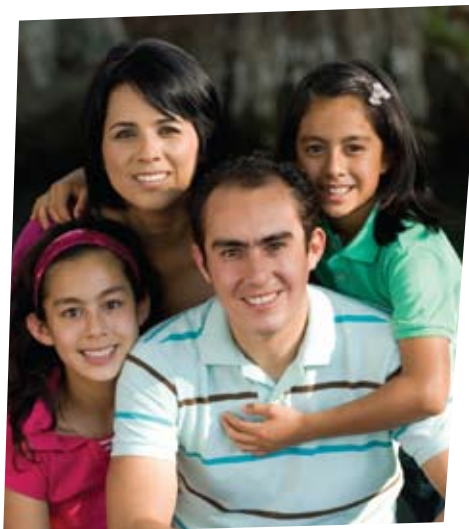


INVEST *in community*



COMUNIDADES LATINAS UNIDAS EN SERVICIO
Many cultures, one dream. Muchas culturas, un solo sueño.



CAPITAL INVESTMENT DRIVE

In order to meet urgent and long term needs to provide safe and well managed, cared for facilities where we are able to provide for the well being of our clients and our community, we must embark upon a \$2.625 million Capital Investment Drive. Now.





Aging Well Services' newly renovated building in West St. Paul: The Dakotah.

The Aging Well Services Division of CLUES relocated to a new state of the art facility. It is now housed in a larger, multi-use complex called the Dakotah. This project gave the program the opportunity to maximize the quality of care for and increase the number of clients served. Our new facility simulates a home environment and is designed to effectively advance the objective of helping older adults maintain independence and safety in the home and community. The fully functional kitchen, for example, allows clients to practice cooking meals and simultaneously gives staff the opportunity to observe behaviors that may indicate that cooking is no longer a "safe" activity for the older adult. Clients access the Internet and learn to send emails to their loved ones. The relaxation room serves as a place for peaceful reflection; there, massage chairs and calming music make the room a welcoming place of retreat. Additionally, the adult day center incorporates elements of the "universal design" paradigm: attractive solutions to address potential barriers and handicaps that resist stigmatizing individuals. The colors and shapes of all the flooring and fixtures for the new building are designed to address issues ranging from physical challenges to visual or cognitive impairments. Even the chairs used around the conversation tables are specially designed to prevent falls from happening. Every aspect of the Dakotah is designed with the older client in mind.

We anticipate expenses totaling \$395,000.

Technology Upgrades.

Funding is also required for technology upgrades to maintain and enhance the efficacy, efficiency, and effectiveness of the organization. Funding must be allocated to replace and upgrade the organization's servers, invest in a new web based tracking system for our Behavioral Health and Aging Well Services Divisions and purchase software to improve our financial, development, and human resources management systems and processes.

Computer Servers, both hardware and software, need to be replaced.

Our computer servers are old, unreliable, and outdated by more than five years. They are slow to process information, which interferes greatly with all aspects of daily operations. For example, therapists and counselors write case notes, accounting staff processes billing information, and receptionists make appointments. Because our servers fail often, the staff's work can take twice as long as it should. There is an urgent need to upgrade the computer servers by employing VMware (virtual servers) and a SAN (Storage Area Network) that will provide the following advantages:

- ▶ Reduce hardware and operating costs by 50% through the creation of a virtual IT infrastructure. Energy costs saved by using virtual servers are approximately \$500 annually for each server.
- ▶ Migrate virtual machines from one physical server to another in the event of server failure. This migration occurs with zero downtime and thus maximizes overall productivity.
- ▶ Increase the overall data storage capability through the SAN with the optimization and support of the virtual machines created by the VMware.

We project the cost of this upgrade at \$95,000.

Procentive: A new, behavioral health, industry-standard, web-based application for ease of charting, billing, and note taking.

The number of behavioral health clients we serve at CLUES continues to increase, and the scope of services offered continues to expand. We have an intense need for a more robust, synchronized, and comprehensive web-based application system that will help us meet this new level of service demand.

Every time a client comes to CLUES, the results of their progress need to be charted. An increased demand for direct services leaves our Mental Health and Chemical Health staff less time to complete paperwork. The implementation of a Procentive database will lower the overall cost associated with serving each client and thus enable us to assist more individuals. Furthermore, the quality of service provided will improve as well, as clients will be able to access their records online and interact with our staff members. The benefits of Procentive include the following:

- ▶ Allows for comprehensive reporting in a Health Insurance Portability and Accounting Act (HIPAA) compliant system.
- ▶ Improves security against loss of data because the electronic medical records are stored outside of our main servers.
- ▶ Increases accuracy and efficiency through the electronic billing and thus improves cash flow for the organization.
- ▶ Requires little-to-no on-site information technology maintenance.

Training expenses are also included in the Procentive package, and we estimate that the total cost will be approximately \$75,000.

SAGE Software: A new accounting, development, and human resources system to provide connectivity between all three administrative departments.

The current commercial accounting software package that we use is a for-profit model that is more than a decade old. SAGE software provides an integrated system which will move the administrative team away from manual processing of information. The need to acquire the SAGE MIP Fund Accounting software is immediate.

SAGE software will help us achieve the following:

- ▶ Create more than 900 financial reports annually in an electronic manner.
- ▶ Reconcile gifts received between the development department and the accounting department. Additionally, it allows us to grow in our ability to cultivate donors and prospects.
- ▶ Integrate the payroll system into a human resource program that allows for accurate reporting to several government entities.

We estimate this cost to be approximately \$60,000.

A new phone system installed.

One of the most expensive, yet mission-critical capital needs for us is the installation of a new phone system. The current phone system at CLUES has a tendency to “shut down” erratically, often at the peak of the business day. The primary reason the phones shut down is due to the lack of capacity. Every year, due to the growth of the services, the agency is pressed to purchase increased batches of phone numbers, which in turn creates through-put issues. The connectivity between the five sites of the organization becomes more and more difficult to establish.

MATRIX, our current phone company, has told us that in a couple of years they will no longer service our “vintage” hardware. To build efficiencies in overall operations, reduce network costs, and ease the administrative and technical support, we need to acquire the NECSV8300 platform which will provide system interoperability among the multiple CLUES sites.

We estimate the expense for a new phone system, including the phones themselves, the NECSV8300 platform, and installation services, to be approximately \$250,000.



Cash Reserve Fund.

Over the past twenty plus years, a strategic tension between managing the organization's finances and serving the fastest growing diverse community that has the highest uninsured rate in Minnesota, has been a challenging reality for us.

The Twin Cities United Way and other prominent charitable institutions recommend that a non profit have at least six months of a cash reserve saved for unexpected expenses. We currently have nineteen days of cash reserve on hand, which is far below the recommended standard. "Rainy days" have become difficult to "weather" without a financial cushion to fall back on.

The initial goal for the organization is to establish a two-month cash reserve. On a \$5.4 million budget, two months savings would be approximately \$900,000.

Strategic deployment of the CLUES administrative team to a central locale.

Ramsey County Workforce Solutions awarded us a nearly \$5 million contract (over five years) to serve Minnesota Family Investment Plan clients in Ramsey County. Consequently, we urgently need to move the administrative team to a new location to make room for and to support this new contract. In order to maximize capacity to provide direct client services it is necessary for us to re-deploy our key administrative teams (accounting and development) to a central locale which will make the admin team more

accessible to all five locations in Hennepin, Ramsey, and Dakota counties. That way, the administrative team can more adequately support and stay close to the business.

The physical move of the administrative team and the establishment of functional offices with desks, computers, and phones require a capital outlay of \$250,000.

St. Paul Headquarters' mortgage.

With the opening of our brand new building on 797 East 7th Street, we became one of the first "one stop shops" in Minnesota for all Latinos to receive healthcare, educational, and employment services under the same roof. As a "value add," CLUES made a profound and historic effort by securing the 46th Consulate of Mexico in St. Paul in the United States as a tenant of the new building. Linea Legal Latina, a legal hotline that is staffed by the Volunteer Lawyers Network and provides free legal advice also resides in the St. Paul facility. The building is located on convenient bus lines and has become a strong beacon of hope for the East side of St. Paul. The construction of the St. Paul facility required the acquisition of a construction loan and related financing, which resulted in a debt to equity ratio of 177%. Since that time, we have lowered our debt to equity ratio to 18%. Retirement of the remaining debt will allow us to move forward and to expand services as the Latino population continues to grow.

The total outstanding Bremer Bank loan for the \$6.2 million St. Paul building is \$600,000.

