



STEP WILL PROVIDE EXCEPTIONAL SERVICES FOR PEOPLE SEEKING TO IMPROVE THEIR QUALITY OF LIFE THROUGH COMMUNITY, ECONOMIC, PERSONAL, AND FAMILY DEVELOPMENT.
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ANNUAL REPORT 2008

FROM OUR BOARD PRESIDENT



Dear Friends of STEP:

You hold in your hands a summary report of the incredible things that one organization and its talented and dedicated group of staff do to improve the lives of many residents of our local communities. Through our multiple programs, STEP improves our community by providing education, services to the needy, and by giving families opportunities to improve their housing and to invest in their future.

STEP exists for to serve others. There is no more important endeavor than serving other people and giving them an opportunity to step forward into a brighter future. All of us who give our service to STEP as board members, volunteers, and employees do so knowing that our time is an incredible investment in the betterment of our community.

On behalf of the Board of Directors, I encourage you to learn more about us and find ways in which you can be involved with our efforts.

Sincerely,



Dr. H. Lee King

President, Board of Directors

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FROM OUR EXECUTIVE DIRECTOR

I love Mondays! I know that sounds weird to many people but I honestly do. I begin to get excited on Sunday evening because I start thinking about the possibilities that lie ahead for the coming week. It's more than just Mondays; I love coming to work every day, especially at STEP. How many people get the opportunity to work to help others, especially people in need? How many people get the opportunity to create new programs that will help people improve their quality of life? How many people get the chance to counsel those that are down on their luck and provide some much needed support and encouragement? When I think of the avenues we have to make a difference, I know I'm blessed.

I love working at STEP because the possibilities to serve others are only limited by our imagination. Does it get frustrating? Sure it does. We get discouraged when there is no funding for our homeless programs, when we have to tell people with no transportation that those services aren't available, or when we aren't supported by some members of our community. I get discouraged when I have to defend the very people we serve. But when I read the heartwarming stories in this annual report, about how our clients are improving their quality of life, it makes every trial and frustration worth it. When I see those we serve persevere against enormous odds, I'm encouraged. All of the work and effort is not in vain.

The difficulties and frustrations we face also show the tremendous resiliency of our staff, our board of directors, and even our clients. Over the past couple of years, we've started a program to serve ex-offenders, VA CARES. The success of this program is evident; the recidivism rate for our participants in VA CARES is less than 8% while the state average is approximately 30%. The Homeless Intervention Program has provided assistance to hundreds of people throughout the West Piedmont Planning District that has enabled them stay in their homes. Our Volunteer

Income Tax Assistance Program served 341 individuals last year, saving them \$47,000 in tax preparation fees. These numbers only tell a piece of the story. This report gives a full picture of the service that's taken place.

The economic crisis affecting our country has a crippling effect on our clients. Our agency feels that burden too. STEP's services are counter-cyclical to the economy; the worse the economy is, the more people need and access our services. In fact, STEP provided services to 500 more people in 2007-2008 than we did the previous year; a 25% increase. As you read this annual report and the many programs STEP offers, you will find that almost every program has increased its numbers.

STEP is responding to the increased demand by seeking new programs that will help people climb out of poverty. We will continue to seek new collaborative agreements that will strengthen existing services and provide the opportunity for new ones. We will continue to educate our local elected officials and try to increase our funding so we can continue the growth that has taken place over the last several years. STEP will also break ground on a new building in Stuart that will house our Patrick County operations. We will attempt to develop affordable housing opportunities, especially for homeless individuals and families.

In short, we will continue to do what we've been doing. We're going to strive to be an agency that our clients can depend on and that our employees, our Board of Directors, and community can be proud of. We're going to do everything we can to ensure those who want to improve their quality of life have a place to come and receive services. And we're going to endeavor to live out our mission every day.



A handwritten signature in black ink, appearing to read 'Jon Morris'. The signature is stylized and fluid, with a large initial 'J' and 'M'.

Jon Morris
Executive Director

STEP ON THE MOVE



Jimmy Johnson, along with his wife Chandra are holding The Helmet of Hope, featuring STEP's logo and 11 other charity organizations. The Jimmie Johnson Foundation auctioned the helmet off for more than \$18,000 with all proceeds going to San Diego Habitat for Humanity.



Shannon Horn and Angela Trent are excited about the new building in Patrick County. Shannon is the Section 8 Coordinator for Patrick County and Angela is the Head Start Manager for Patrick County.



Delegate Charles Poindexter speaks at the STEP Annual Volunteer and Partner Recognition Banquet



Executive Director Jon Morris and Board President Dr. H. Lee King present Senator Roscoe Reynolds with the 2008 STEP Advocate Award.

STEP ON THE MOVE



Executive Director, Jon Morris, and Finance Director, Terry Bridges welcome Congressman Tom Perriello to STEP. Congressman Perriello visited STEP before going to Washington so he could learn about the agency and its programs.



Larry Anderson, Senior Meals Coordinator receives a donation of 61 lap robes from Denise Dewalt and the Smith Mountain Lake Women's Club. The lap robes were delivered to our Senior Meals clients for Christmas. This is the second year the Smith Mountain Lake Women's club has given the donation.

STEP received national exposure last year in *The Promise*, the official magazine of the Community Action Partnership. STEP appeared in the Fall 2008 issue for their involvement with the Jimmie Johnson Foundation and in the Spring 2008 issue for their successful Volunteer Income Tax Assistance Program.

HEAD START

Head Start, STEP's largest program, is a federal program designed to foster the healthy and positive mental and physical development of three and four year old children from low-income families and prepare them to enter kindergarten. Our experienced staff provides wide-ranging appropriate services that are unique in their comprehensive approach to supporting the children and their families. Services include early education, proper health and dental care, social services and nutrition services while emphasizing parent involvement and support to build on strengths of local communities.

Head Start was founded on the principle that children cannot develop mentally and physically if they are not properly nourished, sick or too worried about their home situation to concentrate in school. In response to this Head Start emphasizes not only the children's cognitive development, but also their social, emotional and physical development. In addition, we encourage and support families with community referrals and linkages to other agencies for assistance that STEP cannot provide, goal setting, as well as educational and job opportunities. Parents are respected as the primary

educators of their children and we respect the tenet that children develop progressively in the context of their family and culture. **Our Head Start Program enrolls 54 children in classrooms in Patrick County and 84 children at STEP's Corporate Offices on Dent Street and in collaborative classrooms with the Franklin County Public School System. For the last several years STEP's Head Start Program has been fully enrolled.**

AL'S PALS

Al's Pals, a new component of the Head Start Program, was introduced in the 2007-2008 school year. This program, with funding provided by the Virginia Tobacco Settlement Foundation (VTSF), is utilized in each Head Start classroom in Franklin County. Although VTSF only funded the classrooms in Franklin County, all Head Start classrooms in Patrick County also implement the Al's Pals Program. Al's Pals promotes increased pro-social skills, demonstration of self-control, interpersonal problem solving, healthy decision making and positive coping. Students learn how to appropriately express their feelings, share with others and interact positively with their peers and teachers. Students also learn to differentiate between healthy and unhealthy situations and substances such as tobacco, alcohol and other drugs. Since the curriculum materials are a one-time purchase they can be used year after year as new children enter Head Start.



Some distinguishing accomplishments of STEP's Head Start Program for 2007-2008 include:

- 100% of children received medical treatment.
- 100% of children received dental treatment.
- 100% of classroom teachers have an ECE (Early Childhood Education) or related degree (AA, BA, or graduate).
- 100% of reported children with a disability received special services.
- 99.34% of families participated in a goal setting process that resulted in a Family Partnership Agreement.
- Received an exemplary monitoring and evaluation.

HEATHER TAYLOR'S STORY

Heather Taylor has an extremely rewarding and amazing job. She's an interpreter for a hearing impaired student who's currently attending Martinsville High School. Heather knows how important supportive teachers and staff can be in the education of young people. However, she was very apprehensive about enrolling her daughter in STEP Head Start for several reasons.

Jada, age 4, entered STEP Head Start when she was three. In the fall of 2008, Jada was diagnosed with Asperger's disorder. Any parent would want the assurance that their child will be cared for, especially if they have a diagnosis like Asperger's. But Heather's fears were put to rest after she met Jada's teacher, Ms. Sharon Levelle. "Ms. Levelle is an excellent teacher. She's been extraordinary with Jada," says Heather.

Some of the characteristics of Asperger's disorder may include deficiencies in social skills or having difficulty with transitions. "Jada doesn't take change in the schedule well," says Heather. "When the class transitions from one activity to another, Ms. Levelle will take Jada to the side and let her draw a picture or something to help ease the transition."

Another benefit to the Taylor family has come in the form of a vital partnership between STEP and Franklin County Public Schools. Mrs. Kathy Boone, a Speech and Language Pathologist for the Franklin County Public Schools is provided an office at STEP, two days per week, to provide speech and language sessions for Head Start and other children. Even though Heather knew Jada had some social deficiencies, she was unsure of the diagnosis. It was Ms. Boone who asked Heather to have Jada tested for Asperger's. "Ms. Boone has been a big help, too," says Heather. "We've learned appropriate discipline, communication, and play for a child with Asperger's."

Another reason Heather was hesitant about enrolling Jada in Head Start was her family's religious beliefs. As a Jehovah Witness, Heather and her family don't celebrate certain holidays like Christmas and Halloween and she was concerned that her daughter would be singled out as a result. "Ms. Levelle takes a lot of consideration for Jada and other kids. Whenever they have an activity relating to a certain holiday, she takes Jada to Jan Hart's office so she could color or do another activity."

Jan Hart, a Family Services Specialist for STEP Head Start has also been a blessing to the family. "My husband lost his job and Jan would come to the house and let us know which companies were hiring and where he could go apply."

While Head Start provides services to the entire family, the ultimate goal is for each child to successfully transition to Kindergarten and to be ready to learn with their peers. Even though Heather was uneasy at first, she is confident that Jada will be ready to transition to her new school next year. "I would recommend Head Start, especially Ms. Levelle to anyone. She's been a wonderful help to Jada."

When asked if her 2-year old son Jamin would come to Head Start next year, Heather was unsure if that would happen. "My husband just got a new job and I'm not sure we'd qualify. But if we do, he'll definitely be here."



Head Start teacher Sharon Levelle.



Heather and Jada.



Jada plays in her classroom at Head Start.

- Selected to participate in the Virginia Star Quality Initiative Pilot Project.
- Staff attended the National Head Start Association for the Education of Young Children Conference, the Virginia Head Start Association for the Education of Young Children and the Smart Beginnings of the Roanoke Valley Quality Enhancement Workshop Series trainings.
- STEP's Head Start Director served as Chairperson of the Southwest Virginia Head Start Association.
- Our Head Start collaborated with several local and regional organizations to enhance the services provide to the children and their families including the Franklin County Public School System, the Virginia Tobacco Settlement Foundation, the Food Lion Charitable Foundation, the Foundation for Roanoke Valley and the *Roanoke Times*.

LIFES ACADEMY

LIFES (Lessons In Fundamental and Essential Skills) Academy works in collaboration with the Franklin County Public School System to provide classroom education for local special needs students. Formerly the Alternative Special Education Program (ASEP), this program offers the opportunity for our students to continue their education in Franklin County while helping them acquire the necessary skills to transition back into their home school. Thirty special needs students received services through LIFES Academy last year compared to 26 the previous year.

LIFES, then ASEP, began in the fall of 1996 as a unique three-way collaboration between STEP, Inc., the Franklin County School Division and Franklin County's Office of Community Services.

The county, under the Comprehensive Services Act (CSA), funded the operation of a single classroom in the main STEP corporate center on Dent Street in Rocky Mount. STEP provided the classroom space, two classroom assistants, a counselor and a program director, while the teacher was provided by Franklin County schools.

This unique arrangement resulted in thousands of dollars worth of savings and allowed students in need of this specialized classroom setting to receive it locally rather than being transported to Roanoke, or in some case to residential settings. In 2006, the program expanded from middle and high school students to include elementary students and into two full classrooms. In search of more space

for its expansion, LIFES has moved twice and is currently housed on Va. Route 40 near the Rocky Mount town limits in its own building.

ECONOMIC IMPACT

The average cost per student at LIFES was \$12,637.70 per year. To send that same child to a comparable school in Roanoke would cost, on average, \$30,000. **That's a savings of \$347,246 per year!**

EDUCATIONAL IMPACT

Four high school students returned to their home school full time!

One middle school and two elementary students began half-day transitions.

GIVING BACK

LIFES Academy is more than just preparing students to return to their home schools; it's also about preparing young people for life after school. One way to help with their preparation is to allow the students to give back to the community. LIFES students participated in an annual food drive (donations collected for the Family Resource Center) and helped plant flowers for the Joseph Bland Memorial Garden at the STEP, Inc. corporate center. They also helped beautify the Head Start playground and provided service for a Head Start luncheon. For Christmas, students created ornaments and delivered them to residents at Trinity Mission Health and Rehab Center.



Jamal helps a student with reading.



A smiling LIFES Academy student.

ONE-ON

GREGORY CONROY'S STORY

Gregory Conroy moved to Franklin County with his dad, Tom in 2006. School hasn't always been an enjoyable experience for Gregory. His grades were suffering and he had a tough time controlling his anger. As a result, Gregory would often find himself in trouble with teachers and administrators. What's more, Gregory has been diagnosed with Asperger's Syndrome, which can make it more difficult for students with this diagnosis to function to their ability in a normal school setting. Gregory enrolled in LIFES Academy during the second semester of the 2007/2008 school year.

The goal at LIFES Academy is for students to improve academically and behaviorally so they can integrate back into their original school. Gregory has excelled at LIFES Academy. In fact, he was doing so well, that he began his transition back into Franklin County Schools much earlier than expected. He now attends the Gereau Center every other day and is on track to enter the 9th Grade at Franklin County High School next year. "Gregory is better focused and more respectful," says his dad, Tom. "Gregory's grades have gone up considerably since his enrollment in LIFES. He even made the honor roll at the end of last year."

The small classes and nearly 3-to-1 student to teacher ratio allow students like Gregory to receive more specialized attention. That specialized attention gives students like Gregory the instruction needed to improve his grades and the support and guidance to help him improve his behavior. "They are an outstanding team that works closely together," says Mr. Conroy. "The one-on-

one contact that is provided by the staff is excellent. The staff holds the students accountable for their actions. They set goals for the students that are attainable for them."

Gregory has formed a special bond with all of the staff, but especially with his teacher, Mr. Clements. Mr. Conroy states, "Mr. Clements gives the students the utmost respect and he expects respect back from them. When he speaks to them, he lets the words sink in so that the kids have a chance to think about what he said."

LIFES Director, Cheryl Cobbs is filled with pride when she sees students like Gregory reach their potential. "Gregory has improved socially and academically because he's worked hard. His communication skills have improved tremendously. The sky's the limit for Gregory."

The staff at LIFES Academy exemplifies the mission of STEP, in that they provide "exceptional" services to our students, their families, and our community.



LIFES Academy's Mr. Clements and Gregory Conroy.



Tom Conroy and LIFES Director, Cheryl Cobbs.

SUPPORTIVE SERVICES

VOLUNTEER INCOME TAX ASSISTANCE

STEP partners with Ferrum College in Franklin County and the Adult Learning Center in Patrick County to provide free income tax assistance to individuals and families with total household incomes of \$40,000 or less. Residents using the EITC (Earned Income Tax Credit) Program received approximately \$147,150 in refunds compared to \$65,862 the previous tax year.



Ferrum College student volunteers take a break during STEP's 2008 volunteer income tax assistance program.

HOME DELIVERED MEALS

STEP partners with the Southern Area Agency on Aging (SAAA) and Christ Community Church to deliver nutritious meals Monday through Friday to homebound persons living in Franklin County. Besides delivering meals our volunteers also provide a friendly face, someone to chat with and the security of knowing each person is checked on Monday through Friday.

CONGREGATE MEALS

Congregate meals are served on alternating Mondays and Thursdays at the Senior Center on Tanyard Road in Rocky Mount. Meals are prepared by our kitchen staff.

INDIVIDUAL DEVELOPMENT ACCOUNT (IDA)

IDA is a savings program that provides low-income families and individuals the opportunity to earn \$2 for every \$1 they deposit into a special savings account. When completed, the money can be used to purchase a new home, start a business or acquire a post secondary education.

HOMEOWNERSHIP PROGRAM

This program, certified by the Virginia Housing Development Authority (VHDA), provides assistance in the form of literature and instructive classes to educate low-income families and individuals who are planning to purchase their first home.

VIRGINIA COMMUNITY ACTION RE-ENTRY SYSTEM (VA CARES)

Virginia CARES, Inc. is a statewide program that assists formerly incarcerated individuals and their families in making a successful transition from prison to their community. Once released, ex-offenders typically return to the environment from which they came, increasing their chances of repeat offenses. Through guidance and counseling, Virginia CARES continues to strive to reduce crime and recidivism by providing an opportunity for ex-prisoners to become self-sufficient, law-abiding, taxpaying and family-oriented citizens of society. Assistance includes obtaining necessary forms of identification, support groups, job services, housing, life skills counseling and restoration of rights.

HOMELESS INTERVENTION PROGRAM (HIP)

This program, through the Virginia Department of Housing and Community Development (DHCD), provides time-limited financial assistance and housing counseling services to low-income families and individuals who are at-risk of losing their home and who reside in the counties of Franklin, Patrick, Henry and Pittsylvania and the cities of Danville and Martinsville. Approved clients must be in a temporary and unavoidable financial crisis outside of their control. Clients must also have clearly demonstrated that they were self-sufficient prior to their current financial crisis and have the capacity to be self-sufficient after receiving assistance.

PROJECT DISCOVERY

This statewide program provides tutoring, educational sessions, college visits, SAT preparation and other assistance to low-income middle and high school students who have aspirations of being a first generation college student.



Project Discovery students visit Ferrum College.

Volunteer Income Tax Assistance: In 2008, STEP prepared tax returns for 341 residents in Franklin and Patrick Counties compared to 128 returns the previous year. STEP saved these taxpayers more than \$40,000 in tax preparation/filing fees for regular tax filers and approximately \$7,000 in savings by those filing the Tax Stimulus returns.

Home Delivered Meals: For 2007-2008, STEP provided 82 homebound individuals with healthy, nutritious meals compared to 62 individuals in 2006-2007.

Congregate Meals: Last year, our staff prepared 1,022 meals for 51 senior citizens.

KATRINEA SMITH'S STORY

Katrinea Smith shares many of the desires and dreams that many Americans have. She wants to provide her son, Jayron, with opportunities for him to have a better life than she has; a dream which most every parent can relate. She wants the opportunity to work in a job that she takes pleasure in, to feel safe in her community, and to enjoy her life. However, one of her dreams seemed out of reach; the dream of owning her own home.

Jayron, a wonderful student in STEP's Head Start program, had brought home a flyer one day promoting STEP's Individual Development Account (IDA) program. The IDA program is sponsored by the Virginia Department of Housing and Community Development (DHCD) and helps individuals save for asset development purchases. Qualified individuals can save to purchase a home, start a small business, or go back to school. The great thing about the program is for every \$1.00 that Katrinea saved, STEP and DHCD were able to match that with \$2.00! The only catch is they must save a minimum of \$25.00 every month. When Katrinea saw the flyer and the match that came with it, she thought, "I can do that!"



Katrinea Smith and her son, Jayron, in front of their new home.

Katrinea saved \$1,005 and DCHD was able to match her savings with \$2,011, giving her a total of \$3,016 to help purchase her new home. "At the time, I couldn't have gotten the house without the program," said Katrinea. Now Katrinea is the proud owner of a 3 bedroom, 1 bath brick ranch in the heart of Rocky Mount.

IDA does much more than provide individuals like Katrinea a 2-to-1 match for every dollar they save. Financial counselors provide assistance with credit repair, budgeting, the importance of saving, asset specific education, and more. "The program helped me repair my credit. I learned a lot, especially about budgeting."

Katrinea appreciated the staff's willingness to research questions they couldn't answer. "If they didn't know the answer to my question, they would find out and get back in touch with me. I was very happy with the program. I would recommend this program to others who qualified."

Joni Tables, Supportive Services Director is excited for Katrinea and Jayron. "She worked very hard, she had a great attitude, and she is what the program is all about. I'm so happy for her and Jayron," said Joni. Joni's only disappointment is more people don't take advantage of the program like Katrinea did. Some of Katrinea's friends thought the program was too good to be true. "I would tell them what I was doing and they wouldn't believe me. I'm glad that I responded to the flyer."

VA Cares: Last year STEP's Virginia CARES Program helped 136 ex-offenders transition back into society compared to 134 for 2006-2007. Our recidivism rate for 2007-2008 was one of the lowest in the state, 7.26% compared to an average of 30% statewide.

Homeless Intervention Program: For 2007-2008, STEP helped prevent 72 families from losing their home compared to 61 families the previous year.

Project Discovery: For 2007-2008, STEP helped 95 middle and high school students advance their education and research their options for post-graduate education, five more than the previous year.

HOUSING AND WEATHERIZATION

The most common method to improve energy efficiency in low-income housing continues to be Weatherization/LIHEAP programs operated by local weatherization agencies. By improving the energy efficiency of homes, a Weatherization/LIHEAP Assistance Program reduces the burden of energy costs for low-income families, especially households with elderly residents, people with disabilities and children.

WEATHERIZATION/LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

Weatherization provides low-income residents with home inspections and evaluations while LIHEAP provides heating repair/replacement in a non-critical situation. Based upon the evaluation, homes may qualify for a variety of ways to save energy and increase efficiency, such as insulation, weather stripping, window/door sealing and repair/replacement of the current heating system.



Barry Dudley, Director of Housing and Weatherization for STEP, congratulates Ms. McBride on her new home. STEP built her a new home with support from the Town of Rocky Mount and Franklin County.

CRISIS HEATING & COOLING

Clients are referred to STEP by the Department of Social Services (DSS) for the inspection/installation/repair/replacement of heating and cooling systems and duct work in critical situations for low-income families, such as the furnace breaking during the dead of winter.

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

This program, through the Virginia Housing Development Authority (VHDA) provides rental assistance to eligible, low-income families. Landlords, whose units pass inspection, directly receive a designated amount of rent, thus reducing rental payments for tenants and allowing tenants to increase their affordable housing choices. Qualified applicants pay no more than 30% of their adjusted income for the rental property.

INDOOR PLUMBING & REHABILITATION SERVICES (IPR)

Provides for the installation of plumbing, septic tanks and wells in structurally sound homes with non-existent bathroom facilities. Homes that are not structurally sound are razed and a new home is built to replace it. According to the U.S. Census 2000, 93 owner occupied homes and 66 renter-occupied homes in Franklin County did not have complete indoor plumbing facilities. In Patrick County, 56 owner-occupied homes and 32 renter-occupied homes did not have complete plumbing facilities.

SOUTHEAST RURAL COMMUNITY ASSISTANCE PROJECT (SERCAP)

Southeast Rural Community Assistance Project, Inc. was created in the 1960s to help small towns and communities needing aid in upgrading their water and wastewater systems. Funding is made available to low-income families, individuals and communities in the form of grants and loans. These grants and loans help income eligible families and individuals help defray the costs of having to pay for the services by themselves. Grant are made for \$1,000 to drill a new well, \$1,500 to install a new septic system and \$600 to repair the current plumbing system. Eligible applicants MUST own their own property. Training and technical assistance is provided to rural residents for the operation and maintenance of those systems. Families in need of clean water and/or sewer are referred by STEP to SERCAP.

Some distinguishing accomplishments of STEP's Housing and Weatherization Program for 2007-2008 include:

- Received the High Performance rating for Section 8 from the Virginia Housing Development Authority and a \$5,000 performance bonus to be applied to the program.
- Received the Agency Appreciation Award for Performance from the Southeast Rural Community Assistance Project.
- The Housing and Weatherization staff attended more than 12 trainings and seminars concerning program enhancement and expansion.

FRANCES MOSS'S STORY

Frances Moss had never heard of STEP before her daughter called her on a Friday morning in early June. STEP Executive Director, Jon Morris, was on local radio station WHEO, giving an interview about the upcoming building project slated for Stuart. Ms. Moss recalls, "My daughter heard the director on the radio in Stuart and she called to tell me I needed to check into this."

The program her daughter was referring to was the Housing and Weatherization program. Ms. Moss lives in a two story farm house in Patrick County. The house was so "drafty," she could feel the air moving throughout the house when the wind blew. After a thorough inspection, the program decided to fully weatherize her home. This included insulating the attic, side walls (top to bottom), installing weather stripping on all her doors, and installing smoke and carbon monoxide detectors. The crew also installed a new energy efficient monitor heater. Steve Hall, lead estimator, showed her that her old heating system was using approximately 1 gallon of oil per hour. Her new system heats her home for the entire day, using only one-half a gallon of oil.

"Oh yeah," Ms. Moss responded when asked if she could tell a difference. "When the wind blows, it doesn't blow through the walls like it used to." She also noticed a difference in the amount of oil she was using to heat her home. "My last fill-up was only 64 gallons instead of 200 gallons like it normally would be."

Like many in our community, Ms. Moss "dreaded" coming to STEP to ask for help. But her experience with Housing & Weatherization staff put her at ease. "I've had some bad experiences with asking for assistance with other agencies. Ruth (Hodges, Housing Assistant) was so kind. I'm so appreciative to her and everyone else," said Ms. Moss.

Her experience with Steve, Kenny and Junior (The Housing Crew) were just as positive. "They were absolutely fantastic. They were so nice! It felt like I'd known them my whole life. The boys came in and worked hard."

Ms. Moss doesn't know how she would have made it through the winter without the program. "I guess I would have froze this winter or paid a \$2,000 heating bill for fuel oil."

When asked how could STEP improve their services, she responded, "I can't really think of any way they can improve... except advertise more. I didn't know about the program. I have never had anybody do for me what you done. It really touched my heart."



Frances Moss inside her comfortable and energy efficient home.

- For 2007-2008, 269 families received Weatherization/LIHEAP services compared to 82 in 2006-2007.
- STEP provided 161 families with crisis heating and cooling services last year compare to 139 the previous year.
- For 2007-2008, STEP helped 226 families with rental assistance, preventing them from possible eviction compared to 160 the previous year.
- For 2007-2008, STEP's IPR Program replaced one home in Franklin County and two homes in Patrick County compared to one home in Patrick County the previous year.
- For 2007-2008, STEP referred 16 families to SERCAP for assistance.

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**Report on Compliance and on Internal control Over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

The Board of Directors
Support to Eliminate Poverty, Inc.
Rocky Mount, Virginia

We have audited the financial statements of Support to Eliminate Poverty, Inc., as of and for the year ended June 30, 2008, and have issued our report thereon dated October 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

In planning and performing our audit, we considered Support to Eliminate Poverty, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Support to Eliminate Poverty, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

As part of obtaining reasonable assurance about whether Support to Eliminate Poverty, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that would be required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Corporation's Board, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Warren and Koss, P.C.
Warren and Koss, P.C.
Certified Public Accountants

October 24, 2008

WARREN AND KOSS
CERTIFIED PUBLIC ACCOUNTANTS
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Salem, VA 24153

David C. Warren
Carol Harlow Koss

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Members

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

VIRGINIA SOCIETY OF
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**Report on Compliance with Requirements Applicable to Each Major Program and Internal Control
over Financial Reporting in Accordance with OMB Circular A-133**

The Board of Directors
Support to Eliminate Poverty, Inc.
Rocky Mount, Virginia

We have audited the compliance of Support to Eliminate Poverty, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2008. The Corporation's major federal programs are identified in the summary of auditor's results section in the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the Corporation's major federal assistance programs is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's compliance based on our audit.

We conducted our audit of compliance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Corporation's compliance with those requirements.

In our opinion, Support to Eliminate Poverty, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

The management of Support to Eliminate Poverty, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Corporation's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Corporation's Board, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Warren and Koss, P.C.
Warren and Koss, P.C.
Certified Public Accountants

October 24, 2008

SUPPORT TO ELIMINATE POVERTY, INC.
Statement of Financial Position
June 30, 2008

Assets	Unrestricted	Temporarily Restricted	Total
Current Assets			
Cash and Cash Equivalents	\$ 314,453	6,704	321,157
Investments	113,449	–	113,449
Prepaid Expenses	357	–	357
Accounts Receivable	235,839	–	235,839
Total Current Assets	664,098	6,704	670,802
Property, plant and equipment, at cost (note 3):			
Land	60,000	–	60,000
Building and building improvements	251,075	–	251,075
Furniture, equipment and vehicles	675,264	–	675,264
	986,339	–	986,339
Less: accumulated depreciation	627,023	–	627,023
Net property, plant and equipment	359,316	–	359,316
	\$ 1,023,414	6,704	1,030,118
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	53,010	–	53,010
Advances from grantors (note 2)	47,744	–	47,744
Accrued salaries and wages	18,670	–	18,670
Accrued liability for compensated absences	66,107	–	66,107
Accrued retirement deposit funds	14,887	–	14,887
Payroll taxes and other current liabilities	11,795	–	11,795
Current installment of long-term debt (note 3)	13,500	–	13,500
Total current liabilities	225,713	–	225,713
Long-term debt, net of current installment (note 3)	40,500	–	40,500
Net assets:			
Unrestricted (note 6)	757,201	–	757,201
Temporary restricted (note 7)	–	6,704	6,704
Total net assets	757,201	6,704	763,905
Commitments and contingent liabilities (note 5)			
Total liabilities and net assets	\$1,023,414	6,704	\$1,030,818

The notes to Financial Statements are an integral part of this statement

SUPPORT TO ELIMINATE POVERTY, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2008

Support and Revenue	Temporarily Unrestricted	Restricted	Total
Grant revenues and local government support	\$ 2,326,780	-	2,326,780
Contributions	22,851	-	22,851
Program income and miscellaneous revenue	194,375	-	194,375
Interest and other investment income	1,127	-	1,127
Donated services, space, supplies and equipment	354,965	-	354,965
Total support and revenue	2,900,098	-	2,900,098
Expenses			
Program expenses	2,846,369	-	2,846,369
General and administrative expenses	108,216	100	108,316
Total expenses	2,954,585	100	2,954,685
Changes in net assets	(54,487)	(100)	(54,587)
Net assets, beginning of year	811,688	6,804	818,492
Net assets, end of year	<u>\$757,201</u>	<u>6,704</u>	<u>763,905</u>

The notes to Financial Statements are an integral part of this statement

2007-2008 FINANCIAL PARTNERS

(\$250 or more)

Franklin County
Town of Rocky Mount
United Way of Franklin County
Martinsville Area Community Foundation
Food Lion Charitable Foundation
Virginia Department of Housing and
Community Development
Foundation for Roanoke Valley
Virginia Community Action Partnership
Wal-Mart
The Roanoke Times
Virginia Community Action Re-Entry System, Inc.
Charles A. Frueauff Foundation
Virginia Tobacco Settlement Foundation
Ronald Ballard
Paul & Jean Holmberg
Bob Lively
Christ Community Church
Virginia Department of Social Services
Southern Area Agency on Aging
Project Discovery of Virginia, Inc.
Franklin County Department of Social Services
Patrick County Department of Social Services
U.S. Department of Health and Human Services
U.S. Department of Agriculture

OTHER VITAL SUPPORT

Smith Mountain Lake Women's Club
Fairmont Baptist Church
Smith Lake Quilters Guild
Mount Zion United Methodist Church
M & W Windows
BB&T Communications
James Hartigan
Franklin County Public Schools
Patrick County Public Schools
Virginia Office Supply

BOARD OF DIRECTORS

2007 - 2008

Dr. H. Lee King, President
Crystal Harris, Vice President
Robert Shorter, Secretary/Treasurer
Bill Brammer
Bettye Buckingham
Oden "Joey" Cornwell
Ellen Elgin
Florella Johnson
Randy Matney
Juan Melendez
Audrey Patterson
Joan Rogers
Roger Seale
Dick Shoemaker
Cynthia Treadway
Charles Wagner
Tammy Woods
Reverend Christine Ziglar

2008 - 2009

Dr. H. Lee King, President
Crystal Harris, Vice President
Robert Shorter, Secretary/Treasurer
Becky Bleicher
Allen "A.J." Dudley
Bettye Buckingham
Oden "Joey" Cornwell
Shelly Gravely
Florella Johnson
Randy Matney
Rhonda Murphy
JoAnne Patterson
Roger Seale
Nancy Shand
Dick Shoemaker
Cynthia Treadway
Charles Wagner
Kim Wray



STEP CELEBRATES OUR VOLUNTEERS

Volunteers have made a tremendous impact on STEP and for our clients. STEP would like to thank the following volunteers for their service to those in need. STEP also held their first annual "Volunteer Recognition Dinner" on April 29 at Ferrum College. STEP would also like to congratulate our award winners.

Julie Nix
Mike Greer
Terri Easley-Witcher
Patsy Anderson-Rusmisl
Angela Campbell
Justin Witcher
Missy Dyer
Sharon Prunty
Clara Taylor
Chelseah Witcher
Eunice Holland
Susan Strong
Robert R. Kauffman
Robert Lively
David Eaton
Anne Lester
Sarah Swihart
Christine Stump
Nan Blizard
Gerald Price
Robert Sulzman
Rachel del Campo
Robert L. Kauffman
Josie Kauffman
Mollie Anderson
Mary Weiler
David Weiler
Minnie Brazuskas

Shirley Brown
Brendan Vigorito
Thurston Bower
Brian Wood
Brenda White-Edwards
Lois Johnson
Kari Botkin
Winston Johnson
Samantha Foley
Melinda Graham
Robert Gudman
Alison Martin
Brandon Martin
Rusty McPeak
Samantha Naff
Josh Shell
Dave Sulzen
Minor Terry
Dorothy Cundiff
David Perrin
Kimberly Williams
Lynn Phelps
Virginia Langhorn
Melinda Hill
Sharon Swann
Kathy Sowers
Tina Hughes
Franklin County Master
Gardeners Program

Susan Hodges
Virginia Cooperative
Extension
Franklin County Family
Resource Center
Patrick Henry
Community College
Stephanie Mills –
Franklin County
Sheriff's Office
Stephanie Bowman
Jefferson College
of Health Sciences
Physician's
Assistants Students
Charles Leavelle
Rex Ramey
Annette Ramey
Anita Crider
Vicki Bierman
Kathy Boone
Ernest Bowles
Debbie Bowles
Ronnie Bowman
Tammy Bullis
Melissa Burke
Shantelle Childress
Elda Evans

Hope Farley
Shewana Hairston
Carole Hall
Sherry Hall
Victoria Hankins
Georgette Mattox
Jennifer Knight
Zuema Muse
Michael Patterson
Pamela Perdue
Kelly Reggan
Jose Alejandro Rojas
Jessie Rojas
Molly Sharpe
Brenda Strum
Thomas Taylor
Heather Taylor
Tracy Taylor
Kesha Thomas
Damone Townes
Kellie Leigh Whitt
Ginger Williams
Virginia Michelle Wild
Nekeyda Wimbrush
Kendra Witcher
Karen Witcher

STEP RECOGNIZES VOLUNTEERS AND PARTNERS

On April 29, 2008, STEP held its Annual Volunteer and Partner Recognition Banquet to acknowledge our volunteers and express our appreciation for the valuable services that they provide to the agency and the residents we serve. Four awards were presented during the banquet and are highlighted in the chart to the right.

THE M. G. GOODPASTURE AWARD

M.G. Goodpasture served as President of the Board of Directors for 17 years — longer than any other board member in history. This award honors him and recognizes an outstanding board member for their dedication to STEP.

2008 Recipient: Roger Seale

THE JOSEPHINE ROBINSON AWARD

As the first Executive Director of STEP, Inc., Josephine Robinson was also the longest serving Executive Director in STEP's history, serving 17 years from 1966-1983. This award acknowledges an outstanding organization, corporation, or faith-based institution for their selfless sacrifice to STEP in honor of Ms. Robinson.

2008 Recipient: Christ Community Church – Penhook, VA

THE DR. C. RALPH ARTHUR AWARD

In 1966, Dr. C. Ralph Arthur brought together concerned citizens and leaders to take advantage of the Economic Opportunity Act and founded STEP. Dr. Arthur also served as President of Ferrum College and was STEP's first Board President. This award acknowledges an outstanding volunteer in Dr. Arthur's honor.

2008 Recipients: Lois Johnson and Richard Wright

THE ADVOCATE AWARD

An advocate is somebody who supports or speaks in favor of something. This is a special award that recognizes an individual who has been a champion for STEP over the past year.

2008 Recipient: Senator Roscoe Reynolds



200 Dent Street
Rocky Mount, VA 24151

540-483-5142
www.stepinc.com



Partner Agency



STEP WILL PROVIDE EXCEPTIONAL SERVICES FOR PEOPLE SEEKING TO IMPROVE QUALITY OF LIFE THROUGH COMMUNITY, ECONOMIC, PERSONAL, AND FAMILY DEVELOPMENT.
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