



American Cancer Society, Inc.

Consolidated Financial Statements

As of and for the Years Ended December 31, 2023
and 2022

American Cancer Society, Inc.

Consolidated Financial Statements

As of and for the Years Ended December 31, 2023 and 2022

American Cancer Society, Inc.

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Independent Auditor's Report

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

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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



Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matter

The December 31, 2022 consolidated financial statements of ACS were audited by other auditors, whose report dated May 23, 2023 expressed an unmodified opinion on those statements.

BDO USA, P.C.

June 19, 2024

Consolidated Financial Statements

American Cancer Society, Inc.

Consolidated Balance Sheets

(in thousands)

December 31,	2023	2022
Current Assets:		
Cash and cash equivalents	\$ 47,247	\$ 43,652
Investments	89,850	81,799
Receivables, net	93,408	51,617
Prepaid expenses	18,307	17,456
Bequests receivable	102,105	121,971
Total current assets	350,917	316,495
Receivables, net	50,150	42,526
Gift annuity investments	35,479	32,429
Investments	790,000	796,676
Beneficial interests in trusts	362,478	333,481
Fixed assets, net	256,720	258,401
Operating lease right-of-use assets, net	33,386	30,119
Other assets	7,443	6,986
Total Assets	\$ 1,886,573	\$ 1,817,113
Liabilities and Net Assets		
Current liabilities		
Accounts payable and other accrued expenses	\$ 78,281	\$ 72,101
Research and other program grants payable	106,763	94,410
Employee retirement benefits	2,565	2,813
Debt	2,143	2,011
Operating leases	8,136	8,271
Other liabilities	3,792	3,271
Total current liabilities	201,680	182,877
Research and other program grants payable	144,212	133,138
Employee retirement benefits	111,835	127,713
Debt	31,068	33,210
Operating leases	27,302	23,452
Gift annuity obligations	8,718	9,303
Other liabilities	1,295	1,989
Total liabilities	526,110	511,682
Net assets		
Without donor restrictions	600,323	608,446
With donor restrictions	760,140	696,985
Total net assets	1,360,463	1,305,431
Total Liabilities and Net Assets	\$ 1,886,573	\$ 1,817,113

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Consolidated Statement of Activities

(in thousands)

<i>Year Ended December 31, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Our mission program and mission support expenses were:			
Mission program services:			
Patient support	\$ 424,502	\$ -	\$ 424,502
Discovery	184,670	-	184,670
Advocacy	54,625	-	54,625
Total mission program services	663,797	-	663,797
Mission support services:			
Management and general	32,035	-	32,035
Fundraising	121,921	-	121,921
Total mission support services	153,956	-	153,956
Total mission program and mission support services expenses	817,753	-	817,753
Our mission program and mission support expenses were funded by:			
Support from the public:			
Special events	106,233	69,019	175,252
Contributions of cash and other financial assets	140,891	121,379	262,270
Bequests	126,219	41,195	167,414
Contributed services, merchandise and other contributions of nonfinancial assets	64,222	53,560	117,782
Other	14,050	1,387	15,437
Total support from the public	451,615	286,540	738,155
Investment income, net	63,720	24,860	88,580
Change in value of split-interest agreements	1,914	40,748	42,662
Grants and contracts from government agencies	-	5,992	5,992
Other losses	(8,485)	(1,179)	(9,664)
Total revenues, gains and other support, net	508,764	356,961	865,725
Use of amounts restricted by donors for specified purpose or time	293,806	(293,806)	-
Change in net assets prior to impact of retirement plan liability	(15,183)	63,155	47,972
Net decrease in retirement plan liability	(7,060)	-	(7,060)
Change in net assets	(8,123)	63,155	55,032
Net assets, beginning of year	608,446	696,985	1,305,431
Net assets, end of year	\$ 600,323	\$ 760,140	\$ 1,360,463

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Consolidated Statement of Activities

(in thousands)

Year Ended December 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Our mission program and mission support expenses were:			
Mission program services:			
Patient support	\$ 354,407	\$ -	\$ 354,407
Discovery	165,813	-	165,813
Advocacy	46,428	-	46,428
Total mission program services	566,648	-	566,648
Mission support services:			
Management and general	26,338	-	26,338
Fundraising	106,557	-	106,557
Total mission support services	132,895	-	132,895
Total mission program and mission support services expenses	699,543	-	699,543
Our mission program and mission support expenses were funded by:			
Support from the public:			
Special events	104,783	66,060	170,843
Contributions of cash and other financial assets	141,799	114,591	256,390
Bequests	134,628	47,404	182,032
Contributed services, merchandise and other contributions of nonfinancial asset	25,591	37,101	62,692
Other	14,404	1,140	15,544
Total support from the public	421,205	266,296	687,501
Investment losses, net	(44,607)	(20,487)	(65,094)
Change in value of split-interest agreements	(1,494)	(66,986)	(68,480)
Grants and contracts from government agencies	-	5,674	5,674
Other (losses) gains	(11,744)	2,442	(9,302)
Total revenues, gains and other support, net	363,360	186,939	550,299
Use of amounts restricted by donors for specified purpose or time	261,779	(261,779)	-
Change in net assets prior to impact of retirement plan liability	(74,404)	(74,840)	(149,244)
Net decrease in retirement plan liability	(16,920)	-	(16,920)
Change in net assets	(57,484)	(74,840)	(132,324)
Net assets, beginning of year	665,930	771,825	1,437,755
Net assets, end of year	\$ 608,446	\$ 696,985	\$ 1,305,431

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Consolidated Statement of Functional Expenses

(in thousands)

Year Ended December 31, 2023	Patient Support	Discovery	Advocacy	Total		Fundraising	Total		Exchange Expenses (see note 6)	Total
				Mission Program	Management and General		Mission Support	Before Exchange Expenses		
Mission Program and Mission Support Expenses										
Personnel costs	\$ 197,124	\$ 29,531	\$ 31,047	\$ 257,702	\$ 10,453	\$ 72,085	\$ 82,538	\$ 340,240	\$ 10,959	\$ 351,199
Professional fees and contractual services	14,496	10,240	13,262	37,998	12,288	6,681	18,969	56,967	3,850	60,817
Grants for mission program services	21,099	125,092	284	146,475	-	-	-	146,475	-	146,475
Education and marketing	92,983	748	1,731	95,462	1,744	17,837	19,581	115,043	8,489	123,532
Direct assistance to patients	4,933	-	-	4,933	-	-	-	4,933	-	4,933
Meetings and travel	11,844	1,741	3,472	17,057	721	5,672	6,393	23,450	20,063	43,513
Postage and shipping	8,930	542	112	9,584	1,319	3,536	4,855	14,439	59	14,498
Hope Lodge and community facilities	26,990	795	1,078	28,863	245	5,836	6,081	34,944	8,839	43,783
Technology	27,826	13,191	2,841	43,858	1,662	7,991	9,653	53,511	177	53,688
Depreciation and amortization	12,872	1,384	313	14,569	306	770	1,076	15,645	205	15,850
Miscellaneous	5,405	1,406	485	7,296	3,297	1,513	4,810	12,106	3,184	15,290
Cost of donated merchandise sold	-	-	-	-	-	-	-	-	26,339	26,339
Total mission program, mission support, and exchange expenses										
	\$ 424,502	\$ 184,670	\$ 54,625	\$ 663,797	\$ 32,035	\$ 121,921	\$ 153,956	\$ 817,753	\$ 82,164	\$ 899,917

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Consolidated Statement of Functional Expenses

(in thousands)

Year Ended December 31, 2022	Patient Support	Discovery	Advocacy	Total			Total Before Exchange Expenses	Total Exchange Expenses (see note 6)
				Mission Program	Management and General	Fundraising		
Mission Program and Mission Support Expenses								
Personnel costs	\$ 162,890	\$ 25,513	\$ 24,848	\$ 213,251	\$ 10,791	\$ 59,571	\$ 283,613	\$ 9,052
Professional fees and contractual services	13,219	9,247	8,144	30,610	9,318	5,603	45,531	2,561
Grants for mission program services	23,669	114,383	256	138,308	-	-	138,308	-
Education and marketing	71,880	1,538	6,744	80,162	1,170	18,715	100,047	6,972
Direct assistance to patients	2,310	-	-	2,310	-	-	2,310	-
Meetings and travel	7,680	1,181	2,433	11,294	557	3,443	15,294	19,806
Postage and shipping	8,520	349	68	8,937	683	4,756	14,376	75
Hope Lodge and community facilities	27,790	220	779	28,789	25	6,401	35,215	8,154
Technology	20,067	10,978	2,072	33,117	1,245	5,860	40,222	87
Depreciation and amortization	11,162	1,485	405	13,052	270	880	14,202	71
Miscellaneous	5,220	919	679	6,818	2,279	1,328	10,425	3,440
Cost of donated merchandise sold	-	-	-	-	-	-	-	23,772
Total mission program, mission support, and exchange expenses	\$ 354,407	\$ 165,813	\$ 46,428	\$ 566,648	\$ 26,338	\$ 106,557	\$ 699,543	\$ 73,990

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Consolidated Statement of Cash Flows

(in thousands)

Year Ended December 31,	2023	2022
Cash Flows from Operating Activities		
Cash received from (used in):		
Special events	\$ 208,677	\$ 202,146
Contributions	238,026	231,230
Bequests	194,291	163,537
Other support from the public	16,162	16,228
Government grants	5,712	5,850
Interest and dividends on investments, net	33,361	25,697
Other revenue	12,370	6,938
Program services	27,318	29,467
Interest on debt	(797)	(862)
Employees	(326,023)	(282,752)
Suppliers	(304,503)	(260,332)
Direct assistance	(2,765)	(1,577)
Retirement plan contributions	(29,102)	(29,677)
Grants for mission program services	(123,047)	(109,434)
Net cash used in operating activities	(50,320)	(3,541)
Cash flows from investing activities		
Purchase of fixed assets	(14,210)	(10,145)
Proceeds from disposal of fixed assets	381	13,999
Support from the public restricted for fixed asset acquisition	11,101	7,288
Purchases of investments	(4,439,882)	(3,537,722)
Proceeds from maturities or sales of investments	4,495,816	3,527,248
Net cash received from investing activities	53,206	668
Cash flows from financing activities		
Payments made to annuitants	(1,484)	(1,446)
Proceeds from annuitants	1,008	570
Support from the public restricted for long-term investment	3,195	4,851
Payments on debt	(2,010)	(2,295)
Net cash received from financing activities	709	1,680
Net change in cash and cash equivalents	3,595	(1,193)
Cash and cash equivalents, beginning of year	43,652	44,845
Cash and cash equivalents, end of year	\$ 47,247	\$ 43,652

See notes to accompanying consolidated financial statements.

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Stewardship Focused Disclosures

1. Organizational Overview

Our Mission

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

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

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

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

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

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

Our Mission Program and Mission Support Expenses

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

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

based on our staff effort reporting. Other expenses are allocated based on various methods including the underlying purpose of transactions. For the years ended December 31, 2023 and 2022, our mission expenses were allocated to these two areas as follows:

	2023		2022	
Mission program expenses	\$ 663,797	81%	\$ 566,648	81%
Mission support expenses	153,956	19	132,895	19
Total	\$ 817,753	100%	\$ 699,543	100%

2. Liquidity Considerations

Investments

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

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

We maintain a pool of investments for the primary purpose of providing liquidity for daily operating needs while protecting principal and preserving the real (inflation-adjusted) purchasing power of the portfolio. The overall short-term investment balance is targeted based on our projected daily and monthly net cash flows and is generally intended to ensure all operating needs are met throughout the year without tapping into our long-term investments.

We also maintain an investment pool with a long-term investment horizon to preserve the real (inflation-adjusted) purchasing power while providing a relatively predictable, constant and stable stream of earnings. The pool utilizes a diversified approach to asset allocation comprised of target ranges for the various asset classes. Together, all our investment pools, at fair value, were as follows:

December 31,	2023		2022	
Global equity	\$ 253,132		\$ 165,734	
Impact venture capital	42,846		30,118	
Real estate	44,114		55,203	
Liquid alternatives	103,625		99,294	
Multi-asset credit	97,695		81,264	
Core fixed income	128,943		139,301	
Treasury inflation-protected security	11,065		73,081	
Short duration fixed income	157,941		229,621	
Cash and cash equivalents	75,968		37,288	
	\$ 915,329		\$ 910,904	

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Notes to Consolidated Financial Statements

(in thousands)

Gift Annuity Investments

Sufficient assets are maintained to meet the annuity requirements stipulated by the various state laws. We are required to hold reserves related to our gift annuity program based on the laws in certain states in which we solicit these gifts. Such reserves, held in a segregated account, totaled \$26,761 and \$23,126 at December 31, 2023 and 2022, respectively, and are included in gift annuity investments in the accompanying consolidated balance sheets.

Planned Gifts (Bequests and Beneficial Interest in Trusts)

We are the beneficiary of planned gifts under bequests, other testamentary documents, trusts and similar deferred contributions. The assets from a bequest or a contribution may be given directly to us or may be put in the care of a trustee, with us being designated as having a full or partial beneficial interest in the trust (BIT). Certain gifts are considered split-interest agreements whereby we receive benefits that are shared, or split, with either the donor or third-party beneficiaries. Depending on the number and mortality of any third-party beneficiaries, we may not receive cash for our interest in the BIT's for a number of years. During the years ended December 31, 2023 and 2022, approximately 34% and 31% of our revenue from bequests was cash and 66% and 69% will be received in future years, respectively.

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

Use of Net Assets

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

Net assets without donor restrictions result from contributions of assets whose use is not specified by our donors through time and specific purpose restrictions. Our net investments in fixed assets that are not available to spend on current operations, are included in net assets without donor restrictions and were \$223,509 and \$223,180 at December 31, 2023 and 2022, respectively.

Contributions of assets whose use is specified by our donors through time and specific purpose restrictions are included in net assets with donor restrictions. For net assets with time restrictions, the assets are not restricted for a specific purpose by the donor. Instead, the donor's restriction on our use of those assets may be met with the passage of time or at a specific point in time if the time restriction is not in perpetuity. Included in net assets with donor restrictions at December 31, 2023 and 2022 is \$464,157 and \$437,723, respectively, that we have not yet received in cash and which will be used for our mission program services once received.

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Notes to Consolidated Financial Statements

(in thousands)

The use of net assets with donor restrictions as of December 31, 2023 and 2022 has been limited by our donors for the following purposes:

With Donor Restrictions

	2023	2022
Mission programs:		
Patient support:		
Hope Lodge facilities	\$ 122,846	\$ 114,773
Other	99,318	82,756
Discovery	168,825	177,726
Advocacy	6,495	9,802
Across mission programs:		
Time restrictions (primarily planned giving including perpetual trusts and endowments)	312,042	261,612
Specific geographic locations	48,408	47,046
Other mission program and mission support services	2,206	3,270
Total	\$ 760,140	\$ 696,985

Financial Assets Available for Use

We structure our financial assets to be available as our general expenditures, liabilities, and other obligations come due. Additionally, we generally invest our cash in excess of weekly requirements in short-term investments. We invest our remaining operating assets in a fully diversified mix of investment vehicles designed to provide continued liquidity, preserve capital, and grow corpus.

Given the comprehensive nature of our mission and reliance on donor restricted contributions to fund ongoing, annual programs, we define "available for general expenditures" as all net assets without donor restrictions excluding amounts for deferred compensation, custodial assets, and illiquid investments and including net assets with donor restrictions and expected spend down on endowments anticipated to be spent within one year of the balance sheet date.

Our Board of Directors has implemented a liquidity policy that requires us to maintain available financial assets equal to between six months and ten months of the annual general expenditures which is calculated based on several factors, including anticipated cash outlays for operating activities. Compliance with the policy is reviewed quarterly by the Board.

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Notes to Consolidated Financial Statements

(in thousands)

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

	2023	2022
Financial assets without donor restrictions		
Investments, cash, and cash equivalents	\$ 631,113	\$ 662,865
Current receivables, net	6,642	4,481
Current bequests receivable	85,072	92,976
Total financial assets without donor restrictions	722,827	760,322
Less deferred compensation, custodial, and other illiquid investments, including impact venture investments (see Note 9)	171,406	(154,641)
Total financial assets available to management for general expenditures	551,421	605,681
Add financial assets with donor restrictions expected to be spent within 12 months of December 31, 2023	51,559	51,335
Total Financial Assets Managed for Liquidity	\$ 602,980	\$ 657,016

Research and Other Grant Programs

As part of our commitment to the fight against cancer, we actively provide grants to improve both the prevention and detection of cancer. The total amount of our future payments under research and other program grants as of December 31, 2023 and 2022 is \$259,643 and \$233,489, respectively. The present value of our future payments as of December 31, 2023 and 2022 is \$250,975 and \$227,548, respectively. The discount at December 31, 2023 of \$8,668 will be recognized as grants for mission program services expense in 2024 through 2028. As of December 31, 2023, our future payments are as follows:

Payable in the next:

12 months	\$ 106,763
13 - 24 months	81,841
25 - 36 months	46,648
37 - 48 months	19,535
49 - 60 months	4,856
Discount	(8,668)
Total	\$ 250,975

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Notes to Consolidated Financial Statements

(in thousands)

Debt

We have financed certain properties based on market conditions and cash flow needs at the time of financing. Our outstanding debt, subject to certain loan covenants, as of December 31, 2023 and 2022 is as follows:

Type	Issuer	Maturity Date	Fixed Interest Rate	Balance at December 31, 2023	Balance at December 31, 2022	Collateral at December 31, 2023
Note Payable	TD Bank, N.A.	2027	2.46%	\$ 23,609	\$ 25,619	New York City Hope Lodge facility, net book value of \$22,426 and all assets constituting general revenues
Note Payable	SCC SUB-CDE 10, LLC	2047	1.34%	9,602	9,602	Jackson Hope Lodge Facility, net book value of \$7,522
Total				<u>\$ 33,211</u>	<u>\$ 35,221</u>	

Our future principal payments are as follows as of December 31, 2023:

Payable in the next:

12 months	\$ 2,143
13 - 24 months	2,372
25 - 36 months	2,376
37 - 48 months	17,946
49 - 60 months	376
Thereafter	7,998
Total	\$ 33,211

Retirement Funding

We have a variety of retirement benefit programs that cover nearly all our employees. We sponsor a defined benefit pension plan (the Plan) for employees hired before 2016 through which we provide benefits that are based on years of service and certain averages of compensation. We fund the plan on a quarterly basis based on estimates of annual funding levels stated by pension requirements, which are enforced by regulatory agencies. In general, these requirements stipulate that our plan be funded at a level of 60% to continue to pay full benefits to retired individuals. As of January 1, 2023, and 2022, the plan was funded at 80% and 115%, respectively, based on regulatory funding levels.

We also sponsor a defined contribution plan with benefits based on individual employee salary deferrals and a related employer matching amount, subject to a maximum. Our matching amounts totaled \$12,626 and \$10,317 for the years ended December 31, 2023 and 2022, respectively. We sponsor a Supplemental Executive Retirement Plan (SERP) for certain participants whose income exceeds the maximum income that can be considered under the defined benefit pension plan. We have segregated short-term investments sufficient for payment of benefits under this plan.

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Notes to Consolidated Financial Statements

(in thousands)

In addition, we have an unfunded postretirement benefit plan for post-retirement medical, dental, and life insurance coverage for certain employees hired prior to 1995, subject to deductibles, co-payment provisions, and other limitations. We paid \$1,435 and \$1,628 for these benefits from our general assets during the years ended December 31, 2023 and 2022, respectively.

We expect to contribute approximately \$12,565, to all our defined benefit plans over the next 12 months. The Plan and the SERP were frozen to new participants and participants are no longer earning benefits for service under the Plan. See Note 11 for additional information.

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

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

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

Total contributed nonfinancial assets for the years ended December 31, 2023 and 2022 are as follows:

Nonfinancial Contributions Category	Type of Contributions for Beneficiaries	Valuation	Donor Restriction	2023	2022
Media communication and production services	Digital, broadcast, and public service announcements	Third-party estimates using comparable billing rates	Cancer prevention and screening	\$ 46,545	\$ 28,658
Real estate	Residential property	Licensed real estate appraisal	No donor restrictions	34,900	-
Discovery Shops	Resale merchandise	Estimated selling price	No donor restrictions	26,398	24,250
Hope Lodge	Household goods	Wholesale prices of identical or similar products	Restricted for use within Hope Lodge facilities	741	4,046
Peer review services	Professional review services for our extramural research grant process	Standard industry pricing for similar services	Cancer research	2,240	1,708
Other nonfinancial contributions	Other goods and services	Varies by item	Other cancer programs	6,958	4,030
Total				\$ 117,782	\$ 62,692

American Cancer Society, Inc.

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(in thousands)

In addition, there are non-cash contributed items and services included in the special events line of the accompanying consolidated statement of activities. These are valued at \$545 and \$444 for the years ended December 31, 2023 and 2022, respectively.

Other Required Disclosures

4. Significant Accounting Policies

Principles of Consolidation

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

Accounting for Contributions without Conditions

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

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

Advertising Costs

Our advertising costs are expensed as incurred and were \$50,752 and \$55,765 for the years ended December 31, 2023 and 2022, respectively.

Bequests Receivable

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

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Beneficial Interests in Trusts

Nonperpetual BIT's are initially recognized as donor restricted public support (bequest or contribution revenue, depending upon the initial source of the gift) at fair value, based on our interest in the fair value of the underlying trust assets at the time of the gift. Any subsequent adjustments to the nonperpetual BIT's are recorded as a change in value of split-interest agreements.

Perpetual trusts are initially recorded as net assets with donor restrictions public support (bequest or contribution revenue, depending on the initial source of the gift) at fair value, based on our interest in the fair value of the underlying trust assets at the time of the gift. Subsequent changes to a trust's fair value are reported as a change in value of split interest agreements with donor restrictions in the consolidated statements of activities. Income received from the trusts is reported as revenues with donor restrictions or revenues without donor restrictions, depending on the existence or absence of donor-imposed restrictions.

We also may be the beneficiary of interests in trusts and other assets in situations where we have not been notified of our interest. Our interest may be conditional or revocable, or the value of our interest may not be readily ascertainable. In such circumstances, no revenue has been recorded.

Cash and Cash Equivalents

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

Fair Value of Financial Instruments

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

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

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

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

American Cancer Society, Inc.

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(in thousands)

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

Fixed Assets

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

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

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

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

Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the expected amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

The following are assumptions we used to estimate certain reported amounts, which are not required to be measured at fair value on a recurring basis, as of December 31, 2023 and 2022. The assumptions used to estimate amounts, which are required to be measured at fair value on a recurring basis, are included in Note 9.

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

<u>December 31,</u>	<u>2023</u>	<u>2022</u>
Pledges receivable	1.65% to 7.61%	1.65% to 6.26%
Research and other program grants payable	0.36% to 4.08%	0.36% to 3.53%

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Pledges receivable consist of unconditional donor promises to give and are recognized in the period received with an allowance or discounted amount provided for estimated uncollectible amounts. The total amount of the discount for pledges as of December 31, 2023 and 2022 is \$4,310 and \$2,341, respectively. The research and other program grants payable discount at December 31, 2023 and 2022 is \$8,668 and \$5,941 respectively.

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

Income Taxes

Consistent with our mission, we have received a determination letter from the Internal Revenue Service that indicates we are exempt from income tax under Section 501(a) of the U.S. Internal Revenue Code as an organization described in section 501(c)(3). Further, we have been classified as an organization that is not a private foundation under IRC Section 509(a) and, as such, contributions to us qualify for deduction as charitable contributions. However, income generated from activities unrelated to our exempt purpose is subject to tax under IRC Section 511. We did not have a material unrelated business income tax liability for the years ended December 31, 2023 and 2022. We believe that we have taken no significant uncertain tax positions.

Leases

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

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

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

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(in thousands)

Lease payments are recognized in the consolidated statement of activities on a straight-line basis over the lease term. Our lease terms may include options to extend or terminate the lease. These options are reflected in the ROU asset and lease liability when it is reasonably certain that we will exercise the option. We reassess the lease term if and when a significant event or change in circumstances occurs within our control, such as construction of significant leasehold improvements that are expected to have economic value when the option becomes exercisable.

As our leases do not provide an implicit rate, the net present value of future minimum lease payments is determined using our incremental borrowing rate. Our incremental borrowing rate is the borrowing rate on our fully amortizing term loans at the time of adoption.

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

Reclassifications

The presentation of certain line items in the statements of cash flows have been updated in the 2022 balances to conform to the 2023 presentation. Such reclassifications did not have an impact to the 2022 ending cash balances.

Adoption of New Accounting Pronouncements

While there are many new accounting pronouncements issued that we have adopted or will be adopting in the near future, the following pronouncements could have a significant impact on our consolidated financial statements.

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

In May 2019, the FASB issued ASU 2019-05, *Financial Instruments (Topic 326)*, which will allow entities to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost upon adoption of the new credit losses standard. The election must be applied on an instrument-by-instrument basis for eligible instruments. We adopted ASU 2016-13 for the year ended December 31, 2023. Adoption of this standard did not have a significant impact on the consolidated financial statements.

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(in thousands)

5. Activities With Joint Costs

For the years ended December 31, 2023 and 2022, we incurred expenses to conduct activities that had both fundraising appeals, as well as mission program and management and general components (joint activities). Those joint activities included direct mail, telecommunications, and other constituent relationship activities. Our costs of conducting those joint activities are allocated using a variety of methods including evaluation of the content and impact of messaging within communication materials, paid media, mailings, and digital products such as emails, websites, and social media. These costs were allocated as follows:

	2023	2022
Patient support	\$ 74,337	\$ 68,348
Management and general	3,607	1,563
Fundraising	29,301	27,738
Total	\$ 107,245	\$ 97,649

6. Exchange Transactions

Exchange transactions are reciprocal transfers in which each party receives and sacrifices something of approximate commensurate value, as opposed to a nonreciprocal transaction (i.e., a contribution), in which a donor provides resources to support our mission and expects to receive nothing of commensurate value in return. Costs of exchange transactions that benefit the recipient of the exchange and are not directly related to our mission are reported as exchange expenses. Costs related to exchange transactions that directly benefit or support our mission are reported in mission program or mission support expenses.

Revenues from exchange transactions are recognized when performance obligations are satisfied by transferring a promised good to, or performing service for, the recipient of the exchange. The amount of revenue recognized reflects the consideration expected to be received in exchange for satisfying distinct performance obligations. Performance obligations are either satisfied over time and the related revenue is recognized as services are rendered, or satisfied at a point in time and the related revenue is recognized upon the immediate transfer of goods. Management expects that the period between the transfer of goods and services to the recipient and when the recipient expects to pay for those goods and services will be one year or less.

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Exchange transaction income and expenses are netted and included in other gains (losses) in the accompanying consolidated statements of activities and are included in their natural classifications on the consolidated statements of functional expenses. Exchange transaction income and expenses are as follows for the years ended December 31, 2023 and 2022:

	Exchange Income		Exchange Expenses	
	2023	2022	2023	2022
Special events	\$ 34,311	\$ 31,801	\$ 34,311	\$ 31,801
Discovery Shop	26,401	23,842	47,853	42,189
Sales to third parties	3,218	3,181	-	-
Other	2,834	5,069	-	-
	\$ 66,764	\$ 63,893	\$ 82,164	\$ 73,990

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

Our Discovery Shops sell donated merchandise at various shops around the country. The donated merchandise is included in the contributed services, merchandise, and other contributions of nonfinancial assets in the accompanying consolidated statements of activities and was \$26,398 and \$24,250 for the years ended December 31, 2023 and 2022, respectively. The sales of the donated merchandise are recorded as exchange income and the cost of merchandise and expenses related to operating the Discovery Shops is included in exchange expenses.

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Notes to Consolidated Financial Statements

(in thousands)

7. Receivables

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

<i>December 31,</i>	2023	2022
Amounts due in		
Less than one year	\$ 85,488	\$ 43,666
One to five years	31,483	23,024
Greater than five years	762	683
Gross pledges receivable	117,733	67,373
Allowance for doubtful accounts	(1,352)	(155)
Unamortized present value discount	(4,310)	(2,341)
Total pledges receivable, net	\$ 112,071	\$ 64,877

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

8. Fixed Assets

Our fixed assets are as follows as of:

<i>December 31,</i>	2023	2022
Land	\$ 20,649	\$ 20,649
Buildings and leasehold improvements	365,037	344,627
Furniture, fixtures, equipment, and other capitalized assets	23,685	24,108
Computer software	33,164	33,164
Construction in progress	4,842	12,411
Less: accumulated depreciation and amortization	(190,657)	(176,558)
Net fixed assets	\$ 256,720	\$ 258,401

Depreciation expense, including expenses on assets used in exchange transactions for the years ended December 31, 2023 and 2022, was \$15,440 and \$14,273, respectively.

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9. Fair value measurement

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

The asset and/or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Our valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The significance of transfers between levels was evaluated based upon the nature of the financial instrument and size of the transfer relative to total net assets. For the years ended December 31, 2023 and 2022, there were no significant transfers in or out of Levels 1, 2, or 3.

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

Global equity, including securities listed on domestic and international exchanges, are principally valued at the regular trading session closing price on the exchange or market in which such securities are principally traded, on the last business day of each period presented, using the market approach.

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

Investments in real estate are valued using the market approach, based upon the relative interests of each participating investor (including each participant), in the fair value of the underlying net assets of each limited partnership.

Investments in liquid alternatives are generally valued using the market approach, based upon the relative interest of each participating investor (including each participant), in the fair value of the underlying net assets of each of the respective liquid alternative.

Multi-asset credit investments are valued based upon evaluated prices provided by independent pricing services when such processes are believed to reflect the fair market value of such securities using the income approach, as well as regular trading session closing price on the exchange or market, using the market approach.

Core fixed income investment valuations, including corporate bonds, commercial paper, and government agency obligations are based upon evaluated prices provided by independent pricing services when such processes are believed to reflect the fair market value of such securities using the market approach, as well as the use of the income approach in absence of a discoverable market.

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(in thousands)

Treasury Inflation-Protected securities (TIPs) investments or inflation-indexed securities are based upon evaluated prices provided by independent pricing services and adjusted by the consumer price index when such processes are believed to reflect the fair market value of such securities using the market approach, as well as the use of the income approach in absence of a discoverable market.

Short duration fixed income investment valuations are based upon evaluated prices provided by independent pricing services, when such processes are believed to reflect the fair market value of such securities using the income approach.

Cash and cash equivalents are principally valued at the regular trading session closing price on the exchange or market in which such funds are principally traded, on the last business day of each period presented, using the market approach.

Nonperpetual trusts, included on the consolidated balance sheets as beneficial interest in trusts, are recorded at their estimated fair value based on the present value of our estimated future cash receipts from the trust. Future cash receipts are based on an income approach (present value techniques) using internally developed models. Assumptions are made regarding the expected rate of return on the investments in the trust, the discount rate, and the expected mortality of the individual(s) if the termination of the agreement is dependent on life expectancy. An expected rate of return on the investments in the trusts is estimated using historical investment returns for various relevant market indices for the estimated asset allocation of the nonperpetual trusts. For the years ended December 31, 2023 and 2022, based on then-current financial market conditions, we estimated the present value of nonperpetual trusts using an investment return rate (net of trustee fees and other expenses) of 6.30% and 9.80%, respectively, and a discount rate of 6.30% and 9.80%, respectively, commensurate with the risks involved.

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

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

Our gift annuity obligation is recorded at fair value based on Level 3 inputs and other relevant market data based on the present value of our estimated future cash outflows. For the years ended December 31, 2023 and 2022, the assumptions used in the valuation of the annuity liability include mortality in accordance with the 2012 Individual Annuity Reserving Mortality Tables and a discount rate of 7.71% and 6.46%, respectively for all annuities, compounded annually, net of expenses. These rates are commensurate with the risks associated with the ultimate payment of the

American Cancer Society, Inc.

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(in thousands)

obligation. We have elected fair value accounting for our gift annuity obligations.

The preceding valuation methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while we believe our valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting dates.

The following tables set forth by level, within the fair value hierarchy, our assets and liabilities measured at fair value on a recurring basis as of December 31, 2023 and 2022. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Financial assets and liabilities measured at fair value were as follows at:

December 31, 2023	Financial Assets and Liabilities Measured at Fair Value					Total
	Level 1	Level 2	Level 3	NAV*		
Assets						
Investments, current						
Cash and cash equivalents	\$ 13,677	\$ 59,819	\$ -	\$ -		\$ 73,496
Core fixed income	-	16,354	-	-		16,354
Total investments, current	\$ 13,677	\$ 76,173	\$ -	\$ -		\$ 89,850
Gift Annuity Investments, at Fair Value						
Cash and cash equivalents	\$ 2,472	\$ -	\$ -	\$ -		\$ 2,472
Global equity	22,949	-	48	-		22,997
Core fixed income	4,806	5,204	-	-		10,010
Total gift annuity investments, at fair value	\$ 30,227	\$ 5,204	\$ 48	\$ -		\$ 35,479
Investments						
Global equity	\$ 168,481	\$ 664	\$ 338	\$ 60,652		\$ 230,135
Impact venture capital	-	-	40,747	2,099		42,846
Real estate	-	-	-	44,114		44,114
Liquid alternatives	-	-	-	103,625		103,625
Multi-asset credit	9	-	-	97,686		97,695
Core fixed income	694	101,777	108	-		102,579
Treasury inflation-protected security - index fund	-	-	-	11,065		11,065
Short duration fixed Income	-	157,941	-	-		157,941
Total investments	\$ 169,184	\$ 260,382	\$ 41,193	\$ 319,241		\$ 790,000
Beneficial Interests in Trusts	\$ -	\$ -	\$ 362,478	\$ -		\$ 362,478
Liabilities						
Gift annuity obligations	\$ -	\$ -	\$ 8,718	\$ -		\$ 8,718

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(in thousands)

December 31, 2022	Financial Assets and Liabilities Measured at Fair Value				
	Level 1	Level 2	Level 3	NAV*	Total
Assets					
Investments, current					
Cash and cash equivalents	\$ 4,391	\$ 30,310	\$ -	\$ -	\$ 34,701
Core fixed income	-	47,098	-	-	47,098
Total investments, current	\$ 4,391	\$ 77,408	\$ -	\$ -	\$ 81,799
Gift Annuity Investments, at Fair Value					
Cash and cash equivalents	\$ 2,587	\$ -	\$ -	\$ -	\$ 2,587
Global equity	19,424	1	106	-	19,531
Core fixed income	4,938	5,373	-	-	10,311
Total gift annuity investments, at fair value	\$ 26,949	\$ 5,374	\$ 106	\$ -	\$ 32,429
Investments					
Global equity	\$ 104,275	\$ 3,368	\$ 409	\$ 38,151	\$ 146,203
Impact venture capital	-	-	28,078	2,040	30,118
Real estate	-	-	-	55,203	55,203
Liquid alternatives	-	-	-	99,294	99,294
Multi-asset credit	-	1,292	-	79,972	81,264
Core fixed income	28	81,864	-	-	81,892
Treasury inflation-protected security - index fund	-	-	-	73,081	73,081
Short duration fixed Income	-	229,621	-	-	229,621
Total investments	\$ 104,303	\$ 316,145	\$ 28,487	\$ 347,741	\$ 796,676
Beneficial Interests in Trusts	\$ -	\$ -	\$ 333,481	\$ -	\$ 333,481
Liabilities					
Gift annuity obligations	\$ -	\$ -	\$ 9,303	\$ -	\$ 9,303

* In accordance with Fair Value Measurement (Topic 820), certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

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(in thousands)

The table below provides a summary of changes in the fair value of our Level 3 financial assets and liabilities measured on a recurring basis for the years ended December 31, 2023 and 2022:

<i>Year Ended December 31, 2023</i>	Global Equity and Core Fixed Income	Impact Venture Capital	Beneficial Interest in Trusts	Gift Annuity Obligation
Balance, beginning of year	\$ 515	\$ 28,078	\$ 333,481	\$ 9,303
Purchases (sold)	36	11,880	(9,797)	(585)
Unrealized (losses) gains	(57)	789	13,878	-
Other	-	-	24,916	-
Balance, end of year	\$ 494	\$ 40,747	\$ 362,478	\$ 8,718

<i>Year Ended December 31, 2022</i>	Global Equity	Impact Venture Capital	Beneficial Interest in Trusts	Gift Annuity Obligation
Balance, beginning of year	\$ 588	\$ 18,474	\$ 406,638	\$ 13,614
Purchases (sold)	(97)	10,412	(4,677)	-
Unrealized gains (losses)	24	(808)	(48,017)	3,160
Other	-	-	(20,463)	(7,471)
Balance, end of year	\$ 515	\$ 28,078	\$ 333,481	\$ 9,303

The unrealized gains (losses) related to the beneficial interest in trusts and the gift annuity obligations are included in the change in value of split interest agreements in the accompanying consolidated statements of activities. The unrealized gains (losses) related to the global equity are included in the investment income. The unrealized gains (losses) related to assets still held at December 31, 2023 and 2022 were \$13,878 and \$(48,017), respectively.

The following table discloses the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31, 2023 and 2022. There were no unfunded commitments at the end of either year.

Investment Type	2023	2022
Global equity	\$ 60,652	\$ 38,151
Impact venture capital	2,099	2,040
Real estate	44,114	55,203
Liquid alternatives	103,625	99,294
Multi-asset credit	97,686	79,972
Treasury inflation-protected security index fund	11,065	73,081
Total	\$ 319,241	\$ 347,741

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(in thousands)

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

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

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

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

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

American Cancer Society, Inc.

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(in thousands)

10. Endowment

Relevant Law

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

Year Ended December 31,	With Donor Restrictions	
	2023	2022
Endowment net asset composition by type and changes in endowments		
Endowment net assets, beginning	\$ 127,888	\$ 151,345
Investment return, net	19,194	(21,780)
Endowment cash additions	1,712	4,103
Reclassification of restrictions	3,346	(2,231)
Appropriation of endowment assets for expenditure	(5,576)	(3,549)
Endowment net assets, ending	\$ 146,564	\$ 127,888

Funds with Deficiencies

From time to time, due to adverse market conditions, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original fair value of such endowment funds. Deficiencies of this nature are reported in net assets with donor restrictions, to the extent there are accumulated gains available to absorb such loss, or otherwise in net assets without donor restrictions. Deficiencies of this nature that are reported in net assets without donor restrictions were \$28 and \$2,231 as of December 31, 2023 and 2022, respectively.

Return Objectives and Risk Parameters

We have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of relevant market indices while assuming a moderate level of investment risk.

American Cancer Society, Inc.

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(in thousands)

Spending Policy

We considered the following factors in developing our spending policy with regard to donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) our mission and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) our other resources, (7) our investment policies, and (8) where appropriate, alternatives to spending from the donor-restricted funds and the possible effects of those alternatives.

Unless the donor has specified otherwise and in compliance with our desire to preserve the original gift value, 4% of the three-year rolling average fair value of an endowment is available for spending each year, to the extent of a donor restricted endowment's cumulative undistributed earnings. In addition, the difference between the actual total return each year and the spending percentage is charged or credited to net assets without donor restrictions or net assets with donor restrictions (depending on the donor's instructions regarding the use of investment income or relevant law). We believe a spending policy is necessary to carry out the statutorily prescribed standard of ordinary business care and prudence and uses a spending rate of 4% in order to maintain the purchasing power of the endowment. Endowment assets consist of:

	Current Allocation		Target Allocation		
	2023	2022	Minimum	Target	Maximum
Global equity	57%	48%	45%	55%	65%
Real estate	9	12	5	10	15
Liquid alternatives	11	14	5	10	15
Multi-asset credit	14	14	10	15	20
Core fixed income	5	5	0	5	10
Treasury inflated protected securities	4	4	0	5	10
Cash and cash equivalents	0	3	0	0	0
	100%	100%		100%	

American Cancer Society, Inc.

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(in thousands)

11. Employee Retirement Benefit Plans

We maintain a noncontributory defined benefit pension plan (Plan) and SERP that were frozen in 2016 to new participants and participants are no longer earning benefits for service performed under the Plan and SERP. The current strategic mix for the Plan's assets is a blended exposure to equity and debt market risk. The Plan employs an active management strategy that has historically generated returns in excess of established benchmarks and places greater emphasis on manager skills to produce excess return while employing various risk mitigation strategies to reduce volatility. The Plan's assets at December 31, consist of:

	Current Allocations		Target	+/-
	2023	2022		
Global equity	32%	31%	33%	10%
Multi-asset credit	8	9	9	5
Liquid alternatives	9	13	9	5
Real estate	8	10	6	5
Core fixed income	41	34	43	5
Cash and cash equivalents	2	3	0	-
	100%	100%	100%	

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

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

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

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

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

Information related to our Plan, SERP, and postretirement benefit plan at December 31, 2023 and 2022 and the related changes during the years then ended are as follows:

<i>Year Ended December 31, 2023</i>	Retirement Benefits	Postretirement Nonpension Benefits	Total Retirement and Postretirement Benefits
Change in Benefit Obligation			
Benefit obligation at beginning of year	\$ 467,328	\$ 30,287	\$ 497,615
Service cost	-	16	16
Interest cost	23,156	1,470	24,626
Actuarial gain	10,038	(220)	9,818
Plan participant contributions	-	226	226
Benefits paid	(26,230)	(1,661)	(27,891)
Benefit obligation at end of year	\$ 474,292	\$ 30,118	\$ 504,410
Change in Plan Assets			
Fair value of plan assets at beginning of year	\$ 367,490	\$ -	\$ 367,490
Actual expenses paid	(4,856)	-	(4,856)
Actual return on plan assets	38,617	-	38,617
Employer contributions	15,000	1,435	16,435
Plan participant contributions	-	226	226
Benefits paid	(26,230)	(1,661)	(27,891)
Fair value of plan assets at end of year	\$ 390,021	\$ -	\$ 390,021
Funded status and amounts recognized in our balance sheet in employee retirement benefits			
	\$ (84,271)	\$ (30,118)	\$ (114,389)
Supplemental Retirement Benefits			\$ (13)
Weighted Average Actuarial Assumptions			
Discount rate:			
Net periodic pension service cost	N/A	5.34%	
Net periodic pension interest cost	5.14%	5.07%	
Benefit obligation	5.27%	5.16%	
Expected return on plan assets	7.00%	N/A	
Rate of compensation increase	N/A	4.53%	
Amounts not yet recognized in net periodic pension costs			
Unrecognized prior service credit at beginning of year	\$ -	\$ -	\$ -
Change in prior service cost	-	-	-
Unrecognized prior service credit at end of year	\$ -	\$ -	\$ -
Unrecognized actuarial losses (gains) at beginning of year	\$ 153,862	\$ (3,494)	\$ 150,368
Change in actuarial losses	(6,966)	(98)	(7,064)
Unrecognized actuarial losses (gains) at end of year	\$ 146,896	\$ (3,592)	\$ 143,304
Supplemental Retirement Benefits			\$ 4

American Cancer Society, Inc.

Notes to Consolidated Financial Statements

(in thousands)

<i>Year Ended December 31, 2023</i>	Retirement Benefits	Postretirement Nonpension Benefits	Total Retirement and Postretirement Benefits
Amounts Recognized as a Reduction (increase) to Unrestricted Net Assets			
Amounts recognized as a reduction to unrestricted net assets at beginning of year	\$ 153,862	\$ (3,494)	\$ 150,368
Change in prior services credit	-	-	-
Change in actuarial losses	(6,966)	(98)	(7,064)
Amounts recognized as a reduction (increase) to unrestricted net assets at end of year	\$ 146,896	\$ (3,592)	\$ 143,304
Supplemental Retirement Benefits			\$ 4
Components of net periodic benefit cost			
Service cost	\$ -	\$ 16	\$ 16
Interest cost	23,156	1,470	24,626
Expected return on plan assets	(24,622)	-	(24,622)
Administrative expenses	4,860	-	4,860
Amortization of:			
Unrecognized prior service cost (credit)	-	-	-
Unrecognized actuarial losses (gains)	3,004	(122)	2,882
Settlement expense (credit)	-	-	-
Net periodic benefit cost	\$ 6,398	\$ 1,364	\$ 7,762
Accumulated benefit obligation	\$ 474,291	\$ 30,118	\$ 504,409
Supplemental Retirement Benefits			\$ 13
Estimated future benefits payable in the next:			
12 months	\$ 34,349	\$ 2,565	\$ 36,914
13 - 24 months	33,245	2,517	35,762
25 - 36 months	33,937	2,466	36,403
37 - 48 months	32,556	2,418	34,974
49 - 60 months	33,973	2,356	36,329
Thereafter	163,433	10,933	174,366

American Cancer Society, Inc.

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(in thousands)

Year Ended December 31, 2022	Retirement Benefits	Postretirement Nonpension Benefits	Total Retirement and Postretirement Benefits
Change in Benefit Obligation			
Benefit obligation at beginning of year	\$ 650,476	\$ 40,419	\$ 690,895
Service cost	-	44	44
Interest cost	15,147	867	16,014
Actuarial gain	(166,389)	(9,415)	(175,804)
Plan participant contributions	-	323	323
Benefits paid	(31,906)	(1,951)	(33,857)
Benefit obligation at end of year	\$ 467,328	\$ 30,287	\$ 497,615
Change in Plan Assets			
Fair value of plan assets at beginning of year	\$ 520,656	\$ -	\$ 520,656
Actual expenses paid	(4,718)	-	(4,718)
Actual return on plan assets	(134,542)	-	(134,542)
Employer contributions	18,000	1,628	19,628
Plan participant contributions	-	323	323
Benefits paid	(31,906)	(1,951)	(33,857)
Fair value of plan assets at end of year	\$ 367,490	\$ -	\$ 367,490
Funded status and amounts recognized in our balance sheet in employee retirement benefits			
	\$ (99,838)	\$ (30,287)	\$ (130,125)
Supplemental Retirement Benefits			\$ (401)
Weighted Average Actuarial Assumptions			
Discount rate:			
Net periodic pension service cost	N/A	3.24%	
Net periodic pension interest cost	2.40%	2.22%	
Benefit obligation	3.01%	2.82%	
Expected return on plan assets	5.50%	N/A	
Rate of compensation increase	N/A	4.13%	
Amounts not yet recognized in net periodic pension costs			
Unrecognized prior service credit at beginning of year	\$ -	\$ -	\$ -
Change in prior service cost	-	-	-
Unrecognized prior service credit at end of year	\$ -	\$ -	\$ -
Unrecognized actuarial losses at beginning of year	\$ 160,895	\$ 6,393	\$ 167,288
Change in actuarial losses	(7,033)	(9,887)	(16,920)
Unrecognized actuarial losses (gains) at end of year	\$ 153,862	\$ (3,494)	\$ 150,368
Supplemental Retirement Benefits			\$ (80)

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Notes to Consolidated Financial Statements

(in thousands)

<i>Year Ended December 31, 2022</i>	Retirement Benefits	Postretirement Nonpension Benefits	Total Retirement and Postretirement Benefits
Amounts Recognized as a Reduction (increase) to Unrestricted Net Assets			
Amounts recognized as a reduction to unrestricted net assets at beginning of year	\$ 160,895	\$ 6,393	\$ 167,288
Change in prior services credit	-	-	-
Change in actuarial losses	(7,033)	(9,887)	(16,920)
Amounts recognized as a reduction (increase) to unrestricted net assets at end of year	\$ 153,862	\$ (3,494)	\$ 150,368
Components of net periodic benefit cost			
Service cost	\$ -	\$ 44	\$ 44
Interest cost	15,147	867	16,014
Expected return on plan assets	(27,680)	-	(27,680)
Administrative expenses	4,880	-	4,880
Amortization of:			
Unrecognized prior service cost (credit)	-	-	-
Unrecognized actuarial losses (gains)	2,704	472	3,176
Settlement expense (credit)	-	-	-
Net periodic benefit (credit) cost	\$ (4,949)	\$ 1,383	\$ (3,566)
Accumulated benefit obligation	\$ 467,328	\$ 30,287	\$ 497,615
Supplemental Retirement Benefits			\$ 401
Estimated future benefits payable in the next:			
12 months	\$ 33,680	\$ 2,612	\$ 36,292
13 - 24 months	32,830	2,520	35,350
25 - 36 months	32,267	2,472	34,739
37 - 48 months	32,690	2,424	35,114
49 - 60 months	31,292	2,376	33,668
Thereafter	164,265	11,054	175,319

We expect to contribute \$10,000 to the Plan and approximately \$2,565 to our postretirement benefit plan over the next 12 months. The actuarial losses included in net assets without donor restrictions related to our Plan that we expect to recognize in net periodic pension cost over the next 12 months are \$2,848. The actuarial gains included in net assets without donor restrictions related to our postretirement benefit plan that we expect to recognize in net periodic benefit cost are \$146 within the same period.

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(in thousands)

A description of the valuation methods we used for assets measured at fair value is available in Note 9. The fair value of the Plan's assets at December 31, 2023 and 2022 by asset category is as follows:

<i>December 31, 2023</i>	Financial Assets Measured at Fair Value on a Recurring Basis				
	Level 1	Level 2	Level 3	NAV*	Total
Global equity	\$ 99,702	\$ 436	\$ -	\$ 24,589	\$ 124,727
Multi-asset credit	30,891	-	-	-	30,891
Liquid alternatives	-	-	-	35,929	35,929
Real estate	-	-	-	31,786	31,786
Core fixed income	-	160,847	-	-	160,847
Cash and cash equivalents	5,842	-	-	-	5,842
Total investment assets, at fair value	\$ 136,435	\$ 161,283	\$ -	\$ 92,304	\$ 390,022

<i>December 31, 2022</i>	Financial Assets Measured at Fair Value on a Recurring Basis				
	Level 1	Level 2	Level 3	NAV*	Total
Global equity	\$ 86,823	\$ -	\$ -	\$ 25,692	\$ 112,515
Multi-asset credit	33,208	-	-	-	33,208
Liquid alternatives	-	-	-	46,267	46,267
Real estate	-	-	-	37,834	37,834
Core fixed income	-	126,415	-	-	126,415
Cash and cash equivalents	11,251	-	-	-	11,251
Total investment assets, at fair value	\$ 131,282	\$ 126,415	\$ -	\$ 109,793	\$ 367,490

* In accordance with Fair Value Measurement (Topic 820), certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

12. Leases

At December 31, 2023, we had operating and finance leases for certain facilities and land with lease terms ranging from one to 34 years, with some options to extend up to 20 years or terminate within one year. Finance leases did not have a material impact on the consolidated financial statements.

Included in the community and hope lodge facilities expenses for the years ended December 31, 2023 and 2022, operating lease expense consisted of the following:

	2023	2022
Operating lease expense	\$ 10,815	\$ 10,085
Short-term and variable lease expense	6,604	6,972
Sublease income	(202)	(217)
Total lease expense	\$ 17,217	\$ 16,840

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(in thousands)

Consolidated supplemental cash flow information related to operating leases for the years ended December 31, 2023 and 2022, consisted of the following:

	2023	2022
Operating cash paid included in the measurement of operating lease liabilities	\$ 10,068	\$ 9,972
Right-of-use assets obtained in the exchange for operating lease obligations	\$ 12,352	\$ 37,855

Consolidated lease terms and discount rate information related to operating leases as of December 31, 2023 and 2022, consisted of the following:

	2023	2022
Weighted-average remaining lease terms (in years):	5.43	4.54
Weighted-average incremental borrowing rate:	3.92%	1.68%

Finance lease assets are recorded net of accumulated depreciation of \$61 and \$60 as of December 31, 2023 and 2022, respectively.

Maturities of operating lease liabilities for the next five years and thereafter consist of the following as of December 31, 2023:

Years ending December 31:

2024	\$ 9,338
2025	8,070
2026	6,732
2027	5,103
2028	3,185
Thereafter	7,899
Minimum lease payments	40,327
Less amount representing interest	(4,889)
Net minimum lease payments	35,438
Less current portion	(8,136)
Noncurrent portion	\$ 27,302

13. Commitments and contingencies

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

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(in thousands)

14. Related Parties

Strong leadership and visionary thinking have built the American Cancer Society into the global leader in the fight against cancer. Our board of directors and management are composed of individuals that are leaders in their field and come from diverse backgrounds with a wealth of knowledge and experience. Due to the expansive outreach of these individuals and the American Cancer Society itself, we may at times determine that it is in the organization's best interest to enter into transactions in which these individuals or their related parties are involved. We have a conflict-of-interest policy which requires disclosure of conflicts of interest as well as recusal by the conflicted persons from decision making on behalf of American Cancer Society, among other procedures. Related party transactions did not have a significant impact to the consolidated financial statements for the years ended December 31, 2023 and 2022.

15. Subsequent events

Management has evaluated the need for disclosures and/or adjustments resulting from subsequent events through June 19, 2024, the date the consolidated financial statements were issued. During this period, there were no subsequent events that required recognition or disclosure in the consolidated financial statements.