

**American Cancer Society  
Cancer Action Network, Inc.**

**Financial Statements  
As of and for the Years Ended December 31, 2020 and 2019**

**AMERICAN CANCER SOCIETY CANCER ACTION NETWORK, INC.**  
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**December 31, 2020 and 2019**

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## Report of Independent Auditors

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the American Cancer Society Cancer Action Network, Inc, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Cancer Society Cancer Action Network, Inc as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

September 30, 2021

**AMERICAN CANCER SOCIETY CANCER ACTION NETWORK, INC.**  
**BALANCE SHEETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019**

**Assets**

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,078,104	\$ 371,394
Amounts on deposit with affiliates	9,939,154	6,358,665
Other receivables	387,350	489,082
Due from affiliates	971,396	723,956
Prepaid expenses and other assets	636,561	573,727
Fixed assets, net	86,527	181,114
Total assets	<u>\$ 13,099,092</u>	<u>\$ 8,697,938</u>

**Liabilities and Net Assets**

Accounts payable and other accrued expenses	\$ 1,946,074	\$ 2,069,621
Due to affiliates	908,870	318,564
Other liabilities	294,174	661,655
Total Liabilities	<u>3,149,118</u>	<u>3,049,840</u>
Net assets:		
Without donor restrictions	5,511,826	3,669,915
With donor restrictions	<u>4,438,148</u>	<u>1,978,183</u>
Total net assets	<u>9,949,974</u>	<u>5,648,098</u>
Total liabilities and net assets	<u>\$ 13,099,092</u>	<u>\$ 8,697,938</u>

The notes beginning on page 8 are an integral part of the financial statements.

**AMERICAN CANCER SOCIETY CANCER ACTION NETWORK, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Our mission program and support expenses were:</b>			
Mission program services:			
Prevention	\$ 11,184,032	\$ -	\$ 11,184,032
Patient support	6,026,808	-	6,026,808
Detection/treatment	6,698,069	-	6,698,069
Research	3,295,332	-	3,295,332
Total mission program services	<u>27,204,241</u>	<u>-</u>	<u>27,204,241</u>
Mission support services:			
Management and general	494,769	-	494,769
Fund-raising	2,338,875	-	2,338,875
Total mission support services	<u>2,833,644</u>	<u>-</u>	<u>2,833,644</u>
Total mission program and mission support services expenses	<u>30,037,885</u>	<u>-</u>	<u>30,037,885</u>
<b>Our mission program and support expenses were funded by:</b>			
Support from the public:			
Special events	1,332,795	1,838,628	3,171,423
Contributions	1,811,647	2,275,707	4,087,354
Contributed services, merchandise and other in-kind contributions	472,088	-	472,088
Total support from the public	<u>3,616,530</u>	<u>4,114,335</u>	<u>7,730,865</u>
Investment income	486,161	-	486,161
Grants from affiliates	-	23,608,559	23,608,559
Grants from government	663,713	-	663,713
Other losses	(1,575)	-	(1,575)
Total revenue, gains and other support	<u>4,764,829</u>	<u>27,722,894</u>	<u>32,487,723</u>
Use of amounts restricted by donors for specified purpose or time	25,262,929	(25,262,929)	-
Change in net assets	<u>(10,127)</u>	<u>2,459,965</u>	<u>2,449,838</u>
Net assets, beginning of year	<u>3,669,915</u>	<u>1,978,183</u>	<u>5,648,098</u>
Net assets, transfer from the Society	<u>1,852,038</u>	<u>-</u>	<u>1,852,038</u>
Net assets, end of year	<u>\$ 5,511,826</u>	<u>\$ 4,438,148</u>	<u>\$ 9,949,974</u>

The notes beginning on page 8 are an integral part of the financial statements.

**AMERICAN CANCER SOCIETY CANCER ACTION NETWORK, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Our mission program and support expenses were:</b>			
Mission program services:			
Prevention	\$ 18,237,818	\$ -	\$ 18,237,818
Patient support	6,532,909	-	6,532,909
Detection/treatment	8,915,232	-	8,915,232
Research	4,550,073	-	4,550,073
Total mission program services	<u>38,236,032</u>	<u>-</u>	<u>38,236,032</u>
Mission support services:			
Management and general	502,032	-	502,032
Fund-raising	3,107,232	-	3,107,232
Total mission support services	<u>3,609,264</u>	<u>-</u>	<u>3,609,264</u>
Total mission program and mission support services expenses	<u>41,845,296</u>	<u>-</u>	<u>41,845,296</u>
<b>Our mission program and support expenses were funded by:</b>			
Support from the public:			
Special events	1,548,725	1,056,600	2,605,325
Contributions	2,139,833	2,037,628	4,177,461
Contributed services, merchandise and other in-kind contributions	<u>472,101</u>	<u>-</u>	<u>472,101</u>
Total support from the public	<u>4,160,659</u>	<u>3,094,228</u>	<u>7,254,887</u>
Investment income	633,612	-	633,612
Grants from affiliates	-	29,902,718	29,902,718
Grants from government	493,056	-	493,056
Other revenue	<u>16,952</u>	<u>-</u>	<u>16,952</u>
Total revenue, gains and other support	<u>5,304,279</u>	<u>32,996,946</u>	<u>38,301,225</u>
Use of amounts restricted by donors for specified purpose or time	34,920,507	(34,920,507)	-
Change in net assets	<u>(1,620,510)</u>	<u>(1,923,561)</u>	<u>(3,544,071)</u>
Net assets, beginning of year	<u>3,189,304</u>	<u>3,901,744</u>	<u>7,091,048</u>
Net assets, transfer from the Society	<u>2,101,121</u>	<u>-</u>	<u>2,101,121</u>
Net assets, end of year	<u>\$ 3,669,915</u>	<u>\$ 1,978,183</u>	<u>\$ 5,648,098</u>

The notes beginning on page 8 are an integral part of the financial statements.

**AMERICAN CANCER SOCIETY CANCER ACTION NETWORK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Mission Program</u>				Total mission program	<u>Mission Support</u>		Total mission support	Total before exchange expenses	Exchange expenses (see note 9)	Total
	Prevention	Patient Support	Detection/ Treatment	Research		Management and General	Fund-raising				
<b>Mission program and support expenses</b>											
Personnel costs	\$ 8,237,767	\$ 3,991,820	\$ 4,689,183	\$ 2,408,666	\$ 19,327,436	\$ 351,406	\$ 1,473,595	\$ 1,825,001	\$ 21,152,437	\$ -	\$ 21,152,437
Professional fees	1,659,887	980,774	901,741	442,577	3,984,979	48,286	251,718	300,004	4,284,983	-	4,284,983
Grants for mission program services	2,330	-	-	-	2,330	-	-	-	2,330	-	2,330
Education and marketing	114,684	459,863	438,952	101,749	1,115,248	1,157	123,649	124,806	1,240,054	-	1,240,054
Meeting and travel	170,171	75,825	80,372	34,686	361,054	44,040	66,428	110,468	471,522	10,963	482,485
Postage and shipping	8,460	4,284	4,905	2,317	19,966	456	76,451	76,907	96,873	-	96,873
Community facilities	716,619	359,651	399,335	169,272	1,644,877	32,518	160,285	192,803	1,837,680	-	1,837,680
Technology	163,790	70,461	92,241	42,739	369,231	11,827	95,922	107,749	476,980	-	476,980
Depreciation and amortization	34,997	18,917	20,809	10,405	85,128	1,892	22,587	24,479	109,607	-	109,607
Miscellaneous	75,327	65,213	70,531	82,921	293,992	3,187	68,240	71,427	365,419	128,129	493,548
<b>Total mission program and mission support services expenses</b>	<b>\$ 11,184,032</b>	<b>\$ 6,026,808</b>	<b>\$ 6,698,069</b>	<b>\$ 3,295,332</b>	<b>\$ 27,204,241</b>	<b>\$ 494,769</b>	<b>\$ 2,338,875</b>	<b>\$ 2,833,644</b>	<b>\$ 30,037,885</b>	<b>\$ 139,092</b>	<b>\$ 30,176,977</b>

The notes beginning on page 8 are an integral part of the financial statements.

**AMERICAN CANCER SOCIETY CANCER ACTION NETWORK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Mission Program				Mission Support			Total mission support	Total before exchange expenses	Exchange expenses (see note 9)	Total
	Prevention	Patient Support	Detection/ Treatment	Research	Total mission program	Management and General	Fund-raising				
<b>Mission program and support expenses</b>											
Personnel costs	\$ 11,298,875	\$ 3,430,391	\$ 4,548,044	\$ 2,795,073	\$ 22,072,383	\$ 364,726	\$ 1,743,659	\$ 2,108,385	\$ 24,180,768	\$ -	\$ 24,180,768
Professional fees	3,325,587	1,654,221	2,775,195	935,059	8,690,062	32,905	460,101	493,006	9,183,068	6,419	9,189,487
Grants for mission program services	50,000	-	-	-	50,000	-	-	-	50,000	-	50,000
Education and marketing	624,380	406,890	462,518	140,385	1,634,173	-	237,515	237,515	1,871,688	-	1,871,688
Meetings and travel	1,749,701	620,813	599,100	395,011	3,364,625	87,931	243,237	331,168	3,695,793	156,749	3,852,542
Postage and shipping	19,887	18,031	8,609	4,962	51,489	247	107,287	107,534	159,023	-	159,023
Community facilities	840,131	272,299	383,799	180,742	1,676,971	4,027	143,654	147,681	1,824,652	-	1,824,652
Technology	96,836	51,628	37,938	23,194	209,596	4,188	68,320	72,508	282,104	-	282,104
Depreciation and amortization	46,901	16,611	22,473	11,725	97,710	-	31,556	31,556	129,266	-	129,266
Miscellaneous	185,520	62,025	77,556	63,922	389,023	8,008	71,903	79,911	468,934	17,303	486,237
<b>Total mission program and mission support services expenses</b>	<b>\$ 18,237,818</b>	<b>\$ 6,532,909</b>	<b>\$ 8,915,232</b>	<b>\$ 4,550,073</b>	<b>\$ 38,236,032</b>	<b>\$ 502,032</b>	<b>\$ 3,107,232</b>	<b>\$ 3,609,264</b>	<b>\$ 41,845,296</b>	<b>\$ 180,471</b>	<b>\$ 42,025,767</b>

The notes beginning on page 8 are an integral part of the financial statements.



**AMERICAN CANCER SOCIETY CANCER ACTION NETWORK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019**

<b>Cash flows from operating activities</b>	<u><b>2020</b></u>	<u><b>2019</b></u>
<b>Cash provided by (paid for):</b>		
Special events	\$ 3,171,423	\$ 2,402,248
Contributions	4,187,004	4,433,616
Affiliates	23,951,425	29,860,040
Government grants	665,795	103,624
Investment income	486,161	633,612
Other (loss) revenue	(1,575)	16,952
Employees and suppliers	(27,450,552)	(38,145,127)
Retirement plan contributions	(720,152)	(2,064,596)
Grants paid for program services	<u>(2,330)</u>	<u>(50,000)</u>
Net cash provided by (paid for) operating activities	<u>4,287,199</u>	<u>(2,809,631)</u>
 <b>Cash flows from investing activities</b>		
Additions to amounts on deposits with affiliates	(34,855,514)	(44,305,447)
Withdrawals from amounts on deposits with affiliates	<u>31,275,025</u>	<u>46,632,246</u>
 Net cash (paid for) provided by investing activities	<u>(3,580,489)</u>	<u>2,326,799</u>
 <b>Net change in cash and cash equivalents</b>	706,710	(482,832)
 <b>Cash and cash equivalents, beginning of year</b>	<u>371,394</u>	<u>854,226</u>
 <b>Cash and cash equivalents, end of year</b>	<u>\$ 1,078,104</u>	<u>\$ 371,394</u>

The notes beginning on page 8 are an integral part of the financial statements.

**AMERICAN CANCER SOCIETY CANCER ACTION NETWORK, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 and 2019**

**1. Organization and accounting policies**

**Organization**

The American Cancer Society, Inc. (the "Society"), is the nationwide, community-based, voluntary health organization whose mission is to save lives, celebrate lives, and lead the fight for a world without cancer.

The American Cancer Society Cancer Action Network, Inc. ("ACS CAN") supports the Society's mission through public advocacy for legislation and regulatory actions at the federal, state, and local levels, as well as ballot initiatives and voter education on policy issues critical to cancer.

ACS CAN is affiliated with the Society. ACS CAN is also affiliated with the American Cancer Society of Puerto Rico, Inc. ("Puerto Rico"), which is a membership corporation, with the American Cancer Society, Inc. as its' only member. These related organizations are collectively referred to as "Affiliates" herein.

ACS CAN has received a determination letter from the Internal Revenue Service that it is exempt from income tax under Section 501(c)(4) of the U.S. Internal Revenue Code. ACS CAN raises non-tax-deductible funds to support its non-partisan electoral advocacy.

**Our mission**

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

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

**Our mission program and mission support expenses**

ACS CAN's expenses fall into two categories: first, our mission program activities – which are the four areas above, and second, mission support services – expenses incurred to support our mission activities – which include: our internal audit function, which provides oversight of our accounting, internal control, and information technology processes; our shared services organization, which processes enterprise-wide financial and constituent transactions; general infrastructure costs; and the costs of fundraising. Other than our volunteer base, our largest resource – our staff – are represented in both categories depending on their role and set of activities. For the years ended December 31, 2020 and 2019, ACS CAN's mission expenses were allocated to these two areas as follows:

	<b>2020</b>		<b>2019</b>	
Mission program expenses	\$ 27,204,241	91 %	\$ 38,236,032	91 %
Mission support expenses	2,833,644	9	3,309,264	9
Total	<u>\$ 30,037,885</u>	<u>100 %</u>	<u>\$ 41,845,296</u>	<u>100 %</u>

**AMERICAN CANCER SOCIETY CANCER ACTION NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**

**1. Organization and accounting policies, continued**

**Cash and cash equivalents**

ACS CAN considers all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents.

**Amounts on deposit with affiliates**

Pending actual disbursement for budgeted program expenditures, funds are invested in securities designed to maximize resources available for programs while minimizing risk. To help achieve these objectives, ACS CAN participates in the Society's Combined Investment Pool ("CIP"). The investment objectives of the CIP are subject to limitations defined by the Society's Board of Directors and are set to provide maximum current income within the approved risk parameters. The portfolio is maintained on a pooled "mutual fund" accounting basis with the total earnings and investment expenses being allocated to ACS CAN on a pro rata basis.

**Fixed assets and depreciation**

Fixed assets are recorded at cost. Contributions of long-lived assets are recorded at the estimated fair market value at the date of receipt and are recorded as net assets without donor restrictions unless the use of such contributed assets is restricted by a donor-imposed restriction. If donors contribute long-lived assets with stipulations as to how long the assets must be used or with any other restrictions, such contributions are reported as net assets with donor restrictions.

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

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

**Due from affiliates**

ACS CAN's Due from Affiliates consists of receivables relating to reimbursements from the grant from the Society for normal operations and mission delivery related grants. As of December 31, 2020, and 2019, ACS CAN recorded a receivable from the Society in the amount of \$971,396 and \$723,956, respectively. This receivable is included in Due from Affiliates in the accompanying Balance Sheets and is expected to be received during the subsequent year.

**Prepaid expenses**

Prepaid expenses are amortized as expenses are incurred.

**Due to affiliates**

As of December 31, 2020, and 2019, ACS CAN has recorded a payable for personnel and other overhead costs under the Resource Sharing Agreement to the Society in the amount of \$908,870 and \$318,564, respectively. This payable is included in Due to Affiliates in the accompanying Balance Sheets and is expected to be paid during the subsequent year.

**AMERICAN CANCER SOCIETY CANCER ACTION NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**

**1. Organization and accounting policies, continued**

**Contributed services**

A substantial number of volunteers have made significant contributions of their time to ACS CAN's program and supporting services. The value of this contributed time is not reflected in the financial statements since it does not require a specialized skill. However, certain other contributed services, such as legal services, require specialized skills were provided by individuals possessing those skills and would otherwise need to be purchased if not provided by donation. These contributed legal services assist ACS CAN in carrying out its program advocacy work and are recognized as revenue and expense.

**Resource sharing agreements**

ACS CAN has entered into Resource Sharing Agreements with the Society and certain affiliates of the Society to share resources, such as office space, furniture, equipment, and personnel.

ACS CAN recorded an equity transfer and professional fee expenses in the amount of \$1,852,038 and \$2,101,121 for the years ended December 31, 2020 and 2019, respectively, which is related to services received from the Society.

ACS CAN supports the Society's mission through direct legislative and electoral advocacy and regularly receives grants from the Society for direct legislative advocacy efforts. For the years ended December 31, 2020 and 2019, the Society granted ACS CAN \$23,608,559 and \$29,902,718, respectively. These grants are reported as Grants from Affiliates in the Statements of Activities.

**Advertising costs**

Advertising costs are expensed as incurred. Advertising expenses incurred for the years ended December 31, 2020 and 2019 were \$1,140,802 and \$1,726,686, respectively, and are included in Education and Marketing in the accompanying Statements of Functional Expenses.

**Accounting for contributions**

All contributions are classified as net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as donor restricted support that increases net assets with donor restrictions. Unconditional promises to give without a stipulated due date and for which ACS CAN has met all conditions precedent to receipt of the contribution prior to year-end are classified as revenue without donor restrictions.

A donor restriction is satisfied when a stipulated time restriction expires or when a purpose restriction is accomplished. Upon satisfaction, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statements of Activities as net assets released from restrictions. Donor restricted contributions received in the same year in which the restrictions are met are recorded as an increase to net assets with donor restrictions at the time of receipt and as use of amounts restricted by donors.

Contributed merchandise and other in-kind contributions are reflected as contributions at their estimated fair values when received or when an unconditional promise to give has been made.

**AMERICAN CANCER SOCIETY CANCER ACTION NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**

**1. Organization and accounting policies, continued**

**Estimates**

ACS CAN prepares its financial statements in conformity with generally accepted accounting principles in the United States of America which require that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Change in presentation**

Certain reclassifications have been made to the prior year's information to conform to the current year presentation.

**Adoption of new accounting pronouncements**

While there are many new accounting pronouncements issued that ACS CAN has or will be adopting soon, the following pronouncements have significant requirements that may impact our financial statements.

As of January 1, 2020, the ACS CAN adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the 2020 fiscal year are presented under Topic 606, using the modified retrospective method for contracts not completed at adoption. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. There was no material impact to the financial statements as a result of the adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which, when effective, will require organizations to recognize assets and liabilities on the balance sheet for the rights and obligations created by leases. A lessee will be required to recognize assets and liabilities for leases with terms that exceed twelve months. The standard will also require disclosures to help financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. The disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. The guidance is effective for fiscal years beginning after December 15, 2021 with early adoption permitted. We are currently evaluating the potential impact on our financial statements and do not expect it to have a material impact to our financial results.

In June 2018, the FASB issued ASU 2018-08, *Not- for- Profit Entities (Topic 958-605) Clarifying the Accounting Guidance for Contributions Received and Contributions Made* to further improve the scope and the accounting guidance on revenue recognition, to assist entities in distinguishing between contributions (non-reciprocal) and exchange (reciprocal) transactions and to determine whether a contribution is conditional. The effective date of the amendment is fiscal year ending December 31, 2019. ACS CAN adopted this standard on a modified prospective basis for contributions made for the year ended December 31, 2020 and contributions received for the year ended December 31, 2019. The adoption of this standard did not materially impact the financial statements.

**AMERICAN CANCER SOCIETY CANCER ACTION NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**

**2. Liquidity considerations**

**Financial assets available for use**

ACS CAN structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, ACS CAN participates and has ownership in a combined investment pool managed by ACS, Inc. This combined investment pool generally invests its cash in excess of weekly requirements in short-term investments. The investment pool's remaining assets are invested in a fully diversified mix of investment vehicles designed to provide continued liquidity and preserve capital.

A significant portion of ACS CAN's total annual spend is funded via a donor restricted grant from ACS, Inc. designed to deliver ACS CAN's public policy advocacy programs of work. ACS CAN raises additional funds without donor restrictions to support ongoing administration of the organization and to carry out additional strategic initiatives.

ACS CAN's Board of Directors monitors liquidity on a periodic basis to ensure net assets without donor restrictions are sufficient to fund the ongoing operations of the organization.

ACS CAN's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
<b>Financial assets without donor restrictions:</b>		
Cash, cash equivalents and additions to amounts on deposits with Affiliates	\$ 6,630,832	\$ 4,953,464
Current receivables, net	<u>387,350</u>	<u>389,432</u>
<b>Total financial assets available to management for general expenditures</b>	7,018,182	5,342,896
<b>Add funds with donor restrictions expected to be spent within the next 12 months</b>	<u>2,336,405</u>	<u>994,643</u>
<b>Total financial assets managed for liquidity</b>	<u>\$ 9,354,587</u>	<u>\$ 6,337,539</u>

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**3. Fixed Assets**

Fixed assets as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 573,092	\$ 573,092
Furniture, fixtures, equipment, and other capitalized assets	490,812	490,812
Less: Accumulated depreciation	(977,377)	(882,791)
Net fixed assets	<u>\$ 86,527</u>	<u>\$ 181,113</u>

Depreciation expense incurred for the years ended December 31, 2020 and 2019 was \$94,587 and \$129,266, respectively.

**4. Retirement benefit plans**

ACS CAN participates in the American Cancer Society, Inc. Retirement Annuity Plan (“the Plan”), a noncontributory defined benefit pension plan that, prior to its freezing in 2016, covered substantially all employees of the Society and participating Affiliates. The financial statements of the Plan are prepared on the accrual basis of accounting. As of December 31, 2020, and 2019, the total fair value of the Plan’s assets was \$593,510,000 and \$569,177,000, respectively, and the accumulated benefit obligation was \$761,605,000 and \$733,808,000, respectively. As of January 1, 2021 and 2020, the plan was funded at 100% and 98%, respectively, based on regulatory funding levels. ACS CAN made contributions into the Plan of \$0 and \$954,284 during the fiscal years ended December 31, 2020 and 2019, respectively. The benefits to participants are based on years of service and the employees’ average compensation over the highest consecutive 36 months during the last ten years of service. Pension expense is recognized by ACS CAN based on the amount to be funded currently, which for the years ended December 31, 2020 and 2019 was \$0 and \$896,265, respectively. As of December 31, 2020, and 2019, the funding requirement was based on a percentage of applicable earnings. ACS CAN’s liability for contributions accrued and unpaid as of December 31, 2020 and 2019 was \$0 and \$74,689, respectively.

ACS CAN maintains a defined contribution retirement plan covering substantially all its full-time employees. For the years ended December 31, 2020 and 2019, contribution expense related to the defined contribution plan totaled \$456,121 and \$900,273, respectively.

**5. Postretirement non pension benefits**

ACS CAN participates in the postretirement benefit plan of the Society. Employees hired prior to January 1, 1995 retiring from the Society on or after attaining age 55 who have rendered at least ten years of service to the Society receive postretirement medical, dental, and life insurance coverage. These benefits are subject to deductibles, co-payment provisions, and other limitations, and the Society may amend or change the postretirement plan periodically. Actuarial information regarding the accumulated postretirement benefit obligation is calculated solely for the postretirement plan.

The Society accrues the cost of providing postretirement benefits for medical, dental, and life insurance coverage over the active service period of employees and is amortizing the unrecognized transition obligation over 20 years. For the years ended December 31, 2020 and 2019, ACS CAN recognized postretirement benefit expense of \$188,588 and \$197,642, respectively. ACS CAN’s liability for postretirement benefits at December 31, 2020 and 2019 was \$15,716 and \$16,470 respectively.

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**6. Operating leases**

ACS CAN has operating leases for its headquarters in Washington D.C. and state office in California, which are subject to escalation and expire in 2021 and 2022, respectively. Future minimum annual rentals with non-cancelable terms are as follows as of December 31, 2020:

Payable in the next:	
12 months	\$ 1,442,310
13-24 months	30,808
25-36 months	-
37-48 months	-
49-60 months	-
Thereafter	-
Total	<u>\$ 1,473,118</u>

Rental expense from operating leases for both years ended December 31, 2020 and 2019 was \$1,597,898 and \$1,701,793 respectively.

**7. With donor restriction net assets**

With donor restriction net assets at December 31, 2020 and 2019 have been restricted by donors in the following manner:

	<u>2020</u>	<u>2019</u>
Specific geographic locations	\$ -	\$ 4,758
Elimination of tobacco use	56,153	132,093
General advocacy and lobbying activities	3,985,830	1,836,729
Other	396,165	4,603
Total	<u>\$ 4,438,148</u>	<u>\$ 1,978,183</u>

**8. Contributed services, merchandise and other in-kind contributions**

ACS CAN recorded contributed services related to professional services provided for mission program activities and professional services received from the Society that supports all mission program and mission support activities. ACS CAN also recorded contributed merchandise in-kind for use at special events. Total contributed services, merchandise, and other in-kind contributions included in the accompanying Statements of Activities for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Professional services	\$ 471,352	\$ 461,643
In-kind contributions for use at special events	736	10,458
Total contributed services, merchandise and other in-kind contributions at fair value	<u>\$ 472,088</u>	<u>\$ 472,101</u>



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**9. Exchange transactions**

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

Exchange transaction revenues and expenses for the years ended December 31, 2020 and 2019 were as follows:

	<b>Exchange Income</b>		<b>Exchange Expenses</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Special events	\$ 139,092	\$ 180,471	\$ 139,092	\$ 180,471
Lobby Day	-	10,350	-	-
Other	-	6,600	-	-
	<u>\$ 139,092</u>	<u>\$ 197,421</u>	<u>\$ 139,092</u>	<u>\$ 180,471</u>

ACS CAN conducts 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 the actual cost to ACS CAN. The direct costs of the special events that ultimately benefit the donor rather than ACS CAN are recorded as exchange transaction revenue and exchange transaction expense. All proceeds received in excess of the direct costs are recorded as special events support in the accompanying Statements of Activities.

**10. Commitments and contingencies**

ACS CAN is not a party to any legal claims arising in the course of its normal business activities.

**11. Subsequent events**

Management has evaluated the need for disclosures and/or adjustments resulting from subsequent events through September 30, 2021, the date the financial statements were available to be issued. During his period, there were no subsequent events that required recognition or disclosure to the financial statements.