Model Cities

History and 2006 Report

Letter from Dr. Hawkins, CEO and Dr. Pearl , Board Chair

In 2007, Model Cities celebrates its 40th anniversary. In 1967, members of St. James AME Church dreamed of a community with less chronic illness among its residents, and decided to take their dream to the next level. They created a small health outreach program with the hope that by providing free health services, the health of residents would improve. This idea spread throughout the community and became a city-wide outreach program. As time passed, this idea became an organization that has withstood the test of time.

Dr. Beverley Oliver Hawkins, CEO and Dr. Pearl Barner, Board Chair.person

Forty years is quite an accomplishment for a fledgling health project. Model Cities has grown and evolved

into a comprehensive community-based provider of human services and developer of residential and commercial properties. Model Cities has grown over the years because of strong faith, community support, resourceful board directors, and competent staff. It is a testament to what community can achieve when it mobilizes its most valuable resource – neighborhood citizens.

The following pages present only a short summary of a rich and vibrant history - a history full of the joys and challenges of community service. Many people were involved in the birthing and growth of this agency. Some are no longer with us, but all will be remembered for their commitment and dedication to serving disadvantaged populations.

Sincerely,

Beverley Oliver Hawkins, Ph.D.
Chief Executive Officer

Pearl Barner, Ph.D.
Board Chairperson

The Early Days

Some refer to the 1960's as "the turbulent sixties," marked by the assassination of key American leaders: President Kennedy, Martin Luther King, and Robert Kennedy. The United States became increasingly involved in the Vietnam War. By the end of 1965, more than 180,000 U.S. troops had been sent to war. And two years later, 128 cities across the country were experiencing , civil protests and riots.

The climate of social change and upheaval led to the birth of Model Cities. In 1964, in an attempt to break the growing cycle of poverty affecting nearly 35 million Americans, President Lyndon Johnson announced his "War on Poverty." The following year, he unveiled his plans for "The Great Society," in which federal initiatives (e.g., Medicare, federal aid to education and the arts, and the Department of Housing and Urban Development) would improve America's quality of life. The "Partnership for Health Planning and

As part of my graduate program at the Humphrey Institute at the U of M, I attended many meetings of the Model Cities planning committee during the late 1960's. What I remember most about those meetings is the deep commitment of those sitting around the table. They were committed to improving in the Summit-University Community by bringing needed services to the community.

They wanted health care, recreational opportunities, childcare and on and on. Those who came to the meetings dreamed out loud and planned with tenacity. They were not professional planners. They were a cross-section of citizens who wanted an improved quality of life for themselves and their neighbors.

Their tenacity paid off. As a living legacy to them, we now have the Head Start Center on Fuller, Oxford Swimming Pool, Model Cities Health Clinic. These great visionaries left for us a great legacy of community involvement. That legacy demonstrates to us that ordinary people can do extraordinary things once they commit to the work.

Vicki Davis, Community Activist

Health Services" was enacted into law by Congress in November 1966. Considered to be one of the most far-reaching pieces of health legislation since the Social Security Act, the law called for the involvement of local residents in the development of health care delivery systems tailored to the specific needs of their own communities. The systems developed by these residents would receive federal funding under the new law.

In response to this federal legislation, in June 1967, St Paul, in collaboration with the U. S. Public Health Service, initiated the Community Health Demonstration Program. This program became the blueprint for what is now Model Cities. A health status survey reflected that the greatest need for medical services among St. Paul residents was in the city's core communities, including the neighborhoods now known as Summit-University and Thomas-Dale. The Ramsey County Citizens Community for Economic Opportunity R.C.C.C.E.O.), a resident task force, met to determine how to best meet these health needs, and to develop a concept for a free neighborhood clinic, open during convenient hours, and staffed with volunteers from within the community.

Dr. Charles Crutchfield as a volunteer physician

After receiving federal grant funding through the Office of Economic Opportunity, the Community Health Program began providing services in the St. James AME Church basement women's lounge - the only rent-free space the group could find within the community. The original philosophy of the center was "preventive and curative care for the entire family." Services included immunizations for children and adults, general physical exams, vision and hearing screening, and prenatal care for pregnant women. The health program was open on Saturday mornings and was staffed by one paid public health nurse and a group of volunteer physicians from the Ramsey County Medical Association. At this time, the program operated on an annual budget of $50,000 provided to Ramsey Actions Programs. The center used the Office of Economic

Opportunity poverty guidelines to determine who would qualify to receive free services.

Mary Stokes, a public health nurse and employee of the St. Paul Bureau of Public Health (now known as the St Paul/Ramsey County Public Health Department), became the coordinator of the center in September 1969. Mrs. Stokes was employed as a public health nurse at Harlem Hospital in New York City before relocating to St. Paul in 1947. Stokes proved to be an outspoken leader and champion of the Summit-University community, the health program's neighborhood home. She wrote frequent letters to area newspapers and city and state elected officials about health by her clients. Stokes' belief that health care alone was not enough to cure the ills of patients led her to begin implementing a referral system to local social services agencies in the community, including Catholic Social Services of St. Paul (now Catholic Charities), Ramsey County Welfare, St. Paul-Ramsey Hospital, and Hallie Q. Brown House. In a 1971 speech at the Midwest Regional Conference of the National Federation of Settlements and Neighborhood Centers, Stokes said, "I make referrals to these agencies and together we are able to improve the standard of living of a family and bring them a little closer to the American Dream." Years later, this philosophy remained as the basis for Model Cities' case managed service delivery systems.

In 1969, the city of St. Paul applied for and received funding under the Federal Model Cities Demonstration Program, which was designed to test the, feasibility of community programs that were generated, operated, and governed by community residents. The Model Cities Program provided financial incentives for local jurisdictions to revitalize distressed neighborhoods by coordinated health, education, welfare, housing, and employment programs. This program was part of yet another Johnson era program, the "Demonstration Cities and Metropolitan Development Act." Johnson's term as president ended that same year.

In its Federal application, St. Paul designated the Summit-University community as its "model neighborhood." Federal regulations required cities to establish citizen councils of neighborhood residents to set priorities and to facilitate planning for improving the quality of life for area residents. Accordingly, the Model Neighborhood Planning Council was formed, and it identified health care as a leading issue. The Summit-University neighborhood's health statistics along with the incomes of residents, led the Planning Council to recommend the development of a free neighborhood clinic that would provide comprehensive preventative health care. The clinic would also employ neighborhood residents.

The Model Neighborhood Planning Council authorized the funding of the health project with a grant of $129,000; the St. Paul Bureau of Public Health was designated as the administrative agency. In 1972, construction of a new multi-service center was completed for the Hallie Q. Brown Center (Hallie Q. Brown/Martin Luther King Center). The core of the old Community Health Program, then located at the Bureau of Public Health, was relocated in the newly constructed MLK Center and renamed Model Cities Health Clinic. Model Cities began its second Federal fiscal year with a budget of $345,000, including a $34,000 matching grant from the St. Paul Bureau of Public Health.

In December of this same year, Mrs. Timothy Olivia Vann was hired as the Project Director of Model Cities Health Project. A graduate of Langston University and the University of Minnesota, Mrs. Vann was employed by the St. Paul Public Works Department Division of Public Information Systems. For many years, she had worked for the Housing and Redevelopment Authority in their Family Relocation Services Division, and her work with youth and community-related programs brought her to the attention of members of the planning council. When asked to assume the

Mrs. Timothy O. Vann

directorship of the proposed clinic, Mrs. Vann was reluctant to accept because her background and training were not in the area of health services. She was eventually convinced that her administrative skills, familiarity with St. Paul city services, and her community connections were necessary assets for the new venture. Having agreed to serve, she was transferred from the St. Paul Public Works Department to the Department of Community Services, which housed its public health services. This was the administrative agency for the Model Cities grant.

The health clinic faced its first major funding crisis in 1973, when under the Nixon administration, Federal funding for Model Cities programs nationwide was being phased out. No new grants would be authorized and no additional money could be expected for existing programs. Thanks to the charitable contributions of many organizations and individuals, Mrs. Vann was able to accumulate sufficient resources to fund the program for three month beyond the expiration date of the initial grant. During this time, to ensure the clinic's survival, Mrs. Vann also applied for federal grant funds from the U.S. Department of Health, Education, and Welfare. The St. Paul project was one of the few programs across the nation to survive that budget crisis.

The phase-out of the Model Cities program was part of a national movement to eliminate several categorical programs and merge them into a new block grant: Community Development Block Grant. Localities could use their CDBG dollars for phase-out funding for their local Model Cities' programs and projects. Between 1974 and 1979, Model Cities maintained its operations with St Paul's Community Development Block Grant funding.

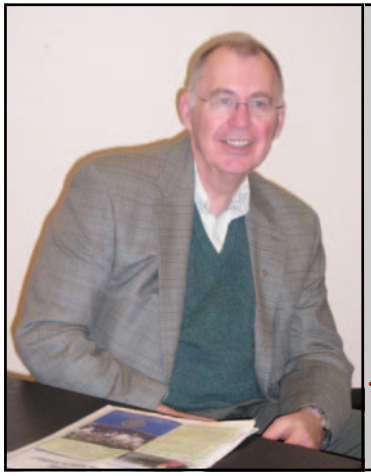
"For 40 years, Model Cities has been a pillar in the St. Paul community. This organization has been steadfast in providing services for women and children as well as responding to the need for shelter and services for those families dealing with mental health and chemical dependency issues."

Elsie Dugar, Ramsey County Social Worker

Under Mrs. Vann's leadership, Model Cities Health Clinic expanded its outpatient medical care. Clinic services included immunizations, physical examinations, minor emergency care, family planning, maternal and infant care, a well-baby clinic, and health education programs. An x-ray room, pharmacy, dental facility, and eye clinic were added. Later, a senior citizens' geriatric program, a coronary screening program, psychiatric services, and an Indian immunization and health care program were also added. Initially, medical staff assistance was obtained from Ramsey Hospital (now Regions Hospital) and other health providers in the metropolitan area. In 1979, the clinic applied for and received federal health funding under the Urban Health Initiatives program in the U.S. Department of Health, Education, and Welfare. The intent of this new federal authorization was to direct substantial assistance to medically underserved areas throughout the country and increase community-based capacity to provide low cost primary health care services to the nation's poor. Model Cities was the first clinic in the city to apply for and receive this to a nationwide link of primary care providers termed "community health centers."

During this time, Model Cities remained part of the city's structure, functioning as a satellite clinic of St. Paul Public Health. An advisory committee was established to provide input to Mrs. Vann and the city. This group, however, did not have legal jurisdiction over the clinic or any of its operations.

Things began to change when at a 1981 federal primary care conference, federal officials notified community health centers that their continued federal funding was contingent upon the health projects being operated as independent centers, not owned nor managed by hospitals or local units of government. Health projects were



"An early milestone for Model Cities of St. Paul was when we separated from the City of Saint Paul and became an independent nonprofit organization. As a member of the Board of Directors at that time we recognized the need for change and were willing to provide the leadership and take the risks necessary to accomplish this task. When I look back over our 40 year history, I believe that the decision to become an independent organization was a spring board to our later growth and success."

Ron Reed, former Board Chair

expected to take decided action steps toward becoming independent operations. This announcement started a chain of events that would eventually lead to Model Cities becoming a private nonprofit corporation. With support from St. Paul Public Health, a consultant was engaged to work with the health clinic's advisory committee to identify strategies for becoming an independent organization. John Diehl, then an attorney at the University of Minnesota and a member of the advisory committee, drafted Articles of Incorporation and By-laws for a private nonprofit tax exempt organization. In November 1981, the health clinic's advisory committee filed for and received federal tax exempt status under the organization name "Model Cities Health Center, Inc." The clinic staff, however, were still city employees, and it would be four more years before the clinic would function as a private nonprofit employer.

Dr. Beverley Oliver Hawkins, Chief Executive Officer

Mrs. Vann retired in 1983, and a search committee was formed by the advisory committee to seek a new project director. This was a major step for the community-based advisory committee, as the clinic was still a part of City government. The search committee asked one of its own members, Beverley Oliver Hawkins, to accept the position. Hawkins had served on the health clinic's advisory committee since 1977, and was employed with the St. Paul Department of Planning and Economic Development (PED) as a Grants Specialist. Her duties with the City included developing monitoring and evaluation procedures for the City and HRA, bond-financed and HUD-funded projects. Hawkins had moved to the Twin Cities area in 1971 after completing her Bachelor's degree in psychology from Kansas State University. Her graduate education was completed at the University of Minnesota, where she received a Master's degree in psychology, specializing in counseling and student personnel psychology. When she was asked to serve as the new director of the clinic, she was in the process of completing her doctorate in educational psychology at the University of Minnesota, specializing in evaluation methodology, with a doctoral minor in public affairs from the Hubert H. Humphrey Institute of Public Affairs. Similar to Mrs. Vann, Haw-

kins was reluctant to move into the position because she believed herself to lack health administration skills and background. But after much prayer, she agreed to take on the position for a 3-year period, and in April 1984, she began working part-time in PED and part-time at Model Cities. One month later, she became a full-time Model Cities employee.

Nonprofit Status

The Federal government was actively pressuring the clinic to move from under the City's jurisdiction and become an independent agency. But, much needed to be done in 1984 before the clinic would be in a position to take this major step. A plan of action was needed and Dr. Hawkins proposed that the agency develop a strategic plan, a fairly new idea for nonprofits. With financial support from the Saint Paul Foundation and technical assistance from Bryan Barry at the Wilder Foundation, Model Cities completed its first strategic plan in the Spring of 1985. The plan covered the period 1985 through 1988. This document provided the framework for Model Cities to become a private nonprofit accredited community health center, increase patient census, expand the service delivery system to include primary health care and social services, chemical health and early childhood development, increase the composition of providers and support staff, develop a larger space to accommodate this growth, and broaden the base of financial support.

One of the major assumptions, based largely on who maintained the personnel, was that the clinic would function as an independent Model Cities Health Center, Inc. with its own governing Board of Directors. At this time, all of the employees were civil servants working under collective bargaining agreements with the City of St. Paul. A good deal of negotiating with City officials and union representatives was required. Over the course of several months, with the support of a very strong and determined Board of Directors, Model Cities Health Center, Inc. became independent from the City on December 1, 1985. All of the clinic's assets were transferred to the newly created private nonprofit. Staff could opt to join the nonprofit organization or remain City employees. On Model Cities' first day as a nonprofit agency, only nine employ-

ees chose to leave their city jobs and remain with the new organization.

By 1988, all of the activities in Model Cities' first strategic plan were completed, including construction of a new clinic facility and accreditation of health services by JCAHO. Since that time, eight additional strategic plans have been developed and successfully completed.

Expansion and Restructuring

Between 1986 and 1991, Model Cities' services grew and developed. A full complement of primary care providers (physicians, dentists, mid-level practitioners) were added to the staff. Health projects were developed into comprehensive delivery systems based on specific life cycles. Primary health care services were supplemented with a licensed group day care center, serving 22 infants and toddlers. In 1989, Model Cities Health Center became one of the first community health centers in the U.S to achieve accreditation by the Joint Commission on the Accreditation of Health Care Organizations (JCAHO). Social services and welfare reform job programs were added and soon grew beyond the size of the building. It was clear that another facility was needed. Model Cities Health Center Foundation was established in 1989 with $5,000 in seed funding from the Crispus Attucks Educational and Social Association.

All of this growth occurred at a time when federal regulations limited the flexibility of program development. And so, in 1991, due to significant demand for social services and early childhood development services, and given federal restrictions placed on the

Groundbreaking for Model Cities Health Center, 430 Dale Street

health care service delivery system, Model Cities Health Center, Inc. was restructured into three private nonprofit corporations: Model Cities Family Development Center (providing social services, mental health, early childhood development, chemical health, and related family preservation services); Model Cities Health Center , Inc. (providing primary health care, health education, and public health services); and Model Cities Health Foundation, was renamed to Model Cities of St. Paul, Inc (the parent company, owner/manager of real estate, and development arm of the affiliation). This restructuring allowed the health center and family development center to focus on services delivery while administration and development could be carried out by the parent company, Model Cities of St. Paul, Inc.

Expansion into Social Services

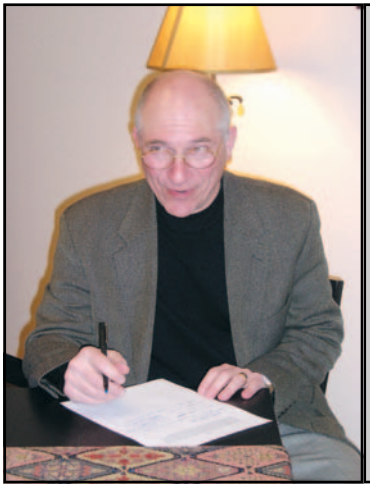
Having carried out primary health care services according to a public health model, social services were always integral to Model Cities' delivery system. In 1989, the first social worker was hired to work with clinic patients. This one position was expanded in 1991 when Ramsey County engaged Model Cities to carry out its Families First program, a crisis intervention service designed to reduce the incidence of out-of-home placements. When the health center was restructured in 1991, all of Model Cities' social services were transferred to the newly established family development center. New services were added, including emergency client assistance, mental health, transportation, chemical health, workforce development, parenting and child development training, workforce development, independent living skills, and crisis intervention. Beginning in 1992, supportive services were integrated into services for homeless families in the agency's housing programs.

Model Cities became involved in educational services in 1989 with the establishment of its group day care center. When the family development center was constructed in 1992, group day care services were expanded into a more comprehensive early childhood development delivery system. Well child care was provided to 60 infants, toddlers, and preschool-age children. Two new programs were also established: Model Cities Sick Care, a full day group day care program serving working parents with sick children; and Therapeutic Child

Care, a group day care program for children prenatally exposed to drugs. This program included neonatal developmental assessments, case management, social support services, child and family therapy, and education. One of the components of the therapeutic child care program was a small learning center, equipped with computers and age-appropriate software. This learning center proved to be so effective that in 1993 a learning center was incorporated as part of the supportive housing programs.

Karuna Child Care Center opened on November 18, 1996, as part of Model Cities' supportive housing program for poverty-level residents of Skyline Towers Apartments. "Karuna", meaning compassion, had a goal of providing culturally appropriate, nurturing educational day care for children in the building, readying them for kindergarten.

Model Cities' decision to address the affect of chemical health on the client population had a rippling effect on programs and services for years into the future. In the mid 1980's, staff became aware of the developmental affects crack and cocaine had on newborns. Model Cities' developed a chemical health treatment and intervention model that included services to persons 6 weeks of age through adulthood. Therapeutic care services were provided in a full-day daycare program for a licensed capacity of 10 children ages 6 weeks to 5 years, who had been prenatally exposed to drugs. Other services included neonatal developmental assessments, case management, social support services, child and family therapy and parenting education.



Model Cities stepped forward when Ramsey County Human Services needed a partner to run the Families First program in the early 90's.

Our partnership has continued and expanded. Thousands of families are better off as a result of the excellent work from Model Cities.

Joel Hetler-Manager, Ramsey County Human Services

By 1993, Model Cities had expanded its support services to families to include therapeutic crisis intervention, family preservation services, and intensive case management, intensive child development and in-home family preservation services for families who at risk for out-of-

home placement of their children. These families lived throughout Ramsey County, and some were residents of Hennepin and Washington counties.

Services to high risk youth are coordinated through the Youth Enrichment Services (YES) is an outgrowth of Model Cities learning centers developed in the early 1990's. YES is a multi disciplinary academic enrichment leadership development program serving high risk youth between the ages of 13 and 18 years old.

Model Cities works directly with young males from Ramsey County's Boys Totem Town (BTT) to provide these young men with the knowledge, skills, and support needed to make positive changes in their lives to prepare them for a successful future. Among the services provided are tutoring and homework assistance, college preparation activities, and life skills development training. BTT is a program of the Ramsey County Department of Community Corrections, which serves adolescent males ages 12 through 18 who have been adjudicated delinquent by the Juvenile Court. Y.E.S also serves students who attend the St. Paul Public School's Area Learning Center (Unidale location). The majority of these students are youth of color, who are at least one year or more behind in credits and at least two grades below expected performance in standardized achievement tests. For the 2006-2007 school years, YES offers service- learning courses to ALC students, who upon successful completion, receive one credit hour towards the completion of their high school graduation requirements.

Supportive Housing

Model Cities' decision to participate as housing developer, owner and property manager actually came from our concern about the affect of a female patient' chemical dependency on herself and her children. The more we delved into this issue, the more we began to learn how integral these health issues were with housing. Having been a provider of primary health care and early intervention services through our health center, we learned that a chemically dependent mother, because of a complex array of

clinical and social issues, lost her ability to meet her child's needs. Subsequently, most of the children were either in child protective services or at high risk for out-of-home placement. Chemical dependency, combined with financial, personal and familial instability, and lack of affordable housing were all working conjointly to keep families homeless and unstable, many moving from one transitional shelter to another. And due to their chemical dependency, many women had alienated family support systems. The current system was not effectively responding to the barriers (chemical dependency, personal, social problems), which were complicated by inadequate or unaffordable housing.

It was at this point that Model Cities began its involvement in housing .... not as a low-income housing project, but as an integral component of a more comprehensive model for stabilizing families. Because recovery from chemical dependency is a lifelong process, a collaborative model with existing community resources was needed to provide a comprehensive system that would link primary treatment, social services, and housing for chemically dependent women with children. A case-management model was required to provide health and social services to enrich and develop both mother and child.

515 North Dale Street Apartments

In 1991, Model Cities entered into an agreement with the St. Paul United Way to carry out its St. Paul Families First demonstration program. This program targeted women (who were homeless or near homeless and chemically dependent) and their children, providing chemically free housing, chemical dependency services, and a wide range of transitional services, all designed to move the woman from dependency to personal and family stability. Chemical health treatment and aftercare, social services, workforce development, health services, and child care were provided to transition these families greater stability.

Collaborations and linkages have been a part of Model Cities' history since its inception. One of the larger collaborations initiated by Model Cities was the Skyline Towers Collaborative, which included 30 different agencies. Between 1995 and 2000, Model Cities coordinated a supportive housing program at Skyline Towers Apartments, using a family-centered model, in partnership with the Skyline Towers management and its resident community. Because of the international diversity of the residents, this program required nontraditional approach to supportive housing.

Families First Apartments, 914 Thomas Avenue

In 2004, Model Cities joined the ROOF Project Collaborative. Coordinated by the Amherst Wilder Foundation, ROOF provides a full range of supportive services to assist young parents between the ages of 18 and 25 years old, in obtaining permanent housing. ROOF's case managed services seek to improve employability and assist young parents in achieving parenting skills, Model Cities maintains a caseload of families on an ongoing basis. There remains a critical need for supportive services for pregnant and parenting homeless youth and young adults. And in responseModel Cities is developing the Sankofa project. Sankofa is an African term meaning *discovering that which was lost*. In addition to social support services for these young families, Sankofa has a strong primary care component for the mother and child.

Real Estate Development

Model Cities' involvement in real estate development, particularly housing, sprang from the social needs of our constituency. Our first strategic plan outlined a number of major activities that would require a new facility. Initially, the organization sought to lease space, but later decided it was in its best interest to own, rather than lease, property. This was an important decision that has served as the foundation for Model Cities' development activity ever since.

Model Cities Health Center--430 North Dale Street

In response to a growing demand for services and subsequent need for additional space, Model Cities became a real estate developer in 1986. The first project was a 10,500 square foot clinic facility: Model Cities Health Center. This facility was the first property developed, owned, and managed by Model Cities. It contained space for a 22-child group day care center that opened in 1988.

Following this initial real estate development project, Model Cities developed several other projects. In 1992, Model Cities renovated the Abrams Clinic, previously owned by Dr. Alexander Abrams, the City's first African American Family Practice physician. After Dr. Abrams' death, Model Cities acquired and rehabilitated the property to a full-service medical and dental clinic.

In 1992, Model Cities Family Development Center was constructed. This 5100 square foot facility housed group day care for infants, toddlers, and preschoolers as well as expanded space for Model Cities ' growing social work services. In 2003 due to declining enrollments in group day care, this service was terminated. This building was renovated to accommodate the youth services program (Youth Enrichment Services).

The first residential project developed by Model Cities was the rehabilitation of a five-unit apartment building at 515 Dale Street in 1992, which was the beginning of the agency's Families First supportive housing program for homeless and near-homeless single-parent families. With assistance from the U.S. Department of Housing and Urban Development (HUD), Families First was expanded in 2000. By 2005, the five initial units had increased to 21 units of permanent supportive housing, and two additional buildings were acquired to develop the Sankofa program. By 2006, Model Cities was owner and manager of 37 housing units.

In 1998, Model Cities constructed 8,000 square feet of lease-hold improvements in the old Crazy Louie's building . One year later, Model Cities acquired the entire building and converted it into a mixed use commercial/office) complex and renamed it Model Cities BROWNstone. The 34,000 square foot

BROWNstone building marked the beginning of Model Cities' development of commercial property for the purposes of work force development and support to businesses of color.

Model Cities BROWNstone

In the Fall of 2003, Model Cities Community Development Corporation and Aurora St. Anthony Neighborhood Development Corporation began discussions on a possible joint development project. Both developing affordable homes for these families. In 2004, after receiving authorization from their respective governing boards, Model Cities and Aurora St. Anthony formally established their partnership into a limited liability company, MCASA, LLC. Funding to underwrite some of the management costs related to formation of this partnership was provided by Twin Cities LISC. A project concept was developed that proposed new construction or rehabilitation of single family homes through infill development of vacant and underutilized land. MCASA Homes is designed to accommodate medium to large families and to be affordable to families with household incomes at or below 80 percent of the area median income. By December 2004, three houses were constructed, and one year later, three additional houses were constructed. All six homes, which are located in the Summit-University neighborhood, are currently occupied. In 2006, MCASA approached East Side Neighborhood Development Company about bringing the next phase of MCASA homes to the Payne-Phalen

MCASA Homes

neighborhood, with the construction of five to seven single family homes.

2006 Year-End Review

In 2006, Model Cities provided therapeutic crisis intervention, family preservation, intensive case management services and youth enrichment services.

Housing Services In 2006, Model Cities Housing Services provided safe, supportive housing and services to a total of 39 families (143 individuals). The Families First Supportive Housing Program contributed to the total number of families served by providing 21 homeless single parent families with permanent supportive housing. Specific services included in-home case management, primary health care referrals, recovery support, parenting education, life skills training, children and youth enrichment services and housing support. In collaboration with the Amherst Wilder Foundation, 18 homeless young parents between the ages of 17-25 were provided transitional housing and supportive services. These services are designed to increase their ability to achieve self-sufficiency; strengthen the family by creating a nurturing and financially stable environment; provide linkages to quality health care; and promote quality education as key to individual success. With education and employment being a primary focus of the young women served in 2006, 10 returned to school to receive their GED and pursue post secondary education. Eight of the young women had obtained and maintained gainful employment. At the end of the year-end, three young women completed the two-year program and obtained permanent housing.

Youth Enrichment Services benefited 205 youth in after school and summer academic enrichment and leadership development activity.

Families First Crisis Intervention (FFCI) and Families of Strength (FOS) addressed the needs of families at imminent risk of having children removed from the home or termination of parental rights. Geared toward family reunification, in 2006, 522 parents and children received 1,800 hours of intensive in-home treatment and case management services.

Adult Crisis Intervention (ACI) primarily assisted vulnerable adults in locating and obtaining safe and affordable housing, provided abuse and neglect prevention and support and protection from financial and emotional exploitation. In 2006, ACI put forth 428 client contact hours to 139 vulnerable adults and their family members.

Children's Mental Health (CMH) provided individualized, community-based coordination of care to 169 children and their families. Specially trained case managers, with experience working with emotionally disturbed children between the ages of 5-17 met regularly with children and families in their homes. The case manager worked with the families to develop service plans, identify community supports and advocate for needed supports and resources.

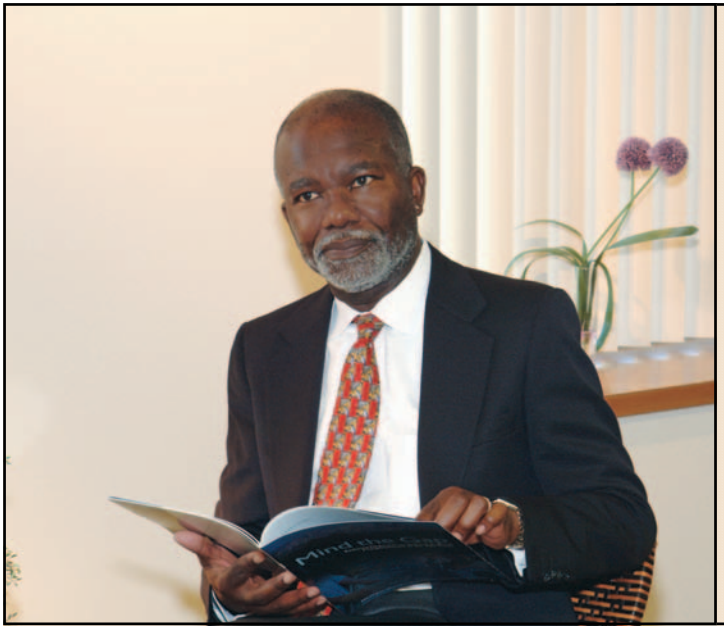
Mustard Seed

Model Cities Mustard Seed Project is Model Cities' way of addressing the human needs at an international level by providing donations of clothing, Mustard Seed Project includes two areas: St. Paul Day and Boarding School, located in Jinga Uganda and We Care International, located in Kerela India.

St. Paul Day and Boarding School, Jinga Uganda

The St. Paul Day and Boarding School serves more than 300 students, most of whom are orphaned due to AIDS/HIV. Model Cities has been working with this charity since 1999. We Care International provides housing to displaced families in Kerela, India, enabling them to participate, contribute and become valuable members of society.

We Care International participants



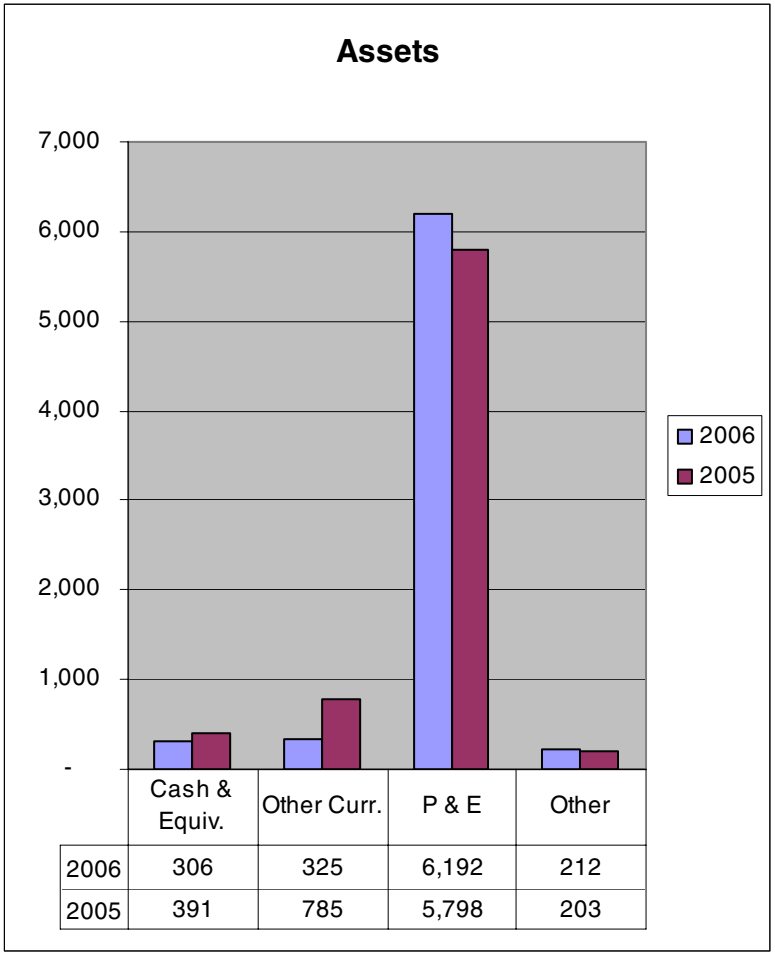
The Model Cities Board of Directors feels privileged to be a part of an organization that is in its 40th year of providing some needed services to those who have been less fortunate. While Model Cities has experienced success in its efforts to meet its targeted goals, analyses of demographic trends and community characteristics suggest that our agency and similar human services and community development organizations still have challenging work ahead. We are confident that we have the organizational structure, and administrative and staffing competence that will allow us to continue to be a beacon of hope for some of those in need in St. Paul Twin Cities area. We look forward to the ongoing support of community members, funding sources and other stakeholders as we persist in our mission."

Dr. Pearl Barner, Model Cities Board Chairperson

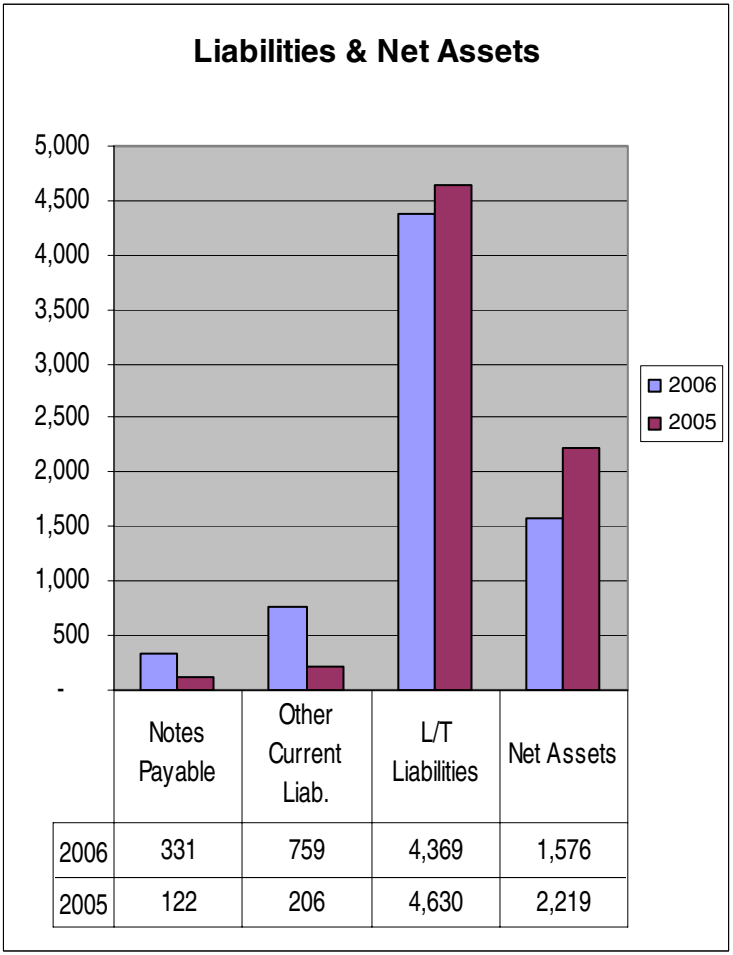
2006 Consolidated Finances

(dollars in 000's)

Balance Sheet



	Cash & Equiv.	Other Curr.	P & E	Other
2006	306	325	6,192	212
2005	391	785	5,798	203

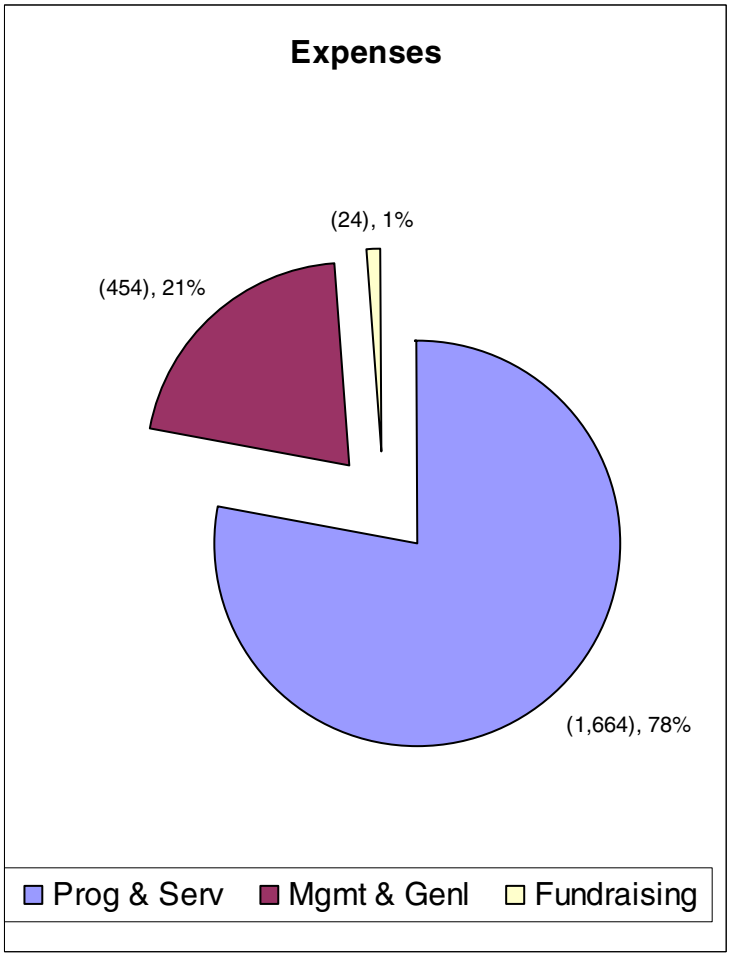


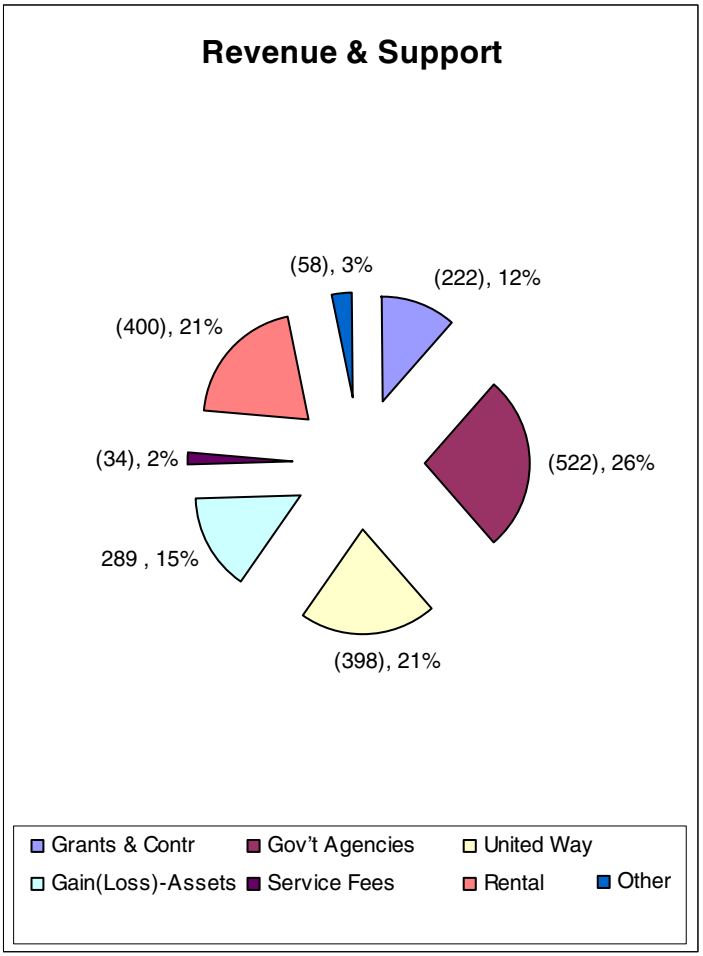
	Notes Payable	Other Current Liab.	L/T Liabilities	Net Assets
2006	331	759	4,369	1,576
2005	122	206	4,630	2,219

2006 Consolidated Finances

(dollars in 000's)

Income Statement





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Our human services mission:

To promote the physical, mental, spiritual, social and economic well-being of individuals, families, and communities who are under served.

Our community development mission:

to promote and carry out community-based development that contributes to the revitalization of inner city communities and improves the quality of life of economically and socially disadvantaged people.

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