

Oxford House, Inc.

Annual Report

Fiscal Year

2014

Oxford House
Building Community

Oxford House, Inc.
1010 Wayne Avenue, Suite 300
Silver Spring, Maryland 20910

www.oxfordhouse.org

ABOUT OXFORD HOUSE, INC.

Oxford House, Inc. is the Delaware nonprofit, 501(c)(3) corporation that serves as the umbrella organization of the worldwide network of more than 1,800 individual Oxford Houses. Its central office is at 1010 Wayne Avenue, Suite 300, Silver Spring, Maryland 20910

Oxford House™ is a concept and system of operations based on the experience of recovering alcoholics and drug addicts who learned that behavior change is essential to recover from alcoholism, drug addiction or co-occurring mental illness. They also learned that Oxford House™ provided the living environment that could help them become comfortable enough with abstinent behavior to stay clean and sober without relapse.

The Oxford House Manual® is the basic blueprint that provides the organization and structure that permit groups of recovering individuals to live together successfully in a supportive environment. All Oxford Houses are rented, ordinary, single-family houses in good neighborhoods. There are Oxford Houses for men and Oxford Houses for women but there are no co-ed houses. The average number of residents per house is about eight with a range per house of six to sixteen.

Oxford Houses work because they have no time limit on how long a resident can live in an Oxford House™ and because they all adhere to the charter conditions that require that [1] the group must be democratically self-run following the policies and procedures of the Oxford House Manual®; [2] the group must be financially self-supporting; and [3] the group must immediately expel any resident who returns to using alcohol or illicit drugs. Oxford House™ charters are provided free to groups of 6 or more recovering individuals of the same gender starting an Oxford House™. Oxford Houses provide the missing elements needed by most alcoholics and drug addicts to develop behavior to assure long-term abstinence. They provide the time, peer support and structured living environment necessary for long-term behavior change to take hold.

Individuals in an Oxford House™ learn or relearn values and responsible behavior. They slowly, but surely, develop the long-term behavior necessary to assure comfortable sobriety – forever. Some individuals live in an Oxford House™ for a few months, others for many years. By using participatory democracy and self-support, alcoholics, drug addicts and those with co-occurring mental illness are able to develop long-term recovery.

In FY 2014, Oxford House, Inc. moved closer to the goal of providing enough recovery homes to permit every alcoholic and drug addict in recovery the opportunity to live in an Oxford House™ to foster lifelong recovery without relapse. Oxford House is listed on the federal government's National Registry of Evidence-based Programs and Practices – NREPP – and has proven to be a very cost-effective way to achieve long-term recovery.

Silver Spring, Maryland
January 15, 2015

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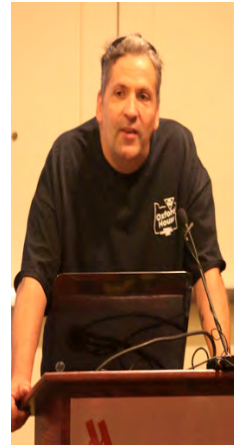
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TABLE OF CONTENTS

Management Report.....	2
National Profile.....	5
Being Clean and Sober is Just the Beginning.....	6
Oxford House: Building Community.....	8
Saving Money, Saving Lives.....	10
Forging New Partnerships.....	12
The Oxford House Family.....	14
Highlights of the 2014 Convention.....	16
Financial Statements.....	20
Notes to Financial Statements.....	21
Typical Houses.....	24



MANAGEMENT REPORT

FY 2014 was another successful year for Oxford House, Inc. (OHI). Over the course of the year, the number of Oxford Houses (and recovery beds) continued to rise, quality control remained high, and finances remained stable. Our main focus was on expanding our program to provide more opportunities for individuals recovering from alcoholism and drug addiction to achieve long-term sobriety without relapse and become fully integrated into the broader society.

Expansion

Led by Paul Molloy, CEO and Kathleen Gibson, COO, the organization added 1,668 new recovery beds as OHI chartered 214 new Oxford Houses – 73 for women and 141 for men. At the end of calendar year 2014, the Oxford House network consisted of a total of 1,824 individual Oxford Houses with a combined total of 14,416 recovery beds. Demand for Oxford House residency remained high and, on average, there were more than four applicants for each vacancy that arose during the year. Expansion was particularly strong in states and localities that supported the creation of new Oxford Houses through the provision of start-up loan funds and grants to permit OHI to send trained outreach workers to start houses and assist with quality control. Once started, all Oxford Houses are self-run and self-supported in accordance with their charter conditions. OHI overhead expenses are minimal.



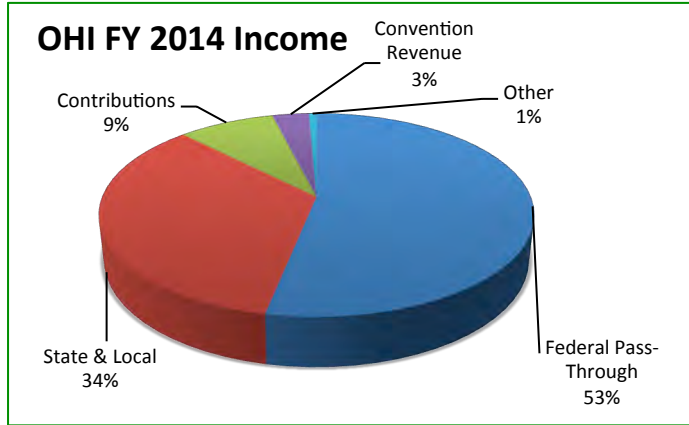
In FY 2014, OHI had development contracts with twenty-two states as well as with some treatment providers, localities and drug courts. It also received foundation grants from the Daniels Fund, The Greater Kanawa Valley Foundation, The Community Foundation for the National Capital Region, the Willingway Foundation, the William S. Paley Foundation and the Wake County ABC Board. OHI provides some support for the creation of new houses in other places by using private grants and voluntary contributions – including contributions from Oxford House residents – to provide limited loan funds and outreach worker support. On a voluntary basis, many individual Oxford Houses and chapters contribute to OHI. In FY 2014, individual Oxford Houses and chapters contributed a total of \$431,425 in voluntary contributions toward OHI's total expenditures of \$5,190,883. In the future, it is hoped that an even larger percentage of the organization's total funding can be internally generated but – at least in the near term – expansion will depend heavily on funds from external sources such as foundations and government agencies.

Once a cluster of houses is developed in an area, it becomes easier to expand because the existing Oxford Houses and chapters are able to find new houses to rent and to carry on development with minimal support from OHI. Once providers and state officials see the effectiveness of Oxford House™ development, experience has shown they are generally eager to expand the network of houses.

OHI uses a number of time-tested protocols to establish and maintain the network of individual Oxford Houses. Clusters of houses are encouraged to form mutually-supportive chapters to facilitate networking between houses and to help monitor charter compliance. In a similar way, chapters group together to form mutually-supportive statewide associations. Training materials and standardized operating procedures are provided to all chartered houses, chapters and state associations. The central OHI office in Silver Spring, Maryland, trains and supervises field workers to do outreach to states and communities throughout the United States and in some foreign countries.

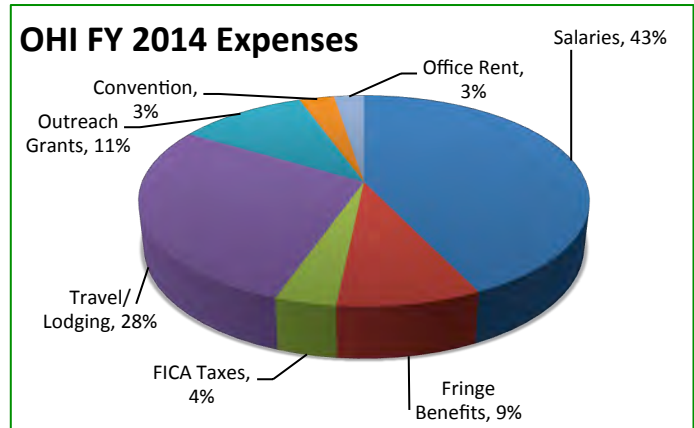
Financial Results

Overall, OHI finances remained stable and OHI continued to support the expansion and maintenance of the network of Oxford Houses in an extremely cost-effective manner. Expenditures by OHI in FY 2014 were \$263,044 less than income.



Total income in FY 2014 was \$5,453,927. Income sources are shown in the chart at the left. *Federal Awards* are almost entirely state block grant funds used by various states to pay for development and maintenance of existing networks of Oxford Houses. *State and Local Awards* are agreements that do not include federal block grant or pass-through federal funding. Contributions include \$431,425 voluntarily donated by about 23% of the individual Oxford Houses either directly or through the mutually-supportive chapters.

OHI’s expenditures for FY 2014 totaled \$5,190,883. The expenditures are shown in the chart at the right. Nearly 96¢ of every dollar spent goes directly to program costs; that is, expanding and maintaining the network of Oxford Houses. Travel, telephone and personnel costs account for nearly 86% of costs. Outreach grants include expenses for covering the equal share of household expenses for part time employees to help train residents in newly-established Oxford Houses. In 2014, OHI outreach workers operated in 34 states and Ghana.



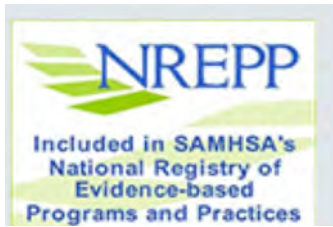
A copy of the audited financials and notes to financials is included at the end of this report.

Transparency and Research

Throughout the year, OHI continued to encourage Oxford House residents to participate in research. While anonymity has long been the norm for recovering alcoholics and drug addicts, OHI, since its inception, has encouraged research in order to continually evaluate the Oxford House program and to understand more about alcoholism and drug addiction.

OHI conducts internal surveys and continues to invite independent third-party research. Since 1991, both NIAAA and NIDA have devoted federal behavioral research dollars to studying the Oxford House program and its effect on developing long-term recovery. DePaul University has been a major recipient of such grants. The DePaul studies have produced more than 175 articles showing how Oxford House living relates to recovery. From the DePaul research, we have been able to affirm that we are on the right track. Internal surveys are used to understand more about the residents of Oxford Houses and the maintenance of their sobriety.

Proven Effectiveness of Oxford House Program



Since 2011, the federal government (SAMHSA) has listed the Oxford House program on the National Registry of Evidence-based Programs and Practices [NREPP]. While the 1988 Anti-Drug Abuse Act [PL 100-690] represented political acceptance of Oxford House, the NREPP listing verified the soundness of the Oxford House model as an evidence-based program that significantly improves treatment outcomes for alcoholics, drug addicts and those with co-occurring mental illness.

Litigation

Establishment and maintenance of an adequate network of recovery homes sometimes requires legal action under the Federal Fair Housing Act and the Americans with Disabilities Act to protect the civil rights of residents. It has now been twenty years since the U. S. Supreme Court found in favor of Oxford House™ in the landmark case *City of Edmonds, WA v. Oxford House, Inc. 514 US 725 [1995]*. Nevertheless, local jurisdictions and insurance companies continue to test the limits of the law. In 2014, OHI was actively engaged in fifteen cases to protect the legal right of recovering individuals to live together in order to increase their opportunity for long-term recovery. Fortunately, OHI's attorneys' fees and court costs were minimal.

Since expansion of Oxford House began in 1989, OHI has defended the rights of recovering individuals to live in good neighborhoods just like ordinary families. Such individuals are protected from discrimination under the 1988 Amendments to the Federal Fair Housing Act and the Americans with Disabilities Act. OHI has been a leader in defining the extent and scope of those rights by vigorously defending civil rights. It shall continue to do so because it is important not to let the hard-fought rights obtained in the past be eroded by indifference to discrimination.

FY 2015 Focus

In FY 2015 OHI will continue to expand the network of Oxford Houses to provide more opportunities for individuals seeking long-term recovery. We will do more to emphasize the fact that Oxford House provides a good model for how limited government incentives can produce profound results. At the same time we will forge new partnerships with treatment providers, the Department of Veterans Affairs, colleges and criminal justice systems.

The 2015 Annual Oxford House World Convention will be held in Washington, D. C. over Labor Day Weekend – September 3-6. This annual gathering grows each year and provides an opportunity for hundreds of Oxford House residents and alumni to join together in workshops, general sessions and social events. All participants leave with renewed energy and skills to bring back to their home communities to continue to develop more Oxford Houses to better support long-term recovery.

Conclusion

We end the year with a profound sense of gratitude for all who have made the year so successful. Our contributors – the states, foundations and others – have seen the value of the Oxford House concept and support it. They have also seen that the staff of OHI, and the residents and alumni of the individual houses, works tirelessly to achieve the OHI goals and objectives – the creation of more opportunity for alcoholics, drug addicts and those with co-occurring mental illness to achieve long-term recovery. Most of all, we are grateful for all of the residents and alumni of Oxford House who daily prove that 'the inmates can run the asylum.'

NATIONAL PROFILE

Good Houses in Good Neighborhoods



**Oxford House – Hampton
Hampton, Virginia**

Oxford House – Hampton (pictured at the left) is an Oxford House for 8 men that was established in Hampton, Virginia on February 1, 1998. It is one of 115 Oxford Houses in Virginia. It has been home to 268 men in recovery. Only 43 have had to leave because of relapse. It is an example of how Oxford Houses continue year after year.

There are houses for men; houses for women; houses for women with children and houses for men with children but no co-ed houses.

Creating an Effective National Recovery Network One House at a Time

National Oxford House Resident Profile¹

Number of Women's Houses:	502	Recovery Beds for Women:	3,867
Number of Houses for Men:	1,322	Recovery Beds for Men:	10,549
National Network of Houses:	1,824	Total Recovery Beds:	14,416
Number of States with Houses:	44	Cities with Oxford Houses:	482
Average Age	36.8	Percent Veterans	18%
Average Educational Level	12.2 yrs.	Range of Educational Level	3-19 yrs.
Average Cost/Person Per Week:	\$107	Average Rent/Group/Month	\$1,426
Residents Working:	92%	Average Monthly Earnings:	\$1,695
Percent Addicted to Drugs and Alcohol:	74%	Percent Addicted to Only Alcohol:	26%
Race --		Marital Status --	
White;	65%	Never Married	44%
Black;	41%	Separated	18%
Other	4%	Divorced	33%
		Married	5%
Prior Homelessness:	64%	Average Time Homeless:	5.2 Mos.
Prior Jail:	76%	Average Jail Time:	11 Mos.
Average AA or NA Meetings Per Week:	5.2	Percent Going To Counseling <u>plus</u> AA/NA:	45%
Average Length of Sobriety of House Residents:	12.5 Mos.	Residents Expelled Because of Relapse:	16.7%
Average Length of Stay In an Oxford House:	9.1 Mos.	Average No. of Applicants For Each Vacant Bed:	4.4

¹ As of June 30, 2014 based on standard OHI survey and house reports. Number of houses and beds is as of December 31, 2014.

Oxford House Fast Facts

- **14,416 - Number of Oxford Recovery Beds**
- **1,824 - Number of Oxford Houses as of December 1, 2014**
- **44 - Number of States having Oxford Houses**
- **482 - Number of towns and cities having Oxford Houses**
- **\$1,695 - Average monthly income of residents**
- **\$107 - Average weekly share of expenses paid by Oxford residents**
- **64% of Oxford House residents had been homeless for an average total length of 5 months**
- **74% addicted to drugs and alcohol - 26% just alcohol**
- **76% had done jail time connected to their addiction averaging 11 months**
- **12.5 months - Average length of sobriety**
- **206 - New Oxford Houses started CY 2014 (68 houses for women; 138 for men)**
- **1,606 Total Added Recovery Beds (1,089 for men: 519 for women).**
- **CY 2014 residents: 30,116 with 16.7% expelled because of relapse.**

BEING CLEAN AND SOBER IS JUST THE BEGINNING

Oxford House Living Integrates Residents Back into Society

Oxford House residents – not managers, not counselors, not jailers – operate Oxford Houses. Trust that the “inmates can run the asylum” is a hallmark of the Oxford House system of operations. For 39 years this trust has been validated and it is a major factor in assuring that Oxford House residents achieve sobriety without relapse.

Oxford House living, drawing upon the common bond of addiction recovery, results in the full successful integration of Oxford House residents into the broader society. For example, re-entry from incarceration becomes more effective because former inmates are integrated into a family made up of individuals from many backgrounds. Few organizations are able to merge those who formerly achieved economic and social success with those who have never enjoyed either. However, this occurs every day in an Oxford House. The process of recovery and the disciplined democratic operation of an Oxford House become a new path of success and integration into society at large.

Oxford House residents focus rigorously on maintaining sobriety and expel any House member who returns to using alcohol or drugs. Residents of Oxford House take pride in running their Oxford House and in working and socializing with other Oxford House residents through Chapter, State Association and Convention activities. Oxford House residents form close networks of friends and associates. Furthermore, Oxford House residents get jobs and contribute to the operating expenses of their Oxford House through networking and mutual accountability. For many residents, these experiences are new and life transforming. Each resident benefits from the experience – and so does society.

The running of each house is prescribed by practices and procedures enumerated in the Oxford House Manual[®]. Those practices and procedures follow the American tradition of democratic rule with rights of minority opinions rigorously protected. All Oxford Houses elect five house officers to serve for terms not to exceed six months. Each officer has defined duties and is expected to carry out the duties and report to the full house membership at the weekly meeting. Not allowing anyone to hold a particular office for more than six months at a time protects against ‘bossism’ or the development of an entrenched leader who may try to dictate behavior for other house members. This system also ensures that the offices are rotated among all House members so everyone gets leadership responsibility. The system breeds trust and the House members meet the high standards of responsibility expected under the system of operation by ensuring that each Oxford House is well run.

Five Officers: Term Limited to Six Months

- President
- Secretary
- Treasurer
- Comptroller
- Chore Coordinator

Once a week, House residents meet for an orderly business meeting that uses majority rule and parliamentary procedures. The meetings review the House finances and discuss household and resident issues that may have arisen over the prior week. The residents pay the house bills by each contributing an equal share of rent and other household expenses. In 2014, the average rent paid by each Oxford House for a good house in a good neighborhood was \$1,476. Note that this is the ‘average’ rent; there is variation in different regions and cities. The average equal share of household expenses [landlord, utilities, house staples] nationally was \$107 a week [range \$95 to \$165].

Where did these recovering alcoholics, drug addicts and those with co-occurring mental illness get the money? Most Oxford House residents have a job and are paid by their employers. Some receive Social Security, Veterans Benefits or other income. All pay the requisite Social Security and Medicare contributions. For most residents, this contribution to society is a change from their prior path of

living with addiction. The resident survey data shows that 64% of Oxford House residents had been homeless and 76% had done jail time – a status likely to drain rather than add revenue to social support programs. Oxford House residents are also luckier than many jobseekers – particularly in a difficult economy – since other Oxford House residents typically know about where local jobs are available and it is in the interest of all House members to have all House members working. There’s a built-in job network. Getting a job lets House members contribute their share of household expenses and it also starts them on the path toward building a solid employment history.

Social activities are also an important part of living in an Oxford House. Individual Oxford Houses hold social events and invite both neighbors and residents of other Oxford Houses. Chapters and State Associations also hold social events and workshops – fostering both networking and training. And many residents attend the annual Oxford House World Convention.

Since the original Oxford House started in 1975, more than 350,000 Oxford House residents have become comfortable enough in sobriety to achieve long-term recovery without relapse. Because each house is rented, self-operated and self-supported, Oxford House™ is able to encourage residents to stay as long as the individual feels is necessary to become comfortable enough in sobriety to avoid relapse. The average length of stay is around 9 months but some residents stay many years.

Oxford Houses provide the time and structure needed for comfortable long-term sobriety. Thousands of Oxford House residents and alumni are sober today because of the Oxford House program.

FACTS ABOUT ALCOHOLISM AND DRUG ADDICTION

- About 17 million Americans are primarily active alcoholics with another 8 million addicted to illicit drugs. (SAMHSA)
- 20.3 million persons aged 18 or older needed treatment for an illicit drug or alcohol abuse problem in 2013 (8.5 percent of persons aged 18 or older). (SAMHSA)
- Of these, only 1.25 million – 6.2 percent of those who needed treatment – received it.
- Government reports show that alcohol and drug abuse is responsible for the admission of almost 1.5 million people to emergency rooms nationwide and drug addiction results in nearly half a trillion dollars of economic loss annually.
- For those receiving treatment, 60% had been in prior treatment an average of more than three times. [TEDS]

Oxford Houses Provide a Low-Cost, Highly Effective Method of Reducing Recidivism

Self-run, self-supported Oxford Houses give recovering alcoholics and drug addicts (and those with co-occurring mental illness) the time, responsibility, self-esteem and tools to achieve long-term sobriety without relapse and to integrate successfully into the broader society. The program is low-cost and highly effective in reducing recidivism.

OXFORD HOUSES WORK BUT MANY MORE ARE NEEDED

OXFORD HOUSE: BUILDING COMMUNITY

“Building Community” was the theme of the 16th Annual Oxford House World Convention held in September in Portland, Oregon. The convention focused on building community in individual Oxford Houses, in chapters, in the recovery community and in the broader neighborhoods and communities in which Oxford Houses are located.



Banner at World Convention in Portland September 6, 2014

“Building Community” is an important aspect of creating sustained recovery without relapse. While there are many definitions of ‘community,’ two cited frequently are: (1) A group of people living in the same place or having a particular characteristic in common; and (2) A feeling of fellowship with others by sharing common attitudes, interests, and goals. For Oxford House residents, the concept of “Building Community” goes beyond just living together and being in recovery and builds self-confidence that long-term sobriety without relapse can work for them.

Oxford Houses are not just places to live – they are families and part of the broader community of Oxford House families as well as of their own local neighborhood community. The common interest that brings Oxford House residents and alumni together is the desire to become comfortable enough in sobriety to avoid relapse. For nearly eighty years AA has demonstrated the power of self-help based on the common interest of a shared disease. Millions have transformed their lives through AA/NA. The same common bond that unites individuals in AA/NA unites residents and alumni of Oxford House. The shared hardship of their active addiction becomes a common bond. Because an Oxford House™ is a place of residence, the bond is even stronger than in 12-Step groups.

Common purpose isn’t enough, however. Oxford House residents work together to create supportive families and communities. Each Oxford House has a weekly meeting in which everyone participates and has an equal voice. Each House elects five house officers who have specific duties and responsibilities and serve for 6-month terms. The duties of the office help provide the officeholder with leadership skills and new self-esteem while also ensuring smooth management of the Oxford House.

The building of community does not stop within the four walls of a particular Oxford House as Houses bond together to form chapters. Chapters help Houses work out problems and assure quality control among Oxford Houses within the chapter. Chapters also promote sobriety and build community by organizing social events – picnics and other get-togethers. Since membership in a chapter is voluntary, it behooves chapters to engage in community-building activities to gain the support of Oxford House residents and alumni as well as neighbors not in recovery.

Each Oxford House is a community of individuals living together to support each other's sobriety but residents also reach out to the broader community to be seen both as a recovery resource and as a good neighbor. Many Oxford Houses invite their neighbors to visit during Recovery Month (and at other times). Neighbors are sometimes leery of having recovery houses in their neighborhoods; Oxford House residents, because of their focus on recovery and being good neighbors, can do much to help the community understand addiction and recovery and learn that Oxford house residents are ordinary folks who are conquering a common addiction. The lack of anonymity among Oxford House residents fosters greater awareness and understanding of recovery in the broader community. Within a few years of existence, an Oxford House is likely to become viewed by the non-recovering members of a city or town with considerable pride. Throughout the country landlords pass the word to other residential property owners that renting to a group of recovering individuals forming an Oxford House is good business. The property tends to stay rented year after year and the tenants usually pay the rent on time.

Most Oxford House residents attend AA and NA meetings and interact with the broader recovery and non-recovery community. They reach out to those just beginning recovery, offering fellowship and introducing folks to the Oxford House program. Many residents go back to their treatment facilities to talk to current residents about Oxford House and how it works. Other Oxford House residents work with re-entry groups to encourage inmates in recovery to consider Oxford House residence upon release. Others engage in projects like "Hands Across the Bridge" and other Recovery Month programs.

When Oxford House began expansion in 1989 as a result of §2036 of the 1988 Anti-Drug Abuse Act, the National Association of State Alcohol and Drug Addiction Directors [NASADAD] was promoting the slogan, "Treatment Works." Reality undercut the validity of that slogan. At best, treatment kept alcoholics, drug addicts and those with co-occurring mental illness out of the way for a short period of time. When individuals left residential treatment – or began to feel better as a result of temporary abstinence during outpatient treatment – most returned to drinking alcohol and/or using illicit drugs. Family members, the addicted and the community saw right before their eyes that a loved one had returned to addictive use. The practical need then was to find a way to provide a living environment focused on recovery long enough for a person to develop sobriety comfortable enough to avoid relapse. Oxford House now fulfills that need and it can be developed at low cost and maintained at even lower cost. That effectiveness has been recognized both in academic studies and in the fact that the Oxford House program is listed on the federal government's National Registry of Evidence-based Practices and Procedures [NREPP].



The need for effective, low-cost ways to help alcoholics, drug addicts and those with co-occurring mental illness achieve long-term recovery continues to be great and is likely to become greater as the Affordable Care Act, the expansion of Medicaid coverage and the parity legislation make treatment most accessible. This expanded coverage will put great strain on both the cost and provision of care. Today, less than ten percent of those needing formal substance abuse treatment get it and many of those treated cycle in and out of treatment and/or prison. There are severe social and economic costs to not providing treatment that results in long-term recovery without relapse. Society shouldn't accept these kinds of costs.

While everyone in recovery recognizes the balkanized nature of intervention, treatment and long-term recovery, there needs to be a renewed focus on Oxford House expansion because it improves outcome for all intervention and treatment. Oxford House was built on the premise that relapse does not have to be part of long-term recovery. By providing time, peer support, and disciplined, self-run, self-supported, sober households, Oxford Houses make staying clean and sober without relapse the norm, not the exception.

SAVING MONEY, SAVING LIVES

Seven States Lead the Way

At the end of 2014, there were a total of 1,824 Oxford Houses in 44 states, but over half of the Oxford Houses were located in just seven states – Washington, North Carolina, Oregon, Texas, Virginia, New Jersey and Louisiana. All together, at yearend, these seven states had a total of 1,053 Oxford Houses and a total of 7,305 recovery beds. The investment these states are making in the Oxford House program comes at low cost and with high recovery success. Many more states should consider undertaking this win-win investment. It represents targeted government investment with a proven return.

Oxford House Residents Achieve High Recovery Success

Evidence-based research – both internal surveys and external academic studies – have documented that the Oxford House program works in leading to long-term recovery. OHI and Oxford House residents value transparency and welcome research into the program. Supported by grants from NIAAA and NIDA for the study of recovery, DePaul University in Chicago has found remarkable recovery success. As a result of the evidence, SAMHSA has listed the Oxford House program as a best practice on the National Registry of Evidence-based Programs and Practices (NREPP).

The Kind of Support Needed for Further Oxford House Expansion

The major barrier to the creation of more Oxford Houses is the lack of start-up funding and technical assistance to teach the system of operation. The states that have substantial numbers of Oxford Houses provide funding to establish a start-up recovery loan fund and to support OHI outreach workers.

A start-up revolving loan fund enables OHI to make a start-up loan of \$4,000–\$6,000 to a group starting a new Oxford House to cover the cost of a security deposit and the first month’s rent. The group then repays the loan in equal installments over 24 months. The technical assistance pays the expense for on-site, trained and supervised field workers who teach residents of new Oxford Houses the disciplined system of self-operation and self-support. The field workers also help clusters of houses to organize chapters for mutual support and quality control. Experience has shown that both the start-up loan and technical assistance are needed to develop strong statewide networks of houses.

The Low Cost of Development

The box below shows typical development costs. The cost of Oxford House development is much cheaper than development of typical halfway houses or therapeutic communities.

Sample Development Costs	
6 Recovery Homes	
Revolving Start-Up Loan Fund @ \$6,000:	\$ 36,000
Two Trained and Supervised Field Workers	160,000
10% G&A [overhead]	<u>16,000</u>
TOTAL	\$ 212,000
24 Recovery Homes	
Revolving Start-Up Loan Fund @ \$6,000:	\$ 144,000
Eight Trained and Supervised Field Workers	640,000
10% G&A [overhead]	<u>64,000</u>
TOTAL	\$ 848,000
100 Recovery Homes	
Revolving Start-Up Loan Fund @ \$6,000:	\$ 600,000
Thirty Trained and Supervised Field Workers	2,400,000
10% G&A [overhead]	<u>240,000</u>
TOTAL	\$ 3,240,000

Why Are Development Costs Low?

The primary reason that development costs are low is that, once started, Oxford Houses are self-run and self-supported. Each Oxford House is autonomous. Residents govern themselves, electing House officers (with term limits), holding regular House meetings and following disciplined parliamentary procedures. Residents work and pay their own rent and household expenses. These factors keep external development costs low and they are crucial to the development of ‘comfortable sobriety.’ The system encourages the development of leadership

skills and self-efficacy and there are no limits on residency so long as there is adherence to the charter conditions. The result is that more than 80 percent of Oxford House residents remain clean and sober for the long term. Slowly, but surely, residents learn or relearn values and responsible behavior. Oxford Houses, because of low development costs, can be expanded to meet demand.

Attracting Expansion in More States

OHI currently has contracts in twenty states and, in the coming year, OHI plans to expand the network of Houses into more states – particularly those states that have expanded Medicaid, since such expansion frees up ADM block grant funds that could be used to cover recovery-housing costs. Moreover, the recent legislation broadening health insurance coverage and mandating parity between behavior health illnesses and physical illnesses should encourage health insurance companies to pay for some Oxford House development as they seek more effective treatment outcomes.

Housing stock for development already exists throughout the country. Single-family rental houses form the bedrock for development. The Internet enables OHI to target available rentals quickly and outreach workers in the field can follow up on leads for suitable homes easily. This application of modern technology saves a lot of time when an organization knows how to use it.

OHI has been a leader in assuring that recovering individuals enjoy reasonable accommodation under the protections of the 1988 Amendments to the Federal Fair Housing Act. The United States Supreme Court found that recovering alcoholics and drug addicts were a protected class in the landmark case, *City of Edmonds, WA v. Oxford House, Inc., 514 US 725 (1995)*. As a protected class, groups of recovering individuals renting a house in an area classified 'residential' are treated the same as an ordinary family. Governmental jurisdictions or providers with a development agreement with OHI are assured that OHI handles all civil rights litigation and NIMBY problems.

During 2014, OHI developed a modern and effective system to ensure ready access to vacancies within the national network of Oxford Houses. Most houses have adopted the new vacancy system and, by using a more automated system, it provides treatment providers, drug courts and prison re-entry program counselors with timely information about where vacancies exist. The new system also lets OHI monitor supply and demand better. Currently, demand greatly exceeds supply.



**Oxford House-Military Road
Washington, DC**



**Oxford House-Mistletoe
San Antonio, Texas**

Oxford Houses Work - But Many More Are Needed

FORGING NEW PARTNERSHIPS

To date, most of the funding for Oxford House development has come from contracts with state agencies using federal block grant funding to combat alcoholism, drug addiction and co-occurring mental illness. The success of that funding method suggests it will continue and more states will enter into agreements with Oxford House, Inc. [OHI]. However, it is now time for OHI to develop new community partnerships to support Oxford House expansion and enhance recovery opportunities.

Recent changes in health insurance coverage, Medicaid expansion and the requirement that behavioral health be covered in the same manner as physical illnesses will increase the availability and overall cost of treatment. Outcome accountability and cost containment will become critical. The old norm of treating relapse as part of the disease is likely to be unacceptable. It costs too much and it short-changes the patient. The Oxford House program rejects that notion that relapse is part of the disease and has been highly successful in having its residents achieve recovery without relapse. It is time for more stakeholders to recognize the importance of Oxford House living and work with OHI to forge partnerships for developing more Oxford Houses in more communities to meet the need that exists for quality recovery housing.



Dr. Kenneth Hoffman, OHI Board Member and Director of Mental Health Services, US Department of State, addressing a panel at 2014 Oxford House Convention on use of medication in Oxford Houses.

While research on AA has been limited by the role of anonymity in recovery, the willingness of Oxford Houses to open their doors to academic research gives us an opportunity to see recovery from addiction in action.

Dr. Jeffrey Roth, M.D.
Editor, *Journal of Groups in Addiction and Recovery*
Chicago, 2010

early as 1999, Dr. Herbert D. Kleber, MD, called Oxford House a “whole new ball game for the addiction field.” It worked and he saw that it solved the high cost problem associated with traditional halfway houses or therapeutic communities.

Over the last 20 years, both the National Institute on Drug Abuse [NIDA] and the National Institute on Alcohol Abuse and Alcoholism [NIAAA] have funded DePaul University research studies of Oxford House. DePaul researchers have published more than 175 scientific articles documenting their results, all of which demonstrate the success of the Oxford House program.

Just looking at existing Oxford House residents suggests areas where partnerships might be most mutually beneficial. Most Oxford House residents have been through short-term treatment before getting into an Oxford House. As a matter of fact, the average Oxford House resident has been through residential treatment 3.6 times before entering an Oxford House. Many residents have jail time [76%]

Research has shown that Oxford House living improves the chances that recovering individuals can avoid relapse if given the time and peer support they need to develop new behavior. The evidence is in. The Oxford House program is listed on the National Registry of Evidence-based Programs and Practices [NREPP] because the evidence shows that it is effective in fostering long-term recovery. As

What the Oxford Houses have done is just short of miraculous. Dollar for dollar, I can think of no federal government investment that has yielded so great a return for our country and for those whose lives have been all but destroyed by drugs and alcohol.

Dr. Jerome Jaffe, M.D.
Drug Czar – Nixon Administration
Clinical Psychiatry, University of Maryland
November 2011

and come to Oxford House through a prison re-entry program or a drug court. Many residents also are veterans [18%] and some are students. Oxford House serves each of these groups well but currently reaches only a fraction of those who could benefit from Oxford House living.

Treatment Providers. Oxford House could partner with those who run both inpatient and outpatient treatment programs to help these programs get better long-term outcomes. The TEDS data show that 60% of those in residential treatment have been through treatment more than three previous times. A DePaul study that followed 897 Oxford House residents living in 219 houses across the country found that after 27 months only 13 percent had returned to addictive use. The relapse rate among Oxford House residents in 2014 was 16.7%. Most stayed clean and sober and were likely to stay that way because they had the time and peer support necessary to become comfortable enough in sobriety to avoid relapse. Treatment providers should consider whether their outcomes would improve if their patients had an opportunity to stay in an Oxford House after primary treatment.

Drug Courts and the Criminal Justice System. Today there are more than 2,300 drug courts in the country. Many drug courts use Oxford House living as part of their treatment protocol. Recently a drug court in North Carolina held a graduation ceremony for 73 individuals and more than half were living in Oxford Houses. In 2014, about three-quarters of Oxford House residents had done prison or jail time. This percentage has been constant over the last two decades and most of these residents developed comfortable sobriety and stayed out of trouble. In several states, funding is provided to assist recovering individuals re-entering society from incarceration to help them gain acceptance to an Oxford House. Unlike their peers who simply return to the home they had come from, those returning to society by way of an Oxford House tend to stay clean and sober and out of trouble. In a nation with more than 2.2 million individuals incarcerated in jails or prisons – a majority of them addicted to alcohol or illicit drugs – it makes sense to develop a safe path home via an Oxford House.



Oxford House – Driver
Durham, North Carolina
Near VA Hospital

DVA and Veterans Groups. A number of Oxford House outreach workers are veterans of the US military services who chose to be outreach workers because of their personal experience of living in an Oxford House. In 2014, 18% of all Oxford House residents were military veterans. The Department of Veterans Affairs could make a cost-effective investment by contracting with OHI to develop clusters of Oxford Houses close to VA Hospitals and clinics.

Colleges. An Oxford House has opened in Chapel Hill, NC to serve students at the University. The town already has 13 Oxford Houses. Other colleges and universities should consider using Oxford Houses.

Partnerships with OHI can bring benefits that go beyond the development of Oxford House networks. OHI acts as a buffer between the funding party and the public, the residents and others. Not-in-my-backyard (NIMBY) problems and landlord insurance issues are addressed by OHI, not the funder or landlord. OHI also helps new Oxford House groups get organized. And most important, most Oxford House residents achieve long-term recovery and become responsible citizens. Because of low-cost development, additional houses can be rented to expand capacity rather than having to limit the time a person can spend in the supportive Oxford House living environment.

Multiple partnerships can provide more Oxford Houses to help more recovering individuals to succeed. Over the next year, OHI will be working with treatment providers, the criminal justice system, veterans – including the Department of Veterans Affairs – and colleges to forge successful new partnerships for development of more Oxford Houses.

THE OXFORD HOUSE™ FAMILY

The statistical profile of Oxford House residents shows a demographic picture of the Oxford House family but it doesn't capture the people themselves. Since its inception, over 350,000 people have lived in Oxford Houses. Many residents and alumni have written their personal stories of addiction and subsequent recovery. These stories go well beyond the statistics and illuminate what Oxford House means to its residents and alumni. Below are excerpts from a few of the stories that were published in the 2014 Oxford House Convention Program. The full versions can be found on the Oxford House website (www.oxfordhouse.org) under "About Us/Stories."

- Oxford House saved my life and gave me a life better than I had ever imagined in active addiction. Before getting clean I didn't know who I was; I had no self worth, self-esteem and no clue on how to even survive without drugs. ... I am now an alumna of Oxford House. The 2 years I lived in Oxford House was the best experience of my entire life. In recovery I have been through good and bad times but I know now that no matter how hard life on life's terms get, I don't have to use no matter what! I have people who love me today. I have a relationship with all my family members today. I am a responsible adult today. I am far from perfect but such a better person than I used to be. Today, I enjoy helping others and I know it's not all about me and I would give the shirt off my back for another person struggling. Oxford House will forever be my family and will always be close to my heart. *Ashley L. - Louisiana*
- The bonds I have made with the men in my house are strong and lasting; I can lean on them in times of joy or sadness. Oxford House has helped to teach me responsibility in managing my affairs responsibly, shown me how to show respect others in the utmost. *David C. - Texas*
- I lived in an Oxford House for 2 years. I was told if I lived in an Oxford House for 18 months, I had an 87% chance of staying clean. I stayed longer only because I wanted to increase my odds..... Once I moved out of my Oxford House I continued to volunteer and give back. For the next 4 years, I worked my full time job during the day and Oxford House at night. I believe that Oxford House is why I have the life I have today. I'm truly grateful that as an addict and alcoholic I had the opportunity to live in an Oxford House and finally grow up and become the woman I am today and the mother I have always wanted to be. *Debbie R. - Virginia*
- I have no material things left. Now I have the support of Oxford House. Being here I am finally learning to become a responsible adult. It has given me friendships, trust and family. I am also gaining a relationship back with my children. I've found a new way to live life with the help of Oxford House. Addiction is a very lonely disease. I know I have hope again. *Erica G - Mississippi*
- At my sentencing, the court room was full of supporters from Oxford and the recovery community and it was at that point I realized I am no longer alone. The Federal Judge decided to go outside of the guidelines and gave me time served and four years supervised release. Oxford was life changing for me and I believe I have my freedom today because of Oxford. When I got sober, I was very lost. Oxford kept me busy and gave me a family. I believe in the democratic process and have learned that I have a voice and that, together, we can overcome our situation and move on to be successful people in this so-called life. I am now an Oxford Alumna and I am a success story. I continue to stay involved with Oxford because I was taught that gratitude is action. I am the Fundraising Chair for Oxford House of San Antonio Interchapter. Today, it is a gift to see the desperate newcomer come into an Oxford House and be given the same opportunity that was given to me. Thank you, God, for allowing Oxford House to be my last and only choice. *Jamie C. - Texas*
- This whole time I was still dealing with my case. If they decided to go federal, I was looking at five to thirty years. By the grace of God, the local DA took the case. I worked with my public defender for a year. With my involvement in OH and starting new meetings in the community, we were able to get my case to probation for one year, and eligible for expungement. Oxford House changed my life. My recovery program saved me, but Oxford House showed me a new way to live, with support and love and most of all ACCOUNTABILITY. I never in a million years thought I would be where I am today. This was never in my plan, but I know it is exactly the plan my Higher Power has. *Jason J. - Louisiana/Oklahoma*

- Moving into an Oxford House changed my life. I immediately got involved with the chapter, and before I knew it I was elected to be the treasurer. Doors were opening and things were going well. The state association elected me to be the housing service rep for the state, so I got to travel to other cities in Texas to provide my experience, strength and hope to other residents. I loved what this organization was doing for people in recovery, and I knew that I wanted to be a part of it, in any way I could, for as long as I could. I'm so grateful for my Oxford House experience, and I'm glad that I get to continue to be a part of it all. This September, I will have 3 years clean and sober. That in itself is an absolute miracle. If not for Oxford House, I'm certain I would not have come this far. I'm on an amazing journey! *Jenn H. - Texas*
- I attended my first state convention shortly after becoming a member of Oxford House and there the fire was lit. I gained knowledge of what this organization has done for men and women just like me. I felt like I was HOME! Words cannot express the amount of gratitude I have for Oxford House for saving my life and giving a junkie like me the chance to become a functioning and productive member of society. To show my appreciation, I almost completely give my spare time to being of service to the Oxford Houses of Louisiana. I love every moment and I could think of no other way to live. Happy, Joyous and Free. *Jeremy J. W. - Louisiana*
- I had seen an Oxford House presentation and been impressed with what I heard. It was time...my scorecard truly read 'zero'. AA alone wasn't working for me. It was so easy to slip back into drinking when I was coming home alone to no one and nothing. I made a decision to move into Oxford House and have never regretted a moment of it, although I did have a relapse and eviction early in my time with Oxford. I am so grateful to the women of Oxford House Shadow Mountain who cared enough about me to hold me accountable and protect that house. They helped make sure there would be changes to my recovery when they allowed me to re-interview and return (after another stint in treatment). What a blessing!!! Today I feel this is one of my greatest opportunities to share my experience, strength, and hope when it comes to helping someone understand that what seems like the worst day of their life does not have to be the end of their story. Oxford House has given me a life worth living again. *Laura J. - Oklahoma*
- Oxford House taught me how to be a productive member of society, pay my own bills, and hold a job for the first time in my life. It's taught me how to be a friend, sister, leader and a mother again. I got a position in the chapter and eventually the state. I moved out of Oxford and into my own place but still remained involved. But that's not the best of it. After living on my own for 6 months, I got the opportunity to move in with my daughter, who is now 9 years old, so I did and none of this would be possible if it hadn't been for those women coming to that treatment center to do GOD'S will. So I am going to have 18 months on the 5th of August and I still hold my position as the secretary of the Oxford House Regional Association of Louisiana/Mississippi while learning how to be a mom again ONE DAY AT A TIME *Laci C. - Louisiana*
- The hope afforded me makes me able to unabashedly proclaim the comparative superiority and consistent high standards of the Oxford system. By no means is everything perfect in facility nor people. Remember, we are still a bunch of sober, yet comparatively sick horse thieves trying to practice responsible living, often in situations and facilities, which are both a blessing and a challenge. But when compared to where I have come from, I find it easy to recognize that Oxford has given me the lifeline of stability, safety and hope which is one of the pillars upon which I am trying to build a sustainable, sober life. It is strong, yet flexible; firm, yet friendly. A bunch of personalities bound together to uphold certain principles. I owe much to Oxford house and, like my recovery program in general, I must remain willing to step up and show that gratitude is an action word: to help keep Oxford houses strong and available to those now and in the future who need it as a supportive option as it was when I needed it, and needed it again and again. At this writing I have 26 months sober. I participate in both my 12-step program and fellowship, as well as help do my part to keep my current house operations strong. Next stop for me is to use my vacation time from work (imagine that - vacation time) to go to this year's Oxford House World Convention. Thank you, Oxford House, for being an important support in my recovery! Mahalo and Aloha! *Mike S. - Hawaii*

Oxford House living saves lives and creates responsible and productive citizens. Many more recovering persons deserve the chance to experience recovery in an Oxford House.

HIGHLIGHTS OF THE 2014 WORLD CONVENTION

The 2014 Oxford House World Convention was held in Portland, Oregon in September 2014. The convention theme – Building Community – set the stage for the focus of the convention, which featured general sessions and keynote speeches, breakout panels, election of new World Council members, 12-step meetings and social events that included a barbecue and awards ceremony on Friday night and a banquet on Saturday night. Over 900 Oxford House residents, alumni, experts and friends attended the convention. (A copy of the full 2014 convention program can be found on the website (www.oxfordhouse.org under ‘About Us/History’.)



The large audience listened intently and enthusiastically to all the opening general session presentations – an invocation, welcoming remarks, and a convention program overview.



Over the course of convention, participants attended numerous events. Over 25 breakout panels covered myriad topics including general addiction education, civil rights, re-entry from incarceration, veterans’ issues and ‘housekeeping’ concerns. Panels included both experts in the field and Oxford House residents and alumni. All panels concluded with question and answer sessions. Participants had to make choices about what panels to attend; frequently residents of the same Oxford House or Chapter would divide up their attendance so as to be able to tell folks at home about all of the panels.

GROUP NAME / EVENTS	LOCATION
Oxford House Annual Conference	
7:00 AM - 11:59 PM Vendor Space	Exhibit Hall
11:15 AM - 12:30 PM Civil Rights and Law	Salons G - H
11:15 AM - 12:30 AM The Role of Chapters in Building Community	Salons E - F
11:15 AM - 12:30 PM Effects of Social Networks in Oxford Houses	Salons C - D
11:15 AM - 12:30 PM Health Issues in Oxford Houses	Salon I
11:15 AM - 12:30 PM State Agencies	Salons A - B
12:00 PM - 2:00 PM World Council Meeting	Salem Room
12:00 PM - 2:00 PM AA Meeting	Portland Room
12:00 PM - 2:00 PM NA Meeting	Eugene Room
2:15 PM - 4:30 PM Second General Session	Salons E - F
10:00 PM - 11:59 PM AA Meeting	Portland Room
10:00 PM - 11:59 PM NA Meeting	Eugene Room



The heroin epidemic was of particular interest to all participants. Many of the Oxford House residents have been addicted to heroin and heroin addiction and overdoses continue to be major concerns in many communities. Stuart Gitlow, M.D., President of the American Society of Addiction Medicine (ASAM), addressed the issue in a keynote speech at a general session and also in a breakout session along with Kenneth Hoffman, M.D. Convention participants learned a great deal about both the epidemic and how to deal with overdoses that might occur. Both sessions were extremely well attended. Other sessions of particular interest dealt with re-entry from prison, veterans in Oxford Houses, research and drug courts.



A highlight of the convention was a keynote address by David Mineta, Deputy Director of the White House Office of National Drug Control Policy [shown in the photo below with CEO Paul Molloy].



In another general session, the convention participants heard campaign speeches from a large group of World Council candidates and voted on convention resolutions.

The Friday night barbecue was held at Pioneer Courthouse Square where convention participants ate well, socialized and recognized the recipients of the Directors' 100-year awards, given to those Oxford Houses and chapters that make voluntary contributions of at least \$600 a year to Oxford House, Inc. to support development of new Oxford Houses in areas where no direct financial support is available.



Presentations of two of the 100-year awards are shown below. Board Chair Jerry Conlon is presenting the award to the Virginia group at the left below. Board member Ken Hoffman (front) and Bill Newman (rear) are presenting the award to the D. C. representative in the picture on the right.



The Saturday night banquet was the social highlight on the convention. Everyone enjoyed good food, a good recovery speech, awards and a dance.



After breakfast on Sunday morning, there was a final general session. Residents and alumni remembered those who had died during the past year. CEO Paul Molloy summarized the convention and urged everyone to plan to attend the 2015 convention in Washington, DC.



FY 2014 Financials

Oxford House, Inc. Statement of Financial Position June 30, 2014¹

ASSETS	
CURRENT ASSETS	
Cash	\$ 244,918
Accounts Receivable, Net	953,832
Employee Advances	7,111
Prepaid Expenses	25,867
Loans Receivable, Current Portion	<u>58,663</u>
Total Current Assets	<u>1,290,391</u>
PROPERTY AND EQUIPMENT	
Furniture and Office Equipment	179,108
Less Accumulated Depreciation	<u>(155,950)</u>
Net Property and Equipment	<u>23,158</u>
OTHER ASSETS	
Loans Receivable	79,138
Restricted Cash	95,751
Deposits	<u>15,285</u>
Total Other Assets	<u>190,174</u>
TOTAL ASSETS	<u>\$ 1,503,723</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	\$ 369,117
Program Advances	49,529
Accrued Payroll Taxes	14,188
Accrued Salaries	139,810
Deferred Lease Obligation	<u>20,077</u>
Total Current Liabilities	<u>665,400</u>
Total Liabilities	<u>665,400</u>
NET ASSETS, Unrestricted	<u>838,323</u>
TOTAL NET ASSETS	<u>838,323</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$1,503,723</u>

Statement of Activities

SUPPORT AND REVENUE	
Federal Awards	\$ 2,889,509
State and Local Awards	1,879,567
General Contributions	461,919
Convention Revenue	176,580
Litigation Settlement Income	15,239
Combined Federal Campaign	11,306
Revolving Loan Management Fees	6,300
Outreach Training Registration	3,150
Interest Income	<u>357</u>
Total Support and Revenue	<u>\$ 5,453,927</u>
EXPENSES	
Program Services	
State and Local Program – Federal Funds	\$ 2,889,509
State and Local Program–State/Local	1,879,567
State and Local Program – Other	40,929
World Convention	<u>153,734</u>
Total Program Services	<u>\$ 4,973,739</u>
Supporting Services	
Management and General	216,615
Fundraising	<u>529</u>
Total Supporting Services	<u>217,144</u>
Total Expenses	<u>5,190,883</u>
INCREASE UNRESTRICTED NET ASSETS	263,044
NET ASSETS Beginning of Year	<u>575,279</u>
NET ASSETS End of Year	<u>\$ 838,323</u>

¹ See notes accompanying financial statement at end of the Annual Report. See box at right for instructions on how to get full copy of audit from Robert Ben-Kori, CPA.

Oxford House, Inc. FY 2014 Expenses By Category and Function

Expense Item	State/Local House Program	Management And General	Total Expenses
Salaries	\$2,197,170	\$ 28,763	\$2,225,933
Fringe Benefits	440,973	14,057	455,030
Payroll Taxes	<u>189,321</u>	<u>4,331</u>	<u>193,652</u>
Total Personnel	<u>2,827,464</u>	<u>47,151</u>	<u>2,874,615</u>
Travel & Lodging	1,456,846	5,474	1,462,320
Telephone/Facsimile	138,234	5,295	143,529
Professional Fees	110,289	30,837	141,126
Rent	125,119	7,121	132,240
Litigation Settlement			80,679
Local Training	78,344	0	78,344
Printing/Publications	51,626	1,219	52,845
Insurance	29,340	8,139	37,479
Other	30,277	6,284	36,561
Meeting/Conference	31,252	3,000	34,252
Office Supplies	22,767	6,435	29,202
Convention Expense	20,451	11	20,462
Outreach Supplies	19,852	289	20,141
Postage and Supplies	8,603	7,275	15,878
Payroll Services	7,447	4,514	11,961
Depreciation	9,442	537	9,979
Bank Charges	6,386	1,459	7,845
Interest Expense	0	1,425	1,425
Total Expenses	<u>\$4,973,739</u>	<u>\$217,144</u>	<u>\$ 5,190,883</u>

Individual Oxford Houses followed through on a resolution at the 1999 Oxford House World Convention to make voluntary contributions to Oxford House World Services for the purpose of defraying expansion and service expenses.

During FY 2014, houses contributed over \$431,000.

The 2001 World Convention passed a resolution to earmark all house contributions in excess of \$200,000 a year for a national revolving loan fund to help start new Oxford Houses. Since states are no longer required to maintain start-up revolving loan funds, it will become important for future expansion for Oxford House, Inc. to have a self-sustaining loan fund that can take up the slack.

About \$60,000 was used for the in-house revolving loan fund in FY 2014.

A full copy of the Oxford House, Inc. audit and IRS form 990 is available from Oxford House World Services. Telephone 301-587-2916 or e-mail Info@oxfordhouse.org to receive a copy of the audit. The IRS form 990 is available to download at www.oxfordhouse.org under "About Us/Finances".

OXFORD HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1 - Summary of Significant Accounting Policies

Organization

Oxford House, Inc. is a nonprofit organization incorporated under the laws of the State of Delaware on October 25, 1987 for the purpose of aiding in the rehabilitation and to improve social condition and environment for recovering alcoholics and drug addicts. This is accomplished by developing plans and programs for their recovery and by establishing homes for recovering substance abusers. Independently chartered "Oxford House" operates throughout the country as self-run, self-supported recovery houses. Oxford House, Inc. acts as the national umbrella organization and provides overall direction and technical, assistance to the independent "Oxford Houses."

Basis of Accounting

Oxford House, Inc. presents its financial statements on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in FASB ASC Topic 958, Not-for-Profit Organizations. Under FASB ASC 958, Oxford House, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporary restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowance For Doubtful Accounts

Accounts receivable are considered to be fully collectible.

Property and Equipment

Property and equipment is stated at cost or donated value and is depreciated using the straight-line method over the estimated useful lives of the assets.

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expenses.

Grant Contract Revenue

Grant contract revenue is recorded when earned under the provisions of the applicable contracts.

Contributions

Oxford House, Inc. accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in FASB ASC Topic 958, Not - For- Profit Entities. In accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

Oxford House, Inc. is exempt from Federal income taxes under section 501 (c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization. As a 501(c)(3) nonprofit organization the organization is also exempt from State income taxes. Accordingly, no provision for income taxes is required in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Cash Equivalents

For purposes of the statement of cash flows, Oxford House, Inc. considers all highly liquid debt instruments with maturity of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2013.

Restricted Cash

Oxford House, Inc. maintains restricted bank accounts and certificates deposit under various contractual obligations.

Escrow Funds

Grants from individual states for funding of the loan program (Note 6) are segregated into escrow accounts for the benefit of the individual states. Those funds are not included in the financial statements of Oxford House, Inc. as they are considered to be state funds.

Major Customers

Oxford House, Inc. derives a substantial portion of its income from State awards funded in whole or in part by Federal funds.

Subsequent Events Evaluation

Management has evaluated subsequent events through November 20, 2014, the date the financial statements were available to be issued.

Note 2 – Loans Receivable

Oxford House, Inc. makes start-up loans to certain recovery houses and temporary loans [bridge loans] to other recovery houses. At June 30, 2014 loans receivable were \$130,598, net of allowance of \$3,724.

Note 3 – Accrued Salaries

Included in accrued salaries are salaries and royalties owed to an officer of Oxford House, Inc. as follows:

J. Paul Molloy, President	<u>\$ 139,810</u>
	<u>\$ 139,810</u>

Note 4 – Line of Credit

Oxford House, Inc. has a line of credit note of \$75,000 of which \$0 is outstanding at June 30, 2014. The note is secured by a \$64,809 certificate of deposit, which is included in restricted cash appearing on the statement of financial position. The interest rate is currently .09%. Oxford House, Inc. is to make minimum monthly payments of interest only. The note is considered payable on demand.

Note 5 – Retirement Plan

Oxford House, Inc. has a 403(b) retirement plan. All full time employees over the age of twenty-one [21] that have completed three months of service are eligible to participate. The plan is funded through pre-tax salary reductions by the employees.

Note 6 – State Escrow Accounts

Oxford House, Inc. has received restricted funds from various entities to be used solely for the purpose of extending revolving loans to establish new houses, which are then repaid by these houses.

Oxford House, Inc. managed funds or held and managed funds in escrow accounts under contracts with various states to meet the requirement of Public Law 100-690, “The Anti-Drug Abuse Act of 1988.” Such escrow accounts are not reflected in the accompanying financial statements of Oxford House, Inc. Held funds, including outstanding loan balances approximate \$1,410,000 at June 30, 2014.

Note 7 – Lease Commitments

Oxford House, Inc. leases office space and office equipment under operating leases. The office space lease is subject to operating cost increases. This lease commenced June 2008 and is scheduled to terminate June 30, 2013. Lease expense for the year ended June 30, 2011 approximated \$111,300.

The following is a schedule of approximate future minimum lease payments under non-cancelable operating leases for office space with initial or remaining terms of one year or more as of June 30, 2013:

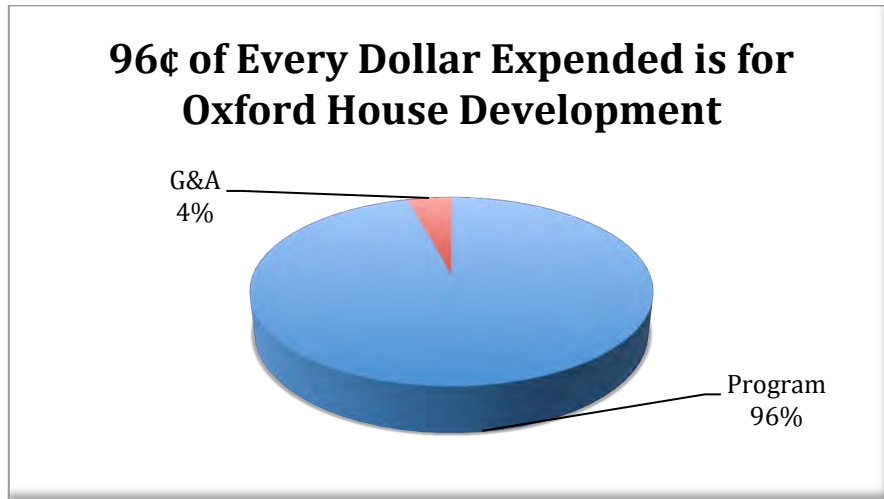
2015	160,026
2016	169,609
2017	174,679
2018	<u>179,934</u>
	<u>\$ 684,248</u>

Note 8 – Claims and Litigation

Oxford House, Inc. is subject to other various claims and litigation. In the opinion of management, the outcome of such matters will not have a material effect on the financial position of Oxford House, Inc.

Note: The auditor’s full report, including supplemental single state audits, can be obtained by sending an e-mail to info@oxfordhouse.org or by writing to Oxford House, Inc., 1010 Wayne Avenue, Suite 300, Silver Spring, Maryland 20910.

Getting the Most Out of Every Dollar of Income



OHI has kept overhead at a very low percentage because the formula for expanding the number of Oxford Houses is based on well-defined local units of time for technical assistance and small start-up loans. The central services office in Silver Spring, Maryland maintains the various revolving loan funds administered by OHI. The bottom-line is that 96¢ of every \$1 is used directly for establishing and maintaining a strong worldwide network of Oxford Houses.

Oxford House: Creating a National Network of Recovery Houses One House at a Time



Pictured above are typical Oxford Houses. If all 1,824 Oxford Houses were pictured using the same format of 15 houses per page it would require 122 pages like this one to show each house. Each house is rented. Each house has a charter from OHI. Each house is self-run and self-supported by the residents in recovery. The national average equal share of household expenses is \$107 a week [range \$85 to \$165].

There are Oxford Houses for men. There are Oxford Houses for women and Oxford Houses for women with children and for men with children. There are no co-ed houses. There is no time limit as long as the resident does not drink alcohol or use illicit drugs and pays his or her equal share of household expenses. Average length of stay is a little over 9 months with about 16.7% of the residents are expelled for resuming use of alcohol or illicit drugs. Most relapses occur during the first three months of residence.

OXFORD HOUSE TRADITIONS

1. Oxford House has as its primary goal the provision of housing for the alcoholic and drug addict who wants to stay clean and sober.
2. All Oxford Houses are run on a democratic basis. Our officers serve continuous periods of no longer than six months.
3. No Member of an Oxford House is ever asked to leave without cause -- drinking, drug use, or disruptive behavior.
4. Oxford House members realize that active participation in AA and/or NA offers assurance of continued sobriety.
5. Each Oxford House should be autonomous except in matters affecting other houses or Oxford House, Inc. as a whole.
6. Each Oxford House should be financially self-supporting.
7. Oxford House should remain forever non-professional.
8. Propagation of the Oxford House, Inc. concept should always be conceived as public education.
9. Members who leave an Oxford House in good standing should become associate members.

Oxford House™

1975-2014

39 Years of Organized Self-Help To Enable Alcoholics and Drug Addicts to Recover Without Relapse

- Providing Sole Authority for Oxford House Charters
- Providing Technical Assistance to Establish New Oxford Houses
- Providing Technical Assistance to Keep Existing Oxford Houses on Track
- Providing Organization of Chapters to Help Houses Help Themselves
- Providing the Time, Living Environment and Support to Enable Alcoholics and Drug Addicts to Achieve Recovery Without Relapse
- Providing the Legal, Philosophical, and Scientific Framework for a Cost-effective, Worldwide Network of Supportive Recovery Housing

Write or Call

Oxford House World Services

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Silver Spring, Maryland 20910

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Facsimile 301-589-0302

E-Mail Infor@oxfordhouse.org

Web Site: www.oxfordhouse.org