

THE SALVATION ARMY 2019 ANNUAL REPORT



DOING THE MOST GOOD[®]

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DOING THE MOST GOOD®

OUR YEAR



FIGHTING FOR THE MOST GOOD UNTIL THE JOB IS DONE

The Salvation Army served nearly 800,000 people via disaster relief services in 2018.

As 8,527 wildfires marked the deadliest disaster season in California's history, The Salvation Army was on the front lines, assisting evacuees, first responders, and more than 300,000 displaced families. In fact, as the fires raged on, so did we. Throughout the months of peril, we staffed eight evacuation centers; provided almost 180,000 meals, drinks, and snacks; and distributed donations from our warehouse to more than 4,500 individuals. But we didn't stop there. In other regions of the country, where volcanoes and hurricanes uprooted thousands, we delivered infant supplies, comfort kits, and meals to disaster survivors. And we're staying the course. Thanks to our generous donors, we're investing in continued efforts to rebuild communities still suffering from the catastrophic 2017 hurricane season.



FIGHTING FOR THE MOST GOOD ACROSS BORDERS

In partnership with local churches and community centers, The Salvation Army fed more than 750 people impacted by the border crisis in El Paso per day.

Amid America's growing humanitarian crisis, The Salvation Army is living out its mission to meet human needs in God's name, without discrimination, by helping to feed, clothe, and shelter displaced migrant families. Because we believe it is our duty as Christians to serve suffering humanity, regardless of what has put them in our path, we've worked closely with partner agencies in numerous communities to provide immediate physical, emotional, and spiritual care to the thousands vetted and processed by immigration services. We're also partnering with The Salvation Army across Central America to address the root issues of the immigration crisis as we better equip international communities to thrive.



FIGHTING FOR THE MOST GOOD IN THE HEART OF OUR COMMUNITIES

A \$5.8 million donation helped build a crucial addition to one of The Salvation Army's most beloved children's camps.

This year, support from Margaret A. Cargill Philanthropies enabled us to expand the size and scope of our camp facilities in Big Bear, California. The additional 10,000-square-foot recreational center will provide more than 1,000 at-risk children with enhanced opportunities to explore dance, soccer, karate, and gymnastics as they enjoy the beauty of nature and the freedom of childhood. The Salvation Army also celebrated major wins in the fight against homelessness with help from the Bezos Family Foundation. In Houston, Texas, we implemented a new 30-day solutions model to combat homelessness and have already witnessed a reduction in reoccurrence. Likewise, our new program in Charlotte, North Carolina, is helping homeless clients find more permanent housing and job opportunities as they work toward greater stability.



FIGHTING FOR THE MOST GOOD IN EVERYDAY BATTLES

We distributed 16,848,216 tangible items of clothing, furniture, and gifts to families in need in 2018.

With 15% of our country's homeless population considered chronically homeless, 50 million Americans facing food insecurity on a daily basis, and 14% of Americans living below the poverty line, there are millions of people in need of The Salvation Army's assistance. That's why we continue to offer "hand-up" programs such as utility assistance, transportation services, and subsidized child care to families fighting to rise above homelessness and poverty. In 2018, that meant providing social services to more than 14 million people dedicated to moving from simply "surviving" to fully thriving as they win their battles to make ends meet.



FIGHTING FOR THE MOST GOOD FOR GENERATIONS TO COME

The Salvation Army now operates more than 700 Pathway of Hope centers nationwide.

Formed in 2011 as a revolutionary approach to combatting the intergenerational poverty epidemic, The Salvation Army's Pathway of Hope program reached new milestones this year by expanding its reach throughout the country. With more than 700 active locations, each now providing more than 260 services such as case management, adult education, housing assistance, child-care centers, and job training, the program is equipping families to work toward sustainable change nationwide. Because children who live in long-term poverty are 32 times more likely to remain in poverty than their peers, the success and growth of Pathway of Hope is a major victory in breaking the cycle of intergenerational poverty.



FIGHTING FOR THE MOST GOOD WITH PASSION AND PURPOSE

Read letters from our National Commander and National Advisory Board Chairman detailing The Salvation Army's:

- ♦ Innovative services and tactics
- ♦ 2018 victories
- ♦ Vision for the future



TONY THOMPSON

“While there remains one dark soul without the light of God, I’ll fight – I’ll fight to the very end!” – William Booth

Dear Friends,

One hundred and fifty years ago, our founder, William Booth, pledged that The Salvation Army would fight for every last suffering soul on earth, regardless of the toll it might take. Today, I’m proud to say that we are still faithfully delivering on that mission in every single ZIP code of America.

This year, as we continued to fight for the most good across our communities, our country, and even our borders, we were as fierce as ever in our dedication to Doing The Most Good.

Powered by the strength of our Lord and fueled by the generosity of our donors, volunteers, and staff, we provided holiday assistance to more than 2.6 million people, distributed nearly 17 million tangible items to folks in need, and provided basic social services to over 14 million Americans. We also tenaciously worked to change public perception of human need by showcasing the unseen challenges faced by over 40 million Americans living on the poverty line.

As volcanoes, wildfires, mudslides, and hurricanes endangered hundreds, displaced thousands, and destroyed millions of dollars’ worth of property, we served nearly 800,000 people with emergency disaster assistance. And we’ve continued to pour resources into rebuilding areas devastated by the catastrophic 2017 hurricane season.

With your faithful support, we partnered with local governments to serve those impacted by our country’s border crisis. At the peak of the border crossings, we were able to provide over 30,000 hygiene kits, over 170,000 meals, and over 8,000 lodging accommodations to migrants.

Through an expansion of our Pathway of Hope program and sizable gifts from corporate donors, we came alongside those struggling with generational poverty, homelessness, hurt, and hopelessness – and offered them help and healing.

Though the successes of this year are great, countless challenges remain as we work to help the most vulnerable members of society continue to win their daily battles.

That’s why now, more than ever in our **fight for the most good**, I’m eternally grateful to our donors and supporters for your partnership on the front lines.

Humbly,

Tony Thompson
National Advisory Board Chairman



DAVID HUDSON

“...The one who sows righteousness reaps a sure reward.”

– Proverbs 11:18b

Dear Friends,

When I begin to consider the “rewards” The Salvation Army reaped in 2018, I think about Jeffrey – a homeless veteran and single father suffering from severe PTSD. After struggling for years to gain stability for himself and his 6-year-old son, he’s finally found hope and a future through The Salvation Army, where he’s secured gainful employment and long-term housing.

Jeffrey’s success story is simply one of the thousands of humble rewards we’ve reaped this year. Yet every reward is richer knowing that it was exceptionally hard-fought by our donors, volunteers, and staff.

In fact, in an uncertain economy where an end-of-year government shutdown, tax code changes, and turbulent stocks threatened to derail our key giving season, we continued to fight for the most good – and through the grace of God, we experienced a decrease in year-over-year fundraising of less than 1%.

Amid the humanitarian crisis along our country’s border, we marched on in our fight for the most good – and managed to transcend political battle lines simply by offering unconditional shelter, food, and love to our neighbors in need.

Despite historically devastating disasters, chronic homelessness battles, vicious cycles of generational poverty, and a dearth of relief for the working poor, we persevered in our fight for the most good – and provided disaster relief to nearly 800,000 people, holiday assistance to over 2.6 million people, and social services to more than 14 million people.

Victories like these continue to illuminate the power of God at work through the mission of The Salvation Army. I am honored to serve alongside each and every one of you as we keep our gaze fixed upon the endless rewards yet to come in our tireless **fight for the most good.**

Yours in His Service,

David Hudson, Commissioner
National Commander

2018 FINANCIAL SUMMARY

This summary represents a combination of data from the Audited Financial Statements of the six (6) separate Salvation Army corporations in the United States: National Headquarters (New Jersey corporation authorized to do business in Virginia), The Salvation Army World Service Office [SAWSO] (District of Columbia corporation authorized to do business in Virginia), Central Territory (Illinois corporation), Eastern Territory (New York corporation), Southern Territory (Georgia corporation), and Western Territory (California corporation).

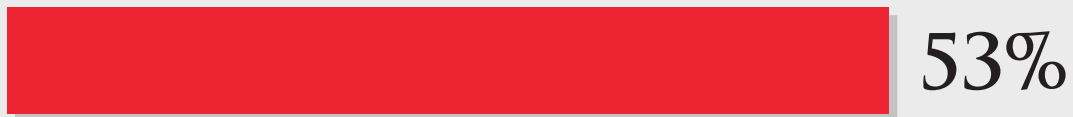
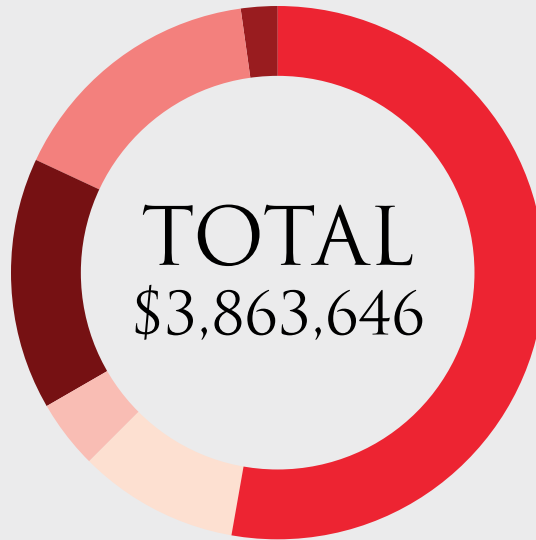
The four territories comprise seven thousand six hundred and seventeen (7,685) units of operation throughout the United States, including Puerto Rico, Guam, the Republic of the Marshall Islands, and the Federated States of Micronesia. The National Corporation and the World Service Office serve an essential role in helping the territories fulfill their mission. Inter-corporation transactions have been eliminated for presentation purposes.

The Salvation Army has successfully rendered service in America since 1880 by maintaining conservative financial policies, enabling us to meet human needs without discrimination. Doing the most good by reaching out to those in need in your community is our highest goal. Our pledge is to maintain the highest standards of financial accountability to continue to deserve your trust.

For a closer look at how our income and expenses Do the Most Good, see below.

REVENUE

**Numbers represented in thousands*



DIRECT PUBLIC SUPPORT \$2,044,090



INVESTMENT INCOME \$613,031



SALES TO PUBLIC \$593,167



GOVERNMENT FUNDS \$373,324



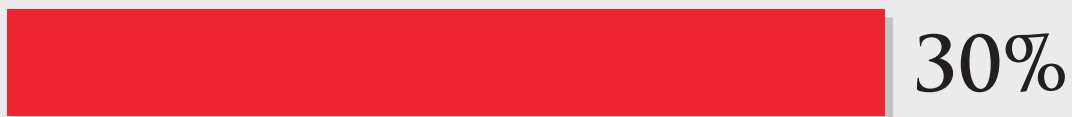
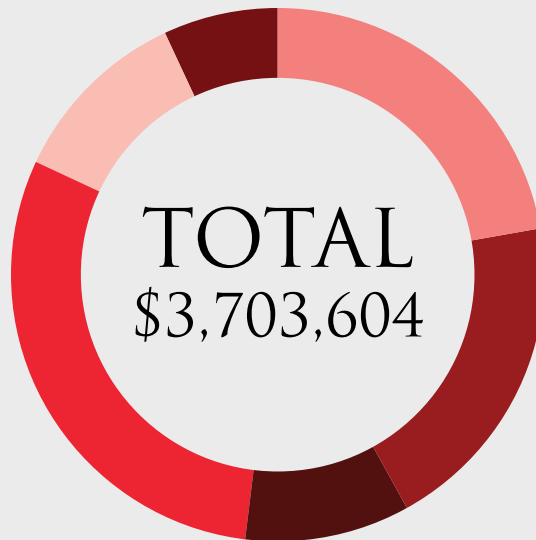
PROGRAM SERVICE FEES \$159,000



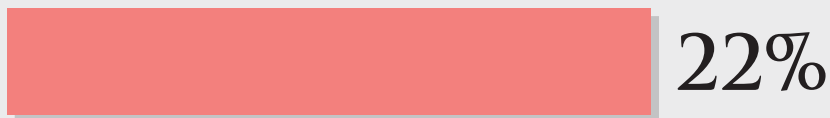
OTHER REVENUE \$81,034

EXPENSES

**Numbers represented in thousands*



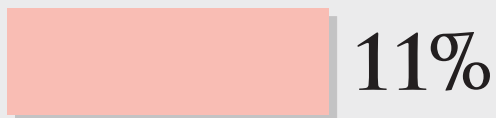
OTHER SOCIAL SERVICES \$1,116,085



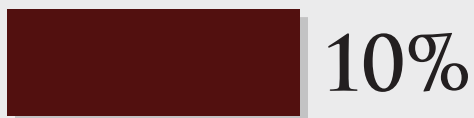
CORPS COMMUNITY CENTER \$828,293



REHABILITATION \$727,347



MANAGEMENT & GENERAL \$407,845



RESIDENTIAL & INSTITUTIONAL \$371,024



FUND RAISING \$253,010

STATISTICAL HIGHLIGHTS

CENTERS OF OPERATION

Corps	1,177
Outposts and Service Centers	190
Rehabilitation Centers	144
Thrift Shops	1,141
Community Centers, Boys/Girls Club	309
Child Day-Care Centers	80
Adult Day-Care Centers	11
Senior Citizen Centers	260
Group Homes/Temp Housing	598
Permanent Residences	90
Medical Facilities	21
Service Units	2,888
Camps	42
Divisions	39
Training Colleges	4
Other	692
TOTAL Centers of Operation	7,686

PEOPLE SERVED

Basic Social Services	14,001,013
Holiday Assistance	2,640,047
Summer & Day Camps	264,241
Disaster Assistance	798,336
Persons Visited in Institutions	1,220,499
Job Referrals	39,716
Correctional Services	133,559
Community Centers Participants	1,181,521
Day Care	32,389
Senior Citizens	909,659
Substance Abuse	150,643
Medical Care	12,006
Institutional Care	533,344
Missing Persons	73,409
Transportation Provided	1,256,221
TOTAL Persons Assisted	23,246,603

PERSONNEL

Officers/Lieutenants/Auxiliary Cpts	3,480
Cadets	184
Soldiers	107,564
Members	381,372
Employees	59,731
Volunteers	2,814,692
Advisory Organization Members	53,020

SERVICES

Meals Served	52,581,300
Lodgings Supplied	9,778,100
Welfare Orders - Cash Grants	7,763,080
Tangible Items Distributed - Clothes, Furniture, Gifts	16,848,216

GROUP MEETING ATTENDANCE

Outdoor Meetings	311,583
Sunday School	1,684,736
Sunday Meetings	3,994,504
Weekday Public Meetings	1,434,545
Soldier Development	495,288
Group Activities	7,171,496
Music Organizations	1,042,278
Other	5,802,312
TOTAL Group Meeting Attendance	21,936,742

THE SALVATION ARMY-USA

UNAUDITED COMBINED STATEMENT OF FINANCIAL POSITION

For the year ended September 30, 2018

(Dollars in thousands)

ASSETS	2018	2017
Cash and cash equivalents	\$387,838	\$411,864
Accounts receivable	140,577	107,731
Legacies and bequests receivable	788,273	796,454
Pledges receivable	43,651	45,554
Inventory	44,665	44,681
Prepaid expenses and deferred charges	32,660	33,393
Mortgages and notes receivable	96,200	135,073
Investments	8,271,855	7,961,096
Assets held under split-interest agreements	1,081,965	1,060,143
Land, building, improvements & equipment	5,169,472	5,187,046
Other assets	6,067	7,581
Total Assets	\$16,063,223	\$15,837,769
LIABILITIES & NET ASSETS		
Total Liabilities	\$4,593,257	\$4,883,068
Net Assets:		
Unrestricted:		
Available for operations	301,810	323,261
Designated for capital & specific program expenditures	1,870,445	1,483,677
Land, building & equipment	4,472,936	4,482,192
Total Unrestricted	6,645,191	6,289,130
Temporarily restricted	2,024,756	1,973,021
Permanently restricted	2,800,019	2,692,550
Total Net Assets	11,469,966	10,954,701
TOTAL LIABILITIES & NET ASSETS	\$16,063,223	\$15,837,769

THE SALVATION ARMY-USA

UNAUDITED COMBINED STATEMENT OF ACTIVITIES

For the year ended September 30, 2018

(Dollars in thousands)

REVENUE	2018	2017
Public Support:		
Received Directly:		
Contributions	\$943,549	\$920,982
Donations-in-kind and contributed services	589,432	566,119
Special events	23,903	22,848
Legacies and bequests income	326,135	358,275
Pledges revenue	13,991	21,637
Contributions from split-interest agreements	64,830	90,383
Change in value of split-interest agreements	33,236	26,638
Total Received Directly	1,995,076	2,006,882
Received indirectly by federated campaigns	49,014	52,516
Total Public Support	2,044,090	2,059,398
Fees and grants from government agencies	373,324	366,067
Program service fees	159,000	161,027
Sales to the public	593,167	587,266
Investment earnings	613,031	1,043,344
Other revenue	81,034	105,690
TOTAL REVENUE	\$3,863,646	\$4,322,792
 EXPENSES		
PROGRAM SERVICES:		
Corps community centers	\$828,293	\$832,237
Rehabilitation	727,347	732,508
Residential and institutional services	371,024	362,349
Other social services	1,116,085	1,089,014
Total Program Services	3,042,749	3,016,108
SUPPORTING SERVICES:		
Management and general	407,845	433,242
Fund raising	253,010	251,249
Total Supporting Services	660,855	684,491
TOTAL EXPENSES	3,703,604	3,700,599
Other changes in net assets	355,223	253,428
CHANGE IN NET ASSETS	\$515,265	\$875,621

THE SALVATION ARMY LEADERSHIP

NATIONAL LEADERSHIP

Commissioner David E. Hudson
National Commander

Colonel Jeffrey Smith
National Chief Secretary

Commissioner Sharron Hudson
National President of Women's Ministries

Colonel Dorothy R. Smith
National Secretary of Women's Ministries

CENTRAL TERRITORY

Commissioner Bradford Bailey
Territorial Commander

Commissioner Heidi J. Bailey
Territorial President of Women's Ministries

Colonel Steven Howard
Chief Secretary

SOUTHERN TERRITORY

Commissioner Willis J. Howell
Territorial Commander

Commissioner Barbara A. Howell
Territorial President of Women's Ministries

Colonel Ralph Bukiewicz
Chief Secretary

EASTERN TERRITORY

Commissioner William A. Bamford III
Territorial Commander

Commissioner G. Lorraine Bamford
Territorial President of Women's Ministries

Colonel Kenneth O. Johnson
Chief Secretary

WESTERN TERRITORY

Commissioner Kenneth Hodder
Territorial Commander

Commissioner Jolene K. Hodder
Territorial President of Women's Ministries

Colonel Douglas F. Riley
Chief Secretary

NATIONAL ADVISORY BOARD

CHAIRMAN, NATIONAL ADVISORY BOARD

MR. TONY THOMPSON

President & CEO, Krispy Kreme (Former)

MS. ALVA ADAMS-MASON

Director, Multicultural Business
Alliance & Strategy
Toyota Motor North America
Dallas, Texas

MR. TOM BOLT, ESQ

Attorney
St. Thomas, Virgin Islands

MRS. DEBORAH C. BRITTAIN

Past President
Association of Junior Leagues International,
Inc.
Bonita Springs, Florida

MR. GARY D. BROWN

CEO, Mount West Investments
Pittsburgh, Pennsylvania

MR. RODNEY BULLARD

Executive Vice President of Community Affairs
Chick-fil-A, Inc.
CEO, Chick-fil-A Foundation
Atlanta, Georgia

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Former First Lady
Dallas, Texas

MRS. JOANN CALLAWAY

Those Callaways Realty
Scottsdale, Arizona

MR. JOSEPH CALLAWAY

Those Callaways Realty
Scottsdale, Arizona

MR. MIKE CASSLING

President & CEO
CQuence Health Group
Omaha, Nebraska

DR. WILLIAM CLYDE

Provost & Executive Vice President
Manhattan College
Madison, Connecticut

MRS. KATHLEEN COOKE

Co-Founder & Vice President
Cooke Pictures
Burbank, California

MRS. MARLENE KLOTZ COLLINS

Director of Community Relations – Retired
KTVK NewsChannel 3
Phoenix, Arizona

MS. MEREDITH COUNCE

Director of Brand & Strategy
Dallas Cowboys Football Club
Dallas, Texas

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President & CEO – Retired
FedEx Freight
Memphis, Tennessee

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CEO, Pasadena Tournament of Roses – Retired
Principal, SterlingVista Group
Pasadena, California

MR. TORREY FOSTER

Vice Chairman, Consumer Practice
Korn Ferry
Chicago, Illinois

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CEO, Frauenshuh Companies
Minneapolis, Minnesota

MR. MATTHEW FRAUENSHUH

CEO, Fourteen Foods
Minneapolis, Minnesota

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Managing Director
William Gammon Insurance
Austin, Texas

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President & COO
Capitol Broadcasting Company, Inc.
Raleigh, North Carolina

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President & CEO
Brasfield & Gorrie, LLC
Birmingham, Alabama

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Vice Chairman
Albert Schweitzer Fellowship
Great Barrington, Massachusetts

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President
Metro Corral Partners
Winter Park, Florida

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Principal
GCM Customized Fund Investment Group,
L.P.
Los Angeles, California

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Founder & Chairman
Huizenga Group
National Heritage Academies
Grand Rapids, Michigan

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President & CEO
BNSF Railway
Fort Worth, Texas

MR. DALE JONES

President, Diversified Search
Washington, DC

MR. JOHN LATELLA

Former Co-CEO, General Counsel
Garden Fresh Gourmet
Rochester Hills, Michigan

MR. JOEL MANBY

Former President & CEO
SeaWorld & SAAB Cars USA
Author of "Love Works"
Johns Creek, Georgia

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Vice Chairman & COO – Retired
KeySpan
Basking Ridge, New Jersey

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CEO, BFAC.org
Jackson, Mississippi

MS. DIANE PADDISON

Founder & President 4word
Author of “Work, Love, Pray”
Portland, Oregon

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CEO, Points of Light
Atlanta Georgia

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Former CMO, WalMart
Chair, Alliance for Family Entertainment
Dallas, Texas

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Independent Director, Angel Investor &
Strategic Advisor
Great Falls, Virginia

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Director, UPS Humanitarian Relief &
Resilience Program
The UPS Foundation
Atlanta, Georgia

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Sr. VP – Global Human Resources –
Retired
Papa John’s International
Ocean City, Maryland

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Chairman – Retired
Strang Corporation
Cleveland, Ohio

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Sacramento, California

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The Independent Institute
Oakland, California

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Senior Vice President – Retired
Government Affairs
Edison International
Orange, California

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Ford Motor Company Fund & Community
Services
Ford Motor Company
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President – Retired
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Des Plaines, Illinois

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Executive Vice President/Chief Brand Officer
Dallas Cowboys Football Club
Dallas, Texas

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Senior Vice President, Marketing – Retired
Nationwide
Columbus, Ohio

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Chairman of the Board
Skyline Corporation
Elkhart, Indiana

MR. DONALD V. FITES

Chairman – Retired
Caterpillar Inc.
Peoria, Illinois

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Dearborn, Michigan

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Principal
Lamon & Sherman Consulting, LLC
Atlanta, Georgia

MR. ROBERT J. PACE

Advisory Director – Retired
Goldman, Sachs & Company
Rancho Santa Fe, California

MR. STEVEN S REINEMUND

Chairman of the Board & CEO – Retired
PepsiCo, Inc.
Denver, Colorado

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Chairman – Retired
Byers' Choice Ltd.
Chalfont, Pennsylvania

MRS. MARGOT PEROT

Board of Directors
Dallas Museum Of Art
Dallas, Texas

MR. ARTHUR J. DECIO

(see Past Chairman Circle)

EMERITUS MEMBERS

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CEO – Retired
KPMG International
Phoenix, Arizona

MR. RICHARD DAVIS

President & CEO – Retired
Dearborn Development Co.
Alamo, California

MR. RICHARD G. HAGERTY

Real Estate Development
Modesto, California

MR. WORTH HOBBS

President – Retired
Alcoa Foundation
Pittsburgh, Pennsylvania

MR. JERRY JONES

Owner & General Manager
Dallas Cowboys Football Club
Irving, Texas

MR. JONATHON E. KILLMER

Partner – Retired
PriceWaterhouseCoopers LLP
Scottsdale, Arizona

MR. BOBBY LYLE

Chairman, President & CEO
Lyco Holdings Inc.
Dallas, Texas

MR. GEORGE B. MCCULLOUGH

Vice President – Retired
Exxon Corporation
Houston, Texas

MRS. MARILYN QUAYLE

President, BTC, Inc.
Scottsdale, Arizona

MR. E. RICHARD RATHGEBER

CEO & Managing Partner
Southwest Constructors, Inc.
Austin, Texas

MR. EDWARD C. RUFF

COO – Retired
Wachovia Securities, Inc.
Charlotte, North Carolina

MR. PHILIP RUSSELL

President & CEO, GMR LLC
Honolulu, Hawaii

MR. WILLIAM T. SLICK, JR.

Senior Vice President – Retired
Exxon Corporation
Houston, Texas

MR. TIMOTHY W. SWAIN II

Partner
Swain, Hartshorn & Scott
Peoria, Illinois

MS. SHEILA TATE

Vice Chair – Retired
Powell Tate
Charlottesville, Virginia

MR. DONALD C. WILSON

Vice President – Retired
U.S. West Communications
Seattle, Washington



ABOUT THE SALVATION ARMY

“Doing The Most Good.” In these four words, our mission – to feed, to clothe, to comfort, to care. To rebuild broken homes and broken lives. By walking with the addicted, we can lead them to recovery. In fighting hunger and poverty, we can feed and nurture the spirit. And, in living and sharing the Christian Gospel by meeting tangible needs, we give the world a lasting display of the love behind our beliefs.

The Salvation Army operates 7,685 centers in communities across the United States. These include food distribution, disaster relief, rehabilitation centers, anti-human trafficking efforts, and a wealth of children’s programs. Our work is funded through kettle donations, corporate contributions, and the sale of goods donated to our Salvation Army Family Stores. Eighty-two cents of every dollar we spend supports our various missions across the country. We are a tax-exempt 501(c)(3) organization, and contributions are deductible for Federal Income Tax Purposes to the extent permitted under Section 170(b)(2) for corporations.

An international movement, The Salvation Army is an evangelical arm of the universal Christian Church. Our message is based on the Bible, and our ministry is motivated by the love of God. We preach the Gospel of Jesus Christ and meet human needs in His name without discrimination.