

THE SALVATION ARMY
2010 ANNUAL REPORT

SHINE



DOING THE MOST GOOD[®]

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DOING THE MOST GOOD[®]

2009 IN REVIEW

SHINE

*Jesus bids us shine with a clear, pure light,
Like a little candle burning in the night;
In this world of darkness, we must shine,
You in your small corner, and I in mine.*

—Susan Warner, “Jesus Bids Us Shine”

The Salvation Army exists to shine. A glimmer of hope, chasing away the shadows. A warm glow, offering comfort and security. A beacon of optimism and faith, leading the way to recovery.

When times are tough, when the ever-present darkness of this world seems overwhelming, that is when The Salvation Army shines brightest.

We shine because you shine.

And in 2009, in the midst of a gloomy economy and murky prospects for the future, your generosity shone brighter than ever. Thanks to your donations, The Salvation Army has helped nearly 30 million Americans in need. And we have had the privilege of seeing your “shine” reflected in their lives, their resurgence, and their gratitude.

GREAT NEED, GREAT GENEROSITY

This year, all across the country, the need has been staggering. Both in numbers of people and in the depth of the need itself. Local Corps units have reported, in some cases, a demand for social services more than 400 percent above normal. In Hickory, North Carolina, we have served almost 75,000 more people than this time last year. And the food pantry in Pen Argyl, Pennsylvania, now serves up to 50 families a week, up from last year’s 15 families a week.

When you add in the devastation of natural disaster, addiction, human trafficking, and other tragedies, the amount of need in this country is truly amazing. And yet the generosity of our donors has been even more amazing. A shining example: This year's Red Kettle donations soared to a new record high: \$139 million. That's \$9 million more than our previous record, which was set in 2008, another year in which the economy and logic suggested that donations would be down.

Once again, your generosity outshines the world's expectations.

REACHING THE NEXT GENERATION

The Salvation Army has seen Americans through turbulent times throughout our history. And we're prepared to do the same in the future. This year, we have taken even more steps to ensure that our outreach methods and ability to impact lives are as current as the leading technology. In addition to the second year of publishing our annual report online, The Salvation Army maintains a diverse presence on the Internet. Our YouTube channel showcases current events, advertising messages, and videos of real life stories. Meanwhile, we're using Facebook, Twitter, and other popular social networks to promote volunteerism and encourage giving.

Our Online Red Kettles provide another way for a younger generation to support The Salvation Army, while more than 62,000 people in 47 countries downloaded our free iPhone app, ringing a Red Kettle bell in a brand-new way. JCPenney launched the first-ever Online Angel Giving Tree Program, allowing visitors to adopt Salvation Army "Angels" from across the country and deliver their requested gifts via the Internet. And in the aftermath of devastating earthquakes in Haiti and Chile, The Salvation Army allowed donors to give simply by sending a text message with their cell phones.

BRIGHT IDEAS AT WORK

The shine of innovation wasn't limited to technology, either. Across the country, local Corps units found ways to meet needs with new and highly effective programs.

For instance, at the Center of Hope in Louisville, Kentucky, Chef Timothy Tucker doesn't just serve warm meals to the homeless. He also gives them job training through an intensive 10-week culinary program on food service skills. Chef Tim – who comes from an impressive background at several prestigious restaurants – has helped his graduates land good jobs with restaurants, bakeries, caterers, and other food programs.

Many other programs throughout the country are using community gardens to help those in need. In addition to being an inexpensive source of produce and a hands-on education in self-sufficiency, community gardens have provided a relaxing activity for women and children coping with domestic violence in Portland, Oregon, and a therapeutic treatment for men in the Lake Charles, Louisiana, transitional shelter program.

These are just a few examples of the 30 million Americans served by The Salvation Army in 2009.

Every life changed is a shining victory. And every victory comes through the compassion of our donors and the commitment of our soldiers and volunteers. This year, we have been blessed with countless opportunities to make a difference in the world. As always, we have worked diligently to do the most good with every single penny. And we will continue to do so as we move forward, surrounded and illuminated by the light of your generosity.

Together, we will shine.

*Jesus bids us shine, then, for all around,
Many kinds of darkness in this world abound:
Sin, and want, and sorrow – we must shine,
You in your small corner, and I in mine.*

COMMISSIONER ISRAEL L. GAITHER

SHINE

Dear Friends,

“You are the light of the world.”

Those are not my words. They are the encouraging and powerful commission Jesus Christ gave to his followers. And they are a reminder of just what The Salvation Army exists to be and to do.

“You are the light of the world.”

Light dispels darkness. It leads the way. It reveals and illuminates.

Light shines.

And in 2009 – a year that many might characterize as a year of darkness – your lights shone brilliantly.

With countless Americans floored by financial loss and unemployment, we would have been perfectly justified in lowering our expectations for contributions and, therefore, for the impact The Salvation Army could make in 2009. But you let your lights shine.

Your generosity helped The Salvation Army shine a light of hope and healing on millions of families swallowed by the suffocating shadows of destitution, hunger, disaster, and addiction. In a year when need was greater than ever, compassion proved up to the challenge. And to confirm the point, you filled our Christmas kettles far beyond 2008’s record-breaking year.

That, my friends, is what “Shine” is all about.

What lies ahead? God alone knows. But as we look forward, we also look back at the amazing things God has done through inspired giving, compassionate dedication, and amazing commitment. And we glow with hope.

“You are the light of the world.”

Let it shine. Let it shine. Let it shine.

ISRAEL L. GAITHER, COMMISSIONER
National Commander

CHAIRMAN ROB PACE SHINE

Dear Friends,

It is in times like these that The Salvation Army's dedicated donors, soldiers, and volunteers truly shine.

Across the country, we have seen a dramatic increase in the number of individuals and families who desperately need help. And The Salvation Army has responded.

Armed with a promise to do the most good, and bearing a spirit of optimism and passionate commitment, the Army is changing millions of lives for the better. Every day. They are not waiting for the recovery. They are the recovery in action. And thanks to generous donors who give even when giving is difficult, The Salvation Army is as relevant today as it has ever been in its history.

That relevance extends to The Salvation Army's place in this modern world. For the second year, we are publishing our annual report online, diminishing costs and delivering a more dynamic result that can reach more people. In addition, our Online Red Kettles, tools like Twitter and Facebook, and support from popular bands such as Daughtry, Honor Society, and the Jonas Brothers ensure that The Salvation Army is communicating with the next generation of donors and soldiers.

Long-standing programs such as the angel trees and red kettles have once again been a huge success, blessing countless lives. At the same time, the Army is also making an impact with creative efforts. Such as inexpensive community gardens and culinary teaching programs that not only feed those in need, but also provide therapeutic and employment opportunities.

Throughout its history, The Salvation Army has served as a beacon of light in a world of need. In 2009, that need was unprecedented. But so was your generosity. And as we move forward, the light of your generosity continues to lead the way. Thanks to you, the future looks bright.

Shine on,

ROB PACE

National Advisory Board Chairman

BOOTH FAMILY EMERGENCY SHELTER AKRON, OH

“I can’t even feed my family and pay the rent because I lost my job. I have two kids, and I have a wife, and I can’t even give them a dollar.”

Your life is in a tailspin, and all you can do is watch. You can see homelessness looming, ready to lay claim to you and your family. But what do you do?

For many families in Akron, the answer is found at The Salvation Army’s Booth Family Emergency Shelter – seven fully furnished apartment units where homeless families, or families on the verge of homelessness, find foundation and hope.

“It’s a place where we get to bring families who are going through some tough times...we give them a little bit of time to take a breath and put life back together.”

The first goal of the Booth Family Emergency Shelter is to keep families intact – which is especially critical when, so often, the only thing they really have left is each other. Whether they consist of a two-parent family, a single mother with kids, or a single father with kids, The Salvation Army resolves to keep families together, all under one roof.

The second goal is to provide more than just a quick-fix solution, more than just a place to stay. So while these families get back on their feet, The Salvation Army supplies everyday necessities like food and utilities, as well as after-school programs, tutoring, and day care for the children.

“Everything is provided for them, so whatever kind of income they have, they can use toward moving on.”

Once the residents of the Booth shelter have found solid footing, The Salvation Army helps them take the next step toward recovery – providing landlord lists to help them find a new home, offering rental and utility assistance, and counseling each family to get them off to the best possible start.

“I have a smile today. I didn’t have that smile 4 weeks ago, let me tell you.”

While many families in Akron have made it through their darkest hour thanks to the Booth Family Emergency Shelter, many more have yet to be served. But thanks to the generous support of donors and volunteers, they too will find the hope and help to find their way back into the light.

“You walk around the neighborhood today, you’re starting to see some real changes. Not only in individual’s lives, but in the shared hope we have as a neighborhood.”

EASTSIDE AFTER-SCHOOL PROGRAM ST. PAUL, MN

“We’ve experienced shootings in front of our door, prostitution across the street...I mean, just so many things. But still, we are able to remain positive.”

For the economically depressed Eastside community of St. Paul, Minnesota, The Salvation Army’s after-school program is a beacon of light, giving schoolchildren an alternative to the streets, to gangs, and to other less-than-ideal situations.

The program provides every child with enrichment activities, academic support, and the uplifting mentorship of adults who truly want to see them succeed.

“With this program...you know where your child is, you know what they’re doing, you know what’s going on, and you know that it’s productive.”

Every day, an iconic white-and-red Salvation Army bus picks up the children at school and delivers them to the center. And every night, the bus drops off each child at their own door, ensuring that they all return home. Safe. Secure. And with smiles on their faces.

“Being involved in The Salvation Army actually gives my little girls a chance to see that there’s other things outside of life other than being out on the streets having no other choices or goals.”

In addition to help with homework and tutoring in school subjects, kids at the after-school program also get the opportunity to learn from community volunteers. Local police officers read to the children, demonstrating face-to-face that the police really are on their side. And professional artists and musicians teach specialized skills that the public schools, because of tight budgets, have been forced to cut.

“There’s always a new dance...there’s always a new friend...there’s always a new song they’ve learned...there’s a different skill they’ve mastered that they didn’t know before. And it’s just exciting to them. It’s something else to do.”

As a result, the entire Eastside community is growing stronger and growing together. Children and parents alike look to The Salvation Army as a welcoming place. A safe place. A place where bodies, minds, and spirits take root and begin to bloom.

“I always tell the kids my payment is later in life when I see them going to college, working a job, starting a family, being a positive outlet to society.”

Thanks to donors and volunteers, every child who walks through The Salvation Army’s doors sees hope and opportunity. And they leave equipped with the knowledge and confidence to succeed in life.

“That dollar that you gave yesterday helps us today to be able to take care of that kid. They’ll go home tonight and know that someone cares about them.”

TUCSON GED PROGRAM TUCSON, AZ

“I’m confident. I’m proud. I’m just happy...all-around happy.”

Every community has unique needs. And in each of those communities, The Salvation Army strives to create and implement solutions tailored to those specific needs.

Such is the case in a Tucson, Arizona, community where poverty is more than just a product of recent trends. Rather, it is an ongoing cycle that has been passed down through generations.

“So many of the people that we help in this building just need more education.”

While The Salvation Army in Tucson is dedicated to providing for those in their community who are struggling with poverty and homelessness, they are also determined to put an end to one of the main causes of those needs – a lack of education.

“If they’ve dropped out of high school or never made it out of high school, they’re stuck at the income level they’re at. And without the GED, the door closes on them right there.”

To help solve the problem, The Salvation Army instituted a groundbreaking new GED program – a free, in-house course designed to tutor students at their own pace, help teach them the required material, and help them learn how to take and pass the GED test.

“It’s not just kids. It’s not just people who dropped out. We’ve seen people come back mid-life and later life to finish goals that they’d always thought about.”

The goal of the GED program aims higher than just a diploma. It's about building confidence and empowering individuals to get better jobs, make better livings, help their children with their homework, and pass down a legacy of learning and accomplishment.

As a result, a growing group of people in Tucson who never graduated from high school is now gaining the confidence and knowledge to break the cycle of poverty. In their families. And in their community.

“The feeling that they were able to accomplish something is huge. It’s like stepping outside the door and having the confidence to brave whatever comes your way.”

NORTH MABEE BOYS & GIRLS CLUB TULSA, OK

“We hear a lot of negative things about North Tulsa. But in the midst of all that, we’ve got this shining star right here.”

In the economically deprived community of North Tulsa, the North Mabee Boys & Girls Club has been a beacon of light and hope for many years – a place where children and teenagers have found refuge, an escape from harmful influences, and more importantly, a place where they have found opportunity and hope.

“I find that kids don’t dream things they don’t know about.”

At the Mabee Center, kids can get help with their schoolwork, and older students can prepare for the ACT examination to help pave the way for college. But the education they receive also extends far beyond reading, writing, and arithmetic. The kids at Mabee are exposed to as many different skills and arts as possible – ballet, photography, drum line, music production, piano, and much more.

“The Mabee Center is a place where kids can come and feel safe and dream all the dreams they want to dream. And what’s really interesting is they happen. Their dreams come true.”

Over the years, the lessons on the importance of education, good citizenship, and dreaming dreams have paid off for Mabee students. Many have gone on to college educations and professional success. And their alumni – or “Mabee Babies” – are honored to give back to the center that helped them achieve their dreams. Dreams of becoming musicians, business owners, attorneys, politicians, news anchors, and even professional athletes.

“Football explains life better to me than any game. If you can teach them how to overcome the pain, the tiredness, and the self-doubt, then that little bit of extra that it takes to be successful in life, they push for it. And they will do it. Because they’ve already been tested at an earlier age.”

Athletics play an especially big role at the Mabee Center. And the football program in particular has helped produce a handful of NFL players, including current stars Robert Meachem of the New Orleans Saints and Felix Jones of the Dallas Cowboys. But more important than creating professional athletes or winning championships, the Mabee Mustangs football team has helped shape hundreds of young boys into honorable young men.

“The game is just a way of getting them in. But once they get in, then we’re out here to teach them about life.”

The Mabee Center’s success is a tribute to the generosity of donors. But it is also the product of dedicated volunteers – dedicated men and women who believe in their community. They believe in love. And they believe that when you make the sacrifice and give of your own time, people’s lives are changed forever.

2009 FINANCIAL SUMMARY

SHINE

This summary represents a combination of data extracted from the Audited Financial Statements of the National Corporation, the World Service Office, and the four U.S. Territories – the Central Territory, the Eastern Territory, the Southern Territory, and the Western Territory. The four Territories supervise 7,821 units of operation throughout the United States, including Puerto Rico, Guam, and the Marshall Islands. 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 basic human needs without discrimination. Operating support represents funding provided by outside sources for the ongoing operations of The Salvation Army. Revenues are classified as operating or non-operating, based on donor restrictions and/or designations by the corporate Board of Trustees.

During 2009, the Army spent \$3.12 billion serving people, up from \$3.05 billion the prior year. Eighty-two cents of every dollar spent, or \$2.54 billion, went toward program services; the remainder was accounted for by management and general expenses of \$392 million and by fundraising costs of \$179 million. Approximately 75% 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 \$1.66 billion, changed from \$1.76 billion in 2008. It comprised \$848 million of general contributions, \$287 million of legacies and bequests, \$448 million of gifts in kind, and \$81 million of allocations from local United Way and similar funding organizations.

During 2009, other operating and non-operating revenue increased net assets by \$810 million, as opposed to a decrease of \$561 million in the prior year. Other revenue comprised of program service fees of \$141 million, sales to the public of \$542 million, net investment gain of \$21 million, and miscellaneous other revenue of \$106 million.

In addition, fees and grants were given to The Salvation Army from various government agencies totaling \$392 million for 2009, up from \$366 million in the prior year.

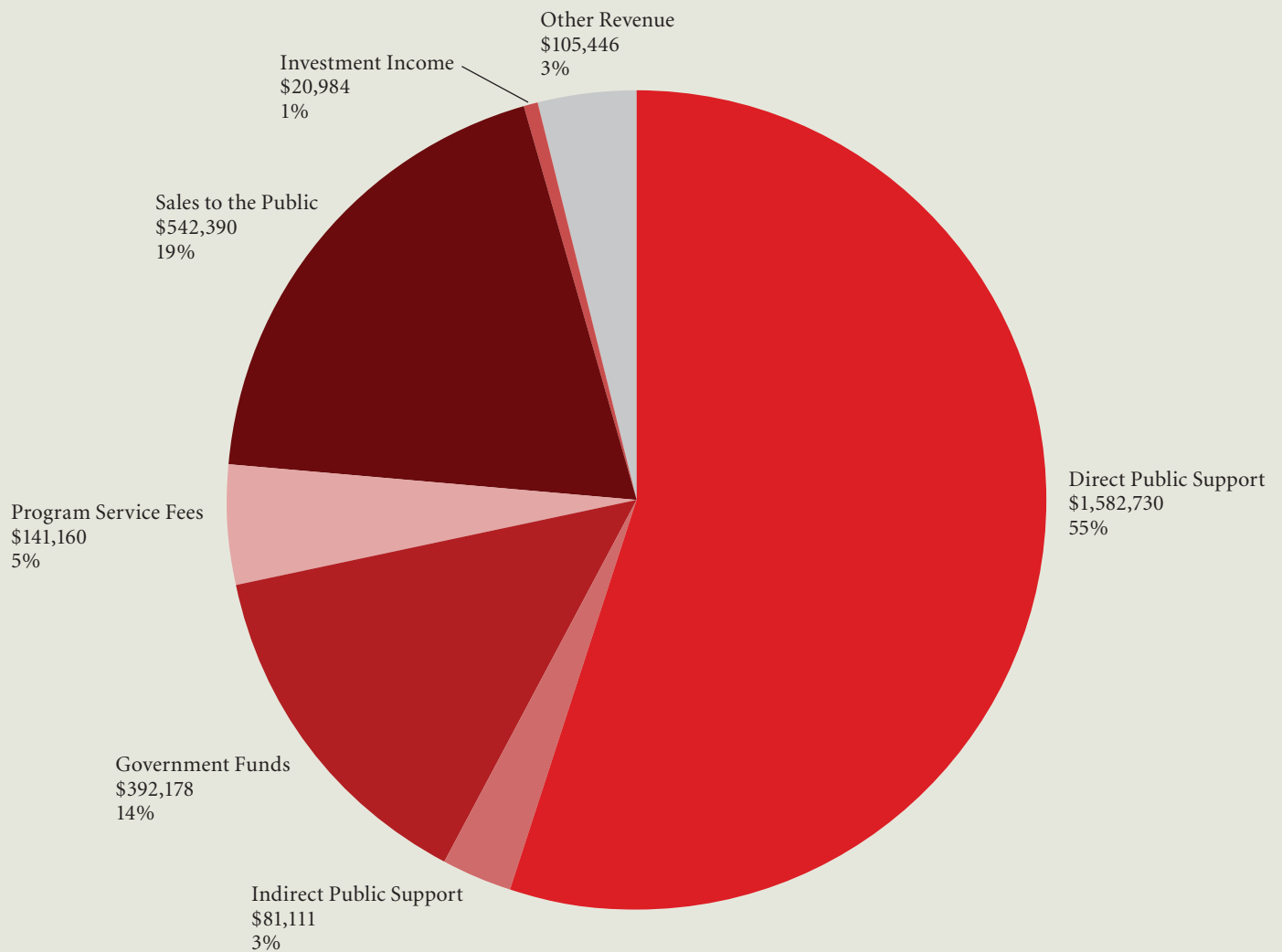
About 57% of the Army's net assets consist of land, buildings, and equipment (\$3.6 billion), plus invested board-designated reserves for future capital expenditures, ongoing facilities maintenance, and specific programs (\$1.43 billion). The remainder primarily comprises investment of donors' temporarily 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. These audited financial statements, along with the opinions of independent certified public accountants, are available for request.

FINANCIAL HIGHLIGHTS

INCOME

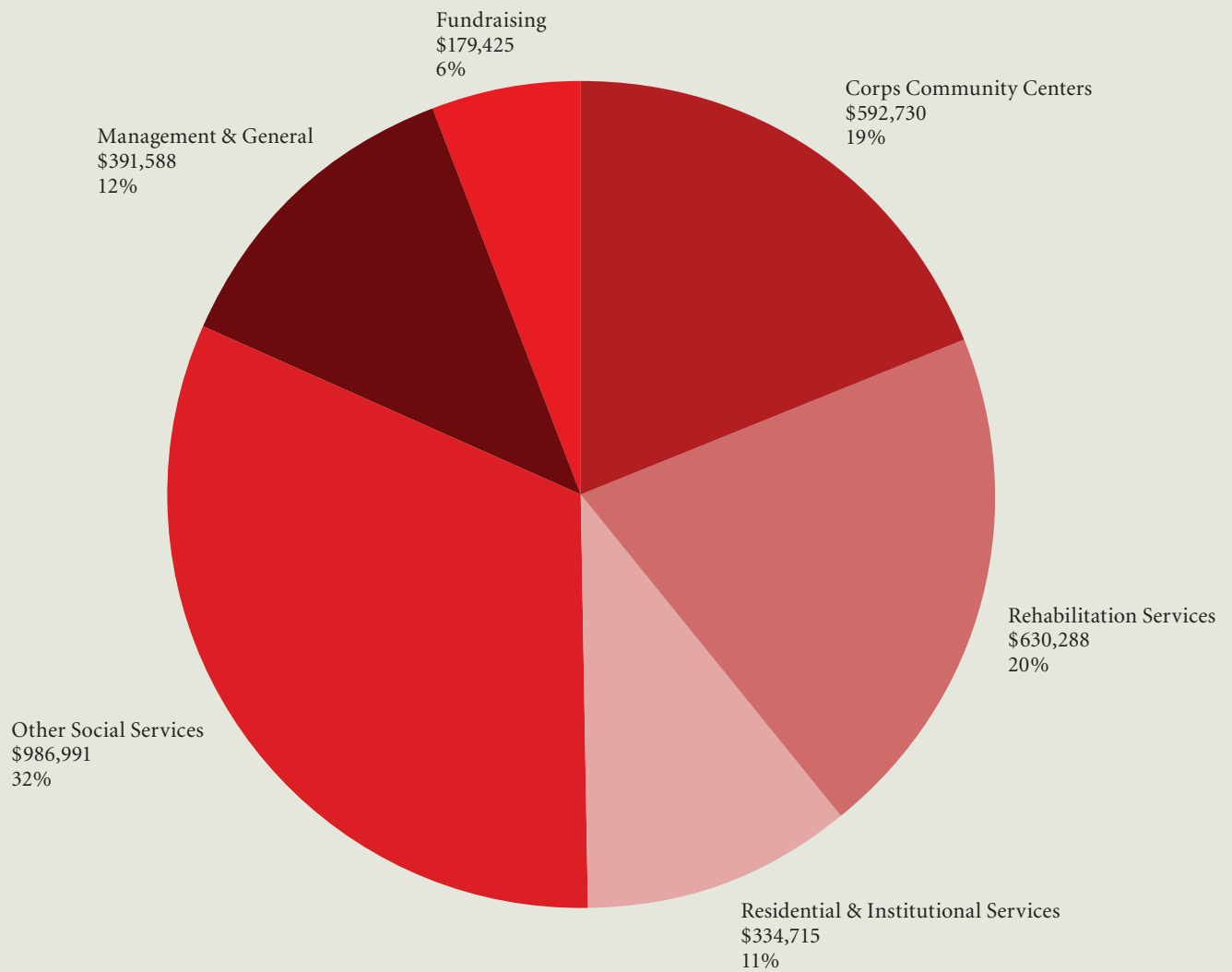
\$2,865,999
(IN THOUSANDS)



FINANCIAL HIGHLIGHTS

EXPENSES

\$3,115,737
(IN THOUSANDS)



FINANCIAL HIGHLIGHTS

STATISTICAL HIGHLIGHTS

CENTERS OF OPERATION

Corps	1,241
Outposts and Service Centers	189
Rehabilitation Centers	163
Family Stores	1,375
Community Centers, Boys/Girls Club	350
Child Day Care Centers	120
Adult Day Care Centers	14
Senior Citizen Centers	266
Group Homes/Temp Housing	568
Permanent Residences	74
Medical Facilities	33
Service Units	3,051
Camps	45
Divisions	40
Training Colleges	4
Others	288
TOTAL Centers of Operation	7,821

PERSONNEL

Officers	3,557
Cadets	283
Soldiers	107,393
Members	400,055
Employees	60,117
Volunteers	3,411,613
Advisory Organization Members	58,860

GROUP MEETING ATTENDANCE

Outdoor Meetings	353,124
Sunday School	2,387,389
Sunday Meetings	5,338,383
Weekday Public Meetings	2,224,481
Soldier Development	618,397
Group Activities	9,205,940
Music Organizations	1,026,899
Other	6,179,162
TOTAL Group Meeting Attendance	27,333,775

FINANCIAL HIGHLIGHTS

STATISTICAL HIGHLIGHTS

PEOPLE SERVED

Basic Social Services	16,511,716
Holiday Assistance	4,246,340
Summer & Day Camps	180,585
Disaster Assistance	955,440
Persons Visited In Institutions	2,714,759
Job Referrals	82,346
Correctional Services	433,998
Community Center Participation	1,050,598
Day Care	164,743
Senior Citizens	784,251
Substance Abuse Rehabilitation	372,934
Medical Care	35,139
Institutional Care	1,041,924
Missing Persons	18,400
Transportation Provided	825,357
TOTAL Persons Assisted	29,418,530

SERVICES

Meals Served	64,039,211
Lodgings Supplied	10,292,835
Welfare Orders – Cash Grants	6,716,866
Tangible Items Distributed – Clothes, Furniture, Gifts	21,650,038 102,698,950

THE SALVATION ARMY - USA
UNAUDITED COMBINED STATEMENT OF ACTIVITIES
For the year ended September 30, 2009
(Dollars in thousands)

	Unrestricted			Total	Temporarily Restricted	Permanently Restricted	Total
	General Operating	Board Designated	Land, Building and Equipment				
REVENUE							
Public support:							
Received directly:							
Contributions	\$ 746,305	\$ 15,436	\$ 683	\$ 762,424	\$ 39,678	\$ 5,098	\$ 807,200
Donations-in-kind and contributed services	442,495	5,016	635	448,146	41	-	448,187
Special events	14,531	1	-	14,532	-	-	14,532
Legacies and bequests income	13,106	218,978	-	232,084	27,995	26,342	286,421
Pledges revenue	590	-	-	590	14,895	8,156	23,641
Contributions from split interest agreement	-	4,891	-	4,891	20,975	32,310	58,176
Change in value of split interest agreements	-	654	-	654	(25,587)	(30,494)	(55,427)
Total received directly	<u>1,217,027</u>	<u>244,976</u>	<u>1,318</u>	<u>1,463,321</u>	<u>77,997</u>	<u>41,412</u>	<u>1,582,730</u>
Received indirectly:							
Allocated by federated fund raising organizations	54,515	-	-	54,515	26,517	-	81,032
Contributed by unassociated & non-federated organizations	(371)	-	-	(371)	450	-	79
Total received indirectly	<u>54,144</u>	<u>-</u>	<u>-</u>	<u>54,144</u>	<u>26,967</u>	<u>-</u>	<u>81,111</u>
Total public support	<u>1,271,171</u>	<u>244,976</u>	<u>1,318</u>	<u>1,517,465</u>	<u>104,964</u>	<u>41,412</u>	<u>1,663,841</u>
Fees and grants from government agencies	383,879	1,143	4,594	389,616	2,562	-	392,178
Other revenues:							
Program service fees	141,003	157	-	141,160	-	-	141,160
Sales to the public	540,994	1,396	-	542,390	-	-	542,390
Investment income:							
Dividends and interest, net of fees	11,946	74,053	-	85,999	49,281	67	135,347
Realized gain (loss) on sale of investments	(15,619)	(373,799)	-	(389,418)	(35,113)	(25)	(424,556)
Unrealized gain (loss) on value of investments	6,497	253,177	-	259,674	50,611	(92)	310,193
Gain (loss) on sale of land, buildings and equipment	(2)	7,636	31,274	38,908	-	-	38,908
Other revenue	6,129	21,825	38,841	66,795	(246)	(11)	66,538
Total other revenues	<u>690,948</u>	<u>(15,555)</u>	<u>70,115</u>	<u>745,508</u>	<u>64,533</u>	<u>(61)</u>	<u>809,980</u>
Total support and revenue	<u>2,345,998</u>	<u>230,564</u>	<u>76,027</u>	<u>2,652,589</u>	<u>172,059</u>	<u>41,351</u>	<u>2,865,999</u>
Net assets released due to fulfillment of donor restrictions	242,586	112,896	51,237	406,719	(406,719)	-	-
Interfund transfers	250,022	(410,947)	158,477	(2,448)	2,448	-	-
Total revenue	<u>\$ 2,838,606</u>	<u>\$ (67,487)</u>	<u>\$ 285,741</u>	<u>\$ 3,056,860</u>	<u>\$ (232,212)</u>	<u>\$ 41,351</u>	<u>\$ 2,865,999</u>

THE SALVATION ARMY - USA
UNAUDITED COMBINED STATEMENT OF ACTIVITIES
For the year ended September 30, 2009
(Dollars in thousands)

	Unrestricted			Total	Temporarily Restricted	Permanently Restricted	Total
	General Operating	Board Designated	Land, Building and Equipment				
EXPENSES							
Program services:							
Corps community center	\$ 592,730	\$ -	\$ -	\$ 592,730	\$ -	\$ -	\$ 592,730
Rehabilitation	630,288	-	-	630,288	-	-	630,288
Residential and institutional services	334,715	-	-	334,715	-	-	334,715
Other social services	986,991	-	-	986,991	-	-	986,991
Total program services	<u>2,544,724</u>	<u>-</u>	<u>-</u>	<u>2,544,724</u>	<u>-</u>	<u>-</u>	<u>2,544,724</u>
Supporting services:							
Management and general	391,588	-	-	391,588	-	-	391,588
Fund raising	179,425	-	-	179,425	-	-	179,425
Total supporting services	<u>571,013</u>	<u>-</u>	<u>-</u>	<u>571,013</u>	<u>-</u>	<u>-</u>	<u>571,013</u>
Total expenses	<u>3,115,737</u>	<u>-</u>	<u>-</u>	<u>3,115,737</u>	<u>-</u>	<u>-</u>	<u>3,115,737</u>
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	(277,131)	(67,487)	285,741	(58,877)	(232,212)	41,351	(249,738)
Property recoveries related to natural disaster	-	-	-	-	-	-	-
Pension related expenses other than net periodic pension cost	(136,344)	(103,156)	-	(239,500)	-	-	(239,500)
Change in accounting principle	(73,161)	-	-	(73,161)	73,161	-	-
Reclassification of net assets	-	(9,241)	-	(9,241)	9,241	-	-
Change in venture	(313)	-	-	(313)	-	-	(313)
Change in adopting FAS 158	-	-	-	-	-	-	-
Change in fair value of interest rate swaps	-	(34,912)	-	(34,912)	-	-	(34,912)
Change in estimated additional minimum liability for retirement benefits	-	(97,192)	-	(97,192)	-	-	(97,192)
Change in net assets	<u>(486,949)</u>	<u>(311,988)</u>	<u>285,741</u>	<u>(513,196)</u>	<u>(149,810)</u>	<u>41,351</u>	<u>(621,655)</u>
Net assets, beginning of year	<u>846,045</u>	<u>1,744,456</u>	<u>3,315,361</u>	<u>5,905,862</u>	<u>1,708,754</u>	<u>1,833,348</u>	<u>9,447,964</u>
Net assets, end of year	<u>\$ 359,096</u>	<u>\$ 1,432,468</u>	<u>\$ 3,601,102</u>	<u>\$ 5,392,666</u>	<u>\$ 1,558,944</u>	<u>\$ 1,874,699</u>	<u>\$ 8,826,309</u>

THE SALVATION ARMY - USA
UNAUDITED COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2009
(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	\$ 185,316	\$ 231,287	\$ 129,494	\$ 236,884	\$ 782,981	\$ 148,027	\$ 60,960	\$ 208,987	\$ 991,968
Employee and officer benefits	67,085	69,180	40,600	80,412	257,277	47,378	13,522	60,900	318,177
Payroll taxes	15,756	31,128	14,804	23,975	85,663	13,647	5,573	19,220	104,883
Professional fees	16,037	8,934	15,449	12,375	52,795	41,073	22,595	63,668	116,463
Supplies	33,719	46,664	20,934	36,161	137,478	9,007	4,012	13,019	150,497
Communications	8,940	4,844	2,195	4,853	20,832	6,569	749	7,318	28,150
Postage and shipping	3,594	691	297	2,207	6,789	2,380	14,090	16,470	23,259
Occupancy	107,070	124,104	64,136	87,765	383,075	39,904	3,671	43,575	426,650
Furnishings and equipment	26,853	10,818	7,591	16,734	61,996	12,677	2,066	14,743	76,739
Printing and publications	7,957	8,785	784	442	17,968	19,710	41,748	61,458	79,426
Travel and transportation	29,313	28,133	2,586	15,423	75,455	8,771	2,644	11,415	86,870
Conferences, meetings and major trips	17,296	1,191	679	6,061	25,227	8,293	2,006	10,299	35,526
Direct assistance	9,288	8,428	11,089	415,511	444,316	71	75	146	444,462
Organization dues	927	47	131	364	1,469	449	109	558	2,027
Awards and grants	5,736	570	393	4,761	11,460	3,671	186	3,857	15,317
Interest expense	2,409	3,297	3,347	346	9,399	1,167	74	1,241	10,640
Depreciation	27,479	20,829	16,700	18,668	83,676	12,375	4,363	16,738	100,414
Miscellaneous	27,955	31,358	3,506	24,049	86,868	16,419	982	17,401	104,269
Total expenses	\$ 592,730	\$ 630,288	\$ 334,715	\$ 986,991	\$ 2,544,724	\$ 391,588	\$ 179,425	\$ 571,013	\$ 3,115,737

THE SALVATION ARMY - USA
UNAUDITED COMBINED STATEMENT OF FINANCIAL POSITION
September 30, 2009
(Dollars in thousands)

	Unrestricted			Total	Temporarily Restricted	Permanently Restricted	Total
	General Operating	Board Designated	Land, Building and Equipment				
ASSETS							
Cash and cash equivalents	\$ 143,704	\$ 120,878	\$ 9,598	\$ 274,180	\$ 43,252	\$ 13,724	\$ 331,156
Collateral received under securities lending program	120,978	262,249	-	383,227	-	-	383,227
Accounts receivable, net	121,589	42,512	-	164,101	834	388	165,323
Legacies and bequests receivable	-	21,279	-	21,279	177,592	114,294	313,165
Due (to) from	120,359	73,161	(150,274)	43,246	(32,383)	(10,863)	-
Pledges receivable, net	484	-	-	484	71,947	29,371	101,802
Inventory	39,538	-	-	39,538	-	-	39,538
Prepaid expenses and deferred charges	26,381	4,131	-	30,512	792	-	31,304
Mortgages and notes receivable	-	1,048	-	1,048	1	-	1,049
	573,033	525,258	(140,676)	957,615	262,035	146,914	1,366,564
Investments (at fair value)	253,216	3,259,460	-	3,512,676	1,109,823	1,385,595	6,008,094
Assets held under split interest agreements	-	46,359	-	46,359	362,855	362,381	771,595
Land, building, improvements & equipment:							
Land	-	-	667,575	667,575	9,239	-	676,814
Buildings, net of accumulated depreciation	-	-	3,156,178	3,156,178	1,044	-	3,157,222
Construction in progress	-	-	291,140	291,140	16,712	-	307,852
Assets held for sale	922	-	8,958	9,880	-	-	9,880
Equipment, net of accumulated depreciation	-	-	110,457	110,457	24	-	110,481
Total land, building, improvements & equipment	922	-	4,234,308	4,235,230	27,019	-	4,262,249
Other assets	17	4,037	-	4,054	-	-	4,054
TOTAL ASSETS	\$ 827,188	\$ 3,835,114	\$ 4,093,632	\$ 8,755,934	\$ 1,761,732	\$ 1,894,890	\$ 12,412,556

THE SALVATION ARMY - USA
UNAUDITED COMBINED STATEMENT OF FINANCIAL POSITION
September 30, 2009
(Dollars in thousands)

	Unrestricted			Total	Temporarily Restricted	Permanently Restricted	Total
	General Operating	Board Designated	Land, Building and Equipment				
LIABILITIES & NET ASSETS							
LIABILITIES							
Accounts payable and accrued expenses	\$ 211,258	\$ 26,136	\$ 6,864	\$ 244,258	\$ 270	\$ -	\$ 244,528
Conditional asset retirement obligations	-	697	58,004	58,701	-	-	58,701
Payable under securities lending program	136,504	273,854	-	410,358	-	-	410,358
Liability for split interest agreements	-	35,204	-	35,204	199,453	20,191	254,848
Refundable advances and deferred revenue	5,261	1	-	5,262	44	-	5,306
Mortgages and notes payable	10,000	480,609	426,477	917,086	-	-	917,086
Estimated liability for self-insured claims	48,000	126,073	-	174,073	-	-	174,073
Estimated liability for retirement and post-retirement benefits	-	1,438,821	-	1,438,821	-	-	1,438,821
Other liabilities	57,069	21,251	1,185	79,505	3,021	-	82,526
TOTAL LIABILITIES	468,092	2,402,646	492,530	3,363,268	202,788	20,191	3,586,247
NET ASSETS							
Unrestricted	359,096	1,432,468	3,601,102	5,392,666	-	-	5,392,666
Temporarily restricted	-	-	-	-	1,558,944	-	1,558,944
Permanently restricted	-	-	-	-	-	1,874,699	1,874,699
TOTAL NET ASSETS	359,096	1,432,468	3,601,102	5,392,666	1,558,944	1,874,699	8,826,309
TOTAL LIABILITIES AND NET ASSETS	\$ 827,188	\$ 3,835,114	\$ 4,093,632	\$ 8,755,934	\$ 1,761,732	\$ 1,894,890	\$ 12,412,556

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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

SHINE

“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 7,821 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.