Foundation is included as part of the primary government. The Foundation's management believes these financial statements present all activities for which the Foundation is financially responsible.

B. Government-Wide and Fund Financial Statements

In accordance with GASB Statement 34, the Foundation has presented government-wide financial statements (the Statement of Net Assets and the Statement of Activities). These statements are required to report all non-fiduciary activities. Government-wide accounting is designed to provide a more comprehensive view of the Foundation's operations and financial position as a single economic entity.

Fund financial statements are also provided for the Foundation's governmental fund. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain functions or activities.

As allowed by GASB Statement 34 for entities engaged in a single governmental program, the Foundation has chosen to present its fund financial statements with its government-wide statements. This was accomplished by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, operating statements present increases (i.e., revenues) and decreases (i.e., expenditures) in net assets. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus, operating statements present increases (i.e., revenues) and decreases (i.e., expenditures) in net current assets, and unreserved fund balance is a measure of available expendable resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Under the modified accrual basis of accounting, the Foundation recognizes revenues when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction is determinable, and "available" means the amount is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Foundation considers revenues as available when collected within 60 days after year-end. Under the modified accrual basis, expenditures are recorded when related liabilities are incurred, which are recognized as expenditures when due.

Significant sources susceptible to accrual under the modified accrual basis of accounting include tobacco settlement revenues, investment income and vendor payments.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

The Foundation uses a special revenue fund to report its financial position and results of operations. The special revenue fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which accounts for revenue sources that are legally restricted to specific purpose expenditures. Two separate accounts exist within the special revenue fund; these are the Tobacco Use Prevention and Control Endowment Fund and the Tobacco Use Prevention and Control Operating Expense Fund. These accounts are described within Note 1, Method of Operations.

D. Deposits and Investments

Deposits - At fiscal year end, the carrying amount of the Foundation's cash deposits was $5,711,755 and the bank balances were $5,760,397. Of the bank balances, $732,881 was held on deposit by the State of Ohio, and $5,027,516 was maintained in a custodial account by the Treasurer of State. This $5,027,516 was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Foundation's name. The State's cash pool under the Treasurer of State's administration has the general characteristics of a demand account whereby additional cash can be deposited at any time and can also be effectively withdrawn at any time, within certain budgetary limitations, without notice or penalty.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Deposits and Investments (Continued)

Investments - At fiscal year end, the fair values of investments were as follows:

Investment Type	Total Fair Value
Cash & Cash Equivalents	$ 3,788,803
US Treasury Notes/Bonds	21,408,331
US Treasury Strips	4,191,381
US Treasury Inflation Index Bonds	192,014
US Agency Notes/Bonds	10,779,662
US Agency Passthroughs	17,320,901
US Agency CMOS/REMICS	29,969,039
Corporate Notes/Bonds (Domestic)	33,878,734
Corporate Notes/Bonds (Foreign)	1,619,485
Corporate Asset Backed Securities	19,757,647
Total Debt Securities	142,905,996
Cash & Cash Equivalents	2,396,132
Common and Preferred Stock (Domestic)	111,464,098
Common and Preferred Stock (International)	37,287,980
Total Equities	151,148,210
Total Investments	$ 294,054,206

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a failure of a depository institution or counterparty to a transaction, the Foundation will be unable to recover the value of deposits, investments, or collateral securities in the possession of an outside party. At June 30, 2007, all investments were registered in the name of the Foundation. The Foundation does not have a formal policy to limit custodial credit risk.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates between the U.S. Dollar and foreign currencies could adversely affect an investment's fair value. The Foundation does not have a formal investment policy regarding foreign currency risk.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. Pursuant to the Foundation's investment policy, only high yield money managers (as designated by the Foundation) are permitted to invest in fixed income securities rated BB or less by S&P, Moody's or Fitch.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Deposits and Investments (Continued)

As of June 30, 2007, the Foundation's exposure to credit risk, based on both Moody's and Standard & Poor's Credit Ratings, was as follows:

Quality Rating	Total
AAA/Aaa	$ 19,554,410
AA/Aa	7,585,729
A/A1	8,554,567
BAA/BA/B	17,940,203
CCC/Caa	413,625
Unrated	1,207,331
Total Credit Risk Debt Securities	55,255,865
US Government and US Agency Obligations	87,650,131
Total Debt Securities	$ 142,905,996

Concentration of Credit Risk – Concentration of credit risk is the risk of inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification. Pursuant to the Foundation's investment policy, the securities (stocks and bonds in the aggregate) of any one company (except government agencies) may not exceed 5% of the total portfolio, and no more than 10% of the total portfolio may be invested in any one industry.

Individual treasury securities may represent 30% of the total portfolio, while the total allocation to treasury bonds and notes may represent up to 100% of the portfolio's aggregate bond position. The Foundation had no exposure to concentration of credit risk at fiscal year end.

Interest Rate Risk – Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. According to the Foundation's investment policy, the maximum maturity for any single security is 40 years and the weighted average portfolio maturity may not exceed 10 years. Fixed income investment managers are to maintain the duration of their portfolios between 80% to 120% of the duration of the index assigned to their portfolio.

The reporting of effective duration in the table below quantifies, to the fullest extent possible, the interest rate risk of the Foundation's fixed income assets.

	Investment Maturities (in years)				
	Less			More	Total
Investment Type	< 1 yr	1-5 yrs	>5-10 yrs	> 10 yrs	Fair Value
Cash & Cash Equivalents	$ 3,788,803	$ -	$ -	$ -	$ 3,788,803
US Treasury Notes/Bonds	$ 5,907,756	$ 8,761,856	$ 3,768,129	$ 2,970,591	$ 21,408,331
US Treasury Strips	$ -	$ 1,199,970	$ 1,738,271	$ 1,253,140	$ 4,191,381
US Treasury Inflation Index Bonds	$ -	$ 192,014	$ -	$ -	$ 192,014
US Agency Notes/Bonds	$ 3,458,290	$ 4,672,506	$ 2,648,866	$ -	$ 10,779,662
US Agency Passthroughs	$ 455,686	$ 1,790,493	$ 462,961	$ 14,611,760	$ 17,320,901
US Agency CMOS/REMICS	$ -	$ -	$ 6,411,755	$ 23,557,283	$ 29,969,039
Corporate Notes/Bonds (Domestic)	$ 3,720,303	$ 13,641,980	$ 14,481,497	$ 2,034,954	$ 33,878,734
Corporate Notes/Bonds (Foreign)	$ 182,976	$ 325,192	$ 1,111,316	$ -	$ 1,619,485
Corporate Asset Backed Securities	$ 44,165	$ 10,660,815	$ 1,323,340	$ 7,729,326	$ 19,757,647
Total Debt Securities	$ 17,557,980	$ 41,244,827	$ 31,946,135	$ 52,157,054	$ 142,905,996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Deposits and Investments (Continued)

Derivatives – Derivatives are instruments on which the fair values are derived from the value of some other asset or index.

At June 30, 2007, the Foundation held mortgage and asset-backed securities that may be categorized as derivative securities.

The yield on a mortgage or asset-backed security depends on both the amount of interest collected over the life of the security and the change in the market value. To the extent that the underlying debt is retired before maturity, the yield is reduced. The fair value of mortgage and asset-backed securities held by the Foundation at June 30, 2007 was $29,969,039and $19,757,647, respectively.

E. Capital Assets and Depreciation

It is the Foundation’s policy to capitalize all assets with an initial cost of $1,000 or more. Capital assets are reported in the “Statement of Net Assets” column, but are not reported in the “Special Revenue Fund” column on the accompanying Governmental Fund Balance Sheet/Statement of Net Assets. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year.

All reported capital assets of the Foundation are depreciated. Depreciation is computed using the straight-line method of depreciation over the applicable useful life of the asset. One half year of depreciation is recorded in both the year of acquisition and the final year of useful life.

F. Securities Lending Transactions

GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, requires disclosure of assets and liabilities arising from securities lending transactions. Foundation cash on deposit with the Treasurer of State was, during the current fiscal year, subject to lending transactions. Under the lending program, which is administered by a custodial agent bank, certain securities are transferred to an independent broker-dealer (borrower) in exchange for cash collateral. The Treasurer (for cash on deposit with the Treasurer of State) reinvests the collateral in various investments (types), including U.S. government and agency obligations, repurchase agreements, commercial paper, corporate bonds, and money market funds.

The lending agreements require the custodial agents to ensure that the lent securities are collateralized at no less than 102 percent of their market value. As of June 30, 2007, the State had no credit exposure since the amount owed to borrowers exceeded the amount borrowers owed either the Foundation or the State. In accordance with paragraph 9 of GASB Statement No. 28, the Foundation’s recording of assets and liabilities for securities lending transactions is based on their share of the cash, at the balance sheet date, as calculated by the Office of Budget and Management and/or the Treasurer of State.

G. Other Cash Equity with the Treasurer of State

This amount represents the allocated portion of the Foundation’s share of the balance in the State of Ohio Other Cash Equity account at June 30, 2007, and consists of payroll assessments paid into the Fund by the Foundation during the year. This amount represents monies advance funded for accrued leave and health care.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Revenues and Receivables

Tobacco settlement revenues comprise the Foundation's primary sources of revenues. These revenues are derived from the 1998 Master Settlement Agreement (MSA) which was entered into by the State of Ohio, along with numerous other states, against major tobacco product manufacturers. The MSA stipulates the conditions and calculations to be applied in order for each state to receive its annual allotments. Ohio Revised Code Section 183.02 requires all payments received by the State to be deposited into the Treasurer of State's Tobacco Master Settlement Agreement Fund and the payments and related interest are to be distributed by the Office of Budget and Management in accordance with the distribution schedule. Revised Code Section 183.02 (C) stipulated the payments to the Foundation from the Agreement shall be as follows:

Year	Amount or Percentage
2000 (First Payment Credited)	$104,855,223
2000 (Net Amount Credited)	70.30%
2001	62.84%
2002	61.41%
2003	63.24%
2004	66.65%
2005	66.24%
2006	65.97%
2012	0.00%

Before fiscal year 2012 begins, the Foundation must report to the Governor and Legislature the progress the Foundation has made towards its goals and whether a need for additional funding still exists. At that point, the Governor and Legislature will decide future funding to the Foundation. Funding estimates for receiving monies under the Master Settlement Agreement were initially only projected through the year 2025; however, under the terms of the MSA payments from the tobacco product manufacturers are to continue into perpetuity.

In June 2007, HB 119 was signed into law. This legislation provided for the state to securitize all foreseeable future MSA payments such that no additional payments are to be received by the Foundation, including those previously diverted payments that were promised to be repaid in the fiscal year 2012 and beyond.

I. Expenditures and Accounts Payable

Grants

In fiscal year 2007, $12,078,851 of tobacco prevention and cessation grants were funded. Grants expenditures are recognized at the time the payment is made.

Contracts

The Foundation enters into several contracts to carry out the programs of the Foundation. The two primary contracts are for the counter-marketing campaign ($11,605,887) and for Ohio Quits ($10,456,113), the Foundation's comprehensive tobacco cession program.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Expenditures and Accounts Payable (Continued)

Administrative Expenditures

Administrative expenditures include expenditures not directly attributable to the programmatic aspect of the Foundation. These include salary and wages of non-program personnel, and the proportionate share of all expenses related to the general administration of the Foundation. Ohio Revised Code Section 183.30 (A) requires that no more than five percent of the total expenditures within a fiscal year shall be for administrative purposes. Actual administrative expenditures for fiscal year 2007 were 2.44% of total expenditures.

J. Compensated Absences

The State of Ohio has established laws governing employee leave benefits and policies. Under these policies, Foundation employees earn vacation leave, sick leave, and personal leave at various rates within limits specified under state law. Generally, employees accrue vacation leave at a rate of 3.1 hours every two weeks for the first five years of employment, up to a maximum rate of 9.2 hours every two weeks after 25 years of employment. Employees may accrue a maximum of three years vacation leave credit. At termination or retirement, the State pays employees, at their current full rate, 100% of unused vacation leave, personal leave, and, in certain cases, compensatory time and 50% of unused sick leave.

The Foundation accrues vacation, compensatory time, and personal leaves as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as at termination or retirement. Compensatory time is not subject to pay off at termination or retirement; it must be used in paid time off or it will be lost. Leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met a minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

The Foundation accrues sick leave using the vesting method. Under this method, the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

K. Fund Balance/Net Assets

In accordance with reporting requirements associated with GASB Statement No. 33 and No. 46's fund balances will be reported as unreserved and net assets will be reported as unrestricted.

L. Self-Insurance

The State of Ohio serves as the Foundation's primary government and is self-insured for claims covered under its traditional healthcare plan, vehicle liability, public fidelity blanket bonds, property losses, and tort liability. Additionally, the State of Ohio participates in a public entity risk pool that covers liabilities associated with claims submitted to the Bureau of Workers' Compensation.

2. EXPLANATION OF DIFFERENCES BETWEEN THE GOVENMENTAL FUND AND GOVERNMENT-WIDE FINANCIAL STATEMENTS

Total "Fund Balance" of the Foundation's governmental fund on the Governmental Fund Balance Sheet differs from "Total Net Assets" of the governmental activities reported in the Statement of Net "Assets. The "Excess (deficit) of Revenues over Expenditures / Expenses" of the Foundation's governmental fund on the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund balance differs from the Foundation's change in net assets on the Statement of Activities. This difference primarily results from the long-term economic focus of the government-wide statements versus the current financial resources of the governmental fund statements.

The following is a detailed description of the amounts included in the "Adjustments" column of the accompanying financial statements:

Governmental Fund Balance Sheet/Statement of Net Assets

Capital Assets
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the special revenue fund; however, capital assets are reported in the Statement of Net Assets column……………………………………………………………………. $84,449

Compensated Absences
No liability for compensated absences is reported in the special revenue fund because the liability is not expected to be liquidated with expendable available financial resources. However, long-term liabilities are reported in the Statement of Net Assets column……………………………………………………………………………………………….. $198,955

Statement of Revenues, Expenditures, and Change in Fund Balance/Statement of Activities

Capital Outlay
The special revenue fund reports capital outlays as expenditures. However, for the Statement of Activities column, the cost of those assets is allocated over their estimated useful lives as depreciation expense……………………………………………………………………………… ($2,674)

Depreciation
For the Statement of Activities column, the cost of capital assets is allocated over the assets' estimated useful lives as depreciation expense. No depreciation expense is recorded for the special revenue fund……………………………………………………………………………. $36,115

Personnel Costs
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in the special revenue fund……………………………………………………….. $9,353

3. PENSION PLAN

All employees of the Foundation participate in the Public Employees Retirement System of Ohio (OPERS). OPERS administers three separate pension plans as described below:

a. The Traditional Pension Plan-a cost sharing, multiple-employer defined benefit pension plan.
b. The Member-Directed Plan-a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
c. The Combined Plan-a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefit provisions to the OPERS Board.

OPERS issues a stand alone financial report, which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)-222-6701 or 1-800-222-PERS (7377).

Employee and employer contributions to OPERS are established under the Ohio Revised Code and are based upon percentages of covered employee's gross salaries, with the contribution rate percentages being calculated annually by the Retirement Board's actuaries. In fiscal year 2006 through December 31, 2005 the employee and the employer contribution were 8.50% and 13.31% respectively, for all Foundation employees. Beginning January 1, 2006 the rates were increased to 9.00% and 13.54% respectively and beginning January 1, 2007 the rates were increased to 9.5% and 13.77%, respectively. The Foundation's required contributions to OPERS for the years ended June 30, 2007 and 2006 were $163,512 and $152,233 respectively. The total OPERS payrolls for employees of which all employees are covered by OPERS were $1,197,433 in fiscal year 2007 and $1,143,752 in fiscal year 2006.

4. OTHER POST EMPLOYMENT BENEFITS

OPERS provides post retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available.

The health care coverage provided by the retirement system is considered an "Other Post Employment Benefit (OPEB)" as described in GASB Statement No. 12, *Disclosure of Information on Post Employment Benefits Other Than Pension Benefits by State and Local Government Employers.* The Ohio Revised Code provides statutory authority for employer contributions and requires public employers to fund post retirement healthcare through their contributions to OPERS. A portion of each employer contribution to OPERS (13.54% of covered payroll, increased to 13.77% effective January 1, 2007) is set aside for the funding of post retirement health care. For the year ended June 30, 2007 that portion was 4.5% for all Foundation employees.

4. OTHER POST EMPLOYMENT BENEFITS (Continued)

The related assumptions and calculations were based on the OPERS latest actuarial review performed as of December 31, 2005. Included in the assumptions is the entry age normal actuarial cost method of valuation to determine the present value of the OPEB with the difference between assumed and actual experience (actuarial gains and losses) becoming part of the unfunded actuarial accrued liability. Also all investments are carried at market value, and for valuation purposes include the smoothed market approach. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. In addition, the investment assumption rate for 2005 was 6.50%. Finally an annual increase of 4.0 %, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.50% to 6.30%.

Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

Other Post Employment Benefits (OPEB) are advance funded on an actuarially determined basis. There are approximately 69,214 active contributing participants. The portion of the employer contribution actually made to fund post employment benefits can be determined by multiplying actual employer contributions times 0.3323 or in the Foundation's case is equal to $54,335. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2005 was $11.1 billion. OPERS' actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $31.3 billion and $20.2 billion, respectively.

Finally, OPERS adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs. Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses. As additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006 which will allow additional funds to be allocated to the care plan.

5. CONTINGENCIES

As of June 30, 2007 the Foundation's management, in consultation with the Attorney General's office, was unaware of any pending litigation which could result in a material unfavorable outcome requiring amounts to be reported or disclosed in the Foundation's financial statements.

6. COMPENSATED ABSENCES

The current portion of the liability for compensated absences consists of the amount of compensated absences that is due to be paid within one year of the balance sheet date, as estimated by the State of Ohio's Office of Budget and Management by analyzing trend data from the previous three fiscal years.

Changes in compensated absences for the year ended June 30, 2007 are as follows:

Balance at 6/30/06	Increase	Decrease	Balance at 6/30/07	Amounts Due In One Year
$189,602	$168,358	$159,005	$198,955	$28,227

7. FIXED/CAPITAL ASSETS

A summary of capital asset activity during the fiscal year follows:

Asset Category	**Balance at 6/30/06**	**Additions**	**Deletions**	**Balance at 6/30/07**
Furniture	$111,483	$ 2,674	$ -	$ 114,157
IT Equipment	124,164	0	-	124,164
Subtotal	235,647	2,674	-	238,321
Accumulated Depreciation	(117,758)	(36,114)	-	(153,872)
Net Capital Assets	$ 117,889	$(33,440)	$ -	$ 84,449

Depreciation is calculated using the straight-line basis over the estimated useful lives of the assets. The useful life for Furniture is 10 years and, for IT Equipment, 5 years.

8. LEASES

During fiscal year 2003, the Foundation entered into a lease agreement for office and storage space. Leased properties not having elements of ownership are classified as operating leases and likewise are recorded as expenditures when payable. Total operating lease expense for fiscal year 2007 was $120,765.

According to the Foundation's lease agreement, after the initial lease term ended on June 30, 2003, the Foundation has the option to renew the lease for up to five (5) successive and continuous terms of two (2) years each upon the same terms and conditions of the original lease agreement, except that the base rent will increase as of July 1, 2007 and July 1, 2011. Renewal of the lease is contingent upon the Foundation being in compliance with the existing terms of the contract. In September, 2007 the Foundation amended its lease agreement by leasing an additional 1,828 square feet of office space under the same terms and conditions of the original lease.

Future minimum lease payments under the amended lease agreement are as follows:

Year	Amount
2008	146,268
2009	146,268
2010	146,268
2011	146,268
2012	153,444
2013	153,444
Total Lease Payments	$891,960

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Ohio Tobacco Use Prevention and Control Foundation
300 East Broad Street, Suite 310
Columbus, Ohio 43215-3704

We have audited the accompanying financial statements of the governmental activities and Special Revenue Fund of the Ohio Tobacco Use Prevention and Control Foundation (the "Foundation"), State of Ohio, as of and for the year ended June 30, 2007, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated October 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Foundation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Foundation's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Foundation's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Foundation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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We intend this report solely for the information and use of the Foundation, the State of Ohio management, and the Ohio General Assembly. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 10, 2007

Mary Taylor, CPA
Auditor of State

OHIO TOBACCO USE PREVENTION AND CONTROL FOUNDATION

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 15, 2007

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