

LANCE ARMSTRONG AND LIVESTRONG FOUNDATION: RISING AGAIN AFTER THE FALL¹

Dheeraj Sharma and Varsha Verma wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

This publication may not be transmitted, photocopied, digitized or otherwise reproduced in any form or by any means without the permission of the copyright holder. Reproduction of this material is not covered under authorization by any reproduction rights organization. To order copies or request permission to reproduce materials, contact Ivey Publishing, Ivey Business School, Western University, London, Ontario, Canada, N6G 0N1; (t) 519.661.3208; (e) cases@ivey.ca; www.iveycases.com.

Copyright © 2014, Richard Ivey School of Business Foundation

Version: 2014-06-19

2012 had been a tough year for renowned athlete Lance Armstrong. The cycling legend and cancer survivor had been found guilty of using performance-enhancing drugs — i.e., “doping” — and stripped of his titles. After the report highlighting his doping was released, all sponsors had dropped Armstrong. Of the experience he said in an interview, “I don’t like thinking about it. But [I lost] about US\$75-million² [that] day.” Next, came the battle with *The Sunday Times*, whom he had sued for defamation regarding his alleged cheating and drug use in 2006; at the time, Armstrong had been awarded £300,000. After Armstrong accepted the doping charges, *The Sunday Times* counter-sued for approximately £1 million.

In less than six months, 41-year-old Armstrong had lost his titles, reputation and money. In addition to this, Armstrong was finding it difficult to protect Livestrong, a foundation that he had created to support cancer research and treatment. The foundation was his pet project and he had had put years of effort and funding into it. To protect the foundation from the backlash of the doping charges, he had stepped down from the board of directors; however, Armstrong’s damaged reputation and financial setbacks were directly affecting Livestrong as he had invested a substantial part of his income and brand image into the foundation. Armstrong needed to recover from these setbacks and salvage Livestrong.

EARLY YEARS

Lance Edward Armstrong was born to Linda Gayle and Eddie Charles Gunderson on September 18, 1971, in Texas. Linda Gayle was just 17 when Armstrong was born.³ Despite the social stigma attached to giving birth to a child out of wedlock, Gayle was a determined person who believed in converting all obstacles into opportunities. Conversely, Armstrong’s father left before the birth. Terry Keith Armstrong later adopted Armstrong when he was three years old; however, Armstrong was evidently destined to

¹ This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Livestrong or any of its employees.

² All figures in US\$ unless otherwise stated.

³ Lance Armstrong and Sally Jenkins, *It’s Not About the Bike: My Journey Back to Life*, Penguin Putnam, New York, 2001, pp 14.

grow up with a single parent as Terry also later left. It was his mother who proved to be Armstrong's strongest support and motivator throughout his life. She inculcated the "never-say-die" spirit in him and kept him going in difficult times.

Armstrong proved to be very athletic and started with rigorous swimming and cycling sessions at the early age of 10. Having identified his strength and passion for sports, Armstrong started participating in cycling competitions and triathlons when he was only 13. A triathlon is a multi-stage competition with three consecutive levels: 40 kilometers of cycling, 750 metres of swimming, and five kilometers of running⁴. Armstrong swiftly moved from swimming to cycling as he found himself more capable at it; he also enjoyed it much more.

During his high school days, Armstrong was invited by the U.S. Olympic Development team to offer training for Colorado Springs. After passing high school in 1989, Armstrong qualified for the Moscow Junior World Championships. Notably, Armstrong achieved 11th place in the World Championship Road Race with the best time since 1976. Later, in 1990, Armstrong overtook key professional cyclists in the First Union Grand Prix and the Thrift Drug Classic races to win the title of U.S. National Amateur Champion. Amidst this success, Armstrong was known to be very aggressive; others felt that he didn't respect his team members. It seemed winning was the only thing on his mind and there was nothing that could distract him.

The tough 12-stage race of Tour DuPont was first conducted in 1991, when Armstrong covered 1,085 miles in 11 days. This was the grand opening in the world of international cycling in which he proved his potential. The same year Armstrong went on to win the Settimana Bergamasca race held in Italy. In the 1992 U.S. Olympic time trials, Armstrong took the second position. After this he was expected to win at Barcelona, Spain but his performance turned out to be quite disappointing. Just after the Olympics, Armstrong became professionally associated with the Motorola cycling team from 1992 to 1996. His performance in the first event at San Sebastian Classic, Spain after his association was again unsatisfactory. Nevertheless, Armstrong was not a player who could easily be discounted. In the World Cup race at Zurich, Switzerland he regained his performance and achieved second place.⁵

In 1993, Armstrong achieved 10 one-day titles over and above the stage races. This included the prestigious win at the Thrift Drug Classic, the Kmart West Virginia Classic and the U.S. Professional Championship. Apart from this, he earned second place in the Tour DuPont. Armstrong participated for the first time in the prominent Tour de France and won the eight stages. The best win of the year was the World Road Race Championship in Oslo, Norway. It turned out to be the most special victory as Armstrong survived tough weather conditions that led to several crashes. The day-long event covering 161 miles and made Armstrong the youngest and second American to win the rare title. In the year 1994, Armstrong was the runner up at Tour DuPont. Quite disappointed by his performance, Armstrong underwent a rigorous training routine and made a marvelous comeback with a win, completing two minutes before Viatcheslav Ekimov from Russia (the same competitor who had prevented Armstrong from winning in 1994). Armstrong set new records again at the Tour DuPont in 1996, creating a historic margin of three minutes and 15 seconds with an average speed of 32.9 miles per hour.

These were the last few wins for Armstrong before cancer started taking a toll on his health. Armstrong participated for the Olympics team, Atlanta, and the Tour de France in 1996, but could not perform well.

⁴ "Triathlon Distances," *totaltriathlon*, 2012, <http://totaltriathlon.com/triathlon-distances>, accessed December 8, 2012.

⁵ Lance Armstrong and Sally Jenkins, *"It's Not About the Bike: My Journey Back to Life,"* Penguin Putnam, New York, 2001 pp 39.

However, he still survived as the seventh-ranked cyclist worldwide. This provided him an opportunity to sign a well-paid contract with a French team, Cofidis.⁶

BATTLE WITH CANCER

On October 2, 1996, the shocking news that Armstrong was suffering from testicular cancer was announced. Armstrong was 25 at the time. The disease had already reached the third stage, attacking his brain, abdomen and lungs. An immediate surgery coupled with exhaustive chemotherapy sessions was performed. After getting primary treatment at Austin, Texas, he was admitted at the Medical Centre of Indiana University, Indianapolis, where the use of cisplatin was pioneered by Lawrence Einhorn to treat testicular cancer.

The survival rate post-surgery kept declining from 85 to 65 to 50 and finally, 40 per cent. All of Armstrong's contracts were terminated as no one expected him to recover from such a deadly disease. Furthermore, even if he could fight back, there was no hope that Armstrong would again compete in races with the same energy and enthusiasm. However, for Armstrong, this setback could not shake his passion for the sport. Armstrong's only goal was to beat the disease and get back to cycling.

Undoubtedly, this attitude helped him to fight the disease and he was declared cancer free in February 1997. As a result, Armstrong was considered a fighter both in his personal and professional life. Initially, he had to struggle to find someone to sponsor him and gain back the same trust in his ability to win. Though Armstrong was eventually successful in getting a sponsor post-cancer treatment (the U.S. Postal Service Team soon signed him for \$200,000 annually), he took a substantial pay cut from the annual pay package of \$600,000 that he had earned prior to the disease.⁷

Even before Armstrong was declared cancer free, he had decided to run a cancer foundation in his name to help, educate and treat cancer patients. Livestrong (formerly known as the Lance Armstrong Foundation) was founded in 1997, the same year that he was declared cancer free. This tragic disease had changed his way of looking at life and he wanted to dedicate his success to those who suffered from the same.

RISE TO STARDOM

After battling cancer for almost a year, Armstrong stunned the world by winning the Tour de France titles from 1999 to 2005. Tour de France proved to be the most cherished and memorable victory for Armstrong. The victory also attracted donors and with the prize money, the cancer foundation engaged in substantial charity work. Armstrong declared his retirement from profession cycling in the year 2005, but again started afresh with the Astana team in 2009, completing the 2009 Tour de France. After taking third place, Armstrong confirmed his participation for 2010 with the Radioshack team. He finished the last tour at 23rd position and announced his retirement from an international career in 2011. He would now compete only in the United States for the Radioshack team.

Brand Armstrong

Being a high-profile sports personality, Armstrong had product endorsement contracts with major footwear and sports apparel companies. A decade-long product endorsement contract with Nike was the

⁶ "Lance Armstrong Biography," *Bio*, www.biography.com/people/lance-armstrong-9188901, accessed November 6, 2012.

⁷ C. Brown, "Armstrong Making a Big Comeback," *The Cedartown Standard*, July 22, 1999.

most substantial one as the company was frequently developing new products and advertisements. Nike also contributed significantly to Armstrong's cancer foundation through donations and manufacturing, and by marketing the Livestrong brand of apparel and shoes. In addition, Armstrong signed a three-year contract with the global beer giant, Anheuser Busch-InBev in 2009, and Trek Bicycles had a long-term endorsement contract since 1998. An energy food company, Honey Stinger, made Armstrong part owner. Due to his athletic physic, Armstrong secured a contract with 24-hour Fitness to open gyms and fitness clubs. In July 2009, an endorsement contract with the retailer Radioshack was signed which also turned out to be a key sponsor for Livestrong. Giro bike helmets signed up with Armstrong to introduce "Lance" helmets. He also served as a board member and investor to FRS Co., an energy drink company.⁸ It was reported that Armstrong earned more than \$100 million from his sponsors alone apart from the prize money won in international competitions.⁹ He was estimated to earn around \$4 million from the seven titles of Tour de France won during 1999-2005.

Several books were written about Armstrong's journey as an athlete, a cancer survivor and a person.

Lance Armstrong: The Philanthropist

The Lance Armstrong foundation, a non-profit organization, was established in January 1997, in order to provide services to cancer patients and their families who faced financial and emotional challenges. The services were provided free of cost and reached 2.3 million people through its cancer navigation services from 1997 to 2012.¹⁰ The foundation worked in multiple ways to make a strong fight against cancer. Apart from rendering services to overcome disease, it organized fund-raising campaigns, participated in policy formulation and promoted education and research to combat cancer, which affected 12 million U.S. citizens annually.¹¹

In 2003, Livestrong.org was formed to provide online information to cancer survivors. Through the Internet, the reach and awareness of the foundation increased drastically. Livestrong representatives acted as a medium between the foundation and cancer victims, organizing programs and initiatives for the foundation to help them reach out to the maximum number of cancer survivors. The organization's online presence also helped in recruiting more volunteers and in raising funds for the cause.

The foundation also actively supported research and grant funds on a regular basis. In 2011, 30 research grants were extended that provided suggestions from the National Action Plan on Cancer Survivorship and information on the Adolescent and Young Oncology Progress Review Group. The updated data from the cancer survivors regarding their experiences was collected through a Livestrong survey. The data was then used to develop reports reflecting the progress done by the foundation and recommendations for health policy changes. To enhance collaboration and improve effectiveness of the programs, survivorship centres were created in 2005.

Community programs were run to channel the funds from Livestrong for different activities. In 2011, the foundation supported more than 27 conferences based on cancer-related issues and funded nearly 90

⁸ Rupal Parekh, "The Implosion of Lance Armstrong's Endorsement Empire: \$30M and Counting," *AdAge*, October 19, 2012, <http://adage.com/article/news/implosion-lance-armstrong-s-endorsement-empire/237854/>, accessed November 6, 2012.

⁹ "Travis Tygart: The Man Who Brought Down Armstrong," *Bicycling*, October 22, 2012, <http://bicycling.com/blogs/dailylance/2012/10/22/travis-tygart-man-who-brought-down-armstrong>, accessed November 6, 2012.

¹⁰ Annual Report, Livestrong, 2011, www.livestrong.org/pdfs/4-0/Annualreport_Web-version2011, accessed November 6, 2012.

¹¹ *Ibid.*

annual replication awards. The four programs selected under the 2011 community impact project were Cancer Transitions (a six-week program to educate on post-cancer treatment), Livestrong at the YMCA (a wellness program with evidence-based physical activity for cancer patients), Livestrong Promoters Training Program (a program for the health workers to address the concerns of cancer victims) and Camp Kesem (a summer camp run by students to raise funds and aid children whose parents suffered from cancer). Together, these four programs were estimated to directly or indirectly provide support and training to almost 32,000 people.

Livestrong won the Hispanic Campaign of the Year award (2011) for treating approximately 1,253 Latinos and extending resources to them through the Livestrong platform. The Hispanic/Latino population made up 15.2 per cent of the total U.S. population and was expected to triple from 2008 to 2050 as per the U.S. Census Bureau.¹² This was a major concern, as cancer was the leading cause of death among the community. A critical issue was delayed diagnoses that led to lower survival rates.

The Public Relations Society of America, Los Angeles Chapter, awarded three titles for the national campaign undertaken by the foundation in 2011 (Nonprofit Campaign of the Year, Public Education Campaign of the Year and Multicultural Campaign of the Year). An online curriculum was designed by the foundation to help educate students about the disease through instructors. About 1.5 million students and 100,000 teachers were engaged to support the cause in partnership with Scholastic Inc. The Livestrong at the YMCA program increased its reach to 159 communities, 195 branches worldwide, and served 6,000 individuals by 2011. The program undertook summer camps and developed childcare programs as well.

The Livestrong Young Adult Alliance was started with the objective to serve young cancer victims. Nearly 70,000 people in the United States between the ages of 15 and 39 were diagnosed with cancer each year. Furthermore, the survival rates in this age bracket had shown no change since 1975, due to low participation, delayed diagnoses or lack of insurance coverage. A coalition of 160 organizations, including universities, hospitals, societies, non-profit organizations, etc., worked towards this cause. The foundation provided professional education to healthcare workers to render the best possible service and enhance knowledge. "Focus Under Forty" was launched in partnership with the American Society of Clinical Oncology Foundation to educate physicians, assistants and nurses to treat younger patients¹³.

Livestrong Navigation Services provided free information and aid to survivors or caregivers affected by cancer. The group provided information on diagnosis, treatments available and the latest updates on the disease, as well as financial and emotional support. Through Navigation Services, Livestrong reached 500,000 individuals, saving around \$3.2 million through discounts and negotiations, aligning about 13,700 volunteers across 47,000 services, distributing 188,000 brochures, and serving 1, 200 clients in Austin in 2011.¹⁴ Navigation Services were rendered in conjunction with five partners: the Patient Advocate Foundation worked as an active mediator between victims and their employer or insurer; EmergingMed analyzed treatment options; Imerman Angels connected peer-to-peer for patients and care providers; the Navigate Cancer Foundation educated patients' families through nurse training; and Fertile Hope rendered financial assistance and information on fertility preservation. In total, the navigation services' partners serviced more than 225,700 victims were serviced through various avenues in 2011.¹⁵

¹² *Ibid.*

¹³ S. Tappouni, "ASCO and LIVESTRONG Launch Focus Under Forty," *ASCO*, November 18, 2010, www.asco.org/press-center/asco-and-livestrong%2%AE-launch-focus-under-forty, assessed November 8, 2012.

¹⁴ *Annual Report, Livestrong, 2011, op. cit.*

¹⁵ *Ibid.*

Every year, a one-day event, Livestrong Day, was celebrated by all the volunteers to give a boost to the cause and to increase awareness. Around 27,000 people vowed to wear yellow that day along with Lance Armstrong and participated in various activities.¹⁶ To connect with the Livestrong volunteers worldwide, events such as walks, runs, rides and swimming were organized every year. In 2011, the event received immense support from the sponsors and the entire amount raised by Team Livestrong was utilized for the programs. Several partnered events such as skiing, fashion shows, bike rides and mountain climbing were also organized to foster team spirit. Corporate partners included American Century Investments Giro, Johnson Health Tech, Nike, Oakley, RadioShack, Sporting Club, thinksport, Trek and Demand Media. In a single year, Nike and the Livestrong raised more than \$100 million to support the cause. Furthermore, fund management at the foundation had been extremely efficient: for each dollar raised, \$0.81 was used for providing services and support programs for cancer victims¹⁷.

DOPING CHARGES

Armstrong's post-retirement objective was to spend time with his family and help cancer patients, but the fight was still not over. Several allegations had been made against Armstrong during his post-cancer career. From 1999 onwards, Armstrong continued to win Tour de France titles — a fact that was difficult to digest as he was a cancer survivor. It was alleged that he had developed cancer due to the consumption of banned drugs. When Armstrong won his second Tour de France title in 2000, Paris, the United States Anti-Doping Agency (USADA) started investigating the use of performance-enhancing drugs by the U.S. Postal Service team. In 2002, the case was closed after a 21-month investigation due to a lack of evidence.¹⁸ However, it was later found that Armstrong did test positive for a corticosteroid — a result he had explained by producing a backdated doctor's prescription.

A French book titled "L.A. Confidential" was written by David Walsh and Pierre Balester in 2004. The book addressed the doping charges against Armstrong. It also highlighted a claim by Armstrong's former massage therapist that Armstrong used to cover up the needle tracks (from doping) on his arms with the help of make-up. Armstrong's personal assistant revealed that a steroid was found in his medicine cabinet in 2005. The same year, L'Equipe, a French sports newsletter, reported a positive test for consuming Erythropoietin (EPO), a blood-boosting drug.¹⁹ The test had been conducted on Armstrong's urine sample that had been collected and stored from 1999. Armstrong never accepted the claims, alleging weak laboratory standards. However, the waves of doping charges became more and more aggressive. An insurance company from Texas kept the performance bonus of \$5 million on hold due to the doping charges for winning the 2004 Tour de France. Again, Armstrong won the settlement through various means. His former teammate Frankie Andreu and his wife alleged that they had overheard Armstrong discuss using steroids and other banned drugs while he was being treated for cancer.²⁰

¹⁶ "Event Information," *Livestrong at YMCA*, 2012,

<http://ymca.kintera.org/faf/help/helpEventInfo.asp?ievent=1007742&lis=1&kntae1007742=6B283A4370DA41659075334286B88588>, assessed November 8, 2012.

¹⁷ "LIVESTRONG(R) Celebrates 15 Years of Serving & Empowering People Affected by Cancer," *Livestrong Foundation*, January 9, 2012, <http://lancearmstrong.mwnewsroom.com/press-releases/livestrongr-celebrates-15-years-of-serving-emp-0838404>, accessed November 8, 2012.

¹⁸ Juliet Macur, "Armstrong Drops Fight Against Doping Charges," *The New York Times*, August 23, 2012, www.nytimes.com/2012/08/24/sports/cycling/lance-armstrong-ends-fight-against-doping-charges-losing-his-7-tour-de-france-titles.html?pagewanted=all, accessed November 6, 2012.

¹⁹ C. Pelkey, "L'Equipe Alleges Armstrong Samples Show EPO Use in 99 Tour," *Velo News*, August 23, 2005, http://velonews.competitor.com/2005/08/tour-de-france/lequipe-alleges-armstrong-samples-show-epo-use-in-99-tour_8740, accessed November 12, 2012

²⁰ J. Macur, "Armstrong Drops Fight Against Doping Charges," *The New York Times*, August 23, 2012, www.nytimes.com/2012/08/24/sports/cycling/lance-armstrong-ends-fight-against-doping-charges-losing-his-7-tour-de-france-titles.html?pagewanted=all&r=0, accessed November 15, 2012.

In 2006, Floyd Landis won the Tour de France race but the title was soon stripped after he tested positive for performance-enhancing drugs. Armstrong again won third place in the Tour de France in 2009. Later in August, the French Anti-Doping Agency accused Armstrong of not co-operating with the mandatory drug test. In 2010, Landis reported top cyclists including Armstrong to be actively involved in doping while competing for the U.S. Postal Service team. Such charges were also made by another top cyclist, Tyler Hamilton, claiming usage of secret words and cell phones for doping in the 1999, 2000 and 2001 Tour de France races. Armstrong kept on denying the claims and was fortunate enough to escape conviction for several years. In 2011, Stephen Swart, a 1995 Tour de France teammate, stated in a sports article that Armstrong was “like a ringleader” of the EPO doping scheme among team members. The claims were again denied by Armstrong’s lawyer.²¹ More players claimed that Armstrong used to bully, threaten and blackmail team members to not get tested and dope alongside him. Charges against Armstrong became more alarming with the allegations that he used, supplied, enforced and re-enforced drugs to his teammates. He was being considered responsible for creating a culture of doping.

In June 2012, the USADA filed doping charges against Armstrong. Travis Tygart had been the chief operating officer of USADA since 2007, and had served as general counsel before. Over the years, Tygart played a major role in uncovering drug related scandals. He prepared a 1,000-page report explaining allegations and detailing evidence against Armstrong, with the support of 26 witnesses that included 11 former teammates. Tygart received death threats and accusations from Armstrong and his supporters during this period.²²

Armstrong and his lawyer fell short of declaring innocence against the mounting evidence, which was strong and supported by his former teammates. In August 2012, a historic judgment in the sports field was given by USADA. Armstrong was banned from all sports competitions that followed the code and conduct of the World Anti-Doping Agency, and declared guilty of using banned blood transfusions, blood booster EPO, testosterone, and other drugs. The most shattering judgment was to strip all the titles Armstrong won since 1999, and demand the return of the awarded prize money. This was followed by a huge backlash in Armstrong’s goodwill, his passion for athletics and his aspirations for Livestrong.

RECENT EVENTS

A further downturn came when seven major sponsors — Nike, Trek, Anheuser-Busch-InBev, Honey Stinger, 24-Hour Fitness, Radioshack, Giro, FRS Co. — (among others) banned Armstrong from endorsing their brands. Nike announced that they would continue their support to Livestrong. Only one brand, Luxxotica’s Oakley, continued the original contract until Armstrong was declared guilty by the International Cycling Union. Loss of all sponsorships proved to be a huge setback for Armstrong, as sponsorships were the main source of funding for the Livestrong. Knowing that his image had already been tarnished and not wanting to drag the foundation down with him, Armstrong immediately resigned from his position as chairman of the foundation in October 2012. He also withdrew from its board of directors in November 2012.²³ Though he had separated himself from Livestrong, Armstrong wondered if he could do anything more to protect the foundation.

There were concerns as to whether or not Livestrong would be able to retain its donors and sponsors now that Armstrong had withdrawn from it. Armstrong’s endorsement of Livestrong had saved more than 2.5

²¹ “SI Reports New Information in the Case Against Lance Armstrong,” *Sports Illustrated*, January 19, 2011, <http://sportsillustrated.cnn.com/2011/more/01/18/lance.armstrong/>, accessed November 14, 2012.

²² “Lance Armstrong: The Ugliest American,” *Sports Business News*, October 28, 2012, www.sportsbusinessnews.com/content/lance-armstrong-%E2%80%93-ugliest-american, accessed November 6, 2012.

²³ Michael Pearson, “Doping Scandal Costs Lance Armstrong Sponsors, Charity Role,” *CNN*, <http://edition.cnn.com/2012/10/17/us/lance-armstrong-doping/index.html>, accessed November 6, 2012.

million cancer patients by garnering and distributing huge donations. The total donated amount was close to \$500 million. Livestrong, through Nike, made more than 87 million of its famous Livestrong yellow rubber wristbands and raised more than \$100 million through its sales of the wristband and other Livestrong apparel.²⁴ Research showed that the doping episode would deal a financial blow of about \$30 million to the foundation if Nike and other major sponsors withdrew their support. This estimate included present and future endorsement deals and corporate sponsorships.²⁵

Apart from corporate sponsors, Livestrong had many private donors and seemed to receive continued support from them. When Armstrong decided to stop denying the doping allegations, there was a huge inflow of funds, close to \$78,000 from 411 undisclosed donors. This amount was 10 times more than the usual amount from such sources. Further, merchandise sales also increased to \$13,000.²⁶

Nevertheless, the foundation estimated that its 2013 budget would be \$38.4 million, 10.9 per cent less than its 2012 budget.²⁷ In light of these developments, Armstrong wondered how to salvage Livestrong as a brand and as a successful organization.

*Dheeraj Sharma and Varsha Verma are from Indian Institute of Management – Ahmedabad.
Dheeraj Sharma can be reached at dsharma@iimahd.ernet.in.*

²⁴ Darren Rovell, "Nike to End Livestrong Deal," *ESPN*, May 28, 2013, http://espn.go.com/sports/endurance/story/_/id/9318209/nike-ending-line-livestrong-products, accessed August 10, 2013.

²⁵ Rupal Parekh, "The Implosion of Lance Armstrong's Endorsement Empire: \$30M and Counting," *AdAge*, October 19, 2012, <http://adage.com/article/news/implosion-lance-armstrong-s-endorsement-empire/237854/>, accessed November 6, 2012.

²⁶ "Lance Armstrong Livestrong Donations Increase 25 Times Following Controversy," *Huffington Post*, August 25 2012, www.huffingtonpost.com/2012/08/25/lance-armstrong-livestrong-foundation-cycling-ban_n_1830256.html, accessed November 6, 2012.

²⁷ K. McLane, "Statement from the Livestrong Foundation," *Yahoo Finance*, January 18, 2013, <https://finance.yahoo.com/news/statement-livestrong-foundation-060440296.html>, accessed January 30, 2013

**EXHIBIT 1: SCHEDULE OF PROGRAM EXPENSES OF LIVESTRONG
FOR THE YEAR ENDING DECEMBER 31, 2011**

	Grants and Programs	Programs and Policy	Education and Program Development	Grassroots Advocacy	Government Relations	Total Programs
Advertising and public awareness	\$ 1,016,769	3,044,867	1,244,740	440,298	105,302	5,851,976
Salaries, wages, and benefits	2,215,914	1,556,299	1,038,500	451,115	343,204	5,605,032
Legal and professional	2,232,580	919,216	1,613,142	45,484	393,879	5,204,301
Grants and awards	2,463,352	817,502	1,667,287	-	-	4,948,141
Travel	487,253	206,458	352,062	64,526	75,386	1,185,685
Guidebook and merchandise giveaway	9,491	942,694	9,467	1,072	857	963,581
Technology	783,406	88,867	68,922	9,990	10,974	962,159
Other	413,680	216,802	195,216	43,185	50,282	919,165
Contract services	243,539	241,636	133,994	20,808	20,013	659,990
Facility and Miscellaneous Rental Charges	213,857	144,435	119,906	19,298	19,486	516,982
Depreciation	151,595	121,309	95,867	16,505	15,323	400,599
Payroll taxes	139,141	95,404	65,086	27,958	22,259	349,848
Printing and publications	103,367	54,994	131,747	6,120	10,441	306,669
Postage and supplies	76,737	104,899	27,559	3,910	1,825	214,930
Bank service fees	78,363	63,240	49,271	8,540	7,860	207,274
Professional fundraising fees	65,661	25,816	26,030	3,513	3,261	124,281
Occupancy	53,602	42,857	33,869	5,831	5,414	141,573
Retirement plan contributions	48,526	39,285	21,900	9,976	9,976	132,484
Bad debt/taxes/miscellaneous	97,957	2,033	1,148	279	257	101,674
Insurance	35,909	28,735	22,709	3,909	3,630	94,892
Telephone	24,412	9,451	10,292	4,839	7,765	56,759
Entertainment	2,970	2,017	1,594	2,553	255	9,389
Permits	3,452	2,762	2,183	376	349	9,122
	\$10,961,533	8,771,578	6,932,491	1,192,906	1,107,998	28,966,506

Source: "Lance Armstrong Foundation Financial Statements and Supplemental Schedules," June 8, 2012, www.livestrong.org/pdfs/4-0/2010-and-2011-Audited-Combined-Financial-Statement, accessed November 20, 2012.

EXHIBIT 2: LIVESTRONG — SCHEDULE OF GRANT HISTORY (DECEMBER, 31, 2011)

	2002 and Prior	2003	2004	2005	2006	2007	2008	2009	2010	2011	TOTAL
Grants payable January 1	\$-	2,736,149	3,420,931	4,561,969	9,540,676	7,337,123	7,590,025	6,833,099	3,057,033	2,040,951	-
Grants awarded	6,087,097	3,623,374	6,186,800	14,976,455	12,891,166	9,534,130	8,800,140	4,995,469	7,303,518	5,354,612	79,752,761
Grant payments and other changes	3,350,948)	(2,938,592)	(5,045,762)	(9,997,748)	(15,094,719)	(9,281,228)	(9,557,066)	(8,771,535)	(8,319,600)	(4,790,357)	(77,147,555)
Grants payable December 31	\$ 2,736,149	3,420,931	4,561,969	9,540,676	7,337,123	7,590,025	6,833,099	3,057,033	2,040,951	2,605,206	2,605,206

Source: "Lance Armstrong Foundation Financial Statements and Supplemental Schedules for the Years Ended December 31, 2011 and 2010 and Independent Auditors' Report, June 8, 2012, www.livestrong.org/pdfs/4-0/2010-and-2011-Audited-Combined-Financial-Statement, accessed November 20, 2012.

**EXHIBIT 3: STATEMENTS OF FINANCIAL POSITION OF LIVESTRONG
(DECEMBER 31, 2011 AND 2010)**

	2011	2010
ASSETS		
Cash and cash equivalents	\$ 38,349,878	\$ 25,288,810
Investment securities	42,750,381	43,040,473
Promises to give, net	4,942,119	8,181,695
Accounts receivable	7,970,960	3,534,629
Grants receivable	86,043	8,199
Prepaid expenses and other assets	1,160,633	607,497
Intangibles	564,404	564,390
Inventory	1,799,010	3,383,000
Property and equipment, net	11,925,088	11,709,401
TOTAL ASSETS	\$ 109,548,516	\$ 96,318,094
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 2,664,092	\$ 2,842,779
Grants payable, net	2,605,206	2,040,951
Deferred revenue	905,301	828,803
Total liabilities	6,174,599	5,712,533
Net Assets		
Unrestricted:		
Undesignated	77,669,589	64,073,490
Designated	11,157,406	11,157,406
Total unrestricted	88,826,995	75,230,896
Temporarily restricted	4,706,791	6,984,017
Permanently restricted	9,840,131	8,390,648
Total net assets	103,373,917	90,605,561
TOTAL LIABILITIES AND NET ASSETS	\$ 109,548,516	\$ 96,318,094

Source: "Lance Armstrong Foundation Financial Statements and Supplemental Schedules for the Years Ended December 31, 2011 and 2010 and Independent Auditors' Report, June 8, 2012, www.livestrong.org/pdfs/4-0/2010-and-2011-Audited-Combined-Financial-Statement, accessed November 20, 2012.