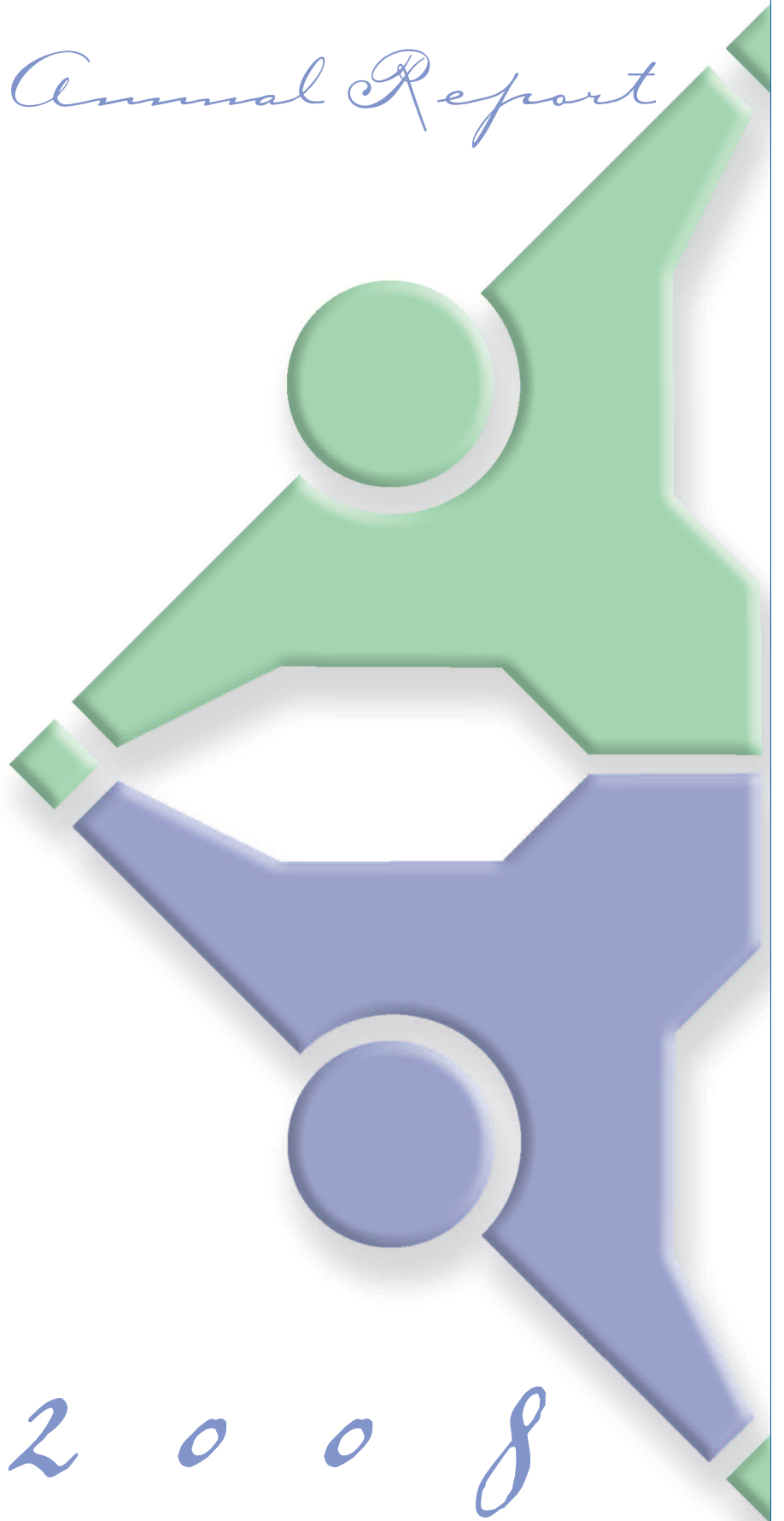


INTEGRITY HOUSE

Annual Report

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Our Mission

Integrity House is committed to help individuals and families through an effective and measurable system of comprehensive Therapeutic Community addictions treatment and recovery support in a way that brings about positive, long-term, lifestyle change.

Our Vision

As the field's standard of excellence in the treatment of diseases of addiction and their associated behavioral, mental health and lifestyle issues, Integrity strives to:

- Provide individuals with a loving, caring family environment.
- Offer the highest quality and most cost effective care and treatment services.
- Effect positive, demonstrable, measurable, and sustained member outcomes with minimal relapse rates.
- Create a professional learning environment that establishes and inspires personal development, commitment, and community service to others.
- Provide a desirable and challenging work environment that fosters productivity, pride in service, and accomplishment.
- Demonstrate responsible and caring corporate citizenship.
- Continue on the cutting edge of addictions MIS and other information technologies.
- Become a model program that creates replicable techniques for substance abuse treatment.



Recovery Festival

Nurturance — We provide an environment fostering a healthy lifestyle.



Reflections

David H. Kerr Founder and President

Integrity House celebrated many milestones in 2008: the 40th Anniversary of our working together to save lives, mend families, build community, and serve all who seek help toward recovery. I am intensely grateful to our Board of Trustees, to Integrity House staff, to our alumni, and to today's student-members. The Integrity House Family embraces each of us as we continue to support prevention, treatment, and recovery.

Hope motivates. Change actualizes hope. Love and concern are watchwords that bind us together as a family with a future. Our visions are coming to fruition as the *Integrity Initiative for Women & Children* will soon be operational at our Martin Luther King Boulevard Campus in Newark. Our outreach expansion is also well on its way at our Meadowview Campus in Secaucus. Integrity House thrives as the five year treatment/recovery model enriches lives with long-term support toward lasting recovery.



Matthew J. Chanin, CFA Chairman, Board of Trustees



As Integrity House enters its 41st year serving those in need of help and support in recovering from addiction, we face challenges all around us. More people are without jobs, without permanent homes, struggling to make it from day to day and week to week and increasingly tempted to turn to drugs or alcohol help them cope with their problems. Fortunately, more people are turning to Integrity House instead. I am proud to report that Integrity House served over 1,400 student members during 2008. To continue to serve new student members and to maintain a Therapeutic Community environment for those who have already received treatment from us will take increased commitments on our part.

I am proud to report that the commitment of our outstanding staff has never been stronger and that we also benefit from an active and committed Board of Trustees. Our financial position is also strong, which is especially important in these uncertain times. However, we will be seeking to increase our level of private support in 2009 to help fund the *Integrity Initiative for Women & Children* and to increase job training and placement assistance for our student-members. Please take a moment to review our accomplishments in this report and consider joining with us in tackling the important challenges we face in 2009.

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Solidarity March

Teaching — We strive to educate our family as well as our community about substance abuse.

Highlights of 2008

- Provided high quality comprehensive therapeutic community treatment through residential and outpatient services to over 1,400 individuals in need of help
- Approved by the New Jersey Department of Health, Division of Addiction Services to provide Intensive Outpatient Treatment at the Secaucus facility and Newark Academy site.
- Maintained CARF accreditation for the following Integrity House programs:
 - Therapeutic Community Adult Residential
 - Therapeutic Community Children and Adolescent Residential
 - Prevention Services: Adult and Adolescent
 - Therapeutic Community Criminal Justice Residential
 - Opioid Treatment
 - Outpatient Treatment
 - Day Treatment
- Analyzed progress on prior two Integrity House Strategic Plans
- Developed Integrity House Five Year Strategic Plan for 2009 - 2013
- Implemented extensive Quality Assurance Performance Improvement Plan with focus on Clinical Supervision and Professional Ethics
- Collaborated with key State Senators and members of the Assembly to develop legislative strategies for prisoner re-entry.
- Continued community outreach and partnerships: Bridge to Recovery, The Council, Solidarity Sunday March, choir engagements, community service
- Developed Comprehensive Fundraising Plan for Integrity Initiative for Women and Children
- Formed Board of Trustees Campaign Team for Integrity Initiative for Women and Children



Past, Present & Future Gala

Gratitude — We are thankful for the blessings we have been given and the chance we have to help others.

- Honored Cornell William Brooks, Esq. Executive Director of the New Jersey Institute for Social Justice and Frank A. Kissel, Chairman and CEO of Peapack-Gladstone Bank at the 7th Annual Integrity House Past, Present & Future Gala at the Hilton Short Hills in November
- Celebrated the 40th Anniversary of Integrity House through these special events:
 - 2nd Annual Golf Classic at Essex County Country Club in May
 - Annual Commencement and Awards Ceremony at the Robert Treat Hotel in June
 - Newark Corporate Run hosted by Integrity House in October
 - Established “Team 40” (team of 40 staff and members) for the Newark Corporate Run
 - Staff celebration held at PSEG in October
 - Special awards presented to David Kerr and Richard Grossklaus to recognize their forty years of commitment to Integrity House

Challenges . . .

During 2008, Integrity House committed a full planning year to evaluate the agency’s strategic progress and our capacity to implement our next 5-year plan.

Our 2009-2013 Strategic Plan was completed with diverse input from staff, trustees, consumers, and funders. It is the agency’s third successive strategic plan, underscoring our commitment to long range planning and continuous performance improvement.

These strategic goals build on work completed in our prior plans. They will be the focus of the agency over the next 5 years.

Strategic Goal 1: To redefine the Therapeutic Community in the different levels of care in the context of a five-year continuum.

This goal implements our Therapeutic Community Curriculum throughout all Integrity House programs. The curriculum will infuse all of our programs with TC methods, providing each student-member with long-term, self-help tools to sustain clean and sober lives.

Strategic Goal 2: To improve and expand the continuum of care by strengthening Re-entry, Outpatient and Intensive Outpatient Services.

Work on this goal will prepare the agency to meet the growing demand for re-entry and outpatient services. Trends in funding are moving toward shorter-term, outpatient treatment. Through careful partnerships, strong ties to the community and our full understanding of addiction issues and client needs, Integrity House will continue to provide the fullest continuum of care possible.

- 75% of those entering into treatment in Essex County are unemployed.
- 55% of Integrity clients have their drivers license suspended.
- Approximately 40% of Integrity clients are ineligible for public assistance due to convictions for selling drugs.
- 62% of Essex County Treatment admissions have not completed high school.



Secaucus Open House for Referral Agencies

- 36% of 28,000 New Jersey prison inmates are serving sentences for drug crimes, compared with the national average of 20%.
- 50-70% of those released from prison have a substance abuse problem.
- 67% of those released from prison will be re-arrested within three years of release.

***Innovation** – We constantly attempt to further our own knowledge and development of addictions counseling.*

and Strategic Directions

Strategic Goal 3: To increase treatment capacity, funding and continuum services for women and their children.

This goal encompasses our long-term work on the Integrity Initiative for Women and Children. Building on the strengths of our current women’s programs, we will expand specialized treatment, housing, case-management, and family services for women.

Strategic Goal 4: To recruit, develop and retain excellent staff.

Our delivery of quality treatment depends on a staff of over 240 dedicated professionals. Continuous improvement goals include strengthening our performance management system and broadening our recruitment process.

- Essex County New Jersey has the largest child population in the state and the largest number of abuse/neglect and family problem referrals (9,357 or 12.7%).
- At least half of the children in New Jersey’s child welfare system are in the system because of parental substance abuse.
- Essex County had 7,507 admissions into substance abuse treatment in 2005, 2,741 (37%) of which were women. 55% of the total admissions had no insurance, 75% were unemployed and 71% were admitted for heroin and opioids (5,295).

Strategic Goal 5: To build the corporate infrastructure needed to support the agency’s operations and mission: leadership; financial management; outcome measurement; and real estate.

Growth in treatment increases demands on corporate processes. This goal ensures we will make changes to keep pace.

Integrity House employee survey:

- 94% of Integrity House employees get a personal sense of accomplishment from their work.
- 91% recommend Integrity House as a good place to work.
- 80% of supervisors see our workforce as being prepared for the future.
- 94% of staff believe they are continuously trying to improve their work performance.



Integrity House Golf Classic

Enthusiasm — We approach each day afresh and anew.

Board of Trustees

Matthew J. Chanin, CFA, Chair
Prudential Financial, Inc.

Joseph W. Walsh, Vice Chair
The MCJ Amelior Foundation

Darrell Terry, Secretary
Newark Beth Israel Medical Center

Ronald K. Andrews
Prudential Investment Management

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Horizon Blue Cross Blue Shield of NJ

Mary E. Rone

Cheryl Ann Kennedy, MD
*NJ Medical School – UMDNJ
Department of Psychiatry*

Joseph G. Sandman, Ph.D.
Seton Hall University

Kenneth J. Smith
Torcon, Inc.

Financial Report

Integrity, Inc.
Statement of Revenues and Expenditures
From 7/1/2007 through 6/30/2008

Revenues

Government and Public Support	\$14,537,257
Donations	870,765
Total Revenues	\$15,408,022

Expenditures

Personnel and Consultants	\$11,750,160
Depreciation	404,208
Program and Transportation	1,277,139
Facility	1,187,891
Office	494,631
Other	345,822
Total Expenditures	\$15,459,851

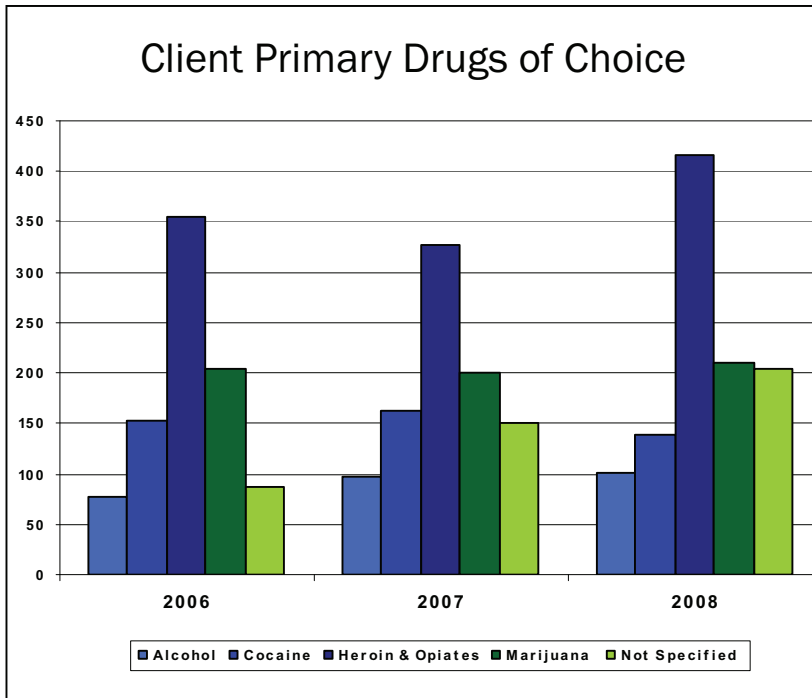
Decrease in Net Assets (\$51,829)



Commencement & Awards
Celebration

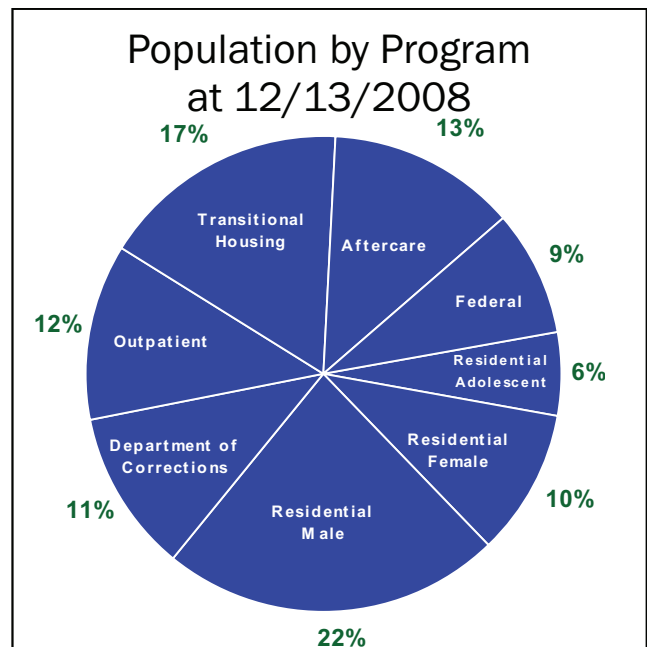
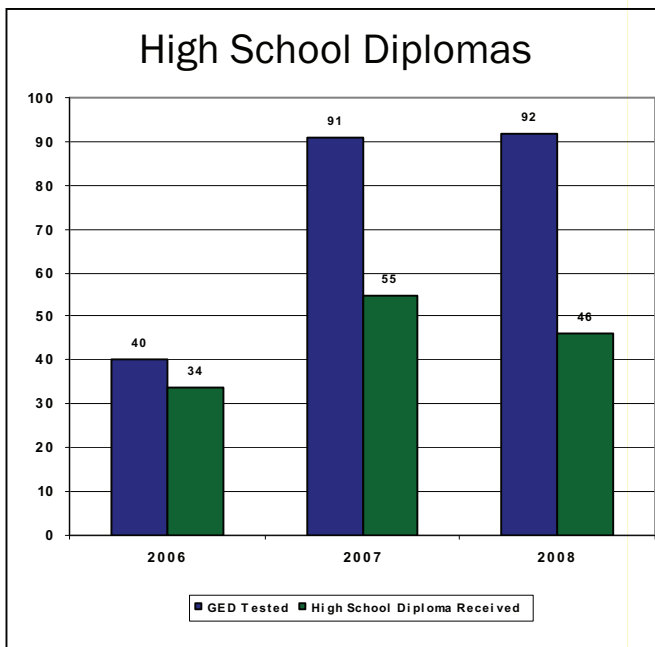
Inspiration — We give our members hope and goals to strive to achieve.

Measuring Effectiveness



Commencement & Awards Celebrations

YOU!— You alone must do it, but you can't do it alone!



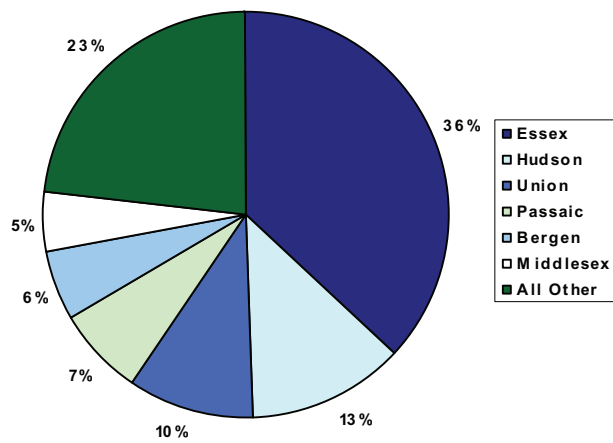
Measuring Effectiveness

Comparative Admission Demographics

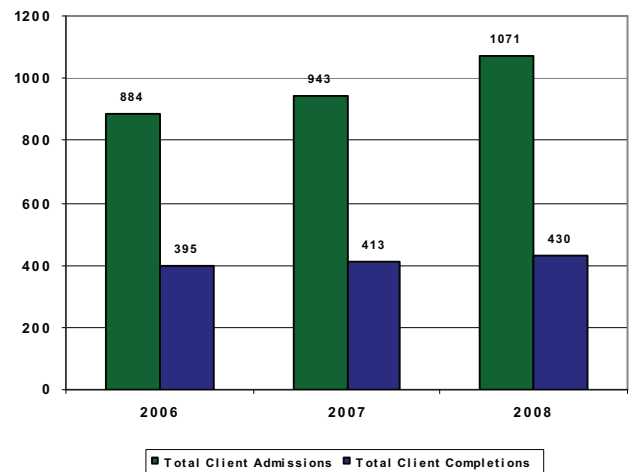
Integrity House		New Jersey *
48% Heroin	Primary Drug of Choice	42% Heroin
61% Afr. Amer.	Race/Ethnicity	59% Caucasian
65%	Criminal Justice Referral	22%
83%	Has Legal Problem	36%
52%	High School Graduates/GED	63%
20%	Health Insurance	36%

* FY 2008 NJSAM S Statewide Data

2008 Admissions by County



Client Admissions and Completions



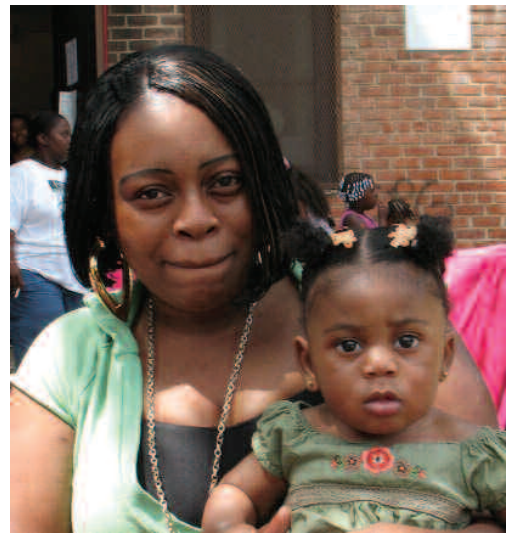
Meeting Needs...

Integrity Initiative for Women & Children

Update and Comprehensive Campaign

For years, Integrity House has taken practical action to help women regain their health, families and lives. The goal of the *Integrity Initiative for Women & Children* is to address each woman's unique needs through a program of family stabilization, substance abuse and mental health treatment, long-term transitional housing and intensive case-management. The *Integrity Initiative for Women & Children* includes the renovation, licensing and operation of a trio of properties on Martin Luther King (MLK) Boulevard in Newark, as well as enhancing services for women at our Secaucus facility.

In 2008, Integrity House made strong progress on the long-term project. Planning and approvals for the Women's Outpatient Treatment Building (phase 1) were completed over the summer. Ground breaking took place in September and is progressing on schedule for a mid-2009 opening. Funding of the building is near completion with partnership from many organizations in New Jersey as well as a lead gift from The Oprah Winfrey Foundation. Planning for the Women's Transitional Housing Building (Phase 2) progressed with continued careful funding work. Ground breaking for Phase 2 is scheduled for early 2009.



Bradley Court Day

Responsibility – We take accountability for our own rehabilitation and that of others.

With Deepest Gratitude to our Leadership Partners to date:

The City of Newark
The Oprah Winfrey Foundation
The Victoria Foundation
New Jersey Division of Addiction Services
New Jersey Department of Community Affairs
New Jersey Housing and Mortgage Finance Agency
U.S. Department of Housing and Urban Development
The Hyde and Watson Foundation
David Blue and Wilma Nurse
Supporters of the Past, Present and Future Gala

and Implementing Change



**Phase 1
Women's
Outpatient Services**

659 MLK Boulevard, Newark

This classic building houses the central hub for vital clinical treatment, family services and administration. The building is owned by Integrity House and is undergoing a \$1 million renovation. Over one hundred women will receive services here annually, typically for a period of 6-9 months.



**Phase 2
Women's
Transitional Housing**

667 MLK Boulevard, Newark

A decent, affordable apartment which is safe for children is a tremendous asset for disadvantaged mothers learning to stay off drugs, parent their children and get back to work. When fully renovated, this property will house 28 women in recovery and up to 20 of their children for 12-18 months per family.



**Phase 3
Women's
Re-Entry and Treatment**

608 MLK Boulevard, Newark

This building extends our women's residential therapeutic community by providing critical services and housing for women in treatment and recovery to help them gain independence. The renovation is planned for 2012 to provide housing for 30 women.

Treatment Programs

		Location
Adult Residential	During the first phase of treatment members advance through four peer groups. These levels demonstrate commitment to recovery. By showing positive change within the Integrity House community, members move into living more independently in 6-12 months.	Newark Secaucus
Adolescent Residential	The Bate program serves male adolescents ages 13-21 for 6-12 months. This highly structured, non-permissive environment uses therapeutic community practices adapted for adolescents in residence.	Newark Secaucus
Methadone Residential	Adults choose methadone maintenance or medically supervised withdrawal while living in the therapeutic community for individually determined lengths of treatment.	Secaucus
Corrections Residential	PORT (<i>Program for Offenders Receiving Treatment</i>), a program of the NJ Department of Corrections provides treatment to inmates with a substance abuse history. Program members work to become drug-free, reduce criminogenic tendencies and avert recidivism.	Newark
Transitional Housing	Transitional housing is the “live in/work out” phase of treatment. It lasts 4-12 months.	Newark Secaucus
Outpatient	The Outpatient program offers support and guidance to members who no longer need a residential environment. Participation requires continued abstinence and participation in job training or educational programs.	Newark Secaucus
Partial Day Treatment	Because of demand for long-term residential treatment beds some members participate in intensive outpatient care.	Newark
Federal Probation	The Federal Probation Program provides substance abuse diagnostic and treatment services for persons referred from US Probation, US Pre-trial Services and US Bureau of Prisons.	Newark
WISE Program	WISE (<i>Women in Strength Empowered</i>) is an intensive outpatient program designed to assist women who are either referred by DYFS, DYFS-involved, or women who have dependent children. Services include individual counseling, life skills training, transportation, childcare arrangements, anger management, relapse prevention, drug and alcohol education, parenting skills, domestic violence intervention, and evaluation for co-occurring disorders.	Newark
Prevention Programs	PIE (<i>Prevention, Intervention, & Education</i>) helps first time youth offenders charged with drug or alcohol related offenses. Family participation is required. CARR (<i>Community At Risk Reduction</i>) assists persons living with HIV through community outreach to provide health education and risk reduction activities.	Newark

Community Outreach and Services

		<i>Location</i>
Education	Integrity House offers a full academic program with certified teachers in all subject areas. Emphasis is on basic skills, high school diplomas and job-related life skills. Completion of the GED or regular high school diploma is generally required prior to moving to the second phase of treatment. Adolescents attend school 20 hours each week and adults for 7.5 hours a week.	Newark Secaucus
Medical	The Medical Department provides comprehensive medical assessment and referral for all student members. It treats health needs, such as HIV, diabetes, hypertension, Hepatitis A, B, & C, and co-occurring disorders. More complex medical needs are referred to local medical centers. The Secaucus site also has a pilot program for methadone maintenance to abstinence.	Newark Secaucus
ROIS	ROIS (<i>Recovery Oriented Integrated System</i>) is a collaborative, recovery-based treatment system. It spans prison, community release, parole and long-term aftercare to establish a continuum of care for the offender-addict population to enhance and support recovery while reducing recidivism. In NJ, the ROIS project is a collaborative effort with the NJ Department of Corrections, Gateway Foundation, Community Education Centers, Integrity House, NJ State Parole Board, National Development and Research Institute and The Nicholson Foundation.	Newark
Bridge to Recovery	Bridge to Recovery, a unique collaboration of public, private, drug treatment and faith-based organizations, was created by the United Way of Essex and West Hudson. The Bridge fosters a network of support and collaboration to help fight substance abuse and expand treatment initiatives.	Newark
Webus	Webus is a comprehensive web-based data sharing system designed for NJ's substance abuse treatment providers and related referral support agencies. It facilitates data collection and services by unifying agencies in one compatible system to identify unmet services and provide access to a continuum of care.	Newark Secaucus
Bradley Court Initiative	Bradley Court Initiative is a unified outreach initiative among community, treatment, and faith-based leaders. It provides positive youth activities and increases access to social services for all residents. Major goals include the improvement of relationships between residents and police/safety officials.	Newark
The Council	The Council is a group of street people, ministers, Imans and those with gang experience working together to bring help to those in need.	



Newark Corporate Run

Teamwork — We work to help one another in a collaborative, family effort

Integrity House Creed

Here in my home, with the help of my family
I will gain the strength to put my life together again.

I know it will be painful
because facing myself is not easy.

At times I will want to run
but fear will not control my life any longer.

I will accept responsibility for who I am
because only I can change the future.

With the help of my family I will use the tools of
Honesty, Trust, Friendship and Openness.

I will build a new me and serve as a model
for all of the lonely, frightened people
who come to live here in my home.

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