

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. Corporate Name: (Required) University Financial Corp GBC

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.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.

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.

[Handwritten Signature]

Signature of Public Benefit Corporation's Chief Executive Officer

February 25, 2022

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:

Melodie Carlson@Sunrisebanks.com

[ ] 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:

Brian Distad 651-259-2276

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 [ ]

cash \$35-QM

# University Financial Corp, GBC

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**2021 BENEFIT REPORT**

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Thank you for your interest in University Financial Corp, GBC's 2021 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:**

- 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
- 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 <https://bcorporation.net/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 general public benefit during the year and the extent to which general 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 general 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 2021, 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 Customers and Governance practices. University Financial Corp, GBC was named Best for the World honoree for the 8<sup>th</sup> time.

The B Impact Assessment 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 general public benefit. Below are highlights of how University Financial Corp, GBC achieved public benefit in 2021:

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## **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 5 of the 7 advisory board members (72%) 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 2021, 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 10 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 Peanut Butter student loan services program and American Hearing network benefits
- Access to Wellbeats, personalized fitness classes and training plans, along with access to fitness centers at our corporate and Como Ave branch locations.

In 2021, University Financial Corp, GBC held its annual Sunny Awards to recognize an employee who most 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 the 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 to HR. Employees may also contribute PTO to the FF for distribution as needed.

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Also, in 2021, we offered financial wellness sessions for employees in partnership with Lutheran Social Services. 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 to volunteer in the community.

Other highlights include:

- In February, employees sent over 230 internal random acts of kindness candy gram messages, which generated a \$1,000 donation to St Paul Urban Tennis.
- In March, we hosted the Global Alliance for Banking on Values annual meeting. The virtual event hosted 406 attendees from 70 different countries and 65 financial institutions.
- In June, University Financial Corp, GBC sponsored an employee Wellness Challenge and Spirit Week to highlight wellness during the pandemic.
- In August University Financial Corp, GBC was named 2021 Minneapolis/St Paul Business Journal "Best Places to Work" honoree
- In September, selected as a recipient of the Small Business Administration (SBA) Minnesota Lender Award.
- In September University Financial Corp, GBC received a \$60 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 2021, an international day coordinated by the Global Alliance for Banking on Values – network of banking leaders committed to advancing positive change
- In November, University Financial Corp, GBC participated in the Toys for Tots Campaign. Employees and customers collected 502 toys and donated \$1,100 to Toys for Tots children in need.
- In December each employee was each given \$25 to give back to a charitable organization or non-profit in the community.
- In December, we 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 2800 students. In 2021, this program brought real-world financial literacy to 100 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 2021, these programs reached 150 teachers and 3000 students. All schools sponsored have 60-95% of students on free or reduced lunch plans.
- In 2021, University Financial Corp, GBC held a Food and Goods Drive, and donated 330 pounds of food for Keystone Community Services.

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 56% female, with more than 53% 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.

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## 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 12/31 was comprised of the following loan types: (\$ in millions)

- Small businesses: \$270.4
- Economic Development: \$83.6
- Community services: \$47.7
- Construction: \$61.5
- Affordable housing: \$28.0
- Health/wellness: \$7.3
- Arts/Culture: \$7.4
- Education: \$15.4
- Consumer: \$113.5
- Other business/real estate: \$467.7

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 Services enable University Financial Corp, GBC to accomplish its mission of being the most innovative bank empowering financial wellness. Notable successes and achievements in 2021 include:

- University Financial Corp, GBC continues to be the only bank in Minnesota to hold the CDFI designation.
- In January 2021 University Financial Corp, GBC was named a Real Leaders Top Impact Company for the third year in a row
- 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 2021, TrueConnect was available in 48 states and 2500 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 2021, 579 new Credit Builder loans were opened, with an average loan size of \$668.
- University Financial Corp, GBC continues to partner with Lutheran Social Services (LSS) to offer free financing budgeting/counseling services to all customers, employees, and their household members. In 2021, 53 participants engaged with budget, debt, credit report review and/or student loan counseling.
- In partnership with Prepare + Prosper, we launched the FAIR initiative. FAIR provides checking, savings and credit builder products to people in underserved communities. The 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 2021, 116 customers signed up for 199 FAIR accounts. At the time of enrollment, 84% of FAIR customers are 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.
- Our bank processed over \$135 million in Small Business Administration Paycheck Protection (PPP) Loans in 2021, supporting local and national small businesses. We recognized that minority owned businesses face barriers to PPP loans. To address this disparity, for PPP Round 2 in 2021, we actively reached out to Black, Asian, Native American, and Latinx business communities. We used our nonprofit network, our memberships in

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ethnicity-based chambers of commerce and small-business associations (e.g., Entrepreneurs Organization), and a variety of social media, virtual presentations/webinars, email blasts, and direct calling. In Round 2, 32% of our applicants identified as minorities—compared to Minnesota's overall minority population of 16.2% (US Census, 2021).

- We believe that homeownership should be an option for all families in Minnesota.
  - We helped 132 families purchase new homes this last year. 48% of those families went through our Open-Door Mortgage Program, which helps individuals with Individual Taxpayer Identification Numbers (ITINs) reach their dreams of homeownership.
  - Open Door Credits are available to qualifying homebuyers, which provide on average of \$250 in closing cost assistance.
  - First time homebuyer workshops were held at least once a month to assist with any questions related to the buying process.
  - At each home closing, our lenders provide a basket of essentials ranging from assorted cleaning supplies to their first welcome mat at their new home. Products in the basket are purchased from other B Corp companies including Seventh Generation and Etsy.

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 (or "the bank") 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 (LTD) 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 its operations in a sustainable manner, while continuing to search for ways to improve our performance.

In 2021, 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 the building.

University Financial Corp, GBC installed a 39kW solar panel system with 123 panels on the roof of our St Paul, MN Headquarters building to generate onsite power. In 2021 we generated approximately 5% of our headquarters electricity through renewable solar.

In December, University Financial Corp, GBC donated \$15,000 to One Tree Planted, to sponsor forest restoration efforts in the Chippewa National Forest in Minnesota. Restoration of these pine stands is critical to wildlife that depend on them, recreationists that enjoy them, and a timber industry that creates hundreds of local jobs. The Ojibwa community living on the Leech Lake Reservation also has a bond to these forests.

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

University Financial Corp, GBC had many successes in 2021 and have not been hindered in our delivery of public benefit.

**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 to provide this assessment and to promote companies pursuing a triple bottom line through local and national events and publications. 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 4000 Certified B Corps in 70 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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*Steve Simon*

Steve Simon  
Secretary of State