

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, \$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. File Number

2. Corporate Name: (Required)

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

4. In the field below, enter the information required by section 304A.301 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.

5. 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:

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

Print

Reset

35  
\$ Cash *OK*

# University Financial Corp, GBC

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## 2022 BENEFIT REPORT

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Thank you for your interest in University Financial Corp, GBC's, 2022 Benefit Report.

University Financial Corp, GBC, is a legally incorporated benefit corporation in the state of Minnesota. A benefit corporation 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:**

- \* A summary of the 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.
- \* A Benefit Report Narrative: a set of narrative responses to questions required by the benefit corporation statute, including a discussion on 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 <https://www.bcorporation.net/en-us/movement/about-b-lab>

If you have any questions about University Financial Corp, GBC, and this report, please contact Brian Distad at [brian.distad@sunrisebanks.com](mailto:brian.distad@sunrisebanks.com).

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# 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 150,000 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 public benefit during the year and the extent to which public benefit was created.**

University Financial Corp, GBC, has a mission to be the most innovative bank empowering financial wellness. University Financial Corp, GBC, has elected to use the BIA tool to evaluate the organization's pursuit of public benefit. B Lab certification occurs on a 3-year cycle. University Financial Corp, GBC, was re-certified in 2020.

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. University Financial Corp, GBC, has been certified as a B Corporation since 2009.

University Financial Corp, GBC, had an overall score as of December 31, 2020, of 144. This increased from our last certified score of 142 in February 2017. University Financial Corp, GBC, is well above the median score for ordinary businesses of 51 points. In addition, in 2022, University Financial Corp, GBC, once again scored in the top 10% of all Certified B Corps and was named Best for the World for our Customer and Governance practices. University Financial Corp, GBC, was named a Best for the World honoree for the 9<sup>th</sup> time.

The BIA provides a comparison of the organization's score to the average scores of other Certified B Corps in five categories: Governance, Workers, Community, Customers, and Environment. This enables the organization to quantify how it fulfilled the purpose of promoting public benefit. Below are highlights of how University Financial Corp, GBC, achieved public benefit in 2022:



## **Governance:**

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

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

University Financial Corp, GBC, continues to have extraordinarily strong governance practices. As a regulated institution, University Financial Corp, GBC, 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, University Financial Corp, GBC, has a community advisory committee, which brings broad experience and perspective to their advisory roles. Currently 6 of the 8 advisory board members (75%) are low-income community representatives per the Community Development Financial Institution Fund (CDFI Fund) guidelines. The advisory board enables the University Financial Corp, GBC, to understand and engage the community more meaningfully and in great depth.

In 2022, University Financial Corp, GBC, 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. A comprehensive on-boarding program was created to increase the new employee training experience.

## **Workers:**

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

- Medical, dental, vision plans, including pet insurance
- Short/long-term disability after one year of service
- Paid Time Off, including up to ten paid holidays per year
- Paid Volunteer Time off, up to 40 hours per calendar year, prorated for part-time employees
- Access to a small-dollar loan program, TrueConnect
- 401k program with match dollar-for-dollar up to 4% of eligible compensation
- Profit Sharing Plan
- Basic term group life insurance
- Employee Assistance Program
- Access to Wellbeats, personalized fitness classes and training plans, along with access to fitness centers at our corporate and Como Avenue branch locations

What does it mean to work for The World's Most Socially Responsible Bank? It means incorporating our 10X values into everything we do and celebrating our extraordinary employees and their incredible stories.

Life@Sunrise is an employer brand campaign that began in the spring of 2022. It allows employees to share how they connect with our company values and how those values align with their personal and professional lives.

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In 2022, University Financial Corp, GBC, held its annual "Sunny Awards" to recognize an employee who best exhibits the 10x values by creating a culture of achievement. University Financial Corp, GBC, also continued to further cultivate the organization's culture through initiatives such as an annual all-staff conference, wellness programs, and employee recognition programs.

University Financial Corp, GBC, created the Family Fund (FF) to assist employees with a hardship distribution when faced with an unforeseeable emergency. Employees may contribute to the FF through payroll deduction, occasional internal fundraisers, or directly through HR. Employees may also contribute PTO to the FF for distribution as needed.

Also, in 2022, we offered financial wellness sessions for employees in partnership with Lutheran Social Service. The sessions provided insight into financial literacy topics including budgeting, planning for life events, and goal setting.

### **Community:**

University Financial Corp, GBC, 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 local volunteer programs.

Employees are encouraged to volunteer and are offered up to 40 hours of paid time off annually to volunteer in the community.

Other highlights include:

- In February, University Financial Corp, GBC, was named a Top Impact Company by Real Leaders Magazine for the fourth time. The award recognizes 200 companies that have demonstrated a commitment to social responsibility and creating impact for consumers.
- In March, University Financial Corp, GBC, received the Twin Cities Business Community Impact Award for our commitment to equity and community development work. The award recognizes nonprofits and local businesses that are solving social problems through philanthropic initiatives making a difference in Minnesota. In particular, the awards honor those working towards poverty alleviation, hunger relief and access to capital.
- In June, University Financial Corp, GBC, hosted a town hall: "Justice & Equity in Action: Integrating Economic Justice into the Fabric on Your Organizations," focused on building inclusive connections.
- In June, University Financial Corp, GBC, closed on a capital investment (ECIP) from the U.S. Treasury focused on providing capital to Community Development Financial Institutions (CDFIs) to further our mission of providing financial services to low- and moderate-income communities.
- In July, our employees volunteered 360 hours over three days to help build a Habitat for Humanity House in Minneapolis.
- In August, University Financial Corp, GBC, was named a 2022 Minneapolis/St. Paul Business Journal "Best Places to Work" honoree.
- In November, University Financial Corp, GBC, received a \$45 million New Markets Tax Credit allocation through the CDFI Fund that will fund community and economic development.
- In November, University Financial Corp, GBC, participated in Banking on Values Day 2022, an international day coordinated by the Global Alliance for Banking on Values, a network of banking leaders committed to advancing positive change in the financial sector.
- In November, University Financial Corp, GBC, participated in the Toys for Tots Campaign. Employees and customers collected 803 toys and donated \$1,700 to Toys for Tots, supporting local children in need.
- In December, each employee was given \$25 to give back to a charitable organization or non-profit in the community.

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- In December, University Financial Corp, GBC, held a "Giving Tree Event" with sponsors St. Francis House in Sioux Falls and Neighborhood House in St. Paul to donate gifts to children during the holiday season.
- University Financial Corp, GBC, partners with Banzai to offer online financial literacy courses for teachers and their classrooms in the Twin Cities urban core, free of charge. In total, we sponsor local 24 schools and have educated over 5,000 students. In 2022, this program brought real-world financial literacy to 360 students.
- University Financial Corp, GBC, in partnership with Twin Cities Road Crew, offered interactive, energetic programming on spending and saving smart in urban schools. In 2022, these programs reached 150 teachers and 3,000 students. All schools sponsored have 60-95% of students on free or reduced lunch plans.

University Financial Corp, GBC, also demonstrates its commitment to the local community by hiring a diverse staff that is representative of the communities it serves. As such, University Financial Corp, GBC, staff are 55% female, with more than 48% of our managers identifying as female. In addition, two of our four retail branches are in low- and moderate-income communities. University Financial Corp, GBC, has 30 employees serving on local non-profit or community boards.

#### Customers:

University Financial Corp, GBC, 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, University Financial Corp, GBC, targets underserved communities in the Twin Cities.

Our overall loan portfolio at year-end 2022 (Dec. 31) was comprised of the following loan types (\$ in millions):

- Affordable housing: \$25.1
- Arts and culture: \$14.8
- Community services: \$53.8
- Construction: \$95.9
- Consumer: \$146.6
- Economic development: \$87.1
- Education: \$15.6
- Health and wellness: \$6.0
- PACE environmental Loans: \$0.6
- Small businesses: \$190.5
- Other business/real estate/housing: \$609.7

University Financial Corp, GBC, continues to be on the forefront of innovation with its products and services. Products such as its TrueConnect, Self and Gusto small-dollar loan programs, Credit Builder, the FAIR initiative accounts, and financial counseling through Lutheran Social Service enable University Financial Corp, GBC, to accomplish its mission of being the most innovative bank empowering financial wellness. Notable successes and achievements in 2022 include:

- University Financial Corp, GBC, 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. In 2022, TrueConnect was available in 48 states and 2,500 employers have access to TrueConnect, making the product available to 100,000 employees.
- University Financial Corp, GBC, 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 2022, 449 new Credit Builder loans were opened, with an average loan size of \$677.
- University Financial Corp, GBC, continues to partner with Lutheran Social Service (LSS) to offer free budgeting/counseling services to all customers, employees, and their household members. In 2022, 43 participants engaged with budget, debt, credit report review and/or student loan counseling.

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- In partnership with Prepare + Prosper, we launched the FAIR initiative. FAIR provides checking, savings, and credit-builder products to people in underserved communities. FAIR products are built with the customer at the core, no matter income size or banking history; these products offer everyone the tools and support to take control of their financial wellness. In 2022, 122 new customers signed up for 177 FAIR accounts. At the time of enrollment, 68% of FAIR customers were either unbanked or underbanked. Enrollees in the FAIR program attend check-in evaluations every 4-6 weeks to make sure their needs are being met, give feedback on the program, and get additional assistance.
- We believe that homeownership should be an option for all families in Minnesota. In 2022, we did the following to support mortgage customers:
  - Helped over 100 families purchase new homes. 60% of those families went through our Pathways2Home™ Mortgage Program, which helps individuals with Individual Taxpayer Identification Numbers (ITINs) reach their dreams of homeownership.
  - Made down payment assistance credits available to qualifying homebuyers, which provide, on average, \$250 in closing cost assistance.
  - Held first-time homebuyer workshops at least once a month to assist with any questions related to the buying process.

University Financial Corp, GBC, received its most recent "Outstanding" Community Reinvestment Act (CRA) rating in 2020. Major factors supporting this rating, the highest given, include:

- University Financial Corp, GBC, demonstrated excellent dispersion of loans throughout geographies of different income levels and reasonable distribution of loans to businesses of different sizes.
- The bank's Community Development (CD) performance shows excellent responsiveness to Assessment Area (AA) needs through CD loans, qualified investments, and CD services to businesses of different sizes.
- A substantial majority of loan originations were within the bank's designated AA.
- The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, business strategy, product offerings, and credit needs of the AA.
- The bank received no CRA-related complaints during the evaluation period.

#### **Environment:**

University Financial Corp, GBC, is committed to reducing its environmental footprint and promoting environmental stewardship at all levels of the organization. We strive to manage our operations in a sustainable manner, while continuing to search for ways to improve our performance.

University Financial, Corp, GBC, in line with the Paris Agreement and the Global Alliance for Banking on Values (GABV), has committed to a net-zero emissions goal by 2050.

The GABV was founded in 2009 with the vision to cultivate positive change within the banking industry. With 70 members in over 40 countries, GABV has been able to reach across the globe in hopes of creating transparency around Environmental Social Governance (ESG). As a member of the GABV, and its CEO David Reiling acting as Chair of the GABV Board, University Financial, Corp, GBC, aligns with the GABV's Climate Change Commitment, also known as the '3C initiative,' to report annual carbon emissions using the Partnership for Carbon Accounting Financials (PCAF) framework.

PCAF supports worldwide financial carbon footprint calculation and disclosure through an industry standard methodology, allowing financial institutions to align themselves with the Paris Agreement's 1.5 Celsius goal through emission reduction. Launched in 2015, PCAF is made up of over 340 financial institutions in over 40 countries.

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To support the GABV's Climate Change Commitment and to reach net-zero emissions by 2050, University Financial, Corp, GBC, calculates and reports its carbon footprint. Beginning in August 2020, University Financial, Corp, GBC, has worked with GABV and PCAF to report on emissions, encompassing all within two distinctions: operational and financed.

In 2022, University Financial Corp, GBC, continued monitoring the usage of energy and water resources at each of the organization's locations. In addition, all facilities have new printers that help minimize printing and 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.

University Financial Corp, GBC, has also continued to use practices such as recycling at all locations, using recycled paper for office printing, and incorporating energy-efficient technologies such as occupancy sensors. All our company-owned locations have LED lights installed throughout their buildings.

University Financial Corp, GBC, installed a 39kW solar panel system with 123 panels on the roof of our St Paul, Minnesota, headquarters building to generate onsite power. In 2022 we generated approximately 5% of our headquarters' electricity through renewable solar.

For the second year in a row, University Financial, Corp, GBC, has donated to One Tree Planted. One Tree Planted is "a non-profit organization focused on global reforestation." Founded in 2014, One Tree Planted has planted over 40 million trees in 47+ countries. With University Financial, Corp, GBC,'s help, 30,000 trees have been planted from 2020 to 2022, with 2022's donation contributing to the Orca Whale Project.

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

University Financial Corp, GBC, had many successes in 2022 and has not been hindered in our delivery of public benefits.

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

University Financial Corp, GBC, 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 transforming the global economy to benefit all people, communities, and the planet. University Financial Corp, GBC, is not affiliated nor compensated by B Lab.

In addition to the Public Benefit Corporation status, University Financial Corp, GBC, 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 4,000 Certified B Corps in 77 countries working together toward one 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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OFFICE OF THE SECRETARY OF STATE  
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*Steve Simon*

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Secretary of State