The Salvation Army of the United States of America

National Annual Report

2006

Doing the Most Good®
The mission of this Army is to be a “shelter in the storm.” The poor and marginalized face storms that sometimes gather on the horizon slowly, but with devastating impact. Other times, storm winds appear quickly, altering dreams – even lives. You can’t predict every storm or its impact.

This report gives insight into the work of The Salvation Army in 2005. In these pages, you will read stories of those caught in storms, and we are proud to be at their side to assist in their spiritual, physical and intellectual recovery. That’s our mission to America: the recovery of a person, a family, a community.

We could not do this work without you and the others like you across America who support our serving others. It’s all possible because of God’s grace and your belief in us. Because of you, we can be that shelter of hope for those caught in the storms of life. You are amazing!

Please accept our gratitude.

And may God bless you!

Commissioner Israel L. Gaither

NATIONAL COMMANDER
Across 50 states and for more than 12 decades, the essential mission of The Salvation Army in America has been simply to touch human lives at the point of greatest need. It may be a child needing guidance, a life needing hope or a community needing help. The storms may be national; they may be personal. But regardless of the source, scale or scope of human tragedy, our goal remains the same: serving the most people, meeting the most needs, doing the most good.
As divisional commander for Alabama, Louisiana and Mississippi, Major Dalton Cunningham led the immediate relief efforts. His local team served as the first wave, arriving as soon as the winds subsided. The Salvation Army has coverage in every ZIP code in the country; for the Army, everywhere is “here,” so people were already in place when the storms hit. The Army’s quick response was tied also to its central mission: to meet people at their point of need, serving them in the name of Jesus Christ. As it has done for more than 150 years, The Salvation Army serves people of every segment of society every day of the week, through storms of life that go far beyond natural disasters.

The logistical challenges in the wake of Katrina were unprecedented, with its swath covering 90,000 square miles. Ongoing relationships with generous corporations ensured supplies of food, but gasoline shortages made placement a constant challenge. Still, widespread food relief efforts were underway almost immediately.

An Army feeding center just blocks from the water in Long Beach, Miss., provided 20,000 meals per day in the early days after the storm’s fury. Mostly staffed by Southern Baptist volunteers, the center met storm victims’ most pressing needs: food and fresh water.

William Adair left the feeding center with 15 meals for family members and neighbors — their first meal after subsisting for four days on snack crackers recovered from his home in Waveland, which was a total loss.

“I think The Salvation Army is wonderful,” Adair said. “If not for them and the other organizations they work with, we would probably die.”

The Salvation Army’s massive response to Hurricanes Katrina and Rita involved resources from every state in the nation and continued for many months after the initial storms:

• 1,666,605 individuals assisted
• 5,654,866 hot meals served
• 8,234,469 sandwiches, snacks and drinks served
• 281,709 social-services cases registered
• 61,000 inquiries received and 25,508 survivors located through The Salvation Army Team Emergency Radio Network (SATUREN).

**Center of Hope**

As area commanders for New Orleans, Majors Richard and Fay Brittle decided to stay behind when Hurricane Katrina approached. At the Center of Hope — The Salvation Army’s residential treatment facility in New Orleans — the Brittles set about preparing the 232 residents for the storm. Though they expected a stay of one or two days, Monday’s broken levees changed the picture.

“I believe The Salvation Army is so effective because we are meeting emergency needs of people 365 days a year....

So when a major natural disaster takes place, we are working in familiar territory.” — Commissioner Israel L. Gaither
dramatically. Rising waters forced many more people to seek shelter at the center.

By Tuesday, power had failed and the Brittles began severely rationing food and water. Still, the floodwaters rose and more people arrived, including hospital patients, a family with infant children and an 88-year-old woman wearing only a wet housecoat. Three people were literally pulled from rushing water as they swept by the building. On Wednesday, Brittle feared mutiny from the hundred-plus men who were unsatisfied with a single snack bar for breakfast. Oppressive heat required breaking most of the windows in the building to provide air to the more than 300 people living within its walls.

Cut off from outside contact, the Brittles were unaware of the steps being taken to secure their rescue. Private boats were turned away by National Guardsmen with orders to allow only official rescue efforts. So Salvation Army officials worked all levels of the disaster-response structure to plead their case, including a special request from the national commander, Commissioner Todd Bassett, from a special place: aboard Air Force One.

On Friday at 6:15 a.m., the first military helicopters touched down on the roof of the Center of Hope to begin a five-hour rescue effort. Last to leave was Major Richard Brittle, who slipped and bruised his hip boarding the helicopter. His was the only injury for the 310 people rescued after a five-day ordeal.

Brittle views the experience as symbolic of The Salvation Army’s continuing purpose: “We try to pull people out of the muck and mire of their situation and help them get back on their feet.”

“I see Richard and Fay Brittle as true heroes,” Commissioner Bassett said. “When the tragedy called for supernatural response,
The Salvation Army.

“I believe The Salvation Army is so effective because we are meeting emergency needs of people 365 days a year,” Commissioner Gaither said. “Many of the people we see day in and day out are living with events in their lives that are personally catastrophic. So when a major natural disaster takes place, we are working in familiar territory. The scale is different, but the mission is the same every single day.”

FROM KROC TO KATRINA

The national ordeal following Hurricane Katrina only reinforced The Salvation Army’s long-standing position as one of the nation’s most trusted and beloved charities. The Army’s unique place in the public esteem is visible far from any natural disaster — clearly seen at Christmas kettles, in the generosity of volunteers and by the many who applaud the Army’s role in shaping young lives.

Throughout the year, plans continued across the country to develop community centers from philanthropist Joan Kroc’s remarkable gift of $1.5 billion in 2003. Typical for The Salvation Army, each of these new centers will reflect the character and unique needs of the community, but each will also be driven by a common vision and a compelling passion to serve.

The mission of The Salvation Army in America weaves through more than a century’s history and throughout all manner of natural disasters and man-made tragedies. This mission has carved a unique place for The Salvation Army within the nation’s collective conscience.

On the day the Long Beach feeding center opened, a 7-year-old boy came to offer his only remaining possession.

“He’s house was totally destroyed, but that boy brought his lifelong collection of pennies,” Major Dalton Cunningham said. “He wanted to donate the pennies to The Salvation Army, so we can help people. That’s the spirit of America.”

Major Cunningham paused for a moment.

“So we’re going to keep serving.”

DEAR FRIENDS

In just about every community in this nation, The Salvation Army is there, meeting human needs. Those needs vary enormously, but the mission itself never changes.

When a family has fallen on hard times, The Salvation Army is there. When a young person needs guidance for making better choices, the Army is there. When a senior needs encouragement, the Army is there. And when our nation faces a disaster of unprecedented scope — as we have all seen last year — The Salvation Army is there.

It is a privilege to be associated with The Salvation Army and to be part of the Army behind the Army. To do its extraordinary work, The Salvation Army depends on the support of millions of ordinary Americans — people like you and me. When we are able to do that — adding our voice, our time and our resources to the mission — then every time The Salvation Army meets the needs of fellow citizens, you and I are right there with them.

Thank you for being there.
Social worker Kate Lyons took advantage of a warm afternoon to teach a lesson in life. Taking some children outside from The Salvation Army Children’s Shelter in Kansas City, Mo., she drew an outline of a child. She then asked the kids to create a “feeling person”—reflecting how a range of emotions affects the body. The children first drew nervous knees, then butterflies in the stomach. Tears were drawn soon after, followed by a clenched fist. But soon, the children drew waves around the stomach to show a belly laugh and then two arrows pointed toward the feet, with the words, “jumping for joy.”

Founded in 1981, the Children’s Shelter offers a safe environment for up to 20 children who have been victims of abuse or neglect. “The goal for these kids is to return home safely,” says Tanya Johannes, shelter director. Instead, they are often placed in foster care. That decision is made by courts, but in the interim—from overnight to several months—children are welcomed into a healthy, safe environment.

Arrival at the shelter can be a traumatic experience—often the first separation ever from parents or siblings. But soon, children acclimate to the surroundings through a loving environment framed in clear expectations.

“We get a chance to make this a normal experience for kids,” Johannes explains. “They’ve often never been in situations where adults are not scary or risky or harmful. We show them that it doesn’t have to be like that.”

Group living can still pose a huge challenge, she adds, because children’s behavior often reflects the problems they face in their surroundings. “But you also can get the very best from kids in this environment.”

For example, one baby arrived at the shelter unable to crawl. Throughout his young life, he had been carried everywhere, handed back and forth between mother and grandmother. But then the other children at the shelter got involved, encouraging him constantly. In less than three weeks, the baby began to crawl.

As children begin to thrive in the shelter, staff members also work with parents to address underlying concerns—ranging from medical and legal issues to basic parenting skills.

Community volunteers also help children during their stay. One night a week, medical students Erica Mandell and Danni Morgan tutor students at the center. “This keeps me sane,” Mandell says. “All I do all day is memorize biochemistry or drugs for [pharmaceutical] lectures. But the whole reason I got into medicine is because I wanted to work with kids. This just reminds me that eventually I will get there.”

Such volunteer effort is a sign of the community’s support of The Salvation Army and its mission.

“The children here in this facility are loved a great deal,” says Lt. Colonel Ted Dalberg, divisional commander for Kansas and Missouri. “The Army has a sensitive spirit toward youth and children.

“For me, the satisfaction is that I can go to bed at night knowing that The Salvation Army Children’s Shelter is going to take a child who may be in crisis and give that child hope and love and care.”

And every night, those children go to bed sheltered from crisis, safe in a place that feels like home—or like home ought to be.
A PLACE LIKE HOME

Yao Qin Zhu’s motions define grace as she leads her class through the slow, tranquil disciplines of tai chi, steeped in centuries of devotion to balance and serenity. Across the room, 68-year-old Wai Sham Ip’s powerful forehand dispatches his opponents in a furious game of table tennis. A few floors above, a roomful of seniors kick their feet to Kool & the Gang’s “Celebration” — the universal language of aerobics classes around the world. On the ground floor, 92-year-old Pak Lok Hong prepares for the afternoon’s karaoke sessions by selecting a video featuring the dramatic tones of traditional Chinese opera.

Fast or slow, classic or contemporary, The Salvation Army’s Chinatown senior center feels like home.

New York’s Chinatown is home to one of the largest Chinese-speaking populations in the country. New generations quickly adapt to American culture and language, yet seniors often live on their own — holding to their traditions and feeling isolated from their children and grandchildren.

“We treat this center as a family,” says Ken Tsui, program officer for the senior center. “When our members come here, they feel warm. They feel like this is their second home.”

Located within The Salvation Army Corps Community Center in Chinatown, the senior center serves 1,000 members with only a single full-time staff member. Tsui is frequently asked to translate and explain English documents to Chinese-speaking members, which frequently leads to helping nonmembers in the community as well.

“Center activities include exercise classes, regular health screenings, a computer room and hundreds of daily, low-cost lunches. With the exception of pastoral functions such as weekly Bible studies and fellowship sessions, volunteers run virtually all activities at the center.

“We are facilitators,” Tsui says. “We don’t have to control everything. Our members do what they can for each other.”

The volunteer spirit pervades the center. With Chinese New Year approaching, for instance, Tsui brought a group of people up to the exercise room to discuss the center’s participation in Chinatown’s annual parade. Within minutes, group members were working out the Chinese dragon’s dance steps for the spectacle.

“We believe that seniors can give back to the community,” Tsui says.

Fang Mo has lived in the United States for 21 years. After he retired, he felt as if he had no place to go. But today he helps at the senior center — giving lessons in computer skills and helping publish a newspaper.

“When I am able to help other seniors, I am much happier,” he says.

Despite feeling out of place after years in this country, older Chinese immigrants can develop a sense of community by coming together, says Captain Bruce Tam, Salvation Army corps officer for Chinatown.

“The Chinese in the United States often feel as if this is not our place,” he says. “The elderly don’t ask for a lot. But if they can talk with some friends of the same age, they can get involved in each other’s lives. If we can give them a feeling of warmth and love, they will feel that this is their home.”

Activities ranging from aerobics to table tennis to crafts help build a sense of community for members of the Chinatown senior center, who often face isolation even after many years in this country.

James responds from out of the shadows, inviting the group up a serpentine path to his place in the far reaches under the Eugene Street Bridge. The space offers a break from biting winds on a winter night but very little real warmth. James has lived there almost a year. He is jovial throughout the 30-minute visit, and at the end he agrees to pray with Justin Naquin, as Justin asks God for another night’s safety for James.

Another kind of warmth.

Every Friday night, a team of volunteers with The Salvation Army’s NightWatch program venture into the Greensboro night, armed with coffee, blankets, hot soup and warm hearts. For hours, often stretching past midnight, they venture through a circuit of shadows, looking for the people most others try to avoid, offering the love of Christ in tangible ways.

“The one common thread we all have is that we need to get out of the pew and help people,” says Steve Still, who helped start NightWatch homeless outreach. “Every day in every city, people are hurting out there. We offer a bowl of soup and the gospel.”

A single event sparked the NightWatch program. One evening during the 2005 Christmas season, some Salvation Army musicians gathered to perform on the same street corner where the Army had begun its work in Greensboro a century earlier. When a homeless person approached, one of the musicians, Murray Preston, offered him some coffee and doughnuts, as well as a blanket.

“When Murray handed this man a blanket,” Still says, “you would have thought he had given him a brick of gold.” Ever since, a network of church and community volunteers has reached out to Greensboro’s homeless.

In addition to food and blankets, volunteers offer a sympathetic ear and a chance to join the legions of people who have left homelessness behind — many through the power of the Christian gospel and the work of The Salvation Army. People like Steve Still.

“I was homeless. I was an alcoholic, a drug addict,” Still says of his 22 years of addiction. “I guess that’s why I can see past the skin.”

During the week, Still manages the facilities at The Salvation Army Corps Community Center in Greensboro. But on Friday nights, he is a friend and a pastor to Greensboro’s homeless. With each person, after offering warm food, he also offers to pray together. Soon, Still learns their name, knows where they stay and hears their story. And they hear his story of hope — from one who has been there.

“Sometimes I wonder what it would have been like if someone had come along to me and shared that kind of love with me,” Still says. “Maybe I wouldn’t have spent so many years on the streets.”

And so, NightWatch volunteers reach out with a warmth that goes beyond soup and hot coffee. Sometimes it pays off with a decision to leave the streets and seek help. It can happen right away, but more often it takes months.

“When you take the time to touch people in a nonjudgmental way, in sincerity, it may be just what they need,” Still says. “Sometimes, the only church they get and the only compassion they ever see is on a Friday night.”
For years, Priscilla Packineau lived on the streets of San Francisco’s Tenderloin district. She assumed she would die there as well. Life was a daily search for a place to sleep, a little food and enough money to quiet her addictions. Her five children were in the care of others — and were a painful memory.

“When I was out there in the streets, I didn’t care,” Packineau recalls. “My heart was cold. I was very mean, full of resentment, hate and self-pity. All I needed was two dollars to get me through the night.”

Today, she goes to school, pays her bills and lives with her youngest daughter at Harbor House, The Salvation Army’s unique residential treatment facility in San Francisco.

“We help our clients establish roots before they become independent,” says Christine Dunmore, director of Harbor House. The program is tailored to single parents and their children, providing a structured environment during the parent’s recovery from substance abuse. Often, placement in the program is a key step in reuniting with children under the supervision of San Francisco’s Child Protection Center.

Functioning in a four-story building on The Salvation Army’s Harbor Light complex in San Francisco, Harbor House contains housing units for 31 residents and their children, as well as a licensed day-care facility for preschool children. Residents must work or attend school during their stay and continue recovery programs that began before their arrival. A relapse means dismissal.

“If they miss this opportunity to enter our program, they may miss the one opportunity left to have their children back and reunite their families,” says Captain Philip Smith, executive director of the Harbor Light Center, which includes Harbor House. “If they can’t address their drug addiction or alcoholism, they will never function as a parent.”

During their stay, residents pay for rent and groceries while living in four-apartment clusters, where they are expected to fully care for their children.

“In my time here, I’ve learned how to be responsible, taking care of myself and my daughter,” Packineau says. “Our relationship has been growing every day.”

Two evenings per week, Harbor House residents attend group-counseling sessions and life-skills classes. During those hours, staff and volunteer tutors care for the children.

“When I’m helping with the kids, that’s my therapy time,” says Larry Rowe, house manager. Each week, he designs a program for preschool children, which often includes him reading for the children as they gather around him on all sides. “I love it here at Harbor House. I get to see the miracles of families coming together. It’s the most beautiful, rewarding thing you could ever see.”

Stays at Harbor House average 11 to 14 months but can last up to two years. During that time, clients chart a course that can change the rest of their lives.

“We’ve seen people come in who were homeless and then walked out of here with jobs and homes, skills and credentials, self-esteem and rebuilt families,” Captain Smith says. “It’s really quite a miraculous process.”

That miracle reveals itself afresh to Packineau every morning.

“I wake up every day and see that I’m not in an alleyway; I’m not in a doorway. I’m here in a safe place, and I’m thankful. It has changed my life dramatically.”

Harbor House offers a home environment where parents can build personal and parenting skills as they recover from substance abuse. By paying bills and rent, residents learn key skills in a safe environment.
Financial Summary of Combined Corporations in the USA

Fiscal Year Ended September 30, 2005

This summary represents a combining 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 8,715 units 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 has successfully rendered service in America since 1880 by maintaining conservative financial policies, enabling it to meet 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 Boards of Trustees.

During 2005 the Army spent $2.75 billion in serving people, up from $2.59 billion the prior year. Eighty-three cents of every dollar spent, or $2.29 billion, went toward program services, with the remainder accounted for by management and general expenses of $324 million and by fund-raising costs of $138 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 $3.63 billion, changed from $1.55 billion in 2004. It comprised $996 million of general contributions, $2.11 billion of legacies and bequests, $381 million of gifts-in-kind, and $136 million of allocations from local United Way and similar funding organizations.

During 2005 non-operating revenues comprised $279 million of unrestricted legacies and bequests and net investment gains of $435 million; these funds were designated by the Boards for replacement and maintenance of facilities and equipment. Other categories of non-operating revenue include $938 million of public gifts restricted permanently by the donors, $1.30 billion of temporarily restricted support and $178 million from miscellaneous sources.

About 57% of the Army’s net assets consist of land, buildings and equipment ($2.99 billion), plus invested board-designated reserves for future capital expenditures, ongoing facilities maintenance and specific programs ($2.33 billion). The remainder primarily comprises investments of donors’ temporarily restricted gifts and permanently restricted endowments.

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. 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 at the addresses shown on the back cover of this report.
STATISTICAL HIGHLIGHTS
Fiscal Year Ended September 30, 2005

CENTERS OF OPERATION
- Corps: 1,286
- Outposts and Service Centers: 189
- Rehabilitation Centers: 150
- Thrift Shops: 1,554
- Community Centers, Boys/Girls Clubs: 324
- Day Care Centers: 160
- Senior Citizen Centers: 282
- Group Homes/Temp Housing: 518
- Medical Facilities: 48
- Service Units: 3,529
- Camps: 48
- Divisions: 40
- Training Colleges: 4
- Others: 512
- TOTAL Centers of Operations: 8,719

FINANCIAL HIGHLIGHTS
Fiscal Year Ended September 30, 2005

INCOME $5,300 MILLION

OPERATING EXPENSES $2,748 MILLION

GROUP MEETING ATTENDANCE
- Outdoor Meetings: 325,889
- Sunday School: 2,616,154
- Sunday Meetings: 5,564,225
- Weekday Public Meetings: 2,348,528
- Soldier Development: 591,460
- Group Activities: 10,594,340
- Music Organizations: 983,859
- Other: 5,918,456
- TOTAL Group Meeting Attendance: 28,942,911

PERSONNEL
- Officers: 3,661
- Cadets: 256
- Soldiers: 112,513
- Members: 422,543
- Employees: 60,642
- Volunteers: 3,539,317
- Advisory Organization Members: 60,380

SERVICES
- Meals Served: 63,797,875
- Lodgings Supplied: 10,738,082
- Welfare Orders - Cash Grants: 6,722,881
- Tangible Items Distributed: 22,137,386
- Clothes, Furniture, Gifts

PEOPLE SERVED
- Basic Social Services: 15,484,517
- Holiday Assistance: 4,643,756
- Summer & Day Camps: 168,751
- Disaster Assistance: 2,439,450
- Persons Visited in Institutions: 3,372,105
- Job Referrals: 50,782
- Correctional Services: 410,441
- Community Centers Participants: 1,223,198
- Persons Served in SA Institutions: 991,845
- Substance Abuse Rehabilitation: 175,247
- Medical Care: 33,895
- Transportation Provided: 933,361
- Missing Persons: 190,202
- Day Care: 112,656
- Senior Citizens: 1,069,484
- TOTAL Persons Assisted: 31,299,690

INCOME
- Contributions: 58%
- Board Designated Transfer & Other Income: 13%
- Sales to the Public: 9%
- Program Service Fees: 3%
- Government Funds: 7%
- United Way & Similar Funding Organizations: 3%
- Donations in Kind: 7%

EXPENSES
- Contributions: 58%
- Management & General: 12%
- Fund Raising: 5%
- Corps Community Center: 20%
- Rehabilitation Services: 21%
- Social Services: 31%
- Residential & Institutional Services: 11%
THE SALVATION ARMY IN THE UNITED STATES

NATIONAL HEADQUARTERS
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I am doing the most good.
I am hope.
I am compassion.
I am strength.
I am faith.
I am doing the most good.
I serve a community.
A region.
A nation.
A world.
I serve heroes.
I serve victims.
I serve a sovereign God.
I am doing the most good.
I am an Army.
Drafted by the Creator.
Commissioned by a man who defied death.
My enemies are despair and destruction.
My ammunition is grace and mercy.
My allies are generosity and benevolence.
I am an Army.
Helping others be all they can be.
I am doing the most good.
I feed empty stomachs and hungry souls.
I rebuild ruined homes and shattered lives.
I am a willing listener for a veteran with stories to tell.
I am a bottle of water and an encouraging smile for a weary firefighter.
I am an answered prayer.
A silver lining.
A second chance.
I am doing the most good.
I am a humble steward of other people’s generosity.
I am a grateful courier of a stranger’s kindness.
I am the faithful executor of others’ goodwill.
I take my responsibility seriously.
I am blessed.
I am a blessing.
I am The Salvation Army.
I am doing the most good.

The Salvation Army’s U.S. service began in 1880 and was first incorporated on May 12, 1899, in the State of New York. It is a tax-exempt 501(c)(3) organization. Contributions to it are deductible for Federal Income Tax purposes to the extent permitted under Section 170(b)(1)(A) of the Internal Revenue Code for individual donors and Section 170(b)(2) for corporations.
MISSION STATEMENT

The Salvation Army, an international movement, is an evangelical part of the universal Christian Church. Its message is based on the Bible. Its ministry is motivated by the love of God. Its mission is to preach the gospel of Jesus Christ and to meet human needs in His name without discrimination.

The Salvation Army of the United States of America

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