



2017 ANNUAL REPORT

Attacking from every angle.™



Our mission is to save lives, celebrate lives,
and lead the fight for a world without cancer.

Table of Contents

- 02 Welcome
- 03 Who We Are
- 04 Our 2017 Impact
- 06 The American Cancer Society Today
 - 09 Building Compassionate Communities
 - 10 Going Further Together
 - 15 Top News Stories From 2017
- 16 Financial Stewardship



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Dear Friends,

As we reflect on the American Cancer Society's impact during the past year and look forward to the work ahead, one thing is clear: with our mission and our volunteers at the forefront of our efforts, we are on a path to become the most relevant and powerfully impactful cancer-fighting organization in the world.

Our mission is also clear: to save lives, celebrate lives, and lead the fight for a world without cancer. Our new American Cancer Society Core Values guide our way forward:

- We work with **integrity** and are driven by truth, ethics, and fact of science.
- We show **compassion** by caring for and supporting those touched by cancer.
- We display incredible **courage**, undeterred by challenges and bold in action.
- We demonstrate **determination**, relentlessly pursuing a world without cancer.
- We value **diversity**, striving for equity through inclusion and respect.

We can be proud of all we have accomplished. Seeing a steady decline in cancer death rates since 1991, we know we are saving more lives today than in the past. We are celebrating lives like never before by rallying communities to support patients and caregivers when they need it most – through rides to treatment and free lodging near hospitals, and through movements like our Relay For Life® events and Making Strides Against Breast Cancer® walks. And we are leading the fight for a world without cancer by standing united with patients, caregivers, and partners here and around the globe to deliver on our mission.

Despite our amazing progress, we have much more work to do. We owe it to all those affected by cancer to put our mission first and attack this disease from every angle. We are incredibly grateful for the support of our volunteers and partners as we work together to save lives from cancer. For all you do to advance our mission, thank you.

With gratitude,

Chief Executive Officer
American Cancer Society, Inc.

2017 Chair of the Board
American Cancer Society, Inc.

Who We Are

The American Cancer Society was founded in 1913 as the American Society for the Control of Cancer. At that time, a cancer diagnosis meant near certain death, and was surrounded by secrecy and stigma. More than 100 years later, through public awareness and education, we've helped to remove that stigma. Today, most of us have had a family member or friend with cancer, many of us have personally faced the disease, and many of us have served as a caregiver.

The estimated direct medical cost of cancer to America in 2015, the most recent year for which figures are available, was \$80.2 billion. Tragically, the greater loss is that of lives, as more than 609,000 Americans were estimated to have died from the disease in 2017 alone. We know much of this suffering and death is needless.

That's why we're attacking cancer from every angle. From helping patients access services such as free rides to treatment, free lodging near hospitals, and a 24/7 cancer helpline, to fostering cutting-edge research and breakthroughs, to advocating on behalf of cancer patients – the American Cancer Society is leading the fight.

We are *ACTIVISTS* – attacking cancer through action. We convene powerful leaders who work tirelessly to create awareness and impact.

We deliver *BREAKTHROUGHS* – attacking cancer through research. We launch innovative research and develop game-changing approaches.

We build *COMMUNITIES* – attacking cancer through compassion. Our local communities come together to support those affected by cancer and to help ensure access to treatment.

We provide *DIRECTION* – attacking cancer through information. We empower people with information to outsmart cancer.



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We're helping save more lives than ever before, through empowering activists, groundbreaking research, and so much more!



26% DROP
in cancer death rates since 1991



MORE THAN 2.3 MILLION LIVES SAVED

WE ARE ACTIVISTS

Convening relentless partners for awareness and impact



AMERICANS WILL BE COVERED

BY NEW LOCAL SMOKE-FREE LAWS, INCLUDING RESTAURANTS AND BARS, ONCE ALL ORDINANCES PASSED IN 2017 ARE FULLY IMPLEMENTED,

thanks in part to the American Cancer Society's advocacy affiliate, the American Cancer Society Cancer Action NetworkSM (ACS CAN)



ACS CAN



ADVOCATED FOR AND

CONGRESS APPROVED A \$2 BILLION INCREASE

in medical research funding for the National Institutes of Health, including \$475 million for the National Cancer Institute in the FY18 budget

READ MORE ABOUT ACS CAN'S 2017 ADVOCACY ACCOMPLISHMENTS AT ACSCAN.ORG/ACCOMPLISHMENTS

WE FUND BREAKTHROUGHS

Investing in innovative research to develop game-changing approaches



PROVIDING CANCER STATISTICS AND CANCER FACTS & FIGURES

annually as resources for public health officials, journalists, and the public

WORKING TO

IDENTIFY AND ADDRESS CANCER DEATHS

caused by major identified modifiable risk factors

\$4.6B+ INVESTED



IN RESEARCH SINCE 1946, FUNDING STUDIES TO FIND

the causes of cancer, better treatments, and improve the lives of cancer patients

EXCESS WEIGHT



PHYSICAL INACTIVITY



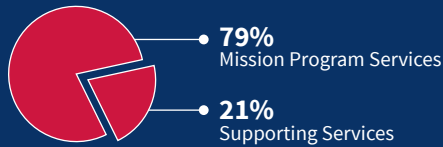
SMOKING



OTHER FACTORS



How your financial support impacts our mission



1.5 MILLION Volunteers – plus staff – driving mission across the globe



New volunteer leadership model – 47 new Area Boards in 46 Areas, empowering leaders at a local level

WE BUILD COMPASSIONATE COMMUNITIES

United to fight cancer with access to treatment and compassion

3.5M 
GATHERED FOR RELAY FOR LIFE®

and other events to support and celebrate those facing cancer, and raise funds and awareness for the cause



NEARLY \$45M SAVED

THROUGH 452,000 NIGHTS OF FREE LODGING

provided, by our Hope Lodge® facilities, along with free or reduced lodging through our Hotel Partners Program

BY THE END OF 2017, CHANGE GRANTS CONTRIBUTED TO

602,000
LOW- OR NO-COST SCREENING EXAMS
in underserved communities



WE PROVIDE DIRECTION

A passionate ally, empowering people with information and answers

40,000+

PATIENTS AND CAREGIVERS

receiving personal guidance through the health care system – including help with insurance problems, referrals to local services, and more



RESPONDED TO 1.34M CALLS AND CHATS

from individuals with cancer questions and concerns



106M PAGE VISITS TO OUR REFRESHED CANCER.ORG

by individuals looking for cancer information and news, and local programs and services

Looking Forward

The American Cancer Society is helping to save more lives from cancer today than ever before, having contributed to a 26 percent drop in cancer death rates between 1991 and 2015.

This steady decline equates to more than 2.3 million fewer cancer deaths during that time. We know more today than ever about cancer, thanks to decades of research and clinical advances. However, cancer is a formidable rival. When cancer strikes, it doesn't just hit at the cellular level – the physical, emotional, and financial impact can also be devastating. That is why the American Cancer Society is attacking cancer from every angle.

In 2018, we are reaffirming our commitment to cancer research with focus on getting from the bench side to bedside faster to impact the lives of cancer patients. We are also demonstrating that no other organization offers a broader spectrum of services and support to cancer patients from diagnosis to survivorship than the American Cancer Society.

We are accelerating the fight against cancer through our Blueprint for Cancer Control in the 21st Century. This blueprint identifies the most promising avenues for research to address what is not known today. It also outlines what has been proven to work, so we can continue to act while ensuring everyone has an equal opportunity to benefit.

By increasing screening for underserved communities and boosting our investment in transportation and lodging, we are redoubling our efforts to ensure no one dies of cancer because they cannot get the quality care they need. We are taking bold steps toward our 80% screening target for colorectal cancer in adults in every community. We are courageously launching an HPV public health campaign to push the United States to reach an 80% vaccination rate nationally by 2026 to help eliminate HPV-related cancers.

At this tipping point, new research discoveries, new treatments, and new interventions can help save and improve millions of lives. But only if we keep up the fight. Now more than ever, we need your voice, your support, and your determination to ensure this phenomenal progress does not stop, but accelerates and benefits everyone.



Funding Propels Innovative Research

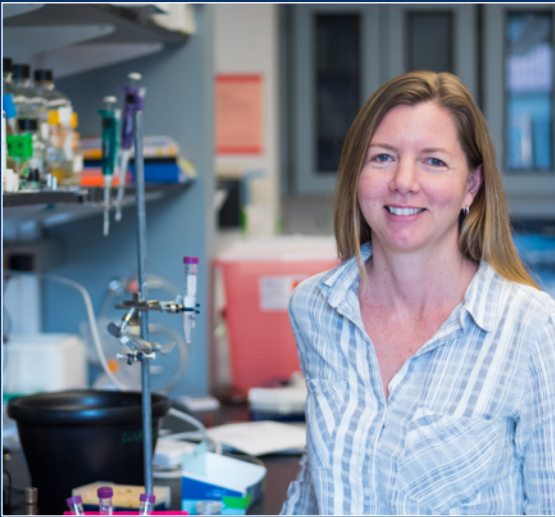


Photo by Patrick Campbell/University of Colorado.

“Originally, our work was too risky,” explained Dr. Gia Voeltz, a young scientist from the University of Colorado at Boulder, “and was not a candidate for National Institutes of Health funding because it was delving into an unestablished new area of cell biology, but the American Cancer Society saw the potential and supported our project.” That seed money helped change the direction of Dr. Voeltz’s research lab. Her research is now beginning to change the way scientists understand basic cell structure and is leading many to rethink the cellular map.

Her work demonstrated that a network of tubes inside the cell, called the endoplasmic reticulum (ER), plays an unexpected role in the biogenesis and trafficking of the endosome, a cell structure that is important for nutrient uptake, growth and division, and sending signals to other cells. This paradigm shift could lead to new therapies for neurodegenerative diseases. Dr. Voeltz’s research has also earned her the honor of becoming a Howard Hughes Medical Investigator, a position which will provide her lab with \$8 million of funding over seven years, and give her the flexibility to take her work in new directions. Next, she intends to study how the ER may play a role in neurodegenerative health and why viruses tend to hide in the ER.

We don’t yet know the full impact this research will have, but we do know that Dr. Voeltz has joined the ranks of hundreds of bright scientists and health care professionals the American Cancer Society funds who are making discoveries that continue to change the way we view and treat cancer today.

Building Compassionate Communities



4.5M+
PARTICIPANTS IN
27 COUNTRIES

Through volunteer-led community events across the nation, we are uniting cancer survivors, caregivers, and supporters. More than 4,500 Relay For Life events worldwide— 3,500 in the US alone – provided opportunity for communities, families, faith-based groups, and businesses to celebrate those who faced cancer. And in more than 200 communities across the US, 1.2 million participants celebrated breast cancer survivors and caregivers at Making Strides Against Breast



1.2M
PARTICIPANTS IN
COMMUNITIES
ACROSS THE US

Cancer walks. Also, because breast cancer is not just a women’s issue, our Real Men Wear Pink campaign gives men a leadership role in raising awareness and funds to save lives from breast cancer. By donning pink throughout October and collecting donations, these community leaders raised more than \$6.6 million to help fund American Cancer Society breast cancer research and programs.



2,700+
LEADERS



65
GOLF OUTINGS



200+
GALA EVENTS



\$60M+
TOWARD OUR
MISSION

Our galas and golf outings engage volunteer and business leaders in unique, high-profile events. These premier events offer guests an opportunity

to connect with industry and philanthropic leaders while enjoying exclusive dining, golfing, and entertainment experiences.



Going Further Together

As the American Cancer Society evolves to more effectively harness the power of technology, partnerships, and activists around the world, our partners' support is more critical than ever. Our sports alliances, corporate partnerships, and community-based organizations are uniting companies, CEOs, coaches, athletes, communities, and celebrities to change the course of cancer.

In 2017 the Coaches vs. Cancer program celebrated its 25th anniversary of uniting basketball coaches and fans across the US, in collaboration with the American Cancer Society and the National Association of Basketball Coaches, to fight cancer. The program has grown to include more than 2,000 coaches, over \$110 million raised, and increased awareness through initiatives including Suits & Sneakers Week and the 3-Point Challenge.

In 2017, we began our first international sports partnership with the National Hockey League (NHL) and Hockey Fights Cancer, which benefits both the American Cancer Society and the Canadian Cancer Society, along with supporting the American Cancer Society Hope Lodge® and Road To Recovery® programs.

In October 2017, we expanded our partnership with the NFL. Under the Crucial Catch: Intercept Cancer umbrella, the league and its clubs continued to focus on prevention, early detection, and timely access to follow-up care as needed, and extended these efforts to include multiple cancers, as opposed to breast cancer alone. This approach empowers teams to support efforts that impact their own communities, while also leveraging the reach of the NFL's nationwide platform to promote cancer screening and honor survivors.

In addition, 400 members of the American Cancer Society CEOs Against Cancer® program, from top companies around the globe, are working together to find solutions that reduce the worldwide cancer burden. These executives are bringing their passion, expertise, and resources to help us find and fund innovative ways to drive our mission, while also improving their company's bottom line.

Cancer knows no boundaries. That's why we extend our mission and leadership globally to focus on low- and middle-income countries. We work predominantly with national referral hospitals – often the only facilities where cancer is addressed – across the full cancer continuum, seeking measurable results where Ministries of Health, hospitals, and civil society partners can make the most impact.

In June 2017, we announced that, in partnership with the Clinton Health Access Initiative (CHAI), who helped make affordable HIV/AIDS drugs available in Africa, we negotiated new agreements with pharmaceutical companies Pfizer Inc. and Cipla Inc. to make the most commonly used cancer treatments available at a savings of more than 50 percent in six African countries where cancer death rates are rising – Ethiopia, Nigeria, Kenya, Uganda, Rwanda, and Tanzania. An amendment in 2018 expanded the agreement with Cipla to 21 countries in the region.

Partnership Drives Progress in Africa



A *New York Times* article highlighting our partnerships with CHAI, IBM, and the National Comprehensive

Cancer Network (NCCN) quoted Dr. Anthony S. Fauci, director of the National Institute of Allergy and Infectious Diseases, saying this about the deal: “Reading this gave me goose bumps. I think this is a phenomenal idea, and I think it has a good chance of working.” The story was selected by the *New York Times* science editors as one of the “Unforgettable Stories of 2017.”

As part of the deal, NCCN is working with a coalition of more than 70 African oncologists to adapt treatment guidelines for Sub-Saharan Africa. IBM Health Corps dedicated their expertise and resources to build a tool to assist oncologists with accessing the new guidelines as well as a purchasing forecasting tool to guide drug purchases for African nations.

Coaching “Family” Rallies to Support

Fran McCaffery, head men’s basketball coach for the University of Iowa, lost both his parents to cancer. That was the main reason he and his wife, Margaret, had been involved in the Coaches vs. Cancer program for more than a dozen years. They never imagined that, one day, they would appreciate that caring community for a different reason – how it could help their son face his own cancer diagnosis.

The first person to realize something was wrong with 13-year-old Patrick was another basketball player who was helping with his workout. “There’s something wrong with him,” he said. “I’m not a doctor, but you should get it checked out.” So Patrick saw the doctor, which led to further testing.

One evening, Fran and the UI team were gathered at a team meal prior to leaving for a game against Michigan State. Fran was looking forward to giving a boy who had been diagnosed with cancer the good news that he had been selected to accompany the UI team on a trip. Margaret, who was at home with Patrick, answered the phone when the doctor called with the ultrasound results. She then called her husband with the news – their son had a thyroid tumor.

Patrick’s surgery to determine if the tumor was benign or malignant was on the first day of the NCAA tournament that year. Fran was by his son’s side during surgery and then flew to Ohio to

coach a game. He was back home the following day – Patrick’s 14th birthday – to bring their son home from the hospital. The next day, the news came that the tumor was malignant.

Fran and Margaret had shared the news of the tumor prior to the surgery and prior to knowing whether it was benign or malignant. That’s when the calls and well wishes started coming in.

That support was soon needed for someone else close to the McCaffery family. Before Patrick’s second surgery, his best friend was diagnosed with T-cell lymphoma. “So now you have two 14-year-old boys comparing biopsies,” said Fran, “which is not a conversation any parent wanted to listen to.”

The two friends battled cancer together. Patrick survived, but his friend did not. Throughout their journeys, the Coaches vs. Cancer family provided love and support.

“You never know when you will be the beneficiary of your own philanthropy,” said Fran at a Coaches vs. Cancer gathering. “Because of your generosity, and the advances of modern medicine, Patrick is doing well. He has to deal with the loss of a dear friend – and we have to do that as a family. But we’re doing it with great confidence because of the love we’ve felt from the coaching community and the generosity of so many people. For that, I thank you all from the bottom of my heart.”



Delta Sigma Theta Stands With the American Cancer Society



“Who would we be if we stood back and did nothing?” said Paulette Walker, national past president of Delta Sigma Theta Sorority, Inc. At the American Cancer Society, we couldn’t agree more. Ensuring everyone has an equal opportunity to live a healthy life, prevent cancer, find it early, and receive high-quality treatment and support when they need it is the foundation of our work. Unfortunately, not everyone has benefitted equally from the progress against

cancer. Significant disparities in cancer incidence and mortality rates still exist across diverse populations.

The American Cancer Society’s national partnership with Delta Sigma Theta Sorority, Inc., – the single largest African-American women’s organization in the US – aims to improve the health of its members and to activate their communities in the fight against cancer. The far-reaching partnership includes volunteerism, cancer education and awareness, advocacy, and Relay For Life participation. In 2017, Delta Sigma Theta Sorority, Inc., expanded its partnership with the American Cancer Society from a four-year regional relationship that raised more than \$1.5 million for the fight against cancer, to a national partnership engaging more than 250,000 sorority members. Thanks for not standing back, Delta Sigma Theta. We stand with you!

Top News Stories From 2017

Major US tobacco companies started publishing court-ordered “corrective statement” advertisements telling the truth about deadly, addictive tobacco products. The legal order requiring these statements stems from a 1999 racketeering lawsuit filed by the US Department of Justice. After nearly two decades of litigation, the statements appeared in print ads from November 2017 through April 2018, and on national broadcast television starting November 2017 and running 52 consecutive weeks. The American Cancer Society and its advocacy affiliate, ACS CAN, played a key role in this outcome.

When storms hit the South and Southeast Continental US in 2017, our volunteers and supporters were there to help displaced cancer patients. We helped patients maintain treatment schedules during Hurricanes Harvey, Irma, and Maria. We also helped evacuate patients cut off from electricity and clean water in Puerto Rico. “It is an issue of life and death,” said Dr. Lillian Santos, head of operations for the American Cancer Society Puerto Rico. With compassion and determination, we’re working to ensure that, even in the darkest of hours, hope shines bright.



Patient, Nancy Rodriguez, is interviewed as she leaves Puerto Rico with help from the American Cancer Society.

We gratefully acknowledge the many corporations who actively support our mission. The following organizations each provided \$1 million or more in 2017 to support our mission to save lives, celebrate lives, and lead the fight for a world without cancer.

AbbVie	Kohl's
Bank of America	Kroger
Boeing	National Football League
Chevrolet	Nucor
CVS Caremark	Procter & Gamble
Delta Air Lines	Walmart
Extended Stay America	Wells Fargo
IBM	

Trust and Accountability

To preserve the public's trust and protect the American Cancer Society's strong reputation, we have adopted many of the governance practices used by publicly traded for-profit companies. We are committed to providing accountability and transparency to our investors through proven effective internal controls, compliance, ethics, and accounting processes and practices.

Financial Results Narrative

To review the full Management’s Discussion and Analysis of Financial Results please refer to the full audited financial statements on cancer.org.

Results from Operations – Expenses

Total mission program and support services expenses for the years ended December 31, 2017 and 2016, were as follows (in thousands):

	2017	2016
Mission program services:		
Patient support	\$ 303,838	\$ 309,772
Research	145,650	152,514
Prevention	129,155	113,718
Detection/treatment	79,539	88,184
Total mission program services	\$ 658,182	\$ 664,188
Mission support services:		
Management and general	\$ 37,896	\$ 47,314
Fundraising	142,343	175,460
Total mission support services	180,239	222,774
Total mission program and mission support services expenses	\$ 838,421	\$ 886,962

In 2017, we continued improving operational efficiencies through our strategic growth plan to allow us to have a bigger impact in our mission priority areas. We continue to identify and prioritize prevention, early detection, treatment, advocacy, and research strategies for every cancer. Expenses associated with our extramural and intramural research programs are included in the research platform and directly support many of the other platforms and strategies.

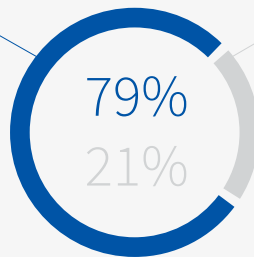
Total mission services expenses for the year ended December 31, 2017, were \$838 million, decreasing \$49 million over 2016. We continued to reduce travel and meeting expenses by using technology to conduct more virtual meetings. Total mission support services expenses were \$180 million for the year ended December 31, 2017, representing 21 percent of total expenses, compared to \$223 million for the year ending December 31, 2016, representing 25 percent of total expenses.

For the year ending December 31, 2017, patient support expenses were \$304 million, a decrease of \$6 million compared to 2016, and included work such as the following: our specific assistance to individuals through our access to care and survivorship platforms; our 24 hours a day, 7 days a week, 365 days a year National Cancer Information Center, which provides consistent, unbiased cancer information to constituents, helping them make informed decisions about their health and cancer care; our Patient Navigator Program that helps cancer patients manage their care; and our Hope Lodge® facilities, which provide free, high quality, temporary lodging for patients and their caregivers close to treatment centers, easing the emotional and financial burden of finding affordable lodging.

HOW YOUR FINANCIAL SUPPORT IMPACTS OUR MISSION

MISSION PROGRAM SERVICES

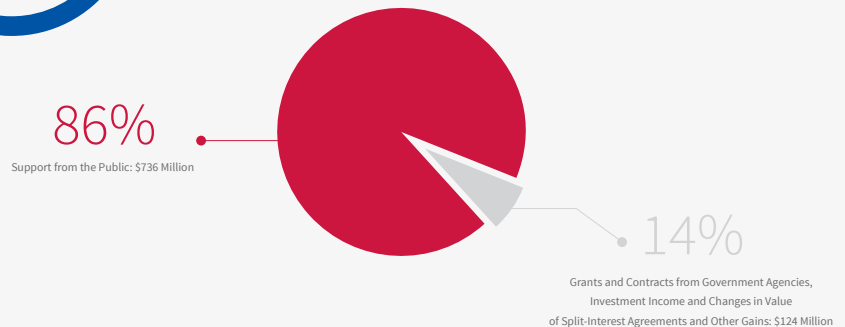
- \$146 MILLION**
Cancer Research
- \$304 MILLION**
Patient Support
- \$129 MILLION**
Prevention, Information, and Education
- \$80 MILLION**
Detection and Treatment



SUPPORTING SERVICES

- \$38 MILLION**
Management and General Expenses
- \$142 MILLION**
Fundraising Expenses

WHERE OUR FINANCIAL SUPPORT COMES FROM



18 | FINANCIAL STEWARDSHIP

Research expenses were \$146 million, a \$7 million decrease over 2016, and comprised both our extramural research grants and intramural research program, which includes Cancer Prevention Study-3 (CPS-3), an important, large, prospective study to identify factors that cause or prevent cancer. Our extramural program funded 213 grants with an average value of \$425,000 compared to 241 grants in 2016 with an average value of \$396,000.

Prevention expenses were \$129 million, a \$15 million increase over 2016, and included the work of the Tobacco-Free Generation Campus Initiative, a multi-year program started in 2016 intended to accelerate and expand the adoption and implementation of 100 percent smoke- and tobacco-free campuses.

Detection and treatment expenses were \$80 million, an \$8 million decrease compared to 2016, and included our launch of the National Lung Cancer Screening Roundtable, which is made up of clinical professionals, researchers, lung cancer advocates and patients, healthcare organizations and cancer centers, insurers, and government agencies. The work of the roundtable will build upon advances in screening and treatment to fuel a rapid reduction in lung cancer mortality rates. We continue to play a critical leadership role in the national campaign, called 80% by 2018, to achieve 80 percent colorectal cancer screening rates of adults aged 50 and older by the end of 2018. This public health program, which we helped launch, has garnered the support of more than 1,500 diverse organizations committed to this shared goal.

Management and general expenses were \$38 million, a \$9 million decrease compared to 2016, but remained relatively consistent compared to total mission services expenses from 2016. The decrease reflects our work to gain infrastructure efficiencies to support our mission work. Management and general expenses comprised our general infrastructure costs as well as board governance and oversight and our internal audit function – which provides independent oversight of our accounting and internal control processes. Additionally, efforts directed at these infrastructure efficiencies will continue to produce incremental results over time.

Fundraising costs were \$142 million, a decrease of \$33 million compared to 2016. Much of the decrease resulted from our ongoing review of our Relay For Life operating model. We began making changes to the model in 2016 to help keep our volunteers engaged, strengthen our portfolio of events, and improve profitability, thereby having a greater mission impact. In 2017 we continued this work, which included combining events and sunsetting less profitable events.

Results from operations – Revenue

Total revenue, gains, and other support for the years ended December 31, 2017 and 2016, were as follows (in thousands):

	2017	2016
Support from the public	\$ 736,258	\$ 779,16
Investment income	79,480	39,965
Change in value of split-interest agreements	30,570	4,590
Grants and contracts from government agencies	5,784	6,076
Other gains	8,599	11,619
Total revenue, gains, and other support	\$ 860,691	\$ 841,418

Total revenue for the year ended December 31, 2017, of \$861 million increased by \$19 million when compared to 2016. Stronger investment market performance accounted for much of the increase.

Support from the public in 2017 was \$736 million, down \$43 million compared to the prior year primarily due to sunsetting of events and steady decline in participation and sponsorships for the Relay For Life program. Support from the public mostly comprises Relay For Life, Making Strides Against Breast Cancer, other special events, planned giving, contributed services, and other in-kind contributions and general contributions from our public constituents through a variety of program channels.

Non-public support, which primarily includes investment income, change in value of split-interest agreements, and grants and contracts from government agencies, was \$124 million in 2017, a \$62 million increase from 2016. Both investment income and change in value of split-interest agreements were the drivers of the increase as they are subject to the volatility in both interest rates and the equity and fixed income market performance, both domestic and global. In addition to investments and split-interest agreements, we regularly review our real estate footprint by examining conditions in the various markets where we have offices. We implemented strategies in a number of markets to optimize our space needs, which included the sale of some office buildings resulting in a net gain.

Total support from the public for the five most recent fiscal years was as follows (in millions):

Support from the Public Revenue (in millions)	2017	2016	2015	2014	2013
Relay For Life	\$ 211	\$ 258	\$ 287	\$ 314	\$ 356
Other community-based events (Making Strides Against Breast Cancer, Daffodil Days, others)	77	80	83	82	95
Distinguished events (gala and golf)	59	59	56	56	52
Direct response strategies (Direct mail, telemarketing)	55	55	54	53	54
Employer-based strategies – independent payroll deduction campaigns	19	19	20	22	22
Major gifts/campaigns	66	60	61	43	41
Planned giving (legacies and bequests)	136	141	133	139	144
United Way/ Combined Federal Campaign	5	7	7	8	10
Memorials	19	19	19	21	23
Contributed services and other in-kind contributions	66	60	78	71	53
Other	23	21	12	31	35
Total support from the public	\$ 736	\$ 779	\$ 840	\$ 840	\$ 885
Cost per dollar raised (in dollar)	\$ 0.19	\$ 0.22	\$ 0.22	\$ 0.21	\$ 0.23

Within support from the public, special events (Relay For Life, Other community-based and distinguished events) continue to lead our financial results, representing 47 percent of total support from the public in 2017, a \$50 million or 13 percent decline over 2016. Financial results for our signature event, Relay For Life, declined \$47 million, more than 18 percent, and accounted for approximately 61 percent of total special events revenue. In 2017, we continued analyzing Relay For Life and implementing changes to our operating model. The changes are the result of extensive analysis of the portfolio and program in response to a market decline in peer-to-peer fundraising, feedback from participant surveys, and decreasing participation across a crowded event marketplace. The changes included merging or discontinuing underperforming events, rolling out a newly developed volunteer platform to allow volunteers throughout the country to remain engaged and empower them to support the American Cancer Society and enhance the Relay For Life experience, and piloting alternative staffing models that better use technology to support our events. We began implementing strategies to increase financial performance such as combining events within certain geographical proximity, and implementing practices of successful events across certain under-performing events.

Our Making Strides Against Breast Cancer program, raising \$57 million in 2017, is a special event that raises awareness and funds to fight breast cancer and engages over one million participants nationwide. This revenue accounted for approximately 16 percent of special event revenue during

2017 and was down \$3 million compared to 2016 due in part to weather issues in the southern parts of the country, fewer sponsors of events, and staff turnover. The impact of the decline was lessened by a \$1 million increase in the Real Men Wear Pink® initiative, which is a nationwide platform to engage men to support our mission.

Major gifts/campaigns during 2017 were 9 percent of public support, which is consistent with 2016. The past three years were significantly higher than 2014 and prior years, mainly due to significant private grants to fund tobacco control and cancer screening programs as well as the launch of successful new and substantial progress on current campaigns as we grow our Hope Lodge program. Our major gifts have seen increases in both volume and size of individual gifts and are a continued focus in our strategic growth plan.

Employee giving, including United Way and Combined Federal Campaign relationships, comprised more than 3 percent of our public support in 2017. Direct response, both mail and telemarketing, made up about 7 percent of public support in 2017, consistent with 2016. Support from our planned giving program (legacies and bequests) totaled \$136 million and, although it can be volatile from year to year, continues to be a material and strong source of revenue. The decrease in planned giving support compared to 2016 was due to a fewer number of significant gifts as well as a reduction in average gift size. The increase in contributed services and other in-kind donations was related to growth in our partnerships in the professional sports industry.

Investment income components produced positive results in 2017. Net interest and dividends and realized/unrealized investment gains increased \$40 million due to stronger market performance during 2017.

Change in value of split-interest agreements was a gain of \$31 million, an increase of \$26 million over 2016, also driven by the stronger market performance during 2017. These results can be volatile because they are based on significant assumptions of our beneficial interests in trusts (equivalent to deferred gifts). Most of the change in value of split-interest agreements is from gains recognized due to the appreciation in the underlying market value of the assets in the trusts. We are not the trustee of these trusts and therefore do not have control of the investment decisions surrounding these assets, but rather report our proportionate share of the fair value. We evaluate the program based on probate results as well as expectancies, both of which are not as prone to significant fluctuations and provide a more accurate assessment of performance. The Planned Giving management team continues to identify future gifts, although not recognizable under current generally accepted accounting principles but accretive to the significant planned giving pipeline of future revenue.

Liquidity and Cash Flows

At December 31, 2017, cash, cash equivalents, and all investment pools totaled \$956 million. The primary use of cash and cash equivalents was general mission program and support and capital expenditures. We typically use the cash proceeds from investment returns to supplement the annual operating and capital budgets; therefore, the reinvestment of operational proceeds into investment vehicles is a key strategy to providing additional liquid resources for future needs.

We invest operating funds in both short- and intermediate-term investments as selected, monitored, and evaluated by senior leadership, independent investment advisors, and an organizational Investment Committee (the “Committee”). The Committee is composed of American Cancer Society volunteers who are professionals in the banking and investment industry. Our strategy in the beginning of 2017 used a tiered-structure approach of short-term and a well-diversified portfolio of intermediate and longer-term products, which has provided enhanced asset returns without the addition of substantial risk.

Due to market strength, our investment strategies produced significant returns during fiscal year 2017. The low interest rate environment more heavily impacted the operating pool and investment pool as they have concentrated fixed income allocations. Despite market volatility throughout the year, equity markets as a whole had a positive impact on the investment and endowment pools, which have equity allocations. This is a long-term approach and is not meant to time the markets. Therefore, we expect additional and continued future gains from these strategies and will continue to monitor financial markets and the economic environment to ensure this approach continues to be appropriate.

Our endowment and long-term portfolio investment policy calls for a fully diversified strategy to enhance return. Our policy with regard to minimum and maximum liquidity levels is designed to ensure continued financial health and the continuation of quality program delivery to our constituents. We assess these levels periodically as needs change over time.

During the year, we consolidated the operating pool and the investment pool and eliminated the tiered approach. The consolidation will reduce custody costs, create operational efficiencies and reduce complexities, enhance monitoring capabilities, and potentially reduce investment costs. We will still maintain an appropriate mix of short-term funds for operational needs and longer-term funds with potential for increased investment returns.

A critical foundational element of the strategic growth plan is our “navigation tools” which include all our enterprise technology systems and processes. During 2016, we completed the scoping and selection processes, and in 2017 we completed substantial work relating to the planning, design, and build phases. We anticipate continued investment at a significant level through 2018 and 2019 and will begin to yield efficiencies by the replacement and redesign of all the systems and processes. Additionally, we will deliver meaningfully improved experience for our volunteers, constituents, and staff.

Our cash and cash equivalent balances increased during 2017 as a result of our using longer-term investments to partially fund operations as well as to maintain an appropriate mix of short-term and longer-term investments in line with our investment strategy. Our investment performance for the year ending December 31, 2017, was as follows:

	Actual Return	Benchmark	Difference	Targeted Benchmark
Operating pool	1.71	1.36	0.35	Various equity/fixed income
Investment pool	10.03	8.80	1.23	Various equity/fixed income
Endowment pool	16.85	14.19	2.66	Various equity/fixed income

We continued investing in our Hope Lodge program throughout the country by completing construction of new Hope Lodge facilities in Omaha, Nebraska. We began construction of new facilities in Jackson, Mississippi, and have plans to construct additional facilities in particular markets including Jacksonville, Florida, and renovate existing facilities in other parts of the country over the next few years.

To assist with our Jackson, Mississippi, construction, we entered into a New Markets Tax Credit financing arrangement. Under the terms of the arrangement, we expect to hold a note payable for seven years, which is identical to the investor's tax credit period. The results of this arrangement will net us approximately \$2.5 million in cash at the end of the credit period.

During 2017 we executed a lump sum option for our defined benefit plan, whereby a certain population of our terminated, vested participant populations was permitted to elect payout of their benefit in the form of a lump sum. Approximately 34 percent of eligible participants elected the payment option, which represented approximately 10 percent of the assets held in the plan. Approximately 11 percent of the accounting liability of the plan was settled, which will also reduce plan fees, over time, related to servicing the participants who elected the payout.

Please direct questions about this Annual Report to the American Cancer Society Chief Financial Officer at 250 Williams Street, Atlanta, GA 30303.

22 | FINANCIAL STEWARDSHIP

American Cancer Society, Inc. Balance Sheets for the Years Ended December 31, 2017 and 2016 (In Thousands)

	Assets	
	2017	2016
Current assets:		
Cash and cash equivalents	\$ 120,558	\$ 116,400
Investments	84	84
Receivables, net	31,571	18,421
Prepaid expenses	14,033	15,460
Bequests receivable	80,291	93,459
Total current assets	246,537	243,824
Receivables, net	61,102	48,812
Other assets	7,038	6,024
Gift annuity investments	40,213	37,168
Investments	795,364	795,260
Beneficial interests in trusts	353,442	321,145
Fixed assets, net	242,594	253,744
Total assets	\$ 1,746,290	\$ 1,705,977
Liabilities and net assets		
Current liabilities:		
Accounts payable and other accrued expenses	\$76,243	\$69,403
Research and other program grants payable	99,959	82,692
Employee retirement benefits	17,493	17,386
Debt	2,395	2,337
Other liabilities	13,154	6,854
Total current liabilities	209,244	178,672
Research and other program grants payable	105,918	118,327
Employee retirement benefits	190,273	203,835
Other liabilities	12,858	13,250
Debt	55,869	48,658
Gift annuity obligations	16,564	19,601
Total liabilities	590,726	582,343
Commitments and contingencies		
Net assets:		
Unrestricted:		
Available for mission program and support activities	329,754	325,110
Net investment in fixed assets	184,330	202,749
Total unrestricted	514,084	527,859
Temporarily restricted	339,789	310,054
Permanently restricted	301,691	285,721
Total net assets	1,155,564	1,123,634
Total liabilities and net assets	\$1,746,290	\$1,705,977

American Cancer Society, Inc. Statement of Activities for the Year Ended December 31, 2017 (In Thousands)

	Unrestricted	Donor Restricted		Total
		Temporarily Restricted	Permanently Restricted	
Our mission program and mission support expenses were:				
Mission program services:				
Patient support	\$ 303,838			\$ 303,838
Research	145,650			145,650
Prevention	129,155			129,155
Detection/treatment	79,539			\$ 79,539
Total mission program services	658,182			658,182
Mission support services:				
Management and general	37,896			\$ 37,896
Fundraising	142,343			142,343
Total mission support services	180,239			180,239
Total mission program and mission support services expenses	838,421			838,421
Our mission program and mission support expenses were funded by:				
Support from the public:				
Special events, including Relay For Life® and Making Strides Against Breast Cancer®	269,463	74,979		344,442
Contributions	122,775	64,288	54	187,117
Bequests	87,823	44,448	838,421	838,421
Contributed services, merchandise and other in-kind contributions	24,446	41,861		66,307
Other	3,387	1,918		5,305
Total support from the public	507,894	227,494	870	736,258
Investment income	57,006	22,472	2	79,480
Change in value of split-interest agreements	5,881	10,150	14,539	30,570
Grants and contracts from government agencies	5,344	440		5,784
Other gains (losses)	8,673	(74)		8,599
Total revenues, gains and other support	584,798	260,482	15,411	860,691
Use of amounts restricted by donors for specified purpose or time	230,188	(230,747)	559	
Change in net assets prior to impact of retirement plan liability	(23,435)	29,735	15,970	22,270
Net decrease in retirement plan liability	(9,660)			(9,660)
Change in net assets	(13,775)	29,735	15,970	31,930
Net assets, beginning of period	527,859	310,054	285,721	1,123,634
Net assets, end of period	\$ 514,084	\$ 339,7894	\$ 301,691	\$ 1,155,564

24 | FINANCIAL STEWARDSHIP

American Cancer Society, Inc. Statement of Activities for the Year Ended December 31, 2016 (In Thousands)

	Unrestricted	Donor Restricted		Total
		Temporarily Restricted	Permanently Restricted	
Our mission program and mission support expenses were:				
Mission program services:				
Patient support	\$ 309,772			309,772
Research	152,514			152,514
Prevention	113,718			113,718
Detection/treatment	88,184			88,184
Total mission program services	664,188			664,188
Mission support services:				
Management and general	47,314			47,314
Fundraising	175,460			175,460
Total mission support services	222,774			222,774
Total mission program and mission support services expenses	886,962			886,962
Our mission program and mission support expenses were funded by:				
Support from the public:				
Special events, including Relay For Life® and Making Strides Against Breast Cancer®	314,504	78,386		92,890
Contributions	116,034	65,298	8	181,340
Bequests	97,466	33,447	7,059	137,972
Contributed services, merchandise and other in-kind contributions	21,519	38,209		59,728
Other	5,371	1,867		7,238
Total support from the public	554,894	217,207	7,067	779,168
Investment income	30,539	9,424	2	39,965
Change in value of split-interest agreements	1,830	1,885	875	4,590
Grants and contracts from government agencies	5,620	456		6,076
Other gains (losses)	10,418	1,201		11,619
Total revenues, gains and other support	603,301	230,173	\$ 7,944	841,418
Use of amounts restricted by donors for specified purpose or time	200,589	(199,360)	(1,229)	
Change in net assets prior to impact of retirement plan liability	(83,072)	30,813	6,715	(45,544)
Net decrease in retirement plan liability	6,206			\$ 6,206
Change in net assets	(83,072)	30,813	6,715	(51,750)
Net assets, beginning of period	617,137	279,241	279,006	1,175,384
Net assets, end of period	\$ 527,859	\$ 310,054 -	\$ 285,721	\$ 1,123,634

American Cancer Society, Inc. Statement of Functional Expenses for the Year Ended December 31, 2017 (In Thousands)

	Mission program				Mission support		Total
	Patient support	Research	Prevention	Detection / treatment	Management and general	Fund-raising	
Mission program and mission support expenses							
Salaries	\$130,185	\$24,457	\$52,962	\$35,398	\$17,359	\$68,496	\$328,857
Employee benefits	29,817	4,350	10,793	7,269	3,650	14,205	70,084
Payroll taxes	9,802	1,767	3,905	2,620	1,287	5,102	24,483
Professional fees	17,854	11,580	9,415	6,069	3,915	9,975	58,808
Grants for mission program services	2,707	90,600	5,423	4,609	-	-	103,339
Educational materials	26,929	1,115	21,424	9,107	2,314	15,164	76,053
Direct assistance, including wigs and Look Good Feel Better® kits	22,240	-	19	123	-	-	22,382
Travel	5,064	1,015	3,527	1,969	562	3,387	15,524
Postage and shipping	3,936	143	3,621	1,186	1,807	2,732	13,425
Meetings and conferences	2,523	621	2,019	1,067	496	1,729	8,455
Community office locations, including rent, maintenance, and utilities	24,012	2,454	5,396	3,747	1,940	7,266	44,815
Technology	8,627	3,075	3,405	1,797	1,490	4,208	22,602
Telecommunications	3,862	1,574	1,645	1,026	436	1,871	10,414
Depreciation and amortization	6,780	1,060	2,245	1,654	866	3,395	16,000
Miscellaneous	9,500	1,839	3,356	1,898	1,774	4,813	23,180
Total mission program and mission support services expenses	\$303,838	\$145,650	\$129,155	\$79,539	\$37,896	\$142,343	\$838,421



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