American Cancer Society, Inc.
and Affiliated Entities

Combined Financial Statements
As of and for the Year Ended August 31, 2009 with summarized financial information for the Year Ended August 31, 2008 and Report of Independent Auditors

American Cancer Society, Inc.
and Affiliated Entities
Contents
August 31, 2009 and 2008

Ernst & Young LLP
Suite 1000
55 Ivan Allen Jr. Boulevard
Atlanta, GA 30308
Tel: +1 404 874 8300
Fax: +1 404 817 5589
www.ey.com

Report of Independent Auditors

The Boards of Directors
The American Cancer Society, Inc. and Affiliated Entities

We have audited the accompanying combined balance sheet as of August 31, 2009 of the organizations described in Note 1 (collectively the Society), and the related combined statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Society's 2008 combined financial statements and, in our report dated February 23, 2009 we expressed an unqualified opinion on those combined financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Society's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the combined financial position as of August 31, 2009 of the organizations described in Note 1, and the combined changes in their net assets and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Notes 1 and 4 to the combined financial statements, the Society adopted the recognition and disclosure provisions of FASB Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds*, as of September 1, 2008.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining balance sheets, combining statements of activities, and combining statements of expenses by natural classification are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in our audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Ernst & Young LLP

January 28, 2010

1001-1126992

AMERICAN CANCER SOCIETY, INC.
AND AFFILIATED ENTITIES
COMBINED BALANCE SHEETS
(In Thousands)

ASSETS

	August 31, 2009	August 31, 2008
CASH AND TEMPORARY INVESTMENTS:		
Cash and cash equivalents	$ 112,123	$ 104,710
Other investments	837,011	911,630
Gift annuity investments	34,925	35,642
Total cash and temporary investments	984,059	1,051,982
SECURITIES LENT UNDER SECURITIES LENDING PROGRAM	163,253	159,298
COLLATERAL RECEIVED UNDER SECURITIES LENDING PROGRAM	166,450	162,605
RECEIVABLES, net	65,494	78,014
PREPAID EXPENSE AND OTHER ASSETS	30,770	32,860
LEGACIES AND BEQUESTS RECEIVABLE	88,916	97,592
BENEFICIAL INTERESTS IN TRUSTS	270,257	343,869
FIXED ASSETS, net	353,992	356,085
INVESTMENTS, at fair value	37,740	35,166
Total assets	$ 2,160,931	$ 2,317,471

LIABILITIES AND NET ASSETS

RESEARCH AND OTHER PROGRAM AWARDS AND GRANTS PAYABLE	$ 217,339	$ 229,687
ACCRUED EXPENSES:		
Accounts payable and other accrued expenses	84,450	88,562
Accrued retirement plan benefits	180,273	67,939
Postretirement medical, dental and life insurance accrual	56,472	48,307
Total accrued expenses	321,195	204,808
GIFT ANNUITY OBLIGATIONS	26,230	26,179
PAYABLE UNDER SECURITIES LENDING PROGRAM	166,450	162,605
OTHER LIABILITIES	27,464	32,528
DEBT	67,851	72,030
Total liabilities	826,529	727,837
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted:		
Available for program and supporting activities	556,585	734,198
Net investment in fixed assets	281,719	284,055
Total unrestricted	838,304	1,018,253
Temporarily restricted	273,416	313,649
Permanently restricted	222,682	257,732
Total net assets	1,334,402	1,589,634
Total liabilities and net assets	$ 2,160,931	$ 2,317,471

The accompanying notes are an integral part of the combined financial statements.

AMERICAN CANCER SOCIETY, INC.
AND AFFILIATED ENTITIES
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2009, WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008
(In Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009	Total 2008
REVENUE, GAINS AND OTHER SUPPORT					
Support from the public:					
Contributions	$ 124,861	$ 59,184	$ 2,766	$ 186,811	$ 225,126
Special events	455,049	68,709	107	523,865	556,446
Other special fund-raising events	534	-	-	534	391
Legacies and bequests	100,542	30,736	4,322	135,600	150,644
Change in value of split-interest agreements	(2,108)	(30,148)	(601)	(32,857)	6,102
Contributed services, merchandise and other in-kind contributions at fair value	22,449	37,249	-	59,698	44,831
Contributions raised indirectly from federated and other fund-raising organizations	15,624	8,348	-	23,972	24,922
Total support from the public	716,951	174,078	6,594	897,623	1,008,462
Investment income (losses):					
Interest and dividends, net	25,740	3,821	-	29,561	47,140
Net realized and unrealized investment (losses) gains	(9,656)	(5,553)	171	(15,038)	(13,530)
Net unrealized losses on perpetual trusts	-	-	(42,401)	(42,401)	(1,339)
Total investment income (losses)	16,084	(1,732)	(42,230)	(27,878)	32,271
Exchange transactions:					
Income	97,903	-	-	97,903	97,254
Expenses	(95,423)	-	-	(95,423)	(96,198)
Net exchange transactions	2,480	-	-	2,480	1,056
Grants and contracts from government agencies	16,348	3,040	-	19,388	16,184
Other revenue (losses)	(68)	364	-	296	1,071
Gain on disposal of fixed assets	5,142	-	-	5,142	19,128
Total revenue, gains and other support	756,937	175,750	(35,636)	897,051	1,078,172
NET ASSET RESTRICTION TRANSFERS					
Satisfaction of activity restrictions	175,918	(175,918)	-	-	-
Revision of donor restriction	723	(1,309)	586	-	-
Satisfaction of equipment acquisition restrictions	21,979	(21,979)	-	-	-
Expiration of time restrictions	16,777	(16,777)	-	-	-
Total net asset restriction transfers	215,397	(215,983)	586	-	-

AMERICAN CANCER SOCIETY, INC.
AND AFFILIATED ENTITIES
COMBINED STATEMENT OF ACTIVITIES (continued)
FOR THE YEAR ENDED AUGUST 31, 2009, WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008
(In Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009	%	Total 2008	%
EXPENSES							
Program services:							
Research - support provided to academic institutions and scientists to seek new knowledge about the causes, prevention, and cure of cancer, and to conduct epidemiological and behavioral studies	149,829	-	-	149,829	15%	156,420	15%
Prevention - programs that provide the public and health professionals with information and education to prevent cancer occurrence or to reduce risk of developing cancer	177,849	-	-	177,849	17%	188,790	18%
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	129,396	-	-	129,396	13%	142,222	14%
Patient support - programs to assist cancer patients and their families and ease the burden of cancer for them	275,377	-	-	275,377	27%	268,343	26%
Total program services	732,451	-	-	732,451	72%	755,775	73%
Supporting services:							
Management and general - direction of the overall affairs of the Society through executive, financial, and administrative services	62,948	-	-	62,948	6%	72,527	7%
Fund-raising - programs to secure charitable financial support for programs and supporting services	222,280	-	-	222,280	22%	212,710	20%
Total supporting services	285,228	-	-	285,228	28%	285,237	27%
Total program and supporting services expenses	1,017,679	-	-	1,017,679	100%	1,041,012	100%
Net decrease in retirement plan liability	134,604	-	-	134,604		34,258	
CHANGE IN NET ASSETS	(179,949)	(40,233)	(35,050)	(255,232)		2,902	
NET ASSETS, beginning of year before the effect of adoption and recognition of FASB Staff Position FAS 117-1	1,019,132	312,256	258,246	1,589,634		1,586,732	
Effect of adoption and recognition of FASB Staff Position FAS 117-1	(879)	1,393	(514)	-		-	
NET ASSETS, beginning of year as adjusted	1,018,253	313,649	257,732	1,589,634		1,586,732	
NET ASSETS, end of year	$ 838,304	$ 273,416	$ 222,682	$ 1,334,402		$ 1,589,634	

The accompanying notes are an integral part of the combined financial statements

AMERICAN CANCER SOCIETY, INC.
AND AFFILIATED ENTITIES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2009, WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008
(In Thousands)

	Program Services				Supporting Services		Total	
	Research	Prevention	Detection/ Treatment	Patient Support	Management	Fund-raising	2009	2008
EXPENSES								
Salaries	$ 16,677	$ 80,663	$ 58,849	$ 113,987	$ 29,500	$ 110,298	$ 409,974	$ 409,163
Employee benefits	2,940	17,611	12,898	25,335	6,210	23,949	88,943	79,802
Payroll taxes	1,195	6,310	4,684	9,173	2,388	8,827	32,577	31,390
Professional fees	6,351	14,421	9,144	14,376	5,971	10,423	60,686	68,890
Supplies	165	1,377	1,072	2,360	410	2,138	7,522	11,041
Telephone	731	3,798	2,672	5,028	1,223	4,049	17,501	18,705
Postage and shipping	159	5,136	2,471	4,618	2,331	6,922	21,637	23,353
Occupancy	1,490	8,633	6,595	16,019	2,536	10,451	45,724	44,376
Equipment rental, maintenance and information processing	818	2,413	1,901	3,507	1,382	2,991	13,012	14,774
Printing and publications	3,312	13,712	8,991	15,719	2,719	12,695	57,148	66,396
Meetings and conferences	1,165	3,943	2,958	5,167	1,245	5,189	19,667	24,387
Travel	1,348	6,477	4,238	7,756	1,929	7,367	29,115	39,151
Special assistance to individuals	-	13	375	26,571	-	-	26,959	22,287
Awards and grants for program services, net of cancellations	108,938	3,529	3,030	6,460	-	-	121,957	133,765
Membership dues and subscriptions	132	406	230	311	291	334	1,704	1,693
Depreciation and amortization	1,907	5,083	3,744	9,828	2,082	5,154	27,798	27,637
Interest expense	-	91	67	2,323	239	160	2,880	3,257
Contributed services and other in-kind contributions	1,968	2,218	3,531	3,195	1,076	6,356	18,344	7,618
Miscellaneous	533	2,015	1,946	3,644	1,416	4,977	14,531	13,327
Total program and supporting services expenses	$ 149,829	$ 177,849	$ 129,396	$ 275,377	$ 62,948	$ 222,280	$ 1,017,679	$ 1,041,012

The accompanying notes are an integral part of the combined financial statements.

AMERICAN CANCER SOCIETY, INC.
AND AFFILIATED ENTITIES
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2009 AND 2008
(In Thousands)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (255,232)	$ 2,902
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	27,875	27,715
Net unrealized losses on perpetual trusts	42,401	1,339
Net realized and unrealized investment losses	15,038	13,530
Change in value of split-interest agreements	32,857	(6,102)
Gain on disposal of fixed assets	(5,142)	(19,128)
Other gains	21	-
Net change in retirement plan liability	134,604	34,258
Support from the public restricted for long-term investment	(7,177)	(4,123)
Support from the public restricted for fixed asset acquisition	(5,572)	(3,679)
Changes in assets and liabilities:		
Receivables, net	12,520	(10,705)
Prepaid expenses and other assets	2,090	11,004
Legacies and bequests receivable	8,676	(833)
Beneficial interests in trusts and gift annuities, net	2,506	6,500
Research and other program awards and grants payable	(12,348)	20,720
Accrued expenses	(9,952)	(39,359)
Other liabilities	(4,398)	(3,995)
Net cash (used in) provided by operating activities	(21,233)	30,044
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(29,912)	(57,155)
Proceeds from disposal of fixed assets	9,213	22,765
Support from the public restricted for fixed asset acquisition	5,572	3,679
Purchase of investments	(667,205)	(658,599)
Proceeds from maturity or sale of investments	720,573	657,285
Net cash provided by (used in) investing activities	38,241	(32,025)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on debt	(5,383)	(3,650)
Proceeds from issuance of debt	1,102	-
(Decrease) increase in bank overdrafts	(8,265)	7,942
Payments on capital lease obligations	(628)	(614)
Payments to annuitants	(3,598)	(3,407)
Support from the public restricted for long-term investment	7,177	4,123
Net cash (used in) provided by financing activities	(9,595)	4,394
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,413	2,413
CASH AND CASH EQUIVALENTS, beginning of year	104,710	102,297
CASH AND CASH EQUIVALENTS, end of year	$ 112,123	$ 104,710
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 2,834	$ 3,060
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Fixed assets acquired through capital lease	$ 124	$ 977
Collateral received and payable under the securities lending program	$ 3,845	$ 22,144

1. ORGANIZATION AND ACCOUNTING POLICIES

Organization

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

Principles of Combination

The accompanying combined financial statements include the consolidated accounts of the American Cancer Society, Inc. (the "National Home Office") and the American Cancer Society of Puerto Rico, Inc. ("Puerto Rico"). Puerto Rico is a membership corporation with the National Home Office as its only member. During fiscal year 2009, the American Cancer Society Foundation ("Foundation"), a membership corporation with the National Home Office as its only member, merged with the National Home Office. These consolidated accounts are combined with the accounts of the American Cancer Society Cancer Action Network (“ACS CAN”) and the Society’s 13 chartered Divisions (the "Divisions"), which are separately incorporated. All significant intra-Society accounts and transactions have been eliminated in the accompanying combined financial statements.

The Society (including the National Home Office, its chartered Divisions and Puerto Rico) has received a determination letter from the Internal Revenue Service that it is exempt from income tax under Section 501(a) of the U.S. Internal Revenue Code as an organization described in section 501(c)(3). ACS CAN has received a determination letter from the Internal Revenue Service that it is exempt from income tax under Section 501(a) of the U.S. Internal Revenue Code as an organization described in section 501(c)(4). The Society prepares a separate Internal Revenue Service Form 990 for the National Home Office, ACS CAN, Puerto Rico and each chartered Division.

New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (“Statement 157”). Statement 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. On September 1, 2008, the Society adopted the provisions of Statement 157 related to fair value measurements and related disclosures for all financial assets and liabilities. The adoption of Statement 157 did not have a significant effect on the Society’s financial position at August 31, 2009. The required disclosures have been included in Note 2 of the accompanying combined financial statements. FSP FAS 157-2, *Partial Deferral of the Effective Date of Statement 157*, deferred the effective date of Statement 157 for all nonfinancial assets and liabilities for fiscal years beginning after November 15, 2008. The Society is in the process of assessing the impact of Statement 157 on its nonfinancial assets and liabilities.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115* (“Statement 159”). Statement 159 permits entities to choose to measure many financial instruments and certain other items at fair value. On September 1, 2008, the Society adopted the provisions of Statement 159 related to measuring financial instruments and other items at fair value and the related disclosures. The Society elected fair value accounting for its nonperpetual beneficial interests in trusts held by third parties and its gift annuity obligations. The fair value methodology for these combined financial instruments is discussed later in this footnote. The adoption of Statement 159 did not have a significant impact on the combined financial statements as of August 31, 2009.

1. ORGANIZATION AND ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

In August 2008, the FASB issued FASB Staff Position (FSP) No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* ("FSP FAS 117-1"). FSP FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional funds Act of 2006 ("UPMIFA"). UPMIFA is a model act approved by the Uniform Law Commission that serves as a guideline for states to use in enacting legislation. FSP FAS 117-1 also enhances disclosures about an organization's endowment funds, regardless of whether the organization is subject to UPMIFA. On September 1, 2008, the Society adopted FSP No. FAS 117-1 and related disclosures. The effect of adoption of Statement 117-1 is presented in Note 4 along with the required disclosures.

In May 2009, the FASB issued Statement No. 165, *Subsequent Events* ("Statement 165"). Statement 165 sets forth the period after the balance sheet date during which management of a reporting entity shall evaluate events or transactions that may occur for potential recognition or disclosure in the combined financial statements, circumstances under which those events or transactions may be recognized and disclosures to be made for those events or transactions. Statement 165 is effective for the Society's fiscal year 2009, and the required disclosures have been included in Note 17.

In June 2009, the FASB issued Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* ("Statement 168"). Statement 168 establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. The Society is required to adopt the provisions of Statement 168 for its fiscal year ending August 31, 2010. The Society does not believe the adoption of Statement 168 will have a significant impact on the combined financial statements as of August 31, 2010.

Cash and Cash Equivalents

The Society considers 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 other investments, gift annuity investments, collateral received under the securities lending program and investments, as appropriate.

1. ORGANIZATION AND ACCOUNTING POLICIES, continued

Fair Value of Financial Instruments

The Society's financial instruments consist of cash and cash equivalents, other investments, gift annuity investments, securities lent under securities lending program, collateral received under securities lending program, receivables, legacies and bequests receivable, beneficial interests in trusts, investments, research and other program awards and grants payable, accounts payable and accrued expenses, gift annuity obligations, payable under securities lending program, and debt.

Receivables, legacies and bequests receivable and research and other program awards and grants payable are recorded at their net realizable value, which approximates fair value. Other investments, securities lent under securities lending program, collateral received under securities lending program, investments, beneficial interest in trusts and gift annuity investments and the related obligations are recorded at their fair values. All other financial instruments are stated at cost, which approximates fair value.

Securities Lending

The Society participates in a securities lending program with its investment custodian. The Society lends a portion of its investments to certain approved firms in exchange for collateral for the loaned securities. The Society does not loan any securities restricted by donors. The loaned securities are contractually required to be continuously secured by collateral consisting of cash, which is reinvested, and U.S. government securities with a minimum value of 100% of the loaned securities adjusted daily. The investment custodian's general practice is to obtain collateral with a value of 102% of the loaned securities adjusted daily. The Society maintains effective control of the loaned securities through its custodian. Under the terms of the agreement, the borrower must return the same, or substantially the same, investments that were borrowed.

The Society receives compensation, net of related fees, for lending its securities which is included in investment income. The loaned securities are reflected as securities lent under securities lending program in the accompanying combined balance sheets.

At August 31, 2009 and 2008, $163,253,000 and $159,298,000, respectively, is recorded as securities lent under securities lending program in the accompanying combined balance sheets. At August 31, 2009 and 2008, $166,450,000 and $162,605,000, respectively, is recorded as collateral received under securities lending program and as payable under securities lending program in the accompanying combined balance sheets.

Collateral received under the securities lending program is recorded at its fair value. The payable under securities lending program is carried at cost, which approximates fair value.

1. ORGANIZATION AND ACCOUNTING POLICIES, continued

Investments

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, the Society maintains two combined investment pools: the Combined Investment Pool ("CIP") for short term liquidity and the Combined Endowment Pool ("CEP") for principal preservation. The investment objectives of the CIP and CEP are subject to limitations defined by the National Home Office's Board of Directors and are set to provide maximum current income within the approved risk parameters. These investments do not have a significant concentration of credit risk within any industry, geographic location, or specific institution.

Interest and dividend income is presented net of investment advisory fees. Total earnings on investments are credited to unrestricted net assets unless otherwise restricted by the donor or relevant law.

Securities listed on national 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.

Government obligations (including those loaned under securities lending program) are valued on the basis of evaluated prices provided by independent pricing services.

Corporate obligations, pooled mortgage backed securities, and other fixed income securities are valued on the basis of evaluated prices provided by independent pricing services. Such prices are believed to reflect the fair market value of such securities using the income approach.

Investments in common collective trusts are generally valued using the market approach on the basis of the relative interest of each participating investor (including each participant) in the fair value of the underlying net assets of each of the respective common collective trusts.

Gift annuity investments and the related obligation are recorded at their fair values based on quoted market rates or other relevant market data.

Government Grants Receivable

All government grants receivable are expected to be collected within one year and are recorded at net realizable value.

Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. Pledges receivable recorded in fiscal 2008 and prior years have been discounted at rates ranging from 3.50% to 4.75%. The rates approximate the rates of return on U.S. government securities at the origination of the pledge. Pledges receivable recorded in fiscal year 2009 have been discounted using a rate of 2.60%, which is commensurate with the risks involved with the ultimate collection of the pledges receivable. The discount is amortized using an effective yield over the expected life of the pledges receivable.

1. ORGANIZATION AND ACCOUNTING POLICIES, continued

Fixed Assets and Depreciation

Land, buildings and leasehold improvements, furniture, fixtures, equipment, computer software and other capitalized 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 unrestricted support 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 temporarily restricted support.

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

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

Research and Other Program Awards and Grants Payable

The Society makes awards and grants for research, education and medical projects in the field of cancer. The minimum amount for which the Society is obligated is recorded upon the grant's approval. Awards and grants payable beyond one year are reported at the present value of their estimated future cash flows and have been discounted at rates ranging from 2.25% to 6.25%. These rates approximate the rates of return on U.S. government securities at the origination of the awards and grants. Awards and grants payable recorded in fiscal year 2009 have been discounted using a rate of 2.25%, which is commensurate with the risks involved with the ultimate payment of these obligations. The discount is amortized using an effective yield over the expected life of the awards and grants contracts.

Contributed Services

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

1. ORGANIZATION AND ACCOUNTING POLICIES, continued

Planned Gifts (Legacies and Bequests, Beneficial Interests in Trusts and Gift Annuities)

The Society is 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 the Society, or may be put in the care of a trustee, with the Society being designated as having a full or partial beneficial interest in the trust ("BIT"). Certain gifts are considered split-interest agreements whereby the Society receives benefits that are shared with either the donor or third party beneficiaries.

Both deceased donors, through a will, and living donors may restrict their gift to a specified purpose or geographic area (i.e., a purpose restriction), or defer their gift through use of a nonperpetual trust (i.e., a time restriction). Such gifts are classified as temporarily restricted revenues. A purpose restriction is satisfied when the Society incurs expenses satisfying the purpose restriction. A time restriction is satisfied when the donor stipulated time has elapsed. Gifts may also be permanently restricted under a perpetual trust. See below for a further description of nonperpetual trusts and perpetual trusts.

Legacy and Bequests Receivable

Direct gifts of assets are recorded at their estimated fair value as public support (legacy or contribution revenue) when the Society has received an unconditional promise to give. Subsequent adjustments to the fair value are recognized as public support consistent with the initial recording of the gift. The Society considers a bequest unconditional when the probate court declares the testamentary instrument valid and the proceeds are measurable.

Beneficial Interests in Trusts

Nonperpetual trusts are trusts where donors have established and funded trusts under which specified distributions are to be made to a designated beneficiary or beneficiaries over the trust's term. Nonperpetual trusts are recorded at their estimated fair value based on the present value of the Society's estimated future cash receipts from the trust. In fiscal year 2009 and 2008, based on then current financial market conditions, the Society estimated the present value of nonperpetual trusts using an investment return rate (net of trustee fees and other expenses) of 7.25% and 7.50%, and a discount rate of 4.50% and 5.00% respectively, commensurate with the risks involved. The carrying value of the initial gift of the nonperpetual BIT is recognized as temporarily restricted public support (legacy or contribution revenue depending upon the initial source of the gift). Any subsequent adjustments to the nonperpetual BIT are recorded as a change in value of split-interest agreements.

Perpetual trusts are trusts under which the Society will receive income distributions in perpetuity, but will never receive the corpus (principal). Perpetual trusts are initially recorded as permanently restricted legacy or contribution revenue, depending on the initial source of the gift, at the fair market value of the Society's interest in the trust assets at the time of the gift. Subsequent changes to the trust's fair market value are recognized as permanently restricted net unrealized gains or losses. Income received from the trusts is recognized as temporarily restricted or unrestricted investment income, depending on the existence or absence of donor-imposed restrictions.

1. ORGANIZATION AND ACCOUNTING POLICIES, continued

Beneficial Interests in Trusts, continued

The Society uses significant unobservable inputs (level 3, as defined in Note 2) to estimate the fair value of BITs as of August 31, 2009. The need to use unobservable inputs generally results from the lack of an active market or marketplace with respect to BITs. The Society's level 3 BITs total approximately $270,257,000 at August 31, 2009 and includes both nonperpetual and perpetual trusts, the interest in which cannot be traded in an active market or marketplace. Therefore no significant observable market data for these instruments is available.

The fair value of perpetual trusts is based on the fair value of the underlying trust assets. As trust statements are not received as of August 31 for each trust, the fair value, as of various dates, 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. The management of the assets within the various trusts, including purchase and sale decisions, is performed by the respective trustee and the Society has no ability to control these decisions. Distributions from these trusts are based on the terms of the underlying trust agreement which generally require that investment income be distributed on at least an annual basis.

The fair value of nonperpetual trusts is 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 assumed asset allocation of the nonperpetual trusts. The discount rate used to estimate the present value of the Society's interest is 4.5%. The expected mortality is estimated using the Annuity 2000 tables. 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 August 31 for each trust, the fair value, as of various dates, 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 the Society's interest in the underlying assets, incorporating market data when available, the amounts ultimately received could differ from the amounts reflected in the historical combined financial statements.

Gift Annuities

Gift annuities require an annuity to be paid to the donor or the donor's beneficiary, funded by the donated assets, over a designated period of time or the beneficiary's lifetime, with the remainder becoming a gift to the Society. The actuarially determined liability is recorded based on the terms of the gift, and the difference between the present value of the estimated liability and the fair value of the gift is recognized as revenue at the time of the gift. In fiscal years 2009 and 2008, the assumptions used in the valuation of the annuity liability include mortality in accordance with the Annuity 2000 Table and an annual investment yield rate of 6.00% for immediate annuities and 4.00% for deferred payment annuities, compounded annually, net of expenses. These rates are commensurate with the risks associated with the ultimate payment of the obligation. The Society maintains assets sufficient to meet the annuity requirements stipulated by the various state laws.

The Society may also be the beneficiary of an interest in trusts and other assets in situations where it has not been notified of its interest, its interest may be conditional or revocable, or the value of its interest may not be readily ascertainable. In such circumstances, no contribution revenue has been recorded.

1. ORGANIZATION AND ACCOUNTING POLICIES, continued

Accounting for Contributions

Contributions are recognized when an unconditional promise to give is made or when cash is received, if an unconditional promise does not exist. All contributions are considered to be available for unrestricted use 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 temporarily restricted or permanently restricted support that increase those net asset classes. Unconditional promises to give without a stipulated due date and for which the Society has met all conditions precedent to receipt of the contribution prior to the Society's fiscal year-end are classified as unrestricted net assets.

A donor restriction is satisfied when a stipulated time restriction expires or when a purpose restriction is accomplished. Upon satisfaction, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the combined statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to restricted support at the time of receipt and as net assets released from restrictions.

The principal and any donor restricted income from permanently restricted gifts are classified as permanently restricted net assets. Income on those assets, not permanently restricted by the donor, is classified as temporarily restricted (if restricted by the donor or by relevant law) or unrestricted net assets.

Contributed merchandise and other in-kind contributions, including merchandise remaining in inventory at year-end, are reflected as contributions at their estimated fair values when received or when an unconditional promise to give has been made. The Society does not imply time restrictions on contributions of long-lived assets (or of other assets restricted to the purchase of long-lived assets) received without donor stipulations about how long the contributed assets must be used. As a result, contributions of cash and other assets restricted to the acquisition of long-lived assets are reported as temporarily restricted revenue that increases temporarily restricted net assets; those restrictions expire when the long-lived assets are placed in service.

Grant Revenue

Grant revenue on cost-reimbursement grants or contracts is recognized when the Society requests reimbursement from granting agencies after the program expenditures have been incurred. As such, the Society recognizes revenue and records a receivable for the reimbursement amount from the granting agency. Such grant programs are subject to independent audit under the Office of Management and Budget Circular A-133 and review by grantor agencies. Such review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Society's management believes that costs ultimately disallowed, if any, would not materially affect the combined financial position of the Society.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses incurred for fiscal years ended August 31, 2009 and 2008 were $22,489,000 and $25,143,000 respectively.

1. ORGANIZATION AND ACCOUNTING POLICIES, continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to 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 combined financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

Presentation of Certain Prior Year Information and Reclassifications

The fiscal year 2009 combined financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information in total does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Society's combined financial statements for the fiscal year ended August 31, 2008, from which the summarized information was derived. Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

2. FAIR VALUE MEASUREMENT

The hierarchy of the fair value frame work established by Statement 157 is described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- 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 substantially the full term of the asset or liability.

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

The valuation methods described in Note 1 may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Society believes its 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 date.

The following tables set forth by level, within the fair value hierarchy, the Society's assets and liabilities as of August 31, 2009. As required by FASB Statement 157, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

2. FAIR VALUE MEASUREMENT, continued

	Assets and liabilities measured at fair value on a recurring basis as of August 31, 2009 (in thousands)			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 46,601	$ 43,627	$ -	$ 90,228
Time deposits	17,273	-	-	17,273
Corporate bonds	575	110,515	-	111,090
U.S. government and government agency obligations	94,953	356,817	-	451,770
Commercial paper and other short-term investments	-	295,332	-	295,332
Equity	59,080	44,443	249	103,772
Other	319	996	2,149	3,464
Collateral received under securities lending program	-	166,450	-	166,450
Beneficial interest in trusts	-	-	270,257	270,257
Gift annuity obligations	-	-	26,230	26,230
Total assets and liabilities at fair value	$ 218,801	$ 1,018,180	$ 298,885	$ 1,535,866

	Assets and liabilities measured at fair value on a non-recurring basis as of August 31, 2009 (in thousands)			
	Level 1	Level 2	Level 3	Total
Pledges and grants receivable	$ -	$ -	$ 11,849	$ 11,849
Legacies and bequests receivable	-	-	49,253	49,253
Research and other program awards and grants payable	-	-	91,945	91,945
Total assets and liabilities at fair value	$ -	$ -	$ 153,047	$ 153,047

The table below sets forth a summary of changes in the fair value of the Society level 3 assets and liabilities measured on a recurring basis for the year ended August 31, 2009 (in thousands):

	Equity	Other	Beneficial interest in trust	Gift annuity obligations	Total
Balance, beginning of year	$ 293	$ 2,178	$ 343,869	$ 26,179	$ 372,519
Realized and unrealized losses	(44)	-	(42,615)	-	(42,659)
Purchases, sales, issuances, and settlements (net)	-	(29)	(30,997)	51	(30,975)
Balance, end of year	$ 249	$ 2,149	$ 270,257	$ 26,230	$ 298,885

The unrealized losses are included in the net unrealized losses on perpetual trusts in the accompanying statement of activities and are related to assets still held at August 31, 2009.

3. CASH AND CASH EQUIVALENTS, OTHER INVESTMENTS, GIFT ANNUITY INVESTMENTS, INVESTMENTS AND SECURITIES LENT UNDER SECURITIES LENDING PROGRAM

The fair value of cash and cash equivalents, other investments, gift annuity investments, investments, and securities lent under securities lending program as of August 31, 2009 and 2008 are as follows (in thousands):

	2009	2008
Cash and cash equivalents, other investments, gift annuity investments, and securities lent under securities lending program		
Cash and cash equivalents	$ 112,123	$ 104,710
Money market funds	90,228	38,089
Time deposits	17,273	7,848
Corporate bonds	111,090	138,523
Commercial paper and other short-term investments	295,332	342,549
Equity securities	103,772	98,276
U.S. government and government agency obligations	451,770	479,164
Mutual funds	1,288	22,776
Other investments	2,176	14,511
Total cash and cash equivalents, other investments, gift annuity investments, and securities lent under securities lending program	$ 1,185,052	$ 1,246,446

Investment advisory fees paid by the Society were approximately $2,272,000 and $2,121,000 for the fiscal years ended August 31, 2009 and 2008, respectively.

4. ENDOWMENT

Interpretation of Relevant Law

ACS CAN and certain Divisions are subject to an enacted version of UPMIFA, while the National Home Office, Puerto Rico and certain other Divisions remain subject to the Uniform Management of Institutional Funds Act ("UMIFA") or other relevant law. The interpretation of relevant law among the entities of the Society is discussed below.

The Society has interpreted the Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets to the extent the donor restricted income earned on such endowments to a particular purpose or time, and in all other cases is classified as unrestricted net assets. Such amounts recorded as temporarily restricted net assets are released from restriction when the donor stipulated purpose has been fulfilled and/or the required time period has elapsed.

4. ENDOWMENT, continued

Interpretation of Relevant Law, continued

The Society has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA.

The following represents the net asset classes of the Society's endowment funds as well as the changes in endowments for the year ended August 31, 2009 (in thousands).

Endowment net assets at the beginning of fiscal year 2009	Pre-Adoption of FSP FAS 117-1 Balance	Post-Adoption of FSP FAS 117-1 Balance	Reclassification Adjustment
Permanently Restricted	$ 66,060	$ 65,546	$ 514
Temporarily Restricted	12,147	13,540	(1,393)
Unrestricted	4,274	3,395	879
Total	$ 82,481	$ 82,481	$ -

Changes in endowments for the year ended August 31, 2009	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at August 31, 2008	$ 3,395	$ 13,540	$ 65,546	$ 82,481
Investment income	399	1,508	-	1,907
Net depreciation (realized and unrealized)	(3,489)	(4,324)	(660)	(8,473)
Contributions	-	-	1,707	1,707
Revision of donor restrictions	(143)	(435)	578	-
Appropriation of endowment assets for expenditure	(70)	(1,225)	-	(1,295)
Endowment net assets at August 31, 2009	$ 92	$ 9,064	$ 67,171	$ 76,327

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (1,757)	$ 9,064	$ 67,171	$ 74,478
Board-designated endowment funds	1,849	-	-	1,849
Total funds	$ 92	$ 9,064	$ 67,171	$ 76,327

4. ENDOWMENT, continued

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or relevant law requires the Society to retain as a fund of perpetual duration. In accordance with U.S. generally accepted accounting principles, deficiencies of this nature would be reported in temporarily restricted net assets to the extent there are accumulated gains available to absorb such loss, or otherwise unrestricted net assets. Deficiencies of this nature that are reported in unrestricted net assets were $3,024,000 as of August 31, 2009. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions and continued appropriation for certain programs that was deemed prudent by the Society. Subsequent gains that restore the fair value of the assets of the endowment fund up to the $3,024,000 in deficiencies will be classified as an increase in unrestricted net assets.

Return Objectives and Risk Parameters

The Society has 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, as approved by the Society, 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.

Spending Policy

To the extent of a permanently restricted endowment's cumulative undistributed earnings, and unless the donor has specified otherwise, 4%-5% (based on the policy of the respective division) of the fair value of an endowment is available for spending each year. In addition, the difference between the actual total return each year and the spending percentage is charged or credited to unrestricted or temporarily restricted net assets (depending on the donor's instructions regarding the use of investment income or relevant law). The Society believes 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%-5% in order to maintain the purchasing power of the endowment.

5. PLEDGES AND GRANTS RECEIVABLE

As of August 31, 2009 and 2008, the expected future cash receipts from unconditional pledges and grants receivable, excluding amounts due from federated fund raising organizations, government grants and receivables related to donated land under lease of $11,808,000 and $8,775,000 for the years ended August 31, 2009 and 2008, respectively, are as follows (in thousands):

	2009	2008
Due in one year or less	$ 27,639	$ 34,123
Due in one year through five years	24,240	34,256
Due after five years	7,668	7,937
Less: estimated uncollectible amounts	(1,214)	(913)
	58,333	75,403
Less: discount	(4,647)	(6,164)
Total	$ 53,686	$ 69,239

6. FIXED ASSETS

Fixed assets as of August 31, 2009 and 2008 are as follows (in thousands):

	2009	2008
Land	$ 35,811	$ 36,987
Buildings and leasehold improvements	354,436	308,720
Furniture, fixtures, equipment, and other capitalized assets	96,894	95,645
Computer software	55,644	55,176
Construction in progress	11,189	38,711
Less: accumulated depreciation and amortization (including $37,991 and $33,369 of software amortization)	(199,982)	(179,154)
Net fixed assets	$ 353,992	$ 356,085

Depreciation expense including expenses or assets used in exchange transactions for the years ended August 31, 2009 and 2008 was approximately $23,313,000 and $21,480,000, respectively.

Software amortization expense for the years ended August 31, 2009 and 2008 was approximately $4,566,000 and $6,235,000, respectively.

7. DEBT

Debt as of August 31, 2009 and 2008 is as follows:

The Eastern Division purchased a condominium located in New York City in January 2007 which currently serves as office space and as a Hope Lodge facility to house and support cancer patients undergoing treatment in New York City. The purchase is financed through Industrial Development Bonds issued by the New York City Industrial Development Agency. The outstanding balance of the Industrial Development Bonds was $44,664,000 and $45,435,000 as of August 31, 2009 and 2008, respectively. The term of the bonds is 30 years with a fixed interest rate of 4.75%. The net book value of the property is $40,755,000 and $42,224,000 as of August 31, 2009 and 2008, respectively.

The Society has various industrial development and revenue bonds (the “Bonds”), with variable interest rates (ranging from 0.38% to 4.75% as of August 31, 2009), two of which are convertible to a fixed rate at the Society’s option. The outstanding balance of the Bonds was $19,105,000 and $21,955,000 at August 31, 2009 and 2008. The bonds mature at various dates until 2037. The bonds are collateralized by certificates of deposit, property and letters of credit, which expire at various dates through 2012 unless terminated earlier. At August 31, 2008, $223,000 of bond proceeds is included in cash and cash equivalents in the accompanying combined balance sheets.

The Society has various notes payable with variable interest rates (ranging from 3.40% to 5.65% as of August 31, 2009). The outstanding balance of the notes payable was $4,082,000 and $4,640,000 at August 31, 2009 and 2008, respectively. Certain notes payable are secured by certificates of deposit in the amount of $1,459,000 at August 31, 2009.

7. DEBT, continued

Approximate annual payments as of August 31, 2009, excluding interest, are payable as follows (in thousands):

Fiscal year:		
2010	$	3,265
2011		2,253
2012		2,724
2013		2,344
2014		2,444
Thereafter		54,821
Total	$	67,851

The debt is secured by related properties, furnishings and equipment, which have a net book value of approximately $52,191,000.

8. RESEARCH AND OTHER PROGRAM AWARDS AND GRANTS PAYABLE

The aggregate amount of research and other program awards and grants for which the Society is obligated under its agreements as of August 31, 2009 and 2008 are $226,329,000 and $243,001,000, respectively. The present value as of August 31, 2009 and 2008 is $217,339,000 and $229,687,000, respectively. The discount of $8,990,000 will be recognized as interest expense in fiscal years 2010 through 2014. As of August 31, 2009, the awards and grants are payable as follows (in thousands):

Fiscal year:		
2010	$	101,999
2011		68,282
2012		39,117
2013		15,155
2014		1,776
Total	$	226,329

9. PENSION PLANS

The Society maintains noncontributory defined benefit pension plans (the “Plans”), which cover substantially all employees of the Society. The benefits are based on years of service and certain averages of compensation. Pension expense is recognized by the Society based on the actuarially determined amount, which for fiscal years 2009 and 2008 was $25,083,000 and $19,761,000, respectively. The Society’s liability for contributions accrued and unpaid as of August 31, 2009 and 2008 was $163,498,000 and $48,714,000, respectively. These amounts are included in accrued retirement plan benefits in the accompanying combined balance sheets.

9. PENSION PLANS, continued

The current strategic mix for the Plans has a blended exposure to equity and debt market risk. The Plans employ an active management strategy that has historically generated excess returns and places greater emphasis on manager skills to produce excess return while employing various risk mitigation strategies to reduce volatility. The plan assets at August 31 consist of:

	% of Fair Value		Target Range
	2009	2008	
Equity securities	61%	66%	54-75%
Debt securities	38%	33%	25-42%
Cash and cash equivalents	1%	1%	0-10%
	100%	100%	

The benefit obligation and the assets of the Plans were $520,043,000 and $356,545,000, respectively, as of August 31, 2009. The benefit obligation and the assets of the Plans were $438,488,000 and $389,774,000, respectively, as of August 31, 2008. The Society employs 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 equities 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 via a building block approach 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.

The Society also maintains a nonqualified and unfunded Supplemental Executive Retirement Plan (the "SERP") for certain employees whose income exceeds the maximum income that can be considered under the Plans. The Society’s liability for benefits accrued and unpaid as of August 31, 2009 and 2008 was $16,775,000 and $19,225,000, respectively. These amounts are included in accrued retirement plan benefits in the accompanying combined balance sheets. Information related to the Society’s Pension Plans and SERP as of August 31, 2009 and 2008 and the related changes during the years then ended are as follows (in thousands):

9. PENSION PLANS, continued

	Retirement Benefits	Supplemental Retirement Benefits	2009 Total	2008 Total
Measurement date : August 31				
Change in benefit obligation				
Benefit obligation at beginning of year	$ 438,488	$ 19,225	$ 457,713	$ 470,876
Service cost	22,448	737	23,185	24,235
Interest cost	28,393	1,121	29,514	28,911
Amendments	-	287	287	2,705
Actuarial (gains)/loss	64,574	1,881	66,455	(25,081)
Impact of settlement	-	-	-	(393)
Benefits paid	(33,860)	(6,476)	(40,336)	(43,540)
Benefit obligation at end of year	$ 520,043	$ 16,775	$ 536,818	$ 457,713
Change in plan assets				
Fair value of plan assets at beginning of year	$ 389,774	$ -	$ 389,774	$ 431,263
Actual expenses paid	(974)	-	(974)	(1,320)
Actual return on plan assets	(38,279)	-	(38,279)	(30,490)
Employer contributions	39,884	6,476	46,360	33,861
Benefits paid	(33,860)	(6,476)	(40,336)	(43,540)
Fair value of plan assets at end of year	$ 356,545	$ -	$ 356,545	$ 389,774
Funded status	$ (163,498)	$ (16,775)	$ (180,273)	$ (67,939)
Amounts recognized in the combined balance sheets				
Accrued benefit liability	(163,498)	(16,775)	(180,273)	(67,939)
Net amount recognized	$ (163,498)	$ (16,775)	$ (180,273)	$ (67,939)
Actuarial assumptions				
Discount rate:				
Net periodic pension cost	6.75%	6.75%	6.75%	6.25%
Benefit obligation	5.75%	5.75%	5.75%	6.75%
Expected return on plan assets	7.50-8.00%	N/A	7.50-8.00%	7.50-8.00%
	Age Graded	Age Graded	Age Graded	Age Graded
Rate of compensation increase	2.5-11.5%	3.0-10.5%	2.5-11.5%	3.0-12.0%
Components of net periodic benefit cost:				
Service cost	$ 22,448	$ 737	$ 23,185	$ 24,235
Interest cost	28,393	1,121	29,514	28,911
Expected return on plan assets	(30,807)	-	(30,807)	(33,448)
Administrative expenses	1,670	-	1,670	1,930
Amortization of:				
Unrecognized prior service cost	1,392	1,091	2,483	2,353
Unrecognized actuarial loss (gain)	4,119	(49)	4,070	2,028
Amortization of transition asset	(2,132)	-	(2,132)	(2,698)
Impact of Curtailment	-	350	350	-
Impact of Settlement	-	650	650	466
Net periodic benefit cost	$ 25,083	$ 3,900	$ 28,983	$ 23,777

9. PENSION PLANS, continued

Measurement date : August 31	Retirement Benefits	Supplemental Retirement Benefits	2009 Total	2008 Total
Accumulated benefit obligation	$ 452,982	$ 10,057	$ 463,039	$ 390,300
Estimated future benefit payments				
2010	$ 38,406	$ 1,946	$ 40,352	
2011	36,764	851	37,615	
2012	37,371	2,832	40,203	
2013	38,035	629	38,664	
2014	39,399	4,338	43,737	
2015-2019	207,573	9,567	217,140	

The Society expects to contribute $17,721,000 in fiscal year 2010.

Included in unrestricted net assets at August 31, 2009 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service costs of $7,501,000 and unrecognized actuarial losses of $217,702,000. The prior service cost and actuarial losses included in unrestricted net assets and expected to be recognized in net periodic pension cost during the fiscal year-ended August 31, 2010 are $1,381,000 and $18,808,000, respectively.

Future changes in actual compensation and retirement dates can materially affect both the amount of the benefits ultimately paid and the period over which the related expense is recognized.

10. POSTRETIREMENT NONPENSION BENEFITS

The Society maintains an unfunded postretirement benefit plan for employees, which covers certain employees 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.

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. Medical trend rates do not apply as the plans are on fixed payment amounts. The accumulated postretirement benefit obligation as of August 31, 2009 and 2008 and related changes during the years ended August 31, 2009 and 2008 consisted of the following components (in thousands):

10. POSTRETIREMENT NONPENSION BENEFITS, continued

Measurement date	August 31, 2009	August 31, 2008
Change in benefit obligation		
Benefit obligation at beginning of year	$ 48,307	$ 49,812
Service cost	576	633
Interest cost	3,212	3,012
Plan participant contributions	41	32
Actuarial loss/(gain)	7,255	(2,210)
Benefits paid	(2,919)	(2,972)
Benefit obligation at end of year	$ 56,472	$ 48,307
Change in plan assets		
Fair value of plan assets at beginning of year	$ -	$ -
Actual return on plan assets	-	-
Employer contributions	2,919	2,972
Benefits paid	(2,919)	(2,972)
Fair value of plan assets at end of year	$ -	$ -
Funded status	$ (56,472)	$ (48,307)
Amounts recognized in the balance sheets consist of:		
Accrued benefit liability	(56,472)	(48,307)
Net amount recognized	$ (56,472)	$ (48,307)
Actuarial assumptions		
Discount rate:		
Net periodic pension cost	6.75%	6.25%
Benefit obligation	5.75%	6.75%
Expected return on plan assets	N/A	N/A
Rate of compensation increase	3.00-11.50%	3.50-12.00%
Components of net periodic benefit cost:		
Service cost	$ 576	$ 633
Interest cost	3,212	3,012
Amortization of:		
Unrecognized prior service cost	1,470	1,473
Transition amount	764	763
Recognized net actuarial loss	198	143
Additional recognition of unrecognized net loss	436	-
Net periodic benefit cost	$ 6,656	$ 6,024
Estimated future benefit payments		
2009	$ 3,570	
2010	3,647	
2011	3,735	
2012	3,799	
2013	3,856	
2014-2018	19,819	

10. POSTRETIREMENT NONPENSION BENEFITS, continued

The Society expects to contribute $3,570,000 in fiscal year 2010.

Included in unrestricted net assets at August 31, 2009 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized transition obligation of $3,096,000, unrecognized prior service costs of $823,000 and unrecognized actuarial losses of $11,444,000. The transition obligation, prior service cost and actuarial losses included in unrestricted net assets and expected to be recognized in net periodic pension cost during the fiscal year-ended August 31, 2010 are $763,000, $759,000 and $679,000, respectively.

11. OPERATING LEASES

The Society leases telecommunication systems related to its National Cancer Information Center and occupies office and warehouse space under operating leases, some of which are subject to escalation and expire on various dates through fiscal year 2022. Future minimum annual rentals with noncancellable terms are as follows as of August 31, 2009 (in thousands):

Fiscal year:	
2010	$ 27,874
2011	22,444
2012	15,880
2013	13,245
2014	10,285
Thereafter	55,759
Total	$ 145,487

Rental expense from operating leases for the year ended August 31, 2009 and 2008 was approximately $31,345,808 and $31,160,000, respectively.

12. RESTRICTED NET ASSETS

Temporarily restricted net assets and the earnings from permanently restricted net assets as of August 31, 2009 and 2008 have been restricted by donors as follows (in thousands):

	Temporarily		Permanently	
	2009	2008	2009	2008
Research	$ 24,891	$ 17,286	$ 49,850	$ 55,026
Patient support	32,130	28,985	14,382	14,450
Specific geographic locations	13,793	10,096	41,393	47,455
Prevention	7,447	12,121	1,833	1,780
Detection/treatment	29,184	24,537	1,452	1,456
Fixed asset acquisitions/ building fund	16,665	11,727	1,131	1,131
Hope Lodges	32,096	65,945	13,897	12,117
Time restrictions	112,930	137,608	-	-
Other program and supporting services	4,280	5,344	98,744	124,317
Total	$ 273,416	$ 313,649	$ 222,682	$ 257,732

12. RESTRICTED NET ASSETS, continued

For net assets that are shown as time restricted, the earnings are not restricted as to purpose. For permanently restricted net assets, the principal is restricted in perpetuity, and only the earnings on the net assets shown above may be spent for the restricted purpose.

Certain reclassifications have been made to the 2008 net asset categories to conform to the 2009 presentation. These reclassifications include an increase of $3,463,000 to unrestricted net assets and a $3,463,000 decrease to temporarily restricted net assets. These reclassifications relate to the beginning 2008 balances and had no impact on the change in net assets or total net assets.

13. CONTRIBUTED SERVICES, MERCHANDISE, AND OTHER IN-KIND CONTRIBUTIONS

In fiscal year 2009 and 2008, the Society recorded contributed services of $1,613,000 and $1,105,000, respectively, related to the communication of program and fund-raising messages through various media. In addition, the Society has valued and recorded contributed services provided by scientific peer reviewers, which consist of medical doctors, PhD's, professors, biomedical and psychosocial professionals, social welfare service providers, and other professional service providers whose efforts are necessary for the Society to carry out its programs. In fiscal year 2009 and 2008, the Society's management estimates that approximately 24,800 and 25,960 hours, respectively, have been contributed by scientific peer reviewers and has valued such services at $1,801,000 and $1,822,000, respectively.

Contributed Merchandise:

Cars For a Cure

The Society operates the Cars For a Cure program to solicit donations of used vehicles from the public. The Society sells these donated vehicles, primarily at wholesale dealer auctions, to generate cash to support the Society's life saving programs. The contribution of the vehicle is recorded as merchandise and other in-kind contributions in the accompanying combined statement of activities at the gross wholesale proceeds for vehicles sold by August 31 and at estimated gross proceeds for donated vehicles not sold by August 31. The transactions recorded during fiscal years 2009 and 2008 are as follows (in thousands):

	2009	2008
Contribution amount for donated vehicles	$ 2,343	$ 3,867
Exchange transaction income/expense attributable to vehicles sold	$ 2,255	$ 3,566
Exchange selling expenses	703	915
Net proceeds realized	$ 1,552	$ 2,651

13. CONTRIBUTED SERVICES, MERCHANDISE, AND OTHER IN-KIND CONTRIBUTIONS, continued

Discovery Shops

The Society operates Discovery Shops to solicit donations of clothing and household items from the public. Discovery Shops are upscale resale stores selling donated merchandise to generate cash to support the Division's programs. The contribution of the merchandise is recorded in the accompanying combined statement of activities as merchandise and other in-kind contributions at the gross proceeds for items sold by August 31 and at estimated gross proceeds for donated items not sold by August 31. The transactions recorded during fiscal years 2009 and 2008 are as follows (in thousands):

	2009	2008
Contribution amount for donated merchandise	$ 18,426	$ 18,378
Exchange transaction income/expense attributable to merchandise sold	$ 18,426	$ 18,237
Exchange selling expenses	11,865	11,802
Net proceeds realized	$ 6,561	$ 6,435

Other Contributed Merchandise

In fiscal years 2009 and 2008, the Society received cosmetic kits with an estimated fair value of $14,610,000 and $6,557,000, respectively, which were donated by the Personal Care Products Council for use in the Look Good Feel Better quality of life program. In fiscal years 2009 and 2008, the Society also received wigs with an estimated fair value of $1,016,000 and $1,833,000, respectively, which were donated by Celebrity Signatures International, Inc. The Society provided the merchandise to chemotherapy patients along with training in the proper application of cosmetics and wigs.

The Society received other in kind contributions of donated land under lease and items to be used in the Society's Hope Lodges. Hope Lodges are residential facilities providing temporary housing free of charge for cancer patients and a family caregiver during cancer treatments away from their home. These donations were approximately $5,458,000 and $7,094,000, respectively, for fiscal years 2009 and 2008. These items are being used and therefore there is no related exchange income, expenses or selling expenses related to these in kind contributions.

In fiscal years 2009 and 2008, the Society received in-kind contributions of advertising production, magazine space, public service announcements and in-store advertising materials from various retail and professional organizations with an estimated fair value of $14,431,000 and $4,175,000.

14. EXCHANGE TRANSACTIONS

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

Exchange transaction income and expenses for fiscal years 2009 and 2008 are as follows (in thousands):

	Exchange Income		Exchange Expenses	
	2009	2008	2009	2008
Special events	$ 61,570	$ 60,870	$ 60,729	$ 60,158
Cars For a Cure	2,255	3,566	2,958	4,481
Discovery Shop	18,426	18,237	30,291	30,039
Rental income	1,000	989	8	-
Cause related marketing and other royalties	3,089	2,722	-	-
Sales to third parties	11,563	10,870	1,437	1,520
	$ 97,903	$ 97,254	$ 95,423	$ 96,198

Benefits Purchased by Donors at Special Events

The Society 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 the Society. The direct costs of the special events that ultimately benefit the donor rather than the Society are recorded as exchange transaction income and exchange transaction expense. All proceeds received in excess of the direct costs are recorded as special events revenue in the accompanying combined statement of activities.

15. ACTIVITIES WITH JOINT COSTS

In fiscal years 2009 and 2008, the Society conducted activities that included fund-raising appeals as well as program and management and general components. Those activities included direct mail, telecommunications, and other constituent relationship activities. The costs of conducting those joint activities which met the purpose, audience and content criteria of AICPA Statement of Position ("SOP") 98-2, *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Government Entities That Include Fund-Raising*, included a total of approximately $160,786,000 and $181,959,000 of joint costs for fiscal years 2009 and 2008, that were functionally allocated as follows (in thousands):

	2009	2008
Research	$ 266	$ 408
Prevention	29,822	32,152
Detection/treatment	22,091	22,803
Patient support	38,465	49,229
Management and general	7,584	7,302
Fund-raising	62,558	70,065
Total	$ 160,786	$ 181,959

16. COMMITMENTS AND CONTINGENCIES

The Society is party to legal claims arising in the course of its normal business activities. Although the ultimate outcome of these claims cannot be ascertained at this time, it is the opinion of management that none of these matters, when resolved, will have a material effect on the Society's net assets.

17. SUBSEQUENT EVENTS

Management has adopted SFAS No. 165, *Subsequent Events*, and has disclosed all subsequent events through January 28, 2010, the date the combined financial statements were available to be issued.

AMERICAN CANCER SOCIETY, INC.
AND AFFILIATED ENTITIES
COMBINING BALANCE SHEETS
AUGUST 31, 2009
(In Thousands)

	CALIFORNIA	EASTERN	FLORIDA	GREAT LAKES	GREAT WEST	HAWAII	HIGH PLAINS	ILLINOIS	MIDSOUTH	MIDWEST	NEW ENGLAND	OHIO	PENNSYLVANIA	SOUTH ATLANTIC	PUERTO RICO	ACS NATIONAL HOME OFFICE	ACS CANCER ACTION NETWORK, INC.	ELIMINATIONS / RECLASSES	TOTAL
ASSETS																			
CASH AND TEMPORARY INVESTMENTS:																			
Cash and cash equivalents	$ 2,320	$ 18,061	$ 20,401	$ 5,740	$ 1,018	$ 376	$ 7,208	$ 252	$ 3,268	$ 1,033	$ 3,172	$ 798	$ 2,254	$ 1,872	$ 968	$ 42,800	$ 582	$ -	$ 112,123
Division's interest in Combined Investment Pool	9,638	22,999	7,083	5,857	9,723	1,777	64,458	32,070	24,379	16,088	3,589	7,032	39,988	30,363	1,270	515,917	5,455	(797,686)	-
Division's interest in Combined Endowment Pool	2,850	867	-	1,813	1,731	-	143	-	131	-	-	-	-	61	-	26,208	-	(33,804)	-
Other investments	36,084	26,145	4,378	26,361	13,846	1,198	351	50,763	18,589	22,712	10,157	10,921	11,290	71,507	-	19,756	-	512,953	837,011
Gift annuity investments	-	-	-	-	-	-	-	-	-	-	-	32	-	-	-	34,893	-	-	34,925
Total cash and temporary investments	50,892	68,072	31,862	39,771	26,318	3,351	72,160	83,085	46,367	39,833	16,918	18,783	53,532	103,803	2,238	639,574	6,037	(318,537)	984,059
SECURITIES LENT UNDER SECURITIES LENDING PROGRAM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	163,253	-	-	163,253
COLLATERAL RECEIVED UNDER SECURITIES LENDING PROGRAM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	166,450	-	-	166,450
DUE FROM AFFILIATES	5,571	3,762	1,498	2,209	4,825	692	11,155	1,621	4,858	2,492	2,586	1,484	1,750	3,243	210	264,038	310	(312,304)	-
RECEIVABLES, net	723	9,534	2,526	1,280	2,520	556	7,417	1,914	4,850	6,015	5,149	2,196	1,813	3,362	779	14,860	-	-	65,494
PREPAID PENSION COSTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,000	-	(16,000)	-
PREPAID EXPENSE AND OTHER ASSETS	4,832	1,576	586	972	829	23	683	830	3,888	561	919	1,263	972	1,262	110	11,176	288	-	30,770
LEGACIES AND BEQUESTS RECEIVABLE	-	11,378	11,512	-	-	-	-	5,433	-	-	3,329	-	4,697	-	-	-	-	52,567	88,916
COMBINED PLANNED GIVING/PTM POOL	77,193	-	-	14,563	18,651	4,833	40,710	-	15,584	10,130	-	23,408	-	20,646	-	225,717	-	(451,435)	-
BENEFICIAL INTERESTS IN TRUSTS	-	25,091	17,033	-	312	159	876	12,204	-	415	20,111	143	11,823	1,257	-	13,177	-	167,656	270,257
FIXED ASSETS, net	1,646	59,368	21,429	19,157	19,799	2,239	23,470	1,538	24,018	24,984	43,646	13,518	15,542	25,881	7,204	50,553	-	-	353,992
INVESTMENTS, at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,531	-	26,209	37,740
Total assets	140,857	178,781	86,446	77,952	73,254	11,853	156,471	106,625	99,565	84,430	92,658	60,795	90,129	159,454	10,541	1,576,329	6,635	(851,844)	2,160,931
LIABILITIES AND NET ASSETS																			
RESEARCH AND OTHER PROGRAM AWARDS AND GRANTS PAYABLE	-	-	380	-	-	-	-	1,429	-	-	-	89	-	-	-	215,441	-	-	217,339
ACCRUED EXPENSES:																			
Accounts payable and accrued expenses	4,710	7,383	1,675	1,276	3,311	201	4,047	1,875	2,621	2,068	2,524	1,808	1,934	4,808	387	43,913	1,535	(1,626)	84,450
Accrued retirement plan benefits	3,557	2,641	1,196	1,484	1,226	94	19,705	1,144	1,497	1,701	2,262	1,219	1,564	2,949	69	12,201	282	125,482	180,273
Postretirement medical, dental and life insurance accrual	5,172	3,442	1,660	1,351	2,082	235	3,870	962	1,877	1,523	2,048	1,121	8,463	4,191	-	7,565	12	10,898	56,472
Total accrued expenses	13,439	13,466	4,531	4,111	6,619	530	27,622	3,981	5,995	5,292	6,834	4,148	11,961	11,948	456	63,679	1,829	134,754	321,195
GIFT ANNUITY OBLIGATIONS	-	-	333	-	-	-	-	-	-	-	-	56	-	-	-	25,841	-	-	26,230
DUE TO AFFILIATES	49,771	22,773	23,894	15,703	22,717	3,409	34,935	13,326	18,268	12,485	11,636	9,320	10,675	20,557	557	44,320	167	(314,513)	-
INVESTMENTS AND OTHER ASSETS HELD FOR AFFILIATES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	518,735	-	(518,735)	-
PAYABLE UNDER SECURITIES LENDING PROGRAM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	166,450	-	-	166,450
OTHER LIABILITIES	913	1,638	-	333	360	60	403	2,312	858	98	639	1,908	267	1,882	5	15,770	18	-	27,464
DEBT	-	44,664	-	10,610	-	-	-	-	684	-	-	2,297	-	-	1,101	8,495	-	-	67,851
Total liabilities	64,123	82,541	29,138	30,757	29,696	3,999	62,960	21,048	25,805	17,875	19,109	17,818	22,903	34,387	2,119	1,058,731	2,014	(698,494)	826,529
COMMITMENTS AND CONTINGENCIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-
NET ASSETS:																			
Unrestricted:																			
Available for program and supporting activities	32,561	31,902	5,819	26,967	6,760	(430)	28,080	64,875	30,061	22,617	(10,182)	7,671	28,942	66,308	(373)	349,866	878	(135,737)	556,585
Net investment in fixed assets	1,646	14,662	21,429	8,547	19,799	2,239	22,089	1,538	22,593	24,984	43,245	9,632	15,275	25,881	6,102	42,058	-	-	281,719
Total unrestricted	34,207	46,564	27,248	35,514	26,559	1,809	50,169	66,413	52,654	47,601	33,063	17,303	44,217	92,189	5,729	391,924	878	(135,737)	838,304
Temporarily restricted	21,222	28,459	24,348	5,521	10,003	1,821	23,373	3,669	14,066	7,217	18,360	7,956	10,253	19,064	2,693	86,831	3,743	(15,183)	273,416
Permanently restricted	21,305	21,217	5,712	6,160	6,996	4,224	19,969	15,495	7,040	11,737	22,126	17,718	12,756	13,814	-	38,843	-	(2,430)	222,682
Total net assets	76,734	96,240	57,308	47,195	43,558	7,854	93,511	85,577	73,760	66,555	73,549	42,977	67,226	125,067	8,422	517,598	4,621	(153,350)	1,334,402
Total liabilities and net assets	$ 140,857	$ 178,781	$ 86,446	$ 77,952	$ 73,254	$ 11,853	$ 156,471	$ 106,625	$ 99,565	$ 84,430	$ 92,658	$ 60,795	$ 90,129	$ 159,454	$ 10,541	$ 1,576,329	$ 6,635	$ (851,844)	$ 2,160,931

The accompanying notes are an integral part of the combined financial statements.

AMERICAN CANCER SOCIETY, INC.
AND AFFILIATED ENTITIES
COMBINING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2009
(In Thousands)

	CALIFORNIA	EASTERN	FLORIDA	GREAT LAKES	GREAT WEST	HAWAII	HIGH PLAINS	ILLINOIS	MIDSOUTH	MIDWEST	NEW ENGLAND	OHIO	PENNSYLVANIA	SOUTH ATLANTIC	PUERTO RICO	ACS NATIONAL HOME OFFICE	ACS CANCER ACTION NETWORK, INC.	ELIMINATIONS / RECLASSES	TOTAL
REVENUE, GAINS AND OTHER SUPPORT																			
Support from the public:																			
Contributions	$ 17,813	$ 19,799	$ 6,280	$ 6,682	$ 12,382	$ 1,716	$ 17,698	$ 11,238	$ 10,818	$ 11,869	$ 14,449	$ 5,902	$ 8,771	$ 15,679	$ 1,305	$ 247,969	$ 858	$ (224,417)	$ 186,811
Special events	38,502	52,516	30,176	28,743	41,393	2,299	56,543	25,424	46,103	33,787	35,623	19,832	30,275	78,094	3,587	-	968	-	523,865
Other special fund-raising events	2	-	-	-	-	-	-	-	-	-	-	-	532	-	-	-	-	-	534
Legacies and bequests	24,660	17,887	15,055	6,240	11,444	826	13,855	7,867	4,024	6,595	4,963	5,878	5,723	10,447	-	53,552	-	(53,416)	135,600
Change in value of split-interest agreements	(11,790)	(3,045)	(3,495)	(407)	(1,989)	(326)	(3,933)	(705)	(1,042)	(752)	(1,283)	(111)	(481)	(1,282)	-	(2,216)	-	-	(32,857)
Contributed services, merchandise and other in-kind contributions, at fair value	15,004	582	72	672	2,230	186	1,724	605	970	1,061	749	1,252	56	740	1,147	32,648	-	-	59,698
Contributions raised indirectly from federated and other fund-raising organizations	894	738	745	625	1,844	554	6,055	243	2,014	665	2,002	1,890	1,309	4,169	225	-	-	-	23,972
Division's share of public support raised by Affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions raised by the National Home Office	-	-	-	-	-	-	-	-	-	123	-	-	-	-	-	24,941	-	(25,064)	-
Total support from the public	85,085	88,477	48,833	42,555	67,304	5,255	91,942	44,672	62,887	53,348	56,503	34,643	46,185	107,847	6,264	356,894	1,826	(302,897)	897,623
Investment income (losses):																			
Interest and dividends, net	2,180	2,309	558	1,305	895	238	2,187	2,004	1,331	1,239	1,340	1,346	2,293	2,897	28	7,338	73	-	29,561
Net realized and unrealized investment gains (losses)	(1,817)	(1,056)	(562)	(893)	(433)	(149)	(150)	(72)	(297)	(1,130)	(1,842)	(984)	(2,697)	(504)	-	(3,183)	-	731	(15,038)
Net unrealized losses on perpetual trust	(4,348)	(4,385)	(990)	(1,890)	(1,287)	(1,287)	(4,776)	(1,811)	(1,619)	(576)	(4,313)	(4,880)	(3,230)	(3,750)	-	(3,438)	-	179	(42,401)
Total investment income (losses)	(3,985)	(3,132)	(994)	(1,478)	(825)	(1,198)	(2,739)	121	(585)	(467)	(4,815)	(4,518)	(3,634)	(1,357)	28	717	73	910	(27,878)
Exchange transactions:																			
Income	19,826	8,747	3,181	3,748	6,157	352	10,820	2,846	4,671	3,317	4,058	3,464	4,123	11,190	456	49,099	188	(38,340)	97,903
Expenses	(29,749)	(8,946)	(3,170)	(3,699)	(6,724)	(364)	(10,465)	(2,867)	(4,586)	(3,497)	(4,242)	(4,294)	(3,668)	(11,369)	(456)	(33,879)	(114)	36,666	(95,423)
Net exchange transactions	(9,923)	(199)	11	49	(567)	(12)	355	(21)	85	(180)	(184)	(830)	455	(179)	-	15,220	74	(1,674)	2,480
Grants and contracts from:																			
Government agencies	-	3,680	-	409	1,360	82	373	-	163	226	306	43	-	374	113	12,259	-	-	19,388
Affiliates	1,857	1,776	1,342	999	2,014	42	1,861	878	1,558	1,382	2,170	653	900	2,752	77	1,818	20,417	(42,496)	-
Other revenue (losses)	53	48	5	-	-	-	423	104	(346)	-	(101)	4	17	420	-	373	-	(704)	296
Gain on disposal of fixed assets	-	797	-	(22)	-	(1)	-	-	2	(2)	-	2	-	4,366	-	-	-	-	5,142
Total revenue, gains and other support	73,087	91,447	49,197	42,512	69,286	4,168	92,215	45,754	63,764	54,307	53,879	29,997	43,923	114,223	6,482	387,281	22,390	(346,861)	897,051
NET ASSET RESTRICTION TRANSFERS																			
Unrestricted																			
Satisfaction of activity restrictions	8,803	24,202	6,325	5,198	11,223	675	10,127	9,917	4,955	12,552	17,132	3,389	3,806	14,694	4,640	71,906	20,455	(54,081)	175,918
Revision of donor restriction	-	-	-	-	-	-	-	-	-	(28)	-	-	-	313	-	438	-	-	723
Satisfaction of equipment acquisition restrictions	-	-	-	1,449	534	219	-	-	-	-	12,567	434	6,776	-	-	-	-	-	21,979
Transfer of restriction to National Home Office	(1,346)	8,015	2,703	2,240	3,320	720	4,993	1,821	1,470	2,395	5,233	1,732	1,554	4,561	88	-	-	(39,499)	-
Expiration of time restrictions	516	123	42	250	(395)	120	1,032	133	672	236	494	1,058	675	6,241	-	5,580	-	-	16,777
Unrestricted net asset restriction transfer	7,973	32,340	9,070	9,137	14,682	1,734	16,152	11,871	7,097	15,155	35,426	6,613	12,811	25,809	4,728	77,924	20,455	(93,580)	215,397
Temporarily restricted																			
Satisfaction of activity restrictions	(8,954)	(24,202)	(6,325)	(5,198)	(11,136)	(675)	(10,149)	(9,916)	(4,955)	(12,552)	(17,132)	(3,389)	(3,806)	(14,694)	(4,640)	(71,906)	(20,455)	54,166	(175,918)
Revision of donor restriction	-	-	-	-	-	-	-	-	-	(5)	-	-	-	(372)	-	(865)	-	(67)	(1,309)
Satisfaction of equipment acquisition restrictions	-	-	-	(1,449)	(534)	(219)	-	-	-	-	(12,567)	(434)	(6,776)	-	-	-	-	-	(21,979)
Transfer of restriction to National Home Office	1,346	(8,002)	(2,703)	(2,235)	(3,320)	(721)	(4,579)	(1,821)	(1,470)	(2,395)	(5,233)	(1,732)	(1,429)	(4,561)	(88)	-	-	38,943	-
Expiration of time restrictions	(516)	(123)	(42)	(250)	395	(120)	(1,032)	(133)	(672)	(236)	(494)	(1,058)	(675)	(6,222)	-	(5,580)	-	(19)	(16,777)
Temporarily restricted net asset restriction transfer	(8,124)	(32,327)	(9,070)	(9,132)	(14,595)	(1,735)	(15,760)	(11,870)	(7,097)	(15,188)	(35,426)	(6,613)	(12,686)	(25,849)	(4,728)	(78,351)	(20,455)	93,023	(215,983)
Permanently restricted																			
Satisfaction of activity restrictions	151	-	-	-	(87)	-	22	(1)	-	-	-	-	-	-	-	-	-	(85)	-
Revision of donor restriction	-	-	-	-	-	-	-	-	-	33	-	-	-	59	-	427	-	67	586
Satisfaction of equipment acquisition restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of restriction to National Home Office	-	(13)	-	(5)	-	1	(414)	-	-	-	-	-	(125)	-	-	-	-	556	-
Expiration of time restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	(19)	-	-	-	19	-
Permanently restricted net asset restriction transfer	151	(13)	-	(5)	(87)	1	(392)	(1)	-	33	-	-	(125)	40	-	427	-	557	586
Total net asset restriction transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The accompanying notes are an integral part of the combined financial statements.

AMERICAN CANCER SOCIETY, INC.
AND AFFILIATED ENTITIES
COMBINING STATEMENTS OF ACTIVITIES (continued)
FOR THE YEAR ENDED AUGUST 31, 2009
(In Thousands)

	CALIFORNIA	EASTERN	FLORIDA	GREAT LAKES	GREAT WEST	HAWAII	HIGH PLAINS	ILLINOIS	MIDSOUTH	MIDWEST	NEW ENGLAND	OHIO	PENNSYLVANIA	SOUTH ATLANTIC	PUERTO RICO	ACS NATIONAL HOME OFFICE	ACS CANCER ACTION NETWORK, INC.	ELIMINATIONS / RECLASSES	TOTAL
EXPENSES																			
Program services:																			
Research - support provided to academic institutions and scientists to seek new knowledge about the causes, prevention, and cure of cancer, and to conduct epidemiological and behavioral studies	-	-	348	-	-	3	117	2,758	205	-	99	636	-	-	-	146,885	2,107	(3,329)	149,829
Prevention - programs that provide the public and health professionals with information and education to prevent cancer occurrence or to reduce risk of developing cancer	10,636	9,871	7,459	8,291	11,056	713	14,931	5,643	8,226	6,039	8,389	4,056	5,898	17,247	1,089	63,315	8,559	(13,569)	177,849
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	5,207	13,764	4,790	4,862	6,273	542	8,337	3,551	6,463	6,160	7,840	3,665	5,537	13,492	635	41,042	4,744	(7,508)	129,396
Patient Support - programs to assist cancer patients and their families and ease the burden of cancer for them	19,705	22,640	15,793	9,899	22,392	1,778	24,792	11,688	14,201	13,485	15,125	8,292	11,006	20,687	1,908	75,900	3,123	(17,037)	275,377
	35,548	46,275	28,390	23,052	39,721	3,036	48,177	23,640	29,095	25,684	31,453	16,649	22,441	51,426	3,632	327,142	18,533	(41,443)	732,451
Supporting services:																			
Management and general - direction of the overall affairs of the Society through executive, financial, and administrative services	4,978	2,046	1,749	2,230	4,418	322	2,946	2,640	2,578	1,317	1,672	845	1,186	5,125	265	27,432	1,612	(413)	62,948
Fund-raising - programs to secure charitable financial support for programs and supporting services	21,039	18,979	12,260	10,118	11,408	659	17,231	9,106	11,341	10,654	12,174	6,883	11,288	22,618	794	51,884	1,515	(7,671)	222,280
Total supporting services	26,017	21,025	14,009	12,348	15,826	981	20,177	11,746	13,919	11,971	13,846	7,728	12,474	27,743	1,059	79,316	3,127	(8,084)	285,228
Total program and supporting services expenses	61,565	67,300	42,399	35,400	55,547	4,017	68,354	35,386	43,014	37,655	45,299	24,377	34,915	79,169	4,691	406,458	21,660	(49,527)	1,017,679
Public support allocable to affiliates programs and other activities	28,605	29,642	18,238	16,915	23,164	1,986	33,774	15,158	22,894	18,906	19,956	13,010	16,712	41,394	932	1,630	-	(302,916)	-
Total program and supporting services expenses and allocation to national and affiliates activities	90,170	96,942	60,637	52,315	78,711	6,003	102,128	50,544	65,908	56,561	65,255	37,387	51,627	120,563	5,623	408,088	21,660	(352,443)	1,017,679
Net (increase) decrease in retirement plan liability	(1,322)	192	(46)	176	(302)	-	9,070	125	367	29	101	229	2,236	17	-	630	-	123,102	134,604
CHANGE IN NET ASSETS	(15,761)	(5,687)	(11,394)	(9,979)	(9,123)	(1,835)	(18,983)	(4,915)	(2,511)	(2,283)	(11,477)	(7,619)	(9,940)	(6,357)	859	(21,437)	730	(117,520)	(255,232)
NET ASSETS, beginning of year before the effect of adoption and recognition of FASB Staff Position FAS 117-1	92,495	101,927	68,702	57,174	52,681	9,689	112,494	90,492	76,271	68,838	85,026	50,596	77,166	131,424	7,563	539,035	3,891	(35,830)	1,589,634
Effect of adoption and recognition of FASB Staff Position FAS 117-1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS, beginning of year	92,495	101,927	68,702	57,174	52,681	9,689	112,494	90,492	76,271	68,838	85,026	50,596	77,166	131,424	7,563	539,035	3,891	(35,830)	1,589,634
NET ASSETS, end of year	$ 76,734	$ 96,240	$ 57,308	$ 47,195	$ 43,558	$ 7,854	$ 93,511	$ 85,577	$ 73,760	$ 66,555	$ 73,549	$ 42,977	$ 67,226	$ 125,067	$ 8,422	$ 517,598	$ 4,621	$ (153,350)	$ 1,334,402

The accompanying notes are an integral part of the combined financial statements.

AMERICAN CANCER SOCIETY, INC.
AND AFFILIATED ENTITIES
COMBINING STATEMENTS OF EXPENSES BY NATURAL CLASSIFICATION
FOR THE YEAR ENDED AUGUST 31, 2009
(In Thousands)

	CALIFORNIA	EASTERN	FLORIDA	GREAT LAKES	GREAT WEST	HAWAII	HIGH PLAINS	ILLINOIS	MIDSOUTH	MIDWEST	NEW ENGLAND	OHIO	PENNSYLVANIA	SOUTH ATLANTIC	PUERTO RICO	ACS NATIONAL HOME OFFICE	ACS CANCER ACTION NETWORK, INC.	ELIMINATIONS / RECLASSES	TOTAL
EXPENSES																			
Salaries	$ 29,099	$ 34,972	$ 20,046	$ 17,731	$ 25,264	$ 1,761	$ 30,793	$ 16,188	$ 22,133	$ 18,820	$ 22,519	$ 11,109	$ 15,590	$ 35,676	$ 1,397	$ 85,409	$ 7,920	$ 13,547	$ 409,974
Employees benefits	7,561	7,858	4,652	4,262	6,221	341	9,454	3,635	5,493	4,743	5,453	2,117	3,796	8,399	256	15,788	1,330	(2,416)	88,943
Payroll taxes	3,279	2,662	1,542	1,464	2,062	133	2,471	1,276	1,832	1,723	1,914	927	1,245	2,492	130	6,072	543	810	32,577
Professional fees	3,080	2,380	984	1,509	3,067	122	3,337	1,995	2,083	1,872	1,578	1,118	1,453	6,308	182	49,216	4,598	(24,196)	60,686
Supplies	1,051	523	384	452	587	46	397	658	279	499	255	364	567	602	40	641	61	116	7,522
Telephone	1,043	1,192	665	258	695	87	1,556	188	870	812	831	259	388	1,328	73	6,843	171	242	17,501
Postage and shipping	1,212	1,093	807	689	842	74	1,326	725	332	975	875	558	1,085	1,736	55	7,419	113	1,721	21,637
Occupancy	4,179	3,095	3,140	1,724	2,134	292	3,356	1,972	2,199	2,040	3,837	840	1,586	6,274	144	7,182	1,411	319	45,724
Equipment rental, maintenance and information processing	418	579	639	505	788	84	1,091	195	348	256	298	763	157	1,469	32	5,124	63	203	13,012
Printing and publications	2,057	2,349	2,383	1,671	1,815	202	2,925	1,946	828	1,369	2,021	1,548	2,492	4,335	1,335	23,923	2,488	1,461	57,148
Meetings and conferences	1,740	594	1,403	887	1,564	89	1,903	584	776	449	478	584	1,061	2,136	119	4,600	725	(25)	19,667
Travel	1,516	733	1,900	958	3,143	111	3,038	876	2,021	1,122	633	1,129	1,151	2,386	92	6,685	1,423	198	29,115
Specific assistance to individuals	2,529	1,515	1,318	567	1,914	375	2,727	978	1,557	903	1,124	259	2,078	2,066	636	-	-	6,413	26,959
Awards and grants for program services, net of cancellations	518	1,208	729	79	410	36	614	1,816	166	302	246	1,075	135	485	38	113,382	718	-	121,957
Awards and grants to affiliates	234	103	81	73	3,411	-	139	513	99	68	67	59	62	162	12	43,751	8	(48,842)	-
Insurance	274	267	161	138	195	14	287	144	186	148	185	103	154	698	2	-	-	(2,956)	-
Membership dues and subscriptions	86	114	90	56	59	11	108	83	32	74	29	52	76	78	2	672	57	25	1,704
Depreciation and amortization	695	2,640	1,142	1,372	689	71	1,287	488	1,567	1,160	2,012	939	874	1,682	108	11,061	-	11	27,798
Interest expense	19	2,154	-	208	-	-	-	-	64	-	5	189	19	40	28	154	-	-	2,880
Contributed services and other in-kind contributions	49	-	-	225	254	146	403	452	-	-	-	67	-	-	-	16,748	-	-	18,344
Miscellaneous	926	1,269	333	572	433	22	1,142	674	149	320	939	318	946	817	10	1,788	31	3,842	14,531
Total program and supporting services expenses	$ 61,565	$ 67,300	$ 42,399	$ 35,400	$ 55,547	$ 4,017	$ 68,354	$ 35,386	$ 43,014	$ 37,655	$ 45,299	$ 24,377	$ 34,915	$ 79,169	$ 4,691	$ 406,458	$ 21,660	$ (49,527)	$ 1,017,679

The accompanying notes are an integral part of the combined financial statements.