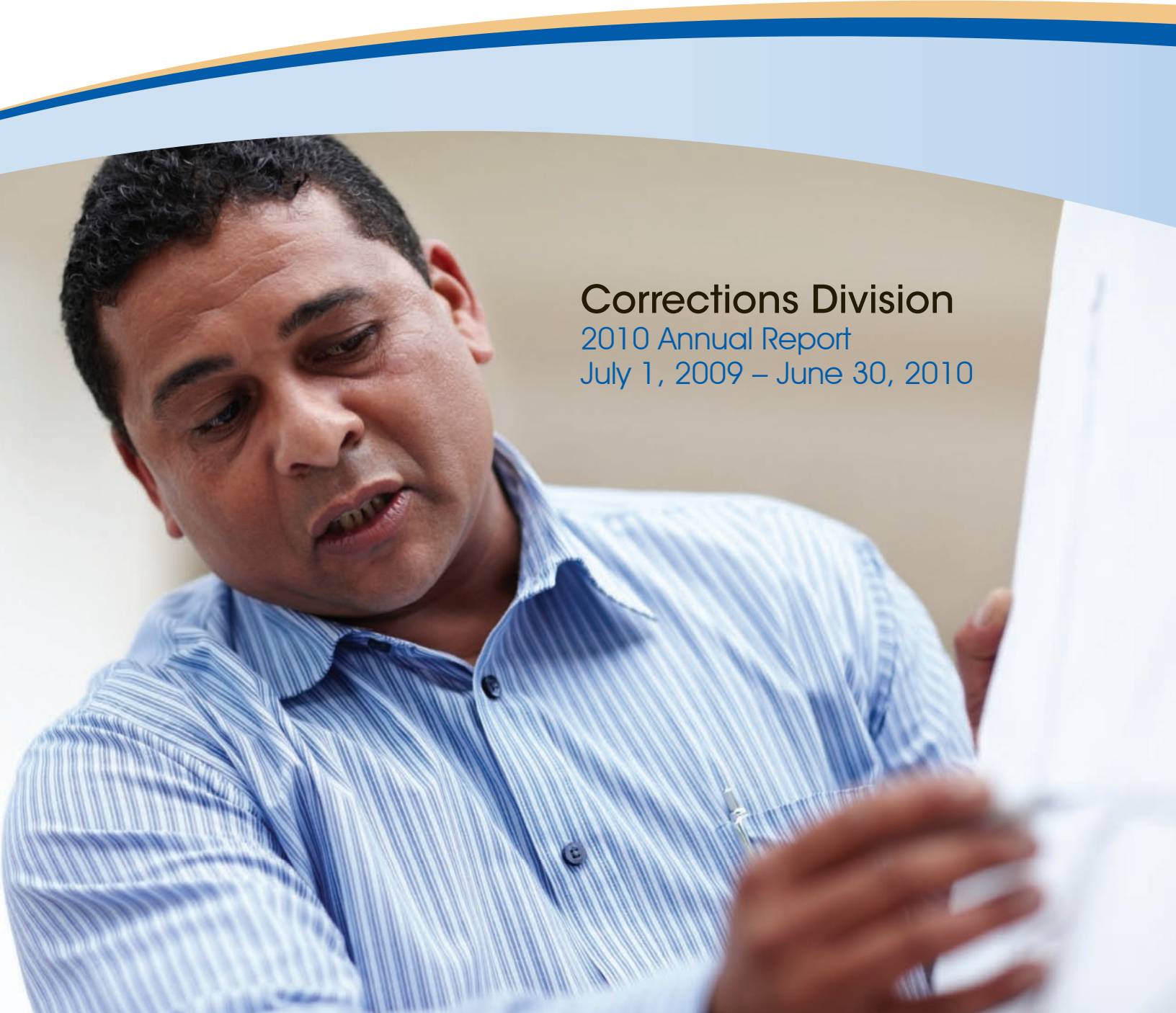




Corrections



Corrections Division
2010 Annual Report
July 1, 2009 – June 30, 2010

Re-Branding to Succeed in the Future

Gateway Foundation proudly unveils a new logo and branding campaign designed to reflect the inspiring, hopeful philosophy and ambience that are experienced by individuals in treatment and their families who participate in support. Read more inside.



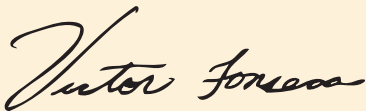
Gateway Foundation

Dear Friends and Supporters,


The mission of Gateway Foundation Alcohol & Drug Treatment is to reduce substance abuse and co-occurring mental problems in our society, which includes correctional facilities. Our professional staff treats nearly 20,000 men and women annually in specialized correctional treatment facilities throughout the United States.

Does it pay for our society, and taxpayers like you, to treat those with substance abuse who are in correctional facilities? The answer is a definite "Yes." The person who is in a correctional facility today could be released to your neighborhood tomorrow, be a member of your extended family, or even be the driver who is in the car behind yours. It takes up to \$125 a day to incarcerate a person, yet substance abuse treatment for that person costs far less. According to The Substance Abuse and Mental Health Services Administration (SAMHSA), for every dollar invested in correctional treatment, the return is up to \$7 in savings. When criminal offenders participate in treatment, their reincarceration rate drops dramatically. Two studies of offenders who completed the continuum of institutional treatment, a transitional treatment center and an outpatient program, showed a recidivism rate of 5 to 7%, versus the national average reincarceration rate of 51%. In addition, SAMHSA suggests that treatment can reduce criminal activity up to 80%, and that means a reduction in violence, theft and other crimes in our neighborhoods. Gateway is committed to providing services that support these results.

As a non-profit organization, Gateway benefits immensely from the guidance of our Board of Directors, executives and staff. Thank you to each who is committed to bringing lasting recovery to individuals, families, communities and our society.



Victor Fonseca, Chairman
Gateway Foundation Board of Directors



Michael Darcy, President and CEO
Gateway Foundation, Inc.

Gateway Foundation Corrections—Quality Treatment is the Key to Success

The Corrections Division continued the successful implementation of its quality, evidence-based "adaptive" treatment model during Fiscal Year 2010. Through an increased emphasis on programming that meets the individualized needs of each corrections client, the Division experienced both intrinsic and extrinsic growth. This year's highlights included a new contract in Missouri, the renewal of our New Jersey corrections contract, improved clinical outcomes from internal evaluations, and the advancement of Medication-Assisted Treatment efforts.

Missouri DOC Awards Gateway New Contract in St. Joseph

The Missouri Department of Corrections (DOC) with its Division of Offender Rehabilitative Services (DORS) awarded Gateway Foundation Corrections Division a new contract. This latest award to Gateway is for assessment and treatment services at Missouri Western Reception Diagnostic and Correctional Center for adult males in St. Joseph, Missouri. The contract began on July 1, 2010 and includes responsibility for a 275-bed Modified Therapeutic Community, a 50-bed Partial Day Treatment Program, and substance abuse assessments for all intakes into the facility, which number approximately 1,800 per year.

This latest contract reaffirms that Missouri DOC values the quality of Gateway's programs and speaks to our long-term success in engaging inmate clients in treatment, creating a rapport between counselors and clients, and helping individuals achieve the foundational skills and life changes they need for re-entry into the community. Gateway's high-level clinical staff, thorough assessment and evidence-based treatment practices all work together to reduce recidivism rates. Missouri DOC screening of offenders within 12 months of incarceration revealed approximately 82% of the offenders have moderate-to-severe substance abuse problems, making effective assessment and treatment essential.

The strong, ongoing relationship between Missouri DOC and Gateway was pivotal in the awarding of this contract, especially in the face of challenging economic times and budget deficits. Gateway now operates five institutional programs in Missouri, totaling over 1,700 beds, making it our second-largest state served.

Medication-Assisted Treatment Allows Many St. Louis Clients to Be Successful in Outpatient Programs

Medication-Assisted Treatment (MAT) interventions do more than assist in curbing cravings and preventing relapses. MAT often allows clients to continue taking part in outpatient treatment rather than be in a residential detox program. When patients stay in treatment, such as when outpatient treatment is an option, it improves outcomes.

Gateway's St. Louis outpatient program has made tremendous strides by incorporating these evidence-based MAT interventions for many clients. Several corrections clients are receiving some of the newest and most widely acknowledged medications for craving reduction. These include Suboxone to block the effects of opioids, as well as Vivitrol which is injectable Naltrexone. Vivitrol is currently used for alcohol abuse, and just received FDA approval for opiate abuse treatment. It requires only once-a-month injection versus daily dosing of oral Naltrexone, thereby increasing patient compliance.

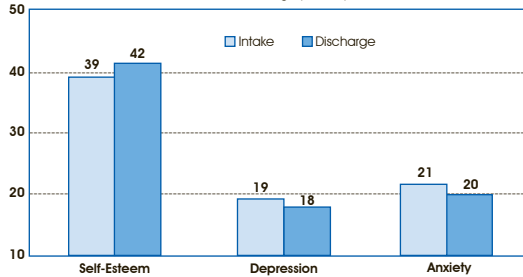
Center Director Steve Doherty has championed this process through his relationships with Missouri's Single State Agency (the Department of Mental Health, Alcohol/Drug Abuse Division) and the Department of Corrections (DOC). Doherty has spearheaded Gateway's anticipated expansion of the program in the coming federal fiscal year by submitting a joint proposal with DMH/ADA and MO DOC. The program seeks to focus on improving transitional services from Gateway's in-custody institutional programs to the St. Louis outpatient program, using MAT and intensive case management as enhancements to the current protocol.

Data from Gateway's Internal Evaluation Protocol (IEP) Confirms Successes of "Adaptive" Treatment

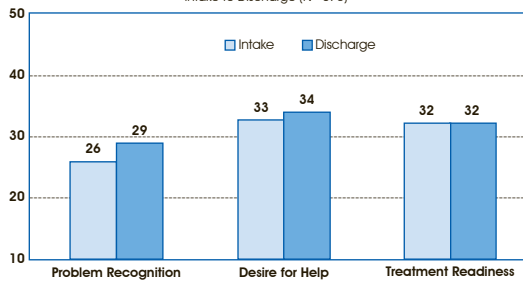
In 2002, Gateway Foundation began using the Texas Christian University (TCU) battery of assessments to develop its Internal Evaluation Protocol (IEP) for correctional programs. Gateway's IEP is an evidence-based evaluation that begins at intake and allows for modifying treatment interventions on the basis of assessment results throughout a client's episode. In 2010, Gateway collected additional evaluation data to update the IEP.

The individualized approach of IEP allows counselors to adapt specific treatment components, especially to higher-risk clients, in areas of treatment drug screening, needs and motivation, psychological and social functioning, treatment engagement, and criminal thinking. Gateway is leading the field to improve identified problems in clients by the time of discharge.

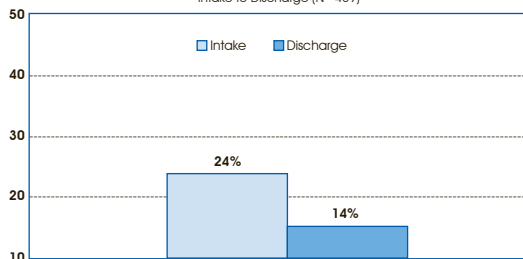
New Jersey Statewide Psychological Functioning Scores
Intake to Discharge (N=670)



New Jersey Statewide Motivation Scores
Intake to Discharge (N=670)



Texas Special Needs Programs -- 2010 Trauma Scores
Intake to Discharge (N=489)



During FY2010, data from the Corrections Division programs were collected and analyzed to produce state-specific reports that demonstrate the success of Gateway's IEP. Some of the highlights of this progress include:

New Jersey: There were positive changes in client scores from treatment intake to discharge on the motivation scales and psychosocial scales, and noted improvement on criminal rationalization scores.

Texas: Across the Texas programs, over 1 in 4 of the clients in Special Needs programs reported serious problems associated with trauma. One of the highlights was that the percentage of clients reporting serious problems associated with trauma declined from 24% at intake to 14% at discharge.

Missouri: During 2010, Gateway rolled out the IEP process throughout Missouri, and through a research project with TCU, the protocol has now been implemented in all of Gateway's institutional contract locations.

The findings in these state-specific reports suggest that Gateway's programs are positively impacting the treatment process factors that correlate with desirable post-release outcomes.

Gateway Receives Contract Award from the New Jersey Department of Corrections (NJDOC)

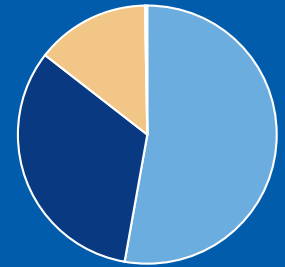
In September 2010, Gateway received notice from the state of New Jersey for the award of a contract for treatment services for NJDOC. This contract will allow Gateway to continue its work that began in the fall of 2002. The new four-year contract was awarded to Gateway due to the successful implementation of our "adaptive" treatment model, and includes additional evidence-based initiatives that will ensure our clients in NJ receive the highest quality of care.

Re-Branding for Future Success

In March 2010 a re-branding strategy was developed that encompassed the design of a new logo and marketing campaign that would highlight Gateway's strengths and move the organization towards a successful future. The new marketing campaign features the theme "Real Answers for Lasting Recovery". It truly showcases what makes Gateway the leading provider of substance abuse treatment. It highlights many of the caring people that work at Gateway, and it shows they have the experience and expertise needed to provide the answers people need. Re-branding efforts also introduced a new logo, one that supports the organization's commitment to providing hope for those with substance abuse issues.

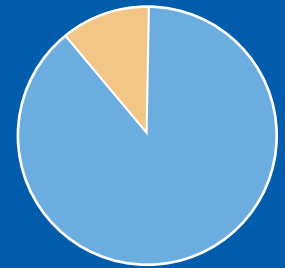
FY 10 Corrections Demographic Breakout

% by Ethnicity



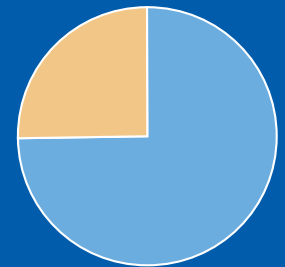
- African-American (9,070 / 53%)
- Caucasian (5,652 / 33%)
- Hispanic (2,437 / 14%)
- Other (33 / 0%)

% Male/Female



- Male (15,243 / 89%)
- Female (1,949 / 11%)

In-Custody vs. Outpatient



- In-Custody (12,842 / 75%)
- Outpatient (4,350 / 25%)

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RecoverGateway.org
24-Hour Helpline
877-321-RECOVER

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President & CEO

Nick Gantes
Vice President, Community Service Division

Michael Giniger
Vice President, Corrections Division

Martha Yount
Vice President, Human Resources

George Vargas
Vice President, Finance

Daniel Molitor
Vice President, Information Systems

PROGRAM SITES

Corrections Division

ILLINOIS

CHICAGO

Cook Co. Sheriff's Office
Pre-Release Center
Day Reporting Center

MISSOURI

BOWLING GREEN

Northeastern Correctional Center

FORDLAND

Ozark Correctional Center

MARYVILLE

Maryville Treatment Center

ST. JOSEPH

Western Reception, Diagnostic
& Correctional Center

ST. LOUIS

St. Louis Free & Clean
Federal Probation

VANDALIA

Women's Eastern Reception,
Diagnostic & Correctional Center
(WERDCC)

TEXAS

BROWNWOOD

Havins IPTC

BURNET

Burnet County Jail ISF

DALLAS

Gateway-Dallas

GATESVILLE

Hackberry SAFPF

HONDO

Ney IPTC

HOUSTON

South Texas ISF

HUNTSVILLE

Estelle SAFPF

RICHMOND

Jester I SAFPF

NEW JERSEY

ANNANDALE

Mountainview Youth CF
Mountainview Youth CF II (FMU)

BRIDGETON

South Woods State Prison

CLINTON

Edna Mahan CF

DELMONT

Southern State CF

NEWARK

Northern State Prison

YARDVILLE

Garden State CF

Key

CF = Correctional Facility

IPTC = In-Prison Therapeutic Community

ISF = Intermediate Sanction Facility

SAFPF = Substance Abuse Felony Punishment Facility