

# 2012 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 supervise seven thousand five hundred and forty-six (7,546) 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 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 2012, the Army spent \$3.29 billion serving people, up from \$3.23 billion the prior year. Eighty-two cents of every dollar spent, or \$2.71 billion, went toward program services; the remainder was accounted for by management and general expenses of \$381 million and by fundraising costs of \$203 million. Approximately 79% 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 \$1.92 billion, changed from \$1.70 billion in 2011. It comprised \$1.01 billion of general contributions, \$310 million of legacies and bequests, \$531 million of gifts in kind, and \$71 million of allocations from local United Way and similar funding organizations.

During 2012, other operating and non-operating revenue increased net assets by \$1.80 billion, in contrast to an increase of \$779 million in the prior year. Other revenue comprised of program service fees of \$148 million, sales to the public of \$624 million, net investment gain of \$987 million, and miscellaneous other revenue of \$46 million.

In addition, fees and grants were given to The Salvation Army from various government agencies totaling \$354 million for 2012, up from \$351 million in the prior year.

About 58% of the Army's net assets consist of land, buildings, and equipment (\$4.26 billion), plus invested board-designated reserves for future capital expenditures, ongoing facilities maintenance, and specific programs (\$1.19 billion). The remainder primarily comprises investment of donors' temporarily restricted gifts and permanently restricted endowments.

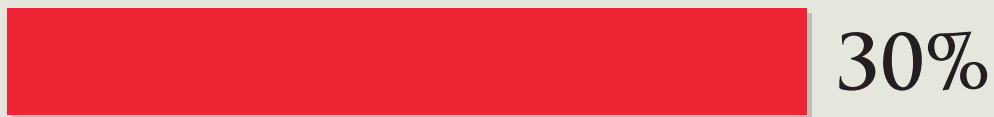
Doing the Most Good for those in need is our highest goal. We pledge to maintain the highest standards of financial accountability to earn your continued trust. To that end, Salvation Army centers are audited by independent certified public accountants in accordance with generally accepted accounting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

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

# REVENUE



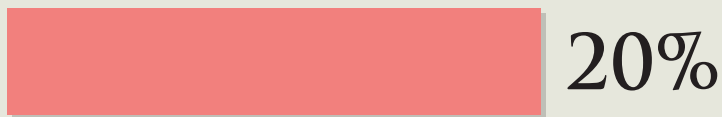
# EXPENSES



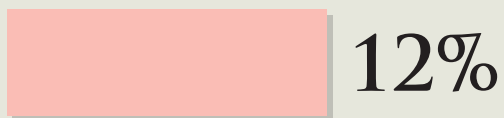
OTHER SOCIAL SERVICES \$993,248



CORPS COMMUNITY CENTER \$701,396



REHABILITATION \$672,995



MANAGEMENT & GENERAL \$380,938



RESIDENTIAL & INSTITUTIONAL \$338,193



FUND RAISING \$202,624

# STATISTICAL HIGHLIGHTS

## CENTERS OF OPERATION

Corps	1,224
Outposts and Service Centers	182
Rehabilitation Centers	148
Thrift Shops	1,266
Community Centers, Boys/Girls Club	317
Child Day-Care Centers	100
Adult Day-Care Centers	12
Senior Citizen Centers	268
Group Homes/Temp Housing	553
Permanent Residences	76
Medical Facilities	23
Service Units	2,949
Camps	46
Divisions	40
Training Colleges	4
Other	338
<b>TOTAL Centers of Operation</b>	<b>7,546</b>

## PEOPLE SERVED

Basic Social Services	18,820,811
Holiday Assistance	4,198,683
Summer & Day Camps	203,211
Disaster Assistance	323,993
Persons Visited in Institutions	2,350,106
Job Referrals	102,366
Correctional Services	307,085
Community Centers Participants	1,416,801
Day Care	205,687
Senior Citizens	757,684
Substance Abuse	203,674
Medical Care	24,199
Institutional Care	1,074,748
Missing Persons	20,051
Transportation Provided	937,789
<b>TOTAL Persons Assisted</b>	<b>30,946,888</b>

## PERSONNEL

Officers/Lieutenants/Auxiliary Cpts	3,573
Cadets	341
Soldiers	107,896
Members	417,901
Employees	58,764
Volunteers	3,391,648
Advisory Organization Members	57,273

## SERVICES

Meals Served	58,847,654
Lodgings Supplied	10,584,301
Welfare Orders - Cash Grants	8,216,489
Tangible Items Distributed - Clothes, Furniture, Gifts	20,554,085

## GROUP MEETING ATTENDANCE

Outdoor Meetings	366,197
Sunday School	2,101,505
Sunday Meetings	5,170,681
Weekday Public Meetings	2,062,917
Soldier Development	601,458
Group Activities	8,723,820
Music Organizations	1,186,699
Other	6,022,376
<b>TOTAL Group Meeting Attendance</b>	<b>26,235,653</b>

# THE SALVATION ARMY - USA

## UNAUDITED COMBINED STATEMENT OF ACTIVITIES

For the year ended September 30, 2012

(Dollars in thousands)

### REVENUE

#### PUBLIC SUPPORT:

Received Directly:	
Contributions	832,688
Donations-in-kind and contributed services	530,815
Special events	17,010
Legacies and bequests income	309,720
Pledges revenue	25,648
Contributions from split interest agreement	98,402
Change in value of split interest agreements	34,775
<b>Total Received Directly</b>	<b>1,849,058</b>
Received Indirectly:	
Allocated by federated fund raising organizations	70,752
Contributed by unassociated & non-federated organizations	39
<b>Total Received Indirectly</b>	<b>70,791</b>

<b>Total Public Support</b>	<b>1,919,849</b>
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Fees and grants from government agencies	353,644
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#### OTHER REVENUES:

Program service fees	147,551
Sales to the public	624,285
Investment income:	
Dividends and interest, net of fees	105,437
Realized gain (loss) on sale of investments	190,914
Unrealized gain (loss) on value of investments	690,356
Gain (loss) on sale of land, buildings and equipment	6,992
Other revenue	39,303
<b>Total Other Revenues</b>	<b>1,804,838</b>

<b>Total Revenue</b>	<b>4,078,331</b>
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### EXPENSES

#### PROGRAM SERVICES:

Corps community center	701,396
Rehabilitation	672,995
Residential and institutional services	338,193
Other social services	993,248
<b>Total program services</b>	<b>2,705,832</b>

#### SUPPORTING SERVICES:

Management and general	380,938
Fund raising	202,624
<b>Total supporting services</b>	<b>583,562</b>

<b>Total expenses</b>	<b>3,289,394</b>
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Increase (decrease) in net assets before change in estimated additional liability for retirement benefits, accounting principle, and venture and property losses related to natural disaster	788,937
Property recoveries related to natural disaster	-
Pension related expenses other than net periodic pension cost	(107,370)
Change in accounting principle	-
Change in venture	161
Change in adopting FAS 158	-
Change in fair value of interest rate swaps	(12,844)
Change in estimated additional minimum liability for retirement benefits	(33,803)
<b>Change in net assets</b>	<b>635,081</b>

<b>Net assets, beginning of year</b>	<b>8,706,558</b>
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<b>Net assets, end of year</b>	<b>9,341,639</b>
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**THE SALVATION ARMY - USA**  
**UNAUDITED COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended September 30, 2012**  
*(Dollars in thousands)*

**EXPENSES**

Salaries and allowances	1,070,079
Employee and officer benefits	361,284
Payroll taxes	108,043
Professional fees	128,250
Supplies	165,358
Communications	29,526
Postage and shipping	23,278
Occupancy	415,748
Furnishings and equipment	78,962
Printing and publications	82,640
Travel and transportation	98,108
Conferences, meetings and major trips	42,964
Direct assistance	476,926
Organization dues	2,117
Awards and grants	19,500
Interest expense	10,516
Depreciation	120,198
Miscellaneous	55,897
<b>Total expenses</b>	<b>3,289,394</b>

# THE SALVATION ARMY - USA

## UNAUDITED COMBINED STATEMENT OF FINANCIAL POSITION

For the year ended September 30, 2012

(Dollars in thousands)

### ASSETS

Cash and cash equivalents	366,727
Collateral received under securities lending program	207,490
Accounts receivable, net	147,350
Legacies and bequests receivable	296,770
Pledges receivable, net	71,023
Inventory	43,505
Prepaid expenses and deferred charges	26,852
Mortgages and notes receivable	135,718
<b>Assets Subtotal</b>	<b>1,295,435</b>
Investments (at fair value)	6,549,730
Assets held under split interest agreements	931,820
Land, building, improvements & equipment:	
Land	777,626
Buildings, net of accumulated depreciation	3,825,253
Construction in progress	161,957
Assets held for sale	18,924
Equipment, net of accumulated depreciation	115,771
<b>Total land, building, improvements &amp; equipment</b>	<b>4,899,531</b>
Other assets	5,393
<b>Total assets</b>	<b>13,681,909</b>

### LIABILITIES & NET ASSETS

#### LIABILITIES

Accounts payable and accrued expenses	257,975
Conditional asset retirement obligations	56,595
Payable under securities lending program	226,282
Liability for split interest agreements	245,618
Refundable advances and deferred revenue	7,180
Liabilities for securities purchased	-
Mortgages and notes payable	1,297,548
Estimated liability for self-insured claims	162,723
Estimated liability for retirement and post-retirement	
Benefits	2,024,680
Other liabilities	61,669
<b>Total liabilities</b>	<b>4,340,270</b>

#### NET ASSETS

Unrestricted	5,881,916
Temporarily restricted	1,373,817
Permanently restricted	2,085,906
<b>Total net assets</b>	<b>9,341,639</b>

<b>Total liabilities and net assets</b>	<b>13,681,909</b>
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