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May 15, 2012

Ms. Kelcey Carlson
WRAL TV
Raleigh, NC

Dear Ms. Carlson:

Thank you for taking the time to speak with me on several occasions. I enjoyed sharing information regarding the American Cancer Research Center and Foundation (ACRCF) with you. I am extremely proud of our organization's efforts to fund cancer research and improve the lives of those suffering from cancer. I am also proud of our organization's commitment to transparency, good governance and proper stewardship of charitable donations.

More broadly, ACRCF appreciates your efforts to inform the general public about charitable organizations exempt from federal income tax. The privileges of federal income tax exemption and the ability to fundraise carry great weight. We are committed to meeting the IRS Exempt Organization division good governance and transparency principles. The IRS has moved toward using the IRS Form 990 as a way to encourage best practices. Although the processes and policies in the 990 in Part VI, Governance, Management and Disclosure, are not mandatory, we are continually striving to align our practices with those the IRS considers most critical. For example, one key way that we seek to promote transparency is to make our 990 available on our website. Many organizations are still moving towards this level of transparency.

As we discussed on the phone, and as reflected on our readily available 990, our organization has board members that are related. Not all, but some. We are a relatively new organization, and our formation was a natural outgrowth of my father's expertise in cancer research combined with having family members committed to charitable work. As we have matured as an organization, we have sought to include non-family members in the governance of ACRCF. In fact, our board is in the process of approving a resolution to replace one of the related board members with a new, unrelated board member. Continuing to bring on more unrelated board members is an ongoing goal for the organization. That being said, it is critical to note that none of our board members have business relationships with our organization. This, along with regularly and consistently monitoring and enforcing compliance with our conflict of interest policy, as set forth

in our 990, ensures that organizational decisions are made solely in the best interests of those we serve.

We also discussed our finances, including the fact that we currently fall short of the Better Business Bureau's (BBB) target of spending at least 65% of total expenses on program activities. We have recently spent just over 50% on program activities. As a new organization seeking to grow, we have taken a conservative approach to spending to ensure that we have adequate resources to meet current and future commitments. However, we are certainly striving to reach the laudable goal set by the BBB.

In our conversation you mentioned specific grants that ACRCF has obtained and the timing of our spending of those grants. You pointed out that we did not use all of a particular \$250,000 grant during the same year we received it. Please understand that we are much more than a conduit for cancer research funding. ACRCF takes an active role in obtaining grants for specific research and ensuring all (100%) of the funds are spent appropriately on direct expenses for research projects. Many institutions, both public and private, carve out significant portions of grants for indirect expenses. Promoting accountability with research funding and making sure it goes to direct expenses sometimes necessitates spreading it over more than one year. This way, we can evaluate progress at the end of a given year and determine if the funding would be better used at a different location or with a different researcher.

Finally, I would like to reiterate the value our charitable activities. Since our first funding of cancer research in 2007, we will have provided \$753,000 in funding by the end of 2012. As you know, we have recently started funding cancer research in North Carolina. We are committed to the goal of conducting charitable activities in the states where we conduct fundraising. We will provide \$40,000 in funding for cancer research in North Carolina in 2012, and we look forward to and appreciate the opportunity to continue funding valuable work being done in North Carolina.

In addition to our cancer research funding and education, our program of providing free transportation for low-income cancer patients has been extremely successful. We are currently providing approximately 1,800 rides to medical appointments per year. We plan to expand this program both in scope as well as locations where we provide it.

It was a pleasure talking to you and if I can answer any more questions about our organization, please do not hesitate to contact me.

Very Truly Yours,
Brian Slaga