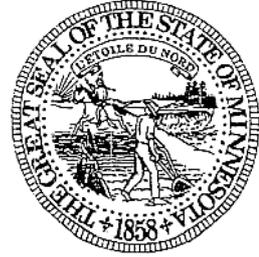




**Office of the Minnesota Secretary of State**  
**Minnesota Public Benefit Corporation / Annual Benefit Report**  
*Minnesota Statutes, Chapter 304A*



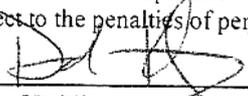
Read the instructions before completing this form  
 Must be filed by March 31  
 Filing Fee: \$55 for expedited service in-person, \$35 if submitted by mail

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.

  
 \_\_\_\_\_  
 Signature of Public Benefit Corporation's Chief Executive Officer

3/14/2019  
 \_\_\_\_\_  
 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:**

<u>Brian Distad</u>	<u>651-259-2276</u>
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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2018 BENEFIT REPORT

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Thank you for your interest in University Financial Corp, GBC's 2018 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 Brian Distad at [brian.distad@sunrisebanks.com](mailto:brian.distad@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

## 2018 B Impact Report

	Company's Points	Median Score*
	<b>143 pts</b>	<b>55 pts</b>
<b>Overall B Impact Score</b>		
<b>Governance</b>	<b>23</b>	<b>6</b>
Corporate Accountability	6	3
Transparency	7	3
<b>Workers</b>	<b>24</b>	<b>18</b>
Compensation, Benefits & Training	17	12
Worker Ownership	2	1
Work Environment	4	3
<b>Community</b>	<b>35</b>	<b>17</b>
Community Practices	25	10
Suppliers & Distributors	2	2
Local Involvement	9	5
Diversity	3	2
Job Creation	4	2
Civic Engagement & Giving	8	3
<b>Customers</b>	<b>54</b>	<b>N/A</b>
Consumer Products & Services	N/A	N/A
Serving Those In-Need	30	N/A
Products or Services	24	N/A
<b>Environment</b>	<b>7</b>	<b>7</b>
Environmental Products & Services	N/A	N/A
Environmental Practices	7	6
Land, Office, Plant	4	3
Inputs	2	1
Outputs	1	1
Suppliers & Transportation	N/A	N/A

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80 out of 200 is eligible for certification  
 \*Of all businesses that have completed the [B Impact Assessment](#)  
 \*Median scores will not add up to overall

# 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 financial wellness. The previous page provides a snapshot of Sunrise's B Impact Assessment (BIA) as of December 31, 2018. Sunrise 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 and Sunrise will be re-certified in 2020, for the 2017-2019 fiscal years.

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, 2018 of 143. This score is equal to the December 31, 2017 assessment, and the score is well above the median score for ordinary businesses of 55 points. In addition, in 2018, 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 for the 6<sup>th</sup> time.

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 2018:

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## **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.

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 brings broad experience and perspective to their advisory roles. Currently 5 of the 8 advisory board members (62.5%) are 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 2018, 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 2018, Sunrise held its fifth 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 local volunteer programs.

Employees of Sunrise are encouraged to volunteer in the community and in 2018, they dedicated nearly 2800 hours to community service.

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Other giving highlights include:

- Sunrise Banks gives a minimum of 2% net income per year through corporate donations and sponsorships
- Each employee was each given \$25 to give back to an individual, family, or group in need in the community.
- The Park Perks coffee bar at our Como branch and NorthLoop4Good coffee bar at our Washington branch generated \$9,867 in donations to neighborhood nonprofit organizations in 2018.
- During the bank's annual Charitable Giving Week, employees gave over \$16,000 to support nonprofit organizations. Additionally, employees made and donated 9 blankets to Children's Hospitals – St Paul.
- In February, Sunrise Banks employees sent over 230 internal random acts of kindness candy gram messages, which generated a \$1,000 donation to Avenues for Homeless Youth.
- In June our employees and customers donated 50 pounds of lightly-used professional clothing, which was donated to Union Gospel Mission. Union Gospel Mission helps homeless individuals find jobs and transition out of homelessness.
- In August, 41 Sunrise Banks volunteers participated at the Habitat for Humanity Entrepreneurs House build in St. Paul. The volunteers spent 5 days on the site, volunteering over 280 hours.
- After our all employee meeting in October, we donated over 60 boxed lunches to the homeless in Minneapolis.
- The Sunrise marketing team partnered with the Hiawatha Academies and Landbridge Ecological to tell their stories with impactful videos. Check them out on Sunrise Bank's YouTube page. <https://www.youtube.com/user/SunriseBanks>
- Sunrise had two teams participate in the Bedrace for Bridging event, in which employees raced down Buck Hill on mattresses and raised funds for Bridging. The 2018 event had 130 teams and raised over \$113,000 for Bridging.
- 30 Sunrise employees participating in the Playworks Kickball tournament, which raised funds for the nonprofit, Playworks.
- In 2018 Sunrise Banks employees raised over \$21,453 for the Chainbreaker, a bike ride to raise funds for cancer research, through many initiatives including a beanbag tournament, car wash, treat purchases, and more. Sunrise had eight employees ride 500 miles in the Chainbreaker.
- North4Good Volunteering Events:
  - North4Good is a volunteer program aimed at helping individuals and other businesses make connections with nonprofits from around the Twin Cities. We are people using volunteerism as a force for change.
  - In 2018 North4Good hosted 8 events in the community and made the following impact:
    - 200 hygiene kits for LGBTQ youth
    - Over 6,100 sandwiches for the homeless
    - 8 wooden flower planter boxes for Habitat for Humanity
    - Over 2,000 meals for student to take home on the weekends
    - 400 job readiness kits for individuals transitioning into the workplace
- Sunrise Banks 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 22 schools and have educated over 1220 students. In 2018, this program brought real-world financial literacy to 580 students.
- Sunrise Banks, in partnership with Twin Cities Road Crew, offered interactive, energetic programming on spending and saving smart in urban schools. In 2018, these programs reached 5 schools, 76 teachers, and 1,700 students.

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 57% female, 26% minority, and 28% 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.

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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 2018, over \$168 million, of 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 12/31 was comprised of the following loan types:

- Small businesses: \$200.5 million
- Economic Development: \$47.9 million
- Community services: \$29.3 million
- Construction: \$49.0 million
- Affordable housing: \$18.8 million
- Health/wellness: \$3.3 million
- Arts/Culture: \$8.2 million
- Education: \$18.8 million
- Individuals: \$15.3 million
- Other business/real estate: \$407.1 million

Sunrise Banks continues to be on the forefront of innovation with its products and services. Products such as its TrueConnect small dollar loan program, Credit Builder, the FAIR initiative accounts, and financial counseling through Lutheran Social Services enable Sunrise to accomplish its mission of empowering financial wellness. Notable successes and achievements in 2018 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. In 2018, TrueConnect was available in 48 states and 2500 employers have access to TrueConnect, making the product available to 100,000 employees.
- 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 2018, 398 new Credit Builder loans were opened, with an average loan size of \$714.
- 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 2018, 43 individuals participated in financial counseling and/or credit reviews and an additional 35 individuals were reached via financial education workshops.
- In partnership with Prepare + Prosper, we launched the FAIR initiative in 2018. 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. Since its launch in June, FAIR has enrolled 47 consumers into 75 new accounts. 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.
- Sunrise believes that homeownership should be an option for all families in Minnesota.
  - We helped 124 families into their new homes this last year. 47% 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 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.

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Sunrise received its most recent "Outstanding" Community Reinvestment Act (CRA) rating in 2017. Major factors supporting this rating, the highest given, include:

- The geographic distribution of loans to businesses reflect excellent dispersion throughout the Assessment Area (AA).
- The bank demonstrated excellent responsiveness to area needs through qualified Community Development loans, investments, and services.
- The majority of loan originations were within the bank's designated AA.
- The distribution of loans to businesses of different sizes reflects reasonable penetration.
- 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.

**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.

In 2018, 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. Over 49,000 square feet or 63% of company facilities are LEED certified.

In 2018, Sunrise installed a 39kW solar panel system with 123 panels on the roof of our St Paul, MN Headquarters building to generate onsite power.

**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 2018, and maintained a comparable BIA assessment score to last year. Areas of opportunity included in the 2019 B Corp Inclusive Economy challenge are:

- Facility Energy Efficiency: Monitoring environmental benefits of 2018 solar installation
- Product and Marketing Inclusion and Accessibility: (1) Company's public website meets accessibility standards for individuals with disabilities, such as the Web Content Accessibility Guidelines 2.0 and (2) Company monitors language and images in its marketing and communications to avoid bias and reflect diversity, equity, and inclusion
- Diversity & Inclusion Trainings: Management/Leadership drives Diversity and Inclusion training (for example: LGBTQ awareness and inclusion training)

**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 2,700 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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**Lab**



**Work Item 1075532800033**  
**Original File Number 5D-899**

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
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**03/18/2019 11:59 PM**

*Steve Simon*

Steve Simon  
Secretary of State