



American Cancer Society, Inc.

Consolidated Financial Statements

**As of and for the Years Ended December 31, 2023
and 2022**

American Cancer Society, Inc.

Consolidated Financial Statements

As of and for the Years Ended December 31, 2023 and 2022

American Cancer Society, Inc.

Contents

Independent Auditor s Report	45
Consolidated Financial Statements	
Consolidated Balance Sheets	7
Consolidated Statements of Activities	89
Consolidated Statements of Functional Expenses	10 11
Consolidated Statements of Cash Flows	12
Notes to Consolidated Financial Statements	
Stewardship Focused Disclosures	13 19
Other Required Disclosures	20 43



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Independent Auditor's Report

**Management and The Board of Directors
American Cancer Society, Inc.**

We have audited the consolidated financial statements of the American Cancer Society, Inc. (ACS), which comprise the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of ACS at December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ACS and to meet our other independence requirements under applicable professional standards.

Consolidated Financial Statements

	2023	2022
Current Assets:		
Cash and cash equivalents	\$ 47,247	\$ 43,652
Investments	89,850	81,739
Receivables, net	93,408	51,617
Prepaid expenses	18,307	17,456
Requests receivable	102,105	

	Without Donor Restrictions	With Donor Restrictions	Total
Our mission program and mission support expenses were:			
Mission program services			
Patient support	\$ 424,502	\$ -	\$ 424,502
Discovery	184,670	-	184,670
Advocacy	54,625	-	54,625
Total mission program services	663,797	-	663,797
Mission support services			
Management and general	32,035	-	32,035
Fundraising	121,921	-	121,921
Total mission support services	153,956	-	153,956
Total mission program and mission support services expenses	817,753	-	817,753
Our mission program and mission support expenses were funded by:			
Support from the public			
Special events	106,233	69,019	175,252
Contributions of cash and other financial assets	140,891	121,379	262,270
Requests	126,219	41,195	167,414
Contributed services, merchandise and other contributions of nonfinancial assets	64,222	53,560	117,782
Other	14,050	1,387	15,437
Total support from the public	451,615	286,540	738,155
Investment income, net	63,720	24,860	88,580
Change in value of split-interest agreements	1,914	40,748	42,662
Grants and contracts from government agencies	-	5,992	5,992
Other losses	(8,485)	(1,179)	(9,664)
Total revenues, gains and other support, net	508,764	356,961	865,725
Use of amounts restricted by donors for specified purpose or time	293,806	(293,806)	-
Change in net assets prior to impact of retirement plan liability	(15,183)	63,155	47,972
Net decrease in retirement plan liability	(7,060)	-	(60)

American Cancer Society, Inc.

Consolidated Statement of Activities

	Without Donor Restrictions	With Donor Restrictions	Total
Our mission program and mission support expenses were:			
Mission program services			
Patient support	\$ 354,407	\$ -	\$ 354,407
Discovery	165,813	-	165,813
Advocacy	46,428	-	46,428
Total mission program services	566,648	-	566,648
Mission support services			
Management and general	26,338	-	26,338
Fundraising	106,557	-	106,557
Total mission support services	132,895	-	132,895
Total mission program and mission support services expenses	699,543	-	699,543
Our mission program and mission support expenses were funded by:			
Support from the public			
Special events	104,783	66,080	170,863
Contributions of cash and other financial assets	141,739	114,591	256,330
Requests	134,628	47,404	182,032
Contributed services, merchandise and other contributions of nonfinancial asset	25,591	37,101	62,692
Other	14,404	1,140	15,544
Total support from the public	421,205	266,296	687,501
Investment losses, net	(44,607)	(20,487)	(65,094)
Change in value of split-interest agreements	(1,499)	(66,986)	(68,485)
Grants and contracts from government agencies	-	5,674	5,674
Other (losses) gains	(11,744)	2,442	(9,302)
Total revenues, gains and other support, net	363,360	186,989	550,349
Use of amounts restricted by donors for specified purpose or time	261,779	(261,779)	-
Change in net assets prior to impact of retirement plan liability	(74,409)	(74,810)	(149,219)
Net decrease in retirement plan liability	(16,980)	-	(16,980)
Change in net assets	(57,489)	(74,810)	(132,299)
Net assets, beginning of year	665,980	771,825	1,437,755
Net assets, end of year	\$ 608,491	\$ 697,015	\$ 1,305,431

Total

	2023	2022
Cash Flows from Operating Activities		
Cash received from (used in):		
Special events	\$ 208,677	\$ 202,146
Contributions	238,026	231,230
Bequests	194,291	163,537
Other support from the public	16,162	16,228
Government grants	5,712	5,850
Interest and dividends on investments, net	33,361	25,697
Other revenue	12,370	6,988
Program services	27,318	

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

Stewardship Focused Disclosures

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

Sufficient assets are maintained to meet the annuity requirements stipulated by the various state laws. We are required to hold reserves related to our gift annuity program based on the laws in certain states in which we solicit these gifts. Such reserves, held in a segregated account, totaled \$26,761 and \$23,126 at December 31, 2023 and 2022, respectively, and are included in gift annuity investments in the accompanying consolidated balance sheets.

We are the beneficiary of planned gifts under bequests, other testamentary documents, trusts and similar deferred contributions. The assets from a bequest or a contribution may be given directly to us or may be put in the care of a trustee, with us being designated as having a full or partial beneficial interest in the trust (BIT). Certain gifts are considered split-interest agreements whereby we receive benefits that are shared, or split, with either the donor or third party beneficiaries. Depending on the number and mortality of any third party beneficiaries, we may not receive cash for our interest in the BIT's for a number of years. During the years ended December 31, 2023 and 2022, approximately 34% and 31% of our revenue from bequests was cash and 66% and 69% will be received in future years, respectively.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

Our financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2023	2022
Financial assets without donor restrictions		
Investments, cash, and cash equivalents	\$ 631,113	\$ 602,865
Current receivables, net	6,642	4,481
Current bequests receivable	85,072	92,976
Total financial assets without donor restrictions	722,827	700,322
Less deferred compensation, custodial, and other illiquid investments, including impact venture investments (see Note 9)	171,406	(154,641)
Total financial assets available to management for general expenditures	551,421	605,681
Add financial assets with donor restrictions expected to be spent within 12 months of December 31, 2023	51,559	51,335
Total Financial Assets Managed for Liquidity	\$ 602,980	\$ 657,016

As part of our commitment to the fight against cancer, we actively provide grants to improve both the prevention and detection of cancer. The total amount of our future payments under research and other program grants as of December 31, 2023 and 2022 is \$259,643 and \$233,489, respectively. The present value of our future payments as of December 31, 2023 and 2022 is \$250,975 and \$227,543, respectively. The discount at December 31, 2023 of \$8,668 will be recognized as grants for mission program services expense in 2024 through 2028. As of December 31, 2023, our future payments are as follows:

Payable in the next:

12 months	\$	106,763
13- 24 months		81,841
25- 36 months		46,648
37- 48 months		19,535
49- 60 months		4,856
Discount		(8,668)
Total	\$	250,975

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

We have financed certain properties based on market conditions and cash flow needs at the time of financing. Our outstanding debt, subject to certain loan covenants, as of December 31, 2023 and 2022 is as follows:

Type	Issuer	Maturity Date	Fixed Interest Rate	Balance at December 31, 2023	Balance at December 31, 2022	Collateral at December 31, 2023
Note Payable	TDBank NA	2027	2.43%	\$ 2		

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

Nonperpetual EITs are initially recognized as donor restricted public support (bequest or contribution revenue, depending upon the initial source of the gift) at fair value, based on our interest in the fair value of the underlying trust assets at the time of the gift. Any subsequent adjustments to the nonperpetual EITs are recorded as a change in value of split-interest agreements.

Perpetual trusts are initially recorded as net assets with donor restrictions public support (bequest or contribution revenue, depending on the initial source of the gift) at fair value, based on our interest in the fair value of the underlying trust assets at the time of the gift. Subsequent changes to a trust's fair value are reported as a change in value of split interest agreements with donor restrictions in the consolidated statements of activities. Income received from the trusts is reported as revenues with donor restrictions or revenues without donor restrictions, depending on the existence or absence of donor imposed restrictions.

We also may be the beneficiary of interests in trusts and other assets in situations where we have not been notified of our interest. Our interest may be conditional or revocable, or the value of our interest may not be readily ascertainable. In such circumstances, no revenue has been recorded.

We consider all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents.

American Cancer Society, Inc.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

Lease payments are recognized in the consolidated statement of activities on a straight-line basis over the lease term. Our lease terms may include options to extend or terminate the lease. These options are reflected in the ROU asset and lease liability when it is reasonably certain that we will exercise the option. We reassess the lease term if and when a significant event or change in circumstances occurs within our control, such as construction of significant leasehold improvements that are expected to have economic value when the option becomes exercisable.

As our leases do not provide an implicit rate, the net present value of future minimum lease payments is determined using our incremental borrowing rate. Our incremental borrowing rate is the borrowing rate on our fully amortizing term loans at the time of adoption.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

5 Activities With Joint Costs

For the years ended December 31, 2023 and 2022, 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. Our costs of conducting those joint activities are allocated using a variety of methods including evaluation of the content and impact of messaging within communication materials, paid media, mailings, and digital products such as emails, websites, and social media. These costs were allocated as follows:

	2023	2022
Patient support	\$ 74,337	\$ 68,348
Management and general	3,607	1,568
Fundraising	29,301	27,738
Total	\$ 107,245	\$ 97,654

6 Exchange Transactions

Exchange transactions are reciprocal transfers in which each party receives and sacrifices something of approximate commensurate value, as opposed to a nonreciprocal transaction (i.e., a contribution), in which a donor provides resources to support our mission and expects to receive nothing of commensurate value in return. Costs of exchange transactions that benefit the recipient of the exchange and are not directly related to our mission are reported as exchange expenses. Costs related to exchange transactions that directly benefit or support our mission are reported in mission program or mission support expenses.

Revenues from exchange transactions are recognized when performance obligations are satisfied by transferring a promised good to, or performing service for, the recipient of the exchange. The amount of revenue recognized reflects the consideration expected to be received in exchange for satisfying distinct performance obligations. Performance obligations are either satisfied over time and the related revenue is recognized as services are rendered, or satisfied at a point in time and the related revenue is recognized upon the immediate transfer of goods. Management expects that the period between the transfer of goods and services to the recipient and when the recipient expects to pay for those goods and services will be one year or less.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

7. Receivables

Our pledges receivable are presented within receivables on the consolidated balance sheets and are as follows as of:

	2023	2022
Amounts due in		
Less than one year	\$ 85,488	\$ 43,666
One to five years	31,483	23,024
Greater than five years	762	683
Gross pledges receivable	117,733	67,373

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

obligation We have elected fair value accounting for our gift annuity obligations.

The preceding valuation methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while we believe our valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting dates.

The following tables set forth by level, within the fair value hierarchy, our assets and liabilities measured at fair value on a recurring basis as of December 31, 2023 and 2022. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Financial assets and liabilities measured at fair value were as follows at:

	Financial Assets and Liabilities Measured at Fair Value				
	Level 1	Level 2	Level 3	NAV ^a	Total
Assets					
Investments, current					
Cash and cash equivalents	\$ 13,677	\$ 59,819	\$ -	\$ -	\$ 73,496
Core fixed income	-	16,354	-	-	16,354
Total investments, current	\$ 13,677	\$ 76,173	\$ -	\$ -	\$ 89,850
Gift Annuity Investments, at Fair Value					
Cash and cash equivalents	\$ 2,472	\$ -	\$ -	\$ -	\$ 2,472
Global equity	22,919	-	48	-	22,967
Core fixed income	4,806	5,204	-	-	10,010
Total gift annuity investments, at fair value					

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

The table below provides a summary of changes in the fair value of our Level 3 financial assets and liabilities measured on a recurring basis for the years ended December 31, 2023 and 2022

	Global Equity and Core Fixed Income	Impact Venture Capital	Beneficial Interest in Trusts	Gift Annuity Obligation
Balance, beginning of year	\$ 515	\$ 28,078	\$ 333,481	\$ 9,308
Purchases (sold)	36	11,880	(9,797)	(585)
Unrealized (losses) gains	(57)	789	13,878	-
Other	-	-	24,916	-
Balance, end of year	\$ 494	\$ 40,747	\$ 362,478	\$ 8,718

	Global Equity	Impact Venture Capital	Beneficial Interest in Trusts	Gift Annuity Obligation
Balance, beginning of year	\$ 588	\$ 18,474	\$ 406,688	\$ 13,614
Purchases (sold)	(97)	10,412	(4,677)	-
Unrealized gains (losses)	21	(809)	(48,017)	3,160

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

Global equity 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® Tobacco Free Index over the long term.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

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 and in compliance with our desire to preserve the original gift value, 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:

Current Allocation

Target Allocation

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

Information related to our Plan, SERP, and postretirement benefit plan at December 31, 2023 and 2022 and the related changes during the years then ended are as follows:

	Retirement Benefits	Postretirement Nonpension Benefits	Total Retirement and Postretirement Benefits
Change in Benefit Obligation			
Benefit obligation at beginning of year	\$ 467,328	\$ 30,287	\$ 497,615
Service cost	-	16	16
Interest cost	23,156	1,470	24,626
Actuarial gain	10,088	(220)	9,868
Plan participant contributions	-	226	226
Benefits paid	(26,230)	(1,661)	(27,891)
Benefit obligation at end of year	\$ 474,292	\$ 30,118	\$ 504,410
Change in Plan Assets			
Fair value of plan assets at beginning of year	\$ 367,490	\$ -	\$ 367,490
Actual expenses paid	(4,856)	-	(4,856)
Actual return on plan assets	38,617	-	38,617
Employer contributions	15,000	1,435	16,435
Plan participant contributions	-	226	226
Benefits paid	(26,230)	(1,661)	(27,891)
Fair value of plan assets at end of year	\$ 390,021	\$ -	\$ 390,021
Funded status and amounts recognized in our balance sheet in employee retirement benefits			
	\$ (84,271)	\$ (30,118)	\$ (114,389)
Supplemental Retirement Benefits			\$ (13)
Weighted Average Actuarial Assumptions			
Discount rate:			
Net periodic pension service cost	NA	5.34%	
Net periodic pension interest cost	5.14%	5.07%	
Benefit obligation	5.27%	5.16%	
Expected return on plan assets	7.00%	NA	
Rate of compensation increase	NA	4.53%	
Amounts not yet recognized in net periodic pension costs			
Unrecognized prior service credit at beginning of year			

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

	Retirement Benefits	Postretirement Nonpension Benefits	Total Retirement and Postretirement Benefits
Amounts Recognized as a Reduction (increase) to Unrestricted Net Assets			
Amounts recognized as a reduction to unrestricted net assets at beginning of year	\$ 153,862	\$ (3,494)	\$ 150,368
Change in prior services credit	-	-	-
Change in actuarial losses	(6,966)	(98)	(7,064)
Amounts recognized as a reduction (increase) to unrestricted net assets at end of year	\$ 146,896	\$ (3,592)	\$ 143,304
Supplemental Retirement Benefits			\$ 4

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

	Retirement Benefits	Postretirement Nonpension Benefits	Total Retirement and Postretirement Benefits
Change in Benefit Obligation			
Benefit obligation at beginning of year	\$ 650,476	\$ 40,419	\$ 690,895
Service cost	-	44	44
Interest cost	15,147	867	16,014
Actuarial gain	(166,389)	(9,415)	(175,804)
Plan participant contributions	-	323	323
Benefits paid	(31,906)	(1,951)	(33,857)
Benefit obligation at end of year	\$ 457,328	\$ 30,287	\$ 497,615
Change in Plan Assets			
Fair value of plan assets at beginning of year	\$ 520,656	-	\$ 520,656
Actual expenses paid	(4,718)	-	(4,718)
Actual return on plan assets	(134,542)	-	(134,542)
Employer contributions	18,000	1,628	19,628
Plan participant contributions	-	323	323
Benefits paid	(31,906)	(1,951)	(33,857)
Fair value of plan assets at end of year	\$ 367,490	\$ -	\$ 367,490
Funded status and amounts recognized in our balance sheet in employee retirement benefits			
	\$ (99,839)	\$ (30,287)	\$ (130,125)
Supplemental Retirement Benefits			\$ (40)
Weighted Average Actuarial Assumptions			
Discount rate:			
Net periodic pension service cost	NA	3.2%	
Net periodic per d	a s9	ft	NA 3.2%

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

A description of the valuation methods we used for assets measured at fair value is available in Note 9. The fair value of the Plans assets at December 31, 2023 and 2022 by asset category is as follows:

	Financial Assets Measured at Fair Value on a Recurring Basis				
	Level 1	Level 2	Level 3	NAV*	Total
Global equity	\$ 99,702	\$ 436	\$ -	\$ 24,589	\$ 124,727
Multi-asset credit	30,891	-	-	-	30,891
Liquid alternatives	-	-	-	35,929	35,929
Real estate	-	-	-	31,786	31,786
Core fixed income	-	160,847	-	-	160,847
Cash and cash equivalents	5,842	-	-	-	5,842
Total investment assets, at fair value	\$ 136,435	\$ 161,283	\$ -	\$ 92,304	\$ 390,022

	Financial Assets Measured at Fair Value on a Recurring Basis				
	Level 1	Level 2	Level 3	NAV*	Total
Global equity	\$ 86,823	\$ -	\$ -	\$ -	\$ 86,823

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

Consolidated supplemental cash flow information related to operating leases for the years ended December 31, 2023 and 2022, consisted of the following

	2023	2022
Operating cash paid included in the measurement of operating lease liabilities	\$ 10,068	\$ 9,992

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

14 Related Parties

Strong leadership and visionary thinking have built the American Cancer Society into the global leader in the fight against cancer. Our board of directors and management are composed of individuals that are leaders in their field and come from diverse backgrounds with a wealth of knowledge and experience. Due to the expansive outreach of these individuals and the American Cancer Society itself, we may at times determine that it is in the organization's best interest to enter into transactions in which these individuals or their related parties are involved. We have a conflict-of-interest policy which requires disclosure of conflicts of interest as well as recusal by the conflicted persons from decision making on behalf of American Cancer Society, among other procedures. Related party transactions did not have a significant impact to the consolidated financial statements for the years ended December 31, 2023 and 2022.

15 Subsequent 2