




**2016 ANNUAL
STEWARDSHIP REPORT**



Table of Contents

03	Introduction	22	Fostering Innovation
04	Leadership Letter	26	Inspiring Generosity
06	Our Story	28	Raising Awareness
08	Ending Cancer	33	Providing Care and Understanding
10	Organizational Outcomes	36	Global Impact
12	Our Impact	38	Our Leadership
16	Encouraging Prevention	40	Financial Stewardship
20	Empowering Advocacy		

A photograph of two women embracing each other joyfully outdoors. The woman on the left has short, wavy grey hair and is wearing a bright yellow long-sleeved top. The woman on the right has dark, curly hair and is wearing a light-colored, textured cardigan. Both women have their eyes closed and mouths open in a wide, happy smile. The background is a soft-focus outdoor setting with greenery and a brick building.

The American Cancer Society is the nationwide, community-based, voluntary health organization dedicated to eliminating cancer as a major health problem by preventing cancer, saving lives, and diminishing suffering from cancer, through research, education, advocacy, and service.

Introduction

Freeing the World From the Pain and Suffering of Cancer

For more than 100 years, we've envisioned a world free from the pain and suffering of cancer. The message and methods have changed, but the goal has always been the same: to help save lives.

In 2015, that's what we did. Together, with more than two million volunteers, we worked tirelessly to achieve our goal. We're excited to tell you about the impact we made this past year in this report.

Dear Friends,

We are proud to report that the future of the American Cancer Society is bright. On the other hand, cancer's future is dim. For cancer, we are at the beginning of the end.

Our organization has reached a tipping point: more people in this country are surviving cancer than dying from it. A cancer diagnosis is no longer necessarily a death sentence. But there is still more work to do. From research and education to prevention, treatment, recovery, and support, we will continue to be

a united force until our vision of a world free from the pain and suffering of cancer has been realized.

For several months our volunteer Board of Directors, senior leadership, staff, and constituents used their time, knowledge, and energy to define priorities and establish measurable outcomes that will signal our goal of saving lives is being achieved. We have created an exciting and purposeful vision for a new American Cancer Society. We look

forward to sharing the results of our work as we increase our impact, maintain our fiscal responsibility, nurture future leaders, and make the Society a world-class organization.


We can achieve all that because the financial health of the Society is strong. We have faced difficult decisions but have always used reliable data, good judgment, and realistic priorities to ensure our long-term strategy is sound.

The future is bright, our course is true, and the progress we are making is real. We are continually thankful for the support of so many, as we work together to save lives from cancer.

With gratitude,



Gary M. Reedy
Chief Executive Officer
American Cancer Society, Inc.



Scarlott K. Mueller, MPH, RN
Chair, Board of Directors
American Cancer Society, Inc.



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The future is bright,
our course is true,
and the progress we
are making is **real.**



Our Story

Who We Are and Why We're Here

We are advocates, researchers, volunteers, caregivers, survivors, patients, and donors. Together, we're more than an organization of over two million passionate volunteers. We're a united force against all cancers.

Cancer has a formidable nature, a resourceful manner, and a destructive appetite. But cancer will never have the courage, determination, innovation, passion, empathy, and caring that make up our humanity. Those values give us the strength to come together every day and encourage prevention, raise awareness, foster innovation, inspire generosity, deepen understanding, and drive care. Those values give us a decisive advantage over cancer. Those values fuel our mission to save lives and celebrate life every single day.



Our Nation's Collective Progress Toward Ending Cancer

In 1996, the Board of Directors of the American Cancer Society challenged the United States to reduce what looked to be peak cancer mortality in 1990 by 50 percent by the year 2015. The Society's Board of Directors also set challenge goals for a 25 percent reduction in overall cancer incidence by 2015, and a goal to significantly improve the quality of life of cancer patients and survivors by 2015. The goals made clear that achieving that challenge goal would require the combined efforts of many sectors, and not any one organization.

A comprehensive report on the nation's progress toward achieving that goal appeared in *CA: A Cancer Journal for Clinicians*. Here we summarize its findings. Together, we have made real progress: the report estimates that by 2015, the cancer death rate will have declined 26 percent. Though the goal of a 50 percent reduction over that 25-year period was not achieved, the substantial progress made toward this goal should be viewed as a glass half full.

If we break down this number, from 1990 to 2015, the age-adjusted cancer death rate declined by:

- **32% among men**
- **22% among women**
- **39% for breast cancer**
- **44% for colorectal cancer among women**
- **47% for colorectal cancer among men**
- **45% for lung cancer among men**
- **53% for prostate cancer among men**

The best improvements were seen in cancers for which prevention, early detection, and treatment tools are available, including cancers of the lung, colon, breast, and prostate. The goal was intentionally ambitious, intended to stretch the limits of what might actually be achieved. Everything that needed to happen to achieve it did not occur. Had all that we know about cancer prevention, early detection, and treatment – combined with opportunities to improve access to quality cancer care – been applied, we might have succeeded.

Multiple factors – such as screening uptake and effectiveness of screening methods for different cancer sites, the lag time between effective prevention measures and their impact on incidence, and disparities in access to preventive care – have made it clear that the 2015 incidence reduction goal was affected by too many other factors to make it a useful measure of progress. Very limited data on patient quality of life made it extremely difficult to adequately monitor progress against the quality of life goal.

Further progress in reducing cancer mortality will require two sets of actions: making new discoveries in cancer therapeutics and more completely applying discoveries made in cancer prevention. The American Cancer Society intends to continue to challenge the nation with ambitious goals, and to be a leader in the nation's effort to further reduce cancer deaths and, ultimately, end pain and suffering from cancer.

Organizational Outcomes

Why We Do What We Do

Our efforts must be thoughtful in order to be effective. To help save more lives from cancer – specifically, 1,000 lives each day domestically and potentially thousands more each day worldwide – the American Cancer Society Board of Directors approved outcome statements that represent the strategic areas in which the Society focuses its operational plans and resources. These outcomes drive the Society’s program of work in mission activities and serve as the basis by which we measure and report on our lifesaving progress:



ACCESS TO CARE

Improve access to care for both cancer patients and for those who are seeking access to preventive services.



BREAST CANCER

Increase our efforts to reduce breast cancer death rates in the communities where it is highest.



CANCER TREATMENT & PATIENT CARE

Reduce barriers to care for individuals with lower income and lower education levels.



COLORECTAL CANCER

Increase our efforts to reduce colorectal cancer death rates in the communities where it is highest.



GLOBAL HEALTH

Reverse the global ascent of tobacco use and the cancer deaths it causes; ensure access to cancer prevention information, early detection, and treatment globally; mobilize a network of global volunteers, advocates, and staff; and establish stable funding for our global efforts.



FINANCIAL SUSTAINABILITY

Work to ensure the health nonprofit sector, and the cancer nonprofit sub-sector in particular, receive stable, steadily improving funding, and by 2020, ensure 80 percent of the Society's revenue supports our program services.



HEALTHY EATING, ACTIVE LIVING, & ENVIRONMENT

Advocate for legislative and regulatory policy that will promote an environment that values nutrition and physical activity.



HPV-RELATED CANCERS

Increase our efforts to prevent HPV-related cancers and pre-cancers in the US and around the world.



LUNG CANCER SCREENING

Expand the ability of health care facilities to provide high-quality lung cancer screening.



TOBACCO CONTROL

Increase tobacco excise taxes in all jurisdictions, increase the federal tobacco excise tax, and increase the percentage of the population covered by comprehensive smoke-free laws, with the ultimate goal of enacting a comprehensive, non-preemptive federal smoke-free law.



MARKET HEALTH

Be the best known, highly respected cancer nonprofit by growing Americans' understanding of our mission and activities, maintaining a healthy donor base, and creating experiences that positively impact people's lives.



ORGANIZATIONAL HEALTH

Attract excellent staff and volunteers, and provide an environment in which they can both develop and thrive.

Our Impact

2015 by the Numbers

- We invested more than **\$95 million** in cancer research grants.
- We rallied more than **2 million volunteers** to support our mission.
- We helped more than **1.4 million** people find answers, support, and hope they needed via phone, email, and online chats.
- We've seen a **23% decline in the cancer death rate** since 1991.
That's 1.7 million lives saved.



COURAGE

Helping people take steps to stay healthy

1.7

Million Outreach Interventions

to reduce the unequal burden of cancer

3,800

Corporate Partnerships

to increase awareness for our cause

500

Corporate CEOs and Leaders

making health and wellness a priority in the workplace

2

Million Volunteers

brought together to help save lives from cancer



INNOVATION

Finding cancer's causes and cures

\$95

Million in Funding

for cancer research grants

\$4.5

Billion Invested

in cancer research since 1946

800

Grantees Supported

at any given time throughout the country

1,000

Downloads per Day

of the Society's comprehensive publication of cancer data, *Cancer Facts & Figures*



CARING AND EMPATHY

Helping people face cancer today

1

**Million
Requests**

from people seeking
information and support

267,000

**Nights of
Free Lodging**

at American Cancer Society
Hope Lodge® facilities

50,265

**Patients
Helped**

to navigate through
the health care system

10,990

**Peer Support
Services Provided**

to breast
cancer patients

34,470

**People
Helped With**

appearance-related side
effects of treatment



DETERMINATION

Rallying communities and creating partnerships to help save lives

150,000

Petitions Signed

restoring \$2 billion in research funding to the federal budget

63

Municipalities Passing Laws

for smoke-free workplaces, restaurants, and bars

12

States Increasing Funding

for cancer research, prevention, and screening programs

Encouraging Prevention

Stopping Cancer Before It Starts Is Some of the Most Important Work We Can Do

Nearly 50 percent of all cancers can be prevented. That's why advocating for lifesaving changes, promoting early screening, and empowering others to make healthy choices is so critical to realizing our vision. From our groundbreaking work linking smoking with lung cancer in the 1960s to our recent partnership with the Centers for Disease Control and Prevention to break down barriers to HPV vaccinations, preventing cancer whenever possible has always been one of our main goals.



Quit For Life® – Helping People Do Exactly That

Tobacco use accounts for at least 30 percent of all cancer deaths. That's why we're so proud of the results we've seen from the Quit For Life® Program – brought to you by the American Cancer Society and Alere Wellbeing. Quit For Life, which serves 700 employers and 27 state agencies, matches tobacco users with a coach and a personalized quit plan. With a 49 percent success rate, the program is nine times as effective as quitting without support.

30%
of all cancer
deaths are caused
by tobacco

9 times
more likely to quit
with Quit For life® than
without support

Helping Low-income Communities Have a Fighting Chance

People without health insurance and some minority groups are not only more likely to get cancer but also more likely to die from it. Our CHANGE grants have promoted health equity by facilitating corporate investments of \$21.8 million in 480 grants to communities with a high cancer burden. We've funded more than 671,000 low- or no-cost cancer screenings in underserved communities across the country.

Saving Lives From Colon Cancer

Colon cancer is the second leading cancer killer in the US for both men and women (when combined), yet most cases are preventable with early screening. Currently fewer than six in ten US adults ages 50-75 get their recommended screening. There are many reasons for this: financial barriers, transportation difficulties, even patients who are simply resistant to screening. We're constantly working to overcome those barriers. Our goal: increase colorectal cancer screening rates to 80 percent by 2018.

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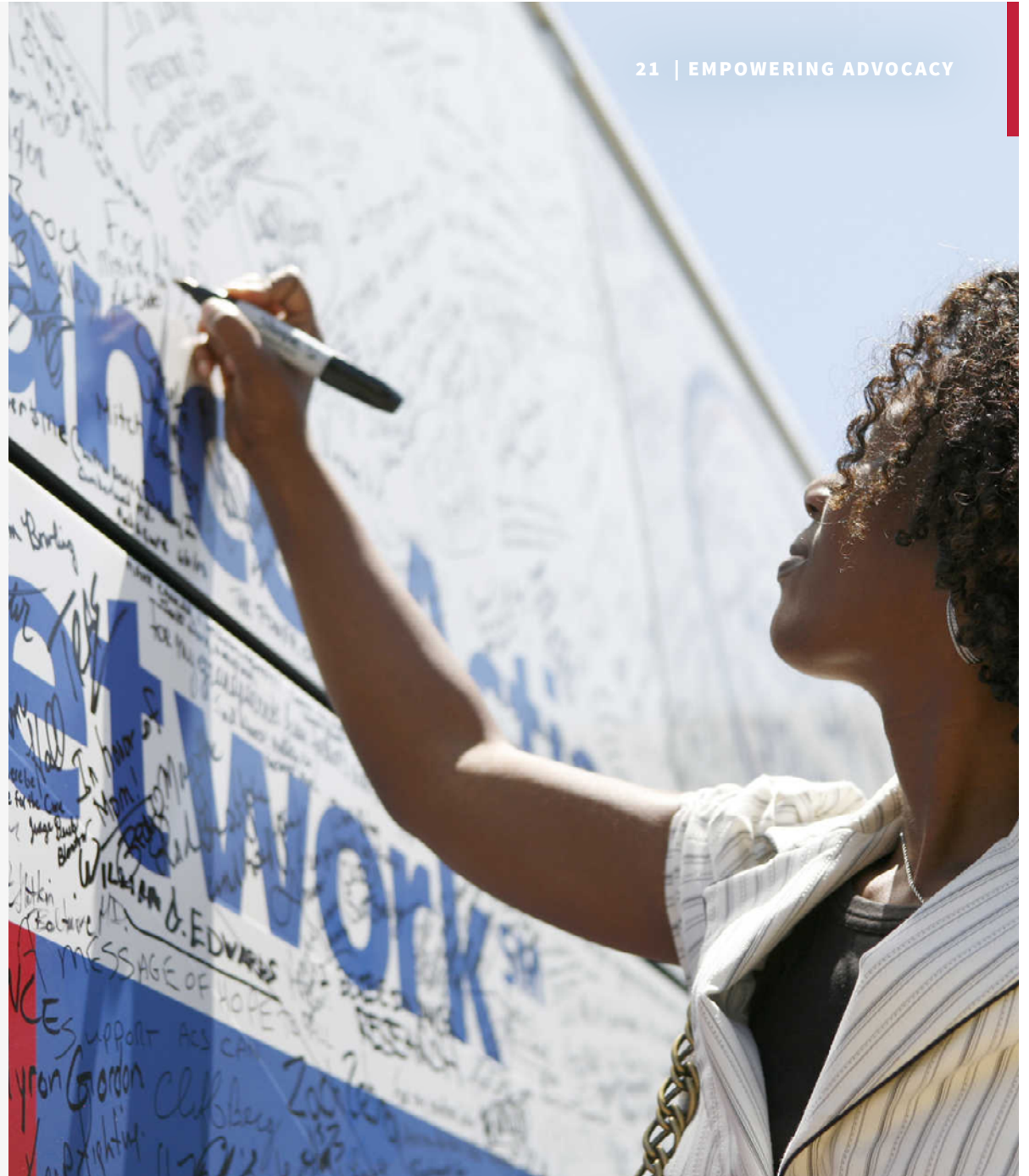
Empowering Advocacy

ACS CAN Is Fighting to Ensure Public Officials at All Levels Make Cancer a Priority

Cancer is an issue that public officials at all levels should prioritize. The American Cancer Society Cancer Action NetworkSM (ACS CAN), our nonprofit nonpartisan advocacy affiliate, is promoting change at the state, local, and federal levels and ensuring that public officials are held accountable for the decisions they make that affect cancer rates and outcomes in their communities. ACS CAN also funds aggressive grassroots lobbying and media campaigns that support laws that help keep us healthy.

ACS CAN Federal Policy Priorities in 2015:

- Increase federal funding for cancer research
- Enact comprehensive smoke-free laws, increase tobacco taxes, and fund cessation programs
- Improve access to quality, affordable health care for people with cancer and their families
- Promote palliative care, which treats the patient, as well as the disease, and emphasizes a patient's quality of life



Fostering Innovation

Achieving Our Mission Hinges on the Tireless Efforts of Researchers Working to Better Understand Cancer

We've invested more than \$4.5 billion in cancer research since 1946, making us the largest private, nongovernmental funder of cancer research in the US. More than \$95 million in cancer research grants were distributed in 2015 alone. That helped support more than 800 grantees around the country and across cancer types.

We also conduct our own research. Our Cancer Prevention Study (CPS-3), which seeks to uncover the environmental, genetic, and lifestyle factors that might cause cancer, is the largest contemporary study of its kind in the country.



We're proud that 47 American Cancer Society-funded researchers have won Nobel prizes, but that doesn't even compare to the pride we feel knowing our research has helped the cancer death rate decline 23 percent since 1991. We won't stop fostering innovation and funding research until our vision of a world free from the pain and suffering of cancer has been realized.

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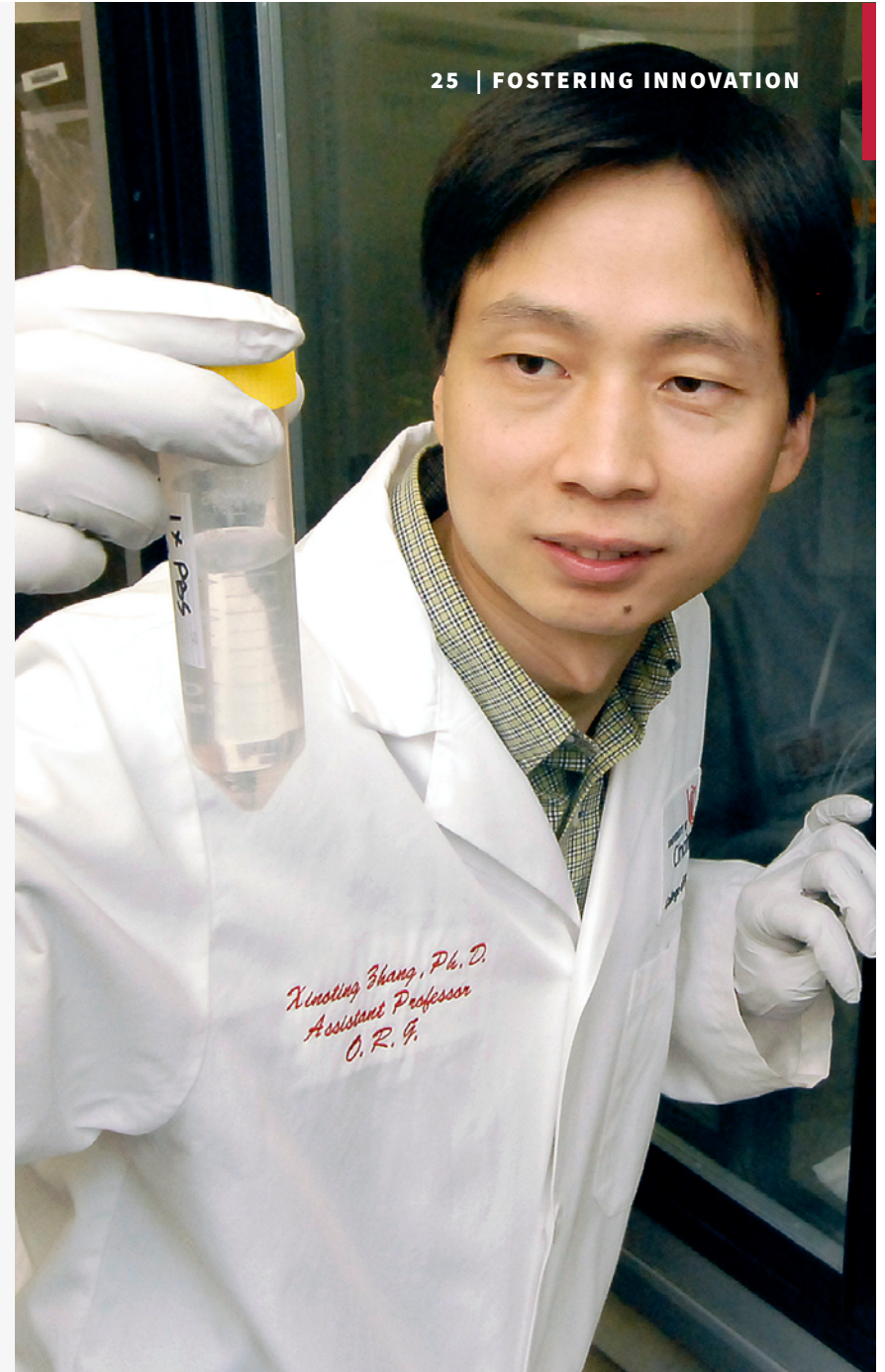
Our unique and long-standing partnership with the American Cancer Society has yielded critical findings and forged new ground in the world of cancer etiology and prevention. Our consortial pooling projects have refined the understanding of etiologic factors like tobacco, obesity, and physical activity. The robust genetic studies we have conducted together have leveraged emerging advances in technology to investigate genetic susceptibility to cancer and, more recently, how germline variation informs our understanding of the alterations observed in specific cancers. We are truly honored to work side-by-side with the American Cancer Society.

STEPHEN J. CHANOCK, MD

Director, Division of Cancer
Epidemiology and Genetics,
National Cancer Institute

Innovative Research. Innovative Solutions.

American Cancer Society-funded researcher Xiaoting Zhang, PhD, is investigating ways to lull breast cancer cells into a permanent sleep, known as senescence. Dr. Zhang calls this “a potent inhibitor of cancer growth” that could potentially stop a tumor in its tracks.



Inspiring Generosity

Without Generosity We Would be Nowhere – the Emotional, Physical, and Financial Support of People Around the World is Critical to Realizing Our Vision

Every day we work to inspire generosity, hoping that our efforts will motivate communities to donate and mobilize them to act. Donors, advocates, and our two million volunteers are the backbone of what we do. They fund our mission, spread our message, and help us move ever closer to a world free from the pain and suffering of cancer.

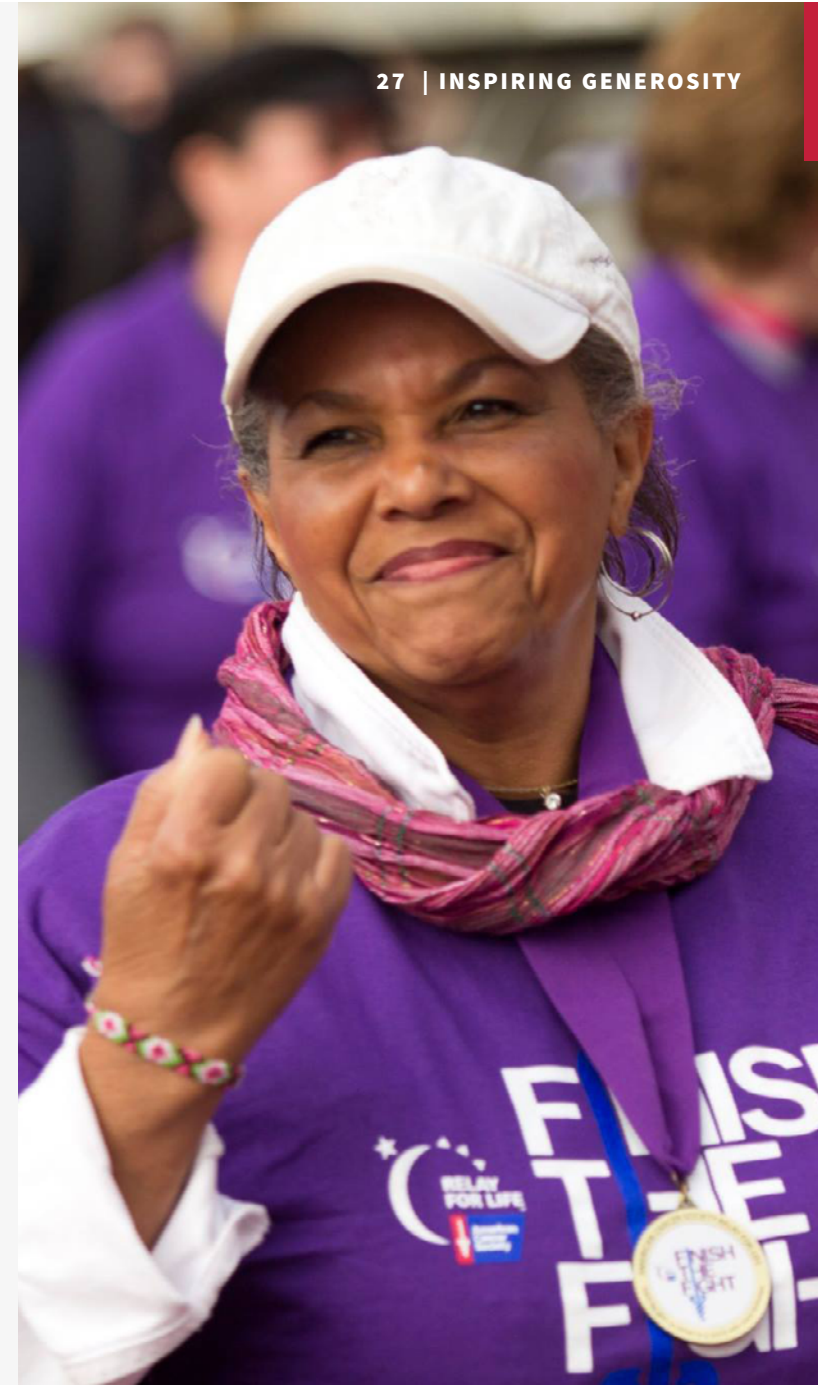
Ninety-nine percent of the money that comes into the American Cancer Society comes via some form of donation, whether planned giving by individuals, major gifts from corporations and private philanthropists, contributions made at distinguished events such as galas and golf tournaments, or purchases of gently used merchandise at our Discovery Shop™ locations across the country.

They're More Than Just Walks. They're Movements.

Nothing does more to raise awareness, money, and the spirits of those who need our support than our Relay For Life® and Making Strides Against Breast Cancer® events.

Our Relay For Life program, the world's largest grassroots cancer fundraising event, is the embodiment of determination. Relay event participants celebrate victories, remember those we've lost, and constantly take action.

Our Making Strides events unite nearly 300 communities with a shared commitment to free the world from the pain and suffering of breast cancer. Each event is about more than raising money to help the American Cancer Society eradicate the disease through research, early detection, and expanded mammogram access for women who need them. Each event is an opportunity to honor and be inspired by those who have been affected by the disease.



Raising Awareness

By Coordinating the Voices of Well-intentioned Organizations and Individuals, We're Able to Amplify Our Message of Hope and Support

In 2015 we partnered with everyone from CEOs to coaches to global corporations, to help spread the word about our vision of a world free from the pain and suffering of cancer.

Some of the most recognizable brands in the world have helped us promote healthy living in their offices and share information about a disease that affects everyone in some way. More than 400 CEOs participated in our CEOs Against Cancer® initiative, an effort to help reduce the \$225.8 billion in US health-related productivity losses each year. And the Coaches vs. Cancer® initiative – a collaboration between the American Cancer Society and the National Association of Basketball Coaches – continues to add to the more than \$100 million it has raised since launching in 1993.

Our Partners

The American Cancer Society thanks the following corporations and organizations that have each provided \$1 million or more to support our lifesaving mission in the previous calendar year through a combination of corporate contributions, in-kind support, cause marketing and sponsorship, employee giving, and event fundraising:

Anthem, Inc. (formerly WellPoint)

Bank of America Corporation

CVS Pharmacy

Delta Airlines, Inc.

Extended Stay America

General Motors and Chevrolet

IBM Corporation

Kohl's Company

Lee Jeans

Maurices, Dressbarn & Lane Bryant,
divisions of the Ascena Retail Group, Inc.

National Football League (A Crucial Catch)

New York State United Teachers

No-Shave November

Nucor Corporation

Pampered Chef, LTD

Walgreen Company

Walmart

Wells Fargo

“

Understanding the devastating impact cancer has on the lives of our customers and associates, The Kroger Co. is proud to support the American Cancer Society's efforts to fund cures, and serve those affected by the disease. Our annual Sharing Courage campaign during October celebrates survivorship while inviting customers to contribute to local breast cancer fundraising efforts. And our associates walk in solidarity at dozens of Relay For Life events in the communities we serve. The American Cancer Society is a strong partner in our commitment.

JESSICA ADELMAN

Group VP, Corporate Affairs,
The Kroger Co.

Of course, partnerships aren't the only way we amplify our mission. We also raise awareness by honoring the people we've lost, recognizing those undergoing treatment, and cherishing the lives we've helped save.

“

The number of us that will get cancer at some point in our lives is, to me, the number-one fight we have out there. And ACS is the number-one organization behind that fight.

DOUGLAS C. YEARLEY JR.

Chief Executive Officer and Director,
Toll Brothers, Inc.





The Power of the ACS Brand

90%

**of US Consumers
Would Switch to Brands**

associated with a cause, given
comparable price and quality*

9 in 10

**People
Recognize**

the American
Cancer Society brand

1 in 2

**Consider the
American Cancer Society**

as the leader in the fight
against cancer

With Creativity and Courage, Honoring Those We've Lost

Although his diagnosis came as a surprise, Zia stood by her father's side through doctors' visits, chemo, and ultimately when it was time to say goodbye. Zia honors her father by creating handmade bracelets to raise awareness and donations. To date, she has raised over \$11,000 for American Cancer Society – proof that courage doesn't have an age requirement.



“

I know what it feels like to lose someone. It's really hard. I don't want other kids to go through it.

Providing Care and Understanding

To Provide the Very Best Care for Those Touched by Cancer, We Start by Learning as Much as We Can About Their Story

When we ask cancer patients what kind of help and support they need, their answers vary widely. That is why we have numerous programs aimed at tackling the informational, logistical, and emotional challenges cancer patients face.



800,000

**Inquiries Answered by
the National Cancer
Information Center**

providing cancer information,
health insurance assistance,
clinical trials matching services,
and compassionate support

32

**American Cancer
Society Hope
Lodge® Locations**

providing a nurturing community-
free of charge – where patients
share stories and offer each other
emotional support

188,000

**Rides Provided by
the Road To Recovery®
Program**

to patients who otherwise
would have had difficulty
reaching their medical
appointments

Altogether we were able to supply more than **1.4 million people** with answers, support, and compassion in 2015.



The Pantene Beautiful Lengths program inspires people to grow, cut, and donate their healthy hair to create free, real-hair wigs for women who have lost their hair due to cancer treatments. Since the inception of the program in 2006, Pantene has been so grateful to partner with the American Cancer Society to help distribute these wigs. They help women in the toughest fight of their lives feel more like themselves every day, and Pantene is so proud to work together with the American Cancer Society to make a difference in these women's lives.

JODI ALLEN

Vice President,

P&G Hair Care & Color for North America

Women Standing Strong Together

Sometimes, the best support comes from someone who has been through a comparable experience. That's why we have multiple programs that help women who are undergoing cancer treatment find support and strength from other women in their community.

The American Cancer Society Reach To Recovery® program pairs breast cancer patients with volunteers who have had similar diagnoses and treatment plans to provide more personal, one-on-one support. Since 1969, Reach To Recovery has helped more than 1.5 million breast cancer patients.

Cancer treatment can drastically alter a patient's appearance. That's why in 1987 we helped start the Look Good Feel Better program, a collaboration between the American Cancer Society, the Personal Care Products Council Foundation, and the Professional Beauty Association. It helps women feel more like themselves by teaching hands-on beauty techniques.

Global Impact

Cancer Isn't Confined to the United States – We Can't Realize Our Vision of a World Free From the Pain and Suffering of Cancer Without Making a Difference Across the Globe

The cancer experience in many developing nations is very different from the experience in the US. The lack of cancer awareness and education results in more than 80 percent of patients diagnosed with cancer being in advanced stages of the disease by the time they start treatment. Once patients are diagnosed, the availability and accessibility of treatment are uncertain. Even basic needs like pain relief are rarely met.

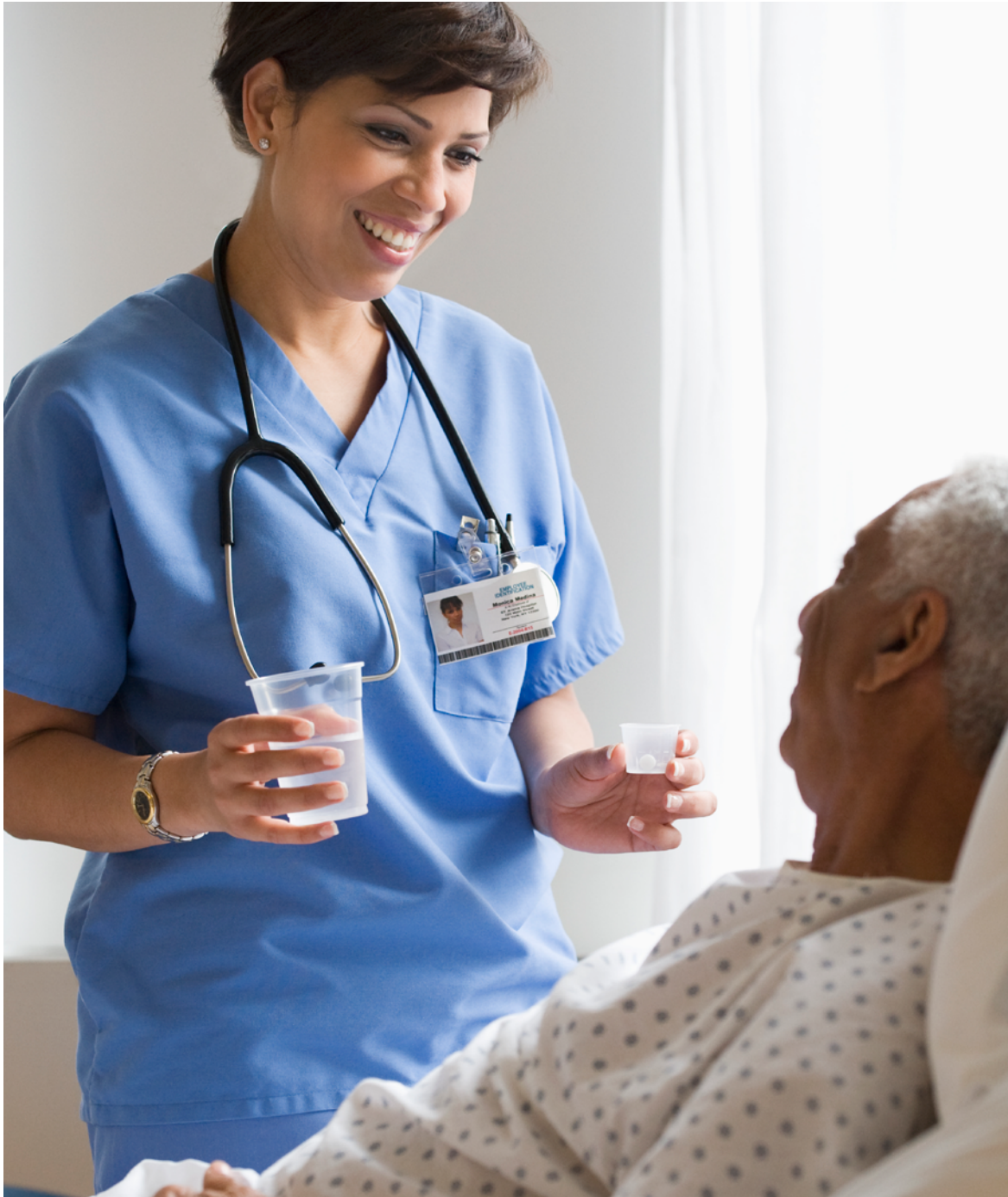
While these countries account for 57% of cancer cases and 65% of cancer deaths worldwide, we're working hard to change that. We're expanding access to high-quality chemotherapy, radiotherapy, and pain relief. We're helping patients get diagnosed and treated earlier. And we're enhancing cancer awareness and strengthening policies that support healthy living.

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Barretos Cancer Hospital is proud to partner with the American Cancer Society, especially because both have the same ideal: to fight cancer, promoting prevention and education. Barretos Cancer Hospital was chosen by the Society to review the new version of *The Cancer Atlas* in Portuguese. This opportunity brought to Brazil and to other Portuguese-speaking countries access to amazingly informative material. We hope this partnership can help other countries worldwide. A long life to our cooperation!

EDMUNDO CARVALHO MAUAD, MD, PhD

Barretos Cancer Hospital



Our Leadership

With about 6,000 employees, 2 million volunteers, 11 Divisions, and more than 300 offices in communities across the US, our organization requires the leadership of appropriate experts on decision making and strategic oversight of comprehensive nationwide operations. These experts, volunteers from the medical and lay communities, serve on our Board of Directors.

Our Board of Directors

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Gil West

Financial Stewardship

Part 1:

Description of Business

The American Cancer Society is the nationwide, community-based, voluntary health organization dedicated to eliminating cancer as a major health problem by preventing cancer, saving lives, and diminishing suffering from cancer through research, education, advocacy, and service.

Structure

The American Cancer Society, Inc., is a 501(c)(3) nonprofit corporation. The organization is governed by one Board of Directors, composed entirely of volunteers from the medical and lay communities. The Board of Directors is composed of five officers and 16 directors. Directors are elected for a two-year term. The Board is responsible for setting policy, establishing long-term goals, monitoring general operations, and approving the organizational outcomes and allocation of resources.

The Board of Directors utilizes a self-perpetuating board model and is responsible for the nominating process, the election of the Board members and officers, and the election of the Nominating Committee.

The CEO is selected by, and reports to, the American Cancer Society Board of Directors. The CEO is a paid employee and is responsible for the operation of the enterprise, selection of key staff officers, and ultimate delivery on the Society's lifesaving work.

The Society has a global headquarters in Atlanta, Georgia, 11 geographic Divisions with regional offices, and more than 300 local offices in those regions. The corporate office is responsible for overall strategic planning; corporate support services such as human resources, financial management, IT, etc.; development and implementation of global and nationwide endeavors such as our groundbreaking research program, our global program, and our 24-hour call center; and providing technical support and materials to Divisions and regional and local offices for local delivery.

The Society also works closely with its advocacy affiliate, the American Cancer Society Cancer Action NetworkSM (ACS CAN), the nation's leading cancer advocacy organization that is working every day to make cancer issues a national priority. ACS CAN is governed by a separate board of directors and shares a CEO and other executives with the Society.

With a presence in more than 5,000 communities, the American Cancer Society is structured to fight for every life threatened by every cancer in every community. Our Division and local offices are organized to engage communities in the cancer fight, delivering potentially lifesaving programs and services and raising money at the local level. Offices are strategically placed across the country in an effort to maximize the impact of our efforts, and to be as efficient as possible with the money donated to the Society to fight cancer and save lives.

History

Founded in 1913 as the American Society for the Control of Cancer by 15 prominent physicians and business leaders in New York City, the Society's founders aimed to bring cancer into the mainstream of public disclosure through education campaigns, working to inform both health practitioners and the public about the disease.

In 1936, the organization created a legion of volunteers whose sole purpose was to wage war on cancer. The Women's Field Army, as this group came to be called, became a grassroots force driving the Society's mission, with members raising money and educating the public about cancer. The Women's Field Army moved the American Cancer Society to the forefront of voluntary health organizations, setting the stage for the organization to become the leading health nonprofit in the nation.

In 1945, the Society was reorganized, taking on its current name and establishing in 1946 the Society's groundbreaking research program. Throughout the next decades, the research program added accomplishments, opening the modern era of chemotherapy for cancer treatment, and confirming the link between smoking and lung cancer among many others. The Society has invested more than \$4.5 billion in cancer research.

In the 1960s and '70s, the Society began working more closely with the government to fight cancer. The Society was instrumental in the development of the Surgeon General's report on the link between smoking and cancer which laid the groundwork for tobacco control progress – and for the corresponding lives saved – that continues today. In 2009 the US Food and Drug Administration received regulatory control of tobacco products, a crucial change the Society long supported.

Our advocacy contributed to the passage in 1971 of the National Cancer Act which expanded the National Cancer Institute (NCI) and revolutionized the war on cancer. With the development of the NCI, the American Cancer Society took the role of filling in the gaps of the federal government's focus in areas such as cancer prevention and education. Likewise, as federal funding for young investigators diminished, the Society has allocated more research grants to that generation, supporting the best and brightest new ideas and helping promising young medical researchers enter the cancer field.

Since 1985 the American Cancer Society Relay For Life® program has become the world's largest movement to end cancer. Relay For Life helped transform the Society from an organization that collected money and provided services locally, working centrally to do research, into a highly visible, cancer control and change agency, empowering people in more than 5,000 communities nationwide and around the globe to end cancer.

Mission to Eliminate Cancer as a Major Health Problem

Although there are many kinds of cancer, they all start with out-of-control replication, cell death, and loss of normal cell function. Cancer tops the list of Americans' health concerns because it is still a prevalent – and too often deadly – disease.

The Society educates the public, the media, and health professionals about the steps people can take to stay well, programs and resources the Society offers to help people with cancer get well, the progress toward and action needed to find cancer's causes and cures, and ways everyone can fight back against the disease. The Society works to maintain its leadership roles in research, education, advocacy, and patient support programs. During its history, the Society has invested more than \$4.5 billion in cancer research.

Evidence now shows that early detection can halt common cancers such as those of the cervix, breast, and colon, which represented a quarter of new cancer cases in 2015. We now have strategies that can help prevent many cancers from starting at all. And the development of treatments such as Gleevec and Herceptin has shown how specific molecules can target and block cancer-causing abnormalities. Mortality rates have declined for almost all major cancers for both men and women, and in 2015 we marked an overall 23 percent decline in these rates since the early 1990s.

Thanks to these advances, cancer survivorship has now become part of our public discourse. There are nearly 14.5 million Americans alive today who have a personal history of cancer – twice the number of survivors as 30 years ago. We expect this number to go from 14.5 million to 18 million by 2022.

Risk Factor

Cancer claims the lives of more than 1,600 people every day in the United States, and worldwide is a growing threat that is projected to nearly double by 2030, causing 21.4 million cases and killing 13.2 million people, according to the International Agency for Research on Cancer.

Chronic disease as a whole – including cancer, diabetes, heart disease, and chronic respiratory diseases – is a rising global epidemic. These diseases accounted for 38 million deaths in 2012 – 68 percent of global deaths. Just in the next 20 years, chronic disease is projected to cause an astounding \$47 trillion in lost economic output, according to a World Economic Forum/Harvard School of Public Health study. That equates to 75 percent of the global gross domestic product in 2010.

Our organizational mission to eliminate cancer as a major health problem is at increasing risk and challenged by these global trends. To achieve our goal and combat this rising worldwide threat it will require us to be more effective than ever before – require us to quantify the lifesaving impact we have on chronic disease, and require us to act as a true leader, bringing others together across sectors to collectively turn the tide.

As well, eliminating disparities in the cancer burden between different segments of the US population and improving access to care will continue to be a focus going forward. The causes of health disparities are complex and interrelated, but likely arise from education, housing, and overall standard of living; economic and social barriers (such as a lack of health insurance) to high-quality cancer prevention, early detection, and treatment services; and the impact of racial and ethnic discrimination on all of these factors. Recent immigrants may also have unique risk factors related to their country of origin, as well as language and cultural barriers. Biologic or inherited differences associated with race are thought to make a minor contribution to the disparate cancer burden between racial/ethnic groups.

The American Cancer Society works aggressively to eliminate cancer disparities through a multi-layered approach of research, collaborations, and community outreach.

Part 2:

Selected Financial Data

AMERICAN CANCER SOCIETY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands)

Our mission program and mission support expenses were:

	Unrestricted:	Temporarily restricted:	Permanently restricted:	Total:
Mission program services:				
Patient support	\$ 347,525	\$ -	\$ -	\$ 347,525
Research	150,835	-	-	150,835
Prevention	122,942	-	-	122,942
Detection/treatment	87,214	-	-	87,214
Total mission program services	708,516			708,516
Mission support services:			-	
Management and general	51,561	-	-	51,561
Fund-raising	180,466	-	-	180,466
Total mission support services	232,027	-	-	232,027
Total mission program and mission support services expenses	\$ 940,543	\$ -	\$ -	\$ 940,543

Our mission program and mission support expenses were funded by:

	DONOR RESTRICTED			Total:
	Unrestricted:	Temporarily restricted:	Permanently restricted:	
Support from the public:				
Special events, including Relay For Life® and Making Strides Against Breast Cancer®	\$ 345,465	\$ 76,770	\$ –	\$ 422,235
Contributions	118,193	49,899	11	168,103
Bequests	80,512	49,938	(45)	130,405
Contributed services, merchandise and other in-kind contributions	23,279	54,662	–	77,941
Other	9,441	1,769	–	11,210
Total support from the public	576,890	233,038	(34)	809,894
Investment income	2,568	1,614	1	4,183
Change in value of split-interest agreements	(1,277)	1,383	(10,280)	(10,174)
Grants and contracts from government agencies	5,366	508	–	5,874
Other gains (losses)	5,643	454	(47)	6,050
Total revenues, gains (losses) and other support	589,190	236,997	(10,360)	815,827
Use of amounts restricted by donors for specified purpose or time	223,285	(222,984)	(301)	–
Change in net assets prior to impact of retirement plan liability	(128,068)	14,013	(10,661)	(124,716)
Net decrease in retirement plan liability	(86,688)	–	–	(86,688)
Change in net assets	(41,380)	14,013	(10,661)	(38,028)
Net assets, beginning of period	658,517	265,228	289,667	1,213,412
Net assets, end of period	\$ 617,137	\$ 279,241	\$ 279,006	\$ 1,175,384

AMERICAN CANCER SOCIETY, INC.
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2014
 (In Thousands)

Our mission program and mission support expenses were:

	Unrestricted:	Temporarily restricted:	Permanently restricted:	Total:
Mission program services:				
Patient support	\$ 275,907	\$ -	\$ -	\$ 275,907
Research	143,961	-	-	143,961
Prevention	116,988	-	-	116,988
Detection/treatment	94,852	-	-	94,852
Total mission program services	631,708			631,708
Mission support services:				
Management and general	48,606	-	-	48,606
Fund-raising	177,011	-	-	177,011
Total mission support services	225,617	-	-	225,617
Total mission program and mission support services expenses	\$ 857,325	\$ -	\$ -	\$ 857,325

Our mission program and mission support expenses were funded by:

	DONOR RESTRICTED			Total:
	Unrestricted:	Temporarily restricted:	Permanently restricted:	
Support from the public:				
Special events, including Relay For Life® and Making Strides Against Breast Cancer®	\$ 371,468	\$ 74,276	\$ –	\$ 445,744
Contributions	125,221	52,628	28	177,877
Bequests	93,142	37,131	6,830	137,103
Contributed services, merchandise and other in-kind contributions	22,496	48,067	–	70,563
Other	6,446	1,999	–	8,445
Total support from the public	618,773	214,101	6,858	839,732
Investment income	22,819	5,979	2	28,800
Change in value of split-interest agreements	3,780	4,705	1,929	10,414
Grants and contracts from government agencies	4,303	761	–	5,064
Other gains (losses)	1,841	(277)	–	1,564
Total revenues, gains and other support	651,516	225,269	8,789	885,574
Use of amounts restricted by donors for specified purpose or time	216,695	(217,504)	809	–
Change in net assets prior to impact of retirement plan liability	10,886	7,765	9,598	28,249
Net increase in retirement plan liability	138,002	–	–	138,002
Change in net assets	(127,116)	7,765	9,598	(109,753)
Net assets, beginning of period	785,633	257,463	280,069	1,323,165
Net assets, end of period	\$ 658,517	\$ 265,228	\$ 289,667	\$ 1,213,412

AMERICAN CANCER SOCIETY, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (In Thousands)

Mission program and mission support expenses:

	MISSION PROGRAM				MISSION SUPPORT		Total:
	Patient support:	Research:	Prevention:	Detection/treatment:	Management and general:	Fund-raising:	
Salaries	\$ 137,577	\$ 23,685	\$ 54,564	\$ 38,122	\$ 23,587	\$ 84,681	\$ 362,216
Employee benefits	44,274	6,163	15,423	11,056	7,264	25,181	109,361
Payroll taxes	10,098	1,650	3,828	2,718	1,674	6,031	25,999
Professional fees	15,749	9,840	8,824	4,898	4,431	10,908	54,650
Grants for mission program services	3,360	95,981	4,154	6,419	174	251	110,339
Educational materials	34,620	2,688	10,376	9,010	1,788	16,031	74,513
Direct assistance, including wigs, and Look Good Feel Better® kits	36,449	–	19	176	389	–	37,033
Travel	8,241	1,128	4,391	2,363	1,047	5,737	22,907
Postage and shipping	5,258	372	4,478	1,430	2,110	3,602	17,250
Meetings and conferences	3,351	441	2,113	1,063	590	2,874	10,432
Community office locations, including rent, maintenance and utilities	20,419	2,376	5,240	3,775	2,352	8,383	42,545
Technology	6,205	2,059	2,166	1,226	1,240	3,993	16,889
Telecommunications	4,708	1,734	1,747	1,225	655	2,625	12,694
Depreciation and amortization	7,725	1,183	2,646	1,976	1,300	4,708	19,538
Miscellaneous	9,491	1,535	2,973	1,757	2,960	5,461	24,177
Total mission program and mission support services expenses	\$ 347,525	\$ 150,835	\$ 122,942	\$ 87,214	\$ 51,561	\$ 180,466	\$ 940,543

AMERICAN CANCER SOCIETY, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2014
 (In Thousands)

Mission program and mission support expenses:

	MISSION PROGRAM				MISSION SUPPORT		Total:
	Patient support:	Research:	Prevention:	Detection/treatment:	Management and general:	Fund-raising:	
Salaries	\$ 121,042	\$ 24,087	\$ 54,734	\$ 44,920	\$ 23,479	\$ 89,003	\$ 357,265
Employee benefits	31,764	4,767	12,973	10,824	5,380	21,110	86,818
Payroll taxes	9,276	1,703	4,077	3,392	1,679	6,607	26,734
Professional fees	12,324	9,356	8,789	5,189	4,480	11,179	51,317
Grants for mission program services	5,799	92,161	2,974	7,084	177	324	108,519
Educational materials	22,931	1,768	9,151	6,162	2,214	11,247	53,473
Direct assistance, including wigs, and Look Good Feel Better® kits	19,886	-	54	170	-	-	20,110
Travel	6,089	1,097	3,891	2,715	892	5,643	20,327
Postage and shipping	4,354	327	3,846	1,471	1,778	3,449	15,225
Meetings and conferences	3,015	818	2,399	1,421	954	3,046	11,653
Community office locations, including rent, maintenance and utilities	18,877	2,459	5,390	4,471	2,395	8,930	42,522
Technology	3,329	1,110	1,487	1,075	946	3,333	11,280
Telecommunications	4,077	1,755	1,736	1,421	648	2,705	12,342
Depreciation and amortization	6,919	1,295	2,719	2,443	1,328	5,039	19,743
Miscellaneous	6,225	1,258	2,768	2,094	2,256	5,396	19,997
Total mission program and mission support services expenses	\$ 275,907	\$ 143,961	\$ 116,988	\$ 94,852	\$ 48,606	\$ 177,011	\$ 857,325

AMERICAN CANCER SOCIETY, INC.
STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014
 (In Thousands)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from (paid for):		
Special events	\$ 470,871	\$ 494,480
Contributions	136,592	153,920
Bequests	120,908	139,197
Other support from the public	11,254	1,522
Government grants	5,637	6,838
Interest and dividends on investments, net	21,565	18,891
Other revenue	8,063	6,759
Program services	29,949	28,940
Interest on debt	(613)	(614)
Employees and suppliers	(744,697)	(686,763)
Direct assistance	(4,084)	(20,106)
Retirement plan contributions	(52,417)	(50,369)
Grants for mission program services	(114,178)	(118,185)
Net cash paid for operating activities	(111,150)	(25,490)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(9,899)	(6,438)
Proceeds from disposal of fixed assets	5,950	73
Support from the public restricted for fixed asset acquisition	21,418	16,488
Purchase of investments	(187,027)	(60,745)
Proceeds from maturity or sale of investments	205,576	48,246
Loan for New Markets Tax Credit	-	(6,667)
Net cash received from (paid for) investing activities	\$ 36,018	\$ (9,043)

	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt for New Markets Tax Credit	\$ -	\$ 9,750
Payments on debt	(2,261)	(3,303)
Proceeds from annuitants	543	658
Payments to annuitants	(6,228)	(3,816)
Support from the public restricted for long-term investment	329	6,858
Net cash (paid for) received from financing activities	(7,617)	10,147
Net change in cash and cash equivalents	(82,749)	(24,386)
Cash and cash equivalents, beginning of year	150,514	174,900
Cash and cash equivalents, end of year	67,765	150,514
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(38,028)	(109,753)
Adjustments to reconcile change in net assets to net cash paid for operating activities:		
Depreciation and amortization	19,574	19,783
Net realized and unrealized investment gains	17,382	(9,909)
Change in value of split-interest agreement	10,174	(10,414)
(Gain) loss on disposal of fixed assets	(3,773)	708
Net (decrease) increase in retirement plan liability	(86,688)	138,002
Support from the public restricted for long-term investment	(329)	(6,858)
Support from the public restricted for fixed asset acquisition	(21,418)	(16,488)
Changes in assets and liabilities:		
Receivables, net	(12,112)	676
Prepaid expenses and other assets	4,769	(3,319)
Bequests receivable	(7,477)	5,733
Beneficial interests in trusts	(1,058)	(5,146)
Research and other program grants payable	(3,839)	(9,666)
Accounts payable and other accrued expenses and employee retirement benefits	16,358	(14,589)
Other liabilities	(4,685)	(4,250)
Net cash paid for operating activities	\$ (111,150)	\$ (25,490)

AMERICAN CANCER SOCIETY, INC.
BALANCE SHEETS
DECEMBER 31, 2015 & 2014
(In Thousands)

ASSETS	2015	2014
Current assets:		
Cash and cash equivalents	\$ 67,765	\$ 150,514
Investments	84	4,084
Receivables, net	17,460	15,515
Prepaid expenses	15,701	20,359
Bequests receivable	75,519	68,042
Total current assets	176,529	258,514
Receivables, net	37,059	26,892
Other assets	5,772	5,883
Gift annuity investments	37,072	39,541
Investments	945,101	969,069
Beneficial interests in trusts	305,465	315,823
Fixed assets, net	266,409	278,261
Total assets	\$ 1,773,407	\$ 1,893,983

LIABILITIES AND NET ASSETS	2015	2014
Current liabilities:		
Accounts payable and other accrued expenses	\$ 67,564	\$ 57,802
Research and other program grants payable	84,727	89,936
Employee retirement benefits	44,304	45,978
Debt	2,304	2,361
Other liabilities	6,422	10,161
Total current liabilities	205,321	206,238
Research and other program grants payable	110,565	109,195
Employee retirement benefits	195,030	273,448
Other liabilities	14,584	15,530
Debt	50,997	53,201
Gift annuity obligations	21,526	22,959
Total liabilities	598,023	680,571
Commitments and contingencies		
Net assets:		
Unrestricted:		
Available for mission program and support activities	404,029	435,818
Net investment in fixed assets	213,108	222,699
Total unrestricted	617,137	658,517
Temporarily restricted	279,241	265,228
Permanently restricted	279,006	289,667
Total net assets	1,175,384	1,213,412
Total liabilities and net assets	\$ 1,773,407	\$ 1,893,983

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results from Operations – Expenses

Total mission program and support services expenses for the years ended December 31, 2015 and 2014 were as follows (in thousands):

	2015	2014
Mission program services:		
Patient support	\$ 347,525	\$ 275,907
Research	150,835	143,961
Prevention	122,942	116,988
Detection/treatment	87,214	94,852
Total mission program services	708,516	631,708
Mission support services:		
Management and general	51,561	48,606
Fund-raising	180,466	177,011
Total mission support services	232,027	225,617
Total mission program and mission support services expenses	\$ 940,543	\$ 857,325

In 2015 we remained focused on our overall programmatic framework, which contains a core set of mission priority areas. This framework is consistent across the country regardless of location, and also includes some specific offerings that are reflective of individual community needs. Our core mission priority areas include lung cancer/tobacco control, preventing cancer through healthy eating and active living, colorectal cancer control, breast cancer control, improving access to health care, and improving cancer treatment and patient care. Expenses associated with our extramural and intramural research programs are embedded in each of the priority areas. These areas are the result of careful, scientific analysis of the potential for each to reduce cancer incidence and mortality and to improve the quality of life of individuals facing a cancer diagnosis, at all stages in the cancer continuum, and their caregivers. They are based on three foundational principles: working to ensure access to all aspects of preventive and disease care; providing navigation to help people take advantage of all available services; and ensuring health equity by focusing on populations that experience greater barriers to care. These areas and principles guide our activities,

which will position us to have the greatest impact on cancer related outcomes within these core mission areas and are represented across the mission program and support services categories.

Total mission services expenses for the year ended December 31, 2015, were \$941 million, increasing \$83 million over 2014. We increased our investment in a comprehensive, integrated communication and marketing campaign to engage the general constituent base across mission programming and income platforms. We strategically managed the volume and timing of our direct response messages aimed at communicating overall organizational services, raising awareness and various participation opportunities. With minimal market presence for the past several years, we have made an organizational commitment to continue this investment as part of our regular operations to drive mission impact and revenue generation. Our extramural research program also drove part of the increase as we were able, through our external partnerships, to fund a number of new grants. In addition, our defined benefit plan expenses increased due to assumptions used to estimate the value of the future benefit obligation to plan participants. The increase related to these assumptions was driven by fluctuations in interest rates and an increase in the assumed life expectancy of participants. This expense can fluctuate significantly from year to year as assumptions change and is not equal to the immediate funding requirements. Our funding requirements are driven by federal laws and regulations that govern pension plans, which require a minimum annual funding and ultimately a full funding of the plan over time. We discuss more about our defined benefit plan in the liquidity section. Total mission support services expenses were \$232 million for the year ended December 31, 2015, representing 25 percent of total expenses, compared to \$226 million for the year ending December 31, 2014, representing 26 percent of total expenses.

For the year ended December 31, 2015, patient support expenses were \$348 million, an increase of \$72 million compared to 2014, and included work such as the following: our specific assistance to individuals through the Look Good Feel Better® program; 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, thereby easing the emotional and financial burden of finding affordable lodging.

Research expenses were \$151 million, a \$7 million increase over 2014, and comprised both our extramural research grants and intramural research program, which includes Cancer Prevention Study-3 (CPS3), an important, large, prospective study to identify factors that cause or prevent cancer. In 2015, we continued following the CPS-3 cohort of 304,000 men and women by conducting follow-up surveys and also launched two sub-studies involving dietary assessment validation and physical activity and sleep validation. These sub-studies will help to ensure reliability of

surveys and quality of information. Our investment in extramural research grants increased compared to 2014 and was made possible through funding resulting from some of our external partnerships. These partnerships have increased our research in the areas of pediatric cancer and immunotherapy among others. Also, our partnership with Stand Up To Cancer, finishing its second year in 2015, has enabled the funding of a Lung Cancer Dream Team with research groups at seven institutions nationwide.

Prevention expenses were \$123 million, a \$6 million increase over 2014, and included the launch of the American Cancer Society Center for Tobacco Control aimed at strengthening our domestic and global tobacco control presence, influence, and outcomes, in addition to our ongoing advocacy efforts to increase certain state tobacco taxes. We assumed a major leadership role in promoting the human papillomavirus (HPV) vaccination both in the U.S. and in several low-income countries as HPV-related cancers are common and may be largely preventable. The Board of Directors added HPV as a mission priority area in January 2016.

Detection/treatment expenses were \$87 million, an \$8 million decrease compared to 2014, and included activities such as our community grants for breast cancer screening, our work in the area of breast cancer awareness and guidelines and our national campaign to achieve 80 percent colon cancer screening rates by the end of 2018 (80% by 2018). 80% by 2018 is a public health program that has garnered the support of almost six hundred diverse organizations, who are launching new initiatives to educate patients and the public on appropriate screening options. The decrease is due to a general shift in focus of mission areas for 2015, which can occur from year to year, and is not indicative of a sustained, planned reduction of work in the area of detection/treatment.

Management and general expenses were \$52 million for 2015, and remained relatively constant in comparison to total mission services expenses from 2014, and 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 infrastructure efficiencies will continue to produce incremental results over time.

Fundraising costs were \$180 million, an increase of \$3 million compared to prior year but decreased relative to total mission services expenses from 2014. Most of the increase is related to a portion of the spend on our comprehensive, integrated communication and marketing campaign. We strategically managed the volume and timing of our messaging and utilized outlets such as television, social media, and print. In addition, the messaging contained specific requests for donations. Strategies to increase event participation and external partnerships also contributed to the increase in spend.

Results from Operations – Revenue

Total revenue, gains, and other support for the years ended December 31, 2015 and 2014 were as follows (in thousands):

	2015	2014
Support from the public	\$ 809,894	\$ 839,732
Investment income	4,183	28,800
Change in value of split-interest agreements	(10,174)	10,414
Grants and contracts from government agencies	5,874	5,064
Other gains	6,050	1,564
Total revenue, gains, and other support	\$ 815,827	\$ 885,574

Total revenue for the year ended December 31, 2015 of \$816 million decreased by \$70 million when compared to 2014. We established a strategic growth plan at the end of 2015 that will focus our attention on efficiency of current properties in addition to establishing new and innovative sources of revenue well into the future. We also continue to manage our total expenses to minimize the impact of the revenue decline.

Support from the public in 2015 was \$810 million, down \$30 million compared to the prior year primarily due to declining special event revenue. Support from the public mostly comprises Relay For Life®, Making Strides Against Breast Cancer®, planned giving, contributed services and other in-kind contributions and general contributions through a variety of programs. The decline in public support is mostly attributable to a steady decline in participation in Relay For Life over the last few years. Our community based staffing structure, having been in place for two years, will continue to be our distinguishing key strategy not only to help grow participation and address the revenue decline, but also to continue reaching our constituents with our mission programs where they live. However, as part of our strategic growth plan, we will address optimization of our Relay For Life and other fundraising event operating models to increase financial performance and position for future growth opportunities.

Non-public support, which primarily includes investment income, change in value of split-interest agreements and grants and contracts from government agencies was \$6 million in 2015, a \$40 million decrease from 2014. Both investment income and change in value of split-interest agreements were the drivers of the decrease as they are subject to the volatility in both interest rates and the stock and bond markets.

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

Support from the Public Revenue (in millions)	2015	2014	2013	2012	2011
Relay For Life	\$ 287	\$ 314	\$ 356	\$ 378	\$ 385
Other community-based events					
(Making Strides Against Breast Cancer, Daffodil Days, others)	83	82	95	95	92
Distinguished events (gala and golf)	56	56	52	51	50
Direct response strategies (Direct mail, telemarketing)	54	53	54	60	68
Employer-based strategies - independent payroll deduction campaigns	20	22	22	20	19
Major gifts/campaigns	61	43	41	39	35
Planned giving (legacies and bequests)	133	139	144	122	122
United Way/ Combined Federal Campaign	7	8	10	15	17
Memorials	19	21	23	26	26
Contributed services and other in-kind contributions	78	71	53	51	51
Other	12	31	35	32	31
Total support from the public	\$ 810	\$ 840	\$ 885	\$ 889	\$ 896

Within support from the public, special events (Relay For Life, Other community-based and Distinguished events) continue to lead our financial results, representing 53 percent of total support from the public in 2015, a \$26 million or 6 percent decline over 2014. Fundraising results for our signature event, Relay For Life, declined \$27 million, more than 8 percent, and accounted for approximately 67 percent of total special events revenue. The Relay For Life revenue base is very broad over a very diverse set of events (over 4,800 in 2015) and constituents (more than 1.4 million participants) and is a multi-variant vehicle to build awareness, celebrate our cancer survivors and caregivers, deliver prevention and detection messaging, and develop capacity in the communities that we serve. In addition to a planned decrease in number of events, overall participation at Relay For Life events was down approximately 12% compared to 2014. As mentioned earlier, our strategic growth plan includes plans for increasing financial performance such as combining events within certain geographical proximity, implementing practices of successful events across under-performing events, among other strategies.

Our Making Strides Against Breast Cancer program, raising \$61 million in 2015 and increasing more than 4% from 2014, is a special event that raises awareness and funds to fight breast cancer. This revenue accounted for approximately 14 percent of special event revenue during 2015. The increase was driven by an increase in number of events (260 total events in 2015) as well as a heavy focus on

post-event fundraising. The event has seen a consistent increase in participation over the past few years, engaging nearly 500,000 participants nationwide.

Major gifts/campaigns during 2015 were 8 percent of public support and have seen increases over the past few years mainly due to 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 will be a continued focus in our strategic growth plan in the years to come. Our campaign revenue represents funds raised for our Hope Lodge campaigns, which are determined by utilizing feasibility studies, such as patient needs assessments and market viability analyses supporting any anticipated capital campaign, including expansions or renovations.

Employee giving, including United Way and Combined Federal Campaign relationships, comprised more than 3 percent of our public support in 2015. Direct marketing, both mail and telemarketing, made up about 7 percent of public support in 2015, consistent with 2014. Support from our planned giving program (legacies and bequests) totaled \$133 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 2014 was due to a decrease in both value and volume of gifts. Contributed services and other in-kind donations increased mostly from an increase in wigs donated for specific assistance we provide to individuals, which helps patients in treatment improve their self-image and quality of life.

Investment income components produced positive results in 2015. However, net interest and dividends and realized/unrealized investment gains decreased \$25 million due to stronger market performance during 2014.

Change in value of split-interest agreements was a loss of \$10 million, a decrease of \$21 million over 2014, also driven by the stronger market performance during 2014. These values are derived from the fair values of beneficial interests in trusts (equivalent to deferred gifts) and discount rate and other assumptions used in the valuation process. Planned giving results will continue to be volatile based on valuation methodologies required in current generally accepted accounting principles (GAAP), which employ a mark-to-market approach. 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 GAAP but accretive to the significant planned giving pipeline of future revenue. Almost all of the change in value of split-interest agreements is from losses recognized due to the decline in the underlying market value of the assets in our perpetual 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.

Liquidity and cash flows

At December 31, 2015, cash, cash equivalents, and all investment pools totaled more than \$1 billion. The primary use of cash and cash equivalents was general mission program and support and capital expenditures. We typically utilize 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 Society volunteers who are professionals in the banking and investment industry. Our strategy utilizes a tiered-structure approach of short and a well-diversified portfolio of longer-term products, which has provided enhanced asset returns without the addition of substantial risk.

Our cash and cash equivalent balances decreased during 2015 as a result of our strategic increase in spending coupled with continued revenue decline. Since interest rates were beginning to increase, we allowed the decrease in cash and cash equivalents to help rebalance our cash and tiered balances within the combined operating pool. However, we continued to maintain limited amounts in Tier I given the continuing lower rates. Our investment performance for the year ending December 31, 2015 was as follows:

	Actual Return	Benchmark	Difference	Targeted Benchmark
Combined operating pool				
Tier I	0.01%	0.03%	(0.02%)	90 Day US Treasury bill
Tier II	0.95%	0.03%	0.92%	90 Day US Treasury bill
Tier III	1.11%	(0.08%)	1.19%	2 Year US Treasury note
Other	(0.43%)	0.03%	(0.46%)	90 Day US Treasury bill
Combined investment pool	(0.59%)	(0.88%)	0.29%	Various equity/fixed income
Combined endowment pool	0.28%	(0.83%)	1.11%	Various equity/fixed income

Due to market volatility, our investment strategies produced modest returns during fiscal year 2015. The low interest rate environment more heavily impacted the combined operating pool and combined investment pool as they have heavy fixed income allocations. In addition, rising interest rates during the fourth quarter produced lower valuations at year end. Market volatility among domestic value stocks and global and emerging markets had an adverse impact on the combined

investment and combined endowment pools, which have equity allocations. This is a long-term approach and is not meant to time the markets. However, 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 are reassessing these levels periodically as needs change over time.

In November 2015 leadership recommended, and the Board of Directors approved, a freeze of our defined benefit pension plan effective June 30, 2016, after which participants in the plan will no longer accrue benefits and no new participants will enter the plan. As a result, the pension benefit obligation at December 31, 2015 decreased by approximately \$60 million and an estimated \$2.5 million in plan fees over the next ten years has been eliminated. In addition, we enhanced potential benefits to participants in our defined contribution plan. This more contemporary plan design is competitive with retirement programs of organizations similar to ours, incorporates enhanced portability features and allows us to partner with and engage employees more directly in saving for their retirement and managing the related investments. The long-term impact of these changes is expected to yield significant savings for the organization and will allow us to predict and manage required cash needs each year.

We continued investing in our Hope Lodge program throughout the country by completing construction of and opening a new Hope Lodge facility in Salt Lake City, Utah, and beginning construction of a new facility in Honolulu, Hawaii. We have plans to construct additional facilities in particular markets and renovate existing facilities in other parts of the country over the next few years.

Quantitative and Qualitative Disclosures about Market Risk

We believe it is important to discuss our historical results to provide transparency to our decisions and the resulting impact of those decisions, as well as the impact of external pressures such as economic drivers and our response to those drivers. However, we believe it is just as important, if not more so, to provide forward-looking information to illuminate our path.

We recognize that our greatest asset is our dedicated team of staff and volunteers throughout the country that carry out our lifesaving mission on a day-to-day basis. In 2015, we conducted an engagement study with our staff and volunteers to obtain feedback on a wide range of topics that affect their work and volunteer lives and, in turn, affect our organizational outcomes. In 2016 we will begin implementing internal changes in the areas indicated, which we consider to be opportunities for improvement to better engage staff and volunteers in the work they do. Our goal is to be a more impactful organization for which to work and volunteer and we will utilize follow-up surveys in the future to track progress and continue making improvements.

We continue to analyze our current revenue portfolio and opportunities and in 2016 will continue investing in our comprehensive, integrated, communication and marketing campaign. A significant component of our strategic growth plan in 2016 will be focused on increasing revenues in more diverse and operationally efficient ways. We will seek to build strong corporate partners, increase our online presence as well as our major gifts, and explore new revenue models. In late 2015 we hired a new Chief Development Officer, who will play an integral role in leading and executing many aspects of our strategic growth plan. We expect 2016 to include changes to our existing revenue portfolio as well as new opportunities to begin addressing our negative revenue trend.

Regarding expenditures, our strategic growth plan will also guide our mission priorities. We will continue to expand our research programs, maintain our work in prevention and early detection as well as sharpen our focus on patient access to quality health care. Our vision for the future of cancer control is to help build low-cancer-burden communities by preventing more cancers, finding more cancers early, finding new treatments and cures, and advocating for everyone to benefit equally. We have many Hope Lodge facilities under construction and planned for the future and, when complete, we will invest in operating and maintaining those as well as our existing Hope Lodge facilities to ease the burden of patient and caregiver lodging during cancer treatment. We have also launched a crowdfunding platform to help fund young cancer researchers as part of our extramural research program. Continued investment will be made in our CPS-3 study as we complete collection and review of the 2015 surveys and complete the sub-studies launched in 2015. In 2016 we will begin the consent process for obtaining medical records and tissue collection for participants who report diagnoses for certain limited cancer sites. The results of the study will be useful in providing the scientific evidence to support our cancer prevention and control programs in the future.

Underlying the objectives for outcomes included in our strategic growth plan, will be an assessment of the enterprise in terms of our go-to-market strategies, structure, competencies and people. This work should result in efficiencies, which will drive success of the enterprise outcomes so that as an organization we are able to support the strategic growth plan objectives both now and well into the future.

Over the next few years, all of the above in combination are expected to close the current operating deficit of expenses over revenue. Management is pursuing an enterprise risk management program that includes involvement with and engagement of the Board of Directors. The results of the work will enhance our operational decisions and could affect our financial reporting in the future. We have played an active role in providing feedback on and are supportive of the financial statement work that the standard-setters have been considering during the past few years. As much as is practical, we have aligned our financial reporting in the direction where we believe the standards will change in order to minimize impact to our financial statement users and to our operations. We continue to monitor progress for impact to our financial reporting practices.

Other Information

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

- Patient support – Programs to assist cancer patients and their families and ease the burden of cancer for them.
- Research – Support to fund and conduct research into the causes of cancer; how it can be prevented, detected early, and treated successfully; how to improve quality of life for people living with cancer; and to advocate for laws and policies that help further cancer research.
- Prevention – Programs that provide the public and health professionals with information and education to prevent cancer occurrence or to reduce risk of developing cancer.
- Detection/treatment – Programs that are directed at finding cancer before it is clinically apparent and that provide information and education about cancer treatments for cure, recurrence, symptom management and pain control.

Within these mission activities are certain signature programs that are not replicated in any other voluntary health organizations. Our 24 hours a day, 7 days a week, 365 days a year National Cancer Information Center provides consistent, high-quality, unbiased cancer information to constituents, helping them make informed decisions about their health and cancer care. Through our Road To Recovery[®] program, we provide free transportation to and from cancer treatment. American Cancer Society Hope Lodge facilities provide free, high-quality, temporary lodging for patients and their caregivers close to treatment centers, thereby easing the emotional and financial burden of finding affordable lodging. Our award-winning research programs consist of the Extramural Grants department (funding to outside research institutions) as well as the Intramural Research

department (research conducted by Society researchers), with programs in epidemiology, surveillance research, health services research, behavioral research, international tobacco control research, and statistics and evaluation.

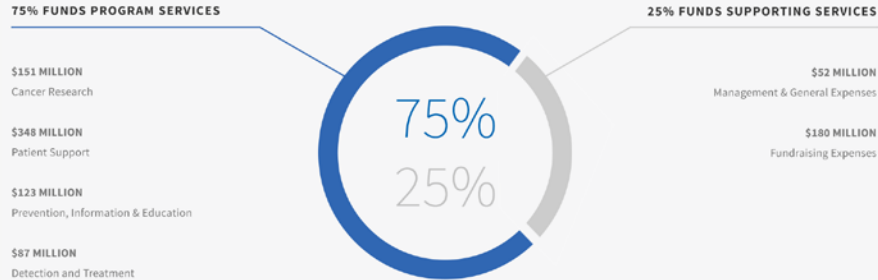
Our mission program and mission support expenses

Our expenses fall into two categories: first, program services – our mission activities – which are the four areas above, and second, mission support services – expenses incurred to support our mission activities – which include: board governance and oversight; our internal audit function, which provides oversight of our accounting and internal control processes; our shared services organization, which processes enterprise-wide financial and constituent transactions; general infrastructure costs; and the costs of fundraising. Other than our volunteer base, our largest resource – our staff – are represented in both categories depending on their role and set of activities. For the years ended December 31, 2015 and 2014, our mission expenses were allocated to these two areas as follows:

	2015	2014
Mission program expenses	\$ 708,516 – 75%	\$ 631,708 – 74%
Mission support expenses	232,027 – 25%	225,617 – 26%
Total	\$ 940,543 – 100%	\$ 857,325 – 100%

Here’s How We Spend the Money, and Where it Came From

HOW WE SPEND THE MONEY



WHERE THE MONEY CAME FROM



Part 3:

Directors, Executive Officers and Corporate Governance

To preserve the public's trust and protect the Society's strong reputation, the Society has adopted most – if not all – of the recognized governance best practices for nonprofit organizations, and has gone a step further by adopting many of the relevant governance practices used by publicly traded for-profit companies as well. The Society has established charters for several Board committees, including the Audit Committee, Finance Committee, Compensation Committee, and Governance Committee.

The Audit Committee assists the Board in overseeing accounting and internal control processes. The Finance Committee assists the Board in overseeing the financial performance and strategy of the Society. The Compensation Committee oversees executive compensation. The Compensation Committee's charter provides a road map for compliance with Internal Revenue Service (IRS) procedural requirements on compensation and transactions with insiders.

Tax and financial information for the Society is publicly available on cancer.org and on the Form 990s, which are filed annually with the IRS. The Board of Directors reviews the information provided in the Form 990s prior to filing with the IRS.

Executive Compensation

The Society requires top executive talent with a wide range of management skills, education, experience, and leadership abilities. The Society recognizes both its legal obligation to pay only reasonable compensation and benefits to its executives, as well as its need to pay competitively in order to assure it can attract and retain the requisite executive leadership talent required to carry out the organization's mission.

The Society fundamentally believes that nonprofit executive compensation should be market based and performance tested. The Society views the market as: other nonprofit health and social welfare agencies, regardless of size; other nonprofits of comparable size; and other large non- and for-profit organizations that could compete for and be a source of executive talent. The Society relies on independently derived and reliable sources of compensation data, as well as the reasoned opinion of an independent, nationally recognized compensation consultant, as the basis of compensation comparisons and compensation policy. The current compensation consultant is Towers Watson.

The Role of the Board of Directors and the Compensation Committee

The Board of Directors is responsible for the administration of the Society's compensation program. The Board has chartered a Compensation Committee of independent directors, which exercises the Board's authority to assure and document the reasonableness of the compensation and benefits provided to the chief executive officer and other executives with substantial authority over the Society's affairs and finances, such as the chief operating officer and the chief financial officer.

The committee also conducts an annual review of the chief executive officer's total compensation. In that review, committee members measure the compensation against defined goals and compare it with market-based data provided by an independent, qualified compensation consultant. This review may result in an adjustment of the CEO's compensation and benefits in order to conform to market-based data and to reflect performance outcomes, all according to standards of reasonableness and Internal Revenue Service (IRS) guidelines.

With respect to other executives with substantial authority over the Society's affairs and finances, the committee reviews and approves the ranges of compensation and benefits for these executives based on recommendations provided by an independent, qualified consultant, and in accordance with the same standards of reasonableness and IRS guidelines. The committee documents its deliberations and decisions and submits a report to the Board annually.

The Society has adopted a set of key principles that guide its executive compensation decision-making process, as follows:

- It will uphold competitive, yet reasonable compensation policies and practices relative to the market and that comply with IRS guidelines.
- It will expect vigorous goal-setting tied to the strategic, mission-related, and financial objectives of the organization and will objectively evaluate executive performance against these objectives.
- It will pay for expected performance and reward the achievement of high performance outcomes.
- It will require timely and accurate documentation of executive compensation decisions, regularly inform the Board of its actions, and make available compensation information related to reviewed executives.
- It will completely and accurately disclose the total compensation paid to certain executives as requested on the annual Form 990, which will be provided to the Board for its review prior to filing with the IRS.

Primary Program Components

Total compensation for executives is made up of the following components: base salary, annual incentives, standard benefits, and supplemental retirement benefits.

- Base salary ranges are based on the median value in the market for comparable positions, as established through generally accepted compensation methods, and through the use of available surveys provided by outside consultants, and/or other appropriate forms of data.
- Incentive compensation is the primary tool to reward outstanding executive performance for certain key executives. Incentive compensation is used to focus performance on specific outcomes of particular benefit to the organization and to achieving its mission, and thus to reward and help retain certain key executives for the achievement of outstanding results.
- The Society provides executives market-competitive total benefits. Executives receive the benefits made available to all employees, which include:
 - Participation in a qualified defined benefit (pension) plan
 - Participation in a qualified defined contribution plan (403(b) plan – similar to a traditional 401(k) plan)
 - Comprehensive medical, dental, vision, and life insurance for the executive and their family
 - Flexible spending accounts for health care and dependent care
 - Health and wellness programs
 - An employee assistance program
 - Short- and long-term disability insurance
 - Paid holidays, vacation, sick, and personal time

