

**American Cancer Society, Inc.**

**American Cancer Society, Inc.**  
**Contents**  
**December 31, 2020 and 2019**

	<b>Page(s)</b>
<b>Report of Independent Auditors</b> .....	<b>1</b>
<b>Financial Statements</b>	
<b>Balance Sheets</b> .....	<b>2</b>
<b>Statements of Activities</b> .....	<b>34</b>
<b>Statements of Functional Expenses</b> .....	<b>56</b>
<b>Statements of Cash Flows</b> .....	<b>7</b>
<b>Stewardship Focused Disclosures</b> .....	<b>8 15</b>
<b>Other Required Disclosures</b> .....	<b>16 37</b>







**AMERICAN CANCER SOCIETY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Our mission program and mission support expenses were:</b>			
<b>Mission program services:</b>			
Patients support	\$ 267,668	\$ -	\$ 267,668
Research	145,992	-	145,992
Prevention	108,418	-	108,418
Detection/treatment	78,043	-	78,043
Total mission program services	600,121	-	600,121
<b>Mission support services:</b>			
Management and general	29,316	-	29,316
Fundraising	130,472	-	130,472
Total mission support services	159,788	-	159,788
Total mission program and mission support services expenses	759,909	-	759,909
<b>Our mission program and mission support expenses were funded by:</b>			
<b>Support from the public:</b>			
Special events	199,323	76,757	276,080
Contributions	136,060	71,668	207,728
Bequests	104,608	48,310	152,918
Contributed services, merchandise and other in kind contributions	27,091	32,233	59,324
Other	13,298	534	13,832
Total support from the public	480,375	229,502	709,877
Investment income	68,964	18,654	87,618
Change in value of split interest agreements	6,252	27,289	33,541
Grants and contracts from government agencies	4,653	541	5,194
Other (losses) gains	(6,352)	273	(6,079)
Total revenues, gains and other support	553,892	276,259	830,151
Use of amounts restricted by donors for specified purpose or time	231,662	(231,662)	-
Change in net assets prior to impact of retirement plan liability	25,665	44,597	70,262
Net increase in retirement plan liability	48,245	-	48,245
Change in net assets	(22,600)	44,597	21,997
Net assets, beginning of period	466,435	610,324	1,136,759
Net assets, end of period	\$ 473,835	\$ 684,921	\$ 1,158,756

The notes beginning on page 8 are an integral part of the financial statements.

<b>Patient support</b>	<b>Research</b>	<b>Prevention</b>	<b>Detection /treatment</b>	<b>Total mission program</b>	<b>Management and general</b>	<b>Fund-raising</b>	<b>Total mission</b>
------------------------	-----------------	-------------------	-----------------------------	------------------------------	-------------------------------	---------------------	----------------------

**The notes beginning on page 8 are an integral part of the financial statements.**

<b>Patient support</b>	<b>Research</b>	<b>Prevention</b>	<b>Detection /treatment</b>	<b>Total mission program</b>	<b>Management and general</b>	<b>Fund raising</b>	<b>Total mission</b>
----------------------------	-----------------	-------------------	---------------------------------	----------------------------------	-----------------------------------	-------------------------	--------------------------

**The notes beginning on page 8 are an integral part of the financial statements.**



<b>Cash flows from operating activities</b>	<b>2020</b>	<b>2019</b>
<b>Cash received from (used in):</b>		
<b>Special events</b>	<b>\$ 143,010</b>	<b>\$ 316,631</b>
<b>Contributions</b>	<b>231,549</b>	<b>202,245</b>
<b>Bequests</b>	<b>136,649</b>	<b>142,357</b>
<b>Other support from the public</b>	<b>12,545</b>	<b>15,437</b>
<b>Government grants</b>	<b>5,453</b>	<b>6,980</b>
<b>Interest and dividends on investments, net</b>	<b>20,866</b>	<b>25,962</b>
<b>Other revenue</b>	<b>8,832</b>	<b>6,689</b>
<b>Program services</b>	<b>14,980</b>	<b>30,865</b>
<b>Interest on debt</b>	<b>(824)</b>	<b>(1,322)</b>
<b>Employees and suppliers</b>	<b>(499,113)</b>	<b>(647,358)</b>
<b>Direct assistance</b>	<b>(3,513)</b>	<b>(10,805)</b>
<b>Retirement plan contributions</b>	<b>(7,269)</b>	<b>(26,985)</b>
<b>Grants for mission program services</b>	<b>(96,573)</b>	<b>(101,802)</b>
<b>Net cash used in operating activities</b>	<b>(33,458)</b>	<b>(41,106)</b>
<b>Cash flows from investing activities</b>		
<b>Purchase of fixed assets</b>	<b>(31,891)</b>	<b>(46,055)</b>
<b>Proceeds from disposal of fixed assets</b>	<b>21,630</b>	<b>4,776</b>
<b>Support from the public restricted for fixed asset acquisition</b>	<b>13,159</b>	<b>15,589</b>
<b>Purchases of investments</b>	<b>(779,434)</b>	<b>(720,620)</b>
<b>Proceeds from maturities or sale of investments</b>	<b>757,388</b>	<b>808,313</b>
<b>Net cash (used in) received from investing activities</b>	<b>(19,149)</b>	<b>61,988</b>
<b>Cash flows from financing activities</b>		
<b>Payments made to annuitants</b>	<b>(1,689)</b>	<b>(1,800)</b>
<b>Proceeds from annuitants</b>	<b>n 1,355</b>	

The notes beginning on page 8 are an integral part of the financial statements.

**AMERICAN CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**  
**(Dollars in thousands)**

**STEWARDSHIP FOCUSED DISCLOSURES**

**1. Organizational Overview**

**Our mission**

**The American Cancer Society's (the 'Society') mission is to save lives, celebrate lives, and lead the fight for a world without cancer:**

**The following four broad areas guide our outcomes in the fight against cancer:**

**Patient support- Programs to assist cancer patients and their families and ease the burden of cancer:**

**Research- Support to fund and conduct research into the causes of cancer; how it can be prevented,**

**AMERICAN CANCER SOCIETY, INC.**

**AMERICAN CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**  
(Dollars in thousands)

**2 Liquidity considerations**

**Investments**

To ensure consistency with our mission objectives, we do not invest in securities of any tobacco companies.

We maintain a pool of investments for the primary purpose of providing liquidity for daily operating needs while protecting principal and preserving the real (inflation adjusted) purchasing power of the portfolio. The overall short term investment balance is targeted based on our projected daily and monthly net cash flows and is generally intended to ensure all operating needs are met throughout the year without tapping into our long term investments.

We also maintain an investment pool with a long term investment horizon to preserve the real (inflation adjusted) purchasing power while providing a relatively predictable, constant and stable stream of earnings. The pool utilizes a fully diversified approach to asset allocation in the following asset classes rebalancing ranges and targets:

	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Global equity	11%	17%	24%
Real estate	1%	5%	11%
Liquid alternatives	5%	10%	15%
Multi-asset credit	6%	11%	16%
Core fixed income	12%	17%	23%
Treasury inflation protected security	4%	21%	23%
Short duration fixed income	0%	7%	12%
Cash	0%	12%	20%

Together, all our investment pools, at fair value, were as follows:

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
Global equity	\$ 171,588	20%	\$ 157,820	20%
Real estate	37,742	4	38,583	4
Liquid alternatives	72,421	8	86,645	11
Multi-asset credit	70,904	8	66,606	8
Core fixed income	226,737	26	248,342	31
Treasury inflation protected security	83,347	10	52,009	7
Short duration fixed income	74,758	9	76,928	10
Cash	134,080	15	71,518	9
	<u>\$ 871,587</u>	<u>100%</u>	<u>\$ 798,451</u>	<u>100%</u>

**AMERICAN CANCER SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 and 2019  
(Dollars in thousands)**

**2 Liquidity considerations, continued**

**Gift annuity investments**

**Sufficient assets are maintained to meet the annuity requirements stipulated by the various state laws. We are**

**AMERICAN CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**  
(Dollars in thousands)

**2 Liquidity considerations, continued**

**Use of net assets, continued**

	<b>With Donor Restrictions</b>	
	<b>2020</b>	<b>2019</b>
<b>Mission programs:</b>		
<b>Patient Support</b>		
Hospice facilities	\$ 137,432	\$ 156,192
Other	34,508	36,079
<b>Research</b>	153,119	137,688
<b>Prevention</b>	18,352	9,541
<b>Detection/treatment</b>	10,778	11,501
<b>Across mission programs:</b>		
Time restrictions (primarily planned giving including perpetual trusts and endowments)	297,924	267,764
Specific geographic locations	43,345	44,229
Fixed asset acquisitions / building fund	42	104
Other mission program and mission support services	25,562	21,823
<b>Total</b>	<b>\$ 721,062</b>	<b>\$ 684,921</b>

**Financial assets available for use**

The Society structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Society generally invests its cash in excess of weekly requirements in short term investments. The Society invests its remaining operating assets in a fully diversified mix of investment vehicles designed to provide continued liquidity, preserve capital, and grow corpus.

Given the comprehensive nature of the Society's mission and reliance on donor restricted contributions to fund ongoing annual programs, the Society defines "available for general expenditures" as all net assets without donor restrictions excluding amounts for deferred compensation, custodial assets, and illiquid investments and including net assets with donor restrictions and expected spend down on endowments anticipated to be spent within one year of the balance sheet date.

The Society's Board of Directors has implemented a liquidity policy that requires the Society to maintain available financial assets equal to between six months and ten months of the annual general expenditures which is calculated based on several factors, including anticipated cash outlays for operating activities. Compliance with the policy is reviewed quarterly by the Board.



**AMERICAN CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**  
**(Dollars in thousands)**

**2 Liquidity considerations, continued**

**Operating leases**

We maintain a physical presence in a significant number of communities we serve across the country and many of these locations are subject to operating lease agreements. Additionally, telecommunication systems related to our National Cancer Information Center are leased. Some of these leases are subject to payment escalations and expire on various dates through 2026. Our future minimum annual lease payments under leases with terms that are not cancellable are as follows as of December 31, 2020:

<b>Payable in the next</b>				
<b>12 months</b>	<b>\$</b>	<b>19,161</b>		
<b>13- 24 months</b>		<b>11,812</b>		
<b>25- 36 months</b>		<b>6,292</b>		
<b>37- 48 months</b>		<b>4,628</b>		
<b>49- 60+ months</b>		<b>51</b>	<b>3</b>	<b>,1</b>



**AMERICAN CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**  
**(Dollars in thousands)**

**AMERICAN CANCER SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 and 2019  
(Dollars in thousands)**

**3 Contributed services, merchandise, and other in-kind contributions**

We recorded contributed services related to the communication of mission program and fundraising messages through various media. We also have valued and recorded contributed services provided by scientific peer reviewers for the extramural research grant process. In addition, we received wigs that were

**OTHER REQUIRED DISCLOSURES**

**4 Significant accounting policies**

**Accounting for contributions**

Donor contributions with purpose restricted received in the same year in which the restrictions are met are recorded as an increase to donor restricted support at the time of receipt and as net assets released from restrictions.

Contributed merchandise and other in-kind contributions, including merchandise remaining in inventory at year end, are reported as contributions at their estimated fair market value when received or when an unconditional promise to give has been made. We do not impose restrictions on contributions of long-lived assets (or of other assets restricted to the purchase of long-lived assets) received without donor stipulations about how long the contributed assets must be used. Contributions of cash and other assets restricted to the acquisition of long-lived assets are reported as donor restricted revenue; those restrictions expire when we place those long-lived assets in service.

**Advertising costs**

Our advertising costs are expensed as incurred. Advertising costs were \$10.5 million for the years ended December 31, 2020 and 2019, respectively. Advertising costs were 0.8% of net sales for the years ended December 31, 2020 and 2019, respectively.



**AMERICAN CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**  
**(Dollars in thousands)**

**4 Significant accounting policies, continued**

**Estimates**

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

The following are assumptions we used to estimate certain reported amounts, which are not required to be measured at fair value on a recurring basis, as of December 31, 2020 and 2019. The assumptions used to estimate amounts, which are required to be measured at fair value on a recurring basis are included in Note 8.

**Discount rates:**

. . . . .



**AMERICAN CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**  
**(Dollars in thousands)**

**5 Activities with joint costs**

For the years ended December 31, 2020 and 2019, we incurred expenses to conduct activities that had both fundraising appeals, as well as mission program and management and general components (joint activities). Those joint activities included direct mail, telecommunications, and other constituent relationship activities.

**AMERICAN CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**  
**(Dollars in thousands)**

**7. Fixed assets**

Our fixed assets are as follows as of December 31, 2020 and 2019

Depreciation expense, including expenses on assets used in exchange transactions for the years ended December 31, 2020 and 2019 was \$15,664 and \$15,398, respectively.

**8. Fair value measurement**

Refer to Note 4 for a description of our fair value of financial instrument policy.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Our valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The significance of transfers between levels was evaluated based upon the nature of the financial instrument and size of the transfer relative to total net assets. For the years ended December 31, 2020 and 2019, there were no significant transfers in or out of Levels 1, 2, 2 L, three de M



**AMERICAN CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**  
**(Dollars in thousands)**

**8 Fair value measurement, continued**

Global equities, including securities listed on domestic and international exchanges, are principally valued at the regular trading session closing price on the exchange or market in which such securities are principally traded, on the last business day of each period presented, using the market approach. Additionally, ACS may invest in entities not publicly traded and funded through private equity financing through its BrightEdge initiative.

Investments in real estate are valued using the market approach, based upon the relative interests of each participating investor (including each participant), in the fair value of the underlying net assets of each limited partnership.

Investments in liquid alternatives are generally valued using the market approach, based upon the relative interest of each participating investor (including each participant), in the fair value of the underlying net assets of each of the respective liquid alternative.

Multi-asset credit investments, investment credit instruments are valued based upon evaluated prices provided by independent pricing services when such processes are believed to reflect the fair market value of such securities using the income approach, as well as regular trading session closing price on the exchange or market, using the market approach.

Core fixed income investment valuations, including corporate bonds, commercial paper, and government agency obligations are based upon evaluated prices provided by independent pricing services when such processes are believed to reflect the fair market value of such securities using the market approach, as well as the use of the income approach in absence of a discoverable market.

Treasury Inflation Protected Securities (TIPs) investments or inflation indexed securities are based upon evaluated prices provided by independent pricing services and adjusted by the consumer price index when such processes are believed to reflect the fair market value of such securities using the market approach, as well as the use of the income approach in absence of a discoverable market.

Short duration fixed income investment valuations are based upon evaluated prices provided by independent pricing services, when such processes are believed to reflect the fair market value of such securities using the income approach.

Cash is principally valued at the regular trading session closing price on the exchange or market in which such funds are principally traded, on the last business day of each period presented, using the market approach.

Nonperpetual trusts, included on the balance sheets as beneficial interest in trusts, are recorded at their estimated fair value based on the present value of our estimated future cash receipts from the trust. Future cash receipts are based on an income approach (present value techniques) using internally developed models. Assumptions are made regarding the expected rate of return on the investments in the trust, the discount rate, and the expected mortality of the individual(s) if the termination of the agreement is dependent on life expectancy. An expected rate of return on the investments in the trusts is estimated using historical investment returns for various relevant market indices for the estimated asset allocation of the nonperpetual trusts. For the years ended December 31, 2020 and 2019, based on then current financial market conditions, we estimated the present value of nonperpetual trusts using an investment return rate (net of trustee fees and

**AMERICAN CANCER SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 and 2019**



**AMERICAN CANCER SOCIETY, INC.**



**AMERICAN CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**  
**(Dollars in thousands)**

**8 Fair value measurement, continued**

Global equities are mainly composed of common stocks in various business sectors. The fair values of the investments within the fund are based on the current market prices or quotations readily available on the day of valuation. Requests for common stock redemption may be made on each business day based upon the net asset value per unit and the closing market value on the valuation date of the investments bought or sold. The fund's investment objective is to approximate as closely as practicable, before expenses, the performance of the Standard & Poor's 500<sup>®</sup> Tobacco Free Index over the long term.

**AMERICAN CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**  
(Dollars in thousands)

**9 Endowment, continued**

Endowment net asset composition by type and changes in endowments	With Donor Restrictions	
	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning	\$ 106,990	\$ 95,772
Investment return, net	16,902	14,362
Endowment cash additions	23,062	1,402
Reclassification of restrictions	92	
Appropriation of endowment assets for expenditure	<u>(4,463)</u>	<u>(4,550)</u>
Endowment net assets, ending	<u>\$ 142,587</u>	<u>\$ 106,990</u>

**Funds with deficiencies**

From time to time, due to adverse market conditions, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or relevant law requires us to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions, to the extent there are accumulated gains available to absorb such loss, or otherwise in net assets without donor restrictions. Deficiencies of this nature that are reported in net assets without donor restrictions were \$28 and \$0 as of December 31, 2020 and 2019, respectively.

**Return objectives and risk parameters**

We have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of relevant market indices while assuming a moderate level of investment risk.

**AMERICAN CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**  
**(Dollars in thousands)**

**9 Endowment, continued**

**Spending policy**

We considered the following factors in developing our spending policy with regard to donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) our mission and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) our other resources, (7) our investment policies, and (8) where appropriate, alternatives to spending from the donor-restricted funds and the possible effects of those alternatives.

Unless the donor has specified otherwise, 4% of the three year rolling average fair value of an endowment is available for spending each year; to the extent of a donor-restricted endowment's cumulative undistributed earnings. In addition, the difference between the actual total return each year and the spending percentage is charged or credited to net assets without donor restrictions or net assets with donor restrictions (depending on the donor's instructions regarding the use of investment income or relevant law). We believe a spending policy is necessary to carry out the statutorily prescribed standard of ordinary business care and prudence and uses a spending rate of 4% in order to maintain the purchasing power of the endowment. Endowment assets consist of

Global equity	51 %	51 %	45 %	55 %	65 %
Real estate	8	10	5	10	15
Liquid alternatives	12	11	5	10	15
Multi-asset credit	8	10	10	15	20
Core fixed income	17	13	0	5	10
Treasury		10/4 ar		10/ a	10/ Q
Quasi					10/ Q
Multi					10/ a
Asset					10/ a
Allocation					10/ a
Targets					10/ a
will					10/ a
be					10/ a
transitioned					10/ a
to					10/ a
over					10/ a
time,					10/ a
considering					10/ a
current					10/ a
market					10/ a
conditions					10/ a
and					10/ a
liquidity.					10/ a
Policy					10/ a
bands					10/ a
are					10/ a
wide					10/ a
to					10/ a
provide					10/ a
implementation					10/ a
flexibility.					10/ a

Asset allocation targets will be transitioned to over time, considering current market conditions and liquidity. Policy bands are wide to provide implementation flexibility.





**AMERICAN CANCER SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 and 2019  
(Dollars in thousands)**

**10 Employee retirement benefit plans, continued**



**AMERICAN CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**  
**(Dollars in thousands)**

**10 Employee retirement benefit plans, continued**

<b>Postretirement</b>	<b>Total Retirement &amp;</b>
-----------------------	-----------------------------------



AMERICAN CANCER SOCIETY INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

10 Employee retirement

The fair value of the Plan's Level 3 assets at December 31, 2019 by asset category is as follows:

	Level 2	Level 3	Total
--	---------	---------	-------

\* In accordance with Fair Value Measurement (Topic 820), certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheets.

The table below provides a summary of changes in the fair value of the Plan's Level 3 assets for the years ended December 31, 2020 and 2019.

**AMERICAN CANCER SOCIETY, INC.**