

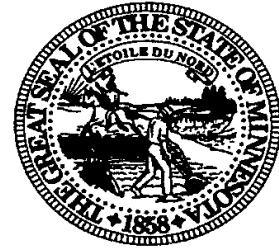
5D-899



# Office of the Minnesota Secretary of State

## Minnesota Public Benefit Corporation / Annual Benefit Report

Minnesota Statutes, Chapter 304A



Read the instructions before completing this form  
Must be filed by March 31  
Filing Fee: \$55 for expedited service in-person and online filings, \$35 if submitted by mail

The Annual Benefit Report covers the 12 month period ending on December 31 of the previous year.  
Notice: Failure to file this form by March 31 of this year will result in the revocation of the corporation's public benefit status without further notice from the Secretary of State, pursuant to Minnesota Statutes, Section 304A.301

1. Corporate Name: (Required)

2. The public benefit corporation's board of directors has reviewed and approved this report.

3. In the field below, enter the information required by section 304A. 201 subd. 2 or 3 for the period covered by this report, (see instructions for further information): Note: Use additional sheets if needed. (Required)

I, the undersigned, certify that the Board of Directors of this public benefit corporation has: (i) chosen the third-party standard B Impact Assessment (ii) determined that the organization that promulgated the third-party standard is independent; and (iii) approved this report as well as the report attached hereto and incorporated by reference herein. See attached.

4. I, the undersigned, certify that I am the chief executive officer of this public benefit corporation. I further certify that I have signed this document no more than 30 days before the document is delivered to the secretary of state for filing, and that this document is current when signed. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

Signature of Public Benefit Corporation's Chief Executive Officer

Date (Must be dated within 30 days before the report is delivered to the Secretary of State for Filing)

### Email Address for Official Notices

Enter an email address to which the Secretary of State can forward official notices required by law and other notices:

Check here to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

### List a name and daytime phone number of a person who can be contacted about this form:

<input type="text" value="Callie Koeniger"/>	<input type="text" value="651-259-2271"/>
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Contact Name

Phone Number

Entities that own, lease, or have any financial interest in agricultural land or land capable of being farmed must register with the MN Dept. of Agriculture's Corporate Farm Program.

Does this entity own, lease, or have any financial interest in agricultural land or land capable of being farmed?  
 Yes  No

# University Financial Corp, GBC

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## 2016 BENEFIT REPORT

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Created from the 2016 B Impact Assessment on the version designed for:  
Service companies, 50-249 employees, Developed Markets - U.S.

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Thank you for your interest in University Financial Corp, GBC's 2016 Benefit Report.

University Financial Corp, GBC is a legally-incorporated benefit corporation in the state of Minnesota<sup>1</sup>. A benefit corporation is a corporation that has voluntarily met the highest standards of corporate purpose, accountability, and transparency. Benefit corporations have a corporate purpose to create a material positive impact on society and the environment, have expanded the fiduciary duty of their directors to include consideration of stakeholder interests, and are required to report on their overall social and environmental performance.

**In this report you will find:**

- **B Impact Report:** a quantitative summary of this company's overall social and environmental performance assessed against the third party standard B Impact Assessment (BIA) in relation to each key stakeholder group and as compared to certain benchmarks
- **Benefit Report Narrative:** a set of narrative responses to questions required by the benefit corporation statute, including a discussion of why this benefit corporation chose the BIA as their reporting and impact management tool

If you have any questions about benefit reports or benefit corporations generally, please visit [benefitcorp.net](http://benefitcorp.net) or email [thelab@bcorporation.net](mailto:thelab@bcorporation.net).

If you have any questions about University Financial Corp, GBC and this report, please contact Callie Koeniger at [callie.koeniger@sunrisebanks.com](mailto:callie.koeniger@sunrisebanks.com).

<sup>1</sup>Benefit corporations (or benefit LLCs) are different from Certified B Corporations (aka B Corps). The most important difference from the perspective of a reader of this report is that benefit corporations, unlike Certified B Corporations, are not required to have their performance validated or certified by a third party.

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# University Financial Corp, GBC

## 2016 B Impact Report

	Company's Points	Ordinary Businesses** UNVERIFIED	B Corps*** CERTIFIED
<b>Overall B Impact Score</b>	<b>142 pts</b>	<b>51 pts****</b>	<b>97 pts****</b>
<b>Governance</b>	<b>23</b>	<b>6</b>	<b>14</b>
Corporate Accountability	6	3	10
Transparency	7	3	4
<b>Workers</b>	<b>24</b>	<b>20</b>	<b>26</b>
Compensation, Benefits & Training	17	15	17
Worker Ownership	2	1	3
Work Environment	4	4	5
<b>Community</b>	<b>35</b>	<b>15</b>	<b>44</b>
Community Practices	25	10	20
Suppliers & Distributors	2	2	4
Local Involvement	9	3	6
Diversity	3	1	3
Job Creation	4	1	2
Civic Engagement & Giving	8	2	5
<b>Customers</b>	<b>54</b>	<b>5</b>	<b>18</b>
Consumer Products & Services	54	5	18
Serving Those In Need	30	N/A	N/A
Products or Services	N/A	N/A	N/A
<b>Environment</b>	<b>7</b>	<b>6</b>	<b>13</b>
Environmental Products & Services	N/A	2	8
Environmental Practices	6	N/A	N/A
Land, Office, Plant	4	3	5
Inputs	2	1	3
Outputs	1	1	1
Suppliers & Transportation	N/A	0	3

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\*\* Median score of Ordinary Businesses that have completed the B Impact Assessment (BIA).

\*\*\* Median scores of all Certified B Corporations that have received a minimum certified score of 80 on the BIA.

\*\*\*\* For Ordinary Businesses and Certified B Corps, Total B Impact Scores will not equal the sum of the sub-scores since each reflects a median score.

# Benefit Report Narrative

## Overview

University Financial Corp, GBC, which is the holding company of Sunrise Banks, N.A., became a Public Benefit Corporation on January 2, 2015, the first day it was legally possible in the state of Minnesota.

University Financial Corp, GBC and its Board of Directors have selected the B Impact Assessment (BIA) as the third party standard to prepare this benefit report because it is the most widely-used impact measurement and management tool in the world. It is used by more than 30,000 businesses to measure, compare, and improve their overall social and environmental performance, as well as by an increasing number of investors, business associations, and government entities serious about understanding and benchmarking the impact of the companies in which they invest and with which they do business. The BIA is governed by the nonprofit B Lab and meets the statutory requirement that a third party standard must be comprehensive, credible, transparent, and independent. More information about the BIA and B Lab is available at [bimpactassessment.net](http://bimpactassessment.net).

Benefit corporation statutes require a benefit report to include narrative responses to a specific set of questions. Below are our responses to those statutory questions.

### **Describe the ways in which the benefit corporation pursued general public benefit during the year and the extent to which general public benefit was created.**

University Financial Corp, GBC and its bank subsidiary, Sunrise Banks, N.A. (collectively referred to as "Sunrise") has a mission to be the most innovative bank empowering the underserved to achieve. The previous page provides a snapshot of Sunrise's B Impact Assessment (BIA) as of December 31, 2016. Sunrise has elected to use the BIA tool to evaluate the organization's pursuit of general public benefit.

B Lab has certified thousands of companies and since 2007, has been continuously reviewing and updating their comprehensive social and environmental standards. Their assessment, the BIA, scores companies on social and environmental performance on a 200-point scale; to be certified, a company must score 80 points. Sunrise has been certified as a B Corporation since 2009.

Sunrise had an overall score as of December 31, 2016 of 142. This score is one point lower than the December 31, 2015 assessment (143), but the score is well above the median score for ordinary businesses of 51 points and above the median score for B Corps of 97 points. In addition, in 2016, Sunrise once again scored in the top 10% of all Certified B Corps for overall social and environmental impact and was named to the Best for the World honoree list.

The snapshot also provides a comparison of the organization's score to the average scores of other Certified B Corps and ordinary, uncertified businesses in five categories: Governance, Workers, Community, Customers, and Environment. This enables the organization to quantify how it fulfilled the purpose of promoting general public benefit. Below are highlights of how Sunrise achieved public benefit in 2016:

#### **Governance:**

As a Certified B Corp, Sunrise follows the Certified B Corporation standards for accountability and transparency. When possible, without revealing private or confidential financial information, Sunrise promotes the sharing of data and best practices within the organization, industry, and public.

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In addition to the Annual Benefit Report, Sunrise has published an annual Impact Report since 2013, which is available on the organization's website at <https://sunrisebanks.com/community-involvement>. Through the Impact Report, Sunrise communicates its mission, highlights key performance metrics, and shares meaningful initiatives and projects. As a regulated financial institution, Sunrise also makes available financial performance information via the Federal Financial Institutions Examination Council (FFIEC) government website.

Sunrise continues to have extraordinarily strong governance practices. As a regulated institution, Sunrise has strict policies, financial controls, and prevention systems in place, including, but not limited to: fraud risk assessments, documented financial control activities, helpline/anonymous reporting mechanisms, and training on regulations such as the Bank Bribery Act and Fair Lending.

In addition to a formal Board of Directors, Sunrise has a community advisory committee, which is made up of 83% low-income community representatives per the Community Development Financial Institution Fund (CDFI Fund) guidelines. This advisory board enables the organization to understand and engage the community more meaningfully and in great depth.

In 2016, Sunrise continues to train employees on the social and environmental mission of the organization by requiring an annual online course for all employees and by hosting in-person training for all new hires.

#### **Workers:**

Sunrise recognizes the vital and unique role employees play in supporting the organization's mission and community initiatives. Sunrise offers a full benefit suite to employees including:

- Medical and dental insurance
- Short/long term disability after one year of service
- Paid Time Off
- Access to a small dollar loan program, TrueConnect after six months of service
- 401k program with match dollar-for-dollar up to 4% of eligible compensation
- Profit Sharing Plan
- Basic term group life insurance
- Employee Assistance Program

In 2016, Sunrise held its third annual Sunny Awards to recognize an employee who most exhibits the Sunrise 10x values by creating a culture of achievement. Sunrise also continued to further cultivate the organization's culture through initiatives such as the annual all-staff conference, wellness programs, and employee recognition programs.

#### **Community:**

Sunrise Banks has a long history of philanthropy and giving back, but also strives to make a positive impact in the communities it serves through more than just financial giving and lending. Individual employees and leaders provide multi-faceted support to customers and nonprofit organizations and are encouraged to give back to the community through corporate-sponsored volunteer activities and participation in programs like Meals on Wheels and Habitat for Humanity.

Employees of Sunrise are encouraged to volunteer in the community and in 2016, they dedicated 8,100 hours to community service, which equates to approximately 40 hours per employee.

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Other giving highlights include:

- Each employee was each given \$25 to give back to an individual, family, or group in need in the community.
- The Como Avenue branch “Park Perks” coffee program donated \$6,218 to neighborhood nonprofit organizations.
- Employees pledged \$16,500 during the annual employee giving week.
- Sunrise helped the nonprofit Youthlink through a social media campaign to build awareness.
- Sunrise donated a total of \$5,000 to Cookie Cart, Avenues for Homeless Youth, and YouthFarm during a social media contest promoting each nonprofit’s causes.
- Through Sunrise employee drives in 2016, employees donated over 4,000 food items to Second Harvest Heartland, over 2,900 food items to Groveland Emergency Food Shelf, over 300 back-to-school items to Tesfa International School, and over 100 warm clothing items to the Wilder Foundation.
- Sunrise partnered with the nonprofit organization Fraser, who is Minnesota’s largest and most experienced provider of autism services.
  - Sunrise employees created over 180 bags of playdough to be used to support children’ in Fraser’s therapy programs.
  - Sunrise sponsored a volunteer activity at TedX Minneapolis and participants created over 200 bags of “moon sand”, another sensory toy used in Fraser’s programming.
- Sunrise Banks Arcade location hosted a Kids Holiday Party, where over 60 children were able to pick out and wrap gifts for their siblings.
- Sunrise Banks began a partnership with Banzai to offer online financial literacy courses for teachers and their classrooms in the urban core, free of charge. In 2016, this program brought real-world financial literacy to 260 students.
- In partnership with local nonprofit organizations, Sunrise employees facilitated financial literacy training to over 255 individuals in the community.
- Sunrise Banks, in partnership with Twin Cities Road Crew, offered interactive, energetic programming on spending and saving smart in Twin Cities urban schools. In 2016, these programs reached 3 schools and 1,000 students.
- Sunrise launched a new community initiative – North4Good.
  - North4Good is a new type volunteer program aimed at helping individuals and other businesses make connections with nonprofits from around the Twin Cities. This isn’t your typical volunteer program; we are people using volunteerism as a force for change
  - Through our first North4Good initiative, over 50 volunteers of all ages designed and wrote 886 holiday cards for the Holiday Mail for Heroes project with the American Red Cross.
- In 2016, Sunrise embarked upon a journey to “Welcome Home” a local family in partnership with Twin Cities Habitat for Humanity. This was made possible by engaging 750 volunteers over 10 weeks, collecting over \$77,000 in donations from partners, customers, family, and friends, and by Sunrise contributing \$42,000 for the build.

Sunrise demonstrates its commitment to the local community by participating in the Minnesota Keystone Program through the Minneapolis Regional Chamber of Commerce. Sunrise also demonstrates its commitment to the local community by hiring a diverse staff that is representative of the communities it serves. As such, Sunrise staff are 62% female, 21.5% minority, and 32% of staff lives in low-and moderate-income communities.

In addition, four of our six retail branches are located in low- and moderate-income communities, and the majority of employees also work in offices located in low-and moderate-income communities.

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## Customers:

Sunrise is a certified Community Development Financial Institution (CDFI). CDFIs are mission-driven financial institutions dedicated to community development and providing financial products and services to meet the needs of economically disadvantaged individuals in underserved communities. As a CDFI, Sunrise targets underserved communities in the Twin Cities. In 2016, over \$96 million, or approximately 60% of all new loans originated were in the bank's CDFI Investment area, an area which overall has a 22% poverty rate.

Our overall loan portfolio at year-end was comprised of the following loan types:

- Small businesses: \$145.6 million
- Economic Development: \$50 million
- Community services: \$28.8 million
- Construction: \$22.9 million
- Affordable housing: \$10.5 million
- Religious institutions: \$8.9 million
- Education: \$7.5 million
- Grocery: \$6.4 million
- Health/wellness: \$5.6 million
- Arts/Culture: \$5 million
- Animals: \$3.6 million
- Individuals: \$2.6 million
- Other business/real estate: \$301 million

Sunrise Banks continues to be on the forefront of innovation with its products and services. Products such as its Impact Deposit Fund (IDF) and New Markets Tax Credit (NMTC) loans enable Sunrise to create jobs and accomplish its mission of radically changing the way urban communities and underserved people thrive. Notable successes and achievements in 2016 include:

- Sunrise continues to be the only bank in Minnesota to hold the CDFI designation.
- Sunrise Banks continued to grow its innovative small-dollar loan product, TrueConnect, with intentions to help individuals break free of the payday loan cycle and build credit.
- Sunrise customers designated approximately \$132 million to the Impact Deposit Fund (IDF), allowing customers to actively support local community development.
- Sunrise offers a Credit Builder Program, which is a combination loan and savings program that may help participants establish a good payment history, which is an important step to building a better credit score. In 2016, 215 new Credit Builder loans were opened, with an average loan size of \$767.
- Sunrise continues to partner with Lutheran Social Services (LSS) to offer free financing budgeting/counseling services to all Sunrise Banks customers, employees, and their household members. In 2016, 55 individuals participated in financial counseling and/or credit reviews and an additional 90 individuals were reached via financial education workshops.
- Sunrise believes that homeownership should be an option for all families in Minnesota. And that is why we've created a variety of mortgage programs in 2016 to help homebuyers:
  - Open Door Credits are available to qualifying homebuyers, which provide closing cost assistance. In 2016, Sunrise provided over \$30,000 in Open Door Credits.
  - Sunrise provides a mortgage ITIN Program (available to those with an individual tax identification number). In 2016, Sunrise financed four ITIN loans with an average loan amount of \$185,000 through this program.

Sunrise received its most recent "Outstanding" Community Reinvestment Act (CRA) rating in 2014. Major factors supporting this rating, the highest given, include:

- A substantial majority of loan originations are within the bank's designated Assessment Area.
- The distribution of loans to businesses of different sizes reflects excellent penetration.
- The geographic distribution of loans to business reflects excellent dispersion throughout the Assessment Area.
- The bank demonstrated excellent responsiveness to area needs through qualified Community Development loans, investments, and services.

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**Environment:**

Sunrise is committed to reducing its environmental footprint and promoting environmental stewardship at all levels of the organization. Sunrise strives to manage its operations in a sustainable manner, while continuing to search for ways to improve our performance. Sunrise has made changes in 2016, but recognize there is much more to do.

In 2016, Sunrise continued monitoring the usage of energy and water resources at each of the organization's locations. This will enable the bank to better monitor the impact of new initiatives, such as LED lighting changes. In addition, all facilities purchased new printers that help minimize printing and also allow for ink to be removed (and paper reused when printed by mistake or no longer needed). The printers also have a recyclable toner program.

Sunrise has also continued to use practices such as recycling at all locations, using recycled paper for office printing, having the majority of square footage as LEED certified, and incorporating energy efficient technologies such as occupancy sensors.

**Describe any circumstances that have hindered the creation by the benefit corporation of general public benefit or specific public benefit this period.**

Sunrise had many successes in 2016, but also had challenges to improving its BIA score. Challenges included:

- Sunrise expanded its online TrueConnect small-dollar loan program to additional states. While this product helps create access for many who might otherwise have to go without or use payday loans, this also means the number of face-to-face meetings continue to decrease, which negatively impacted score.
- Due to limited capacity, Sunrise has not yet created a formal procedure to screen significant vendors on their social and environmental practices.
- One new question was added to the assessment this year regarding specific content in worker training around inclusion issues such as gender inclusiveness, minorities, LGBT community, individuals with disabilities, and/or other underrepresented groups. While Sunrise is proud to have a diverse and accepting employee and customer atmosphere, the company has not yet created formal training around these specific topics.

**Describe the process and rationale for selecting the third party standard used to prepare the benefit report**

Sunrise selected the BIA for quantifying performance because it is the leading tool for this purpose and it satisfies the performance requirements under the Minnesota Public Benefit Corporation law. B Lab's BIA is a third-party, independent and credible resource. The BIA also provides comparability across industries. The role of B Lab is to provide this assessment and to promote companies pursuing a triple bottom line through local and national events and publications. University Financial Corp, GBC and Sunrise Banks N.A. are not affiliated nor compensated by B lab.

In addition to the Public Benefit Corporation status, Sunrise is a Certified B Corporation and has used the BIA since 2009 to evaluate performance. A Certified B Corporation is a for-profit company certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency. Today, there is a growing community of more than 2,000 Certified B Corps working together toward 1 unifying goal: to redefine success in business.

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**In this benefit report, was assessment of the overall social and environmental performance of the benefit corporation against a third-party standard applied consistently with any application of that standard in prior benefit reports?**

- NA- This is the company's first benefit report
- No
- Yes

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*Steve Simon*

Steve Simon  
Secretary of State