

THE SALVATION ARMY
2009 ANNUAL REPORT

ONWARD



DOING THE MOST GOOD[®]

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DOING THE MOST GOOD

2008 IN REVIEW

ONWARD

Onward. Past the lingering echoes of last year's trials and triumphs.

Onward. Through the current downturn stressing families and funding.

Onward. Sent ahead to light the way and welcome the challenge.

Onward. But first, with an eye to the future, a look back at what we've accomplished.

THE LAST 12 MONTHS HAVE BEEN REMARKABLE.

Not just for the crises we faced, but also for the response of a generous country that met them with us. From hurricane strikes to an economy in freefall, the past year has seen disruption on a historic scale. And yet, with every disaster, The Salvation Army was there to help. Supported by volunteers who worked ever harder to further our mission: food for the hungry, clothes for the needy, comfort for the lonely, and hope for the lost.

HURRICANES IKE AND GUSTAV DEALT A DEVASTATING BLOW.

Striking the Gulf Coast within days of each other, the massive storms combined to cause over \$32 billion in damage – an almost unthinkable toll in property lost and lives disrupted. In addition, Gustav forced the largest evacuation in U.S. history. Yet even as people were fleeing, The Salvation Army pushed ever onward. With lessons learned from Katrina, we responded faster than ever – and saw our efforts, backed by your donations, bring welcome results. Once again, our first mission was to offer our help to the helpers, and so we set up comfort centers to serve first responders from FEMA. In addition to prayer and emotional support, we provided warm meals and clean water to arriving rescue teams – then remained for weeks to offer support to local victims. All told, The Salvation Army served over 5 million meals, snacks, and drinks to those affected by the storms. As our efforts moved into a long-term phase, we shifted our focus to cleanup and rebuilding. Backed by the generosity of our supporters, we distributed tens of thousands of cleaning kits and extended financial aid to thousands of struggling individuals.

We lived the Word of charity as spoken by Isaiah: “For thou hast been a strength to the poor, a defense for the needy in his distress, a refuge from the storm.” *Onward.*

The heartbreak of human trafficking, meanwhile, takes place far from the spotlight, so out of sight as to be assumed that it couldn't be happening here. And yet, each year, thousands of victims are stolen or lured from our streets, forced into lives of despair and neglect as sex slaves and child laborers. Tragically, the United Nations states that human trafficking is now the fastest-growing criminal industry in the world. In the U.S. alone, as many as 325,000 children are trapped in the sex trade. Seeing this, The Salvation Army has strengthened and focused our longstanding anti-trafficking efforts, gathering greater support for endeavors like Chicago's PROMISE program, which now comprises 31 governmental and nongovernmental organizations, all of which support our model for stopping human trafficking. We continue to invest in at-risk children across the nation, providing them with havens of love, acceptance, and physical safety. Our ever-expanding Ray and Joan Kroc Corps Community Centers should see another four grand openings and four groundbreakings by the end of 2009. While their primary mission is to provide activities and arts beyond the reach of some communities, the centers provide the added benefit of watchful eyes and welcome education. *Onward.*

AS THE ECONOMY TUMBLES, WE FACE AN INCREASINGLY UNCERTAIN FUTURE.

Basic survival needs are up, charitable donations are down, and Corps across the country report a growing number of first-time visitors in need. But even here, amidst the clouds, there's hope for a brighter tomorrow. Despite the falling market and the rising cost of living, Americans are digging ever deeper to help their neighbors. Our 2008 holiday kettle drive broke all prior fundraising records, and corporate support has very nearly matched that of previous years. And while demand for our services threatens to outpace this growth in funding, we've nonetheless found smart ways to soldier on. Some Corps have used “cashless kettles” to increase donations via credit cards. In McMinnville, Oregon, a Salvation Army community garden grows produce – 2,000

pounds of tomatoes, bell peppers, and broccoli – for its food bank. The Salvation Army in San Francisco is offering Hands on Banking, a bilingual program that teaches financial skills to those most at risk. In these and a host of other examples, the Army does more with less. And, with the generous help of a nation, we remain unswayed from our mission: to plant the seeds of hope at the very moment of need, then stay and nurture each individual back to a better tomorrow. In short, Doing The Most Good. *Onward.*

COMMISSIONER ISRAEL L. GAITHER

ONWARD

Dear Friends,

*Like a mighty army moves the church of God,
Brothers, we are treading where the saints have trod,
We are not divided, all one body we,
One in hope and doctrine, one in charity.*

Charity. Perhaps not the first word most Americans link to an army; still, there's no better way to describe *this* Army – one of our nation's anchor institutions. Since 1880, we've led millions of generous volunteers, backed by the aid of their neighbors, into battle against addiction, hunger, and homelessness. And though our fight is far from over, every victory is an indication of our Doing The Most Good.

Today, as we march through one of the worst recessions in modern history, we can't afford to stumble. After all, hunger knows no deficit, and need knows no surrender. Fortunately, human kindness knows no limit, either. The miracle of charity enveloped us this past year, as supporters found ways to meet our growing needs despite their own. My favorite surprise? Despite the bleakest Christmas since perhaps the Great Depression, Americans drove their kettle contributions to record heights. That kind of support – that kind of charity – tells me that our brightest days are before us.

*Onward then, ye people, join our happy throng,
Blend with ours your voices in the triumph song,
Glory, laud, and honor unto Christ the King,
This through countless ages men and angels sing.*

ISRAEL L. GAITHER, COMMISSIONER
National Commander

CHAIRMAN ROB PACE

ONWARD

Dear Friends,

“Onward” brings up images of motion. Progress. Momentum. And I can’t think of a single word that better describes our mindset. The Army was created for precisely such times as these – and throughout this year of challenges, our spirits have never lagged. As a result, we’ve marched our organization into the future.

Take this annual report, for instance: it’s paperless and online. It will reach a wider audience and save distribution costs, resulting in more resources to fund our primary mission. And that’s just one of many new developments in your Army. In 2008, we embraced the latest social technology, using tools such as Facebook, Twitter, and text messaging to reach donors.

We were also blessed through a partnership with three of today’s top stars, as the Jonas Brothers lent their support to our holiday Red Kettle fundraising. Appearing alongside the brothers surely made a difference with a growing new chorus of donors and helped us nurture a vital and growing youth movement.

Financially, as you might expect, our year and our forecasts have been mixed. Still, I gratefully hold that this is “mixed” as in “mixed blessing.” For while the struggling economy continues to increase the demand for our services, we’ve also been host to a great and growing spirit of community: neighbors help with food bank gardens; angel tree gifts pour in; and the prayers and support of a generous nation keep us on our path ... striding with purpose and sent ahead to ensure a better tomorrow.

Onward,

ROB PACE

National Advisory Board Chairman

F.A.I.T.H. SARASOTA, FL

“I was living in the streets, pregnant, strung out on drugs. And I wanted to give my child more. I wanted to give her a family ... like I never had.”

Begging for handouts. Battered by weather. Beaten down by isolation, addiction, and hopelessness. The only thing worse? Watching a little one suffer at your side.

“I decided to sell drugs to make a living for me and my child. And it put my child in danger.”

This was the tragic reality for too many mothers in Sarasota, abandoned in marriage, trapped in the grip of addiction or caught unprepared by a sudden loss of income, home, or support. Living on the streets taught them a series of painful lessons – lessons they desperately wanted to keep their children from having to learn.

“The FAITH program is really an opportunity for people to go from homelessness to self-sufficiency. Imagine that – going from homelessness to home ownership.”

The FAITH program starts with transitional living for homeless families with children. Twelve furnished apartments are offered to residents, rent-free, for up to one year. As a result, the most vulnerable among us are saved from daily despair, hunger, and violence. But that’s just the beginning.

“They taught me how to be ambitious. More goal-oriented. They had me set goals ... to this day, I still set goals.”

To stay in the program, residents must do the hard work of self-improvement. They must hold full-time jobs, save their money, and repay their debts. They undergo intensive

classes in life skills and money management; they accept accountability, responsibility, and structure. Most important, they also embrace the truth that they are worthy.

“To watch your life go into shambles and then to watch it come back up ... you think, ‘Wow. I thought it was going to be terrifying and horrible, and it’s not.’”

Through skills learned and changes made as participants of FAITH, families free themselves from lives of day-to-day survival. Children no longer despair through empty weeks, and mothers no longer fear for their safety at night. A brighter future awaits them all – and a tragic cycle of suffering is stopped – through your support.

“It’s hope. It’s giving somebody a chance when they didn’t have any options. It’s an amazing opportunity – and a blessing.”

CARING PARTNERS ADULT DAY

ROCHESTER, MN

“Peter and I have been married almost 58 years. Three years ago, he started to come to me and say, ‘I can’t remember.’”

As difficult as it is to watch a loved one slowly lose strength, as painful as it can be to see a spouse succumb to dementia, it’s often even harder still to serve as a full-time caregiver. In many cases, the task becomes an all-encompassing duty – a joy and privilege, yes, but also a drain on strength and spirit.

“There still is value in their lives.”

The Salvation Army of Rochester started the Caring Partners Adult Day Program to enhance the quality of life not just for physically and mentally challenged adults, but also for spouses and children sacrificing time and energy to keep their loved ones at home. Recognizing that caregivers need their own breaks and spiritual boost, the Army set up Caring Partners to enrich all participants’ lives.

“I know he’s safe and that he’s able to enjoy his stay. And I can get errands done and things that, when I have him, are a little harder for me to do. So coming here has been a real pleasure for both of us.”

The Caring Partners program promotes independence, but thrives on community. Lively discussions occur between men who once sat tragically silent. Widows return home in the evening with tales of dancing and dining out. Music, laughter and friendship fill days once devoted to simple survival. And devoted caretakers are given some time to devote to their own well-being.

“He comes in, and he spends the most wonderful day. And when I pick him up, he is just as happy as can be.”

The end result is blessings for everyone: those who once saw deteriorating lives have a newfound sense of connection. Caregivers bask in the daily gifts of rest and reenergized loved ones. And families thrive in the face of challenge together, happy, at home – where their hearts beat fastest.

KEEP A JOB WILMINGTON, DE

“I left with two bags and three children.”

Surviving a recession while employed is hard enough. But staying afloat when jobless – and with children? Nearly impossible. You might have energy, support, and faith; still, without a job, you soon lose hope.

“Between divorce and the economy, and having to quit my job to take care of my girls ... it just all went downhill from there.”

The reasons for unemployment vary, but the outcome is always the same: Housing is jeopardized. Meals get scarce. Families dealing with death, divorce, or health issues suffer twice. And already-fragile spirits sink deeper into despair and resentment. The added strain makes finding work hard and keeping work even harder.

The Salvation Army of Wilmington saw this and stepped in with Keep A Job.

“They were here for me. They were thinking of me. As long as I did my part, they would meet me halfway.”

As the name implies, Keep A Job does more than find participants employment. Yes, the program starts with courses, classes, and successful placement. But it also engages the spirits of those who need counseling and support. To foster positive outlooks that lead to greater success at work.

“It makes you feel like doing more. Like you’re a little accomplished, and you can keep movin’ on.”

More than gentle pushing, the program also tugs – with well-timed incentives designed to keep clients employed, advancing, and focused. Time on the job is rewarded with gift cards for food, gas, and clothing, so struggling parents can concentrate on their work without outside worry. Army staff and volunteers both mentor and motivate, taking the time not just to speak and suggest, but also to listen.

“The people at The Salvation Army really want you to better yourself. They’re really concerned about you as a person and not just as a worker.”

The end result is so much more than finding steady employment. For some, it’s keeping a home that had teetered on the brink of foreclosure. For others, it’s a Christmas piled with presents where last year there were none. For all, it’s a way to keep the community healthy, hopeful, and proud – a place where, despite the down economy, things are looking up.

“The Salvation Army is one of the reasons we’re still pumpin’ through ... still on the rise.”

YOUTH INTERVENTION SHELTER HILO, HI

“I wanted to come home, but ... my mom didn’t want me. She had every say in everything, and she chose ‘No.’”

They come from broken homes, often as victims of abuse. They come from county jails, trapped in cycles of desperate survival. They come to us homeless, rebelling and suspicious, often in search of nothing more than a meal and bed for the night. But when they go? They leave with self-worth. Purpose. Potential. And hope.

“They knew my name, and they knew whatever was on the police form. I wouldn’t tell them anything else. I was in pieces.”

The Youth Intervention Shelter of Hilo is part of a larger family intervention program, founded to address the growing problem of at-risk youth – teens who have fallen through the cracks of a system more focused on the very young or institutionalized. With doors always open, the program accepts as many teens as they have seats, rooms, or beds.

“Here in Hawaii, we call family ‘ohana.’ That’s what we are – a big ohana.”

Staffers take immediate steps to serve as extended family, providing meals, beds, showers, and phones with no questions asked. They also pour out encouragement and nonjudgmental counseling. Teens are not lectured, punished, or pushed; instead, they’re simply treated with basic respect and human kindness. Some are given rides to school. Many get trained in communication, hygiene, and socialization. All are taught to recognize the potential in their lives.

“It just made me feel like I was important. I was someone ... and I could make it in life.”

Thanks to your donations and the work of our volunteers, runaways get a place to call home. Juvenile offenders are given more positive outlets for expression. Teens who might otherwise beg or steal are taught to be self-sufficient. And all are assured daily that they are valuable children of God.

“The Salvation Army is my family. My hope. My everything. Without them, I seriously doubt that I’d be alive today.”

2008 FINANCIAL SUMMARY

ONWARD

This summary represents a combination of data extracted from the Audited Financial Statements of six corporations. Four of these – the Central Territory, the Eastern Territory, the Southern Territory, and the Western Territory – supervise 7,773 centers of operation throughout the United States, including Puerto Rico, Guam, and the Marshall Islands. The two remaining corporations are the World Service Office and the National Corporation. Inter-corporation transactions have been eliminated for presentation purposes.

The Salvation Army (the “Army”) has successfully rendered service in America since 1880 by maintaining conservative financial policies, enabling us to meet basic human needs without discrimination. Operating support represents funding provided by outside sources for the ongoing operations of the Army. Revenues are classified as operating or non-operating, based on donor restrictions and/or designations by the corporate Board of Trustees.

During 2008, the Army spent \$3.05 billion serving people, up from \$2.88 billion the prior year. Eighty-two cents of every dollar spent, or \$2.5 billion, went toward program services; the remainder was accounted for by management and general expenses of \$375 million and by fundraising costs of \$169 million. Approximately 72% of these expenditures were funded by public and other operating support received during the year, with the remaining funding provided by the release of net assets that were previously donor-restricted or board-designated for long-term projects.

Total public support – both operating and non-operating – was \$1.76 billion, changed from \$2.01 billion in 2007. It comprised \$837 million of general contributions, \$413 million of legacies and bequests, \$429 million of gifts in kind, and \$85 million of allocations from local United Way and similar funding organizations.

During 2008, other operating and non-operating revenue decreased net assets by \$561 million, as opposed to an increase of \$1.78 billion in the prior year. Other revenue was comprised of program service fees of \$131 million, sales to the public of \$532 million, a net investment loss of \$1.27 billion, and miscellaneous other revenue of \$42 million.

In addition, fees and grants were given to the Army from various government agencies totaling \$366 million for 2008, down from \$370 million in the prior year.

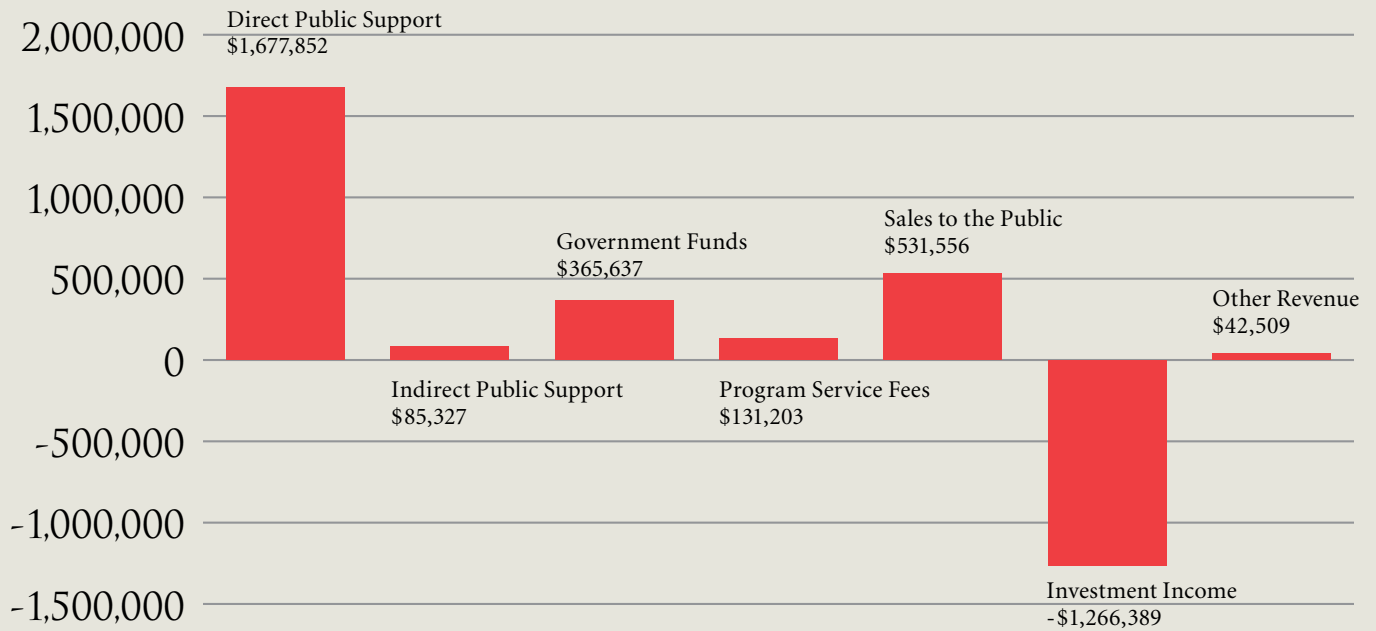
About 54% of the Army's net assets consist of land, buildings, and equipment (\$3.32 billion), plus invested board-designated reserves for future capital expenditures, ongoing facilities maintenance, and specific programs (\$1.74 billion). The remainder primarily comprises investment of donors' temporarily restricted gifts and permanently restricted endowments.

“Doing the Most Good” for those in need is our highest goal. We pledge to maintain the highest standards of financial accountability to earn your continued trust. To that end, Salvation Army centers are audited by independent certified public accountants in accordance with generally accepted accounting principles.

FINANCIAL HIGHLIGHTS

INCOME

\$1,567,695
(IN THOUSANDS)



FINANCIAL HIGHLIGHTS

EXPENSES

\$3,048,479
(IN THOUSANDS)



FINANCIAL HIGHLIGHTS

STATISTICAL HIGHLIGHTS

CENTERS OF OPERATION

Corps	1,252
Outposts and Service Centers	183
Rehabilitation Centers	155
Thrift Stores	1,361
Community Centers, Boys/Girls Club	356
Child Day Care Centers	127
Adult Day Care Centers	17
Senior Citizen Centers	267
Group Homes/Temp Housing	562
Permanent Residences	73
Medical Facilities	52
Service Units	3,037
Camps	46
Divisions	40
Training Colleges	4
Other	241
TOTAL Centers of Operation	7,773

PERSONNEL

Officers	3,569
Cadets	262
Soldiers	106,914
Members	403,967
Employees	63,060
Volunteers	3,418,783
Advisory Organization Members	55,580

GROUP MEETING ATTENDANCE

Outdoor Meetings	420,786
Sunday School	2,384,403
Sunday Meetings	5,362,975
Weekday Public Meetings	2,155,962
Group Activities	9,995,923
Music Organizations	953,850
Other	5,980,824
TOTAL Group Meeting Attendance	27,254,723

FINANCIAL HIGHLIGHTS

STATISTICAL HIGHLIGHTS

PEOPLE SERVED

Basic Social Services	15,383,700
Holiday Assistance	4,138,387
Summer & Day Camps	223,741
Disaster Assistance	1,600,554
Persons Visited in Institutions	2,821,936
Job Referrals	84,575
Correctional Services	439,039
Community Centers Participants	1,069,033
Day Care	172,409
Senior Citizens	856,073
Substance Abuse	317,718
Medical Care	43,718
Institutional Care	1,049,722
Missing Persons	9,495
Transportation Provided	894,261
TOTAL Persons Assisted	29,104,361

SERVICES

Meals Served	69,053,263
Lodgings Supplied	10,047,992
Welfare Orders - Cash Grants	6,783,693
Tangible Items Distributed – <i>Clothes, Furniture, Gifts</i>	20,539,184

THE SALVATION ARMY - USA
UNAUDITED COMBINED STATEMENT OF FINANCIAL POSITION
September 30, 2008
(Dollars in thousands)

Unrestricted

	General Operating	Board Designated	Land, Building and Equipment	Total	Temporarily Restricted	Permanently Restricted	Total
ASSETS							
Cash and cash equivalents	\$ 127,215	\$ 168,704	\$ 9,598	\$ 305,517	\$ 51,695	\$ 6,572	\$ 363,784
Collateral received under securities lending program	176,160	392,994	-	569,154	-	-	569,154
Accounts receivable, net	86,943	22,063	-	109,006	748	-	109,754
Legacies and bequests receivable	-	26,932	-	26,932	217,972	141,387	386,291
Due (to) from	127,428	118,695	(162,280)	83,843	(39,684)	(44,159)	-
Pledges receivable, net	629	-	-	629	76,119	24,344	101,092
Inventory	38,326	-	-	38,326	-	-	38,326
Prepaid expenses and deferred charges	25,871	5,446	-	31,317	275	-	31,592
Mortgages and notes receivable	-	1,035	-	1,035	-	-	1,035
	582,572	735,869	(152,682)	1,165,759	307,125	128,144	1,601,028
Investments:							
Marketable securities (at fair value)	770,342	3,060,276	-	3,830,618	1,142,888	1,362,350	6,335,856
Receivables for securities sold	-	-	-	-	-	-	-
Total investments	770,342	3,060,276	-	3,830,618	1,142,888	1,362,350	6,335,856
Assets held under split interest agreements	-	47,734	-	47,734	410,688	365,069	823,491
Land, building, improvements & equipment:							
Land	-	-	631,331	631,331	11,756	-	643,087
Buildings, net of accumulated depreciation	-	-	2,843,972	2,843,972	-	-	2,843,972
Construction in progress	-	-	347,247	347,247	46,451	-	393,698
Assets held for sale	904	-	6,984	7,888	-	-	7,888
Equipment, net of accumulated depreciation	-	-	119,252	119,252	31	-	119,283
Total land, building, improvements & equipment	904	-	3,948,786	3,949,690	58,238	-	4,007,928
Other assets	3	5,046	-	5,049	-	-	5,049
TOTAL ASSETS	\$ 1,353,821	\$ 3,848,925	\$ 3,796,104	\$ 8,998,850	\$ 1,918,939	\$ 1,855,563	\$ 12,773,352

THE SALVATION ARMY - USA
UNAUDITED COMBINED STATEMENT OF FINANCIAL POSITION
September 30, 2008
(Dollars in thousands)

	Unrestricted						
	General Operating	Board Designated	Land, Building and Equipment	Total	Temporarily Restricted	Permanently Restricted	Total
LIABILITIES & NET ASSETS							
LIABILITIES							
Accounts payable and accrued expenses	\$ 210,758	\$ 33,596	\$ 4,458	\$ 248,812	\$ 175	\$ -	\$ 248,987
Conditional asset retirement obligations	-	697	68,954	69,651	-	-	69,651
Payable under securities lending program	-	405,399	-	405,399	-	-	405,399
Liability for split interest agreements	655	36,636	-	37,291	208,528	21,061	266,880
Refundable advances and deferred revenue	4,925	6	-	4,931	40	-	4,971
Liabilities for securities purchased	193,920	-	-	193,920	-	-	193,920
Mortgages and notes payable	8,200	448,056	406,147	862,403	-	-	862,403
Estimated liability for self-insured claims	47,334	121,276	-	168,610	-	-	168,610
Estimated liability for retirement and post-retirement benefits	-	1,055,386	-	1,055,386	-	-	1,055,386
Other liabilities	41,984	3,417	1,184	46,585	1,442	1,154	49,181
TOTAL LIABILITIES	507,776	2,104,469	480,743	3,092,988	210,185	22,215	3,325,388
NET ASSETS							
Unrestricted	846,045	1,744,456	3,315,361	5,905,862	-	-	5,905,862
Temporarily restricted	-	-	-	-	1,708,754	-	1,708,754
Permanently restricted	-	-	-	-	-	1,833,348	1,833,348
TOTAL NET ASSETS	846,045	1,744,456	3,315,361	5,905,862	1,708,754	1,833,348	9,447,964
TOTAL LIABILITIES AND NET ASSETS	\$ 1,353,821	\$ 3,848,925	\$ 3,796,104	\$ 8,998,850	\$ 1,918,939	\$ 1,855,563	\$ 12,773,352

THE SALVATION ARMY - USA
UNAUDITED COMBINED STATEMENT OF ACTIVITIES
For the year ended September 30, 2008
(Dollars in thousands)

	Unrestricted					Total	Temporarily Restricted	Permanently Restricted	Total
	General Operating	Board Designated	Building and Equipment	Land,					
REVENUE									
Public support:									
Received directly:									
Contributions	\$ 730,085	\$ 14,377	\$ 11,060	\$ 755,522	\$ 50,823	\$ 13,138	\$ 819,483		
Donations in kind and contributed services	424,848	2,718	913	428,479	24	-	428,503		
Special events	17,250	-	-	17,250	-	-	17,250		
Legacies and bequests income	7,009	258,022	-	265,031	94,407	53,496	412,934		
Pledges revenue	-	-	-	-	26,930	8,900	35,830		
Contributions from split interest agreement	-	2,220	-	2,220	40,055	35,072	77,347		
Change in value of split interest agreements	-	(11,191)	-	(11,191)	(43,357)	(58,947)	(113,495)		
Total received directly	1,179,192	266,146	11,973	1,457,311	168,882	51,659	1,677,852		
Received indirectly:									
Allocated by federated fund raising organizations	55,047	-	-	55,047	30,202	-	85,249		
Contributed by unassociated & nonfederated organizations	78	-	-	78	-	-	78		
Total received indirectly	55,125	-	-	55,125	30,202	-	85,327		
Total public support	1,234,317	266,146	11,973	1,512,436	199,084	51,659	1,763,179		
Fees and grants from government agencies	364,185	822	-	365,007	630	-	365,637		
Other revenues:									
Program service fees	130,988	215	-	131,203	-	-	131,203		
Sales to the public	530,618	938	-	531,556	-	-	531,556		
Investment income:									
Dividends and interest, net of fees	20,501	100,303	-	120,804	71,634	52	192,490		
Realized gain (loss) on sale of investments	9,227	52,731	-	61,958	35,736	5	97,699		
Unrealized gain (loss) on value of investments	(99,846)	(1,220,263)	-	(1,320,109)	(235,977)	(492)	(1,556,578)		
Gain on sale of land, buildings, and equipment	149	3,151	7,349	10,649	-	-	10,649		
Other revenue	15,727	15,280	847	31,854	44	(38)	31,860		
Total other revenues	607,364	(1,047,645)	8,196	(432,085)	(128,563)	(473)	(561,121)		
Total support and revenue	2,205,866	(780,677)	20,169	1,445,358	71,151	51,186	1,567,695		
Net assets released due to fulfillment of donor restrictions	217,935	171,764	51,317	441,016	(441,016)	-	-		
Interfund transfers	699,170	(808,194)	109,024	-	-	-	-		
Total revenue	\$ 3,122,971	\$ (1,417,107)	\$ 180,510	\$ 1,886,374	\$ (369,865)	\$ 51,186	\$ 1,567,695		

THE SALVATION ARMY - USA
UNAUDITED COMBINED STATEMENT OF ACTIVITIES
For the year ended September 30, 2008
(Dollars in thousands)

	Unrestricted					Total	Temporarily Restricted	Permanently Restricted	Total
	General Operating	Board Designated	Land, Building and Equipment						
EXPENSES									
Program services:									
Corps community center	\$ 592,891	\$ -	\$ -	\$ -	\$ 592,891	\$ -	\$ -	\$ -	\$ 592,891
Rehabilitation	617,250	-	-	-	617,250	-	-	-	617,250
Residential and institutional services	321,729	-	-	-	321,729	-	-	-	321,729
Other social services	972,613	-	-	-	972,613	-	-	-	972,613
Total program services	2,504,483	-	-	-	2,504,483	-	-	-	2,504,483
Supporting services:									
Management and general	374,966	-	-	-	374,966	-	-	-	374,966
Fund raising	169,030	-	-	-	169,030	-	-	-	169,030
Total supporting services	543,996	-	-	-	543,996	-	-	-	543,996
Total expenses	3,048,479	-	-	-	3,048,479	-	-	-	3,048,479
Increase (decrease) in net assets before pension related expenses other than net periodic pension cost, reclassification of net assets, change in venture, change in interest swaps, and change in estimated additional liability for retirement benefits	74,492	(1,417,107)	180,510		(1,162,105)	(369,865)	51,186		(1,480,784)
Property recoveries related to natural disaster	-	-	-	-	-	-	-	-	-
Pension related expenses other than net periodic pension cost	43,038	(9,610)	-	-	33,428	-	-	-	33,428
Change in accounting principle	-	-	-	-	-	-	-	-	-
Reclassification of net assets	50,215	-	-	-	50,215	(50,215)	-	-	-
Change in venture	(999)	-	-	-	(999)	-	-	(999)	(999)
Change in adopting FAS 158	-	-	-	-	-	-	-	-	-
Change in interest rate swaps	-	(20,121)	-	-	(20,121)	-	-	-	(20,121)
Change in estimated additional liability for retirement benefits	-	63,280	-	-	63,280	-	-	-	63,280
Change in net assets	166,746	(1,383,558)	180,510		(1,036,302)	(420,080)	51,186		(1,405,196)
Net assets, beginning of year	679,299	3,128,014	3,134,851		6,942,164	2,128,834	1,782,162		10,853,160
Net assets, end of year	\$ 846,045	\$ 1,744,456	\$ 3,315,361		\$ 5,905,862	\$ 1,708,754	\$ 1,833,348		\$ 9,447,964

THE SALVATION ARMY - USA
UNAUDITED COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2008
(Dollars in thousands)

	Corps Community Center	Rehabilitation	Residential and Institutional	Other Social Services	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total Expenses
Salaries and allowances	\$ 180,656	\$ 230,004	\$ 130,886	\$ 232,497	\$ 774,043	\$ 143,872	\$ 55,950	\$ 199,822	\$ 973,865
Employee and officer benefits	59,523	62,687	36,890	70,893	229,993	44,801	11,528	56,329	286,322
Payroll taxes	15,363	31,946	14,838	23,377	85,524	13,365	5,027	18,392	103,916
Professional fees	17,936	7,425	13,483	14,226	53,070	41,760	21,697	63,457	116,527
Supplies	36,200	47,198	21,485	40,649	145,532	8,804	4,056	12,860	158,392
Communications	8,171	4,571	2,115	4,949	19,806	6,174	668	6,842	26,648
Postage and shipping	3,874	638	235	1,928	6,675	2,350	12,703	15,053	21,728
Occupancy	96,529	115,260	59,748	79,526	351,063	39,849	6,315	46,164	397,227
Furnishings and equipment	38,282	12,666	6,689	17,323	74,960	14,588	2,108	16,696	91,656
Printing and publications	8,278	8,228	700	2,021	19,227	11,802	40,287	52,089	71,316
Travel and transportation	34,946	36,087	3,263	17,395	91,691	10,346	2,884	13,230	104,921
Conferences, meetings and major trips	19,915	1,500	730	5,706	27,851	9,393	2,516	11,909	39,760
Specific assistance to individuals	11,160	7,896	9,671	406,438	435,165	43	7	50	435,215
Organization dues	907	53	105	315	1,380	526	109	635	2,015
Awards and grants	5,649	549	402	6,359	12,959	3,273	190	3,463	16,422
Interest expense	2,516	3,702	3,513	659	10,390	1,218	150	1,368	11,758
Depreciation	30,297	20,997	13,757	12,844	77,895	11,405	1,376	12,781	90,676
Miscellaneous	22,689	25,843	3,219	35,508	87,259	11,397	1,459	12,856	100,115
Total expenses	\$ 592,891	\$ 617,250	\$ 321,729	\$ 972,613	\$ 2,504,483	\$ 374,966	\$ 169,030	\$ 543,996	\$ 3,048,479

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The Salvation Army in the United States is divided into four territories. The National Commander and the National Chief Secretary serve in coordinating capacities. Each territorial commander operates under the general policies laid down by International Headquarters in London. National policy is established by the Commissioners' Conference, over which the National Commander presides. Thus, while the local leadership adjusts to meet the conditions in each community, all officers are subject to the same broad, overall policies.

ABOUT THE SALVATION ARMY

ONWARD

“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 7,773 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.