

THE SALVATION ARMY 2018 ANNUAL REPORT



DOING THE MOST GOOD®

TABLE OF CONTENTS

OUR YEAR

3

OUR VISION

9

FINANCIALS

11

LEADERSHIP

17

ABOUT US

23



DOING THE MOST GOOD®

OUR YEAR



FIGHTING FOR THE DISPLACED

We've provided more than 5.8 million meals and drinks to victims and aid workers

During the most catastrophic, and costly, hurricane season in our history, The Salvation Army was there. Emergency Disaster Services experts, volunteers, and staff came from every corner of the continent to serve survivors in Houston, Naples, Puerto Rico, and hundreds of impacted communities in between. More than 5.8 million meals, snacks, and drinks were provided; thousands of people sheltered; and 147,586 emotional and spiritual care contacts were made, thanks to selfless efforts and hearts. And support continues today. Thanks to the generosity of donors, \$76 million has been invested in long-term recovery work to ensure the people of the Gulf Coast, Puerto Rico, and Virgin Islands have hope and healing to rebuild.



FIGHTING FOR THE OVERLOOKED

The Salvation Army operates 3,042 service extension units across the country

An analysis of The Salvation Army's Human Needs Index, conducted last year by Indiana University's Lilly Family School of Philanthropy, revealed that persistent pockets of poverty across the rural United States might be underestimated by government poverty data. The Salvation Army's Service Extension program is a unique approach to serving rural populations outside of established cities and towns. These service units are primarily powered by volunteers in nearby communities, often members of law enforcement or local churches and community organizations. Active through 3,042 locations across the country, service units offer assistance to people experiencing unforeseen crises ranging from an emergency need for food or transportation to temporary shelter.



FIGHTING FOR THE UNDERSERVED

The Salvation Army served 52,259,152 meals to the hungry in 2017

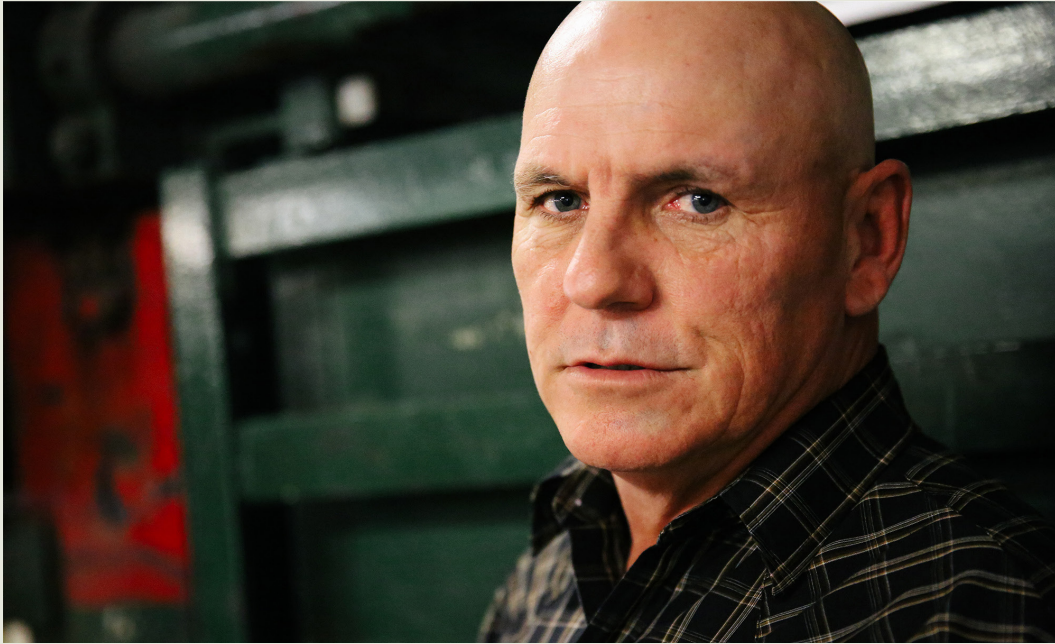
Despite gains in the economy and declining poverty rates, food insecurity remains surprisingly high. Food deserts are a familiar problem in impoverished inner cities such as East Baltimore, where riots in 2015 drove away the sole grocer in the community. In response to this scarcity of resources, The Salvation Army established the Doing the Most Good (DMG) Food Store, the first grocery store in the nation to combine social services with a traditional grocery-shopping experience. The store offers nutritional guidance, shopping education, and meal-planning services, as well as job training for a variety of positions.



FIGHTING FOR THE ADDICTED

The Salvation Army operated 141 rehabilitation centers nationwide in 2017

America is in the grip of a public-health emergency as millions of people struggle with an addiction to opioids. It is estimated that 175 people a day die from drug overdoses. As the largest private provider of free residential addiction-recovery services, The Salvation Army is on the front lines providing detox, rehabilitation, and spiritual and emotional care to help people get their lives back on track. This is especially valuable in many communities across the country where The Salvation Army is the only affordable option for addiction recovery.



FIGHTING FOR THE JOBLESS

In 2017, we generated 38,987 job referrals through our employee assistance program

Almost 36 million working-age adults are estimated to lack sufficient training, skills, and educational achievement for today's workforce. Our "hand-up" programs provide skills and strengths assessments, job-search counseling and support, and a number of programs that teach new employable skills. These programs are increasingly important as many government assistance programs, like SNAP and Medicaid, are adding work requirements to their eligibility criteria.



FIGHTING TO CHANGE PERCEPTIONS

The Salvation Army provided 9,905,970 people with shelter in 2017

Poverty looks different than most Americans think. To help showcase the plight of hardworking folks throughout our communities struggling to make ends meet, we partnered with *The Wall Street Journal* to develop a series of articles and videos showcasing the daily battles families must endure just to stay afloat. In doing so, The Salvation Army illustrated just how important our supplementary services are in the lives of those fighting to thrive.



TONY THOMPSON

Dear friends,

Over the past year, The Salvation Army has celebrated many victories in our fight for good. Through the generosity of our donors, the devotion of our staff, and the selfless efforts of our volunteers, we have successfully waged war on hunger, homelessness, and hopelessness across every ZIP code

in America.

But as Paul reminds us in 2 Corinthians 10:4, *“The weapons we fight with are not the weapons of the world. On the contrary, they have divine power to demolish strongholds.”*

Only because we are armed with God’s ever-present weapons of hope, kindness, joy, and compassion are we able to continually fight for those ravaged by storms, broken by addictions, battered by homelessness, and weakened by hunger. It is a true testament to His divine power that we have been able to help, heal, and impact so many lives over the past 365 days.

When the opioid crisis reached startling new heights – with 175 people a day dying from drug overdoses – we fought back with physical, emotional, and spiritual care.

When grocery shortages, unemployment, and resource deprivation threatened the survival of entire communities, we fought back with food pantries, job skills, and service units.

And when the United States was hit by the most catastrophic and costly hurricane season in history, we fought back with fresh water, warm meals, and selfless hearts.

As I reflect on these accomplishments, I am eternally grateful for the ample financial, spiritual, emotional, and physical contributions to the work of The Salvation Army. It is you, our faithful supporters, who make it possible for us to go to battle armed with God’s greatest weapons – all for God’s greatest glory.

Humbly,

Tony Thompson
National Advisory Board Chairman



DAVID HUDSON

Fight the good fight of the faith. Take hold of the eternal life to which you were called when you made your good confession in the presence of many witnesses. – 1 Timothy 6:12

Dear friends,

At a time when conflict, disputes, and divisions seem all too prevalent throughout our culture, there is great comfort in the call to “fight the good fight” – to come together for causes bigger than ourselves as we work alongside the Lord to serve our most vulnerable neighbors, friends, and fellow citizens.

While The Salvation Army has existed to fulfill this simple command since our founding in 1865, the past year serves as proof that our mission remains as relevant today as it was over 150 years ago. And as we’ve battled natural disasters, poverty, joblessness, food insecurity, and America’s opioid crisis, we’ve been immeasurably blessed to see just how far a little good can go.

Through the tireless dedication of our staff, volunteers, and generous donors, we’ve helped millions of people overcome pain, fear, destruction, loss, and addiction.

We’ve sheltered and fed 5.8 million displaced hurricane survivors and invested \$76 million in long-term recovery efforts – giving them hope for the future.

We’ve provided low- and no-cost detox, rehabilitation, and care to those caught in the grip of opioid dependence – giving them a second chance at life.

We’ve created vocational training programs to serve the 36 million working-age adults who are currently underqualified for today’s job force – giving them a way up and out of chronic poverty.

And we’ve brought groceries, assistance, and vital emergency services to communities otherwise lacking access to food, shelter, and support – thus giving them tools to thrive despite their limitations.

With your continued hard work, prayers, and faithful financial contributions, I am confident that we will continue to fight – and win – the good fight, wherever the Lord may lead us.

Yours in His Service,

David Hudson, Commissioner
National Commander

2017 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 (7,617) 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.

REVENUE

**Numbers represented in thousands*



DIRECT PUBLIC SUPPORT \$2,059,398



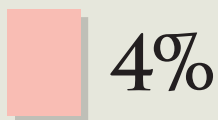
INVESTMENT INCOME \$1,043,344



SALES TO PUBLIC \$587,266



GOVERNMENT FUNDS \$366,067



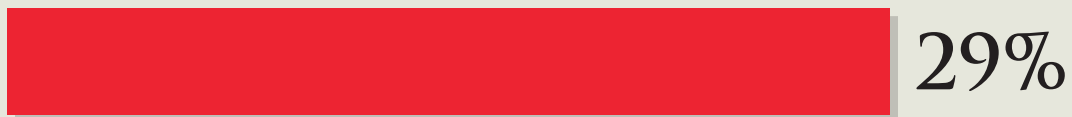
PROGRAM SERVICE FEES \$161,027



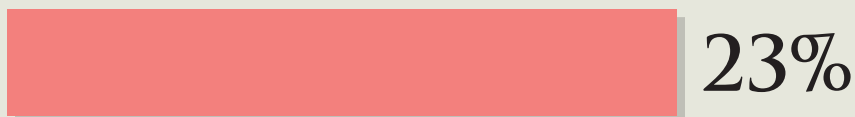
OTHER REVENUE \$105,690

EXPENSES

**Numbers represented in thousands*



OTHER SOCIAL SERVICES \$1,089,014



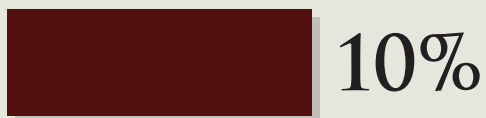
CORPS COMMUNITY CENTER \$832,237



REHABILITATION \$732,508



MANAGEMENT & GENERAL \$433,242



RESIDENTIAL & INSTITUTIONAL \$362,349



FUND RAISING \$251,249

STATISTICAL HIGHLIGHTS

CENTERS OF OPERATION

Corps	1,190
Outposts and Service Centers	198
Rehabilitation Centers	141
Thrift Shops	1,173
Community Centers, Boys/Girls Club	346
Child Day-Care Centers	88
Adult Day-Care Centers	13
Senior Citizen Centers	237
Group Homes /Temp Housing	605
Permanent Residences	90
Medical Facilities	20
Service Units	2,934
Camps	44
Divisions	40
Training Colleges	4
Other	494
TOTAL Centers of Operations	7,617

PEOPLE SERVED

Basic Social Services	13,804,263
Holiday Assistance	2,934,171
Summer & Day Camps	260,546
Disaster Assistance	241,638
Persons Visited in Institutions	1,388,521
Job Referrals	38,978
Correctional Services	234,032
Community Centers Participants	1,129,712
Day Care	166,573
Senior Citizens	936,475
Substance Abuse	146,990
Medical Care	13,730
Institutional Care	544,196
Missing Persons	78,642
Transportation Provided	1,217,720
TOTAL Persons Assisted	23,136,187

PERSONNEL

Officers /Lieutenants/Auxiliary Cpts	3,567
Cadets	230
Soldiers	108,505
Members	399,919
Employees	63,743
Volunteers	3,002,309
Advisory Organization Members	54,398

SERVICES

Meals Served	52,259,152
Lodgings Supplied	9,905,970
Welfare Orders - Cash Grants	7,154,977
Tangible Items Distributed - Clothes, Furniture, Gifts	16,528,404

GROUP MEETING ATTENDANCE

Outdoor Meetings	377,237
Sunday School	1,794,282
Sunday Meetings	4,160,899
Weekday Public Meetings	1,574,382
Soldier Development	514,508
Group Activities	7,397,975
Music Organizations	1,054,125
Other	5,887,005
TOTAL Group Meeting Attendance	22,760,413

THE SALVATION ARMY-USA

UNAUDITED COMBINED STATEMENT OF FINANCIAL POSITION

For the year ended September 30, 2017

(Dollars in thousands)

ASSETS	2017	2016
Cash and cash equivalents	\$411,864	\$379,975
Collateral received under securities lending	47,153	66,151
Accounts receivable	107,731	113,137
Legacies and bequests receivable	796,454	727,715
Pledges receivable	45,554	56,342
Inventory	44,681	43,982
Prepaid expenses and deferred charges	33,393	28,767
Mortgages and notes receivable	135,073	182,833
Investments	7,961,096	7,429,841
Assets held under split-interest agreements	1,060,143	998,285
Land, building, improvements & equipment	5,187,046	5,187,780
Other assets	7,581	7,624
Total Assets	\$15,837,769	\$15,222,432
LIABILITIES & NET ASSETS		
Total Liabilities	\$4,883,068	\$5,143,352
Net Assets:		
Unrestricted:		
Available for operations	323,261	314,654
Designated for capital & specific program expenditures	1,483,677	1,037,236
Land, building & equipment	4,482,192	4,492,293
Total Unrestricted	6,289,130	5,844,183
Temporarily restricted	1,973,021	1,625,291
Permanently restricted	2,692,550	2,609,606
Total Net Assets	10,954,701	10,079,080
TOTAL LIABILITIES & NET ASSETS	\$15,837,769	\$15,222,432

THE SALVATION ARMY-USA

UNAUDITED COMBINED STATEMENT OF ACTIVITIES

For the year ended September 30, 2017

(Dollars in thousands)

REVENUE	2017	2016
Public Support:		
Received Directly:		
Contributions	\$920,982	\$839,468
Donations-in-kind and contributed services	566,119	573,608
Special events	22,848	24,825
Legacies and bequests income	358,275	297,034
Pledges revenue	21,637	34,304
Contributions from split-interest agreements	90,383	55,093
Change in value of split-interest agreements	26,638	6,085
Total Received Directly	2,006,882	1,830,417
Received indirectly by federated campaigns	52,516	58,412
Total Public Support	2,059,398	1,888,829
Fees and grants from government agencies	366,067	351,669
Program service fees	161,027	159,619
Sales to the public	587,266	599,452
Investment earnings	1,043,344	646,706
Other revenue	105,690	90,263
TOTAL REVENUE	\$4,322,792	3,736,538
 EXPENSES		
PROGRAM SERVICES:		
Corps community centers	\$832,237	\$817,215
Rehabilitation	732,508	727,221
Residential and institutional services	362,349	346,752
Other social services	1,089,014	1,071,048
Total Program Services	3,016,108	2,962,236
SUPPORTING SERVICES:		
Management and general	433,242	430,651
Fund raising	251,249	239,967
Total Supporting Services	684,491	670,618
TOTAL EXPENSES	3,700,599	3,632,854
Other changes in net assets	253,428	(296,628)
CHANGE IN NET ASSETS	\$875,621	(\$192,944)

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 F. Bradford Bailey
Territorial Commander

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

Colonel Stephen Howard
Chief Secretary

EASTERN TERRITORY

Commissioner William A. Bamford
Territorial Commander

Commissioner Lorraine Bamford
Territorial President of Women's Ministries

Colonel Kenneth O. Johnson
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

WESTERN TERRITORY

Commissioner Kenneth G. Hodder
Territorial Commander

Commissioner Jolene Kay Hodder
Territorial President for
Women's Ministries

Colonel Douglas F. Riley
Chief Secretary

NATIONAL ADVISORY BOARD

CHAIRMAN, NATIONAL ADVISORY BOARD

Mr. Tony Thompson
President & CEO, Krispy Kreme (Former)

MR. Y. MARC BELTON

Consultant
Wisefellows Consulting
Minneapolis, Minnesota

MR. JOSEPH CALLAWAY

Those Callaways Realty
Scottsdale, Arizona

MRS. DEBORAH C. BRITTAIN

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

MR. MIKE CASSLING

President & CEO
CQuence Health Group
Omaha, Nebraska

MR. GARY D. BROWN

CEO, Mount West Investments
Pittsburgh, Pennsylvania

MR. ALLEN CHAN

Executive Director
Robertson Scholars Leadership Program
Chapel Hill, North Carolina

MR. RODNEY BULLARD

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

MRS. KATHLEEN COOKE

Co-Founder & Vice President
Cooke Pictures
Burbank, California

MRS. LAURA W. BUSH

Former First Lady
Dallas, Texas

MRS. MARLENE KLOTZ COLLINS

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

MRS. JOANN CALLAWAY

Those Callaways Realty
Scottsdale, Arizona

MS. MEREDITH COUNCE

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

MR. MICHAEL DUCKER

President & CEO
FedEx Freight
Memphis, Tennessee

MR. WILLIAM FLINN

Executive Director/CEO (Ret.)
Pasadena Tournament of Roses
Principal, SterlingVista Group
Pasadena, California

MR. TORREY FOSTER

Vice Chairman, Consumer Practice
Korn Ferry
Chicago, Illinois

MR. DAVID FRAUENSHUH

CEO, Frauenshuh Companies
Minneapolis, Minnesota

MR. MATTHEW FRAUENSHUH

CEO, Fourteen Foods
Minneapolis, Minnesota

MR. WILLIAM GAMMON, III

Managing Director
William Gammon Insurance
Austin, Texas

MR. JAMES F. GOODMAN, JR.

Vice President & General Manager
CBC New Media Group
Raleigh, North Carolina

MR. JIM GORRIE

President & CEO
Brasfield & Gorrie, LLC
Birmingham, Alabama

MRS. SALLY HARRIS

Vice Chairman
Albert Schweitzer Fellowship
Great Barrington, Massachusetts

MR. ERIC HOLM

President
Metro Corral Partners
Winter Park, Florida

MR. JASON R. HOWARD

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

MR. J.C. HUIZENGA

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

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

President & CEO
SeaWorld
St. Johns Creek, Georgia

MR. CRAIG G. MATTHEWS

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

MR. BRAD MCMULLAN

CEO
BFAC.org
Jackson, Mississippi

MR. JAMES A. NORDSTROM

Former Executive
Nordstrom, Inc.
Managing Director
Northern Stream Capital, LLC
Medina, Washington

MS. DIANE PADDISON

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

MS. NATALYE PAQUIN

CEO, Points of Light
Atlanta Georgia

MR. WILLIAM J. RADUCHEL

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

MR. JOE ROBSON

President
The Robson Companies, Inc.
Tulsa, Oklahoma

MR. JOE RUIZ

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

MR. ROBERT SMITH

Sr. VP – Global Human Resources
Papa John’s International
Louisville, Kentucky

MR. DONALD W. STRANG

Chairman – Retired
Strang Corporation
Cleveland, Ohio

MRS. JULIE TEEL

Board of Directors
Raley’s
Sacramento, California

MRS. MARY L.G. THEROUX

Senior Vice President & Director
The Independent Institute
Oakland, California

**AMBASSADOR GADDI
VASQUEZ**

Senior Vice President, Government Affairs
Southern California Edison
Orange, California

MR. JAMES VELLA

President
Ford Motor Company Fund
& Community Services
Ford Motor Company
Dearborn, Michigan

MR. BRUCE A. WILLIAMSON

President – Retired
The Sterno Group
Des Plaines, Illinois

PAST CHAIRMAN CIRCLE

MRS. CHARLOTTE JONES ANDERSON

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

MR. BILL BURKE

Senior Vice President, Marketing – Retired
Nationwide
Columbus, Ohio

MR. ARTHUR J. DECIO

Chairman of the Board
Skyline Corporation
Elkhart, Indiana

MR. DONALD V. FITES

Chairman – Retired
Caterpillar Inc.
Peoria, Illinois

MR. EDSSEL B. FORD II

Board of Directors
Ford Motor Company
Dearborn, Michigan

MR. HARRY V. LAMON, JR.

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

MR. B. FRANKLIN SKINNER

Chairman & CEO – Retired
Bell South Telecommunications, Inc.
Atlanta, Georgia

LIFE MEMBERS

MR. ROBERT L. BYERS

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)

MR. B. FRANKLIN SKINNER

(see Past Chairman Circle)

EMERITUS MEMBERS

MR. ROBERT W. ALSPAUGH

CEO – Retired
KPMG International
Phoenix, Arizona

MRS. MARILYN QUAYLE

President
BTC, Inc.
Scottsdale, Arizona

MR. RICHARD DAVIS

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

MR. E. RICHARD RATHGEBER

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

MR. RICHARD H. EYMAN

Corporate Director – Retired
J. Walter Thompson
Salem, South Carolina

MR. EDWARD C. RUFF

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

MR. RICHARD G. HAGERTY

Real Estate Development
Modesto, California

MR. PHILIP RUSSELL

President & CEO
GMR LLC
Honolulu, Hawaii

MR. WORTH HOBBS

President – Retired
Alcoa Foundation
Pittsburgh, Pennsylvania

MR. WILLIAM T. SLICK, JR.

Senior Vice President – Retired
Exxon Corporation
Houston, Texas

MR. JERRY JONES

Owner & General Manager
Dallas Cowboys Football Club
Irving, Texas

MR. TIMOTHY W. SWAIN II

Partner
Swain, Hartshorn & Scott
Peoria, Illinois

MR. JONATHON E. KILLMER

Partner – Retired
PriceWaterhouseCoopers LLP
Scottsdale, Arizona

MS. SHEILA TATE

Vice Chair – Retired
Powell Tate
Charlottesville, Virginia

MR. BOBBY LYLE

Chairman, President & CEO
Lyc0 Holdings Inc.
Dallas, Texas

MR. DONALD C. WILSON

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

MR. GEORGE B. MCCULLOUGH

Vice President – Retired
Exxon Corporation
Houston, Texas



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 over 7,617 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.