2013

American Cancer Society
Stewardship Report

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.

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Letter from the Chair of the Board and President

To Our Readers:

At the American Cancer Society, we are obsessed with numbers. Every percentage point in cancer statistics represents countless people touched by a cancer diagnosis. Every dollar people contribute to the Society is an expression of trust and hope. Every vote by lawmakers; every research study; every point of contact with people who need help – they all correspond to years of hard work by millions of people. And that hard work gets us closer to the best numbers of all – more lives saved, and a world with more birthdays. We do not take numbers lightly.

More than 15 years ago, the Society set aggressive goals for the year 2015, to measurably reduce the impact of cancer, decreasing cancer mortality by 50 percent, reducing cancer incidence by 25 percent, and improving quality of life for people with the disease. We as a nation have made significant progress toward those goals, as you will see in this report. In recent years, we've celebrated as, for the first time, both incidence and death rates for all cancers combined were reported to be decreasing for both men and women. And, thanks to 18 years of consistent declines in cancer death rates, we have helped avert more than a million cancer deaths.

This year, we celebrate a 20 percent decline in cancer mortality rates since 1991 – a drop that means together, we are saving more than 400 lives each and every day that otherwise would have been lost to cancer. Current trends point toward a nearly 25 percent drop in cancer mortality by 2015. That translates to millions of cancer deaths avoided. Yet we know we can – and must – do more. We are on target to reach our goals regarding a few specific cancers – colorectal, breast, and prostate – but if trends stay on their current path, we won't meet our overall goal of a 50 percent reduction. And, though we are making great progress in this country, our work here, and around the world – where cancer is a growing pandemic – is clearly far from finished.

This year, we also celebrate another milestone – our 100th birthday as an organization. As we mark a century of saving lives, we're also challenging ourselves to do even more in the future. We believe that together, we can finish the fight against cancer – and make this century cancer's last.

For the past several years, we've been transforming our American Cancer Society to help find new and better ways to tackle the challenges of fighting cancer and to prepare us for a new century as an organization. Simply put, we are working to find ways to save more lives faster. This work has included a top-to-bottom look at how we do business and deliver on our lifesaving mission. It has included a redesign of our operating model into a more streamlined and efficient structure. And it includes new goals and metrics we will hold ourselves accountable to going forward, as you'll read more about in this report.

This report tracks progress on our existing goals. It reports on the Society's cancer-fighting programs nationwide and on our focus in the areas that will have the greatest, and fastest, impact on saving lives from cancer. It discloses the numbers that add up to the business of fighting cancer: fundraising, expenditures, and more. This includes progress toward our leadership roles – areas that have historically provided a focus for the Society and for our nonpartisan advocacy affiliate, the American Cancer Society Cancer Action Network℠ (ACS CAN). We are also pleased to share our dashboard measurement instruments later in the report. These tools allow us to benchmark our success and challenges, adjust strategy, and continually evaluate the effectiveness of our programs.

The Society has been very successful raising money from committed individuals by leveraging our historic grassroots network of supporters. Many of our fundraising activities, like Relay For Life® events, raise more than money. Our Relay events alone allow us to reach 3.5 million people yearly in 5,200 communities nationwide and 19 other countries, offering lifesaving cancer information and opportunities to contribute to our patient support and advocacy work, doing so much to help people fight cancer on all fronts.

The resources entrusted to the Society are a signal to us of our duty to lead in public disclosure. Operating the world's largest voluntary health organization dedicated to fighting cancer is no small task, requiring a nationwide organizational structure. Yet we are as committed to providing the same – or greater – levels of ethical commitment, sound governance, and accountability as other organizations of our size, be they for-profit or nonprofit.

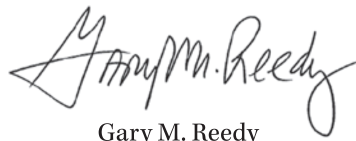
We hope as you study this report, you will feel a sense of our aspirational accountability and the organizational integrity we believe is the backbone of the Society and of the nonprofit sector. As part of the Independent Sector's Panel on the Nonprofit Sector, the Society helped develop a comprehensive report to Congress on strengthening transparency, governance, and accountability among nonprofit organizations. Releasing this annual report is an important sign of our own organization's commitment to those ideals.

Our contributors are our investors and partners in the fight against cancer. And we need your support now, more than ever, to finish the fight. We want you to know how we are investing your dollars, and our pledge is to be accountable to you in this report. That is why we have modeled this document on similar reports released by many public companies in America. We hope it is helpful and informative.

Thank you for your continued support as together, we are saving more lives from cancer every day and moving closer to our ultimate goal – a world with more birthdays.

Sincerely,

Vincent T. DeVita Jr., MD
President



Gary M. Reedy
Chair of the Board

Report from the Chief Executive Officer

Dear Supporters,

The stars have perhaps never been quite so aligned for us to have an unprecedented impact on the cancer fight. The challenges – and very real opportunities – before us are immense. Cancer claims the lives of almost 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, on the whole – including cancer, diabetes, heart disease, and chronic respiratory diseases – is a rising epidemic around the globe that has far too great an impact on lives and livelihoods in developing and developed nations alike. The diseases claimed 36 million lives in 2008 – an overwhelming 63 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.

At the same time, cancer has perhaps never been quite so recognized as a global priority as it is today. World leaders gathered in 2011 for a first – a global acknowledgment of the staggering weight of the chronic disease burden and the need for concerted action to combat it. At this meeting, these leaders recognized the fact that we can couple the issue of chronic disease with its tangible economic impact – a first in this fight to save lives, and an important sign of the opportunities before us. In the many months of hard work that have followed this historic gathering, global leaders and public health advocates worldwide have followed up to set tangible goals to help reduce premature mortality from chronic disease 25 percent by the year 2025. This is an incredible victory for the cancer fight – and for people everywhere.

To achieve this goal and combat this rising threat worldwide, it will take organizations that are more effective than ever before – that can quantify the lifesaving impact they have on chronic disease, and that can act as true leaders, bringing others together across sectors to collectively turn the tide.

The American Cancer Society is this organization for the global cancer fight.

We know what to do to save more lives from cancer – we must simply act. With proven results and acknowledged best buys, we have a road map for lifesaving action, both at home and abroad. We are already saving 400 lives each and every day from cancer in the United States, and we believe, with the right interventions, we can take that number to 1,000 per day in this country … and thousands more worldwide.

As you'll read in the pages of this report, the American Cancer Society is committed to this vision, and is equally committed to being as transparent as possible as we work to achieve it. I believe the information in this *Stewardship Report* will prove to you that an investment in the Society's work to fight cancer is a good one – one that is guaranteed to deliver lifesaving returns. To that point, the Society is proud to hold the Better Business Bureau's Wise Giving Alliance National Charity Seal.

At the Society, we hold the trust our investors place in us chief in our thoughts as we carry out our mission. That's why we're so committed to making our organization ever more efficient and effective, and it's why we're transforming our organization to help save more lives. We want to ensure we're doing the right things with the resources you provide us. We believe it's possible to finish the fight against cancer in our second century as an organization, and it is both our great honor and compelling duty to work toward this goal.

Thanks to your support, we have helped create a burgeoning cancer survivor population in this country – nearly 14 million people and growing. With our strong local community presence and an expanding global reach, we know we can do even more around the world to reduce human suffering and help save lives. As we do so, we will continue to update this report, sharing with you – our shareholders – the progress we're making. While, as a nonprofit organization, we may not be publicly traded, we firmly believe we are publicly held, and feel the same responsibility to report to you as if we were a public corporation.

While we have accomplished a great deal in the cancer fight, there is hardly a moment to pause and reflect on our milestones. Thanks to our legion of supporters and our dedicated volunteers and staff, we have the potential to save millions upon millions of lives in the coming years. That is a goal that simply cannot wait.

I invite you to take stock of our work and the goals and strategy behind it. I hope you will agree the Society spends its time and money efficiently and achieves measurable results as we continually challenge ourselves to be the best possible stewards of your trust and support. Should you have any questions or suggestions, please do not hesitate to contact us.

With gratitude,

John R. Seffrin, PhD
Chief Executive Officer
American Cancer Society, Inc.

The Critical Point

Today we are at a critical point in time – not only for the fight against cancer, but also for the nonprofit sector itself. There are new realities facing the American Cancer Society and the independent sector that have resulted in a convergence of concerns from all of our stakeholders, including regulatory groups and legislative bodies. This has surfaced a wide range of issues, which can be distilled into one urgent and important imperative: the expectation that nonprofits demonstrate, explicitly and measurably, they are being effective in fulfilling their missions.

The overarching issue of effectiveness has become a lens through which to look at virtually all aspects of how nonprofit organizations function today – and how well. The critical point both the Society and the sector have reached is about being sure we understand and can meet those expectations, that we can stay aligned with what our stakeholders need, today and tomorrow, and that we can deliver on those expectations according to the highest possible standards of organizational governance, accountability, transparency, and stewardship of the resources entrusted to us.

These expectations start with the strategy for achieving the core mission. And it's not just the strategy that is needed today, but also for the future. Stakeholders want to know the strategy is relevant to the problems we're tackling and that it is constantly evolving. It can't exist in a vacuum from the trends, broad and specific, that most directly impact fulfilling the mission and the management of the organization. You'll read more about our work to keep our goals and strategies as relevant and potentially impactful as possible in the pages ahead.

Effectiveness is also about how well the organization is managed, through good economies and bad, from top to bottom. That begins with raising the money needed to fulfill the mission, and then the spending of it on programs and services that help achieve the mission – and includes everything else to support the organization, from paper clips to travel expenses.

But management effectiveness encompasses so much more about the organization and its ability to succeed in the best interests of its stakeholders. The degree of that effectiveness, and how it's demonstrated, is an issue corporations in the for-profit sector have had to face for decades – and even more so today. Although we may not be publicly traded, the nonprofit sector is publicly held – and it is only right that the same expectations apply today to the independent sector that have long applied to the corporate world. The Society not only welcomes these expectations, but we also endorse them, helping develop best practices in nonprofit operations and governance.

Front and center in these converging trends is the subject of salaries of top nonprofit executives. How are those compensation levels determined? Are CEOs and other top executives worth every dollar they are paid? How is CEO performance measured? Could the same results in the mission be achieved at lower compensation levels for top management? These are just some of the questions about compensation – and they're all important. No nonprofit organization can ignore them – and each must continue to address these issues to reach maximum efficiency. These are also pressing issues among members of Congress who are mindful of their duty to protect the public interest – the public that provides donations to nonprofits and the public that is receiving their assistance as they fulfill their missions.

The Society acknowledges the importance of these issues and the trends they suggest. We believe our commitment to accountability, transparency, and best practices in corporate governance gives us the focus and discipline to address these issues head on and to read and understand the trends and adapt and evolve as needed. This willingness to change is not new to the Society. In our 100-year history, while we have always remained focused on battling cancer, and changing as needed to win that fight, we have kept an eye on the shifting landscape and climate around us.

One such shift has been the increased disclosure required by the Internal Revenue Service for nonprofits. The current IRS Form 990 requires much more detailed information from organizations about compensation levels, how they are determined, and the various financial transactions that are entered into and with whom, among other information. The Society, of course, fully complied with these new disclosure requirements. This means that our National Home Office and each of our operating entities, 17 at time of filing, filed separate Form 990s.

The critical point the Society is facing can be summarized purely and simply as the challenge to define and measure our overall effectiveness. We have included metrics for measuring that effectiveness in this report. We also believe this report itself is a measuring stick and therefore part of fulfilling our obligations to our stakeholders. At the same time, however, the Society, and the nonprofit sector as a whole, has a long way to go in demonstrating effectiveness at the level of interest and meaning that is and will continue to be expected of us. That means finding new, more precise, and meaningful metrics. We recognize that and will continue the work needed to not just meet, but to exceed those expectations.

THE FIGHT CONTINUES

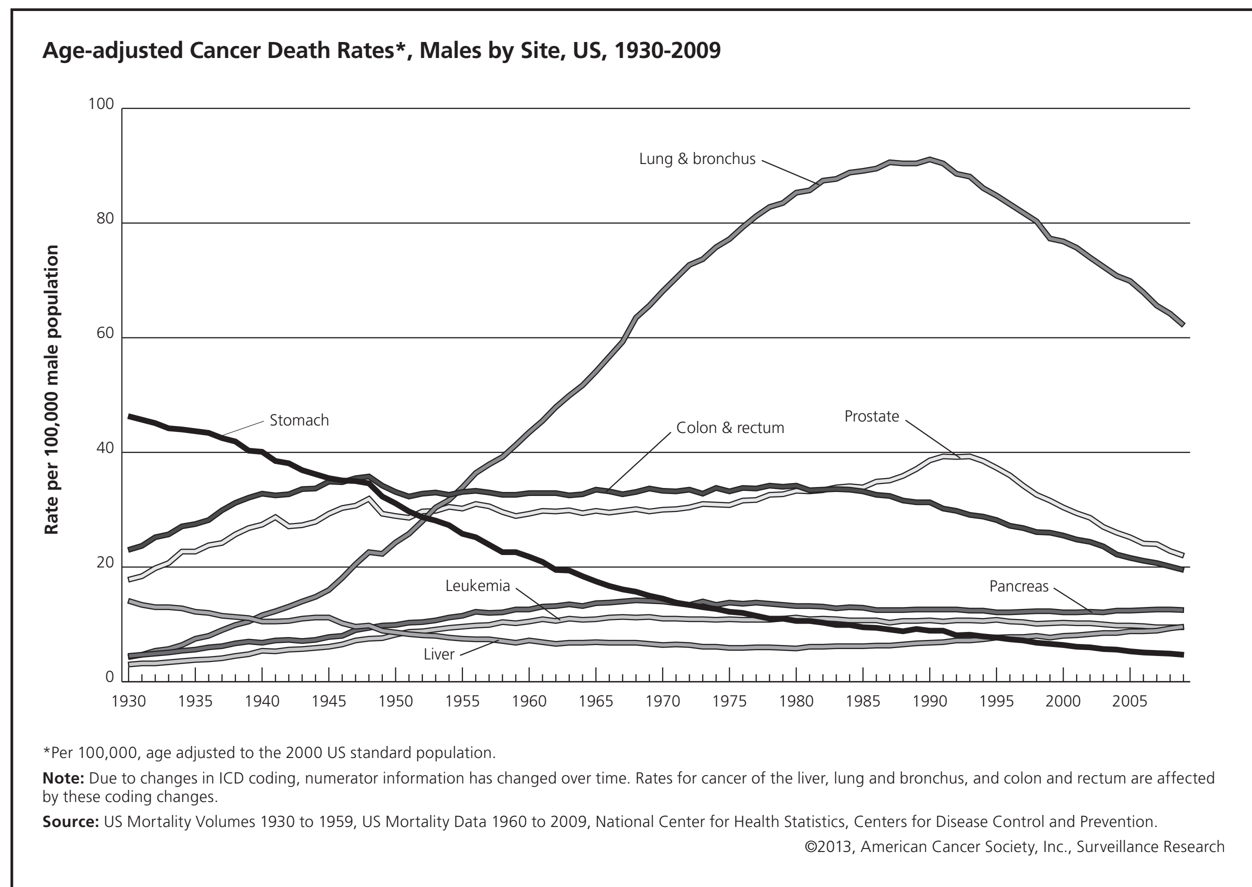
It seems simple enough: Cancer develops when cells in a part of the body begin to grow out of control. Although there are many kinds of cancer, they all start with out-of-control replication, cell death, and loss of normal cell function. So the answer would seem obvious – just stop runaway cell replication. But the problem and the solution are much more complex. Cancer tops the list of Americans' health concerns because it is still a prevalent, and often deadly, disease.

The good news is that science has made great headway in figuring out how to stop many cancers. When Congress and President Nixon declared war against cancer in 1971, pushing it to the forefront of our nation's public health priorities, cancer was largely a death sentence. More than four decades later, America's research investment has reaped remarkable returns.

Today, early detection can halt common cancers such as those of the cervix, breast, and colon, which represent a quarter of new cancer cases in 2013. 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.

In fact, mortality rates have declined for almost all major cancers for both men and women, and this year we celebrate an overall 20 percent decline in these rates since 1991.

Thanks to these advances, cancer survivorship has now become part of our vernacular. There are nearly 14 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 million to 18 million by 2022.



*Per 100,000, age adjusted to the 2000 US standard population.

Note: Due to changes in ICD coding, numerator information has changed over time. Rates for cancer of the liver, lung and bronchus, and colon and rectum are affected by these coding changes.

Source: US Mortality Volumes 1930 to 1959, US Mortality Data 1960 to 2009, National Center for Health Statistics, Centers for Disease Control and Prevention.

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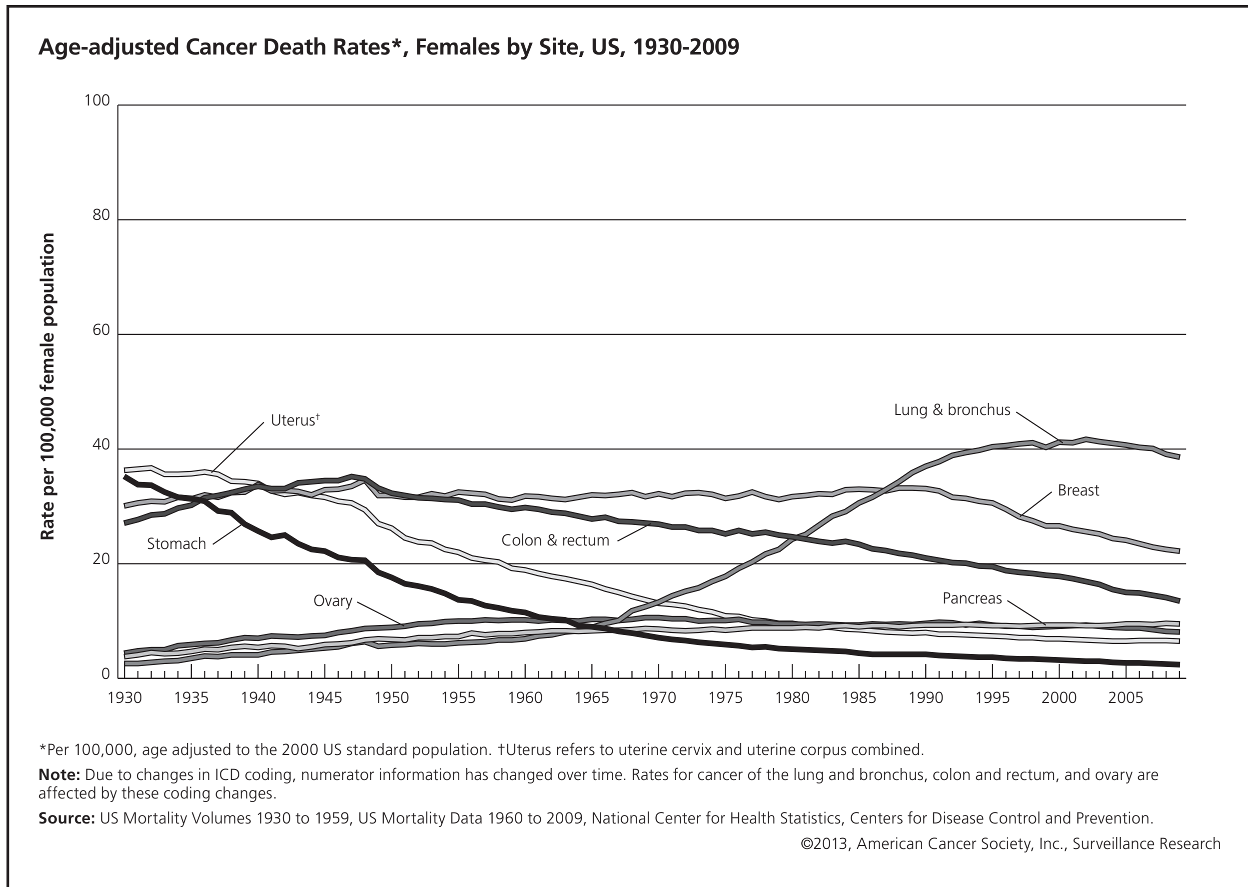


Yet, despite this progress, cancer remains the leading killer in the United States for those under age 85 and accounts for 1 of every 4 deaths. This year, about 1,660,290 new cancer cases are expected to be diagnosed and approximately 580,350 Americans are expected to die of cancer – almost 1,600 people a day. In addition to lives lost, the National Institutes of Health estimated overall costs for cancer at $201.5 billion in 2008: $77.4 billion for direct medical costs (total of all health expenditures) and $124.0 billion for indirect mortality costs (cost of lost productivity due to premature death). Moreover, medically underserved populations continue to bear a disproportionate cancer burden, underscoring the need that more research is required to address the health disparities gap.

While the health care legislation enacted in recent years will certainly help in providing coverage to these underserved populations, considerable work has to be done to close that gap. In our view, the reform legislation is not as much a solution as it is a blueprint for one. It will take months and years of hard work to build a system that works for people facing cancer and their families, and that effectively addresses cancer disparities.

The Society is also working through education programs, community outreach initiatives, and through collaborations with other organizations to ensure no communities have to face a disproportionate cancer burden.

Without some improvements very soon, changing population demographics will make the situation worse. Cancer can strike at any age, but it is a disease that disproportionately affects the elderly. About 77 percent of all cancers are diagnosed in people 55 and older, while 69 percent of all cancer deaths occur in people 65 and older. Indeed, cancer is the leading cause of death for Americans under the age of 80. As the baby boomers reach retirement age, we will see the number of Americans older than 65 double in the next 30 years, translating to a dramatic increase in the number of new cancer cases.

The bottom line: though we are making great progress, it will require fast action to keep pace with growing needs.

WHY WE STAND APART – WE SAVE LIVES

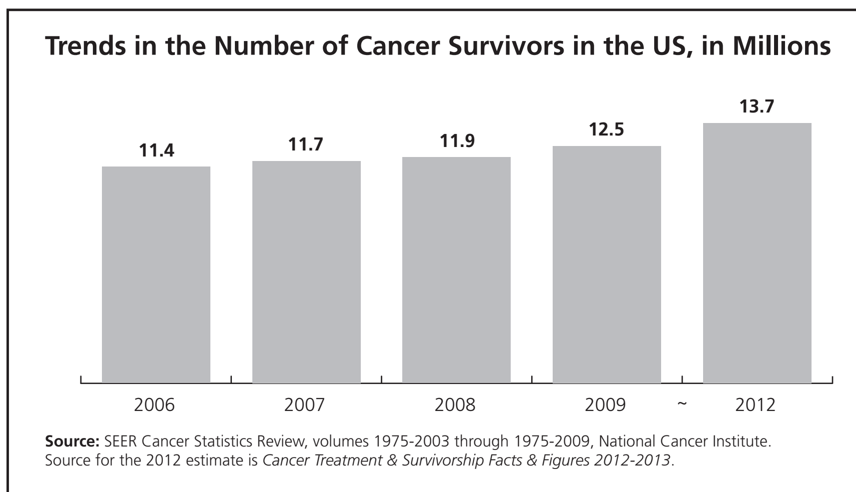
Most people know the Society for its groundbreaking research program, which has done so much to find cures and help us better understand cancer. Yet the organization has long been a visionary change agent on all fronts – and has truly transformed the landscape of the disease.

In a century, the American Cancer Society has turned cancer from a taboo topic into a rallying cry for change, ushering in an era where more people survive the disease than die from it in this country.

By taking what we've learned through research and translating it into action, we have contributed to a 20 percent decrease in the overall cancer death rate just between the early 1990s and 2009. That means that we helped avoid nearly 1.2 million cancer deaths during that time. No other organization has had quite such an impact – for so many years – on the cancer fight.

Recent downturns in lung cancer mortality in America, for example, are possible in large part because of the Society. Beginning by confirming the link between smoking and lung cancer, the Society has worked tirelessly since the 1950s to educate people about the dangers of tobacco, de-normalizing its use with increased taxes and smoke-free laws that now cover most of the nation.

Lifesaving cancer screenings like the Pap test and the mammogram are also common practice today in part because of the Society's promotion. The tests have respectively moved cervical cancer from the second leading cause of cancer death in women to the 15th, and helped breast cancer death rates decline steadily each year.



Source: SEER Cancer Statistics Review, volumes 1975-2003 through 1975-2009, National Cancer Institute. Source for the 2012 estimate is *Cancer Treatment & Survivorship Facts & Figures 2012-2013*.

FIGHTING CANCER AROUND THE GLOBE

Because cancer knows no boundaries, the American Cancer Society's mission to eliminate cancer as a major health problem extends around the world. Better prevention, early detection, and advances in treatment have helped some high-income countries lower incidence and mortality rates for certain cancers. In low- and middle-income countries, however, cancer is a growing problem. In 2008, there were an estimated 12.7 million new cancer cases and 7.6 million cancer deaths globally – *more than AIDS, malaria, and tuberculosis combined*, according to the World Health Organization. Global cancer deaths are expected to rise to 13.2 million by 2030, largely due to the growth and aging of the population and the impact of unhealthy lifestyle behaviors. In 2012, the Society invested approximately $6.3 million in global activities, with an additional $500,000 raised in restricted funding for global programs.

In collaboration with other cancer control organizations, the American Cancer Society advances its global mission through evidence-based programs to make cancer and tobacco control a priority on global health agendas. These programs include cancer advocacy and tobacco control measures such as educating the public about the dangers of smoking, technical assistance and capacity building for local cancer control organizations, and creating smoke-free workplaces and public places globally. The Society's global program emphasizes issues where we can help determine and achieve a measurable impact in regions where there is a clear need and the capacity for change.

About the American Cancer Society

WHAT THE AMERICAN CANCER SOCIETY DOES

It's clear that during the past century, the American Cancer Society has had a tangible effect on the fight against cancer, saving lives and serving as a round-the-clock resource for people facing the disease. How do we achieve measurable results? Across the board, the Society fights on all fronts to achieve victory against cancer, whether that means:

Helping People Stay Well

We're not just a disease-focused organization – we're a wellness-focused organization. The Society does so much to make sure people never get cancer and to help people everywhere live healthier lives, because we know that about half of all cancer deaths are preventable.

Helping People Get Well

Whether it's the middle of the day or the middle of the night, the American Cancer Society is there for people facing cancer and their loved ones. We help guide people through every step of a cancer experience, so they can focus on getting well.

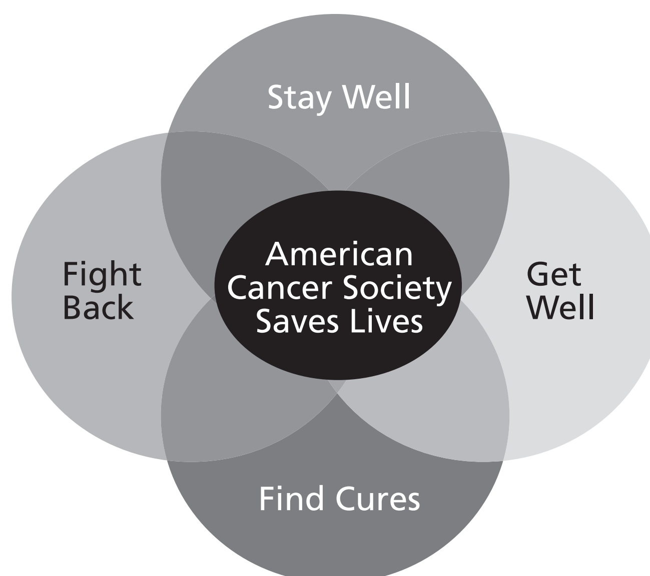
Finding Cures

The Society has long been at the forefront of the scientific battle against this disease. It's one of the many – and most vital – ways we save lives: by funding and conducting research to help better understand, prevent, detect, and treat cancer. We've had a hand in nearly every major cancer research breakthrough in recent history – and an incredible 46 researchers we've funded early in their careers have gone on to win the Nobel Prize.

Fighting Back

Across the nation, the American Cancer Society provides ordinary people an extraordinary opportunity to fight cancer in their communities. The Society's advocacy affiliate, the American Cancer Society Cancer Action Network (ACS CAN), works with lawmakers to make America a healthier place to live.

At the American Cancer Society, we don't just focus on one type of cancer or one way to combat the disease. Our work covers the entire spectrum of the cancer fight, from prevention and early detection, to support during treatment, to end-of-life care and quality of life after a cancer experience. We're not just a research-focused organization – although that's a key part of how we save lives. We're working as a global institution to bring cancer under control in this century.



OUR HISTORY

When the Society was founded in 1913, cancer was a near-certain death sentence. Today, the hopeful side of cancer has never been more hopeful. Most people survive the disease. At the core of this radical transformation has been the American Cancer Society.

From the beginning, the Society was a visionary organization, bringing to light the radical idea that there was something people could actually *do* about cancer. 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 knew they had to bring cancer into the mainstream of public disclosure if progress was to be possible. They did that largely through education campaigns, working to inform both health practitioners and the public about the disease.

In 1936, the organization had perhaps its first truly transformational moment, when volunteer Marjorie G. Illig made an extraordinary suggestion: to create a legion of volunteers whose sole purpose was to wage war on cancer. The Women's Field Army, as this organization came to be called, was an enormous success, and became an incredible grassroots force driving the organization's mission, with members raising money and educating the public about cancer. Before the Women's Field Army was founded, there were 15,000 people active in cancer control throughout the United States. At its peak, the Women's Field Army alone counted more than 700,000 women among its members – and it had an additional volunteer base of more than 2 million women. More than anything else, it was the Women's Field Army that 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.

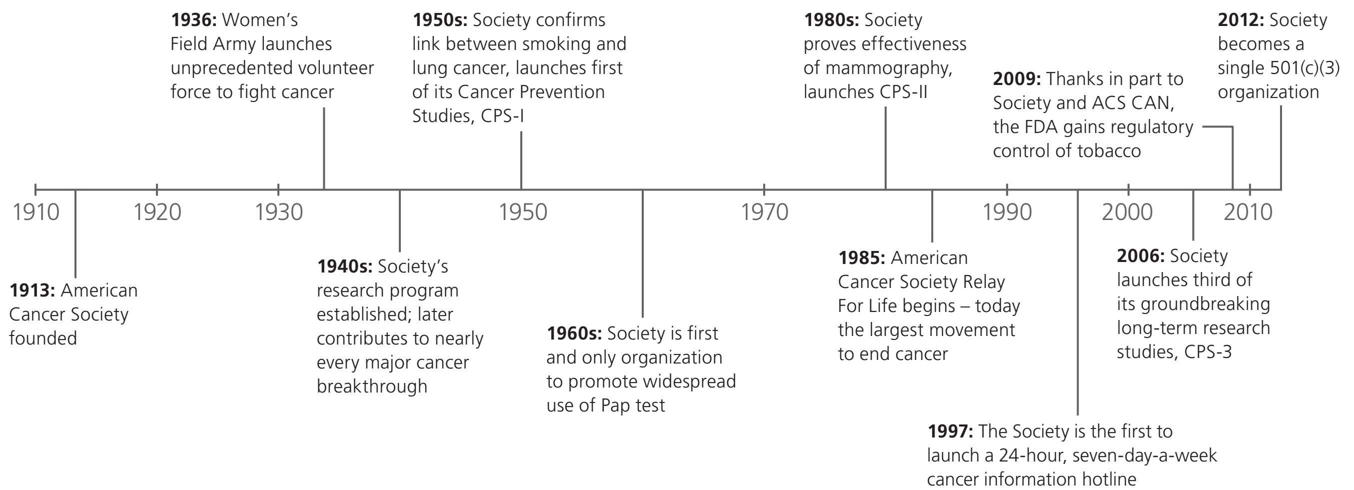
The post-World War II years saw another transformation at the Society – this one focused on cancer research. In 1945, the Society was reorganized, getting its current name and signaling a new era. Soon after, philanthropist Mary Lasker helped establish the Society's now groundbreaking research program, at a time when investigation into the disease in the United States was in its infancy. Throughout the next decades, the research program added accolade after accolade to its list of accomplishments, opening the modern era of chemotherapy for cancer treatment and confirming the link between smoking and lung cancer, among many other accomplishments. Today, the Society has invested more than $3.8 billion in cancer research during its history – an incredible transformation considering that before the research program was created, the nation in total was spending less than a million dollars per year to investigate the disease.

In the 1960s and '70s, the Society began another era of transformation – one of 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. That progress today has brought us victories like the 2009 federal move to give the US Food and Drug Administration 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 also had to adapt to a new role – that 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 has diminished, the Society has allocated more research grants to that generation, helping promising young medical researchers enter the cancer field.

In 1985, one man, Dr. Gordy Klatt, raising money for the Society in Tacoma, Washington, helped again change the American Cancer Society, as he set in motion what would become Relay For Life, today the world's largest movement to end cancer. The Relay For Life program 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 5,200 communities nationwide and around the globe to end cancer.

Today, the Society keeps alive the visionary spirit that inspired its founders 100 years ago. We are a billion-dollar organization that is looking ever forward, anticipating our next transformational impact on the cancer fight and moving relentlessly toward a nation and a world where more people are celebrating more birthdays.



TRANSFORMATION

In 2010, American Cancer Society leadership recognized we were at a defining moment in the cancer fight. We were making progress – celebrating 350 birthdays every day that would have otherwise been lost to cancer – but we also knew we could be doing much more. We recognized the world had changed in so many ways – in our knowledge about cancer, in our global economy, in our media landscape, and in how we as a society defined "community" – yet our organization had not kept pace. We had outgrown our current organizational platform, and as we faced the beginning of our second century as an organization, there was tremendous opportunity to strengthen our ability to have maximum impact on the disease. We knew the time was right for us to save 1,000 lives each day in the US and potentially thousands more each day worldwide – goals that are indeed within our reach. Yet we also knew if we were to achieve these goals – and if we were to lead the worldwide movement to ultimately end cancer – we had to transform our organization.

This transformation is intended to look at every aspect of our organization. We began with a comprehensive organizational health inventory survey, fielded among our nationwide staff and leadership volunteers, to determine areas of greatest opportunity. As a result of that analysis, we formed 11 distinct transformation initiatives to address various issues – from governance, research, and marketing to global health and operational excellence – with an overall goal of ensuring the Society becomes as efficient and as effective as possible. Each initiative was led by volunteer and/or staff work groups across the country. The work of all of these initiative teams is now complete, and the Society is moving forward with implementation plans that will help us ultimately realize a transformed organization.

Early Wins

In companies and organizations that successfully transform, early wins are often crucial to demonstrate real progress in any major change initiative. For the American Cancer Society, we knew there were no easy early wins. However, the development and subsequent approval of recommendations from the Governance Subgroup of the Leadership, Governance, and Accountability initiative, as one of the first teams to offer substantive recommendations, became a foundational early win for our organization.

Overall, this work team was tasked with ensuring the Society has clear, consistent enterprise leadership roles and expectations that reflect accountabilities for performance and organizational outcomes. The Governance Subgroup was formed to determine a governance structure that would clarify roles, responsibilities, and accountabilities.

The subgroup conducted an in-depth analysis of the strengths and opportunities of the Society's structure, looking at current practices in nonprofit organizational models and performing a review of possible models. Based on this work, the team recommended to the Society's national Board of Directors that the organization revise its governance model, moving from 12 separately incorporated geographic Divisions, a National Assembly, and a separately incorporated National Home Office – to a single 501(c)(3) nonprofit corporation governed by a single strategic, fiduciary governing board.

Previously, each Division had its own geographic governing board, and cooperated with the national Board in pursuit of common goals. This new recommendation meant the organization would have one governing board to set policy, develop, and approve an enterprise-wide strategic plan and related resource allocation, and that would be responsible for the performance of the organization as a whole, supported by geographical volunteer non-governing boards. The recommendations included dissolving the American Cancer Society's National Assembly, another of the Society's governing bodies. In short, this transformed governance model would help lay a foundation for the rest of the Society's transformation efforts, as its adoption would allow an easier path for the rest of the Society's transformation work and ultimately allow the organization to deliver more efficiently and effectively on its mission to save lives.

In the summer and fall of 2011, the Society's national Board of Directors and later its National Assembly voted by an overwhelming majority to adopt this new model, thereby immediately dissolving the Assembly as a governing body of the American Cancer Society. Throughout the spring of 2012, each Division board of directors voted – also by overwhelming majority – to merge with the American Cancer Society, Inc., and adopt this model. Society staff across the country are working to functionally merge all 12 of the organization's Divisions and the National Home Office into one nonprofit organization. The mergers were legally effective September 1, 2012, making the American Cancer Society, for the first time ever, officially one single 501(c)(3) organization, and signaling the beginning of a new phase of transformation. The move was no doubt one of the largest nonprofit restructurings of its kind in history.

Next Steps

According to McKinsey and Company, an independent consulting firm we engaged to help inform our transformation work, the American Cancer Society has gone the furthest the fastest with our transformation and yet has preserved a very positive attitude and maintained overall stability. Moving into the next phase of this work as a unified organization, we believe we have the ability to act on the challenges and opportunities our organization faces in ways we never could before, and to continue our impressive progress.

Early moves as one corporation have included enterprise-wide functional changes, such as the creation of a Society-wide Talent Strategy team and Information Technology (IT) function, an enterprise-wide finance function, and an ongoing consolidation of communications staff nationwide, as well as new employee and operating policies that are, for the first time ever, consistent across the organization.

Our volunteer leaders nationwide are also taking a closer look at how they can best carry out the Society's mission in a transformed organization. The American Cancer Society Board of Directors is carefully evaluating its processes and accepted practices to ensure it is best prepared to serve as the organization's single fiduciary governing body. And Division boards across the country are re-evaluating everything from their size, makeup, key activities, and committee structures to best support the Society as non-governing boards.

As we delve deeper into the structures and processes in place across what was once many separate corporations, it's clear we still have much work ahead to become a truly transformed American Cancer Society. While the work of our transformation initiative work teams is complete, the recommendations from each of the initiatives will inform how we continue to transform and move forward as a unified organization. We aim to have the work emerging from our transformation initiatives materially complete by 2015.

Long term, this organizational transformation will position the Society as a recognized leader in the global cancer fight. It has been our goal throughout this work that the Society emerge from this transformation as an organization that makes decisions more quickly, has a more streamlined operating platform, a laser focus on mission, and overall more innovative, customer-centric approaches to our work. We will be more efficient and effective so that we continue to have the most impact with every donor dollar.

As we celebrate our 100th birthday as an organization in 2013, this transformation has been particularly well timed to help create an American Cancer Society that is better poised to save more lives from cancer worldwide – and one that is ever more relevant to the constituents we serve. In our second century as an organization, the Society will continue to be the place people turn when dealing with cancer or when they want to fight back to end the disease. We will continue to marshal millions of people in communities across the country and around the globe to create a world with less cancer and more birthdays. And together, we will finish the fight.

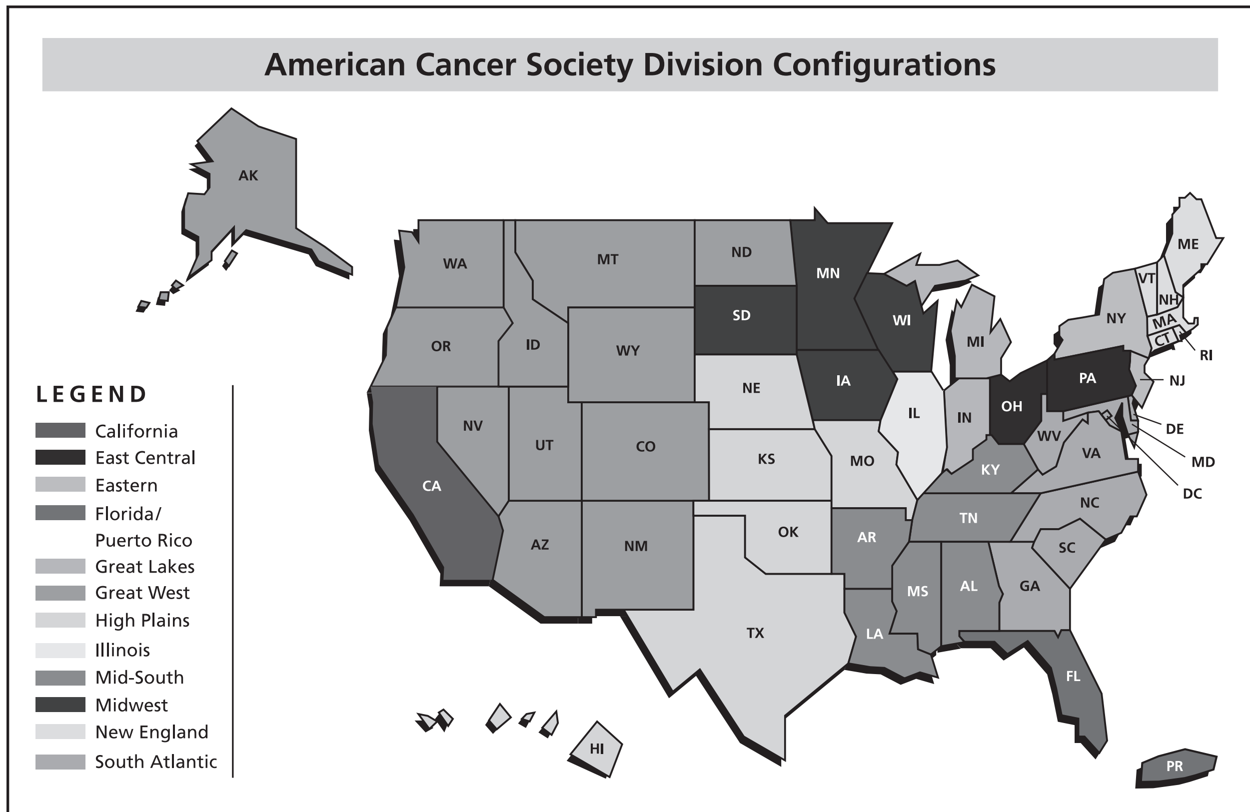
ORGANIZATIONAL STRUCTURE

From the small nucleus of health activists in the early 20th century has grown a complex organization. Its goal remains the same, but its size and scope have expanded. Strong volunteer and staff ranks nationwide that exemplify America's ethnic and cultural diversity share responsibility for carrying out the organization's mission. Today, the American Cancer Society's influence extends into communities nationwide and around the world, marshaling the efforts of millions of volunteers. Its confluence of grassroots reach and worldwide eminence makes the Society a unique leader in the fight against cancer.

The American Cancer Society, Inc., is a 501(c)(3) nonprofit corporation governed by a strategic, fiduciary governing board that sets policy, develops and approves an enterprise-wide strategic plan and related resource allocation, and is responsible for the performance of the organization as a whole, supported by regional volunteer boards.

The Society's structure includes a central corporate office in Atlanta, Georgia, 12 geographic Divisions with regional offices, and more than 900 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 international program, and our 24-hour call center; and provides technical support and materials to Divisions and regional and local offices for local delivery.

American Cancer Society Division Configurations



The Society also works closely with its partner advocacy organization, the American Cancer Society Cancer Action Network (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 with the Society.

With a presence in 5,200 communities, the American Cancer Society fights 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 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.

HOW WE ARE GOVERNED

The organization is governed by one Board of Directors, composed entirely of volunteers from the medical and lay communities, with representation from each geographic Division. Volunteer boards in each Division focus their efforts on how to best carry out the organization's work, in line with enterprise-wide strategic plans and priorities. These geographic boards pursue mission and fundraising activities and provide critical links to local communities, while governing authority resides solely with the American Cancer Society Board of Directors.

The American Cancer Society Board of Directors consists of 11 officers, 24 directors (12 from the medical community and 12 from the lay community) nominated by the Divisions, and eight directors at large. Directors and directors at large are elected for a two-year term.

As a result of the merger effective September 1, 2012, the Board is now the sole governing and fiduciary body for the organization. This means the Board's work includes approving bylaw changes, enterprise resource allocation plans, and financial policies. Some responsibilities were formerly held by a volunteer National Assembly, which voted in 2011 to move governing authority and accountability to the organization's Board of Directors, in an effort to streamline the Society's governance model. This move will enable the organization to be more efficient and effective, and is in line with best practices in the nonprofit sector.

The Society's president is the chief medical and scientific volunteer leader, and the chair of the Board is a lay volunteer leader. The officers, including the chair and president, are elected annually. The Board meets regularly throughout the year, and a typical agenda includes discussion and voting on our major goals and strategies and monitoring of the business operations of the Society.

The CEO is selected by, and reports to, the 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 Board has established executive limitations that document key policies to which the organization should adhere, and the CEO provides periodic monitoring to the Board to confirm compliance with those limitations.

As part of the transformation process that the American Cancer Society is going through, the current governance structure is under review, with changes set to go into effect in January 2014.

Strategic Plan

Delivering progress in the fight against cancer takes both great vision and careful planning.

2015 CHALLENGE GOALS

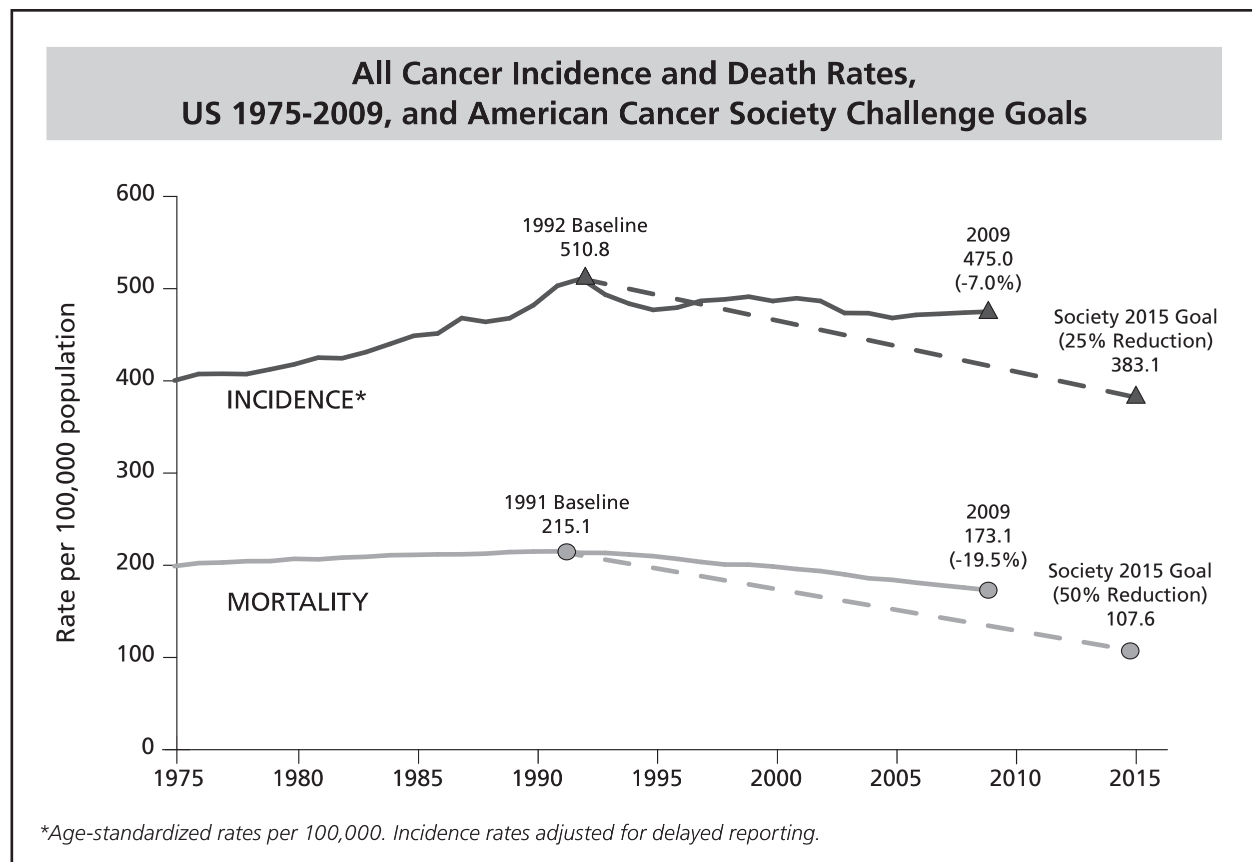
Beginning in 1996, the American Cancer Society set its sights on the year 2015. We established long-term goals for the significant reduction of cancer mortality and cancer incidence rates and for the improvement of quality of life for cancer survivors and their caregivers. The Society sees these targets not as predictors, but as challenge goals for the nation. They clarify priorities and focus action on activities with the greatest potential to reduce cancer.

These strategic goals for 2015 include:

- Reduce the age-adjusted cancer mortality rate by 50 percent.
- Reduce the age-adjusted cancer incidence rate by 25 percent.
- Measurably improve quality of life (physical, psychological, social, and spiritual) from time of diagnosis through balance of life for all cancer survivors.

“Age-adjusted” means the mortality and incidence rates are adjusted in order to account for the increasing average age of our population, which would otherwise skew the statistics because cancer incidence increases with age. Thus, if we achieve these age-adjusted goals, in absolute numbers cancer incidence and mortality reductions will still appear significantly less than these percentages because of our aging population.

The Society recognizes we cannot achieve these goals alone. In order to accomplish our objectives, we are committed to collaborating with other organizations with similar goals and with federal and state governments. We believe we have a responsibility to act as a catalyst, engaging our collaborators to address gaps in cancer control.



**Age-standardized rates per 100,000. Incidence rates adjusted for delayed reporting.*

FOCUSING OUR WORK

Fighting cancer is a broad and many-faceted task. In order to have the greatest possible impact on the disease, and save the most lives, the American Cancer Society has focused its work in several areas over time. While we retain perhaps the most comprehensive mission statement in the cancer-fighting space, we know that in order to save more lives faster, we must take a targeted approach to our work.

Leadership Roles

For about a decade, the Society's work has been based on four leadership roles, created through a nationwide process to align our mission activities and priorities and firmly rooted in pursuing the 2015 goals. These leadership roles are:

1. Make available high-quality, timely, clear information, especially to newly diagnosed cancer patients and their caregivers, to support better decision making.
2. Use our scientific credibility and unique position to support innovative, high-impact research through both direct funding and our ability to influence the amount and direction of research funding from other sources.
3. Improve the quality of life of cancer patients, caregivers, and survivors by assisting primarily with service referral, community mobilization, collaboration, advocacy, and where appropriate, directly providing services.
4. Prevent and detect cancer as early as possible.

In addition, the Society has worked toward two "pillars" of action that support all four leadership roles. Those pillars are:

- Advocate effectively at all levels of government for policies that will help us win the fight against cancer.
- Eliminate disparities in the prevention, detection, and treatment of cancer as well as in quality of life.

For many years, these four leadership roles have guided our actions in the fight against cancer, and they are the foundation for the metrics we use to measure our progress, outlined in this report. As the landscape of cancer changes, along with the larger economic, social, and public policy world in which we wage the fight against the disease, we have sought to clarify these leadership roles further in order to be continually more effective in our mission. We've done this by defining criteria that helps us to prioritize our work and therefore better use our resources.

Prioritizing for the Future

Moving forward, we have worked as part of our organizational transformation to reassess these leadership roles, honing our focus and identifying new ways in which we can have the greatest impact in the years ahead, as we enter our second century as an organization. We want to achieve a clearer "line of sight" between the actions we take with our programs and their specific impact. It is a shift, in a sense, from measuring the volume of our activities to measuring the impact those activities will have on larger cancer outcomes.

Based on comprehensive reviews of the state of the science, current trends and progress, primary evidence-based interventions, potential impact over time, targeting options to achieve maximum impact, what the Society has been doing, and the Society's unique role in the cancer fight, our Board of Directors has identified six outcomes as the biggest opportunities to accelerate progress toward averting 1,000 deaths per day. These strategic areas are those for which the American Cancer Society will accept accountability and will be the focus of operational plans and resources going forward.

1. Lung cancer/tobacco control
2. Nutrition and physical activity
3. Colorectal cancer
4. Breast cancer
5. Survivorship and quality of life
6. Access to care (this outcome cuts across all areas)

Based on these priorities, we have created our first-ever nationwide program of work, a plan that translates these Board-established outcomes into nationwide strategies for mission, income, and organizational health. These strategies represent the emerging priority activities for the Society as a whole, where we will invest the majority of our resources. The program of work will help the organization align around what we are going to do and how we are going to do it, so we can put the full power of the organization behind achieving our goals and deliver consistent experiences to our constituents across the country.

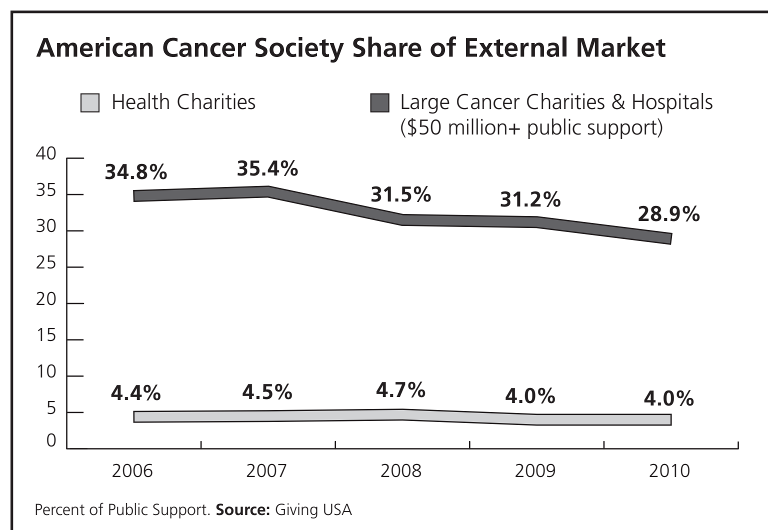
In 2013, we are beginning to align our work with these areas, and have executed an enterprise-wide resource allocation plan to support that work. In future editions of the *Stewardship Report*, we will discuss our progress based on these priorities, rather than the leadership roles mentioned in the previous section.

OUR SHARE OF THE HEALTH SECTOR

The American Cancer Society continues to be the largest health charity, and in 2008 through 2010 moved ahead of the Red Cross to become the largest secular charity in public support (excluding organizations that focus on donated goods, and pass-through organizations like the United Way). Fundraising dollars exceeded $1 billion for the first time in 2007 and again in 2008, but retreated below that level during the recession and subsequent periods ($930 million in 2009, $898 million in 2010, $896 million in 2011, and $889 million in 2012) due primarily to a market-driven decline in the amount of planned gifts received and valued.

The Society has performed consistently in recent years compared to the charitable health sector as a whole. Since the inception of our Integrated Fundraising Plan, from 2003 through 2008, the Society grew at an annual rate of 4.9 percent, outpacing the charitable health sector at 1.1 percent annual growth. The Society outpaced the rate of health sector growth in every one of these years, and did so again in 2008 despite public support for the Society being down 3.0 percent (the health sector declined 6.5 percent). Market share improved during each of these years, but dropped to 4.0 percent in 2009, where it remained in 2010.

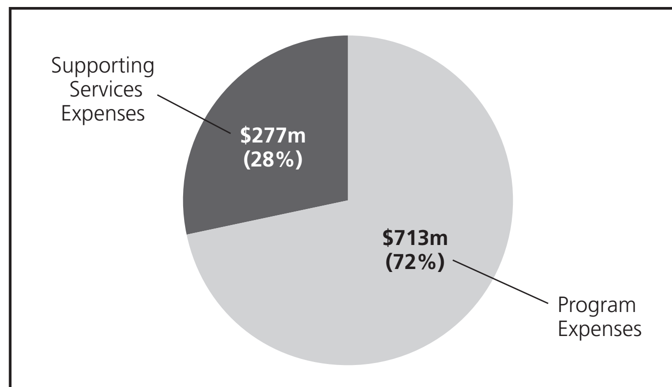
To be more specific, the Society has lost market share in the increasingly competitive cancer philanthropy space during the past decade, as the organization's growth has been outpaced by rising niche brands that are also friends and collaborators in mission efforts. Also, cancer hospitals aggressively entered the fundraising space during this time period. From 2003 to 2009, the Society's share of the cancer marketplace declined more than 30 percent. Current market share data is not yet available. Maintaining and increasing our market share to ensure the Society remains relevant to our constituents is one of the larger goals of the organization's transformation work mentioned in the previous section.



SPENDING THE MONEY

The Society is not an endowed organization that has been underwritten in perpetuity by a single wealthy benefactor, individual, family, or corporation. We are funded, primarily, from the money we can raise each year. While we have investments, cash reserves, and other assets underpinning the organization for the future, the Society is funded mostly by donations averaging well under $100. With nearly a billion dollars in annual resources, the Society has continued to show repeatable fundraising success, even in these continued tough economic times. Each year we spend virtually every dollar we raise from public support and other sources of income on achieving our mission.

As part of our commitment to best practices in financial stewardship, the Society is acutely mindful of our obligation to spend the money entrusted to us wisely. Given our role in fighting cancer across the full spectrum of the disease, and increasingly around the world, the demand for the dollars donors have given to us is significant. Broadly speaking, our expenses fall into two categories: first, program services including cancer research, prevention, detection, treatment, and patient support; and, second, supporting services such as management compensation, general infrastructure, and the cost of fundraising. The pie chart on the right shows the general breakdown of monies in those two areas for our most recent fiscal year of financial reporting, the period ending August 31, 2012.



A deeper analysis of this spending is contained in the Financial Report section beginning on page 44.

The Society routinely meets or exceeds the standards established by various charity watchdog organizations such as the Better Business Bureau (BBB) Wise Giving Alliance. In fact, the Society currently enjoys full accreditation from the BBB and possesses the BBB Wise Giving Alliance national charity seal of approval.

FUNDRAISING

The American Cancer Society enjoys a historic strength in mobilizing communities to fight back against cancer through grassroots fundraising – raising small gifts through millions of individual donations from private supporters. In the past decade, the Society has made strong and deliberate efforts to broaden its portfolio of fundraising approaches to capitalize on market opportunities, minimize risk, and improve fundraising efficiencies.

In 2012, approximately 6 million donors composed of individuals, corporations, and foundations made more than 7.8 million gifts. More than 5.7 million of these donors were individuals with an average gift size of $50.

Relay For Life

The American Cancer Society Relay For Life is the world's largest movement to end cancer and the largest global awareness and fundraising event of its kind. This community-based event gives everyone the chance to celebrate the lives of people who have battled cancer, remember loved ones lost, and fight back against the disease. Relay For Life is a significant opportunity to reach and engage more than 3.5 million people – 1 in every 100 Americans – in 5,200 communities in the United States as well as 19 other countries with lifesaving messages about staying well and getting well from cancer, finding cures, and fighting back.

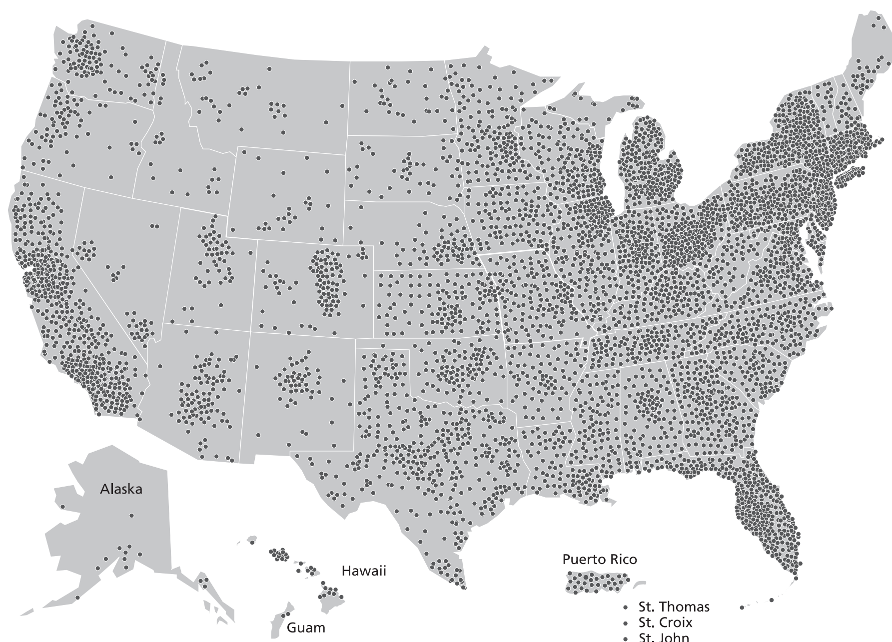
Special Events

The American Cancer Society manages a variety of fundraising activities that appeal to constituents based on their personal interests and passions (e.g., cancer type, athletics/sports, social activities, honoring/remembering loved ones, etc.). Priority activities include programs such as the Making Strides Against Breast Cancer initiative, distinguished events (galas and golf tournaments), and the Coaches vs. Cancer® program. Some recent special event highlights for the Society include:

- Making Strides Against Breast Cancer, the Society's premier event that raises funds and awareness to help end breast cancer, provides more than $56 million each year to the income portfolio.

2012:
5,200 EVENTS NATIONWIDE

AMERICAN CANCER SOCIETY
RELAY FOR LIFE



Major Gifts

The American Cancer Society's Major Gifts initiative develops meaningful, long-term relationships with high-net worth individuals and foundations, and provides them a platform for realizing their personal vision of fighting cancer as they invest in the Society's most compelling mission opportunities to save lives.

Planned Giving

The Planned Giving Business Unit develops meaningful relationships with individuals of capacity and their legal or financial advisors. These relationships enable donors to leverage their assets and make meaningful gifts to save lives from cancer. Through its Planned Giving program, the American Cancer Society serves as a philanthropic ambassador to donors and their legal or financial advisors. Engagement strategies build awareness of gifting opportunities among a broad audience of Society donors and constituents.

In 2012, the Society received $111 million in charitable Planned Giving income. The organization continues to further refine nationwide benchmarks for planned giving staff productivity and growth in secured gift commitments. Innovative strategies migrated many donors from a mass market approach to individualized engagement for their specific needs. Our Nationwide Gift Planning Advisor Council provided insights for new growth strategies in our National Professional Advisor Network for estate planning practitioners. The Bequest Survey project surfaced an estimated $15.76 million in future gift discoveries. Partnerships with the Relay For Life and Making Strides Against Breast Cancer intiatives identified more than 34,000 event participants requesting information for including the Society in their future estate and financial plans.

Corporate & Systems Initiative

The Corporate & Systems Initiative develops relationships with major US employers (e.g., Fortune 1,000 companies), health care, government, and school systems to create mutually beneficial relationships through a coordinated account management process. It offers companies and other systems customized mission and income offerings to help employees stay well and get well, and offers them avenues to help the Society find cures and fight back against cancer through employee and customer engagement. Companies and other systems

can address health care costs and stimulate giving through payroll deduction programs, event sponsorships, matching gifts, cause marketing relationships, and corporate philanthropy.

Through its employer relationships, the Society secured 52 members for its Relay For Life National Corporate Team Program, an all-time high, which garnered the organization more than 65,000 team members in 2012, raising nearly $18 million. In addition, 16 members of the Making Strides National Team Program generated 1,614 teams and increased revenue by 39 percent, raising $4.6 million.

Collaboration with major employers has increased through executive engagement. CEOs Against Cancer® continues to grow across the organization with more than 425 CEO members. These CEOs are uniting with the Society to change the course of cancer by leveraging the collective knowledge, power, and resources of the American Cancer Society and the business community to chart a path to a world with less cancer and more birthdays.

Corporate Marketing Alliances

Through its Corporate Marketing Alliances program, the American Cancer Society works to create mutually beneficial marketing collaborations with targeted corporations that support Society cause branding platforms, extend the reach of Society mission messages, and generate significant revenue through sponsorship, cause marketing promotions, and licensing.

Direct Response Marketing

The direct response marketing team aims at strengthening mass market constituent relationships to improve donor retention, constituent loyalty, and gift size and frequency of support. The direct response group focuses on market segmentation, acquiring and reactivating donors, testing multi-channel opportunities, and improving constituent giving relationships.

E-revenue

The goal of the American Cancer Society's e-revenue strategy is to build a powerful online competency that is constituent-focused while providing income growth opportunities to all major Integrated Fundraising Plan initiatives. E-revenue creates dynamic new fundraising opportunities by leveraging technology to access a broader group of potential donors, increase the efficiency of fundraising, achieve higher levels of giving, and improve ease of data capture and subsequent constituent relationship management. In 2012, total e-revenue decreased by approximately 1 percent from the prior year, still representing 17 percent of public support.

Achieving Organizational Excellence

MANAGING IN A RECESSION

Being a financial leader also means being a leader in organizational stewardship – especially when times are tough. The economic times in which we have found ourselves in the past few years are unlike any the American Cancer Society – or indeed, the nonprofit sector as a whole – has seen in our century-long history. Throughout the recession we are also mindful of the fact that it's during periods of such hardship that people facing cancer need us even more, as well as the fact that the nonprofit sector typically lags behind other sectors in recovering from recessionary events. Indeed, some estimates say the sector as a whole will not fully recover from this recession until 2020. We therefore used the economic downturn as an opportunity to challenge ourselves at all levels of the organization to do more with less – without losing focus on our mission. This work, coupled with our organizational transformation, has renewed our management discipline to achieve a higher level of organizational efficiency and has enabled the Society to emerge from the recessionary period even stronger.

ACHIEVING OPERATIONAL EFFICIENCIES

Ensuring our operations are as efficient as possible is an ongoing obligation for the Society, to which we have been committed since our inception as an organization. We have made strides in this area in recent years, beginning in 2001, when we merged services such as data collection and donation and invoice processing into a state-of-the art Shared Services Center shared by our then 17 Divisions, national headquarters, and our advocacy affiliate. This has helped the Society save tens of millions of dollars by capitalizing on economies of scale.

In 2007, when our national headquarter operations in Atlanta grew beyond its building capacity, we took the opportunity to merge our National Home Office, our South Atlantic Division, and our Atlanta Metro Unit into one facility, increasing collaboration and cutting costs by allowing these offices to share meeting, technology, administrative, and staff resources. In addition, by going to market as a combined effort, we were able to better capitalize on the local real estate market conditions.

In January 2009, we convened staff leaders from our National Home Office and throughout the nation to take a hard look at how and where we spend our resources, and what we could do in the short term to improve operational efficiencies and effectiveness across every area of the Society. We engaged outside organizational efficiency experts to help us delve deeper into business process opportunities nationwide.

We began this process with an in-depth operational analysis at the National Home Office level, and with select functions among the Divisions. The scope of the analysis reviewed most major functions of the organization engaged in our business, from support (e.g., management, information technology, finance, etc.) to mission enablers (e.g., call centers, Relay For Life, etc.). In all, that scope encompassed some $680 million in spending, and we concluded that savings of approximately $40 million were achievable over the next two to four years, especially by building out and streamlining our nationwide strategic sourcing and procurement strategy for outside vendor supplies and services. To date, we have realized approximately $15 million of this opportunity through a combination of cost savings and cost avoidance. We are aggressively pursuing the remaining opportunities through a combination of our strategic sourcing function and our transformation initiatives. Based on our results to date, we believe the original savings estimates are conservative, and we are diligently pursuing the remaining opportunities to generate efficiencies as quickly as possible.

Fulfilling Our Mission

The Society has worked to achieve its leadership roles and focus areas through research, education, advocacy, and patient support programs.

The Society works tirelessly to educate 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.

LEADERSHIP ROLE – INFORMATION

Finding Cancer Early, When It Is Most Treatable

Focus Areas:

1. Being a trusted provider of unbiased, general information
2. Being a trusted provider of interactive, personal information and guidance

The best defense against cancer is finding it early – when it is easiest to treat.

To help the public and health care professionals make informed decisions about cancer screening, the American Cancer Society publishes a variety of early detection guidelines. These guidelines are assessed regularly to ensure the recommendations are based on the most current scientific evidence. The Society currently provides screening recommendations for cancers of the breast, cervix, colon and rectum, and endometrium. We also provide information and guidance on testing for early prostate cancer and general recommendations for a cancer-related component of a periodic checkup to examine the thyroid, mouth, skin, lymph nodes, testicles, and ovaries.

Throughout its history, the American Cancer Society has launched a number of aggressive public awareness campaigns targeting the general public and health care professionals. Campaigns to increase the usage of Pap testing and mammography have contributed to a 70 percent decrease in cervical cancer incidence rates since the introduction of the Pap test in the 1950s and a steady decline in breast cancer mortality rates since 1990. From 2003 through 2006, the Society focused its efforts on encouraging adults ages 50 and older to get tested for colon cancer, resulting in increased awareness and intent to get screened.

As Society researchers began to confirm the link between cancer outcomes and insurance status, the organization launched a pioneering effort in 2007 to raise awareness about lack of access to quality health care as a significant barrier to progress against cancer. This effort surfaced tens of thousands of devastating stories of people facing cancer with inadequate insurance or with no insurance at all. ACS CAN is working in partnership to increase funding for programs that provide access to breast and cervical cancer screenings to low-income, underinsured, and uninsured populations, and to support similar programs for colon cancer so that everyone has the opportunity to stay well.

In addition to the Society publishing public information through pamphlets, books, and online at cancer.org, we also publish numerous information sources for health care professionals, including three clinical journals: *Cancer, Cancer Cytopathology,* and *CA: A Cancer Journal for Clinicians*. More information on the Society's books and journals is available at cancer.org/bookstore.

LEADERSHIP ROLE – QUALITY OF LIFE

Helping People Get Well

Focus Areas:

1. Refer patients and caregivers to optimal local services via multiple channels.
2. Influence investment by local communities in high-impact quality of life services and policies through community mobilization, collaboration, and advocacy.
3. Where necessary, directly provide services where the Society is uniquely able to do so.

Whether it's the middle of the day or the middle of the night, the American Cancer Society is here to guide and support people through every step of a cancer journey. The Society offers a comprehensive suite of support programs and services to help people get well, and is the only cancer organization that stands ready to assist the more than 1.6 million cancer patients diagnosed each year, and the nearly 14 million cancer survivors – as well as their family and friends – 24 hours a day, seven days a week.

Providing information to help make informed decisions or free services like transportation to and from cancer treatment or a free place to stay while receiving treatment far from home, the American Cancer Society is available around the clock to help people focus on getting well.

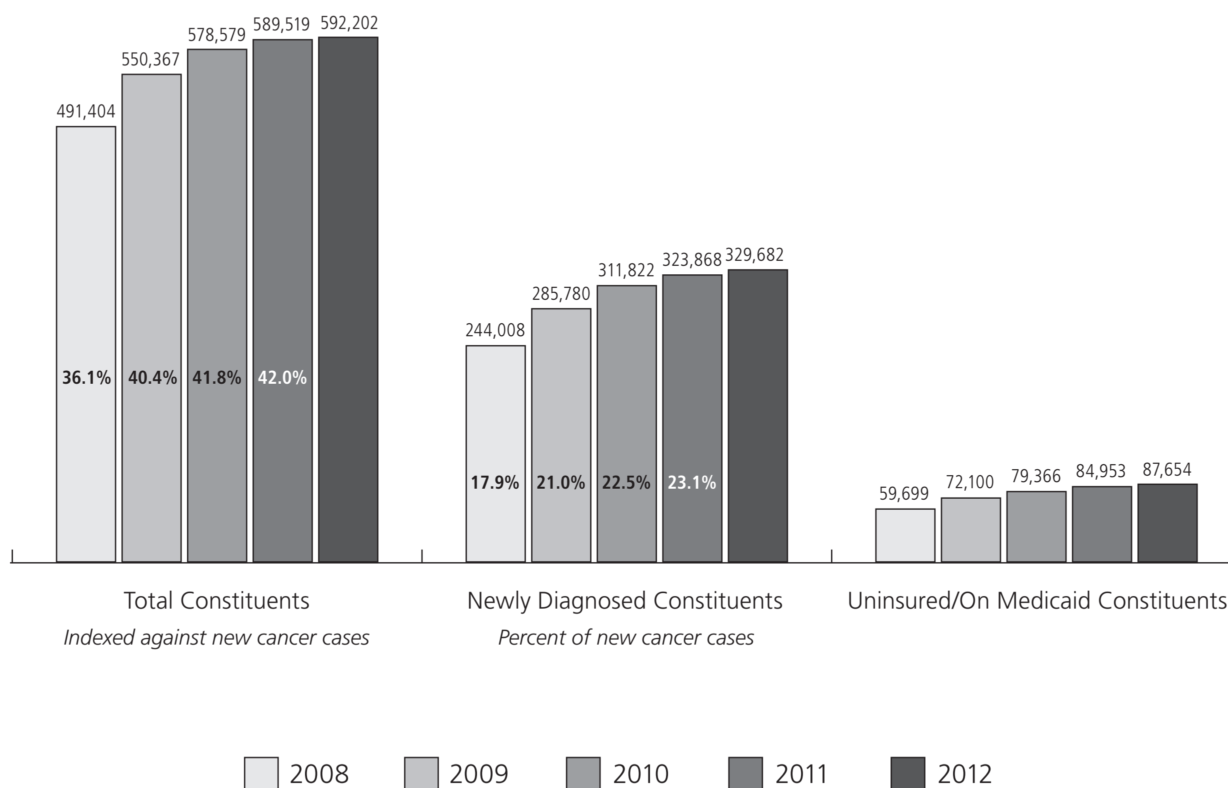
National Cancer Information Center (1-800-227-2345, cancer.org)

The Society's greatest expenditure in its patient support portfolio, as well as the most heavily used channel to serve constituents, is its National Cancer Information Center (NCIC) located in Austin, Texas. A primary gateway to the American Cancer Society and its resources, the NCIC provides consistent, high-quality, unbiased cancer information to constituents 24 hours a day, seven days a week, 365 days a year. Through the NCIC, the Society reaches people with the cancer information they need, when they need it, and helps constituents make informed decisions about their health and cancer care. Answering approximately 850,000 calls, emails, and chats annually, the Society's highly trained Cancer Information Specialists provide the utmost quality service by assisting with information requests, service referrals, and by helping patients and caregivers navigate the cancer experience.

The NCIC also processes donations and gathers vital information from constituents to help support Society goals. The NCIC creates efficiency for the organization by centralizing nationwide information delivery while allowing Division and field staff and volunteers to focus on local delivery of services. Cancer Information Specialists are also responsible for responding to inquiries for information and assistance at cancer.org, the Society's comprehensive Web site, which received more than 25 million unique visitors in 2012.

2012 Nationwide Mission – Information and Quality of Life Leadership Roles

Number of Constituents Served with Patient-related Information or Patient Programs and Market Penetration



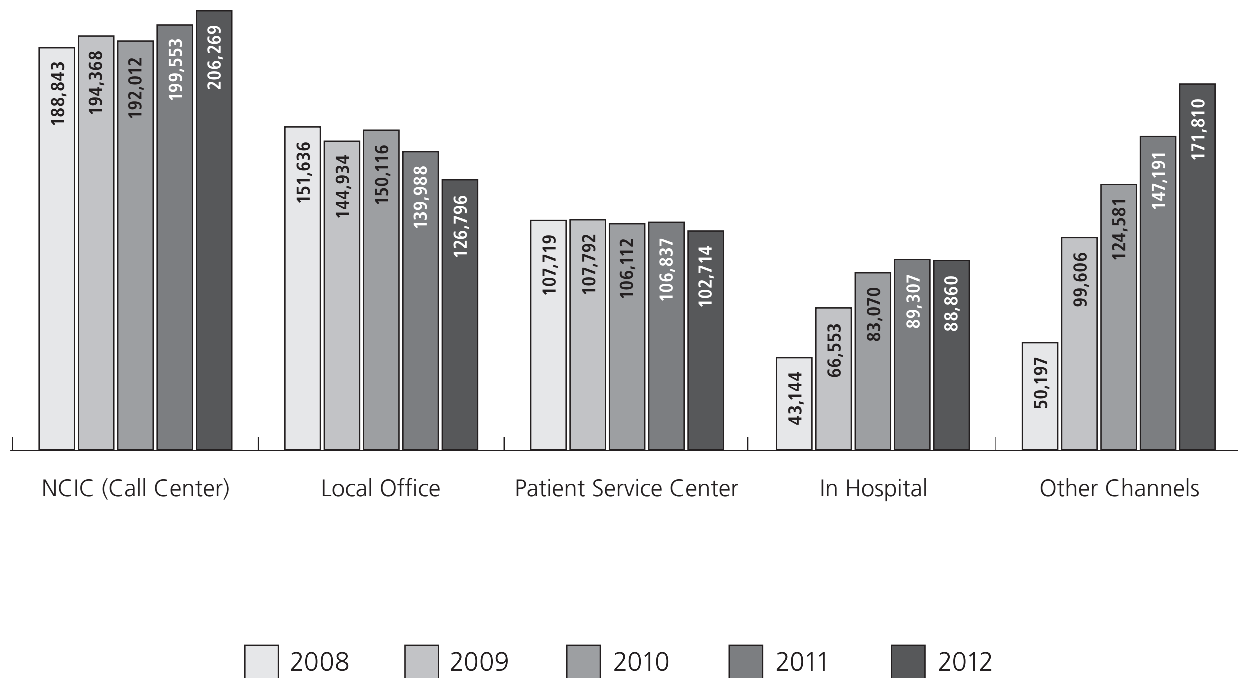
*Uninsured or Medicaid Insured estimated new cancer incidence developed by American Cancer Society Research department.

Source: Siebel Service Requests and Activities, Fiscal Year.
Total Constituents includes: Patient, caregiver, or friend calling as a result of an individual's cancer diagnosis.

The American Cancer Society served more than 590,000 unique constituents with patient-related information or programs in fiscal year 2012, an increase of more than 2,500 constituents, or .5 percent, from the prior fiscal year. There were also sizable increases among constituents who were newly diagnosed, up 2 percent, and constituents who were uninsured or on Medicaid, up 3 percent. These increases reflect a combination of improvements in outreach and data capture.

2012 Nationwide Mission – Information and Quality of Life Leadership Roles

Constituents Served with Patient-related Information by Channel



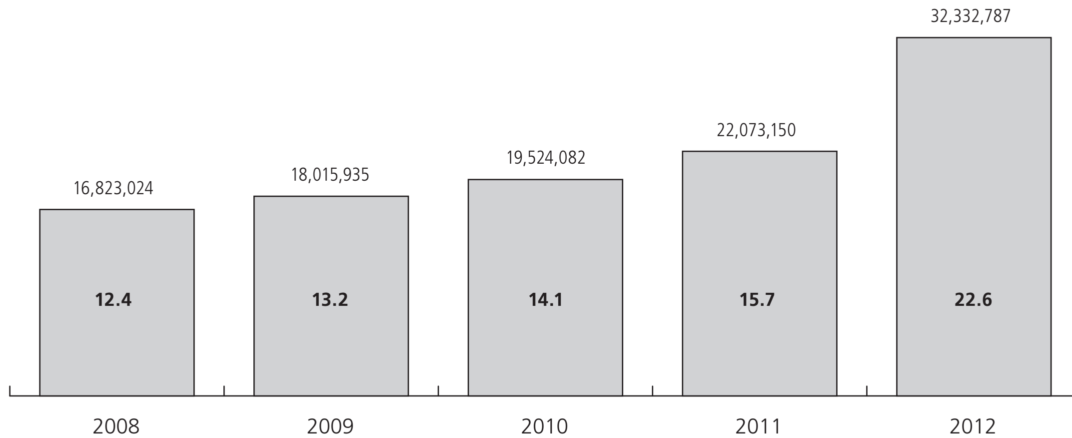
Source: Siebel Service Requests: Fiscal Year.
Other Channels include: Customer Service, Event, Fax, NHO, Other, Physicians' Portal, Web, Volunteer Resource Center, Quit For Life, Patient Navigator Program staff portal, and hospital-based navigation.

The categories of NCIC and Other Channels each experienced growth compared to the prior year. The significant growth in the Other Channels category was largely driven by the fax process from referral organizations and volunteer resource centers.

2012 Nationwide Mission – Information and Quality of Life Leadership Roles

Online Measures

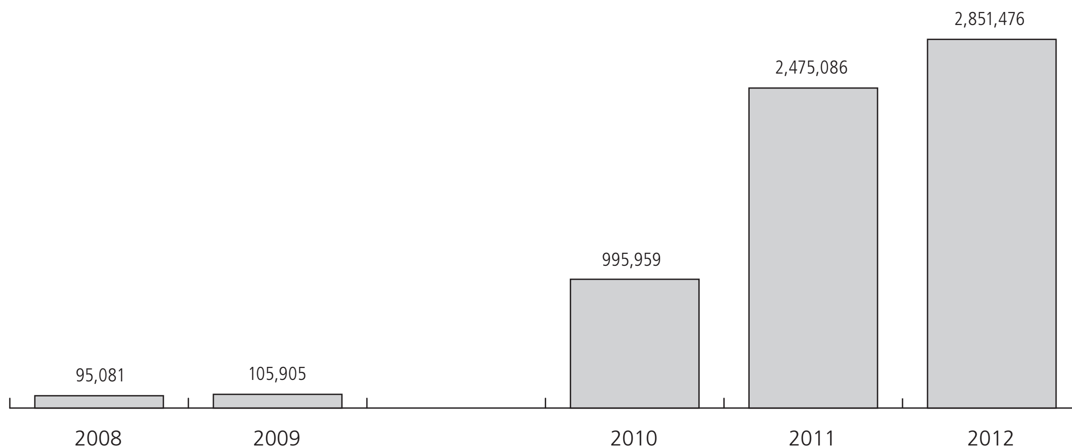
Cancer.org
Total Visits Indexed against New Cancer Cases



i.e., For FY2012 there were 22.6 visitors for every one new cancer case.

Unique visitors to cancer.org grew by 46 percent compared to the prior year, increasing the rate of total visits to 22.6 for every one new US cancer case (visitors include anyone utilizing cancer.org as a trusted resource).

Cancer Survivors Network℠
Total Registered Indexed against New Cancer Cases



Online data not included in patient information totals above. **Source:** Google Analytics.

The number of registered users of Cancer Survivors Network beginning in 2010 cannot be compared to past years, as a new reporting system is being used. The new system follows the same methodology as cancer.org.

Hope Lodge®

When a person diagnosed with cancer must travel a significant distance from home for the best available treatment, where to stay and how to afford accommodations are immediate concerns, and can sometimes affect treatment decisions. 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. Hope Lodge facilities cater to patients who live 35 or more miles (or more than an hour) from their treatment center. Equally as important, they provide a supportive, nurturing environment key to the healing process and getting well. Hope Lodge facilities help patients and caregivers better navigate the cancer experience by providing information and ready access to the full spectrum of American Cancer Society programs and services. In 2012, the Society operated 31 Hope Lodge locations across the United States and served more than 41,000 patients and caregivers. The Society was able to provide more than 260,000 room nights at an estimated savings of more than $26 million to guests, versus staying at a hotel.

Patient Navigator Program

Learning how to navigate the cancer journey and the health care system can be overwhelming for anyone, but it is particularly difficult for those who are medically underserved, those who experience language or health literacy barriers, or those with limited resources. The American Cancer Society Patient Navigator Program was designed to reach those most in need. Specially trained American Cancer Society patient navigators are located in cancer treatment facilities (host sites) and, working in cooperation with host site staff, connect patients with information, resources, and support to decrease barriers and ultimately to improve health outcomes.

The Society collaborates with a variety of organizations, including the National Cancer Institute's Center to Reduce Cancer Health Disparities, the Center for Medicare and Medicaid Services, numerous cancer treatment centers, and others to implement and evaluate its program. Currently, the Society's Patient Navigator Program is the largest oncology-focused patient navigator program in the country, with 140 program sites located nationwide in a variety of publicly and privately funded institutions. In 2012, our navigators helped more than 88,000 patients through their cancer experience.

Transportation

Cancer patients cite transportation to and from treatment as a critical need, second only to direct financial assistance. Through its Road To Recovery® program, the American Cancer Society matches cancer patients with specially trained volunteer drivers. This program offers patients an additional key benefit of companionship and moral support during the drive to medical appointments. The Society's transportation grants program allows hospitals and community organizations to apply for resources to administer their own transportation programs. In some areas, primarily where Road To Recovery programs are difficult to sustain, the Society provides transportation assistance to patients or their drivers via pre-paid gas cards to help defray costs associated with transportation to treatment. Extensive evaluation has shown that these programs are highly effective in helping patients maintain their treatment schedules – a key to getting well. In 2012, the Society helped more than 17,000 constituents get to and from their cancer treatment through its Road To Recovery program.

Throughout the country, the Society offers a variety of programs to provide people facing cancer with the information, day-to-day help, and emotional support they need to focus on getting well. For a complete list of these programs, visit cancer.org.

2012 Nationwide Mission – Information and Quality of Life Leadership Roles

Constituents Served by Patient Programs – Details

All Access to Care Programs – Detail

	FY2008	FY2009	FY2010	FY2011	FY2012
Programs	Number Served	Number Served	Number Served	Number Served	Number Served
Hope Lodge	24,843	31,060	32,702	37,777	41,316
Hope Lodge Van	719	1,204	1,314	1,308	1,157
Lodging	4,112	4,309	4,640	5,191	5,592
Road To Recovery	13,944	13,662	15,139	16,149	17,020
Transportation Assistance	38,285	43,475	50,340	63,813	67,008

The Society served more than 252,000 unique constituents with patient programs in 2012. The number of constituents served with Access to Care programs increased 7 percent, compared to the prior fiscal year. Within the Access to Care focus area, Hope Lodge saw the largest increase of constituents served, with an 11 percent increase.

2012 Nationwide Mission – Information and Quality of Life Leadership Roles

Constituents Served by Patient Programs – Details

All Patient Support Programs – Detail

	FY2008	FY2009	FY2010	FY2011	FY2012
Programs	**Number Served**	**Number Served**	**Number Served**	**Number Served**	**Number Served**
Camps	2,886	3,637	4,883	5,305	5,021
I Can Cope®	9,333	11,677	11,732	12,311	8,793
Look Good Feel Better®	40,508	46,160	48,193	49,023	47,165
Man To Man®	8,390	8,059	7,486	6,574	5,814
Reach To Recovery®	26,198	24,148	21,481	19,850	17,980
Support Groups	9,401	7,816	7,418	5,922	4,679

Patient support programs decreased by 9 percent compared to the prior fiscal year. Look Good Feel Better remained relatively steady, reaching more than 47,000 constituents.

LEADERSHIP ROLE – RESEARCH

Finding Cures

Focus Areas:

1. Extramural funding of innovative and high-impact research
2. Intramural funding to conduct, collaborate, and publish high-impact research, assisting both internal and external cancer control strategies
3. Influence the amount and direction of funding and policy changes that support research.

The aim of the American Cancer Society's research program is to determine the causes of cancer and to support efforts to prevent, detect, and cure the disease. We are the largest source of private, nonprofit cancer research funds in the United States, second only to the federal government in total dollars spent.

In 2012, the Society spent an estimated $160.1 million on research and health professional training and has invested more than $3.8 billion in cancer research since the program began in 1946.

The Society's comprehensive research program consists 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 and health services research, behavioral research, international tobacco control research, and statistics and evaluation.

Extramural Grants

The extramural program supports investigator-initiated projects taking place in leading centers across the country, as well as training grants in selected health professions. Applications for grants are subjected to a rigorous external peer review, which ensures that only the highest-quality applications receive funding. The Society focuses most of our efforts toward supporting researchers in the early part of their careers, demonstrated by redefining our target grantees for the Research Scholar Grant as those within the first six years of their independent academic appointments. The success of the Society's research program is exemplified by the fact that our organization supported 46 Nobel Prize winners early in their careers.

Epidemiology

As a world-class program on epidemiologic research of cancer, the Society's intramural epidemiology research program has examined cancer risk factors in the general population and monitored trends in cancer incidence, mortality, and survival in the United States for more than 65 years. Its goals are to conduct and publish research to increase our knowledge of the environmental, behavioral, and biologic causes of cancer and cancer survivorship, and to communicate research to inform and motivate cancer prevention and survivorship strategies, policies, and practice.

As part of this work over the years, epidemiology program researchers have conducted three large prospective studies to identify factors that cause or prevent cancer:

- Hammond-Horn study (188,000 men followed from 1952-1955 in 25 states)
- Cancer Prevention Study I (CPS-I, one million people followed from 1959-1972 in 25 states)
- Cancer Prevention Study II (CPS-II, an ongoing study of 1.2 million people enrolled in 1982 in 50 states)
- Recruitment into a new Cancer Prevention Study (CPS-3) began in 2006, with a goal of recruiting an ethnically and geographically diverse population of 300,000 adults by the end of 2013. The ultimate goal of CPS-3 is to help researchers better understand the lifestyle, environmental, and genetic factors that cause cancer so we can determine how to prevent it.

The Cancer Prevention Studies have provided unique contributions both within the American Cancer Society and in the global scientific community. These contributions allow us to focus our resources on factors most important in preventing cancer and promoting health. In particular, the data collected in these studies provided a unique picture of the progression of the tobacco epidemic and the emergence of the obesity epidemic over the past half-century. Some other key findings from these studies include:

- Cigarettes with reduced yield of tar and nicotine do not reduce the risk of lung cancer.
- Obesity is associated with increased death rates from at least 10 cancer sites, including colon and postmenopausal breast cancer.
- Discovery of the link between aspirin use and lower risk of colon cancer opened the door to research on chronic inflammation and cancer.
- Relationships of other potentially modifiable factors such as physical inactivity, prolonged hormone use, and certain dietary factors with cancer risk
- Air pollution, especially small particulates and ozone, increases death rates from heart and lung conditions. CPS-II findings helped to motivate the Environmental Protection Agency to propose more stringent limits on air pollution.

Surveillance and Health Services Research

The mission of Surveillance and Health Services Research (SHSR) is to analyze and disseminate population-based information on cancer occurrence and its causes, prevention, early detection, treatment, and survival, and thereby, to strengthen the scientific basis for cancer prevention and control. This is achieved through three approaches, each targeting a specific audience: *Facts & Figures* publications target the media, Society staff and volunteers, cancer control advocates, and health educators; the annual *Cancer Statistics* article targets clinicians; and research papers target public health experts and scientists. *Cancer Facts & Figures*, the principal service publication, has been published annually for nearly 60 years. *Cancer Facts & Figures* is complemented by a special section and stand-alone publications focusing on specific topics to satisfy the need of staff, volunteers, and advocates for more in-depth information. Six supplemental publications focus on specific topics related to risk factors and early detection (*Cancer Prevention and Early Detection* [CPED]), major subpopulations (*Cancer Facts & Figures for African Americans* and *Cancer Facts & Figures for Hispanics/Latinos*), major cancer sites (*Breast Cancer Facts & Figures* and *Colorectal Cancer Facts & Figures*), and the global burden of cancer (*Global Cancer Facts & Figures*). CPED is published annually; the other *Facts & Figures* are published every two or three years. All *Facts & Figures* publications are available for free download at cancer.org/statistics. Surveillance Research also provides frequently used current statistics in a scripted PowerPoint slide set to assist Society staff and volunteers, and educators in making presentations to diverse audiences.

Cancer Statistics is a companion publication to *Cancer Facts & Figures*. Published annually in *CA – A Cancer Journal for Clinicians* since 1970, it targets clinicians for a wider application of evidence-based interventions. *Cancer Statistics* is one of the most widely cited articles in scientific journals because it reports the expected number of cancer cases and deaths in the current year.

Research in SHSR largely focuses on disparities. Eliminating health disparities among subgroups of the US population (race/ethnicity, socioeconomic position, geographic location, sex, or sexual orientation) is an overarching goal of Healthy People 2020, and it is a Society 2015 goal. Disparities research in SHSR focuses on major risk factors (smoking, obesity, sun exposure) and common cancers including lung, colorectal, female breast, and prostate, which despite having proven interventions still account for more than 50 percent of total cancer deaths. SHSR researches disparities by socioeconomic status, racial and ethnic groups, and geography (state or country) using publicly available population-based cancer occurrence data and survey data.

Behavioral Research Center

The American Cancer Society was one of the first organizations to recognize the importance of behavioral and psychosocial factors in the prevention and control of cancer and to fund extramural research in this area.

In 1995, the Society established the Behavioral Research Center (BRC) as a program of the Intramural Research department. The center's research has focused on five aspects of the cancer experience: prevention, detection and screening, treatment, survivorship, and end-of-life issues. It also focuses on special populations, including minorities, the poor, rural populations, and other underserved groups. The center is developing research projects designed to prevent and control tobacco use, and research that explores individual and community-level factors affecting health behaviors among diverse cultural, racial, and socioeconomic groups.

In addition to providing behavioral expertise to inform American Cancer Society programs, services, and strategic activities, the BRC also focuses on partnering with public health entities, community-based organizations, and academic institutions to conduct research and convene scientific meetings (e.g. the Biennial Cancer Survivorship Research Conferences) and advance research in the field.

International Tobacco Control Research

The predecessor of the International Tobacco Control Research (ITCR) program, the International Tobacco Surveillance unit, was created in 1998 to support collaborative international tobacco surveillance efforts involving the American Cancer Society, the World Health Organization (WHO) Tobacco Free Initiative, and the Centers for Disease Control and Prevention's (CDC) Office of Smoking and Health. In 2006, Hana Ross, PhD, was recruited as program director. Dr. Ross brought a wealth of expertise as one of the world's leading experts in the economics of tobacco control and longstanding partnerships with multiple organizations and individuals conducting tobacco control research. The program emphasis shifted to a greater focus on primary collection and analysis of economic data. The work is done in collaboration with national investigators and serves to build capacity for collection and analysis of economic data to provide the evidence base for tobacco control in low- and middle-income countries.

The mission of ITCRP is to conduct research on the economic aspects of tobacco control and public policies that influence the global tobacco epidemic. Three objectives support the mission statement:

1. To conduct original research on tobacco control policies with a particular focus on economic policies including the impact of taxes and prices on smoking behavior, the impact of other policies to reduce the demand for tobacco products, and the linkage between tobacco use and poverty on a national, regional, and global scale
2. To increase capacity of researchers in low- and middle-income countries to collect and analyze economic and policy data relevant for national, regional, and global tobacco control
3. To promote collaboration and coordination among researchers, advocacy organizations, and funders engaged in international tobacco control research, programs, and policy initiatives

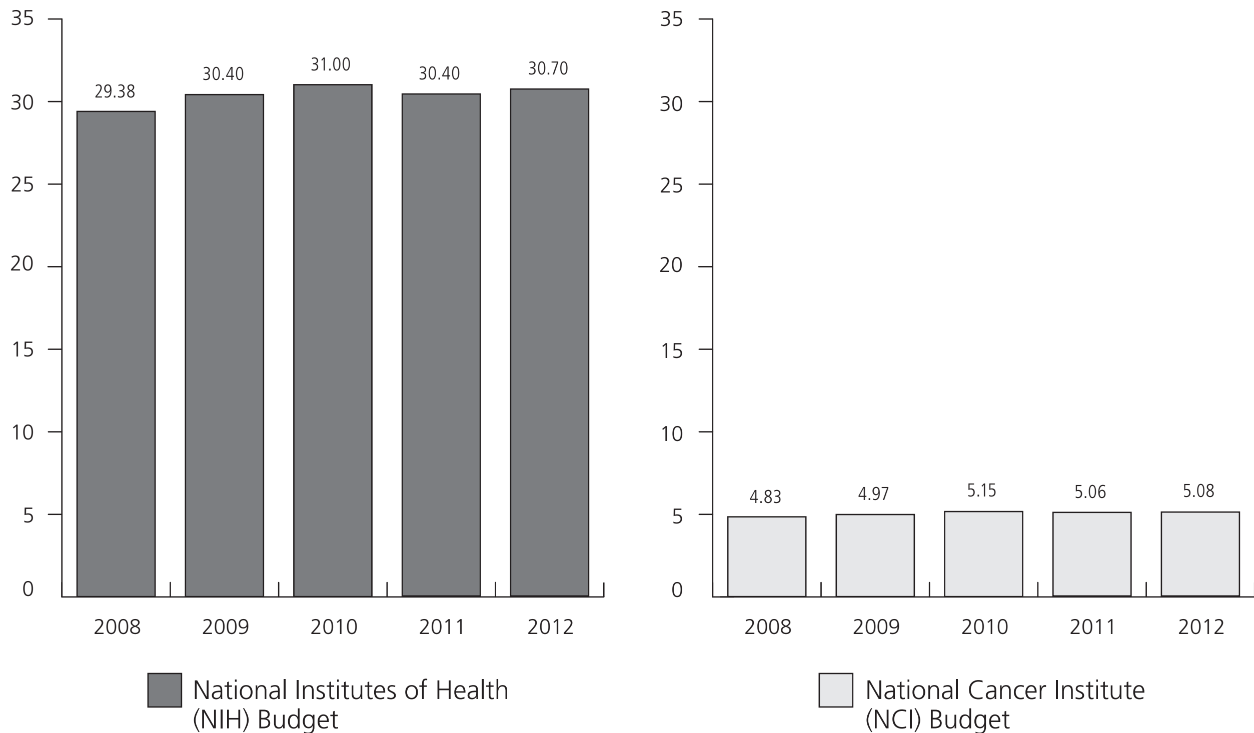
Statistics and Evaluation Center

In August 2005, the American Cancer Society inaugurated the Statistics and Evaluation Center (SEC), a resource that provides consultation to investigators in the Research department, Health Promotions experts at the National Home Office, and mission delivery staff throughout the Society. The SEC has three main responsibilities: to assist Society researchers in the design, analysis, and preparation of manuscripts for publication in peer-reviewed scientific journals; to function as part of the Society team that evaluates selected mission delivery interventions; and to conduct methods research on cancer-related problems for publication in peer-reviewed journals.

The SEC's researchers engage in original research on predictive modeling for cancer control and advocacy and in developing optimal and ethical cancer study designs that minimize the required number of patients to be accrued for the study.

2012 Nationwide Mission – Research Leadership Role

Federal Research Budgets, in Billions



Source: American Cancer Society Cancer Action Network.

As a complement to the Society's research efforts, one of ACS CAN's key strategies is advocating for federal funding for cancer research. Funding for the NIH increased $300 million in 2012, to $30.7 billion. Funding for the NCI increased $20 million, to $5.08 billion. Funding for NIH and NCI in 2012 remains below the budgeted amount for 2010.

Please note: Dollar figures do not include any additional funding through the American Recovery and Reinvestment Act of 2009.

LEADERSHIP ROLE – PREVENTION AND EARLY DETECTION

Helping People Stay Well

Focus Areas:

1. Prevent and detect colorectal cancer as early as possible.
2. Reduce tobacco use to prevent lung and other cancers.
3. Prevent and detect breast cancer as early as possible.
4. Improve nutrition and physical activity to decrease the incidence of overweight/obesity-related cancers.

Steps to Help Prevent Cancer

The American Cancer Society saves lives by helping people everywhere take steps to prevent cancer or detect it early, when it's most treatable. Whether it's helping people to quit smoking, providing information on cancer screening tests, or through simple tips to live a healthier lifestyle, we transfer our cancer knowledge into helping people stay well.

We help people quit smoking through our American Cancer Society Quit For Life® Program, operated by Alere™ Wellbeing. This state-of-the-art telephone and Web-based coaching service links callers with trained coaches who help develop a quit method that fits each person's unique needs. Together with Alere Wellbeing, the American Cancer Society has helped one million tobacco users.

The Society's nonprofit, nonpartisan advocacy affiliate, the American Cancer Society Cancer Action Network (ACS CAN) works across the nation to create healthier communities by protecting people from the dangers of secondhand smoke. More than 81 percent of the US population is now covered by a 100 percent smoke-free workplace and/or bar and/or restaurant law, meaning the majority of Americans can breathe easier where they live, work, and play.

ACS CAN also works to curb tobacco use by raising tobacco taxes. Since 2002, 47 states, the District of Columbia, and several US territories have increased tobacco taxes. In 2012, ACS CAN worked with lawmakers to increase cigarette taxes in Illinois. In addition, Maryland and Vermont increased taxes on other tobacco products.

For the majority of Americans who don't smoke, the most important ways to reduce cancer risk are to maintain a healthy weight, be physically active on a regular basis, and eat a mostly plant-based diet that limits saturated fat.

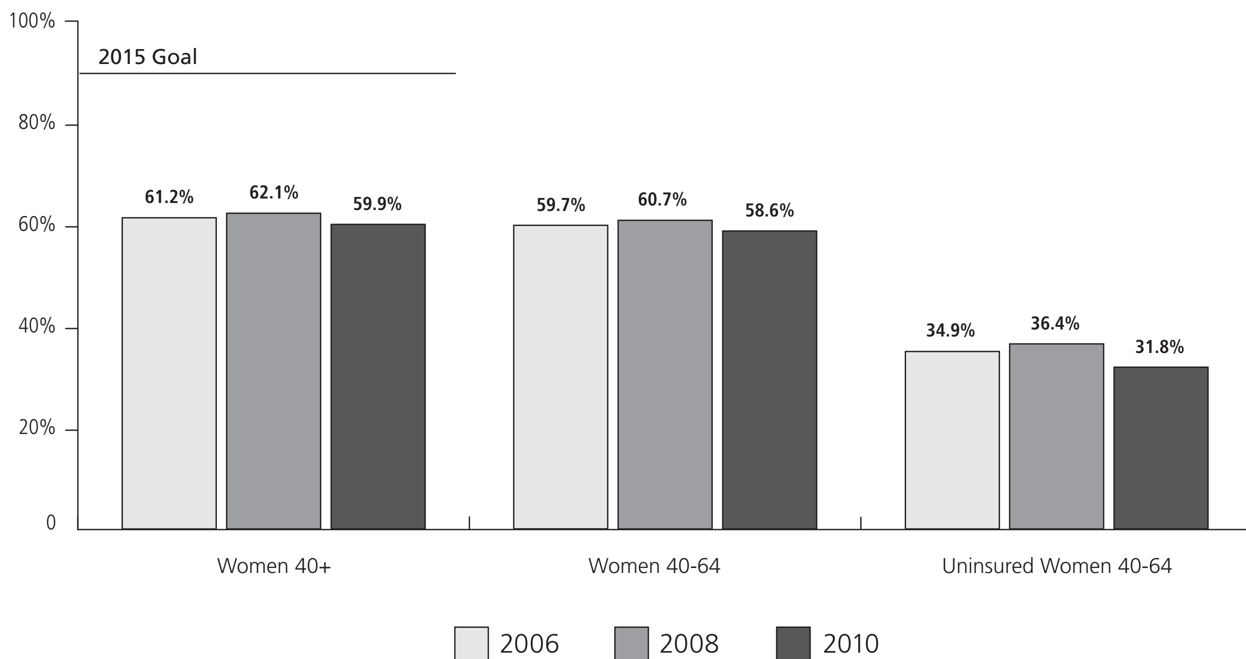
Our guidelines for proper nutrition and physical activity and cancer screenings help doctors and all Americans understand how to reduce cancer risk and what tests they need to find cancer at its earliest, most treatable stage. In addition, the Society provides tips, tools, and online resources to help people set goals and stay motivated to eat healthy and maintain an active lifestyle.

We offer many programs for companies to help their employees stay well and reduce their cancer risk. These include Freshstart®, a group-based tobacco cessation counseling program designed to help employees plan a successful quit attempt by providing essential information, skills for coping with cravings, and group support; Active For Life℠, a 10-week online program that uses individual and group strategies to help employees become more physically active; and Meeting Well, a planning tool to help companies organize meetings and events with good health in mind.

The Society accumulates scientific evidence on diet and cancer and synthesizes this evidence into clear, informative recommendations for the general public. The Society publishes these guidelines on nutrition and physical activity for cancer prevention to promote healthy individual behaviors, environments that support healthy eating and physical activity habits, and, ultimately, to reduce cancer risk. These guidelines form the foundation for the Society's communication, worksite, school, and community strategies designed to encourage and support people in making healthy lifestyle behavior changes.

2012 Nationwide Mission – Prevention and Detection Leadership Role

Recent Mammography Screening Rates for Women



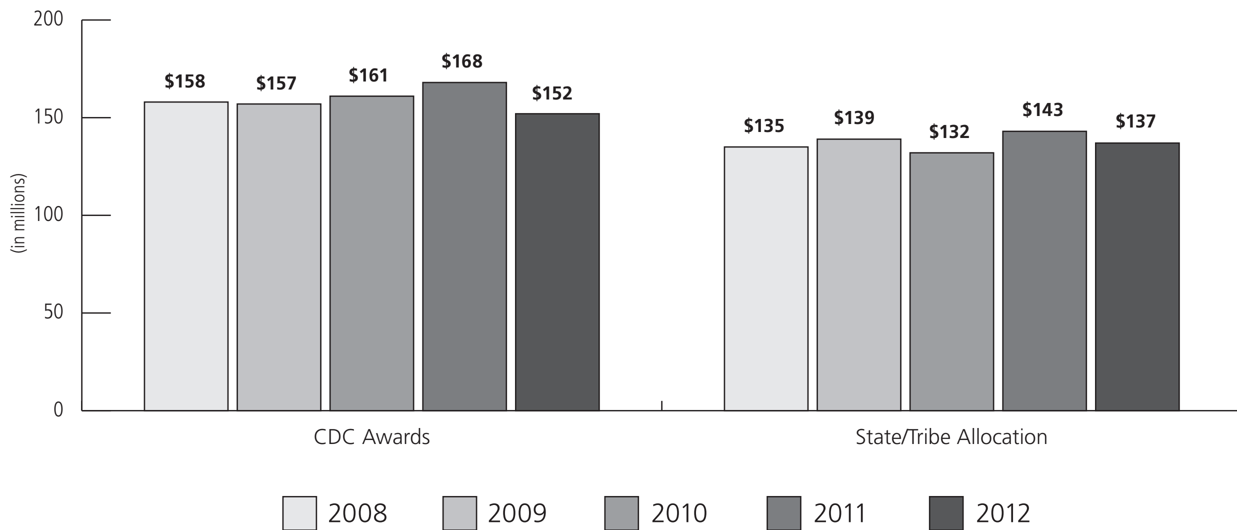
Source: BRFSS. Mammography within the past year.

Recent mammography screening rates have not changed significantly during the past four Behavioral Risk Factor Surveillance Surveys (BRFSS) among the general population of women. The screening rate among the uninsured women 40-64 remains slightly above half the rate among the general population.

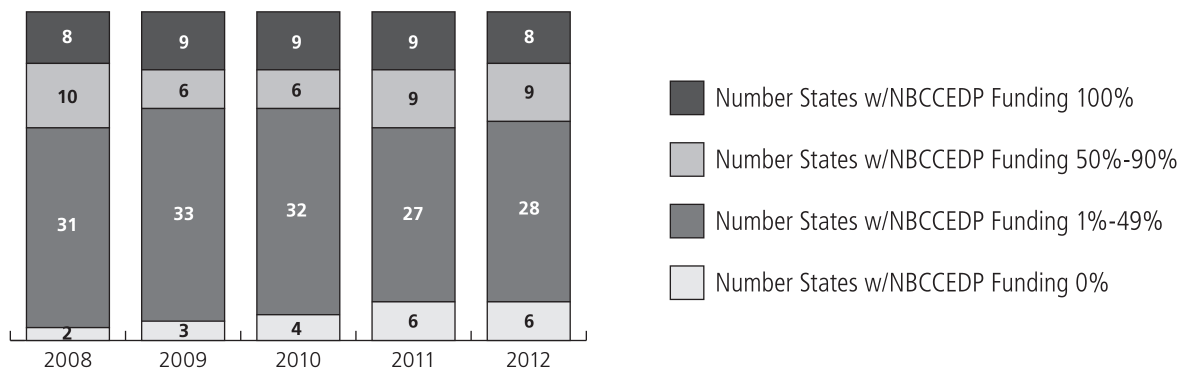
2012 Nationwide Mission – Prevention and Detection Leadership Role

National Breast Cancer and Cervical Cancer Early Detection Program Funding

CDC and State Funding Levels



State Funding as Percentage of CDC Award

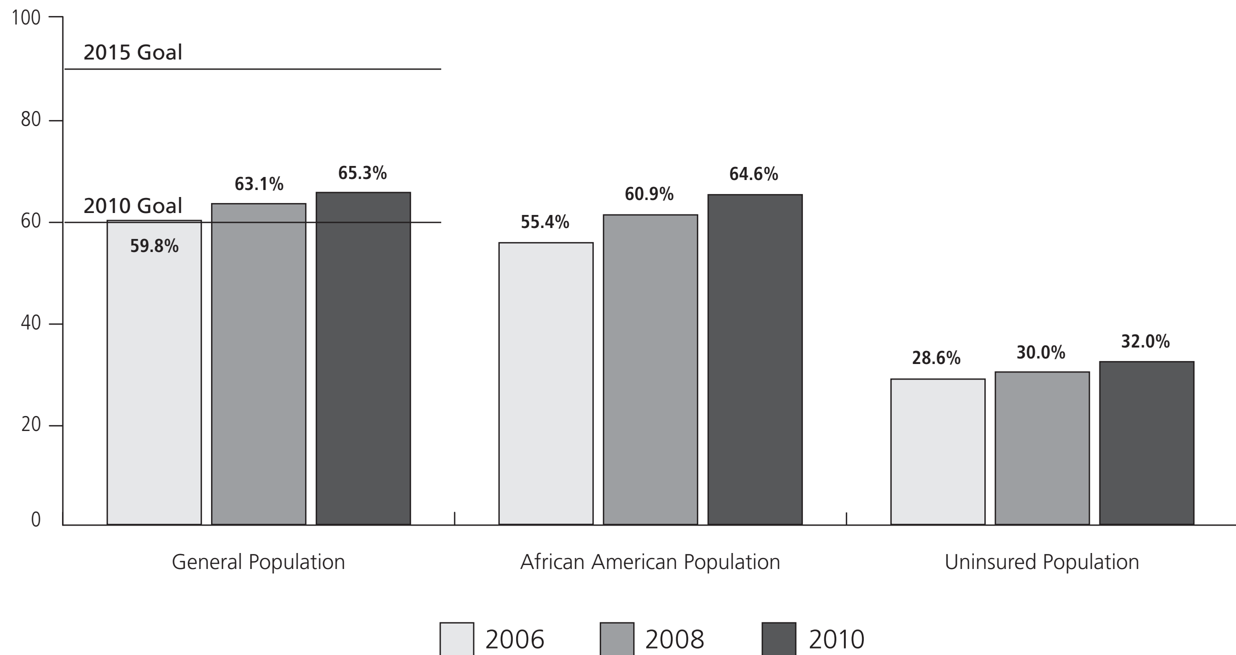


Source: CDC.

CDC funding for the NBCCEDP program in states, tribes, and territories decreased to $152 million in fiscal year 2012. The number of states at 50 percent or more of the CDC award increased by 1 compared to the prior year.

2012 Nationwide Mission – Prevention and Detection Leadership Role

Colorectal Cancer Combined FOBT or Endoscopy Screening Rate Among Adults 50+



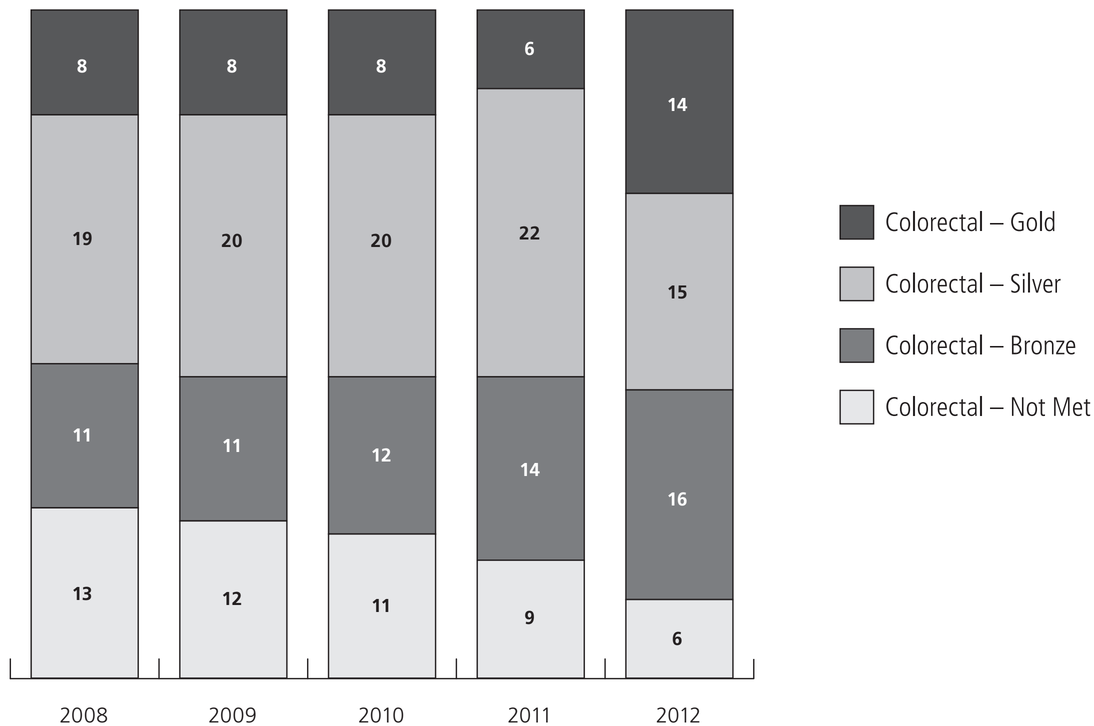
Source: BRFSS. Screening rate for Fecal Occult Blood Test (FOBT) within the past year or sigmoidoscopy/colonoscopy within the past 10 years.

Colorectal cancer combined screening rates for FOBT or endoscopy increased among the general population (from 63.1 percent to 65.3 percent) and the African American population (from 60.9 percent to 64.6 percent), both above the national 2010 goal.

During the same time period, there was a slight increase in screening rates among uninsured adults. For each year measured, rates for this group have been less than half the levels of the general population.

2012 Nationwide Mission – Prevention and Detection Leadership Role

Number of States Achieving Colorectal Screening Coverage Advocacy Ratings

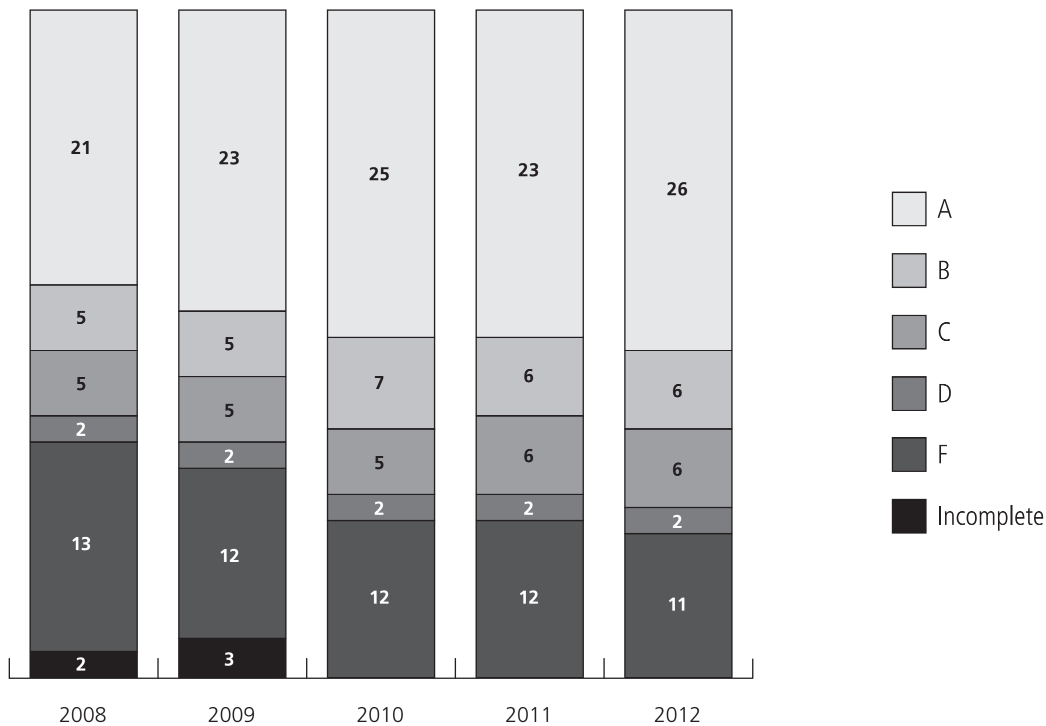


Source: American Cancer Society Cancer Action Network.
Criteria: Gold: Coverage for State employees, Medicaid, Medicare, Uninsured, Private insurers. Silver: Coverage in 4 categories. Bronze: Coverage in 3 categories.

Fourteen states maintained gold status, compared to 6 in the previous fiscal year; 15 states achieved a silver status, compared to 22 in the previous fiscal year; and 16 states achieved bronze status, up from 14 in the prior fiscal year. Only 6 states remain that have not met the coverage ratings.

2012 Nationwide Mission – Prevention and Detection Leadership Role

State Smoke-free Laws Grade



Source: American Lung Association.
An incomplete grade is given to states where a smoke-free law has been passed, but not implemented.

In 2012, a total of 26 states received a grade of 'A'; more than half of the states have either an 'A' or 'B' grade.

SUPPORTING PILLARS

Fighting Back

The American Cancer Society works every day to empower individuals and communities across the nation to fight back against cancer. At its core, the Society is a vigilant grassroots force of passionate volunteers who tirelessly seek to save lives.

For information on American Cancer Society events in communities across the nation and around the world – such as our Relay For Life and Making Strides Against Breast Cancer events – that give people from all walks of life a chance to fight back against cancer, please see page 20.

Advocacy – American Cancer Society Cancer Action Network

Cancer is more than just a scientific and medical challenge – it is also a matter of public policy. In a world of competing policy concerns, government support for proven solutions in the fight against cancer is never guaranteed. The American Cancer Society Cancer Action Network (ACS CAN) works to ensure that officials at all levels of government make the fight against cancer a top national priority. The Society granted more than $25 million in the 12-month period from September 1, 2011, to August 31, 2012, to ACS CAN to support applied policy analysis, direct lobbying, grassroots action, media outreach, and litigation for the purpose of accomplishing the Society and ACS CAN's shared advocacy goals.

With funds granted by the Society, as well as financial support from ACS CAN members, corporate donors, and other charitable organizations, including Society Divisions, ACS CAN utilizes its expert capacity in lobbying, policy, grassroots, and communications to amplify the voices of patients in support of laws and policies that save lives from cancer. ACS CAN volunteer advocates work to encourage lawmakers and policy makers to support necessary investments in research and prevention and early detection, strong tobacco control measures, improved access to care, and better quality of life for cancer patients.

In September 2012, Society Divisions nationwide, with the exception of the Great West Division, which transferred in 2008, transferred their advocacy programs into ACS CAN, which aligned all federal, state, and local advocacy efforts within a single, integrated organization. The transition is empowering ACS CAN to be more effective and efficient. Moreover, the move is enhancing ACS CAN's ability to support and strengthen its grassroots network and gain greater leverage in the US and abroad.

For more information, visit acscan.org.

Eliminating Cancer Disparities

One of the overarching themes of the American Cancer Society's 2015 challenge goals has been 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. As of March 2013, the Society had 74 grants in effect totaling more than $61 million to support cancer disparities research. The Society has forged several strategic collaborations with organizations such as the National Medical Association and Phi Beta Sigma Fraternity, Inc., that will help the Society effectively reach and address health issues affecting minority communities. The Society is also actively engaged in a variety of targeted community outreach initiatives to provide cancer information, education, and support to minority communities.

ACS CAN supports important legislation and public programs that reduce cancer disparities and improve access to quality care for all Americans. ACS CAN is actively engaged in a number of efforts at the federal and state levels, including:

- Protecting federal and state funding that supports the National Breast and Cervical Cancer Early Detection Program, which provides free or low-cost breast and cervical cancer screening and follow-up treatment for low-income, uninsured, and underinsured women, with a high priority on reaching racial and ethnic minority women
- Supporting implementation provisions of the Affordable Care Act including state health insurance exchanges that allow people to shop for insurance plans and easily compare them, and expanding access to Medicaid benefits, which would enable millions of currently uninsured people nationwide to receive lifesaving preventive care and treatments for cancer and other serious diseases
- Supporting the Patient Navigation Assistance Act, as well as federal and state funding for patient navigation programs across the country, which will help minority and other medically underserved patients overcome barriers to accessing quality health care

Financial Report

American Cancer Society, Inc., and Affiliated Entities – Consolidated Statement of Activities for the Year Ended August 31, 2012 (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Our mission program and support expenses were:				
Mission program services:				
Patient support	$ 303,620	$ –	$ –	$ 303,620
Preventon	152,681	–	–	152,681
Research	160,139	–	–	160,139
Detection/treatment	97,051	–	–	97,051
Total mission program services	713,491	–	–	713,491
Mission support services:				
Management and general	59,361	–	–	59,361
Fundraising	217,637	–	–	217,637
Total mission support services	276,998	–	–	276,998
Total mission program and mission support services expenses	990,489	–	–	990,489
Our mission program and support expenses were funded by:				
Support from the public:				
Special events, including Relay For Life® and Making Strides Against Breast Cancer®	452,412	71,221	1	523,634
Contributions	132,559	42,170	293	175,022
Bequests	88,839	29,587	3,498	121,924
Contributed services, merchandise, and other in-kind contributions	23,473	27,582	–	51,055
Other	12,226	4,681	–	16,947
Total support from the public	709,549	175,241	3,792	888,582
Investment income (loss)	43,807	6,387	(6,491)	43,703
Change in value of split-interest agreements	(262)	(12,965)	(183)	(13,410)
Grants and contracts from government agencies	5,706	2,114	–	7,820
Other revenue (loss)	(2,510)	1,205	–	(1,305)
Total revenue, gains (losses), and other support	756,290	171,982	(2,882)	925,390
Use of amounts restricted by donors for special purpose or time	198,204	(199,535)	1,331	–
Net increase in retirement plan liability	96,593	–	–	96,593
Change in net assets	(132,588)	(27,553)	(1,551)	(161,692)
Net assets, beginning of year	885,255	229,532	259,598	1,374,385
Net assets, end of year	$ 752,667	$ 201,979	$ 258,047	$ 1,212,693

For a complete version of our audited financial statements, including the independent auditor's opinion, please visit cancer.org.

American Cancer Society, Inc., and Affiliated Entities – Consolidated Statement of Activities for the Year Ended August 31, 2011 (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Our mission program and support expenses were:				
Mission program services:				
Patient support	$ 279,645	$ –	$ –	$ 279,645
Preventon	149,719	–	–	149,719
Research	148,468	–	–	148,468
Detection/treatment	102,741	–	–	102,741
Total mission program services	680,573	–	–	680,573
Mission support services:				
Management and general	63,456	–	–	63,456
Fundraising	202,941	–	–	202,941
Total mission support services	266,397	–	–	266,397
Total mission program and mission support services expenses	946,970	–	–	946,970
Our mission program and support expenses were funded by:				
Support from the public:				
Special events, including Relay For Life® and Making Strides Against Breast Cancer®	454,584	71,874	–	526,458
Contributions	136,210	42,655	350	179,215
Bequests	97,073	19,461	5,143	121,677
Contributed services, merchandise, and other in-kind contributions	22,715	27,863	–	50,578
Other	12,247	6,076	–	18,323
Total Support from the public	722,829	167,929	5,493	896,251
Investment income	24,859	8,842	15,106	48,807
Change in value of split-interest agreements	461	(7,452)	(946)	(7,937)
Grants and contracts from government agencies	8,567	2,378	–	10,945
Other revenue (loss)	4,243	1,735	(468)	5,510
Total revenue, gains (losses), and other support	760,959	173,432	19,185	953,576
Use of amounts restricted by donors for special purpose or time	202,450	(202,856)	406	–
Net decrease in retirement plan liability	(60,381)	–	–	(60,381)
Change in net assets	76,820	(29,424)	19,591	66,987
Net assets, beginning of year before adoption of new endowment accounting standard	809,254	258,137	240,007	1,307,398
Effect of adoption of new endowment accounting standard	(819)	819	–	–
Net assets, beginning of year as adjusted	808,435	258,956	240,007	1,307,398
Net assets, end of year	$ 885,255	$ 229,532	$ 259,598	$ 1,374,385

For a complete version of our audited financial statements, including the independent auditor's opinion, please visit cancer.org.

American Cancer Society, Inc., and Affiliated Entities Consolidated Statement of Functional Expenses for the Year Ended August 31, 2012 (in thousands)

	Mission Program				Mission Support		
	Patient support	Prevention	Research	Detection/ treatment	Management and general	Fundraising	Total
Mission program and support expenses							
Salaries	$ 114,597	$ 64,110	$ 20,014	$ 41,931	$ 26,466	$ 106,290	$ 373,408
Employee benefits	34,399	17,342	3,959	11,765	6,064	29,641	103,170
Payroll taxes	9,565	5,171	1,377	3,459	2,067	8,514	30,153
Professional fees	19,327	14,040	10,456	7,803	6,158	13,073	70,857
Grants for mission program services	2,753	3,766	106,882	3,272	–	–	116,673
Educational materials	22,173	15,226	8,018	7,988	2,823	12,737	68,965
Direct assistance, including wigs, and Look Good Feel Better® kits	31,376	10	–	393	–	–	31,779
Travel	7,717	5,448	1,642	3,527	1,718	7,774	27,826
Postage and shipping	5,112	5,806	378	1,994	2,786	5,645	21,721
Meetings and conferences	5,546	4,110	1,614	2,535	1,909	5,798	21,512
Contributed services and other in-kind contributions	5,792	920	564	586	43	1,450	9,355
Community office locations, including rent, maintenance, and utilities	18,225	6,080	2,097	4,130	2,440	9,282	42,254
Equipment rental, maintenance, and information processing	3,764	1,927	239	1,511	2,085	3,258	12,784
Telecommunications	4,451	2,360	498	1,655	1,311	3,471	13,476
Depreciation and ammortization	10,931	3,349	1,655	2,478	2,000	4,357	24,770
Miscellaneous	7,892	3,016	746	2,024	1,491	6,347	21,516
Total misson program and mission support services expenses	$ 303,620	$ 152,681	$ 160,139	$ 97,051	$ 59,361	$ 217,637	$ 990,489

American Cancer Society, Inc., and Affiliated Entities Consolidated Statement of Functional Expenses for the Year Ended August 31, 2011 (in thousands)

	Mission Program				Mission Support		
	Patient support	Prevention	Research	Detection/ treatment	Management and general	Fundraising	Total
Mission program and support expenses							
Salaries	$ 108,500	$ 62,247	$ 17,762	$ 45,713	$ 31,979	$ 97,955	$ 364,156
Employee benefits	32,999	19,219	3,824	14,292	8,421	28,870	107,625
Payroll taxes	8,819	5,079	1,305	3,804	2,691	7,644	29,342
Professional fees	14,657	12,567	7,957	7,560	393	12,242	55,376
Grants for mission program services	3,537	3,777	102,555	2,436	–	48	112,353
Educational materials	18,640	11,119	4,075	6,700	2,274	10,196	53,004
Direct assistance, including wigs, and Look Good Feel Better® kits	28,421	1	–	286	–	2	28,710
Travel	6,500	5,513	1,107	3,212	1,714	6,170	24,216
Postage and shipping	5,461	5,353	225	2,244	2,671	6,557	22,511
Meetings and conferences	4,036	3,780	1,222	2,147	1,429	4,110	16,724
Contributed services and other in-kind contributions	2,998	1,552	1,953	942	532	2,387	10,364
Community office locations, including rent, maintenance, and utilities	17,136	7,403	2,099	4,787	2,742	9,141	43,308
Equipment rental, maintenance, and information processing	4,251	2,331	1,218	1,564	1,825	3,018	14,207
Telecommunications	4,853	2,575	782	1,791	1,328	3,275	14,604
Depreciation and ammortization	11,010	4,052	1,860	2,889	2,160	4,751	26,722
Miscellaneous	7,827	3,151	524	2,374	3,297	6,575	23,748
Total misson program and mission support services expenses	$ 279,645	$ 149,719	$ 148,468	$ 102,741	$ 63,456	$ 202,941	$ 946,970

For a complete version of our audited financial statements, including the independent auditor's opinion, please visit cancer.org.

American Cancer Society, Inc., and Affiliated Entities Consolidated Statement of Cash Flows for the Year Ended August 31, 2012, and 2011 (in thousands)

Cash flows from operating activities	2012	2011
Change in net assets	$ (161,692)	$ 66,987
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activites:		
Depreciation and amortization	24,857	26,808
Net unrealized losses (gains) on perpetual trusts	6,677	(15,196)
Net realized and unrealized investment gains	(30,164)	(14,971)
Change in value of split-interest agreements	13,410	7,937
Gain on disposal of fixed assets	(673)	(576)
Other losses	–	443
Net change in retirement plan liability	96,593	(60,381)
Support from the public restricted for long-term investment	(3,792)	(4,547)
Support from the public restricted for fixed asset acquisition	(7,449)	(2,727)
Changes in assets and liabilities:		
Receivables, net	3,169	9,656
Prepaid expenses and other assets	9,689	(2.989)
Bequests receivable	11,774	7,142
Beneficial interests in trusts	7,467	(2,753)
Research and other program awards and grants payable	(6,948)	5,020
Accounts payable and accrued expenses and employee retirement benefits	20,184	11,020
Gift annuity obligations	5,935	2,822
Other liabilities	2,205	3,538
Net cash (used in) provided by operating activites	(8,758)	37,233
Cash flows from investing activities		
Purchase of fixed assets	(16,462)	(9,578)
Proceeds from disposal of fixed assets	1,352	1,117
Support from the public restricted for fixed asset acquisition	7,449	2,727
Purchase of investments	(1,413,040)	(590,898)
Proceeds from maturity or sale of investments	1,400,609	568,220
Net cash used in investing activities	(20,092)	(28,412)
Cash flows from financing activities		
Payments on debt	(13,590)	(2,191)
Proceeds from issuance of debt	500	1,486
Payments on capital lease obligations	(236)	(568)
Payments to annuitants	(3,279)	(3,428)
Support from the public restricted for long-term investment	3,792	4,547
Net cash used in financing activities	(12,813)	(154)
Net change in cash and cash equivalents	(41,663)	8,667
Cash and cash equivalents, beginning of year	124,408	115,741
Cash and cash equivalents, end of year	82,745	124,408
Supplemental cash flow information		
Interest paid	2,380	2,615
Non-cash investing and financing activities		
Fixed assets acquired through capital lease	67	46
Collateral received and payable under the securities lending program	(16,528)	(92,065)

For a complete version of our audited financial statements, including the independent auditor's opinion, please visit cancer.org.

American Cancer Society, Inc., and Affiliated Entities
Consolidated Balance Sheets (in thousands)

Assets	August 31, 2012	August 31, 2011
Cash and cash equivalents	$ 82,745	$ 124,408
Short-term investments	534,610	959,019
Securities lent under securities lending program	1,370	17,573
Collateral received under securities lending program	1,399	17,927
Receivables, net	40,153	43,322
Prepaid expenses and other assets	23,942	33,959
Bequests receivable	66,494	78,268
Gift annuity investments	37,265	34,946
Long-term investments	583,830	102,220
Beneficial interests in trusts	267,450	294,668
Fixed assets, net	318,226	328,013
Total assets	$ 1,957,484	$ 2,034,323
Liabilities and net assets		
Accounts payable and other accrued expenses	60,958	58,937
Research and other program grants payable	210,643	217,591
Employee retirement benefits	360,880	246,124
Payable under securities lending program	1,399	17,927
Other liabilities	30,913	28,927
Gift annuity obligations	28,095	25,439
Debt	51,903	64,993
Total liabilities	744,791	659,938
Commitments and contingencies		
Net assets:		
Unrestricted:		
Available for mission program and support activities	489,594	625,055
Net investment in fixed assets	263,073	260,200
Total unrestricted	752,667	885,255
Temporarily restricted	201,979	229,532
Permanently restricted	258,047	259,598
Total net assets	1,212,693	1,374,385
Total liabilities and net assets	$ 1,957,484	$ 2,034,323

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

Results from Operations – Expenses

Total mission program and support services expenses for the past two years in the period ending August 31 were as follows (in thousands):

Mission Program Services	2012	2011
Patient Support	$303,620	$279,645
Prevention	152,681	149,719
Research	160,139	148,468
Detection/Treatment	97,051	102,741
Total Mission Program Services	$713,491	$680,573

Mission Support Services	2012	2011
Management and General	$59,361	$63,456
Fundraising	217,637	202,941
Total Mission Support Services	$276,998	$266,397

Total mission program expenses for fiscal year 2012 were $713 million, an increase of approximately 5 percent from the prior year. The Society faces the same fundamental challenge many charitable organizations do; in challenging economic times, the need for our programs and services does not decrease – and in fact increases in many cases. During the past few fiscal years, the Society has concentrated on directing the maximum amount of resources to serving our constituents' needs balanced with operational reserve strategies to ensure our constituents receive uninterrupted services, regardless of external factors. Total supporting services expenses were $277 million, which was a 4 percent increase from the prior year.

Patient support expenses increased by $24 million or 9 percent due to increases in specific assistance to individuals through the Look Good Feel Better® program, in addition to our awareness and certain advertising campaigns that included a significant survivorship component. The prevention and research categories increased by 2 percent and 8 percent, respectively, primarily due to advocacy efforts to increase certain state tobacco taxes; the taxes were slated to fund additional research programs.

Management and general expenses decreased by $4 million or 6 percent partially due to general information technology fluctuations and specifically due to reduced staffing costs related to the departure of the previous leadership team and the intervening time before the leadership was replaced. Additionally, efforts directed at infrastructure efficiencies continue to produce incremental, yet positive, results over time.

Fundraising costs increased by $15 million or 7 percent as a result of continued and new investment to reverse the negative revenue trend experienced in the past few years. Cost per dollar raised increased from $0.227 to $0.245 as public support decreased from the prior year and fundraising costs increased due to these investments. The Society continued to finance fundraising efforts during the economic recessionary period based on the principle that the revenue portfolio would weaken if investments were reduced or delayed. The organization is now incorporating more aggressive strategies directed at a comprehensive analysis of the portfolio, including, but not limited to, net margin.

Results from Operations – Revenue

Total revenue, gains, and other support for the past two years in the period ending August 31 were as follows (in thousands):

	2012	2011
Support from the Public	$888,582	$896,251
Investment Income	43,703	48,807
Change in Value of Split-interest Agreements	(13,410)	(7,937)
Grants and Contracts from Government Agencies	7,820	10,945
Other Revenue	(1,305)	5,510
Total Revenue, Gains, and Other Support	$925,390	$953,576

Total revenue for fiscal year 2012 was $925 million, a 3 percent decrease from the prior year total revenue. Contrary to the Society's performance, the overall charitable sector continued to demonstrate modest growth while health organizations experienced a similar decline for the period. The Society has not yet returned to its pre-recession level of $1 billion in total annual revenue and is focused on a net-margin strategy, assessing both gross income and profitability of our individual products and overall income portfolio. The cancer segment of the health charitable sector continues to be very competitive, including capital campaign and major gift efforts.

Support from the public decreased $8 million or 1 percent from the prior year, mostly due to general contributions and our Relay For Life program. We note that our general donor base is continuing to experience uncertainty with regard to unemployment, financial markets, and other economic indicators. We attribute at least a portion of the decline in public support to this uncertainty. Separately, the Society has embarked upon an extensive review of all aspects of the Relay For Life event and experience, utilizing key volunteers from external partnerships to provide an independent assessment. In the meantime, we are implementing changes to the program during 2013 to achieve improved short-term results.

Support from the Public Revenue (in millions)

	2008	2009	2010	2011	2012
Total support from the public	$1,002	$930	$898	$896	$889
Relay For Life	$409	$386	$388	$385	$378
Other community-based events (Making Strides Against Breast Cancer, Daffodil Days, others)	$90	$91	$89	$92	$95
Distinguished events (gala and golf)	$57	$48	$49	$50	$51
Direct response strategies (direct mail, telemarketing)	$70	$65	$64	$68	$60
Employer-based strategies – independent payroll deduction campaigns	$22	$20	$19	$19	$20
Major gifts/campaigns	$65	$49	$45	$35	$39
Planned giving (legacies and bequests)	$151	$136	$114	$122	$122
United Way/Combined Federal Campaign	$25	$22	$18	$17	$15
Memorials	$31	$29	$28	$26	$26
Contributed services and other in-kind contributions	$45	$60	$50	$51	$51
Other	$37	$24	$34	$31	$32

Within "support from the public," special events continue to dominate the Society's financial results, representing approximately 59 percent of the category. Fundraising results for our signature event, Relay For Life, experienced a decline of 2 percent from the prior year, ending at a net revenue amount of $378 million. The Relay For Life revenue base is very broad over a very diverse set of events (5,200 events) and constituents (more than 3 million participants) and is a multi-variant, efficient vehicle to build awareness, deliver prevention and detection messaging, and develop capacity in the communities that we serve.

Our Making Strides Against Breast Cancer initiative, a $56 million special event this year that raises awareness and funds to fight breast cancer, increased 6 percent from the prior year and increased significantly in participation, engaging more than 520,000 people across the nation, an 8 percent increase. Endurance events, primarily events within the American Cancer Society DetermiNation® platform, added a minimal increase to the revenue results. Despite the decision and related efforts to invest aggressively in this area, the results have not achieved an acceptable level of performance, so the majority of this program across the country was discontinued. Golf events and galas, which are traditionally hit hardest during difficult economic periods, increased by 2 percent as the organization reinstated events that had been canceled and/or deferred in previous years.

Capital campaigns experienced a 66 percent increase from the prior year, mainly due to campaigns that were in the early stages in prior years and began to show tangible results in fiscal year 2012. As with many other charitable organizations, the Society continues to utilize feasibility studies supporting any anticipated capital campaign as the campaign landscape is vastly different and substantially more difficult than before the economic downturn. Employee giving, including United Way and Combined Federal Campaign relationships, continues to experience declines: 2 percent from fiscal year 2011 to 2012, which is consistent with the prior year decrease. Direct marketing, both mail and telemarketing, ended the year at an 11 percent decrease driven by the elimination of the Notes To Neighbors® program. The program was determined to be a high-cost, low-relevancy strategy and accounted for 9 percent of the overall decline. The probate results of the planned giving program (Bequests) were consistent with prior year, totaling $122 million.

Investment income components produced mixed results in fiscal year 2012. Net interest and dividends and realized/unrealized investment gains produced a 50 percent increase compared to the prior year. The Society analyzed short-term liquidity needs and moved to an investment strategy that matches longer-term balances with appropriate investment vehicles, yielding a more effective investment approach. During 2012, the portfolio was reconfigured to fully execute this strategy; the 2012 investment results are representative of this change in strategy. In fiscal year 2012, net unrealized losses on perpetual trusts of $7 million were recognized due to the degradation of the underlying market value of the assets in those trusts. The Society is not the trustee of these trusts and therefore does not have control of the investment decisions surrounding these assets, but rather reports our proportionate share of the fair value. The prior year reported net unrealized gains due to positive market valuations.

Change in value of split-interest agreements decreased significantly from the prior year, driven by market values of beneficial interests in trusts (equivalent to deferred gifts) and discount rate 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. The Society regularly evaluates 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 unit continues to log future gifts, although not recognizable under GAAP but accretive to the significant planned giving pipeline of future revenue.

Grants and contracts from government agencies continued a decreasing trend driven in part by a local government grant for Hope Lodge capital expenditures in addition to general decreases in federal and state grants.

Other revenue decreased by $7 million almost entirely resulting from a loss recorded consistent with pension accounting when the Society merged a small, closed retirement plan with the current enterprise-wide plan.

Liquidity and Cash Flows

The Society changed its fiscal year from August 31 to December 31 beginning with the period ending December 31, 2012. This change in fiscal year is critical to liquidity considerations as a key portion of the business cycle will fall earlier in the new fiscal year and will appropriately inform decisions for the remainder of the year.

Cash, cash equivalents, and all investment pools, including securities lent under the securities lending program increased by 5 percent from the prior year, remaining at more than $1 billion. The primary use of cash was general operations in addition reinvestment of investment returns and payments to retire subsidiary debt in anticipation of the Society's merger, effective September 1, 2012. The Society typically utilizes 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.

The Society invests 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 is composed of Society volunteers who are professionals in the banking and investment industry. Due to the nature of the historical investment strategy (primarily short-term and low-risk), the Society did not incur any substantial losses during the market downturn. However, that strategy was determined to be suboptimal, and during fiscal year 2010, the committee reevaluated the investment strategy for operating funds and moved to a tiered-structure approach, introducing longer-term products, which we expect will enhance the asset return without incurring substantial additional risk. Unfortunately, the timing of this approach related to the market conditions did not produce additional incremental returns during fiscal year 2011. The strategy did produce incremental returns during fiscal year 2012; however, they were still not significant due to the continued low interest rate environment. As this is a long-term approach and was not meant to time the markets, we expect additional and continued future gains from the change in strategy.

Also as a strategy to maximize return, certain of the fixed-income securities in the portfolio were included in a securities lending program that was administered with a large investment custodian and collateralized at 102 percent. The Society never experienced a loss or lack of liquidity with regard to the program; however, the committee evaluated the risk versus the return and decided to wind down the program. The exit strategy is very deliberate to protect against losses and will take a few years to fully complete based on the duration of certain instruments in the current lending portfolio. The amount lent under the program at the end of fiscal year 2012 was minimal.

During fiscal year 2011, the Society evaluated the endowment and long-term portfolio investment policy statements, moving to a fully diversified strategy to enhance return at the same basic-risk profile. Also, the Divisions and the National Home Office pooled long-term portfolio assets to achieve pricing and fee efficiencies and capitalize on investment expertise; the assets were migrated and the pool was fully funded by the first quarter of fiscal year 2012.

During fiscal year 2010, the Society completed an important process of evaluating and revising its internal policy with regard to minimum and maximum liquidity levels to ensure continued financial health and the continuation of quality program delivery to our constituents. Liquidity levels will be reassessed post-merger, as a consolidated enterprise.

Looking Forward

We believe it is important to discuss our historical results to provide transparency to our decisions and the resulting impact of these 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 the Society's path.

Effective September 1, 2012, the Society's chartered Divisions merged with the American Cancer Society, Inc. (the "National Home Office"), resulting in a nationwide, vertically integrated organization. The infrastructure of the organization began individual consolidations at that time and ultimately should yield efficient and effective functions for the newly merged enterprise. Subsequently, the Society commenced a process to standardize the field operations and enterprise support activities for the organization. While continuing to generate revenue and deliver mission, this process and resulting implementation are extremely complex; however, the process ultimately is anticipated to result in a more effective platform to maximize our impact. These changes will have substantial impact on the financial results of the organization in the near and long term.

We at the Society continue to challenge ourselves with regard to our current revenue portfolio and are proceeding through a process of forced diversification, based partly on return on investment and net margin analytics; in fact, we ended our longtime Notes To Neighbors direct-mail program in fiscal year 2011 and renewed an older program under a different and more efficient business model. During fiscal year 2012, management reviewed additional programs in the revenue portfolio for trended net margin results, relevance, sustainability, and mission impact. This analysis, coupled with our approach of decision making based on saving more lives, resulted in winding down our Choose You® program, Acquisition and Conversion mail programs, the Daffodil Days® program, and the majority of our DetermiNation endurance program. The DetermiNation program had been a growth area for the Society in previous years but was not producing acceptable financial and penetration results. We continue to investigate underpenetrated markets for current strategies, such as our Relay For Life and Making Strides Against Breast Cancer events, as potential future growth. Additionally, the Society is developing an internal financial resource allocation model and process, which includes a deliberate and sustained investment in innovation. We believe this investment will eventually yield the next big idea for our revenue portfolio.

With regard to expenditures, we are completing a mission prioritization process based on one theme – how many lives we can save in the shortest period of time. This prioritization will then be translated into a financial resource plan. We anticipate the distribution of our program expenditures will differ in the future based on the outcome of this work. Within this prioritization framework, the Society is also moving to a core set of mission offerings that will be consistent across the country regardless of location, as well as specific offerings that are reflective of individual community needs. Using this framework of mission impact during fiscal year 2012, management decided to wind down certain patient support programs that are not as effective at saving more lives in the shortest period of time as other Society programs. Wind-down strategies, including timelines, are being developed for each of those programs, with the goal of all activities being completed by December 31, 2013.

As we look forward with regard to liquidity, we are focused on a few particular areas in the near term. We continue to investigate strategies for reducing risk of our defined benefit plan to minimize the impact of market volatility and funding requirements; we are still in the evaluation phase of this opportunity. For our fixed-rate debt issues, we are contemplating early retirement and/or refinancing based on our monitoring of interest rates. Cancer Prevention Study-3, a large prospective study to identify factors that cause or prevent cancer, is a mission-critical expenditure, but will challenge the Society to identify and raise more than $100 million to recruit and follow the initial cohort group for a preliminary period of years.

In fiscal year 2012, 72 percent of total expenses were allocated to mission program services – our mission activities – with the remainder being divided between the cost of raising funds (22 percent) and management and general (6 percent). This GAAP allocation is influenced by a variety of factors, including the grassroots nature of the majority of our revenue-producing programs. With an average donation of less than $60 per person, this tends to be a more costly model of raising funds but also engages the American Cancer Society with many more constituents. Also, we have minimal support from the federal government, large corporations, or foundations, which are generally less expensive methods of raising money. Prior to the merger on September 1, 2012, we traditionally operated in a decentralized federated model that required duplicative functions within the enterprise. We believe these allocation results are reasonable and within well-established Better Business Bureau Wise Giving Alliance norms, particularly given the nature of our historic business model. The Society is proud to hold the Better Business Bureau's Wise Giving Alliance National Charity Seal. While functional allocation results are a popular focus of charity watchdog organizations, it is a limiting metric because it does not approximate effectiveness or worthiness of an organization. Yet we are not satisfied with our current allocations, and believe we can significantly increase the percentage of expenses we spend on mission program services over time.

When comparing organizations solely on the basis of efficiency ratios, the user should be cautioned to understand that *efficiency* does not necessarily equate to *effectiveness*. Comparison of nonprofits, particularly across sectors, is difficult at best because of the wide variety of missions and business models and the lack of a systematic way of determining effectiveness. For example, is an organization that receives more than 50 percent of its revenue from government grants and has a 90 percent program services allocation more effective and better run than an organization that solicits funds from individuals through multiple channels with a higher cost structure? The Society has placed a high priority on the challenge of demonstrating and communicating effectiveness and is engaging others as we work to improve our efforts.

GOVERNANCE STANDARDS AND PRACTICES

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 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.

ETHICS POLICIES

The Society's written Code of Ethics contains a mechanism for managing and disclosing conflicts of interest, as well as a confidentiality agreement for staff and certain volunteers. In addition, the Society has implemented a whistleblower policy and nationwide hotline (1-866-813-8313) to address suspected violations of law or misconduct.

These governance practices reflect the American Cancer Society's commitment to the highest standards of organizational integrity.

EXECUTIVES AND COMPENSATION

Executive Compensation

Overview and Guiding Principles

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 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 Mercer LLC.

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 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 at least 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 Internal Revenue Service.

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 traditional 401(k) plan)
  - Comprehensive medical, dental, and vision insurance
  - 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

Retirement Plans and Other Benefits

In 2008, the Society redesigned its retirement plans to combine the pension benefit (defined benefit) with the 403(b) benefit and added an employer match (defined contribution). The decision to change the Society's retirement benefit structure was based on market studies and reflects the desire to continue to attract top executive management talent from an increasingly mobile workforce, while minimizing the long-term financial risks and costs associated with maintaining a pension-only retirement plan. Existing employees were given the option to remain in the existing pension plan without a 403(b) match or elect the new combined plan. All employees hired after January 1, 2008, are automatically enrolled in the combined plan.

- In addition to the benefits listed above, eligible executives may be considered for participation in a supplemental retirement plan. The plan restores the earned pension benefit that an executive would lose based on compensation limitations imposed by the Internal Revenue Code on the qualified pension plan. Some Society executives also participate in a salary deferral plan known as a 457(b) plan. The 457(b) plan allows the participating executive to set aside a portion of their salary, on a pre-tax basis and at no additional cost or risk to the Society, for future payment. Participation in the plan is generally available only to the Society's senior executives.
- The Society does not provide executives-only perquisites such as a car allowance, club dues, leased vehicles, or reimbursement of professional advisory services.
- The Compensation Committee may also authorize unique program components that support the achievement of the Society's mission. These unique components could be selectively applied (for example, individual retention agreements or special severance arrangements).

Below is a link to NHO's Form 990, which provides information about the compensation of Society executives:

cancer.org/AboutUs/WhoWeAre/FinancialInformation/IRSForm990s/index

2012/2013 BOARD OF DIRECTORS

Officers

Office	Name
Chair of the Board	Gary M. Reedy
President	Vincent T. DeVita Jr., MD
Chair-elect	Pamela K. Meyerhoffer, FAHP
President-elect	Tim E. Byers, MD, MPH
Vice Chair	Robert E. Youle
First Vice President	Douglas K. Kelsey, MD, PhD, FAAP
Second Vice President	Enrique Hernandez, MD
Treasurer	Daniel P. Heist, CPA
Secretary	Robert R. Kugler, Esq.
Immediate Past Chair	Cynthia M. LeBlanc, EdD
Immediate Past President	W. Phil Evans, MD, FACR

Directors

LAY

Name	Year
John Alfonso, CPA – Eastern	2013
Vincent F. Barbetta, CLU, ChFC – New England	2013
Debra J. Cohen – Illinois	2013
William "Ed" E. Coulter, EdD – Mid-South	2014
Bryan K. Earnest – Midwest	2013
Eugene D. Heflin – East Central	2013
Allen H. Henderson, PhD – High Plains	2013
Susan D. Henry, LCSW – Mid-South	2014
Jeffrey L. Kean – California	2014
Joseph R. Mahoney, CPA – Great Lakes	2013
Linda Z. Mowad, RN – New England	2014
Scarlott K. Mueller, RN, MPH - Florida	2014

MEDICAL

Name	Year
Arnold M. Baskies, MD, FACS – Eastern	2014
Patricia K. Bradley, PhD, RN, FAAN – East Central	2013
Karlynn BrintzenhofeSzoc, PhD, MSW, LCSW-C – South Atlantic	2014
Robert K. Brookland, MD – South Atlantic	2014
Judith E. Calhoun, PhD, ARNP – High Plains	2013
Wil R. Counts, RPh, PhD – Great West	2013
Willie H. Goffney, MD, FACS – California	2014
John W. Hamilton, DDS – Great West	2014
Michael E. Kasper, MD, FACRO – Florida	2014
Clement S. Rose, MD – Illinois	2014
Donald K. Warne, MD, MPH – Midwest	2013
Maria J. Worsham, PhD, FACMG – Great Lakes	2013

Directors-at-Large

LAY

Name	Year
Sheila P. Burke, MPA, RN, FAAN	2013
James B. Conway, MS	2014
Carol Jackson	2014
Haskell Sears Ward	2013

MEDICAL

Name	Year
VACANT	
Graham A. Colditz, MD, DrPH	2014
Kevin J. Cullen, MD	2013
Kevin Oeffinger, MD	2014

PAST PRESIDENTS AND CHAIRPERSONS

Past Presidents

2011	Dr. Edward E. Partridge	Alabama	
2010	Dr. Alan G. Thorson	Nebraska	
2009	Dr. Elizabeth T.H. Fontham	Louisiana	
2008	Dr. Elmer E. Huerta	Maryland	
2007	Dr. Richard C. Wender	Pennsylvania	
2006	Dr. Carolyn Runowicz	Connecticut	
2005	Dr. Stephen F. Sener	Illinois	
2004	Dr. Ralph B. Vance	Mississippi	
2003	Dr. Mary A. Simmonds	Pennsylvania	
2002	Dr. Robert C. Young	Pennsylvania	
2001	Dr. Dileep G. Bal	California	
2000	Dr. Gerald Woolam	Texas	
1999	Dr. Charles McDonald	Rhode Island	
1998	Dr. David Rosenthal	Massachusetts	
1997	Dr. Myles Cunningham	Illinois	
1996	Dr. Raymond Lenhard Jr.	Maryland	
1995	Dr. LaMar McGinnis	Georgia	
1994	Dr. Irvin D. Fleming	Tennessee	Deceased
1993	Dr. Reginal C.S. Ho	Hawaii	
1992	Dr. Walter Lawrence	Virginia	
1991	Dr. Gerald Dodd	Texas	
1990	Dr. Robert J. Schweitzer	California	
1989	Dr. Harold P. Freeman	New York	
1988	Dr. Harmon Eyre	Utah	
1987	Dr. Virgil Loeb Jr.	Missouri	Deceased
1986	Dr. Charles A. LeMaistre	Texas	
1985	Dr. Robert J. McKenna	California	Deceased
1984	Dr. Gerald P. Murphy	New York	Deceased
1983	Dr. Willis J. Taylor	Washington	Deceased
1982	Dr. Robert V.P. Hutter	New Jersey	
1981	Dr. Edward F. Scanlon	Illinois	Deceased
1980	Dr. Saul B. Gusberg	New York	Deceased
1979	Dr. LaSalle D. Leffall Jr.	Washington, D.C.	
1978	Dr. R. Wayne Rundles	North Carolina	Deceased
1977	Dr. R. Lee Clark	Texas	Deceased
1976	Dr. Benjamin F. Byrd Jr.	Tennessee	Deceased
1975	Dr. George P. Rosemond	Pennsylvania	Deceased
1974	Dr. Justin Stein	California	Deceased
1973	Dr. Arthur G. James	Ohio	Deceased
1972	Dr. A. Hamblin Letton	Georgia	Deceased
1971	Dr. H. Marvin Pollard	Michigan	Deceased
1970	Dr. Jonathan E. Rhoads	Pennsylvania	Deceased
1969	Dr. Sidney Farber	Massachusetts	Deceased

1968	Dr. Roger A. Harvey	Illinois	Deceased
1967	Dr. Ashbel C. Williams	Florida	Deceased
1966	Dr. Leonard W. Larson	North Dakota	Deceased
1965	Dr. Murray M. Copeland	Texas	Deceased
1964	Dr. Wendell G. Scott	Missouri	Deceased
1963	Dr. I. S. Ravdin	Pennsylvania	Deceased
1962	Dr. Thomas Carlile	Washington	Deceased
1961	Dr. John W. Cline	California	Deceased
1960	Dr. Warren H. Cole	Illinois	Deceased
1959	Dr. Eugene P. Pendergrass	Pennsylvania	Deceased
1958	Dr. Lowell T. Coggeshall	Illinois	Deceased
1957	Dr. David A. Wood	California	Deceased
1956	Dr. G. V. Brindley	Texas	Deceased
1955	Dr. Howard C. Taylor Jr.	New York	Deceased
1954	Dr. Alfred M. Pompa	Idaho	Deceased
1953	Dr. Harry M. Nelson	Michigan	Deceased
1952	Dr. Charles C. Lund	Massachusetts	Deceased
1951	Dr. Guy Aud	Kentucky	Deceased
1950	Dr. Alton Ochsner	Louisiana	Deceased
1949	Dr. C. C. Nesselrods	Kansas	Deceased
1948	Dr. Edwin P. Lehman		Deceased
1943-1946	Dr. Frank E. Adair	New York	Deceased
1941-1943	Dr. Herman C. Pitts	Rhode Island	Deceased
1937-1941	Dr. John J. Morten Jr.		Deceased
1937	Dr. Frederick F. Russel		Deceased
1936	Dr. Robert S. Greenough	Connecticut	Deceased
1933-1935	Dr. Burton T. Simpson	New York	Deceased
1931-1933	Dr. George M. Bigelow		Deceased
1931	Dr. Jonathan M. Wainwright		Deceased
1924-1930	Dr. Howard C. Taylor	New York	Deceased
1922-1924	Dr. Edward Reynolds	Massachusetts	Deceased
1918-1922	Dr. Charles A. Powers	Colorado	Deceased
1913-1918	Dr. George C. Clark		Deceased

Past Chairs, Board of Directors

2011	Stephen L. Swanson	Pennsylvania	
2010	George W. P. Atkins	Georgia	
2009	Van Velsor Wolf	Arizona	
2008	Marion E. Morra, MA, ScD	Connecticut	
2007	Anna Johnson-Winegar, PhD	Maryland	
2006	Sally West Brooks, RN, MA	California	
2005	Thomas G. Burish, PhD	Virginia	
2004	Gary J. Streit	Iowa	
2003	David M. Zacks	Georgia	
2002	H. Fred Mickelson	Oregon	
2001	John C. Baity, Esq.	New York	
1999	John R. Kelly, PhD	Mississippi	
1998	Francis Coolidge	Massachusetts	
1997	Jennie R. Cook	California	
1996	George Dessart	New York	Deceased
1994-1995	Larry K. Fuller	Texas	Deceased
1992-1993	Stanley Shmishkiss	Massachusetts	Deceased
1990-1991	John R. Seffrin, PhD	Georgia	
1988-1989	Kathleen J. Horsch	Wisconsin	
1986-1987	Don Elliot Heald	Georgia	Deceased
1983-1985	G. Robert Gadberry	Missouri	
1981-1982	Allan K. Jonas	California	Deceased
1978-1980	Hon. Joseph H. Young	Maryland	
1976-1977	Thomas P. Ulmer	Florida	Deceased
1974-1975	W. Armin Willig	Kentucky	Deceased
1972-1973	Charles R. Ebersol	Connecticut	Deceased
1968-1971	William B. Lewis	New York	Deceased
1967	Travis T. Wallace	Texas	Deceased
1963-1966	Francis J. Wilcox	Wisconsin	Deceased
1960-1962	Rutherford L. Ellis	Georgia	Deceased
1953-1959	Governor Walter J. Kohler Jr.	Wisconsin	Deceased
1950-1952	General William J. Donavan	New York	Deceased
1947-1949	Eric A. Johnston		Deceased
1946	Ted R. Gamble		Deceased
1945	Eric A. Johnston		Deceased
1944	Dr. Herman C. Pitts	Rhode Island	Deceased
1949-1955	Elmer H. Bobst (Honorary Board Chair)		Deceased

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by helping you stay well, helping you get well,
by finding cures, and by fighting back.

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