

# Building a *Healthier* Future

## 2012 Annual Report

**B**reathing is easy to take for granted—until it becomes difficult. For far too many people, breathing is anything but simple. Tobacco smoke and polluted air threaten our lungs and our lives. Lung disease is now the third leading cause of death in America, and lung cancer is the leading cause of cancer deaths.

The American Lung Association understands that healthy lungs are essential to good health. For more than a century, we have been building a healthier future for us all by improving lung health and preventing lung disease.

Our organization was founded in 1904 to fight tuberculosis, which was the most feared disease in the world at that time. It struck down young and old, rich and poor. Over a difficult 50-year fight, we played a critical role in funding research that produced increasingly effective weapons to prevent, detect and treat the disease.

Over the years, we expanded the fight, targeting other threats to lung health, and becoming the guardians of everyone's right to healthy air. The Lung Association was among the first to tackle smoking as the nation's greatest preventable health risk, and to make the connection between air pollution and lung health. Landmark victories included the Clean Air Act and eliminating smoking on airplanes.

Today we are working to build an even healthier future for our children, and theirs. We **fight lung disease** by funding scientific research to improve treatments and find cures for lung diseases like asthma, chronic obstructive pulmonary disease (COPD) and lung cancer, the number one cancer killer.

We **fight childhood asthma** by funding vital research and working to make schools safe for kids with asthma, and

helping them manage their disease.

We **fight secondhand smoke** by advocating for comprehensive laws prohibiting smoking in all public places and workplaces, including restaurants and bars.

We **fight smoking** by giving teens and adults the tools and support they need to quit smoking. We demand that the U.S. Food and Drug Administration use its hard-won authority over the marketing, sale and manufacture of tobacco products to help stop tobacco companies from preying on children and deceiving the American public.

We **fight air pollution** by working to reduce hazardous pollution from power plants and factories, dirty diesel trucks, buses and more. We're also fighting to protect the Clean Air Act and pushing the Environmental Protection Agency to exercise its authority to enforce its lifesaving protections.

We also **fight diseases like influenza and pneumonia** by educating the public and promoting vaccination and other preventative steps.

At the American Lung Association, we never take breathing for granted, because millions of people in the U.S. fight for each and every breath. By joining us to build a healthier future, you are helping to save lives today and keep America healthy tomorrow.

# Letter from the Chair



Building a healthier future. It's what we do every day at the American Lung Association and we've been successful at it for more than a hundred years. Your lungs never rest, and neither does the Lung Association, because we know each breath is precious and it's impossible to enjoy good health without good lung health.

This past fiscal year, through our Nationwide Research Awards and Grants Program, we awarded more than \$5 million to fund 68 research grants to advance our understanding of lung disease. Our program fosters laboratory, patient-centered and social behavioral research to prevent, treat and hopefully find a cure for all lung diseases. Our Asthma Clinical Research Centers Network (ACRC®)—the nation's largest asthma clinical research network outside the pharmaceutical industry—continues to contribute major improvements to asthma treatment through a network of 18 clinical centers across the country.

Our Healthy Air Campaign continued to protect the Clean Air Act from frequent attempts in Congress to weaken the law and the ability of the Environmental Protection Agency to implement its lifesaving protections. Every year we learn more and more about how air pollution endangers our health. That's why our fight for clean and healthy air is more important than ever, especially for our children.

Asthma is a growing problem across the country, especially for kids. It's a leading cause of hospitalization, missed school days, and tragically even death. This year we helped create a new online resource for children with asthma and their parents called Lungtropolis, a fun and interactive way for them to learn about their condition and how to manage it. We released an important report in our Disparities in Lung Health Series, "Luchando por el Aire: The Burden of Asthma on Hispanics," which looks at the complex factors that increase asthma's burden on the Hispanic population. Perhaps most importantly, we were once again instrumental in leading the nationwide fight to save the National Asthma Control Program at the Centers for Disease Control and Prevention from elimination.

Tobacco use is still the leading cause of preventable disease and death in America. This year we expanded our work in creating smokefree communities around the country, helping to decrease smoking prevalence, teen smoking initiation, and exposure to secondhand smoke. We also kept up the fight to make sure cigars—especially candy-flavored cigars which appeal to kids—are not exempted from basic oversight by the Food and Drug Administration.

With our funding partner Lilly Oncology, we began development of a groundbreaking online tool for people with lung cancer—the leading cause of cancer death in America. This website, "Facing Lung Cancer: Support from Day One," which launched in November 2012, offers a variety of interactive learning options to help lung cancer patients and their caregivers find the support they need to cope with this deadly disease in a way that has never been offered before.

As we look back on this productive year, we know there will be many challenges ahead. Economic concerns have left funding for medical research and public health programs vulnerable to cuts or elimination, the Clean Air Act continues to face attacks, and the tobacco industry is still creating new ways and a wider array of products to addict our kids.

Thank you for joining us in our fight for healthy lungs and healthy air. Together we can continue working to save lives today and keep America healthy tomorrow. Thanks to your help, we can build a healthier future, for all of us.

A handwritten signature in black ink that reads "Ross P. Lanzafame". The signature is fluid and cursive.

Ross P. Lanzafame, Esq.  
Chair, National Board of Directors  
American Lung Association

# Research

**Funding medical research is critical to building a healthier future. This past year, the American Lung Association's major research programs funded a wide range of promising investigations.**

Our [Nationwide Research Awards and Grants Program](#) funded 68 grants for laboratory, patient-centered and social behavioral research aimed at preventing, treating and finding cures for lung disease. These grants include projects on asthma, COPD, lung cancer, lung infections and rare lung disorders, as well as research on important risk factors for lung disease such as smoking and air pollution.

Our [Asthma Clinical Research Centers Network](#) continues to publish new and important findings in major medical journals. The ACRC is the nation's largest asthma clinical research network, outside the pharmaceutical industry, conducting asthma clinical trials to answer questions directly benefitting patients. This year, the network added significant research findings:

- The methacholine challenge test, commonly used in diagnosing asthma, is an unreliable tool for conclusively excluding the diagnosis of asthma. It should not be used as the sole method of diagnosis, especially in white and non-allergic patients.
- The longstanding practice of prescribing heartburn medication is ineffective and unnecessarily expensive for children with asthma who do not exhibit symptoms associated with acid reflux.

The American Lung Association also continued its partnership

with the **American Asthma Foundation** to fund [Roger Tsien](#), a Nobel Prize winner in chemistry, and his novel and innovative research on asthma. He hopes to be able to understand how compounds called proteases are involved in the inflammation associated with asthma by using an imaging technique already developed for cancer.

This year also saw the American Lung Association revising its policy regarding [lung cancer screening](#). The Association now recommends that current or former smokers who are 55-74 years of age and who have a smoking history of at least 30 pack-years and no history of lung cancer be screened with low-dose CT scans for lung cancer. However, the best way to prevent lung cancer continues to be to never start smoking or to quit smoking.

The National Office's Epidemiology and Statistics Unit is analyzing **new COPD prevalence data** from the Centers for Disease Control and Prevention's Behavioral Risk Factor Surveillance System (BRFSS). The American Lung Association has been instrumental in advocating and supporting this initiative as we were one of the first organizations to spearhead the call for additional BRFSS data on COPD prevalence. Information on COPD from BRFSS will enable the creation of effective plans to address the disease burden more locally through prevention and improved care, and provide a method to measure the effectiveness of the plans over time.



## Jessica: Researching Link Between COPD and Lung Cancer

The risk of lung cancer is significantly higher in people with chronic obstructive pulmonary disease (COPD), regardless of their smoking history. Jessica Sieren, Ph.D., is using an American Lung Association Lung Cancer Discovery Award to determine if certain subgroups of patients with COPD are at increased risk for developing lung cancer. She is using computed tomography (CT) scans to measure lung tissue in each lobe of the lung, as well as each airway, down to the very small airway branches. She hopes to find whether these measurements can help determine lung cancer risk, and identify which nodules in the lung are cancerous or benign.

"We're at a really exciting time in lung imaging. The technology has really grown, but we are still not sure how to distinguish who is at increased risk of developing lung cancer. Now is the time to use this technology more effectively, to determine this risk and to stratify the population into appropriate screening protocols," Dr. Sieren says. "In addition, getting measurements through CT gives us a better opportunity to assess long-term change in the lungs, which is very important in developing new drug treatments."

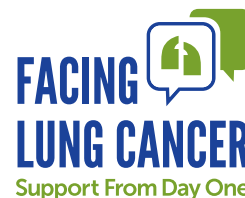
**Every year, the American Lung Association saves lives by helping people manage their lung disease, overcome their tobacco addiction and breathe better.**

In 2012, we found new and innovative ways to help more people build a healthier future. Through our workplace wellness initiative, we worked with more than 40 major employers, helping their employees quit smoking. We reached tens of thousands of individuals and helped them quit smoking through our [Freedom From Smoking®](#) suite, which includes opportunities for self-help, online, phone counseling and face-to-face cessation support.

We created new Web-based training courses that allow us to reach more healthcare providers, school personnel and other community partners who are interested in becoming certified facilitators for our [Better Breathers Clubs](#) and [Open Airways for Schools®](#) self-management programs for people living with chronic lung disease. We developed a number of new tools to help children and adults living with asthma better understand and manage their disease, including the [Lungtropolis](#) online asthma game, [Asthma Basics](#), and how-to videos. We also performed an extensive revision of existing asthma education content on the American Lung Association website, [www.Lung.org](http://www.Lung.org), so we can continue to provide the best and most up-to-date support for people with asthma.

We began to develop exciting new online tools to give new hope to patients with lung cancer and Chronic Obstructive Pulmonary Disease (COPD). These new resources will help patients and caregivers understand their disease, make informed treatment options and better manage their

conditions. Both our [Facing Lung Cancer: Support from Day One](#) website and [COPD Action Plan](#) were released in November 2012.



We also expanded smokefree communities around the country. We successfully completed a two-year Communities Putting Prevention to Work (CPPW) project in which the Lung Association's [Smokefree Communities](#) team provided technical assistance to 13 communities to decrease smoking prevalence, teen smoking initiation, and exposure to secondhand smoke. As a result of the initiative, 26 million people in 21 communities across America have been protected against deadly secondhand smoke; more than 4 million people in the U.S. now live in communities with strengthened oversight on tobacco sales to youth; and more effective messages on the dangers of secondhand smoke and tobacco use have been delivered to more than 21 million people across the country.

This year, the American Lung Association was honored to receive a five-year **Community Transformation Grant Acceleration Award** from the Centers for Disease Control and Prevention that will help us to accelerate the progress made during the CPPW project. This funding has enabled us to make sub-awards to six community collaboratives across the nation working to improve the health of their populations most impacted by tobacco-related disparities.

## Laura: Breathing Better in Smokefree Housing



Laura Humphrey is working hard to become smokefree, with help from the American Lung Association. Laura, who started smoking at age 15, used to smoke two to three packs of cigarettes a day. She tried to quit smoking, but found it difficult while living in her Duluth, Minnesota apartment, which smelled like smoke.

Then she moved into a smokefree building run by the Duluth Housing Authority. The American Lung Association in Minnesota worked with the authority to pass a smokefree policy for all of their buildings. The association helped with implementing the policy and promoting smoking cessation resources for tenants. "Now I don't have that smoking smell around me all the time," says Laura. "I'm not around people who smoke a lot, and I don't feel like I have an addiction to smoking anymore."

Laura, 47, enrolled in a smoking cessation challenge co-sponsored by the Lung Association. She completed face-to-face counseling sessions, and appreciates the personal support she received. "I can walk longer distances, and I'm not coughing as much," she says. "I feel a lot better." Thanks to help from the Lung Association, Laura is now smokefree and living in a smokefree apartment building.

# Advocacy

**Every year, the American Lung Association fights to defend your right to breathe healthy air, free of pollution or tobacco smoke, and to support government programs that benefit lung health. In 2012, our advocacy efforts again yielded important victories.**

## Healthy Air

Our **Healthy Air Campaign** continued in its fight to protect the Clean Air Act from attempts to weaken the law, and to push the Environmental Protection Agency (EPA) to implement its lifesaving protections.

As part of the campaign, we launched the Red Carriage initiative an ad campaign and more that created an iconic symbol of the importance of clean air to the health of our children.



With allies, we issued the **“Sick of Soot”** report that pointed to the 35,700 premature deaths annually from particulate matter pollution that could be prevented if the EPA adopts strong national air quality standards. EPA proposed new standards on particle pollution following our successful legal actions against them for failing to follow the Clean Air Act to regularly review and set standards that actually protect public health.

We celebrated two major milestones in cleaning up toxic pollution from coal-fired power plants: the final **Cross State Air Pollution Rule**, which would reduce pollution blowing across state lines; and the final **Mercury and Air Toxics Standards**, which would require power plants to clean up emissions of mercury, arsenic, and other pollutants that we've been working to get cleaned up for 21 years.

We issued the 13th annual **“State of the Air”** report, which shows that the air quality in many places has improved, but that more than 127 million people—41 percent of the nation—still suffer pollution levels that are often too dangerous

to breathe. We also introduced a **State of the Air phone app** that delivers air quality updates to smartphones.

## Lung Disease

The Lung Association was once again instrumental in leading the nationwide fight to save the **National Asthma Control Program** at the Centers for Disease Control and Prevention from elimination. This program funds states to provide community-based organizations to help people living with asthma better manage their disease to reduce hospitalizations and deaths.

## Tobacco Control

The 2009 Family Smoking Prevention and Tobacco Control Act is under threat from the cigar industry. The Lung Association is fighting to make sure candy-flavored and other cigars are not exempted from basic oversight by the Food and Drug Administration.

Our signature report, **“State of Tobacco Control 2012”** found that most states have failed to put in place proven tobacco prevention policies to fight the tobacco epidemic, while the federal government continued to take important steps forward.

We also issued the report **“Helping Smokers Quit: Tobacco Cessation Coverage 2011,”** which showed states are missing a big opportunity to help smokers quit, and to save taxpayer money, by covering comprehensive tobacco cessation treatments. The report also discussed the many opportunities the federal government has to help smokers quit through the implementation of the Affordable Care Act and other policies.

## Lydia: Fighting for Children with Asthma After Losing Her Own

Asthma took a tragic toll on Lydia, a California mom, and her family. Lydia became an American Lung Association Healthy Air Campaign volunteer after losing her daughter Steph, who suffered from asthma her entire life. One tragic day, a severe asthma attack cut her life short. Steph was only 15. This horrible loss inspired Lydia to fight air pollution, so that other families would never experience what hers did.

“Simply breathing dirty air can be deadly for people with asthma,” Lydia explains. “Because no one should have to experience the pain my family has endured, it is time we get tough on soot and other forms of air pollution.”

She testified before an EPA hearing in Sacramento, California to push for tighter, safer soot standards. She shared Steph's story and urged EPA to take action to protect the millions of kids, whose lives are threatened by dirty air.



# How Your Donation Helps

**W**ithout our donors, it would be impossible to deliver our mission-related work, which includes advocacy, education and research. We are grateful for the many dedicated donors who support the American Lung Association with gifts large and small.

## Education Programs

Support from our donors, both private and corporate, helps us develop health education and support programs like the new website [Facing Lung Cancer: Support from Day One](#), made possible by generous funding from Lilly Oncology. This first-of-its-kind resource provides personalized, interactive support to newly diagnosed lung cancer patients and their caregivers from the moment of diagnosis. Support from Lilly Oncology helped us develop the site beginning in early 2012, and enabled us to launch the site in time for Lung Cancer Awareness Month – November 2012.

Donations also fund our **Lung HelpLine** (1-800-LUNGUSA), staffed by registered nurses and registered respiratory therapists, which provides experts to answer your lung health questions about topics including lung cancer, asthma and smoking cessation.

## Research

The Lung Association funds a broad spectrum of medical research grants and awards that advance the fight against lung diseases like lung cancer, asthma, chronic obstructive pulmonary disease (COPD), pulmonary fibrosis and many others. The support of our donors makes them vital partners in unlocking the secrets of lung disease—leading to better treatments and cures.

## Advocacy

The generosity of our donors also makes it possible for the Lung Association to advocate for lung health at the national,

state and local levels. We fight for clean air and for tobacco control legislation that will protect our children's health. The American Lung Association Action Network is a dynamic communications hub allowing volunteer advocates from coast to coast to immediately contact their policy makers on issues that are key to the Lung Association's mission.

## Ways to Give

Every gift to the American Lung Association counts, and makes a difference in the lives of those all around you. We make giving simple and encourage you to choose the way that suits you best. It's easy to donate online at [www.Lung.org](http://www.Lung.org), and you'll know in an instant that your gift was received. You can donate through the mail or through our historic annual **Christmas Seals®** campaign, which has a festive new website: [www.christmasseals.org](http://www.christmasseals.org). You can make a lasting gift through one of many planned giving options. Visit [www.Lung.org](http://www.Lung.org) to learn how to make a donation that is coordinated with financial and estate planning, one that will serve your philanthropic and personal needs.



## Nancy: Giving Today and Making a Lasting Gift to Save Lives



Nancy E. Smith of Maryland first got to know the American Lung Association as a child. "Both my mother and father had COPD, so I became interested in supporting the American Lung Association as well," says Nancy. "When my mother and father sent Christmas cards, starting in the early 1950s, we used Christmas Seals. I still love putting that Christmas Seal on, and I like how it changes every year." Nancy recalls how smoking impacted her family, "My mother had only 29 percent lung capacity, but she loved to travel, so we worked it out, and took extra care. I never smoked but everyone in my family did, and that's significant to why they had troubles."

After giving to the Christmas Seals campaign for many years, Nancy decided in 2012 to make a lasting gift, by including the Lung Association in her estate plans. "I knew how supportive my mother had been of the Lung Association, so I wanted to be sure to set up this gift," she says. Nancy's advice to others considering planned giving? "Don't wait too long!" she advises. "I wanted to make sure my wishes were fulfilled." Now, Nancy knows that part of her estate will help save lives from lung disease.

## Christmas Seals®-A Lifesaving Holiday Tradition

Singer, actress and Tony Award winner Anika Noni Rose doesn't let anything slow her down—especially not asthma. “It's easy to take breathing for granted, but when I was diagnosed with asthma, I learned that every breath is precious,” she says.

The multi-talented star joined the American Lung Association as celebrity chair of our 2011 **Christmas Seals Campaign** to share her story and speak out for those with asthma and other lung diseases.

Although more than 100 years old, the fundraising campaign has changed with the times, featuring an interactive Christmas Seals website, videos on YouTube, e-cards to share with family and friends, and an active presence on Facebook and Twitter.



Film, TV and Broadway star Anika Noni Rose lends her support to Christmas Seals.



Carole and Kristi Yamaguchi want families to know that the best way to help prevent influenza is by getting a flu shot.

## Faces of Influenza - Reaching Mothers to Encourage Annual Influenza Vaccination

For the 2011-2012 flu season, the Centers for Disease Control and Prevention recommended annual vaccination for everyone 6 months of age and older. Family members of all generations were encouraged to get vaccinated throughout the entire influenza season.

In its sixth year, the American Lung Association's **Faces of Influenza** campaign, conducted in collaboration with Sanofi Pasteur, engaged celebrity spokesperson Kristi Yamaguchi (Olympic Gold Medalist and mother of two) and her own mother, Carole, as well as Lili Estefan (mother of two and host of Univision's “El Gordo y la Flaca”) to stress the importance of vaccination for all family members, including those 65+. Americans were urged to talk to their health care provider about vaccine options available for their age group.

Through national, Hispanic and grassroots efforts with Kristi, Carole and Lili, the 2011-2012 campaign reached an audience of **more than 1 billion people**.

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# Financial Statement

## Statements of Financial Position

|                                                     | 2012                | 2011                |
|-----------------------------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                                       |                     |                     |
| Cash and cash equivalents                           | \$6,925,445         | \$7,378,584         |
| Receivables, net of allowance for doubtful accounts | 5,718,016           | 5,410,946           |
| Prepaid expenses                                    | 463,313             | 623,785             |
| Inventory                                           | 62,566              | 21,380              |
| Notes receivable                                    |                     |                     |
| Investments                                         | 12,313,918          | 11,930,147          |
| Amounts held on behalf of others - annuity funds    | 1,786,840           | 2,050,636           |
| Annuity fund investments                            | 62,224              | 74,115              |
| Property and equipment, net                         | 477,843             | 388,164             |
| Beneficial interest in perpetual trust              | 3,238,875           | 1,464,679           |
| <b>Total Assets</b>                                 | <b>31,049,040</b>   | <b>29,342,436</b>   |
| <b>LIABILITIES AND NET ASSETS</b>                   |                     |                     |
| <b>Liabilities</b>                                  |                     |                     |
| Accounts payable and accrued expenses               | 1,840,928           | 2,280,726           |
| Borrowing under line of credit                      | 2,086,108           | 2,229,182           |
| Awards and grants payable                           | 3,236,853           | 3,160,233           |
| Deferred revenue                                    | 3,649,473           | 2,889,026           |
| Due to Chartered Associations                       | 2,133,216           | 971,893             |
| Amounts held on behalf of others - annuity funds    | 1,786,840           | 2,050,636           |
| Annuity fund obligations                            | 71,147              | 75,839              |
| Pension and life insurance benefit plan obligation  | 4,320,828           | 3,533,831           |
| Other liabilities                                   | 1,586,905           | 1,835,497           |
| <b>Total Liabilities</b>                            | <b>20,712,298</b>   | <b>19,026,863</b>   |
| <b>Net Assets</b>                                   |                     |                     |
| Unrestricted                                        | 5,864,453           | 7,394,100           |
| Temporarily restricted                              | 832,488             | 1,123,830           |
| Permanently restricted                              | 3,639,801           | 1,797,643           |
| <b>Total Net Assets</b>                             | <b>10,336,742</b>   | <b>10,315,573</b>   |
| <b>TOTAL</b>                                        | <b>\$31,049,040</b> | <b>\$29,342,436</b> |

## Statement of Activities

|                                                              | 2012              | 2011              |
|--------------------------------------------------------------|-------------------|-------------------|
| <b>OPERATING REVENUES</b>                                    |                   |                   |
| Contributions from individuals, corporations and foundations | \$4,809,138       | \$5,980,357       |
| Program service contracts                                    | 8,941,024         | 2,817,030         |
| Shared revenue from chartered associations                   | 2,938,852         | 4,075,059         |
| Chartered association assessments                            | 4,609,824         | 4,623,154         |
| In-kind donated media                                        | 13,429,006        | 27,608,229        |
| Federal grants                                               | 1,146,213         | 1,042,436         |
| Bequests                                                     | 1,626,527         | 792,909           |
| Program reimbursements from chartered associations           | 23,301,773        | 26,401,095        |
| <b>Total Operating Revenues</b>                              | <b>60,802,357</b> | <b>73,340,269</b> |
| <b>OTHER SUPPORT</b>                                         |                   |                   |
| Interest and dividends                                       | 415,928           | 674,325           |
| Licensing fees and royalties                                 | 1,176,315         | 745,093           |
| Other                                                        | 592,634           | 1,030,676         |
| <b>Total Other Support</b>                                   | <b>2,184,877</b>  | <b>2,450,094</b>  |
| <b>Total Operating Revenues and Other Support</b>            | <b>62,987,234</b> | <b>75,790,363</b> |
| <b>PROGRAM AND SUPPORTING SERVICES</b>                       |                   |                   |
| Program services                                             | 58,447,749        | 69,262,855        |
| Supporting services                                          | 4,841,125         | 6,908,856         |
| <b>Total Cost of Program and Supporting Services</b>         | <b>63,288,874</b> | <b>76,171,711</b> |
| <b>Changes in net assets from operating activities</b>       | <b>(301,640)</b>  | <b>(381,348)</b>  |
| <b>NONOPERATING ACTIVITIES</b>                               |                   |                   |
| Realized gains on investments                                | 114,895           | 382,923           |
| Unrealized gains (losses) on investments                     | (4,533)           | 124,418           |
| Transfer of beneficial interest in perpetual trusts          | 1,776,399         | --                |
| Changes in fair value of beneficial interest in trust        | (2,203)           | 247,590           |
| Change in value of split-interest agreements                 | 724               | (6,588)           |
| Pension and life insurance benefit plan activities           | (1,562,473)       | 2,290,648         |
| <b>Change in Net Assets</b>                                  | <b>21,169</b>     | <b>2,657,673</b>  |
| <b>NET ASSETS</b>                                            |                   |                   |
| Beginning of year                                            | 10,315,573        | 7,657,900         |
| End of year                                                  | \$10,336,742      | \$10,315,573      |

The amounts shown for the years ended June 30, 2012 and 2011, in the above statements, are included to provide a basis for comparison. Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation.