

# American Association for Cancer Research, Inc. and Affiliates

Consolidated Financial Statements  
Years Ended December 31, 2023 and 2022



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# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

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## INDEPENDENT AUDITOR'S REPORT

**Board of Directors  
American Association for Cancer Research, Inc.  
Philadelphia, Pennsylvania**

### **Opinion**

We have audited the accompanying consolidated financial statements of the American Association for Cancer Research, Inc. and Affiliates (nonprofit organizations), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the American Association for Cancer Research, Inc. and Affiliates as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

### **Basis for Opinion**

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 the American Association for Cancer Research, Inc. and Affiliates 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 Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from 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 the American Association for Cancer Research, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 the American Association for Cancer Research, Inc. and Affiliates' 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 the American Association for Cancer Research, Inc and Affiliates' 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.

*BBD, LLP.*

**Philadelphia, Pennsylvania**  
**May 30, 2024**

# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash	\$ 12,757,287	\$ 16,697,338
Investments	188,309,852	161,155,480
Accounts receivable		
Publication revenue receivable	689,787	619,159
Contributions receivable	22,605,183	33,747,253
Other receivables	1,723,720	2,620,918
Prepaid expenses and other	4,519,799	2,313,190
Property and equipment (net of accumulated depreciation of \$4,675,842 in 2023 and \$4,468,185 in 2022)	154,051	237,947
Operating lease right-of-use-assets	<u>5,135,483</u>	<u>7,226,174</u>
<b>Total assets</b>	<u>\$ 235,895,162</u>	<u>\$ 224,617,459</u>
<b>LIABILITIES</b>		
Accounts payable and other accrued expenses	\$ 10,218,567	\$ 10,974,671
Grants payable	20,502,827	29,792,306
Deferred income	28,940,684	23,558,683
Operating leases liability	<u>5,746,601</u>	<u>8,010,357</u>
<b>Total liabilities</b>	<u>65,408,679</u>	<u>72,336,017</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	89,936,339	69,384,966
Board designated	<u>63,217,347</u>	<u>58,857,904</u>
<b>Total net assets without donor restrictions</b>	153,153,686	128,242,870
With donor restrictions	<u>17,332,797</u>	<u>24,038,572</u>
<b>Total net assets</b>	<u>170,486,483</u>	<u>152,281,442</u>
<b>Total liabilities and net assets</b>	<u>\$ 235,895,162</u>	<u>\$ 224,617,459</u>

See accompanying notes

# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>						
Membership dues	\$ 4,356,722	\$ -	\$ 4,356,722	\$ 4,474,214	\$ -	\$ 4,474,214
Meetings and educational workshops	32,287,777	-	32,287,777	25,827,973	-	25,827,973
Publications	19,336,217	-	19,336,217	19,181,154	-	19,181,154
Scientific initiatives	2,413,006	-	2,413,006	2,448,001	-	2,448,001
Endowment distribution	294,303	(191,497)	102,806	194,695	(62,499)	132,196
Other	613,786	(2,560)	611,226	345,108	(2,610)	342,498
<b>Total revenue</b>	<b>59,301,811</b>	<b>(194,057)</b>	<b>59,107,754</b>	<b>52,471,145</b>	<b>(65,109)</b>	<b>52,406,036</b>
<b>SUPPORT</b>						
Contributions and grants	11,682,080	6,759,494	18,441,574	20,493,506	9,053,530	29,547,036
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>13,578,108</b>	<b>(13,578,108)</b>	<b>-</b>	<b>13,710,107</b>	<b>(13,710,107)</b>	<b>-</b>
<b>Total revenue and support</b>	<b>84,561,999</b>	<b>(7,012,671)</b>	<b>77,549,328</b>	<b>86,674,758</b>	<b>(4,721,686)</b>	<b>81,953,072</b>
<b>EXPENSES</b>						
<b>Program Services</b>						
Research grants and scientific awards	17,164,046	-	17,164,046	25,056,116	-	25,056,116
Meetings and educational workshops	22,002,518	-	22,002,518	20,045,833	-	20,045,833
Publications	13,385,685	-	13,385,685	13,050,911	-	13,050,911
Communications, science policy and public education	9,172,662	-	9,172,662	8,764,853	-	8,764,853
Scientific programs	8,403,300	-	8,403,300	7,104,535	-	7,104,535
<b>Total program services</b>	<b>70,128,211</b>	<b>-</b>	<b>70,128,211</b>	<b>74,022,248</b>	<b>-</b>	<b>74,022,248</b>
<b>Supporting Services</b>						
Membership development and services	2,720,881	-	2,720,881	2,466,939	-	2,466,939
General and administrative	5,740,366	-	5,740,366	4,605,388	-	4,605,388
Fundraising	4,666,962	-	4,666,962	3,695,103	-	3,695,103
<b>Total supporting services</b>	<b>13,128,209</b>	<b>-</b>	<b>13,128,209</b>	<b>10,767,430</b>	<b>-</b>	<b>10,767,430</b>
<b>Total expenses</b>	<b>83,256,420</b>	<b>-</b>	<b>83,256,420</b>	<b>84,789,678</b>	<b>-</b>	<b>84,789,678</b>
<b>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</b>	<b>1,305,579</b>	<b>(7,012,671)</b>	<b>(5,707,092)</b>	<b>1,885,080</b>	<b>(4,721,686)</b>	<b>(2,836,606)</b>
<b>OTHER CHANGES</b>						
Investment income (loss)	23,605,237	455,656	24,060,893	(29,221,650)	(611,479)	(29,833,129)
Return of undistributed pledges	-	(148,760)	(148,760)	-	(1,209,600)	(1,209,600)
	<b>23,605,237</b>	<b>306,896</b>	<b>23,912,133</b>	<b>(29,221,650)</b>	<b>(1,821,079)</b>	<b>(31,042,729)</b>
<b>CHANGE IN NET ASSETS</b>	<b>24,910,816</b>	<b>(6,705,775)</b>	<b>18,205,041</b>	<b>(27,336,570)</b>	<b>(6,542,765)</b>	<b>(33,879,335)</b>
<b>NET ASSETS</b>						
Beginning of year	128,242,870	24,038,572	152,281,442	155,579,440	30,581,337	186,160,777
End of year	\$ 153,153,686	\$ 17,332,797	\$ 170,486,483	\$ 128,242,870	\$ 24,038,572	\$ 152,281,442

See accompanying notes

# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2023 with comparative totals for 2022

	Research Grants and Scientific Awards	Meetings and Educational Workshops	Publications	Communications, Science Policy and Public Education	Scientific Programs	Membership Development and Services	General and Administrative	Fundraising	Totals	
									2023	2022
Salaries and fringe benefits	\$ 2,042,027	\$ 5,758,676	\$ 7,774,002	\$ 5,369,187	\$ 3,257,117	\$ 1,710,318	\$ 3,412,700	\$ 3,036,712	\$ 32,360,739	\$ 28,255,137
Audio-visual services	301,240	4,181,909	29,659	81,254	386,100	82,084	26,277	55,589	5,144,112	4,771,343
Commercial exhibits	-	585,336	-	-	-	-	-	-	585,336	551,461
Computer programming and maintenance	198,770	564,390	371,299	275,814	187,110	81,271	264,181	133,385	2,076,220	1,851,713
Credit card fees	782	858,554	193,208	282	18	102,072	5,937	40,533	1,201,386	934,368
Depreciation	7,260	25,948	31,423	22,328	16,168	6,716	86,353	11,461	207,657	349,720
Dues and subscriptions	1,639	101	11,755	166,750	11,593	3,010	29,427	13,749	238,024	259,653
Duplication, printing and supplies	49,262	128,722	29,125	83,607	40,350	96,246	34,195	24,970	486,477	553,485
Equipment rental	555	12,976	2,401	4,858	1,229	513	227	804	23,563	30,957
Grants and awards	13,107,510	319,700	-	-	134,736	-	-	-	13,561,946	22,976,597
Honoraria	120,250	379,029	657,500	-	7,550	-	-	-	1,164,329	1,330,320
Hotel lodging and facilities rental	200,330	2,339,697	29,118	82,004	211,038	44,260	37,454	50,431	2,994,332	2,785,429
Insurance	8,196	162,418	35,472	25,203	18,191	7,581	13,549	11,872	282,482	270,975
Marketing and branding	17,748	830,424	293,902	1,181,331	83,484	161,038	331,873	704,410	3,604,210	2,636,682
Meetings and receptions	711,947	2,532,315	27,197	200,903	484,879	138,292	45,799	185,141	4,326,473	3,219,968
Miscellaneous	21,930	76,928	51,959	18,973	33,467	4,174	201,531	14,952	423,914	261,540
On-site transportation	-	881,427	-	17,415	-	9,120	-	13,990	921,952	627,991
Postage and freight	16,360	72,392	9,751	84,719	13,110	91,776	15,891	6,952	310,951	216,976
Printing and production	-	181,415	2,475,408	284,162	-	8,064	-	-	2,949,049	3,136,911
Professional fees	42,973	271,055	494,166	490,967	2,922,332	5,906	921,940	65,452	5,214,791	5,029,576
Rent	138,458	486,689	644,404	563,179	292,385	130,655	102,905	204,557	2,563,232	2,524,614
Telecommunications	14,711	52,264	63,493	72,302	32,710	13,597	39,478	21,267	309,822	283,166
Temporary personnel	-	81,772	-	-	43,082	-	60,808	-	185,662	184,647
Travel, speakers and staff	155,767	1,196,252	133,047	127,957	212,448	18,333	96,666	61,565	2,002,035	1,645,858
Utilities and building maintenance	6,331	22,129	27,396	19,467	14,203	5,855	13,175	9,170	117,726	100,591
	<u>\$ 17,164,046</u>	<u>\$ 22,002,518</u>	<u>\$ 13,385,685</u>	<u>\$ 9,172,662</u>	<u>\$ 8,403,300</u>	<u>\$ 2,720,881</u>	<u>\$ 5,740,366</u>	<u>\$ 4,666,962</u>	<u>\$ 83,256,420</u>	<u>\$ 84,789,678</u>

See accompanying notes

# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	<u>Research Grants and Scientific Awards</u>	<u>Meetings and Educational Workshops</u>	<u>Publications</u>	<u>Communications, Science Policy and Public Education</u>	<u>Scientific Programs</u>	<u>Membership Development and Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and fringe benefits	\$ 1,658,666	\$ 5,406,726	\$ 7,266,382	\$ 4,818,394	\$ 2,492,817	\$ 1,569,674	\$ 2,727,876	\$ 2,314,602	\$ 28,255,137
Audio-visual services	89,207	4,010,095	17,735	130,251	271,231	65,404	106,401	81,019	4,771,343
Commercial exhibits	-	551,461	-	-	-	-	-	-	551,461
Computer programming and maintenance	145,339	533,534	349,921	239,981	147,214	81,020	258,841	95,863	1,851,713
Credit card fees	-	663,034	170,298	831	1,591	75,781	1,612	21,221	934,368
Depreciation	12,944	48,707	65,381	52,369	27,322	14,485	102,825	25,687	349,720
Dues and subscriptions	1,639	140	18,730	202,559	3,812	730	23,602	8,441	259,653
Duplication, printing and supplies	51,141	98,566	28,955	174,411	39,751	69,529	69,911	21,221	553,485
Equipment rental	836	15,764	4,224	5,483	1,764	935	429	1,522	30,957
Grants and awards	22,484,702	385,578	-	-	106,317	-	-	-	22,976,597
Honoraria	169,250	395,200	741,870	-	24,000	-	-	-	1,330,320
Hotel lodging and facilities rental	48,519	2,322,929	35,595	49,078	78,930	44,410	176,938	29,030	2,785,429
Insurance	6,750	159,062	34,092	23,283	14,246	7,553	13,699	12,290	270,975
Marketing and branding	9,095	591,928	274,090	1,194,424	37,338	69,830	24,790	435,187	2,636,682
Meetings and receptions	132,637	2,100,942	28,454	128,351	347,313	138,142	205,750	138,379	3,219,968
Miscellaneous	10,006	57,065	42,265	16,906	19,513	6,538	100,378	8,869	261,540
On-site transportation	-	621,253	-	6,738	-	-	-	-	627,991
Postage and freight	6,306	65,108	8,732	25,303	3,410	88,284	15,506	4,327	216,976
Printing and production	-	113,331	2,690,007	310,517	-	23,056	-	-	3,136,911
Professional fees	18,394	271,939	362,106	701,240	3,011,727	17,449	443,024	203,697	5,029,576
Rent	128,517	454,777	690,878	526,514	253,656	125,121	130,444	214,707	2,524,614
Telecommunications	11,999	49,239	60,378	64,518	24,988	13,344	37,032	21,668	283,166
Temporary personnel	-	67,074	-	-	81,191	14,644	21,738	-	184,647
Travel, speakers and staff	65,386	1,044,124	136,655	77,200	106,304	35,656	131,872	48,661	1,645,858
Utilities and building maintenance	4,783	18,257	24,163	16,502	10,100	5,354	12,720	8,712	100,591
	<u>\$ 25,056,116</u>	<u>\$ 20,045,833</u>	<u>\$ 13,050,911</u>	<u>\$ 8,764,853</u>	<u>\$ 7,104,535</u>	<u>\$ 2,466,939</u>	<u>\$ 4,605,388</u>	<u>\$ 3,695,103</u>	<u>\$ 84,789,678</u>

See accompanying notes



# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 18,205,041	\$ (33,879,335)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Net realized (gain) loss on sale of investments	3,556,609	(2,496,635)
Net unrealized (gain) loss on investments	(26,112,462)	32,606,745
Depreciation	207,657	349,720
Contributions restricted for long-term purposes	(8,000)	(8,000)
Return of undistributed pledges	148,760	1,209,600
(Increase) decrease in		
Accounts receivable	11,819,880	12,119,193
Prepaid expenses and other	(2,206,609)	(282,472)
Right-of-use-assets	2,090,691	(7,226,174)
Increase (decrease) in		
Accounts payable and other accrued expenses	(756,104)	(2,827,823)
Grants payable	(9,289,479)	(9,237,258)
Deferred income	5,382,001	9,251,661
Operating leases liability	<u>(2,263,756)</u>	<u>8,010,357</u>
<b>Net cash provided by operating activities</b>	<u>774,229</u>	<u>7,589,579</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	56,441,908	40,075,523
Purchase of investments	(61,040,427)	(50,994,803)
Acquisition of property and equipment	<u>(123,761)</u>	<u>-</u>
<b>Net cash used for investing activities</b>	<u>(4,722,280)</u>	<u>(10,919,280)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections of contributions restricted for endowment	<u>8,000</u>	<u>16,000</u>
<b>Net change in cash</b>	(3,940,051)	(3,313,701)
<b>CASH BALANCE</b>		
Beginning of year	<u>16,697,338</u>	<u>20,011,039</u>
<b>End of year</b>	<u>\$ 12,757,287</u>	<u>\$ 16,697,338</u>

See accompanying notes

# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

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### (1) NATURE OF OPERATIONS

The American Association for Cancer Research, Inc. (the "AACR") is a not-for-profit corporation incorporated in New York with headquarters located in Pennsylvania. The mission of the AACR is to prevent and cure all cancers through research, education, communication and collaboration. Through its programs and services, the AACR fosters research in cancer and related biomedical science; accelerates the dissemination of new research findings among scientists and others dedicated to the conquest of cancer; promotes science education and training; and advances the understanding of cancer etiology, prevention, diagnosis and treatment throughout the world.

The American Association for Cancer Research Foundation (the "AACR Foundation") is a Pennsylvania nonprofit corporation. The AACR is the sole member of the AACR Foundation. The purpose of the AACR Foundation is to raise funds and solicit grants and contributions to benefit, support and promote the AACR's mission as described in the preceding paragraph.

AACR International – Canada was established in 2014 as a Canadian not-for-profit corporation and received its charity status in 2015. It is a subsidiary of the AACR. Its purpose is to promote health by supporting, managing and conducting new and innovative research for the cure, prevention and treatment of cancer, and by fostering collaboration amongst scientists engaged in cancer research. It intends to advance education by developing and operating programs, conferences, seminars and workshops designed to train students and scientists and advance their understanding of cancer etiology, prevention, diagnosis and treatment.

AACR programs and activities include:

#### Research Grants and Scientific Awards

- The AACR provides critical research funding for cancer researchers, both domestically and internationally, to support every stage of their careers with fellowships, career development awards, independent investigator grants and team science grants. Through its grants and awards, the AACR helps to sustain a robust cancer workforce and high quality cancer research to understand, prevent, detect and treat cancer.

#### Meetings and Educational Workshops

- The AACR convenes topical scientific conferences, workshops and an annual meeting that combined draw more than 36,000 participants from the cancer research community. Through these meetings the AACR educates a global audience on the latest findings in cancer research.

#### Publications

- The AACR publishes a portfolio of ten highly rated peer-reviewed journals that present leading research articles. Our scientific breadth and excellence continue to attract the premier researchers in the field. More than 25,000 pages of peer reviewed, original cancer research are published through the AACR journals annually.

#### Communications, Science Policy and Public Education

- The AACR collaborates with cancer survivors, raises public awareness of the progress in and cause for hope in cancer research, advocates for strong federal research funding and publishes Cancer Today for cancer patients, survivors and caregivers.

#### Scientific Programs

- The AACR provides for the professional development of underrepresented populations in the cancer research community and convenes groundbreaking collaborations through its think tanks, task forces and scientific advisory committees.

# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

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### (2) SIGNIFICANT ACCOUNTING POLICIES

#### **Principles of Consolidation**

The consolidated financial statements include the accounts of the AACR, the AACR Foundation and AACR International – Canada. All significant interorganization balances and transactions have been eliminated.

#### **Financial Statement Presentation**

The AACR and Affiliates report information regarding their financial position and activities according to the following classes of net assets:

##### ***Without donor restrictions***

Net assets that are not subject to donor-imposed restrictions.

##### ***With donor restrictions***

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the AACR and Affiliates and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets be maintained indefinitely while permitting the AACR and Affiliates to expend the income generated in accordance with the provisions of the contribution.

#### **Accounting Estimates**

In preparing consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP"), management makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### **Fair Value Measurements**

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the AACR and Affiliates. Unobservable inputs reflect the AACR and Affiliates' assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the AACR and Affiliates have the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

**Level 2** – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3** – Valuations based on inputs that are unobservable, that is, inputs that reflect the AACR and Affiliates' own assumptions.

# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

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### **Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the consolidated statements of activities. Dividend and interest income is recorded as earned.

The AACR and Affiliates invest in a professionally-managed portfolio that contains various types of securities (See Note 3). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that the amounts reported in the consolidated financial statements could change materially in the near term.

### **Publication Revenue Receivable**

Publication revenue receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the consolidated financial statements. The AACR does not charge interest on outstanding balances.

### **Property and Equipment**

The AACR and Affiliates capitalize all expenditures for property and equipment in excess of \$10,000. Property and equipment are carried at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets.

### **Leases**

Operating leases are recorded as right-of-use-assets and lease liabilities in the consolidated statements of financial position. Leases with a term of twelve months or less are considered short term leases and are accounted for as an expense in the consolidated statements of activities as rental payments are incurred.

Operating lease assets represent the AACR's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The AACR uses the implicit rate when readily determinable. When the lease does not provide an implicit rate, the AACR uses a secured borrowing rate based on the information available at commencement date in determining the present value of lease payments.

The AACR's lease terms may include options to extend if the option is considered reasonably certain to be exercised. Operating lease expense for lease payments are recognized on a straight-line basis over the lease term.

### **Revenue Recognition**

Membership dues are on a calendar year and invoiced based on fixed rate schedules prior to the membership year, which creates a deferred revenue balance upon collection. Revenue from membership dues is recognized as revenue on a pro rata basis over the membership year as membership benefits are provided.

# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Publication fees are fixed at the time of purchase based on price listings or negotiated rates. Customers can pay at the time of purchase or are invoiced for purchases. Subscription revenue from publications is recognized in the period that the publication is delivered to the customer or over the period of time that a customer may access the resource depending on the type of publication. Author publication fees are recognized when the manuscript is accepted for publication.

Meetings and educational workshop fees are based on published fixed rates and collected either at the time of registration, in advance of the meeting resulting in a deferred revenue balance or at the time the meeting takes place and immediately recognized as revenue. Meetings and educational workshop revenues are recognized in the period the meetings are conducted.

Deferred revenue at December 31, 2023 is expected to be recognized as revenue in 2024, except for \$800,000 which is expected to be recognized in 2025.

### **Contributions and Grants**

Contributions and grants received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions and grants whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional contributions and grants are recognized as revenue when the related promise to give is received. Conditional contributions and grants are recognized as revenue when the conditions are satisfied.

### **Functional Allocation of Expenses**

The costs of providing the various program and other activities have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include salaries and fringe benefits which are allocated based on estimates of time and effort.

### **Income Tax Status**

The AACR and AACR Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organizations' tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organizations qualify for the charitable contribution deduction under Section 170(b)(1)(A) and the AACR and AACR Foundation have been classified as organizations other than a private foundation under Section 509(a)(2) and 509(a)(3), respectively.

AACR International – Canada was established in 2014 as a Canadian not for profit corporation and received its charity status in 2015. It is a wholly owned subsidiary of the AACR.

GAAP prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. The AACR and Affiliates believe that they had no uncertain tax positions as defined in GAAP.

### **Concentrations of Credit Risk**

Financial instruments which potentially subject the AACR and Affiliates to concentrations of credit risk are cash, publication revenue receivable, contributions receivable and other receivables.

# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The AACR maintains cash deposits at various financial institutions. At times, such deposits may exceed federally-insured limits.

Publication revenue receivable consists principally of non-member subscription revenues and reprints and page charges due from authors who submit articles to the AACR's journals. Contributions and other receivables are due primarily from foundations and companies in the pharmaceutical industry (See Note 4).

### (3) INVESTMENTS

Investments at December 31, consisted of the following:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 10,534,806	\$ 3,394,949
Common stocks	27,546,182	18,309,129
Mutual funds		
Fixed income	29,999,776	34,368,498
Equity	6,497,726	8,816,325
Equity exchange traded funds	15,206	6,602,260
Limited partnerships	<u>113,716,156</u>	<u>89,664,319</u>
	<u>\$188,309,852</u>	<u>\$161,155,480</u>

Investment income (loss) was comprised of the following:

	<u>2023</u>	<u>2022</u>
Net realized gain (loss)	\$ (3,556,609)	\$ 2,496,635
Net unrealized gain (loss)	26,112,462	(32,606,745)
Interest and dividends	2,830,750	1,717,442
Investment management fees	<u>(1,222,904)</u>	<u>(1,308,265)</u>
	<u>\$ 24,163,699</u>	<u>\$ (29,700,933)</u>

Investments are measured at fair value using level 1 inputs except for limited partnerships which are measured at net asset value.

Limited partnerships consisted of the following at December 31, 2023:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Equities long private funds (a)				
S&P 500	\$ 19,110,288	none	quarterly	60 days
U.S. large cap	24,931,280	none	monthly	10-30 days
U.S. large/mid cap	135,380	none	monthly	10 days
U.S. small/mid cap	3,896,432	none	monthly	10-30 days
Emerging markets	11,808,614	none	monthly	10 days
International	16,589,100	none	monthly	30 days
Equities long/short private fund (b)	626,508	none	semi-annual	90 days
U.S. middle market senior secured loans (c)	129,079	none	annual	90 days
Private equity funds (d)	<u>36,489,475</u>	\$17,040,000	none	none
	<u>\$ 113,716,156</u>			

# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(a) – This category includes investments that seek to outperform their indices using a risk-controlled, analyst-driven approach. The fair values of the investments in this category have been estimated using the net asset value per share. There are no initial lock-up restrictions at December 31, 2023 on these funds.

(b) – This category includes investments in a hedge fund of fund managers that invest in direct hedge fund managers employing long/short and absolute return strategies. The fair values of the investments in this category have been estimated using the net asset value per share. There are no initial lock-up restrictions at December 31, 2023.

(c) – This category includes an investment in U.S. middle market senior secured loans. The fair value of the investment in this category has been estimated using the net asset value per share. The investment has an initial lock-up period of three years until July 2026.

(d) – This category includes sixteen funds that invest in direct private equity and venture capital partnerships across all industries. These investments can be redeemed early, albeit at a substantial discount. If not redeemed early, distributions will be received through the liquidation of the underlying assets of the fund. The fair values of the investments in this category have been estimated using the net asset value per share.

### (4) CONTRIBUTIONS RECEIVABLE

Contributions receivable are due as follows:

	<u>2023</u>	<u>2022</u>
In less than one year	\$18,094,499	\$25,977,682
In one to five years	<u>4,905,684</u>	<u>8,469,571</u>
	23,000,183	34,447,253
Less discount to net present value	(355,000)	(660,000)
Less allowance for uncollectible contributions receivable	<u>(40,000)</u>	<u>(40,000)</u>
	<u>\$22,605,183</u>	<u>\$33,747,253</u>

### (5) GRANTS PAYABLE

Grants authorized but unpaid at year-end are reported as liabilities. No discount has been recorded due to immateriality since most grants will be paid within 18 months after year end. The following is a summary of grants authorized and payable at December 31,:

	<u>2023</u>	<u>2022</u>
To be paid in less than one year	\$17,340,827	\$26,567,306
To be paid in one to five years	<u>3,162,000</u>	<u>3,225,000</u>
	<u>\$20,502,827</u>	<u>\$29,792,306</u>

### (6) LINE OF CREDIT

The AACR has a \$25,000,000 line of credit that is payable on demand by the lender. Advances under this line are secured by one of the AACR's investment accounts. The line of credit bears interest at a variable rate based on the London Interbank Offered Rate plus 1%. There were no advances outstanding at December 31, 2023 and 2022.

# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

### (7) NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

Board designated net assets consisted of the following:

	<u>Balance</u> <u>December 31, 2022</u>	<u>Additions</u>	<u>Investment</u> <u>Gain</u>	<u>Releases</u>	<u>Balance</u> <u>December 31, 2023</u>
Oncology Development fund	\$40,766,413	\$ -	\$ 4,024,732	\$ -	\$44,791,145
Reserve fund	15,521,353	-	-	-	15,521,353
Quasi-Endowment fund	<u>2,570,138</u>	<u>-</u>	<u>437,517</u>	<u>(102,806)</u>	<u>2,904,849</u>
	<u>\$58,857,904</u>	<u>\$ -</u>	<u>\$ 4,462,249</u>	<u>\$(102,806)</u>	<u>\$63,217,347</u>

  

	<u>Balance</u> <u>December 31, 2021</u>	<u>Additions</u>	<u>Investment</u> <u>Loss</u>	<u>Releases</u>	<u>Balance</u> <u>December 31, 2022</u>
Oncology Development fund	\$40,154,499	\$10,500,000	\$ (9,888,086)	\$ -	\$40,766,413
Reserve fund	15,521,353	-	-	-	15,521,353
Quasi-Endowment fund	<u>3,304,891</u>	<u>-</u>	<u>(602,557)</u>	<u>(132,196)</u>	<u>2,570,138</u>
	<u>\$58,980,743</u>	<u>\$10,500,000</u>	<u>\$(10,490,643)</u>	<u>\$(132,196)</u>	<u>\$58,857,904</u>

The Oncology Development Fund was created with the overarching goal of accelerating breakthrough innovations in cancer prevention, interception, treatment or cures by investing in oncology-focused investment funds. The Reserve Fund is to be used as a reserve for future years' operations. The Quasi-Endowment Fund is to provide annual income distributions that are restricted for educational sessions at the AACR annual meeting and other purposes. For the years ended December 31, 2023 and 2022, the AACR received income distributions of \$102,806 and \$132,196, respectively, from the Quasi-Endowment Fund.

### (8) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes and periods:

	<u>Balance</u> <u>December 31, 2022</u>	<u>Additions</u> <u>(Subtractions)</u>	<u>Releases</u>	<u>Balance</u> <u>December 31, 2023</u>
Subject to expenditure for specified purpose or periods				
Research Grants and Fellowships	\$13,172,410	\$5,889,490	\$ (9,836,421)	\$ 9,225,479
Meetings and Educational Workshops	2,421,145	570,000	(2,060,500)	930,645
Education and Training	5,125,267	40,200	(1,579,409)	3,586,058
Other	574,000	-	(27,000)	547,000
Available in future periods	<u>79,715</u>	<u>103,044</u>	<u>(74,778)</u>	<u>107,981</u>
	<u>21,372,537</u>	<u>6,602,734</u>	<u>(13,578,108)</u>	<u>14,397,163</u>
Net assets to be maintained indefinitely				
Endowment, with an historic dollar value of \$2,757,955, whose income is available to support the programs, services and mission of the AACR	<u>2,666,035</u>	<u>463,656</u>	<u>(194,057)</u>	<u>2,935,634</u>
	<u>\$24,038,572</u>	<u>\$7,066,390</u>	<u>\$(13,772,165)</u>	<u>\$17,332,797</u>



# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

	<u>Balance</u> <u>December 31, 2021</u>	<u>Additions</u> <u>(Subtractions)</u>	<u>Releases</u>	<u>Balance</u> <u>December 31, 2022</u>
Subject to expenditure for specified purpose or periods				
Research Grants and Fellowships	\$19,505,939	\$4,858,386	\$(11,191,915)	\$13,172,410
Meetings and Educational Workshops	2,291,145	1,495,000	(1,365,000)	2,421,145
Education and Training	4,817,915	1,390,544	(1,083,192)	5,125,267
Other	557,000	17,000	-	574,000
Available in future periods	<u>74,715</u>	<u>75,000</u>	<u>(70,000)</u>	<u>79,715</u>
	<u>27,246,714</u>	<u>7,835,930</u>	<u>(13,710,107)</u>	<u>21,372,537</u>
Net assets to be maintained indefinitely				
Endowment, with an historic dollar value of \$2,749,955, whose income is available to support the programs, services and mission of the AACR	<u>3,334,623</u>	<u>(606,089)</u>	<u>(62,499)</u>	<u>2,666,035</u>
	<u>\$30,581,337</u>	<u>\$7,229,841</u>	<u>\$(13,772,606)</u>	<u>\$24,038,572</u>

Net assets to be maintained indefinitely consisted of the following:

	<u>2023</u>	<u>2022</u>
Endowment		
Cash	\$ 13,000	\$ 5,000
Investments	2,919,133	2,658,134
Gift annuity	<u>3,501</u>	<u>2,901</u>
	<u>\$2,935,634</u>	<u>\$2,666,035</u>

### (9) ENDOWMENT FUNDS

An accounting standard exists which provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The AACR is not subject to this guidance since Pennsylvania has not enacted a version of UPMIFA. The standard also requires additional disclosures about an organization's endowment funds whether or not the organization is subject to UPMIFA.

In accordance with Pennsylvania statutes, the AACR has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. The AACR's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

The spending policy calculates the amount of money annually distributed from the endowment fund to support various programs. The current spending policy is to distribute an amount equal to 5% of a moving three-year average of the fair value of the endowment fund.

Changes in the invested endowment assets for the years ended December 31, 2023 and 2022 are as follows:

# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Assets</u>
Invested endowment net assets, December 31, 2022	\$2,570,138	\$2,658,134	\$ 5,228,272
Additions	-	-	-
Investment income	437,517	452,496	890,013
Spending policy distribution	<u>(102,806)</u>	<u>(191,497)</u>	<u>(294,303)</u>
Invested endowment net assets, December 31, 2023	<u>\$2,904,849</u>	<u>\$2,919,133</u>	<u>\$ 5,823,982</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Assets</u>
Invested endowment net assets, December 31, 2021	\$3,304,891	\$3,311,270	\$ 6,616,161
Additions	-	16,000	16,000
Investment loss	(602,557)	(606,637)	(1,209,194)
Spending policy distribution	<u>(132,196)</u>	<u>(62,499)</u>	<u>(194,695)</u>
Invested endowment net assets, December 31, 2022	<u>\$2,570,138</u>	<u>\$2,658,134</u>	<u>\$ 5,228,272</u>

### (10) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the AACR and Affiliates' financial assets as of the consolidated statements of financial position date, which have been reduced by financial assets not available within one year.

	<u>2023</u>	<u>2022</u>
Cash	\$ 12,757,287	\$ 16,697,338
Investments	188,309,852	161,155,480
Accounts receivable	<u>25,018,690</u>	<u>36,987,330</u>
Total financial assets	226,085,829	214,840,148
Less: financial assets not available for general operations within one year		
Restricted by donors with purpose restrictions	(14,289,182)	(21,292,822)
Restricted by donors in perpetuity	(2,935,634)	(2,666,035)
Investments with liquidity horizons greater than one year	(36,618,554)	(24,375,560)
Unfunded commitments to private equity funds	(17,040,000)	(29,610,000)
Board designated funds	<u>(63,217,347)</u>	<u>(58,857,904)</u>
Total financial assets available within one year	<u>\$ 91,985,112</u>	<u>\$ 78,037,827</u>

#### Liquidity Management

The AACR regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The AACR has various sources of liquidity at its disposal, including cash, money market funds, marketable debt and equity securities, and a line of credit (See Note 6).

### (11) PENSION PLAN AND OTHER BENEFITS

The AACR has a defined contribution pension plan covering substantially all eligible employees. Contributions to the plan, which are determined by the Board of Directors, were \$1,919,437 and \$1,393,493 for 2023 and 2022, respectively.

# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

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The AACR has an employment contract with its chief executive officer that provides for various types of compensated leave. The liability to the chief executive officer resulting from this contract and the AACR's standard leave policies, which is included in "accounts payable and other accrued expenses" in the accompanying consolidated statements of financial position, was \$1,854,751 and \$1,638,944 at December 31, 2023 and 2022, respectively.

### (12) LEASES

The AACR has operating leases for office space for its headquarters in Philadelphia, Pennsylvania under a lease which expires in 2025 and a satellite office in Washington, D.C. which expires in 2028. The Philadelphia lease may be renewed for a ten-year period and the Washington D.C. lease may be renewed at the AACR's discretion for a five-year period. The lease renewal options are not recognized as part of the operating right-of-use-asset and operating leases liability. Each lease requires the AACR to pay its share of escalations in real estate taxes and operating expenses. Rent expense under these operating leases was \$2,463,049 and \$2,418,930 for the years ended December 31, 2023 and 2022, respectively. Total rent expense, which includes short term leases and operating leases, was \$2,563,232 and \$2,524,614 for the years ended December 31, 2023 and 2022, respectively.

The maturities of operating lease liabilities as of December 31, 2023 were as follows:

<u>Year ending December 31,</u>	
2024	\$2,553,816
2025	2,591,109
2026	303,647
2027	311,244
2028	<u>319,035</u>
	6,078,851
Less: Interest	<u>(332,250)</u>
<b>Present value of operating leases liability</b>	<b><u>\$5,746,601</u></b>

The weighted average remaining lease term on operating leases was 2.72 years and the weighted average discount rate was 4% as of December 31, 2023.

### (13) SELF-INSURED HEALTH INSURANCE

The AACR has a self-insured health benefits plan, which provides medical insurance benefits to employees electing coverage under the plan. The AACR maintains a reserve for incurred but not reported medical claims and claim development. The reserve is an estimate based on historical experience and other assumptions, some of which are subjective. The AACR has a stop loss policy that covers individual claims in excess of \$90,000 and aggregate claims of more than \$1,000,000. The AACR was reimbursed \$604,768 and \$1,887,758 for stop loss claims for the years ended December 31, 2023 and 2022, respectively. The AACR's reserve for incurred but not reported medical claims was \$320,490 and \$50,000 at December 31, 2023 and 2022, respectively.

### (14) COMMITMENT

The AACR has entered into agreements with hotels providing room accommodations for its meetings and educational workshops through the year 2026. These agreements include a guarantee by the AACR that a minimum number of rooms will be rented by conference attendees.

# AMERICAN ASSOCIATION FOR CANCER RESEARCH, INC. AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### (15) STAND UP TO CANCER

Stand Up To Cancer, a program of the Entertainment Industry Foundation, was created through an unprecedented collaboration uniting the major television networks, entertainment industry executives and celebrities, and prominent leaders in cancer research and patient advocacy. Stand Up To Cancer embarked on a series of projects to raise significant dollars to fund research that will positively impact patient care and prevention. Since 2008, more than \$425 million has been pledged to the AACR by Stand Up To Cancer to accelerate groundbreaking research and bring new treatments to patients.

The AACR has a long-term contract with the Entertainment Industry Foundation to serve as the scientific partner for Stand Up To Cancer. The AACR provides scientific oversight, conducts expert peer review and is responsible for all aspects related to grant administration for Stand Up To Cancer. The funds for the Stand Up To Cancer initiative are recorded as the donor's conditions are satisfied. In 2023, AACR distributed over \$10 million in payments to fund Stand Up To Cancer Research Grants.

### (16) SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 30, 2024 the date on which the consolidated financial statements were available to be issued. No material subsequent events have occurred since December 31, 2023 that required recognition in the consolidated financial statements.