

American Cancer Society, Inc.

Consolidated Financial Statements
As of and for the Years Ended December 31, 2024
and 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



American Cancer Society, Inc.

Consolidated Financial Statements

As of and for the Years Ended December 31, 2024 and 2023

American Cancer Society, Inc.

Contents

| | |
|---|-------|
| Independent Auditor's Report | 3-4 |
| Consolidated Financial Statements | |
| Consolidated Balance Sheets | 6 |
| Consolidated Statements of Activities | 7-8 |
| Consolidated Statements of Functional Expenses | 9-10 |
| Consolidated Statements of Cash Flows | 11 |
| Notes to Consolidated Financial Statements | |
| Stewardship Focused Disclosures | 12-20 |
| Other Required Disclosures | 20-44 |



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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the American Cancer Society, Inc. (ACS), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of ACS as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ACS's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.



Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ACS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

BDO USA, P.C.

June 13, 2025

Consolidated Financial Statements

American Cancer Society, Inc.

Consolidated Balance Sheets

(in thousands)

| December 31, | 2024 | 2023 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 46,792 | \$ 47,247 |
| Investments | 154,745 | 89,850 |
| Receivables, net | 67,694 | 93,408 |
| Prepaid expenses | 18,469 | 18,307 |
| Bequests receivable | 87,516 | 102,105 |
| Other assets | 27,994 | - |
| Total current assets | 403,210 | 350,917 |
| Noncurrent assets: | | |
| Receivables, net | 48,348 | 50,150 |
| Gift annuity investments | 39,408 | 35,479 |
| Investments | 611,614 | 790,000 |
| Beneficial interests in trusts | 403,584 | 362,478 |
| Fixed assets, net | 252,884 | 256,720 |
| Operating lease right-of-use assets, net | 30,579 | 33,386 |
| Retirement plan assets | 9,087 | - |
| Other assets | 8,354 | 7,443 |
| Total noncurrent assets | 1,403,858 | 1,535,656 |
| Total Assets | \$ 1,807,068 | \$ 1,886,573 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable and other accrued expenses | \$ 72,426 | \$ 78,281 |
| Research and other program grants payable | 122,808 | 106,763 |
| Employee retirement benefits | 2,483 | 2,565 |
| Debt | 2,011 | 2,143 |
| Operating leases | 8,333 | 8,136 |
| Other liabilities | 103 | 3,792 |
| Total current liabilities | 208,164 | 201,680 |
| Noncurrent liabilities: | | |
| Research and other program grants payable, net | 147,277 | 144,212 |
| Employee retirement benefits | 24,872 | 111,835 |
| Debt | 19,586 | 31,068 |
| Operating leases | 24,933 | 27,302 |
| Gift annuity obligations | 10,086 | 8,718 |
| Other liabilities | 1,166 | 1,295 |
| Total noncurrent liabilities | 227,920 | 324,430 |
| Total liabilities | 436,084 | 526,110 |
| Net assets | | |
| Without donor restrictions | 524,686 | 600,323 |
| With donor restrictions | 846,298 | 760,140 |
| Total net assets | 1,370,984 | 1,360,463 |
| Total Liabilities and Net Assets | \$ 1,807,068 | \$ 1,886,573 |

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Consolidated Statement of Activities

(in thousands)

| <i>Year Ended December 31, 2024</i> | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Our mission program and mission support expenses were: | | | |
| Mission program services: | | | |
| Patient support | \$ 426,291 | \$ - | \$ 426,291 |
| Research | 198,658 | - | 198,658 |
| Advocacy | 59,852 | - | 59,852 |
| Total mission program services | 684,801 | - | 684,801 |
| Mission support services: | | | |
| Management and general | 35,440 | - | 35,440 |
| Fundraising | 124,626 | - | 124,626 |
| Total mission support services | 160,066 | - | 160,066 |
| Total mission program and mission support services expenses | 844,867 | - | 844,867 |
| Our mission program and mission support expenses were funded by: | | | |
| Support from the public: | | | |
| Special events | 111,972 | 77,172 | 189,144 |
| Contributions of cash and other financial assets | 137,422 | 127,671 | 265,093 |
| Bequests | 133,302 | 64,396 | 197,698 |
| Contributed services, merchandise and other contributions of nonfinancial assets | 33,241 | 48,779 | 82,020 |
| Other | 14,010 | 1,287 | 15,297 |
| Total support from the public | 429,947 | 319,305 | 749,252 |
| Investment income, net | 50,649 | 22,151 | 72,800 |
| Change in value of split-interest agreements | (129) | 28,525 | 28,396 |
| Grants and contracts from government agencies | - | 5,192 | 5,192 |
| Other (losses) gains, net | (16,221) | 845 | (15,376) |
| Total revenues, gains and other support, net | 464,246 | 376,018 | 840,264 |
| Use of amounts restricted by donors for specified purpose or time | 289,860 | (289,860) | - |
| Change in net assets prior to impact of retirement plan liability | (90,761) | 86,158 | (4,603) |
| Net decrease in retirement plan liability | (15,124) | - | (15,124) |
| Change in net assets | (75,637) | 86,158 | 10,521 |
| Net assets, beginning of year | 600,323 | 760,140 | 1,360,463 |
| Net assets, end of year | \$ 524,686 | \$ 846,298 | \$ 1,370,984 |

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Consolidated Statement of Activities

(in thousands)

| Year Ended December 31, 2023 | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Our mission program and mission support expenses were: | | | |
| Mission program services: | | | |
| Patient support | \$ 424,502 | \$ - | \$ 424,502 |
| Research | 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 | 135,390 | 126,880 | 262,270 |
| Bequests | 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 | 446,114 | 292,041 | 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, net | (8,485) | (1,179) | (9,664) |
| Total revenues, gains and other support, net | 503,263 | 362,462 | 865,725 |
| Use of amounts restricted by donors for specified purpose or time | 299,307 | (299,307) | - |
| 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) | - | (7,060) |
| Change in net assets | (8,123) | 63,155 | 55,032 |
| Net assets, beginning of year | 608,446 | 696,985 | 1,305,431 |
| Net assets, end of year | \$ 600,323 | \$ 760,140 | \$ 1,360,463 |

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Consolidated Statement of Functional Expenses

(in thousands)

| Year Ended December 31, 2024 | Patient Support | Research | Advocacy | Total Mission Program | Management and General | Fundraising | Total Mission Support | Total Before Exchange Expenses | Exchange Expenses (see note 6) | Total |
|--|-------------------|-------------------|------------------|-----------------------|------------------------|-------------------|-----------------------|--------------------------------|--------------------------------|-------------------|
| Mission Program and Mission Support Expenses | | | | | | | | | | |
| Personnel costs | \$ 207,771 | \$ 35,596 | \$ 34,119 | \$ 277,486 | \$ 12,418 | \$ 74,672 | \$ 87,090 | \$ 364,576 | \$ 11,908 | \$ 376,484 |
| Professional fees and contractual services | 14,254 | 13,069 | 13,859 | 41,182 | 12,799 | 7,158 | 19,957 | 61,139 | 4,117 | 65,256 |
| Grants for mission program services | 23,815 | 130,108 | 1,346 | 155,269 | - | - | - | 155,269 | - | 155,269 |
| Education and marketing | 82,767 | 1,458 | 1,129 | 85,354 | 1,850 | 17,402 | 19,252 | 104,606 | 9,707 | 114,313 |
| Meetings and travel | 11,748 | 2,900 | 4,057 | 18,705 | 952 | 5,327 | 6,279 | 24,984 | 23,197 | 48,181 |
| Postage and shipping | 8,783 | 514 | 127 | 9,424 | 1,449 | 4,355 | 5,804 | 15,228 | 25 | 15,253 |
| Hope Lodge and community facilities | 29,257 | 968 | 1,002 | 31,227 | 329 | 4,467 | 4,796 | 36,023 | 8,811 | 44,834 |
| Technology | 27,489 | 11,426 | 2,896 | 41,811 | 1,718 | 8,973 | 10,691 | 52,502 | 165 | 52,667 |
| Depreciation and amortization | 13,977 | 1,131 | 326 | 15,434 | 162 | 646 | 808 | 16,242 | 467 | 16,709 |
| Miscellaneous | 6,430 | 1,488 | 991 | 8,909 | 3,763 | 1,626 | 5,389 | 14,298 | 4,278 | 18,576 |
| Cost of donated merchandise sold | - | - | - | - | - | - | - | - | 27,405 | 27,405 |
| Total mission program, mission support, and exchange expenses | \$ 426,291 | \$ 198,658 | \$ 59,852 | \$ 684,801 | \$ 35,440 | \$ 124,626 | \$ 160,066 | \$ 844,867 | \$ 90,080 | \$ 934,947 |

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Consolidated Statement of Functional Expenses

(in thousands)

| Year Ended December 31, 2023 | Patient Support | Research | Advocacy | Total Mission Program | Management and General | Fundraising | Total Mission Support | Total | | |
|---|-----------------|-----------|-----------|-----------------------|------------------------|-------------|-----------------------|--------------------------|--------------------------------|------------|
| | | | | | | | | Before Exchange Expenses | Exchange Expenses (see note 6) | |
| Mission Program and Mission Support Expenses | | | | | | | | | | |
| | \$ 197,124 | \$ 29,531 | \$ 31,047 | \$ 257,702 | \$ 10,453 | \$ 72,085 | \$ 82,538 | \$ 340,240 | \$ 10,959 | \$ 351,199 |
| Personnel costs | | | | | | | | | | |
| Professional fees and contractual services | 14,496 | 10,240 | 13,262 | 37,998 | 12,288 | 6,681 | 18,969 | 56,967 | 3,850 | 60,817 |
| Grants for mission program services | 26,032 | 125,092 | 284 | 151,408 | - | - | - | 151,408 | - | 151,408 |
| Education and marketing | 92,983 | 748 | 1,731 | 95,462 | 1,744 | 17,837 | 19,581 | 115,043 | 8,489 | 123,532 |
| Meetings and travel | 11,844 | 1,741 | 3,472 | 17,057 | 721 | 5,672 | 6,393 | 23,450 | 20,063 | 43,513 |
| Postage and shipping | 8,930 | 542 | 112 | 9,584 | 1,319 | 3,536 | 4,855 | 14,439 | 59 | 14,498 |
| Hope Lodge and community facilities | 26,990 | 795 | 1,078 | 28,863 | 245 | 5,836 | 6,081 | 34,944 | 8,839 | 43,783 |
| Technology | 27,826 | 13,191 | 2,841 | 43,858 | 1,662 | 7,991 | 9,653 | 53,511 | 177 | 53,688 |
| Depreciation and amortization | 12,872 | 1,384 | 313 | 14,569 | 306 | 770 | 1,076 | 15,645 | 205 | 15,850 |
| Miscellaneous | 5,405 | 1,406 | 485 | 7,296 | 3,297 | 1,513 | 4,810 | 12,106 | 3,184 | 15,290 |
| Cost of donated merchandise sold | - | - | - | - | - | - | - | - | 26,339 | 26,339 |

| | | | | | | | | | | |
|--|------------|------------|-----------|------------|-----------|------------|------------|------------|-----------|------------|
| Total mission program, mission support, and exchange expenses | \$ 424,502 | \$ 184,670 | \$ 54,625 | \$ 663,797 | \$ 32,035 | \$ 121,921 | \$ 153,956 | \$ 817,753 | \$ 82,164 | \$ 899,917 |
|--|------------|------------|-----------|------------|-----------|------------|------------|------------|-----------|------------|

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Consolidated Statements of Cash Flows

(in thousands)

| Year Ended December 31, | 2024 | 2023 |
|--|-------------|-------------|
| Cash Flows from Operating Activities | | |
| Cash received from (used in): | | |
| Special events | \$ 231,039 | \$ 208,677 |
| Contributions | 234,719 | 238,026 |
| Bequests | 198,417 | 194,291 |
| Other support from the public | 16,155 | 16,162 |
| Government grants | 5,749 | 5,712 |
| Interest and dividends on investments, net | 35,270 | 33,361 |
| Other revenue | 9,331 | 12,370 |
| Program services | 29,462 | 27,318 |
| Interest on debt | (738) | (797) |
| Employees | (356,433) | (326,023) |
| Suppliers | (323,805) | (304,503) |
| Direct assistance | (2,265) | (2,765) |
| Retirement plan contributions | (99,672) | (29,102) |
| Grants for mission program services | (133,310) | (123,047) |
| Net cash used in operating activities | (156,081) | (50,320) |
| Cash flows from investing activities | | |
| Purchase of fixed assets | (13,026) | (14,210) |
| Proceeds from disposal of fixed assets | 909 | 381 |
| Support from the public restricted for fixed asset acquisition | 6,726 | 11,101 |
| Purchases of investments | (2,199,995) | (4,439,882) |
| Proceeds from maturities or sales of investments | 2,347,773 | 4,495,816 |
| Net cash received from investing activities | 142,387 | 53,206 |
| Cash flows from financing activities | | |
| Payments made to annuitants | (1,585) | (1,484) |
| Proceeds from annuitants | 2,864 | 1,008 |
| Support from the public restricted for long-term investment | 13,972 | 3,195 |
| Payments on debt | (2,012) | (2,010) |
| Net cash received from financing activities | 13,239 | 709 |
| Net change in cash and cash equivalents | (455) | 3,595 |
| Cash and cash equivalents, beginning of year | 47,247 | 43,652 |
| Cash and cash equivalents, end of year | \$ 46,792 | \$ 47,247 |

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Stewardship Focused Disclosures

1. Organizational Overview

Our Mission

The American Cancer Society is a leading cancer-fighting organization with a vision of ending cancer as we know it, for everyone. Our mission is to improve the lives of people with cancer and their families through advocacy, research, and patient support, to ensure everyone has an opportunity to prevent, detect, treat, and survive cancer.

Here are just a few ways we are making progress to make the most impact possible in the fight against cancer:

- **Patient support** - We provide the latest, evidence-based cancer information; equip people to make healthy choices that can help reduce their cancer risk, like eating right, staying active, and avoiding alcohol and tobacco; and develop guidelines for screening that can help detect certain cancers early and save lives.

We are available 24/7 to help people find answers and resources, whether they want to understand their diagnosis and treatment options, learn how to cope with side effects, or find transportation or a place to stay when treatment is far from home. We provide information and support to cancer patients, caregivers, and survivors through online communities and one-on-one support.

- **Research** - The American Cancer Society launches innovative, high-impact research to find more - and better - treatments, uncover factors that may cause cancer, and improve quality of life for people facing cancer. We fund research grants and conduct cancer research studies to help accelerate the pace of progress. We conduct research to identify and understand issues related to cancer disparities in an effort to advance health equity among all communities.
- **Advocacy** - Through our nonprofit, nonpartisan advocacy affiliate, the American Cancer Society Cancer Action NetworkSM (ACS CAN), we fight cancer at all levels of government to demand change from our elected officials to build healthier communities, create safer workplaces, and provide greater, more equitable access to quality medical care.

For information or support, visit cancer.org or call our 24/7 helpline at 1-800-227-2345.

Our Mission Program and Mission Support Expenses

Our expenses fall into two categories: first, our mission program activities - which are the three areas above, and second, mission support services - expenses incurred to support our mission activities - which include: our finance function organization, which processes enterprise-wide financial and constituent transactions; our internal audit function, which assesses and monitors our accounting, internal control and technology processes; our technology processes; general infrastructure costs; and the costs of fundraising. Other than our volunteer base, our largest resource - our staff - are allocated in both categories depending on their role, set of activities and effort reporting. Expenses for our community office locations, including rent, are also allocated based on our staff effort reporting. Other expenses are allocated based on various methods including the underlying purpose

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

of transactions. For the years ended December 31, 2024 and 2023, our mission expenses were allocated to these two areas as follows:

| | 2024 | | 2023 | |
|--------------------------|-------------------|-------------|-------------------|-------------|
| Mission program expenses | \$ 684,801 | 81% | \$ 663,797 | 81% |
| Mission support expenses | 160,066 | 19% | 153,956 | 19% |
| Total expenses | \$ 844,867 | 100% | \$ 817,753 | 100% |

2. Liquidity Considerations

Investments and Gift Annuity Investments

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

We are a proud supporter and signatory of the United Nations Environment Programme Finance Initiative's Tobacco-Free Finance Pledge, which highlights the leadership of financial institutions that have implemented tobacco-free finance policies.

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 diversified approach to asset allocation comprised of target ranges for the various asset classes. Together, all our investment pools, at fair value, were as follows as of:

| <i>December 31,</i> | 2024 | | 2023 | |
|---|-------------------|--|-------------------|--|
| Global equity | \$ 256,622 | | \$ 253,132 | |
| Impact venture capital | 45,285 | | 42,846 | |
| Real estate | 37,608 | | 44,114 | |
| Liquid alternatives | 113,573 | | 103,625 | |
| Multi-asset credit | 83,030 | | 97,695 | |
| Core fixed income, including short duration | 193,732 | | 286,884 | |
| Treasury inflation-protected security | 7,069 | | 11,065 | |
| Cash and cash equivalents | 68,848 | | 75,968 | |
| Total investment pools | \$ 805,767 | | \$ 915,329 | |

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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 \$29,322 and \$26,761 at December 31, 2024 and 2023, respectively, and are included in gift annuity investments in the consolidated balance sheets.

Planned Gifts (Bequests and Beneficial Interest in Trusts)

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 BITs for a number of years. During the years ended December 31, 2024 and 2023, approximately 39% and 34% of our revenue from bequests was cash and 61% and 66% will be received in future years, respectively.

The management of the assets within the various trusts, including the purchase and sale decisions, is performed by the respective trustee, and we have no ability to control or influence these decisions. Distributions from these trusts are based on the terms of the underlying trust agreement that generally require that the investment income be distributed on at least an annual basis.

Use of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, our net assets and changes therein are classified and reported as described below.

Net assets without donor restrictions result from contributions of assets whose use is not specified by our donors through time and specific purpose restrictions. Included in the net assets without donor restrictions were our investments in fixed assets, net of debt, of \$231,287 and \$223,509 on December 31, 2024 and 2023, respectively. For the years ended December 31, 2024 and 2023, our Board of Directors did not designate any net assets without donor restrictions for any specific purposes.

Contributions of assets whose use is specified by our donors through time and specific purpose restrictions are included in net assets with donor restrictions. For net assets with time restrictions, the assets are not restricted for a specific purpose by the donor. Instead, the donor's restriction on our use of those assets may be met with the passage of time or at a specific point in time if the time restriction is not in perpetuity. Included in net assets with donor restrictions at December 31, 2024 and 2023 is \$509,967 and \$464,157, respectively, that we have not yet received in cash and which will be used for our mission program services once received.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

The use of net assets with donor restrictions has been limited by our donors for the following purposes as of:

| <i>December 31, 2024</i> | Purpose and Time Restrictions | In Perpetuity | Total |
|--|-------------------------------------|-------------------|-------------------|
| Mission programs: | | | |
| Patient support: | | | |
| Hope Lodge facilities | \$ 87,050 | \$ 46,278 | \$ 133,328 |
| Other | 84,888 | 24,364 | 109,252 |
| Research | 92,383 | 90,699 | 183,082 |
| Advocacy | 6,864 | - | 6,864 |
| Across mission programs: | | | |
| Time | 166,530 | 190,783 | 357,313 |
| Specific geographic locations | 16,051 | 36,114 | 52,165 |
| Other mission program and mission support services | 1,059 | 3,235 | 4,294 |
| Total net assets with donor restrictions | \$ 454,825 | \$ 391,473 | \$ 846,298 |

| <i>December 31, 2023</i> | Purpose and Time Restrictions | In Perpetuity | Total |
|--|-------------------------------------|-------------------|-------------------|
| Mission programs: | | | |
| Patient support: | | | |
| Hope Lodge facilities | \$ 78,093 | \$ 44,753 | \$ 122,846 |
| Other | 76,649 | 22,669 | 99,318 |
| Research | 81,751 | 87,074 | 168,825 |
| Advocacy | 6,495 | - | 6,495 |
| Across mission programs: | | | |
| Time | 132,949 | 179,093 | 312,042 |
| Specific geographic locations | 12,379 | 36,029 | 48,408 |
| Other mission program and mission support services | 715 | 1,491 | 2,206 |
| Total net assets with donor restrictions | \$ 389,031 | \$ 371,109 | \$ 760,140 |

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

During 2024 and 2023, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, the passage of time, or by occurrence of other events satisfying restrictions specified by donors as follows:

| <i>December 31,</i> | 2024 | 2023 |
|---|-------------------|-------------------|
| Purpose restrictions accomplished: | | |
| Mission Programs: | | |
| Patient support: | | |
| Hope Lodge facilities | \$ 36,522 | \$ 35,832 |
| Other | 130,282 | 139,240 |
| Research | 81,785 | 90,733 |
| Advocacy | 9,762 | 9,420 |
| Across mission programs: | | |
| Specific geographic locations | 2,106 | 9,289 |
| Other | 3,411 | 2,941 |
| Time restrictions expired - passage of specified time | 19,396 | 6,276 |
| Appropriation of endowment assets for expenditure | 6,596 | 5,576 |
| Net assets released from restrictions | \$ 289,860 | \$ 299,307 |

Financial Assets Available for Use

We structure our financial assets to be available as our general expenditures, liabilities, and other obligations come due. Additionally, we generally invest our cash in excess of weekly requirements in short-term investments. We invest our 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 our mission and reliance on donor restricted contributions to fund ongoing, annual programs, we define "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.

Our Board of Directors has implemented a liquidity policy that requires us to maintain available financial assets equal to between five months and nine 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 of Directors.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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

| <i>December 31,</i> | 2024 | 2023 |
|--|-------------------|-------------------|
| Financial assets without donor restrictions | | |
| Investments, cash, and cash equivalents | \$ 476,820 | \$ 631,113 |
| Current receivables, net | 25,294 | 6,642 |
| Bequests receivable | 77,099 | 85,072 |
| Total financial assets without donor restrictions | 579,213 | 722,827 |
| Less deferred compensation, custodial, and other illiquid investments, including impact venture investments (see Note 9) | (124,627) | (171,406) |
| Total financial assets available to management for general expenditures | 454,586 | 551,421 |
| Add financial assets with donor restrictions expected to be spent within 12 months of December 31 | 42,818 | 51,559 |
| Total financial assets managed for liquidity | \$ 497,404 | \$ 602,980 |

Research and Other Program Grants Payable

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, 2024 and 2023 is \$280,013 and \$259,643, respectively. The present value of our future payments as of December 31, 2024 and 2023 is \$270,085 and \$250,975, respectively. The discount at December 31, 2024 of \$9,928 will be recognized as grants for mission program services expense in 2025 through 2030. Our future payments are as follows as of:

| <i>December 31, 2024</i> | Amount |
|---|-------------------|
| Payable in the next: | |
| 12 months | \$ 122,808 |
| 13 - 24 months | 84,624 |
| 25 - 36 months | 47,740 |
| 37 - 48 months | 22,089 |
| 49 - 60 months | 2,752 |
| Discount | (9,928) |
| Total research and other program grants payable, net | \$ 270,085 |

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Debt

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 is as follows as of:

| Type | Issuer | Maturity Date | Fixed Interest Rate | Balance at December 31, 2024 | Balance at December 31, 2023 | Collateral |
|--------------|---------------------|---------------|---------------------|------------------------------|------------------------------|--|
| Note Payable | TD Bank, N.A. | 2027 | 2.46% | \$ 21,597 | \$ 23,609 | New York City Hope Lodge facility, net book value of \$20,729 and \$22,426 at December 31, 2024 and 2023, respectively, and all assets constituting general revenues |
| Note Payable | SCC SUB-CDE 10, LLC | 2047 | 1.34% | - | 9,602 | Jackson Hope Lodge Facility, net book value of \$7,522 at December 31, 2023 |
| Total | | | | <u>\$ 21,597</u> | <u>\$ 33,211</u> | |

In 2017, we used the New Markets Tax Credit (NMTC) program to fund part of the construction of a Hope Lodge. The NMTC program encourages private investment in low-income communities by offering investors a tax break. In return for their investment in the NMTC program, private investors receive federal tax credits over a seven-year period. We invested funds, along with private investors, through our NMTC partners to build the Hope Lodge in Jackson, Mississippi.

The seven-year tax credit period ended in 2024, and the NMTC partner group was dissolved. Any remaining financial ties between the NMTC partner group were settled. Any remaining intercompany transactions were eliminated in accordance with our principles of consolidation. Therefore, there were de minimis cash activities related to the NMTC transactions reflected in the consolidated statement of cash flows.

Our future principal payments on debt are as follows as of:

| December 31, 2024 | Amount |
|-----------------------------|------------------|
| Payable in the next: | |
| 12 months | \$ 2,011 |
| 13 - 24 months | 2,011 |
| 25 - 36 months | 17,575 |
| Total debt | \$ 21,597 |

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Retirement Funding

We have a variety of retirement benefit programs that cover nearly all our employees. We sponsor a defined benefit pension plan (the Plan) for employees hired before 2016 through which we provide benefits that are based on years of service and certain averages of compensation. When required, we fund the plan on a quarterly basis based on estimates of annual funding levels stated by pension requirements, which are enforced by regulatory agencies. In general, these requirements stipulate that our plan be funded at a level of 60% to continue to pay full benefits to retired individuals. In 2024, market and interest rate conditions presented an opportunity to reduce risk within the Plan. We made the strategic decision to effectively fully fund the Plan with a contribution of \$85,000 during the year ended December 31, 2024. By fully funding the Plan, this will result in reduced administrative costs and lower the impact of market volatility. As of January 1, 2024 and 2023, the Plan was funded at 112% and 80%, respectively, based on regulatory funding levels.

We also sponsor a defined contribution plan with benefits based on individual employee salary deferrals and a related employer matching amount, subject to a maximum. Our matching amounts totaled \$12,859 and \$12,626 for the years ended December 31, 2024 and 2023, respectively. We sponsor a Supplemental Executive Retirement Plan (the SERP) for certain participants whose income exceeds the maximum income that can be considered under the defined benefit pension plan. We have segregated short-term investments sufficient for payment of benefits under this plan.

In addition, we have an unfunded postretirement benefit plan for post-retirement medical, dental, and life insurance coverage for certain employees hired prior to 1995, subject to deductibles, co-payment provisions, and other limitations. We paid \$2,177 and \$1,435 for these benefits from our general assets during the years ended December 31, 2024 and 2023, respectively.

We expect to contribute approximately \$2,483 to all our defined benefit plans over the next 12 months. The Plan and the SERP were frozen to new participants and participants are no longer earning benefits for service under the Plan. See Note 11 for additional information.

3. Contributed Services, Merchandise and Other Contributions of Nonfinancial Assets

We recognized contributed nonfinancial assets within public support, including media communication and production services, resale merchandise for our Discovery Shops, land leases for our Hope Lodges, scientific peer review services for our extramural research grant process, and real estate. These nonfinancial assets are reported as contributions at their estimated fair value on the date of receipt and reported as expensed when utilized. They are valued based on estimates of fair market or resale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor.

Our volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by generally accepted accounting principles.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Total contributed nonfinancial assets for the years ended December 31, 2024 and 2023 are as follows:

| Nonfinancial Contributions Category | Type of Contributions for Beneficiaries | Valuation | Donor Restriction | 2024 | 2023 |
|---|--|--|---------------------------------|------------------|-------------------|
| Media communication and production services | Digital, broadcast, and public service announcements | Third-party estimates using comparable billing rates | Cancer prevention and screening | \$ 38,048 | \$ 46,545 |
| Real estate | Residential property | Licensed real estate appraisal | No donor restrictions | 640 | 34,900 |
| Discovery Shops | Resale merchandise | Estimated selling price | No donor restrictions | 27,935 | 26,398 |
| Peer review services | Professional review services for our extramural research grant process | Standard industry pricing for similar services | Cancer research | 2,806 | 2,240 |
| Land lease | Land for Hope Lodge facilities | Licensed real estate appraisal | Hope Lodge facilities | 5,047 | 1,653 |
| Other nonfinancial contributions | Other goods and services | Varies by item | Other cancer programs | 7,544 | 6,046 |
| Total contributed services, merchandise and other contributions of nonfinancial assets | | | | \$ 82,020 | \$ 117,782 |

In addition, there are non-cash contributed items and services included in the special events line of the consolidated statements of activities. These are valued at \$670 and \$545 for the years ended December 31, 2024 and 2023, respectively.

Other Required Disclosures

4. Significant Accounting Policies

Principles of Consolidation

Our consolidated financial statements include the accounts of the American Cancer Society, Inc. and our six other subsidiaries, which are all separately incorporated and designated as exempt from taxation by Internal Revenue Code (IRC) Section 501(a). All significant intercompany accounts and transactions have been eliminated.

Accounting for Contributions without Conditions

Contributions that are restricted by donors for a specific purpose are recorded as increases in net assets with donor restrictions. When the specific purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as use of amounts restricted by donors for specified purpose or time. Contributions restricted by donors for a stipulated period are recorded as increases in net assets without donor restrictions if the stipulated period restriction ends in the reporting period in which the revenue is recognized. When the stipulated period ends in a subsequent reporting period, the contributions are first recorded as increases in net assets with donor restrictions and are subsequently reclassified in the reporting period when the stipulated period ends.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Contributed merchandise and contributions of other nonfinancial assets are reported as contributions at their estimated fair values when received or when an unconditional promise to give has been made. Gifts of long-lived assets received without stipulations about how long the donated asset must be used are reported as revenue without donor restrictions. Gifts of cash or other assets with a purpose restriction to acquire long-lived assets are reported as an increase to donor restricted net assets and released from restriction when the asset is acquired and placed in service unless the gift also is accompanied by an explicit donor time restriction, in which the asset is released over the life of the time restriction.

Advertising Costs

Our advertising costs are expensed as incurred and were \$53,360 and \$50,752 for the years ended December 31, 2024 and 2023, respectively.

Assets Held for Sale

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360-10-145, we classify assets as “held for sale” when they meet all of the following criteria: management has committed to a plan to sell the asset, the asset is available for immediate sale in its present condition, an active program to locate a buyer has been initiated, the sale is probable within one year, and the asset is being marketed at a price that is reasonable in relation to its current fair value. The fair value of assets classified as held for sale was \$27,994 and \$0 as of December 31, 2024 and 2023, respectively, and is included in other current assets in the consolidated balance sheets.

Beneficial Interests in Trusts

Nonperpetual BITs 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 BITs 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.

Bequests Receivable

We consider a bequest unconditional when the probate court declares the testamentary instrument valid and the proceeds are measurable.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents - with the exception of cash held for reinvestment - which is included in investments and gift annuity investments, as appropriate. Cash is deposited in accounts at financial institutions insured by the Federal Deposit Insurance Corporation. At times, cash balances may exceed federally insured amounts. We mitigate risks by depositing cash with major financial institutions and do not believe there is any significant credit risk on cash and cash equivalents.

Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the expected amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated 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, 2024 and 2023. The assumptions used to estimate amounts, which are required to be measured at fair value on a recurring basis, are included in Note 9.

The range of discount rates applied to certain receivable and payable balances were as follows at:

| <i>December 31,</i> | 2024 | 2023 |
|---|-----------------------|----------------|
| Pledges receivable | 1.83% to 7.74% | 1.65% to 7.61% |
| Research and other program grants payable | 0.36% to 4.43% | 0.36% to 4.08% |

Pledges receivable consist of unconditional donor promises to give and are recognized in the period received with an allowance or discounted amount provided for estimated uncollectible amounts. The total amount of the discount for pledges as of December 31, 2024 and 2023 is \$8,103 and \$4,310, respectively. The research and other program grants payable discount at December 31, 2024 and 2023 is \$9,928 and \$8,668 respectively.

Fair Value of Financial Instruments

The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted readily available quoted prices for identical assets or liabilities in active markets that we have the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - a. Quoted prices for similar assets or liabilities in active markets;
 - b. Quoted prices for identical or similar assets or liabilities in inactive markets;
 - c. Inputs other than quoted prices that are observable for the asset or liability; or
 - d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for a substantial portion of the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Contributions receivable reflected at fair value are classified as Level 3 in the fair value hierarchy. Cash and cash equivalents, investments, gift annuity investments, bequests receivable and beneficial interest in trust accounts are reflected in the consolidated financial statements at fair value. The carrying amounts of gift annuity investments and the related obligations are recorded at the fair value of the underlying assets. See Note 9 for additional information.

Fixed Assets

Fixed assets are recorded at cost for purchased items and fair value for contributed items.

If donors contribute long-lived assets with stipulations as to how long the assets must be used or with any other restrictions, we report those contributions as net assets with donor restrictions.

Depreciation and amortization expense is recognized on a straight-line basis over the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Buildings | 20 to 40 years |
| Leasehold improvements | Lesser of term of the lease or estimated life of the improvement of 1 to 36 years |
| Furniture, fixtures, equipment, computer software, and other capitalized assets | 3 to 10 years |
| Equipment under finance leases | Lesser of the term of the lease or estimated life of the equipment of 3 to 10 years |

Income Taxes

Consistent with our mission, we have received a determination letter from the Internal Revenue Service that indicates we are exempt from income tax under Section 501(a) of the United States Internal Revenue Code (IRC) as an organization described in Section 501(c)(3). Further, we have been classified as an organization that is not a private foundation under IRC Section 509(a) and, as such, contributions to us qualify for deduction as charitable contributions. However, income generated from activities unrelated to our exempt purpose is subject to tax under IRC Section 511. We did not have a material unrelated business income tax liability as of December 31, 2024 and 2023. We believe that we have taken no significant uncertain tax positions.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Leases

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and current and noncurrent operating lease liabilities within the consolidated balance sheets.

ROU assets represent our right to use an underlying asset for the lease term and the corresponding lease liabilities represent our obligation to make lease payments arising from the lease. Lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The lease ROU asset is reduced for tenant incentives and excludes any initial direct costs incurred.

We have elected the package of practical expedients permitted under ASC Topic 842. Accordingly, we accounted for each of our existing operating leases as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. In addition, we did not elect the hindsight practical expedient to determine the reasonably certain lease term for existing leases. In addition, we do not recognize ROU assets or lease liabilities for leases with a term of 12 months or less for any of our asset classes.

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 each lease's commencement date.

On the lease commencement date, we establish assets and liabilities for the present value of estimated future costs to retire long-lived assets at the termination or expiration of a lease. Such assets are amortized over the lease term and are included in the Hope Lodge and community facilities expenses in the consolidated statements of functional expenses.

Change in Presentation

Certain reclassifications have been made to prior year's information to conform to the current year presentation. Such reclassifications did not have an impact to prior year's ending net asset balance.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Adoption of New Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13)*, which requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. This standard was effective for us for the year ended December 31, 2023. We adopted ASU 2016-13 and all related subsequent amendments thereto effective January 1, 2023. Adoption of this standard did not have a significant impact on the consolidated financial statements.

5. Activities With Joint Costs

For the years ended December 31, 2024 and 2023, 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:

| <i>Year Ended December 31,</i> | 2024 | 2023 |
|--|-------------------|-------------------|
| Patient support | \$ 73,184 | \$ 74,337 |
| Management and general | 3,755 | 3,607 |
| Fundraising | 27,518 | 29,301 |
| Total activities with joint costs | \$ 104,457 | \$ 107,245 |

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 services expenses.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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. We expect 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.

Exchange transaction income and expenses are netted and included in other gains (losses), net in the consolidated statements of activities and are included in their natural classifications on the consolidated statements of functional expenses. Exchange transaction income and expenses are as follows:

| Year Ended December 31, | Exchange Income | | Exchange Expenses | |
|-------------------------|--------------------|------------------|----------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Special events | \$ 40,119 | \$ 34,311 | \$ 40,119 | \$ 34,311 |
| Discovery Shop | 27,935 | 26,401 | 49,961 | 47,853 |
| Sales to third parties | 2,484 | 3,218 | - | - |
| Other | 5,004 | 2,834 | - | - |
| Total | \$ 75,542 | \$ 66,764 | \$ 90,080 | \$ 82,164 |

As shown in the table above, we conduct special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at our actual costs. The direct costs of the special events that ultimately benefit the donor, rather than us, are recorded as exchange transaction income and exchange transaction expense. All proceeds received by us in excess of the direct costs are recorded as special events revenue in our consolidated statements of activities.

Our Discovery Shops sell donated merchandise at various shops around the country. The donated merchandise is included in the contributed services, merchandise and other contributions of nonfinancial assets in the consolidated statements of activities and was \$27,935 and \$26,398 for the years ended December 31, 2024 and 2023, respectively. The sales of the donated merchandise are recorded as exchange income and the cost of merchandise and expenses related to operating the Discovery Shops is included in exchange expenses.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

7. Receivables

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

| <i>December 31,</i> | 2024 | 2023 |
|--------------------------------------|------------------|-------------------|
| Amounts due in | | |
| Less than one year | \$ 55,364 | \$ 85,488 |
| One to five years | 31,644 | 31,483 |
| Greater than five years | 4,986 | 762 |
| Gross pledges receivable | 91,994 | 117,733 |
| Allowance for doubtful accounts | (475) | (1,352) |
| Unamortized present value discount | (8,103) | (4,310) |
| Total pledges receivable, net | \$ 83,416 | \$ 112,071 |

Other amounts presented within receivables on the consolidated balance sheets consist of accounts receivable, lease receivable, government grants, and notes.

Outstanding pledges receivable includes a gift from one donor that is approximately 11% of the total net pledges receivable balance at December 31, 2024 and gifts from two other donors that are approximately 31% and 11% of the total net pledges receivable balance at December 31, 2023, respectively.

8. Fixed Assets

Our fixed assets are as follows as of:

| <i>December 31,</i> | 2024 | 2023 |
|---|-------------------|-------------------|
| Land | \$ 20,666 | \$ 20,649 |
| Buildings and leasehold improvements | 371,941 | 365,037 |
| Furniture, fixtures, equipment, and other capitalized assets | 24,865 | 23,685 |
| Computer software | 33,164 | 33,164 |
| Construction in progress | 8,503 | 4,842 |
| Less: accumulated depreciation and amortization | (206,255) | (190,657) |
| Total fixed assets, net | \$ 252,884 | \$ 256,720 |

Depreciation and amortization expense, including expenses on assets used in exchange transactions for the years ended December 31, 2024 and 2023, was \$16,648 and \$15,440, respectively.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

9. Fair Value Measurement

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

The asset and/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, 2024 and 2023, there were no significant transfers in or out of Levels 1, 2, or 3.

Following is a description of the valuation methods we used for assets and liabilities measured at fair value. There have been no changes in the valuation methods.

Global equity, 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.

Impact venture capital investments are managed by BrightEdge, our innovation and impact investment arm, through our impact venture fund and are generally valued using the market approach, based upon the relative interests of each participating investor (including each participant), market prices and assumptions.

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 alternatives.

Multi-asset credit investments 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 the absence of a discoverable market.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Treasury Inflation-Protected Securities (TIPS) 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 the 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 and cash equivalents are 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 consolidated 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, 2024 and 2023, 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 other expenses) of 7.50% and 6.30%, respectively, and a discount rate of 7.50% and 6.30%, respectively, commensurate with the risks involved.

The expected mortality is estimated using the 2012 Individual Annuity Reserving Mortality Tables for one single or two life beneficiary charitable gifts. Each of these calculations is based on the fair value of the underlying assets of the trust. As trust statements are not received as of year-end for some trusts, the fair value of the underlying assets is adjusted based on changes in the relevant market indices from the date of the trustee statement to year-end that correlate to the estimated asset allocation of the underlying assets. As the fair value of these trusts is derived from internal estimates of the present value of our interest in the underlying assets, incorporating market data when available, the amounts ultimately received could differ from the amounts reflected in the historical financial statements.

Perpetual trusts, included on the consolidated balance sheets as beneficial interests in trusts, are recorded at fair value based on our interest in the fair value of the underlying trust assets. As trust statements are not received as of year-end for some trusts, the most recent fair value of the underlying assets is adjusted based on changes in the relevant market indices from the date of the trustee statement to year-end that correlate to the estimated asset allocation of the underlying assets.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Our gift annuity obligation is recorded at fair value based on Level 3 inputs and other relevant market data based on the present value of our estimated future cash outflows. For the years ended December 31, 2024 and 2023, the assumptions used in the valuation of the annuity liability include mortality in accordance with the 2012 Individual Annuity Reserving Mortality Tables and a discount rate of 7.00% and 7.71%, respectively for all annuities, compounded annually, net of expenses. These rates are commensurate with the risks associated with the ultimate payment of the 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, 2024 and 2023. 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 as of:

| December 31, 2024 | Financial Assets and Liabilities Measured at Fair Value | | | | | Total |
|--|---|-------------------|-------------------|-------------------|-------------|-------------------|
| | Level 1 | Level 2 | Level 3 | NAV* | | |
| Assets | | | | | | |
| Investments, current | | | | | | |
| Cash and cash equivalents | \$ 6,147 | \$ 59,232 | \$ - | \$ - | \$ - | \$ 65,379 |
| Core fixed income | - | 89,366 | - | - | - | 89,366 |
| Total investments, current | \$ 6,147 | \$ 148,598 | \$ - | \$ - | \$ - | \$ 154,745 |
| Gift annuity investments | | | | | | |
| Cash and cash equivalents | \$ 3,469 | \$ - | \$ - | \$ - | \$ - | \$ 3,469 |
| Global equity | 26,753 | - | 92 | - | - | 26,845 |
| Core fixed income | 3,901 | 5,193 | - | - | - | 9,094 |
| Total gift annuity investments | \$ 34,123 | \$ 5,193 | \$ 92 | \$ - | \$ - | \$ 39,408 |
| Investments | | | | | | |
| Global equity | \$ 168,122 | \$ - | \$ 193 | \$ 61,462 | \$ - | \$ 229,777 |
| Impact venture capital | - | - | 43,509 | 1,776 | - | 45,285 |
| Real estate | - | - | - | 37,608 | - | 37,608 |
| Liquid alternatives | - | - | - | 113,573 | - | 113,573 |
| Multi-asset credit | - | - | - | 83,030 | - | 83,030 |
| Core fixed income | 220 | 94,538 | 514 | - | - | 95,272 |
| Treasury inflation-protected security - index fund | - | - | - | 7,069 | - | 7,069 |
| Total investments, noncurrent | \$ 168,342 | \$ 94,538 | \$ 44,216 | \$ 304,518 | \$ - | \$ 611,614 |
| Beneficial interests in trusts | \$ - | \$ - | \$ 403,584 | \$ - | \$ - | \$ 403,584 |
| Liabilities | | | | | | |
| Gift annuity obligations | \$ - | \$ - | \$ 10,086 | \$ - | \$ - | \$ 10,086 |

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

| December 31, 2023 | Financial Assets and Liabilities Measured at Fair Value | | | | | Total |
|--|---|-------------------|-------------------|-------------------|-------------|-------------------|
| | Level 1 | Level 2 | Level 3 | NAV* | | |
| 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 | | | | | | |
| Cash and cash equivalents | \$ 2,472 | \$ - | \$ - | \$ - | \$ - | \$ 2,472 |
| Global equity | 22,949 | - | 48 | - | - | 22,997 |
| Core fixed income | 4,806 | 5,204 | - | - | - | 10,010 |
| Total gift annuity investments | \$ 30,227 | \$ 5,204 | \$ 48 | \$ - | \$ - | \$ 35,479 |
| Investments | | | | | | |
| Global equity | \$ 168,481 | \$ 664 | \$ 338 | \$ 60,652 | \$ - | \$ 230,135 |
| Impact venture capital | - | - | 40,747 | 2,099 | - | 42,846 |
| Real estate | - | - | - | 44,114 | - | 44,114 |
| Liquid alternatives | - | - | - | 103,625 | - | 103,625 |
| Multi-asset credit | 9 | - | - | 97,686 | - | 97,695 |
| Core fixed income | 694 | 101,777 | 108 | - | - | 102,579 |
| Treasury inflation-protected security - index fund | - | - | - | 11,065 | - | 11,065 |
| Short duration fixed Income | - | 157,941 | - | - | - | 157,941 |
| Total investments, noncurrent | \$ 169,184 | \$ 260,382 | \$ 41,193 | \$ 319,241 | \$ - | \$ 790,000 |
| Beneficial interests in trusts | \$ - | \$ - | \$ 362,478 | \$ - | \$ - | \$ 362,478 |
| Liabilities | | | | | | |
| Gift annuity obligations | \$ - | \$ - | \$ 8,718 | \$ - | \$ - | \$ 8,718 |

* In accordance with ASC Topic 820, *Fair Value Measurement*, certain investments that are measured at fair value using the net asset value (NAV) 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 consolidated balance sheets.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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, 2024 and 2023:

| <i>Year Ended December 31, 2024</i> | Global Equity and Core Fixed Income | Impact Venture Capital | Beneficial Interest in Trusts | Gift Annuity Obligation |
|---|--|------------------------------|-------------------------------------|----------------------------|
| Balance, beginning of year | \$ 494 | \$ 40,747 | \$ 362,478 | \$ 8,718 |
| Purchases (sold) | 241 | 8,160 | - | - |
| Unrealized gains (losses) | 64 | (5,496) | - | - |
| Change in value of split-interest agreements | - | - | 29,202 | 806 |
| Contributions and income, net of collections | - | - | 11,904 | - |
| Other | - | 98 | - | 562 |
| Balance, end of year | \$ 799 | \$ 43,509 | \$ 403,584 | \$ 10,086 |

| <i>Year Ended December 31, 2023</i> | Global Equity | Impact Venture Capital | Beneficial Interest in Trusts | Gift Annuity Obligation |
|---|------------------|------------------------------|-------------------------------------|----------------------------|
| Balance, beginning of year | \$ 515 | \$ 28,078 | \$ 333,481 | \$ 9,303 |
| Purchases (sold) | 36 | 11,880 | - | - |
| Unrealized (losses) gains | (57) | 789 | - | - |
| Change in value of split-interest agreements | - | - | 39,714 | (2,948) |
| Contributions and income, net of collections | - | - | (10,717) | - |
| Other | - | - | - | 2,363 |
| Balance, end of year | \$ 494 | \$ 40,747 | \$ 362,478 | \$ 8,718 |

The unrealized gains (losses) related to the beneficial interest in trusts and the gift annuity obligations are included in the change in value of split interest agreements in the consolidated statements of activities. The unrealized gains (losses) related to the global equity are included in the investment income. The unrealized gains (losses) related to assets still held at December 31, 2024 and 2023 were \$17,582 and \$13,878, respectively.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

The following table discloses the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31, 2024 and 2023. There were no unfunded commitments at the end of either year.

| <i>December 31,</i> | 2024 | 2023 |
|--|-------------------|-------------------|
| Investment Type | | |
| Global equity | \$ 61,462 | \$ 60,652 |
| Impact venture capital | 1,776 | 2,099 |
| Real estate | 37,608 | 44,114 |
| Liquid alternatives | 113,573 | 103,625 |
| Multi-asset credit | 83,030 | 97,686 |
| Treasury inflation-protected security index fund | 7,069 | 11,065 |
| Total investments held at NAV | \$ 304,518 | \$ 319,241 |

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.

The real estate holdings are recorded at NAV, which approximates fair value as determined by independently conducted appraisals of the properties. The appraisals of the real estate holdings have been prepared with consideration to the income, cost, and sales comparison approaches of estimating property value. Requests for redemption may be made by delivering a redemption notice at least 45 days in advance. The investment objective is to give investors a robust core real estate portfolio that provides a diversified portfolio of the highest quality assets, both durable and growing income with highly liquid assets and a conservative risk profile. There are no unfunded commitments.

The liquid alternatives are private investment funds that target to provide superior risk-adjusted returns through diversified portfolio investments. The investments' net asset values are determined by valuation methods of external pricing, internal modeling, price estimates, comparable analysis, or official closing price on the principal exchange markets for such investments as of the valuation point. Investment capital can be redeemed at the end of any calendar quarter. Certain shareholder classes have a redemption cap ranging from 20% to 25% per quarter, and others do not have a redemption cap.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

The multi-asset credit holdings are primarily fixed income instruments that include, but are not limited to, plus sector fixed income such as high yield, bank loans, emerging market debts, and investment grade credit. The fair values of the investments within the holding fund are based on quoted prices in active markets for identical investments or other significant observable inputs including quoted prices for similar investments, interest rates, prepayment speeds, or credit risk. Requests for redemption may be made with a minimum of five business days advance notice. The fund's investment objective is to rotate between the various fixed income sectors for efficient risk management and exposure.

TIPS, which are recorded at NAV, are part of an index fund that seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Bloomberg U.S. TIPS Index over the long term. The fund may invest in securities and derivative instruments, equity investments, investments in registered investment companies, and fixed income investments. The fair values of the investments within the index fund are based on unadjusted quoted prices in active markets for identical assets or liabilities or on prices determined using other significant observable inputs such as quoted prices for similar assets or liabilities, interest rates, yield curves, foreign exchange rates, volatilities, prepayment speeds, credit risk, or other market corroborated inputs. Requests for redemption may be made with a minimum of one business day advance notice.

10. Endowment

Relevant Law

As a New York corporation, we are subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA), and with respect to our donor-restricted endowment funds, we pursue the preservation of the fair value of the original gift as of the gift date of such funds, absent explicit donor stipulations to the contrary. As a result, we classify as net assets with donor restrictions: (a) the original value of gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) the donor-restricted endowment fund that we have not fulfilled the donor-stipulated purpose and/or the required time period has not been elapsed. For the amounts that are not restricted in perpetuity, we have appropriated those amounts for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

| Year Ended December 31, | With Donor Restrictions | |
|--|-------------------------|-------------------|
| | 2024 | 2023 |
| Endowment net asset composition by type and changes in endowments | | |
| Endowment net assets, beginning | \$ 146,564 | \$ 127,888 |
| Investment return, net | 17,557 | 19,194 |
| Endowment cash additions | 2,750 | 1,712 |
| Reclassification of restrictions | 885 | 3,346 |
| Appropriation of endowment assets for expenditure | (6,596) | (5,576) |
| Endowment net assets, ending | \$ 161,160 | \$ 146,564 |

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

The use of endowments has been limited by our donors for the following purposes as of:

| <i>December 31,</i> | 2024 | 2023 |
|-------------------------------|-------------------|-------------------|
| Mission programs: | | |
| Patient support: | | |
| Hope Lodge facilities | \$ 43,787 | \$ 39,105 |
| Other | 23,289 | 20,995 |
| Research | 56,796 | 51,928 |
| Across mission programs: | | |
| Time | 23,015 | 21,315 |
| Specific geographic locations | 12,375 | 11,462 |
| Other | 1,898 | 1,759 |
| Endowment net assets | \$ 161,160 | \$ 146,564 |

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 original fair value of such endowment funds. 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 \$4 and \$28 as of December 31, 2024 and 2023, 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.

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.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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 the following as of:

| December 31, | Current Allocation | | Minimum | Target Allocation | |
|--|--------------------|------|---------|-------------------|---------|
| | 2024 | 2023 | | Target | Maximum |
| Global equity | 60% | 57% | 45% | 55% | 65% |
| Real estate | 6 | 9 | 5 | 10 | 15 |
| Liquid alternatives | 11 | 11 | 5 | 10 | 15 |
| Multi-asset credit | 14 | 14 | 10 | 15 | 20 |
| Core fixed income | 5 | 5 | - | 5 | 10 |
| Treasury inflated protected securities | 4 | 4 | - | 5 | 10 |
| | 100% | 100% | | 100% | |

11. Employee Retirement Benefit Plans

We maintain a noncontributory defined benefit pension plan (Plan) and a SERP that were frozen in 2016 to new participants, and participants are no longer earning benefits for service performed under the Plan and the SERP. The current strategic mix for the Plan's assets is a blended exposure to equity and debt market risk. The Plan employs an active management strategy that has historically generated returns in excess of established benchmarks and places greater emphasis on manager skills to produce excess return while employing various risk mitigation strategies to reduce volatility. The Plan's assets consist of the following as of:

| December 31, | 2024 | | 2023 | | Target Bands (+/-) |
|---------------------------|------------|--------|------------|--------|--------------------|
| | Allocation | Target | Allocation | Target | |
| Global equity | 12% | 12% | 32% | 33% | 5% |
| Multi-asset credit | 1 | 1 | 8 | 9 | 5 |
| Liquid alternatives | 8 | - | 9 | 9 | 5 |
| Real estate | 6 | 1 | 8 | 6 | 5 |
| Core fixed income | 71 | 86 | 41 | 43 | 5 |
| Cash and cash equivalents | 2 | - | 2 | - | - |
| | 100% | 100% | 100% | 100% | |

Targets are as a percentage of the total return-seeking portfolio. Bands around targets are as of a percentage of the total Plan.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

We employ a “building block approach” in determining the long-term rate of return for Plan assets. Historical markets are studied and long-term historical relationships between equity and debt are preserved, consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. The long-term portfolio return is established with proper consideration of diversification and rebalancing. Peer data and historical returns are reviewed to check for reasonability and appropriateness. While the approach gives appropriate consideration to recent fund performance and historical returns, the assumption is primarily a long-term prospective rate.

We accrue the cost of providing postretirement benefits for medical, dental, and life insurance coverage over the active service period of employees. Medical trend rates do not apply as the plans are on fixed payment amounts.

We utilize a spot rate yield curve to estimate the pension benefit obligation and net periodic benefit costs, which provides an accurate measurement of interest costs by applying the spot rate that could be used to settle each projected cash flow individually.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Information related to our Plan, the SERP, and the postretirement benefit plan at December 31, 2024 and 2023 and the related changes during the years then ended are as follows:

| Year Ended December 31, 2024 | Retirement Benefits | Postretirement Nonpension Benefits | Total Retirement and Postretirement Benefits |
|--|--------------------------------|---|---|
| Change in Benefit Obligation | | | |
| Benefit obligation at beginning of year | \$ 474,292 | \$ 30,118 | \$ 504,410 |
| Service cost | - | 17 | 17 |
| Interest cost | 22,589 | 1,409 | 23,998 |
| Actuarial gain | (35,374) | (2,012) | (37,386) |
| Plan participant contributions | - | 164 | 164 |
| Benefits paid | (25,787) | (2,341) | (28,128) |
| Benefit obligation at end of year | \$ 435,720 | \$ 27,355 | \$ 463,075 |
| Change in Plan Assets | | | |
| Fair value of plan assets at beginning of year | \$ 390,021 | \$ - | \$ 390,021 |
| Actual expenses paid | (2,760) | - | (2,760) |
| Actual return on plan assets | (1,667) | - | (1,667) |
| Employer contributions | 85,000 | 2,177 | 87,177 |
| Plan participant contributions | - | 164 | 164 |
| Benefits paid | (25,787) | (2,341) | (28,128) |
| Fair value of plan assets at end of year | \$ 444,807 | \$ - | \$ 444,807 |
| Funded status and amounts recognized in our balance sheet in employee retirement benefits | | | |
| | \$ 9,087 | \$ (27,355) | \$ (18,268) |
| Weighted Average Actuarial Assumptions | | | |
| Discount rate: | | | |
| Net periodic pension service cost | N/A | 5.17% | |
| Net periodic pension interest cost | 4.94% | 4.89% | |
| Benefit obligation | 5.08% | 4.97% | |
| Expected return on plan assets | 6.90% | N/A | |
| Rate of compensation increase | N/A | 4.53% | |
| Amounts not yet recognized in net periodic pension costs | | | |
| Unrecognized prior service credit at beginning of year | \$ - | \$ - | \$ - |
| Change in prior service cost | - | - | - |
| Unrecognized prior service credit at end of year | \$ - | \$ - | \$ - |
| Unrecognized actuarial losses (gains) at beginning of year | \$ 146,896 | \$ (3,592) | \$ 143,304 |
| Change in actuarial losses | (13,257) | (1,867) | (15,124) |
| Unrecognized actuarial losses (gains) at end of year | \$ 133,639 | \$ (5,459) | \$ 128,180 |

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

| <i>Year Ended December 31, 2024</i> | 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 (increase) to unrestricted net assets at beginning of year | \$ 146,896 | \$ (3,592) | \$ 143,304 |
| Change in prior services credit | - | - | - |
| Change in actuarial losses | (13,257) | (1,867) | (15,124) |
| Amounts recognized as a reduction (increase) to unrestricted net assets at end of year | \$ 133,639 | \$ (5,459) | \$ 128,180 |
| Components of net periodic benefit cost | | | |
| Service cost | \$ - | \$ 17 | \$ 17 |
| Interest cost | 22,589 | 1,409 | 23,998 |
| Expected return on plan assets | (25,727) | - | (25,727) |
| Administrative expenses | 5,190 | - | 5,190 |
| Amortization of: | | | |
| Unrecognized prior service cost (credit) | - | - | - |
| Unrecognized actuarial losses (gains) | 2,848 | (146) | 2,702 |
| Settlement expense (credit) | - | - | - |
| Net periodic benefit cost | \$ 4,900 | \$ 1,280 | \$ 6,180 |
| Accumulated benefit obligation | \$ 435,720 | \$ 27,355 | \$ 463,075 |
| Estimated future benefits payable in the next: | | | |
| 12 months | \$ 34,479 | \$ 2,483 | \$ 36,962 |
| 13 - 24 months | 34,148 | 2,433 | 36,581 |
| 25 - 36 months | 32,510 | 2,390 | 34,900 |
| 37 - 48 months | 34,018 | 2,331 | 36,349 |
| 49 - 60 months | 31,122 | 2,282 | 33,404 |
| Thereafter | 163,031 | 10,617 | 173,648 |

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

| Year Ended December 31, 2023 | 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 loss/(gain) | 10,038 | (220) | 9,818 |
| 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 | N/A | 5.34% | |
| Net periodic pension interest cost | 5.14% | 5.07% | |
| Benefit obligation | 5.27% | 5.16% | |
| Expected return on plan assets | 7.00% | N/A | |
| Rate of compensation increase | N/A | 4.53% | |
| Amounts not yet recognized in net periodic pension costs | | | |
| Unrecognized prior service credit at beginning of year | \$ - | \$ - | \$ - |
| Change in prior service cost | - | - | - |
| Unrecognized prior service credit at end of year | \$ - | \$ - | \$ - |
| Unrecognized actuarial losses (gains) at beginning of year | \$ 153,862 | \$ (3,494) | \$ 150,368 |
| Change in actuarial losses | (6,966) | (98) | (7,064) |
| Unrecognized actuarial losses (gains) at end of year | \$ 146,896 | \$ (3,592) | \$ 143,304 |
| Supplemental Retirement Benefits | | | \$ 4 |

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

| <i>Year Ended December 31, 2023</i> | 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 (increase) 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 |
| Components of net periodic benefit cost | | | |
| Service cost | \$ - | \$ 16 | \$ 16 |
| Interest cost | 23,156 | 1,470 | 24,626 |
| Expected return on plan assets | (24,622) | - | (24,622) |
| Administrative expenses | 4,860 | - | 4,860 |
| Amortization of: | | | |
| Unrecognized prior service cost (credit) | - | - | - |
| Unrecognized actuarial losses (gains) | 3,004 | (122) | 2,882 |
| Settlement expense (credit) | - | - | - |
| Net periodic benefit cost | \$ 6,398 | \$ 1,364 | \$ 7,762 |
| Accumulated benefit obligation | \$ 474,291 | \$ 30,118 | \$ 504,409 |
| Supplemental Retirement Benefits | | | \$ 13 |
| Estimated future benefits payable in the next: | | | |
| 12 months | \$ 34,349 | \$ 2,565 | \$ 36,914 |
| 13 - 24 months | 33,245 | 2,517 | 35,762 |
| 25 - 36 months | 33,937 | 2,466 | 36,403 |
| 37 - 48 months | 32,556 | 2,418 | 34,974 |
| 49 - 60 months | 33,973 | 2,356 | 36,329 |
| Thereafter | 163,433 | 10,933 | 174,366 |

We expect to contribute \$0 to the Plan and approximately \$2,483 to our postretirement benefit plan over the next 12 months. The actuarial losses included in net assets without donor restrictions related to our Plan that we expect to recognize in net periodic pension cost over the next 12 months are \$2,607. The actuarial gains included in net assets without donor restrictions related to our postretirement benefit plan that we expect to recognize in net periodic benefit cost are \$220 within the same period.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

A description of the valuation methods we used for assets measured at fair value is available in Note 9. The fair value of the Plan's assets is as follows as of:

| <i>December 31, 2024</i> | Financial Assets Measured at Fair Value on a Recurring Basis | | | | |
|---------------------------|--|-------------------|-------------|------------------|-------------------|
| | Level 1 | Level 2 | Level 3 | NAV* | Total |
| Global equity | \$ 44,552 | \$ - | \$ - | \$ 9,639 | \$ 54,191 |
| Multi-asset credit | 4,949 | - | - | - | 4,949 |
| Liquid alternatives | - | - | - | 35,691 | 35,691 |
| Real estate | - | - | - | 26,805 | 26,805 |
| Core fixed income | - | 314,667 | - | - | 314,667 |
| Cash and cash equivalents | 8,504 | - | - | - | 8,504 |
| Total Plan assets | \$ 58,005 | \$ 314,667 | \$ - | \$ 72,135 | \$ 444,807 |

| <i>December 31, 2023</i> | 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 Plan assets | \$ 136,435 | \$ 161,283 | \$ - | \$ 92,304 | \$ 390,022 |

* In accordance with ASC Topic 820, *Fair Value Measurement*, certain investments that are measured at fair value using the NAV 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 consolidated balance sheets.

12. Leases

At December 31, 2024, we had operating and finance leases for certain facilities and land with lease terms ranging from one to 39 years, with some options to extend up to 20 years or terminate within one year. Finance leases were not material to the consolidated financial statements for the years ended December 31, 2024 and 2023.

Included in the Hope Lodge and community facilities expenses, operating lease expense consisted of the following:

| <i>Year Ended December 31,</i> | 2024 | | 2023 | |
|---------------------------------------|-------------|---------------|-------------|---------------|
| Operating lease expense | \$ | 10,503 | \$ | 10,815 |
| Short-term and variable lease expense | | 3,969 | | 6,604 |
| Sublease income | | (95) | | (202) |
| Total lease expense | \$ | 14,377 | \$ | 17,217 |

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Consolidated supplemental cash flow information related to operating leases consisted of the following:

| Year Ended December 31, | 2024 | 2023 |
|--|-----------|-----------|
| Operating cash paid included in the measurement of operating lease liabilities | \$ 10,179 | \$ 10,068 |
| Right-of-use assets obtained in the exchange for operating lease obligations | \$ 6,577 | \$ 12,352 |

Consolidated lease terms and discount rate information related to operating leases consisted of the following as of:

| December 31, | 2024 | 2023 |
|--|-------|-------|
| Weighted-average remaining lease terms (in years): | 5.77 | 5.43 |
| Weighted-average incremental borrowing rate: | 4.73% | 3.92% |

Finance lease assets are recorded net of accumulated depreciation and amortization of \$61 and \$61 as of December 31, 2024 and 2023, respectively.

Maturities of operating lease liabilities for the next five years and thereafter consist of the following as of December 31, 2024:

| Years Ending December 31, | Amount |
|---|------------------|
| 2025 | \$ 9,464 |
| 2026 | 7,884 |
| 2027 | 6,327 |
| 2028 | 4,324 |
| 2029 | 2,835 |
| Thereafter | 8,087 |
| Minimum lease payments | 38,921 |
| Less amount representing interest | (5,655) |
| Total net minimum lease payments | 33,266 |
| Less current portion | (8,333) |
| Noncurrent portion of net minimum lease payments | \$ 24,933 |

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

13. Commitments and contingencies

We are a party to legal claims arising in the course of our normal business activities. Although the ultimate outcome of these claims cannot be ascertained at this time, we believe that none of these matters, when resolved, will have a material effect on our net assets.

Our cost-reimbursement grant programs are subject to independent audit under federal regulations and review by grantor agencies. These audits and reviews could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, we believe that any costs ultimately disallowed would not materially affect our consolidated financial position.

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 comprised 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 the American Cancer Society, among other procedures. Related party transactions had a negligible impact on the consolidated financial statements for the years ended December 31, 2024 and 2023.

15. Subsequent events

Subsequent to December 31, 2024 and through June 13, 2025, the United States (U.S.) and several other countries have announced and/or implemented various updates and changes to tariffs, leading to increased global market volatility. In addition, changes in U.S. budget priorities made subsequent to December 31, 2024 and through June 13, 2025 related to availability of federal funding have the potential to impact our mission partners and grantees. As of June 13, 2025, the full impact of these tariffs, budget priority changes for federal funding and the related market volatility is still evolving. We are actively monitoring the impacts of these matters and are currently unable to reasonably estimate the effects. As of June 13, 2025, we have not experienced a material negative impact from the tariffs, changes to federal funding priorities and market volatility.