

American Cancer Society, Inc.

Consolidated Financial Statements
For the Three Month Period Ended March 31, 2025

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
For the Three Month Period Ended March 31, 2025

American Cancer Society, Inc.

Contents

Independent Auditor's Report	3-4
Consolidated Financial Statements	
Consolidated Balance Sheet	6
Consolidated Statement of Activities	7
Consolidated Statement of Functional Expenses	8
Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements	
Stewardship Focused Disclosures	10-17
Other Required Disclosures	17-37



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 sheet as of March 31, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the three month period 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 March 31, 2025, and the changes in its net assets and its cash flows for the three month period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ACS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 4 to the consolidated financial statements, ACS changed its fiscal year end from December 31 to March 31. Accordingly, the accompanying consolidated financial statements cover the three month period ended March 31, 2025. Our opinion is not modified with respect to this matter.

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 for 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Handwritten signature in black ink, appearing to read 'BDO USA'.

July 11, 2025

Consolidated Financial Statements

American Cancer Society, Inc.

Consolidated Balance Sheet

(in thousands)

March 31,	2025
Assets	
Current assets:	
Cash and cash equivalents	\$ 41,224
Receivables, net	57,257
Investments	147,161
Prepaid expenses	23,316
Bequests receivable	101,865
Other assets	27,994
Total current assets	398,817
Noncurrent assets:	
Receivables, net	44,964
Investments	550,760
Gift annuity investments	39,032
Beneficial interests in trusts	390,236
Other assets	7,652
Operating lease right-of-use assets, net	29,211
Fixed assets, net	252,237
Total noncurrent assets	1,314,092
Total Assets	\$ 1,712,909
Liabilities	
Current liabilities:	
Accounts payable and other accrued expenses	\$ 78,075
Debt	2,011
Research and other program grants payable	112,833
Operating leases	8,019
Other liabilities	111
Employee retirement benefits	2,471
Total current liabilities	203,520
Noncurrent liabilities:	
Debt	19,084
Research and other program grants payable, net	122,662
Operating leases	23,884
Other liabilities	1,141
Gift annuity obligations	10,208
Employee retirement benefits	25,795
Total noncurrent liabilities	202,774
Total liabilities	406,294
Net assets	
Without donor restrictions	475,158
With donor restrictions	831,457
Total net assets	1,306,615
Total Liabilities and Net Assets	\$ 1,712,909

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Consolidated Statement of Activities

(in thousands)

3 Month Period Ended March 31, 2025	Without Donor Restrictions	With Donor Restrictions	Total
Our mission program and mission support expenses were:			
Mission program services:			
Patient support	\$ 111,367	\$ -	\$ 111,367
Research	12,278	-	12,278
Advocacy	14,165	-	14,165
Total mission program services	137,810	-	137,810
Mission support services:			
Management and general	8,415	-	8,415
Fundraising	29,341	-	29,341
Total mission support services	37,756	-	37,756
Total mission program and mission support services expenses	175,566	-	175,566
Our mission program and mission support expenses were funded by:			
Support from the public:			
Special events	23,470	6,625	30,095
Contributions of cash and other financial assets	23,811	13,031	36,842
Bequests	38,345	7,583	45,928
Contributed services, merchandise and other contributions of nonfinancial assets	7,270	7,426	14,696
Other	3,430	311	3,741
Total support from the public	96,326	34,976	131,302
Investment income, net	5,485	(960)	4,525
Change in value of split-interest agreements	(627)	(10,194)	(10,821)
Grants and contracts from government agencies	-	1,211	1,211
Other losses, net	(3,794)	(292)	(4,086)
Total revenues, gains and other support, net	97,390	24,741	122,131
Use of amounts restricted by donors for specified purpose or time	39,582	(39,582)	-
Change in net assets prior to impact of retirement plan liability	(38,594)	(14,841)	(53,435)
Net increase in retirement plan liability	10,934	-	10,934
Change in net assets	(49,528)	(14,841)	(64,369)
Net assets, beginning of period	524,686	846,298	1,370,984
Net assets, end of period	\$ 475,158	\$ 831,457	\$ 1,306,615

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Consolidated Statement of Functional Expenses

(in thousands)

	Total						Total		Exchange Expenses (see note 6)	Total
	Patient Support	Research	Advocacy	Mission Program	Management and General	Fundraising	Mission Support	Before Exchange Expenses		
3 Month Period Ended March 31, 2025										
Mission Program and Mission Support Expenses										
Personnel costs	\$ 52,567	\$ 6,752	\$ 8,567	\$ 67,886	\$ 2,867	\$ 17,764	\$ 20,631	\$ 88,517	\$ 2,580	\$ 91,097
Professional fees and contractual services	2,950	1,754	3,198	7,902	2,882	1,774	4,656	12,558	419	12,977
Grants for mission program services	13,242	906	8	14,156	-	-	-	14,156	-	14,156
Education and marketing	17,209	104	317	17,630	438	3,976	4,414	22,044	2,071	24,115
Meetings and travel	2,442	350	641	3,433	207	1,298	1,505	4,938	2,989	7,927
Postage and shipping	2,319	84	24	2,427	376	1,055	1,431	3,858	4	3,862
Hope Lodge and community facilities	7,982	198	414	8,594	183	760	943	9,537	2,207	11,744
Technology	7,093	1,252	649	8,994	481	2,106	2,587	11,581	13	11,594
Depreciation and amortization	4,180	83	124	4,387	82	207	289	4,676	122	4,798
Miscellaneous	1,383	795	223	2,401	899	401	1,300	3,701	702	4,403
Cost of donated merchandise sold	-	-	-	-	-	-	-	-	6,606	6,606
Total mission program, mission support, and exchange expenses	\$ 111,367	\$ 12,278	\$ 14,165	\$ 137,810	\$ 8,415	\$ 29,341	\$ 37,756	\$ 175,566	\$ 17,713	\$ 193,279

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Consolidated Statement of Cash Flows

(in thousands)

3 Month Period Ended March 31,	2025
Cash Flows from Operating Activities	
Cash received from (used in):	
Special events	\$ 40,786
Contributions	43,699
Bequests	33,115
Other support from the public	3,893
Government grants	1,240
Interest and dividends on investments, net	7,437
Other revenue	1,439
Program services	6,734
Interest on debt	(143)
Employees	(83,479)
Suppliers	(76,146)
Direct assistance	(601)
Retirement plan contributions	(5,107)
Grants for mission program services	(47,556)
Net cash used in operating activities	(74,689)
Cash flows from investing activities	
Purchase of fixed assets	(3,734)
Proceeds from disposal of fixed assets	275
Support from the public restricted for fixed asset acquisition	5,919
Purchases of investments	(434,046)
Proceeds from maturities or sales of investments	500,424
Net cash received from investing activities	68,838
Cash flows from financing activities	
Payments made to annuitants	(1,569)
Proceeds from annuitants	253
Support from the public restricted for long-term investment	2,101
Payments on debt	(502)
Net cash received from financing activities	283
Net change in cash and cash equivalents	(5,568)
Cash and cash equivalents, beginning of period	46,792
Cash and cash equivalents, end of period	\$ 41,224

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.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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 of transactions. For the three month period ended March 31, 2025, our mission expenses were allocated to these two areas as follows:

	2025	
Mission program expenses	\$ 137,810	78%
Mission support expenses	37,756	22%
Total expenses	\$ 175,566	100%

Our expenses for the three month period ended March 31, 2025, (see Note 4, Change in Fiscal Year End) are a snapshot of ACS activities and are not fully representative of a typical annual result. For example, our research grant funding is a significant component of our mission program expenses with grant award cycles occurring in April and October and, therefore, is not represented in our mission program expenses for the three month period ended March 31, 2025. As disclosed in our December 31, 2024, issued financial statements, our allocation of mission program expenses was 81%, which represents a full year of mission program expenses.

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 period without tapping into our long-term investments.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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>March 31,</i>		2025
Global equity	\$	220,464
Impact venture capital		47,776
Real estate		34,491
Liquid alternatives		99,887
Multi-asset credit		73,985
Core fixed income, including short duration		200,795
Treasury inflation-protected security		9,694
Cash and cash equivalents		49,861
Total investment pools	\$	736,953

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 \$28,824 at March 31, 2025, respectively, and are included in gift annuity investments in the consolidated balance sheet.

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 three month period ended March 31, 2025, approximately 31% of our revenue from bequests was cash and 69% will be received in future years.

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.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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 \$231,142 on March 31, 2025. For the three-month period ended March 31, 2025, 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 March 31, 2025 is \$491,891 that we have not yet received in cash and which will be used for our mission program services once received.

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

March 31, 2025	Purpose and Time Restrictions	In Perpetuity	Total
Mission programs:			
Patient support:			
Hope Lodge facilities	\$ 83,742	\$ 46,308	\$ 130,050
Other	77,132	24,182	101,314
Research	101,729	90,561	192,290
Advocacy	5,954	-	5,954
Across mission programs:			
Time	164,363	184,738	349,101
Specific geographic locations	15,658	34,703	50,361
Other mission program and mission support services	840	1,547	2,387
Total net assets with donor restrictions	\$ 449,418	\$ 382,039	\$ 831,457

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

During the three month period ended March 31, 2025, 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>March 31,</i>	<i>2025</i>
Purpose restrictions accomplished:	
Mission programs:	
Patient support:	
Hope Lodge facilities	\$ 6,641
Other	22,001
Research	2,174
Advocacy	2,292
Across mission programs:	
Specific geographic locations	1,148
Other	789
Time restrictions expired - passage of specified time	4,537
Net assets released from restrictions	\$ 39,582

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>March 31,</i>	<i>2025</i>
<hr/>	
Financial assets without donor restrictions	
Investments, cash, and cash equivalents	\$ 399,579
Current receivables, net	6,075
Bequests receivable	87,450
<hr/>	
Total financial assets without donor restrictions	493,104
Less deferred compensation, custodial, and other illiquid investments, including impact venture investments (see Note 9)	(113,006)
<hr/>	
Total financial assets available to management for general expenditures	380,098
Add financial assets with donor restrictions expected to be spent within 12 months of March 31	49,172
<hr/>	
Total financial assets managed for liquidity	\$ 429,270

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 March 31, 2025 is \$243,586. The present value of our future payments as of March 31, 2025 is \$235,495. The discount at March 31, 2025 of \$8,091 will be recognized as grants for mission program services expense in 2026 through 2031. Our future payments are as follows as of:

<i>March 31, 2025</i>	<i>Amount</i>
<hr/>	
Payable in the next:	
12 months	\$ 112,833
13 - 24 months	72,860
25 - 36 months	39,486
37 - 48 months	16,621
49 - 60 months	1,786
Discount	(8,091)
<hr/>	
Total research and other program grants payable, net	\$ 235,495

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 March 31, 2025	Collateral
Note Payable	TD Bank, N.A.	2027	2.46%	\$ 21,095	New York City Hope Lodge facility, net book value of \$20,313 at March 31, 2025, and all assets constituting general revenues

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

March 31, 2025	Amount
Payable in the next:	
12 months	\$ 2,011
13 - 24 months	2,011
25 - 36 months	17,073
Total debt	\$ 21,095

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. As of December 31, 2024, the Plan was funded at 112% 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 \$4,077 for the three month period ended March 31, 2025.

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 \$1,031 for these benefits from our general assets during the three month period ended March 31, 2025.

We expect to contribute approximately \$2,471, to all our defined benefit plans over the next 12 months. The Plan was frozen to new participants and participants are no longer earning benefits for service under the Plan. See Note 11 for additional information.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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

We recognized contributed nonfinancial assets within public support, including media communication and production services and resale merchandise for our Discovery Shops. 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.

Total contributed nonfinancial assets for the three month period ended March 31, 2025 are as follows:

Nonfinancial Contributions Category	Type of Contributions for Beneficiaries	Valuation	Donor Restriction	2025
Media communication and production services	Digital, broadcast, and public service announcements	Third-party estimates using comparable billing rates	Cancer prevention and screening	\$ 6,794
Discovery Shops	Resale merchandise	Estimated selling price	No donor restrictions	6,578
Other nonfinancial contributions	Other goods and services	Varies by item	No donor restrictions Other cancer programs	692 632
Total contributed services, merchandise and other contributions of nonfinancial assets				\$ 14,696

In addition, there are non-cash contributed items and services included in the special events line of the consolidated statement of activities. These are valued at \$1,594 for the three-month period ended March 31, 2025.

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.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Change in Fiscal Year End

We changed our fiscal year-end from December 31 to March 31, effective with the three-month period ended March 31, 2025. The decision to change the fiscal year end was made to better align our operational cycle. Subsequent annual financial statements will be prepared for the twelve-month period ending March 31.

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 statement 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.

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 \$14,050 for the three-month period ended March 31, 2025.

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 as of March 31, 2025 and is included in other current assets in the consolidated balance sheet.

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.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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 statement 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.

Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of one year 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 March 31, 2025. 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>March 31,</i>	2025
Pledges receivable	1.83% to 7.74%
Research and other program grants payable	0.36% to 4.23%

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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 March 31, 2025 is \$8,011. The research and other program grants payable discount at March 31, 2025 is \$8,091.

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.

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.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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 March 31, 2025. We believe that we have taken no significant uncertain tax positions.

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 sheet.

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 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.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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 statement of functional expenses.

5. Activities With Joint Costs

For the three-month period ended March 31, 2025, 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>3 Month Period Ended March 31,</i>		<i>2025</i>
Patient support	\$	17,408
Management and general		936
Fundraising		6,669
Total activities with joint costs	\$	25,013

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.

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.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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

3 Month Period Ended March 31,	Exchange	Exchange
	Income	Expenses
	2025	2025
Special events	\$ 5,889	\$ 5,889
Discovery Shop	6,578	11,824
Sales to third parties	505	-
Other	428	-
Total	\$ 13,400	\$ 17,713

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 statement 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 statement of activities and was \$6,578 for the three-month period ended March 31, 2025. 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 sheet and are as follows as of:

March 31,		2025
Amounts due in		
Less than one year	\$	48,226
One to five years		29,290
Greater than five years		5,055
Gross pledges receivable		82,571
Allowance for doubtful accounts		(239)
Unamortized present value discount		(8,011)
Total pledges receivable, net	\$	74,321

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

Outstanding pledges receivable includes a gift from one donor that is approximately 12% of the total net pledges receivable balance at March 31, 2025.

8. Fixed Assets

Our fixed assets are as follows as of:

March 31,		2025
Land	\$	20,669
Buildings and leasehold improvements		373,034
Furniture, fixtures, equipment, and other capitalized assets		26,257
Computer software		33,164
Construction in progress		9,521
Less: accumulated depreciation and amortization		(210,408)
Total fixed assets, net	\$	252,237

Depreciation and amortization expense, including expenses on assets used in exchange transactions for the three month period ended March 31, 2025, was \$4,783.

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 three month period ended March 31, 2025, 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.

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 sheet 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 three month period ended March 31, 2025, 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 8.30%, and a discount rate of 8.30%, 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 period-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 period-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 sheet 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 period-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 period-end that correlate to the estimated asset allocation of the underlying assets.

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 three month period ended March 31, 2025, 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 6.92% 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.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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 March 31, 2025. 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:

March 31, 2025	Financial Assets and Liabilities Measured at Fair Value					Total
	Level 1	Level 2	Level 3	NAV*		
Assets						
Investments, current						
Cash and cash equivalents	\$ 13,549	\$ 33,146	\$ -	\$ -	\$ -	\$ 46,695
Core fixed income	-	100,466	-	-	-	100,466
Total investments, current	\$ 13,549	\$ 133,612	\$ -	\$ -	\$ -	\$ 147,161
Gift annuity investments						
Cash and cash equivalents	\$ 3,166	\$ -	\$ -	\$ -	\$ -	\$ 3,166
Global equity	26,606	-	93	-	-	26,699
Core fixed income	3,579	5,588	-	-	-	9,167
Total gift annuity investments	\$ 33,351	\$ 5,588	\$ 93	\$ -	\$ -	\$ 39,032
Investments						
Global equity	\$ 148,159	\$ 195	\$ 193	\$ 45,218	\$ -	\$ 193,765
Impact venture capital	-	-	46,156	1,620	-	47,776
Real estate	-	-	-	34,491	-	34,491
Liquid alternatives	-	-	-	99,887	-	99,887
Multi-asset credit	-	-	-	73,985	-	73,985
Core fixed income	176	90,343	643	-	-	91,162
Treasury inflation-protected security - index fund	-	-	-	9,694	-	9,694
Total investments, noncurrent	\$ 148,335	\$ 90,538	\$ 46,992	\$ 264,895	\$ -	\$ 550,760
Beneficial interests in trusts	\$ -	\$ -	\$ 390,236	\$ -	\$ -	\$ 390,236
Liabilities						
Gift annuity obligations	\$ -	\$ -	\$ 10,208	\$ -	\$ -	\$ 10,208

* 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 sheet.

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 three-month period ended March 31, 2025:

3 Month Period Ended March 31, 2025	Global Equity and Core Fixed Income	Impact Venture Capital	Beneficial Interest in Trusts	Gift Annuity Obligation
Balance, beginning of period	\$ 799	\$ 43,509	\$ 403,584	\$ 10,086
Purchases	130	2,647	-	-
Change in value of split-interest agreements	-	-	(9,800)	1,022
Contributions and income, net of collections	-	-	(3,548)	-
Other	-	-	-	(900)
Balance, end of period	\$ 929	\$ 46,156	\$ 390,236	\$ 10,208

The unrealized gains (losses) related to the beneficial interest in trusts are included in the change in value of split interest agreements in the consolidated statement of activities. The unrealized gains related to the global equity are included in the investment income. The unrealized losses related to assets still held at March 31, 2025 were \$7,643.

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 March 31, 2025. There were no unfunded commitments at the end of the three-month period.

March 31,	2025
Investment Type	
Global equity	\$ 45,218
Impact venture capital	1,620
Real estate	34,491
Liquid alternatives	99,887
Multi-asset credit	73,985
Treasury inflation-protected security index fund	9,694
Total investments held at NAV	\$ 264,895

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

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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.

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.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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.

3 Month Period Ended March 31, 2025	With Donor Restrictions
Endowment net asset composition by type and changes in endowments	
Endowment net assets, beginning	\$ 161,160
Investment return, net	(1,741)
Endowment cash additions	11,778
Reclassification of restrictions	393
Endowment net assets, ending	\$ 171,590

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

March 31,	2025
Mission programs:	
Patient support:	
Hope Lodge facilities	\$ 53,456
Other	23,095
Research	58,067
Across mission programs:	
Time	22,818
Specific geographic locations	12,271
Other	1,883
Endowment net assets	\$ 171,590

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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 \$398 as of March 31, 2025.

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.

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. There was no appropriation of endowment assets for expenditure during the three month period ended March 31, 2025. Endowment assets consist of the following as of:

<i>March 31,</i>	Current Allocation		Target Allocation	
	2025	Minimum	Target	Maximum
Global equity	55%	45%	55%	65%
Real estate	5	5	10	15
Liquid alternatives	10	5	10	15
Multi-asset credit	13	10	15	20
Core fixed income	6	0	5	10
Treasury inflated protected securities	5	0	5	10
Cash and cash equivalents	6	0	0	0
	100%		100%	

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

11. Employee Retirement Benefit Plans

We maintain a noncontributory defined benefit pension plan (Plan) that was frozen in 2016 to new participants, and participants are no longer earning benefits for service performed under the Plan. 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:

March 31,	2025		Target Bands (+/-)
	Allocation	Target	
Global equity	11%	12%	5%
Multi-asset credit	1	1	5
Liquid alternatives	6	-	5
Real estate	5	1	5
Core fixed income	76	86	5
Cash and cash equivalents	1	-	-
	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.

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 and the postretirement benefit plan at March 31, 2025 and the related changes during the three month period then ended are as follows:

	Retirement Benefits	Postretirement Nonpension Benefits	Total Retirement and Postretirement Benefits
Change in Benefit Obligation			
Benefit obligation at beginning of period	\$ 435,720	\$ 27,355	\$ 463,075
Service cost	-	3	3
Interest cost	5,744	348	6,092
Actuarial gain	6,954	868	7,822
Plan participant contributions	-	45	45
Benefits paid	(8,865)	(1,076)	(9,941)
Benefit obligation at end of period	\$ 439,553	\$ 27,543	\$ 467,096
Change in Plan Assets			
Fair value of plan assets at beginning of period	\$ 444,807	\$ -	\$ 444,807
Actual expenses paid	(207)	-	(207)
Actual return on plan assets	3,096	-	3,096
Employer contributions	-	1,031	1,031
Plan participant contributions	-	45	45
Benefits paid	(8,865)	(1,076)	(9,941)
Fair value of plan assets at end of period	\$ 438,831	\$ -	\$ 438,831
Funded status and amounts recognized in our balance sheet in employee retirement benefits			
	\$ (722)	\$ (27,543)	\$ (28,265)
Weighted Average Actuarial Assumptions			
Discount rate:			
Net periodic pension service cost	N/A	5.89%	
Net periodic pension interest cost	5.49%	5.32%	
Benefit obligation	5.76%	5.60%	
Expected return on plan assets	6.50%	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 period	\$ -	\$ -	\$ -
Change in prior service cost	-	-	-
Unrecognized prior service credit at end of period	\$ -	\$ -	\$ -
Unrecognized actuarial losses (gains) at beginning of period	\$ 133,640	\$ (5,458)	\$ 128,182
Change in actuarial losses	10,011	923	10,934
Unrecognized actuarial losses (gains) at end of period	\$ 143,651	\$ (4,535)	\$ 139,116

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

3 Month Period Ended March 31, 2025	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 period	\$ 133,640	\$ (5,458)	\$ 128,182
Change in prior services credit	-	-	-
Change in actuarial losses	10,011	923	10,934
Amounts recognized as a reduction (increase) to unrestricted net assets at end of period	\$ 143,651	\$ (4,535)	\$ 139,116
Components of net periodic benefit cost			
Service cost	\$ -	\$ 3	\$ 3
Interest cost	5,744	348	6,092
Expected return on plan assets	(6,931)	-	(6,931)
Administrative expenses	333	-	333
Amortization of:			
Unrecognized prior service cost (credit)	-	-	-
Unrecognized actuarial losses (gains)	652	(55)	597
Settlement expense (credit)	-	-	-
Net periodic benefit cost	\$ (202)	\$ 296	\$ 94
Accumulated benefit obligation	\$ 439,553	\$ 27,543	\$ 467,096
Estimated future benefits payable in the next:			
12 months	\$ 36,476	\$ 2,471	\$ 38,947
13 - 24 months	33,655	2,422	36,077
25 - 36 months	32,752	2,375	35,127
37 - 48 months	33,206	2,319	35,525
49 - 60 months	31,868	2,270	34,138
Thereafter	161,083	10,548	171,631

We expect to contribute \$0 to the Plan and approximately \$2,471 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 \$2,914. 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 \$144 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:

March 31, 2025	Financial Assets Measured at Fair Value on a Recurring Basis				
	Level 1	Level 2	Level 3	NAV*	Total
Global equity	\$ 39,729	\$ 30	\$ -	\$ 8,360	\$ 48,119
Multi-asset credit	4,499	-	-	-	4,499
Liquid alternatives	-	-	-	18,388	18,388
Real estate	-	-	-	24,698	24,698
Core fixed income	77	339,273	-	-	339,350
Cash and cash equivalents	3,777	-	-	-	3,777
Total plan assets	\$ 48,082	\$ 339,303	\$ -	\$ 51,446	\$ 438,831

* 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 sheet.

12. Leases

At March 31, 2025, 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 three month period ended March 31, 2025.

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

3 Month Period Ended March 31,	2025
Operating lease expense	\$ 2,560
Short-term and variable lease expense	1,268
Sublease income	(20)
Total lease expense	\$ 3,808

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

3 Month Period Ended March 31,	2025
Operating cash paid included in the measurement of operating lease liabilities	\$ 2,556
Right-of-use assets obtained in the exchange for operating lease obligations	\$ 827

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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

March 31,	2025
Weighted-average remaining lease terms (in years):	5.72
Weighted-average incremental borrowing rate:	4.86%

Finance lease assets are recorded net of accumulated depreciation and amortization of \$15 as of March 31, 2025.

Maturities of operating lease liabilities for the next five years and thereafter consist of the following as of March 31, 2025:

Years Ending March 31,	Amount
2026	\$ 7,193
2027	8,120
2028	6,553
2029	4,485
2030	2,971
Thereafter	8,231
Minimum lease payments	37,553
Less amount representing interest	(5,650)
Total net minimum lease payments	31,903
Less current portion	(8,019)
Noncurrent portion of net minimum lease payments	\$ 23,884

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.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

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 three month period ended March 31, 2025.

15. Subsequent events

Subsequent to March 31, 2025 and through July 11, 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 March 31, 2025 and through July 11, 2025 related to availability of federal funding have the potential to impact our mission partners and grantees. As of July 11, 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 July 11, 2025, we have not experienced a material negative impact from the tariffs, changes to federal funding priorities and market volatility.