



**SAN FRANCISCO ETHICS COMMISSION
FINAL AUDIT REPORT:**

**Yes on Proposition E, Tobacco-Free Kids Action Fund (nonprofit 502(c)(4))
Protecting Youth From Flavored Tobacco Products
FPPC ID #1399920**

I. Introduction

This Final Audit Report summarizes the audit results for the committee Yes on Proposition E Tobacco-Free Kids Action Fund (nonprofit 501(c)(4)) Protecting Youth from Flavored Tobacco Products, FPPC #1399920 (“the Committee”), for the period from January 1, 2017 through December 31, 2018. The Committee was selected for audit using an objective criteria method pursuant to San Francisco Campaign and Governmental Conduct Code (“Code”) section 1.150(a) and the Commission’s authority under San Francisco Charter section C3-699-11(4), from a pool of eligible committees active in elections during the 2018 calendar year. The audit was conducted by Ethics Commission staff following the 2018 City election to determine whether the Committee materially complied with requirements of the Political Reform Act (California Government Code section 81000, et seq.) and supporting regulations, and the San Francisco Campaign Finance Reform Ordinance (San Francisco Campaign & Government Conduct Code Section 1.100, et seq) and supporting regulations.

II. Audit Authority

San Francisco Charter section C3.699-11 authorizes the Ethics Commission to audit campaign statements that are filed with the Commission along with other relevant documents to determine whether a committee materially complied with applicable requirements of State and local laws. Code section 1.150(a) requires the Commission to audit all candidates who receive public financing and authorizes audits of other committees to be initiated irrespective of whether the committee received any public funds.

III. Audit Scope and Procedures

This audit was performed in accordance with generally accepted auditing standards. The audit is based on documentation provided by the Committee and involved a review of the Committee’s filings and records for the period covered by the audit. This review was conducted to determine, among other

things:

- A. Compliance with all disclosure requirements pertaining to contributions, expenditures, accrued expenditures, and loans, including itemization when required;
- B. Compliance with applicable filing deadlines;
- C. Compliance with any applicable restrictions on contributions, loans, and expenditures;
- D. Accuracy of total reported receipts, disbursements, and cash balances as compared to bank records; and
- E. Compliance with all record-keeping requirements.

The Commission posts to its website all Audit Reports. The Audit Division forwards Audit Reports to the Commission's Enforcement Division, or other appropriate agency, for review to determine whether any further action regarding findings of non-compliance are warranted. The scope of an audit is not exhaustive of all conduct by a committee during the audit period and conduct by a committee not identified as a material finding in an Audit Report may be subject to investigation and possible enforcement action by the Ethics Commission or another agency with jurisdiction to enforce applicable laws.

IV. Committee Information

Tobacco-Free Kids Action Fund ("Action Fund") is a Washington, DC based 501(c)(4) organization whose stated mission is to "educate the public about the tobacco control policies and voting records of different candidates, evaluate the tobacco control votes and policies of competing candidates, and, in some state and local elections, even support or endorse specific candidates, depending on state and local election laws." The Action Fund made monetary and non-monetary contributions to support a June 2018 ballot measure in San Francisco, Proposition E, an ordinance to ban the sale of flavored tobacco products in San Francisco. Due to its campaign spending, the Action Fund qualified as a primarily-formed campaign committee under CA Government Code § 84222.

Because the Action Fund is considered under state law to be a multipurpose organization (i.e. a non-profit organization, civic or trade organization, religious organization)¹ that qualified as a political committee based on its activity in San Francisco, it is required to disclose financial transactions related to its San Francisco campaign activity on campaign statements filed with the San Francisco Ethics Commission.

¹ CA Government Code § 84222 defines a "Multipurpose Organization" as an organization described in Sections 501(c)(3) to 501(c)(10), inclusive, of the Internal Revenue Code and that is exempt from taxation under Section 501(a) of the Internal Revenue Code, a federal or out-of-state political organization, a trade association, a professional association, a civic organization, a religious organization, a fraternal society, an educational institution, or any other association or group of persons acting in concert.

The principal officers of the Action Fund served similar roles with the Committee. Matthew Meyers, President of the Action Fund, served as the Committee's principal officer and Jacqueline Bolt, Vice-President of the Action Fund, served as Treasurer. For the period from Audit Period the Committee reported \$506,143 in donor contributions, which were funds the organization received from persons which were designated and used for political purposes. The Committee also reported an additional \$174,157 in non-donor funds, which income the organization generated from investments and was not received from any persons. The Committee reported \$680,300 in political expenditures.

V. Audit Findings

The Commission determined that there were no material findings with respect to the audit of the Committee.