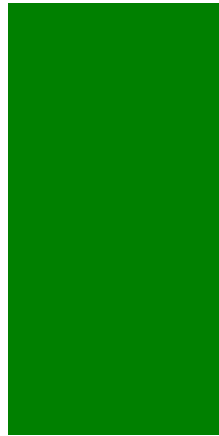
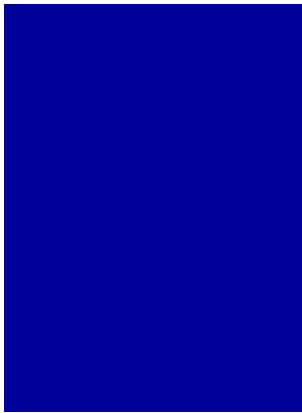




INTEGRITY HOUSE



ANNUAL REPORT 2009

MISSION



LEADERSHIP

Integrity House is committed to helping 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.

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

Kenneth A. Arlein
J.H. Cohn, LLP

Maurice J. Brown
Verizon

Ron Christian
Christian Love Baptist Church

Mary M. Deatherage
Morgan Stanley Smith Barney, LLC

Robert J. Del Tufo, Esq.
Skadden, Arps, Slate, Meagher & Flom

Daniel DeTrolio
Hartz Mountain Industries

Michael Festa, Ph.D.
Essex County Health Department

Margaret Johnson, R.Ph.
Horizon Blue Cross Blue Shield

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

David H. Kerr
Integrity, Inc.

Deirdre Malloy
Lord & Powers, LLC

Barbara L. Melone
Newark Alliance

Lois Goldring

Mary Elizabeth O'Connor
Educational Consultant

Geoffrey S. Perselay, Esq.
Correctional Health Services, LLC

John Clinton Reynolds, Jr.
Allen A.M.E. Church

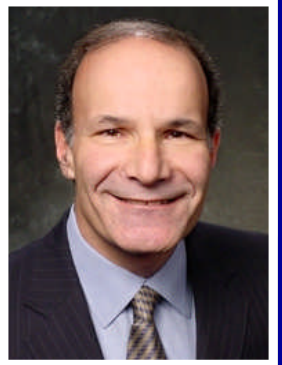
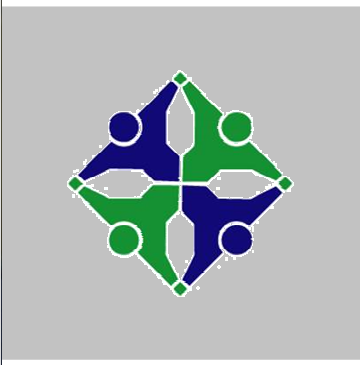
Edward D. Roberts, Ph.D.
Living Waters Christian Center

Mary E. Rone

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

Kenneth J. Smith
Torcon, Inc.

The Newark Corporate Run had over
1,000 participants in 2009!



Partnerships energize the heart of recovery. Foundations, corporations, community groups, families, alumni, mentors and an ever-widening cadre of interns and volunteers combine their creative commitments to make the mission of Integrity House possible. Over four decades after its 1968 founding, Integrity House knows well that successful long-term lifestyle change requires many partners toward full recovery. We acknowledge that addiction knows no boundaries. We struggle against addiction together.

This 2009 Annual Report chronicles highlights of the current Integrity House Strategic Plan. Such a report, however, cannot capture the full picture of the painful process of individuals working one day at a time to escape addiction. 2009 was also a hallmark year in expanding treatment options for women, increasing residential beds for adults, and extending outpatient programs. Singular among the achievements of 2009 were legislative initiatives designed to reduce recidivism in New Jersey's prisons and thus the costly tax burden of incarceration.

Please consider joining with us in rebuilding lives, families and communities. Integrity House welcomes tours of our Newark and Secaucus campuses. Our work invites your involvement in a world that needs every one of us to resolve its many challenges. Become a member of the Integrity Family!

David H. Kerr
Founder and President

Matthew J. Chanin
Chairman, Board of Trustees

2009-2013 STRATEGIC PLAN



Integrity House made steady progress in 2009, the first year of our current Five Year Strategic Plan. Thirty three members of the Integrity House staff are part of five implementation teams who work together to execute the plan.

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

2009 Progress: Integrity House updated its Therapeutic Community treatment curriculum to fully define and support student members in their first two phases of treatment. Management, staff and student members all participated in developing this curriculum.

Strategic Goal 2: To improve and expand the continuum of care by strengthening Reentry, Outpatient and Intensive Outpatient Services

2009 Progress: Integrity House Outpatient Programs developed multiple new funding relationships. The Secaucus Outpatient Program doubled in size, with added expansion already planned.

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

2009 Progress: A comprehensive assessment was completed to understand and prioritize the multiple needs of women in treatment. The new Women's Outpatient Treatment building was fully funded, completed and opened for services. Integrity House provided treatment to over 350 women in 2009.

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

2009 Progress: Integrity House began work on a leadership development model for all management and staff members. Our Human Resources Group worked with Senior Management to evaluate all agency positions and restructure job descriptions.

Strategic Goal 5: To build the corporate infrastructure needed to support the agency's operations and mission with focus on leadership, financial management, outcome measurement, and properties.

2009 Progress: Integrity House continued to develop and upgrade our client management technology (WEBUS). The agency also successfully adapted to several significant changes in reimbursement and billing for treatment services imposed by the State of New Jersey.

Dave Kerr with *Past, Present & Future Gala Honorees* Lucia DiNapoli Gibbons of Wachovia, Ronald DelMauro of Saint Barnabas Health Care System and Dennis Bone of Verizon.



2009 PROGRAM HIGHLIGHTS

- Provided high quality comprehensive Therapeutic Community substance abuse treatment to over 1,400 individuals in need of help.
- Expanded access to treatment through planned growth in outpatient services:
 - Opened the newly renovated and licensed Women's Outpatient Treatment building at Martin Luther King Jr. Boulevard in Newark. This facility has the capacity to treat 100 women annually.
 - Doubled the Secaucus Outpatient Treatment program through new funding relationships.
 - Designated the 26 Longworth facility to Outpatient Treatment for men.
 - Started work with Urban Renewal Corp. to provide outpatient services to homeless men and women.
- Expanded the agency's capacity to meet the growing demand for co-occurring services for individuals with both substance abuse and mental health issues.
- Continued to meet the high standards necessary to maintain agency CARF accreditation
- Sustained high community participation and strong sponsorship for Integrity's key events:
 - The Integrity House annual Golf Classic and the Past, Present & Future Gala raised much needed funding for the Women's Initiative.
 - Over 1,000 runners participated in the 2009 Integrity House Corporate Run
 - Integrity House Partnered with the Daughters of Deborah to provide 17 women with additional life skills and personal growth opportunities culminating in a special ceremony at the Robert Treat Hotel in May.
- Partnered with BLESSED Ministries and the Nicholson Foundation on a Job Development pilot program which provided 50 individuals completing treatment with stable employment and resulted in high job retention rates.
- Developed and updated the agency's comprehensive Therapeutic Community Curriculum for student members in the first two phases of treatment.
- Played a key leadership role in the passage of three groundbreaking State of New Jersey Reentry Bills.
 - Worked directly with legislators, took an active role at hearings and community forums.
 - Mobilized the Bridge to Recovery and student members at the grass roots level.
- Became a provider for the Needle Exchange Treatment Initiative network (NETI).
- Sustained student member satisfaction levels with Integrity House programs with the highest scores for:
 - Increasing student members' self respect and respect for others.
 - Increasing student members' honesty with themselves and others.
 - Belief that staff and Integrity House have a real interest in the welfare and satisfaction of all student members.

Susan Landmesser, Honorary Chair with Barbara Melone and Krissy Mannello, Event Co-chairs for the 2009 Past, Present & Future Gala.

Rich Grossklaus, Founding Vice President of Integrity House, with Justin, age 8, our youngest volunteer. He provided stuffed bears for our student members to give to their children as gifts during the holiday season.



THE INTEGRITY INITIATIVE FOR WOMEN & CHILDREN

The Integrity Initiative for Women and Children involves a five year fund drive to expand substance abuse treatment and wrap-around services for women. The goal of the initiative 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 individualized wrap-around services. As each woman works through the recovery process, she builds her strength and independence. Supporting preservation of the family is at the center of this process. When completed, this funding will bring long-term comprehensive treatment, family support, housing, education and job development to over 300 women and their children annually. That will double Integrity Houses' current capacity to meet the needs of this significantly underserved population.

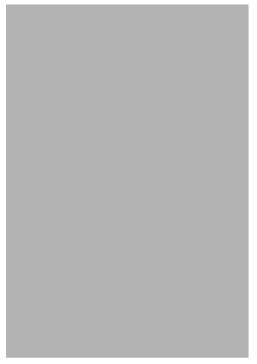
Our Women's Treatment campus on Martin Luther King Boulevard in Newark consists of three buildings fully dedicated to women's treatment and recovery support. Comprehensive substance abuse treatment combines with safe, affordable housing and range of other services. The initiative will provide each woman with access to the unique support she needs to rebuild her life for the long term.

In June 2009, Integrity House celebrated the opening of the Women's Outpatient Treatment Building (Phase 1) at 659 Martin Luther King Boulevard in Newark. After one million dollars in renovations, the facility is now able to serve 100 women annually and has become the hub for Integrity House's treatment and supportive services for women.

The opening of 667 Martin Luther King Boulevard, following its \$3.5 million renovation, is the next goal for the Initiative. At any given time, this facility will be a safe home for 22 women and 24 children. The building is expected to open in September 2010.



PROGRAMS



<p>Level One TC 1</p> <p>Residential Treatment</p>	<p>Residential treatment in the Therapeutic Community (TC) is a highly structured environment in which members move through peer groups to bring about lifestyle change.</p>	<p>Newark Secaucus</p>	<p>66%</p>
<p>Level Two TC 2</p> <p>Halfway House</p>	<p>Re-entry provides halfway house treatment and is also referred to as the “live in/work out” phase of treatment.</p>	<p>Newark</p>	<p>21%</p>
<p>Level Three TC 3</p> <p>Outpatient Treatment</p>	<p>Integrity House provides intensive outpatient treatment, partial care and continuing support and guidance to members no longer needing a residential environment.</p>	<p>Newark Secaucus</p>	<p>13%</p>
<p>Prevention Programs</p>	<p>Prevention programs aid first time youth offenders charged with drug/alcohol offenses. Family participation is required. Community outreach provides health education and risk reduction for persons living with HIV.</p>	<p>Newark</p>	

Dave Kerr, Joan Randell, Sean LaCon Support from the Nicholson Foundation for a pilot job readiness and job development program provided employment and resulted in high retention rates.

Rev. Anthony Hawthorne, Pastor Bill Iverson, Rev. Reggie Osborne and Newark Council President Mildred Crump are active participants in Bridge to Recovery, a faith-based consortium of over 100 agencies led by Integrity House.

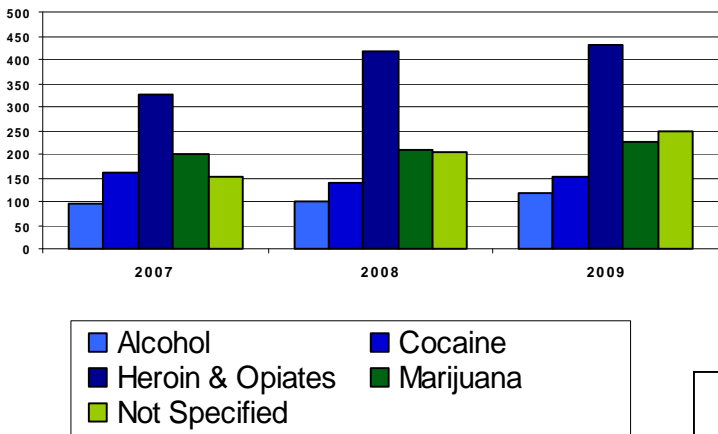
EFFECTIVENESS

The Therapeutic Community offers stability and encouragement to support individuals as they move toward long-term integration into the community.

31% of individuals entering treatment are now women.

With locations in Newark and Secaucus, Integrity House operates 18 buildings and employs 250 staff to provide the highest quality of care.

Client's Primary Drug of Choice

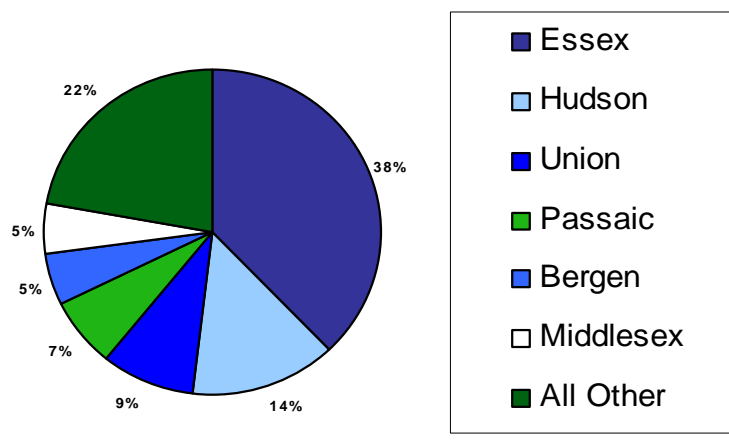


Comparative Admission Demographics

Integrity House		New Jersey *
33% Heroin	Primary Drug of Choice	36% Heroin
59% Afr. Amer.	Race/Ethnicity	60% Caucasian
63%	Criminal Justice Referral	32%
84%	Has Legal Problem	55%
32%	High School Graduates/GED	58%
9%	Health Insurance	27%

* FY 2009 NJ/SAMS Statewide Data

2009 Admissions by County



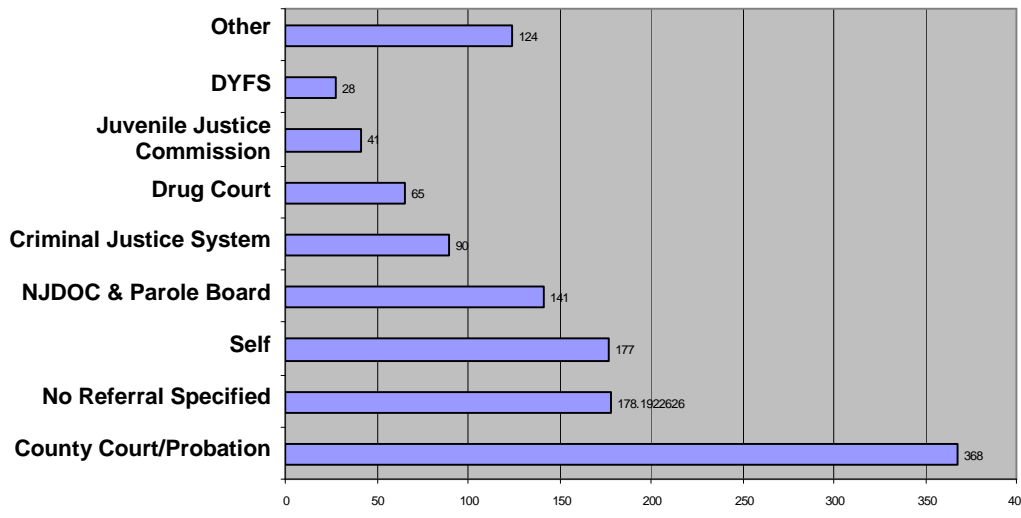
Many of our members come from families fractured by poverty, violence, educational failure and loss of hope.

We serve adult men and women, adolescent males and women with children.

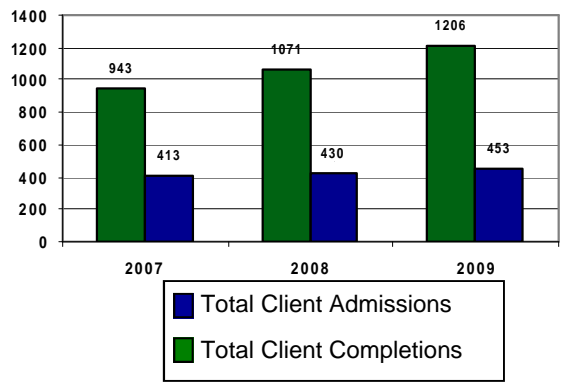
The most common addiction we treat is heroin, followed by alcohol, cocaine and marijuana.

65% of our members come from New Jersey's Urban Centers and 35% from other areas of the state including suburban and rural locations.

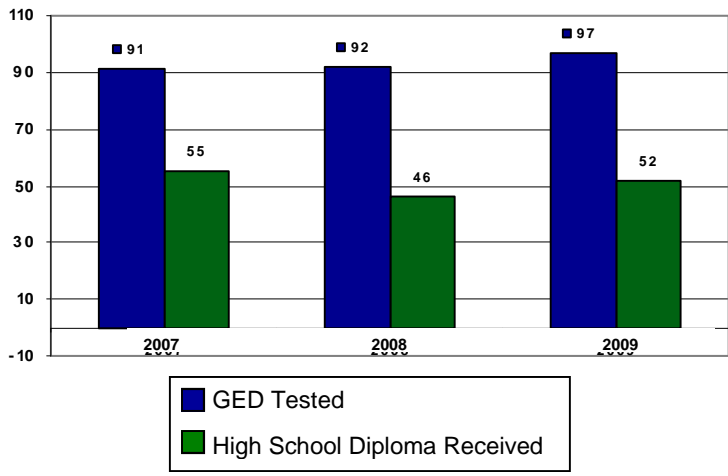
Client Referral Sources



Client Admissions and Completions



High School Diplomas



FINANCIAL REPORT

“In 2009, the recession, rising treatment costs, and changes to NJ’s reimbursement system called for careful financial management. Integrity House responded by containing costs, seeking new funding and maintaining a very high utilization rate for services.”



*Mary Deatherage
Board of Trustees, Finance Committee Chair*

Integrity, Inc.

Statements of Activities

	<u>6/30/2009</u>	<u>6/30/2008</u>
Public support and revenues		
Public support		
NJ Department of Human Services/Health & Senior Services	\$ 6,796,765	\$ 7,174,721
NJ Department of Human Services – Letters of Agreements	2,063,013	1,589,729
State & local grants	527,708	540,343
Foundation grants	500,000	150,000
Special events and donations	580,689	720,765
Total public support	10,468,175	10,175,558
Revenue		
NJ Department of Corrections	1,937,460	1,890,941
Municipalities – welfare and food stamps	872,629	776,779
Federal probation program fees	196,864	253,916
Work First NJ/SAI	1,528,550	1,811,328
Other program fees and misc. revenue	<u>450,643</u>	<u>499,500</u>
Total revenue	<u>4,986,146</u>	<u>5,232,464</u>
Total public support and revenue	<u>\$ 15,454,321</u>	<u>\$ 15,408,022</u>
Expenses		
Program services		
Drug treatment	\$ 8,420,326	\$ 8,757,624
Department of Corrections	1,722,220	1,744,403
Youth	2,028,065	1,961,532
Substance abuse prevention	<u>349,400</u>	<u>333,087</u>
Total program services	12,520,011	12,796,646
Supporting services		
Management and general	2,506,315	2,269,676
Fundraising and public relations	<u>374,063</u>	<u>393,530</u>
Total supporting services	<u>2,880,378</u>	<u>2,663,206</u>
Total expenses	<u>15,400,389</u>	<u>15,459,852</u>
(Decrease) increase in net assets	53,932	(51,830)
Net assets-beginning of year	<u>7,681,726</u>	7,733,556
Net assets - end of year	<u>\$ 7,735,658</u>	<u>\$ 7,681,726</u>

Kristian Lynch of Fordham and Nadirah Scudder of Rutgers are representative of Integrity House interns. Interns also come from schools such as Stony Brook School of Social Welfare, Montclair State University and Princeton University.



FINANCIAL REPORT

Integrity, Inc.

Statements of Financial Position

6/30/2009

6/30/2008

Assets

Current assets

Cash and cash equivalents	\$ 2,336,822	\$ 3,927,087
Grants receivable	2,067,851	1,643,894
Prepaid expenses, other receivables and other assets	<u>258,331</u>	<u>57,986</u>
Total current assets	4,663,004	5,628,967
Land, buildings and improvements and equipment, net	<u>6,298,540</u>	<u>5,454,506</u>

\$ 10,961,544

\$ 11,083,473

Liabilities and Net Assets

Current liabilities

Notes payable to bank	\$ 1,253,400	\$ 600,000
Accounts payable and accrued expenses	1,852,754	2,611,193
Refundable advances and notes payable	<u>119,732</u>	<u>190,554</u>
Total Liabilities	<u>3,225,886</u>	<u>3,401,747</u>

Net assets:

Unrestricted:

Land, buildings and improvements and equipment	6,298,540	5,454,506
Undesignated	<u>1,314,986</u>	<u>2,077,220</u>
Total unrestricted net assets	7,613,526	7,531,726
Temporarily restricted net assets	<u>122,132</u>	<u>150,000</u>
Total net assets	<u>7,735,658</u>	<u>7,681,726</u>

\$ 10,961,544

\$ 11,083,473

A legislative rally in Trenton in December opened the door for final signings of three out of six prison and welfare reform bills.

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.**



PO Box 510
103 Lincoln Park
Newark, New Jersey 07101

Phone 973.623.0600
Fax 973.623.1862

PO Box 2505
595 County Avenue
Secaucus, New Jersey 07096

Phone 201.583.7100
Fax 201.583.7114

www.integrityhouse.org