

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: \$35 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) Catalyst Mental Health, SBC
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)

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]
Signature of Public Benefit Corporation's Chief Executive Officer

03/28/2023

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:

benefit_report @ catalystmentalhealth.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:

David Townes

800-336-5973

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



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Annual Benefit Report

Time Period: 01/01/2022 – 12/31/2022

Report Date: 03/28/2023

Overview:

Catalyst Mental Health first started providing outpatient mental health services in 2011 and converted to a Special Benefit Corporation in 2019. This made Catalyst Mental Health the very first mental health organization to be organized as a B-Corporation in the state of Minnesota.

Our current mission statement is:

“To develop, create, and maintain a work environment for mental health professionals that is healthy, sustainable, and professionally enriching, so that they are in turn empowered to provide the most compassionate, dynamic, and effective services possible to each of their clients.”

Notable Changes in 2022:

Expanded Clinical Team

- Our clinical team grew by 26% in 2022 as we added providers to meet increased demand for mental health services.
- We continued resisting opportunities for even more rapid growth that were pursued by some of our industry peers in order to focus on integrating new staff and maintaining our historical prioritization of both quality and sustainability over raw profits.

Expanded Clinical Supervision Program

- As part of our commitment to growing the mental health workforce, we tripled the number of post-graduate clinicians in our group who are practicing under clinical supervision.
- We saw our first expanded cohort of masters-level clinical interns through to graduation and welcomed another cohort in the fall. We plan to accept 2 interns per physical site each year going forward.

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Reorganized Administrative Team

- We continued working to delegate responsibilities away from the executive team by creating a full-time Human Resources Manager position in 2022.

Code of Business Ethics

- With the organization approaching 50 employees, we realized that it was getting more difficult to ensure that all employees were getting fully exposed to and trained in our B-Corp philosophy, so we decided to start writing it down. This led to the create of a Code of Business Ethics, created with feedback from employees, which is attached at the end of this report.

Completion of Employee Handbook

- We also took the time this year to formalize and standardize most of our business operational policies, which we compiled into a very detailed Employee Handbook.

Sustainable Pay System for Associated Therapists

- This was the first full year that our new pay system was in place, which was designed with feedback from employees in 2021. The new pay system involves a mix of guaranteed pay, such as salary and benefits, and a variable commission component that is indexed to a 6 month collections average, which results in a combination that we refer to as a split of the Gross Average Profits (or GAP split) associated with each individual therapist's practice.
- This compromise between traditional employee and independent contractor pay models we now refer to as an associate pay model, and we believe it strikes the same kind of sustainable middle ground that B-corporations represent on a continuum between for-profit and not-for-profit enterprises.

Key Performance Metrics for 2022

We conducted a survey in March of 2023 of all current employees who were employed during the 2022 calendar year and 95% of them who were not currently on paid or unpaid leave responded. Below is a summary of some highlights related to key performance metrics that we surveyed:

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- Overall satisfaction with Catalyst's performance in regard to its business mission
 - **98%** rated their satisfaction as Neutral, Satisfied, or Very Satisfied
 - **80%** rated their satisfaction as Satisfied or Very Satisfied

These scores were similar to our performance on this metric in 2019 and 2020. No survey was conducted in 2021 because we conducted a mid-year survey about pay system design instead.

- Satisfaction with work experience, both overall and relative to industry peers
 - **98%** rated their satisfaction as Neutral, Satisfied, or Very Satisfied
 - **84%** rated their satisfaction as Satisfied or Very Satisfied.

These scores were similar to our performance on this metric in 2019 and 2020.

- Satisfaction with compensation, both overall and relative to industry peers
 - **95%** rated their satisfaction as About the Same, Better, or Much Better.
 - **63%** rated their satisfaction as Better or Much Better.

We decided to phrase this question in two forms this year: once in regard to overall satisfaction and once in regard to industry peers. This was due to concerns that rampant inflation was dragging down satisfaction with compensation for everyone, and indeed this turned out to be the case. We scored significantly lower on this metric than in 2019 and 2020 in regard to the question about general satisfaction but very similar to our score on this metric in 2019 and 2020 in regard to comparisons with industry peers. We also plan to add more tools in 2023 to help therapist employees make more sense out of the variable components of their pay based on survey feedback, especially for those joining Catalyst for the first time.

- Overall level of engagement with work at Catalyst
 - **98%** rated themselves as Neutral, Engaged, or Very Engaged.
 - **91%** rated themselves as Engaged or Very Engaged.

This question was rephrased this year from a question about sustainability to a question focused on engagement, which we felt better captured the full spectrum of experience from fully engaged to fully burnt out.

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New Initiatives Planned for 2023

St. Paul Site Opening

We have long had therapists ask us to open a site on the St. Paul side of the Mississippi river, and are finally taking action on that plan this year. We plan to start with a small suite of offices in the Highland Park neighborhood of St. Paul in May of 2023 and see where things lead from there.

B-Corp Certification

We have annually taken the B-Corp certification test provided by B Lab Global just to see how we measure up against other B-Corporations around the globe, and this year was the first year that we scored high enough to qualify for certification, in large part due to policies we had long maintained but finally wrote down and formalized in 2022.

We consequently included questions in our annual employee survey this year regarding whether to pursue certification, which would require us to change our legal structure from a Special Benefit Corporation to a General Benefit Corporation and then modify our mission statement to include a broader group of stakeholders. The results were as follows:

- Do you support changing our mission statement to the following (with changes in bold):

To develop, create, and maintain a **mental health organization** that is healthy, sustainable, and professionally enriching **for all of its employees**, so that they are in turn empowered to provide the most compassionate, dynamic, and effective services possible to **each and every client, neighborhood, and community that they serve.**

100% Voted Yes.

- Do you support Catalyst amending its Articles of Organization to elect to become a General Benefit Corporation, and for Catalyst to start completing the B Lab Global Impact Assessment annually in addition to our annual employee survey?

97% Voted Yes; 3% Voted No.

- Do you support Catalyst pursuing certification as a B-Corporation through B Lab Global, which will involve an extremely thorough and rigorous assessment of our business policies, practices, operations, structure, and mission?

85% Voted Yes; 15% Voted No.

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Those who had reservations about pursuing certification cited doubts about the value of recent trends regarding “virtue signaling,” which makes sense in an era where Environmental and Social Governance (ESG) and Diversity, Equity, and Inclusion (DEI) initiatives are being used as cynical marketing tools to cover up misdeeds rather than promote substantive behavior.

However, we think that the Certified Organic movement has done good things for the agricultural industry by using rigorous methods to prompt businesses to pursue actions that lead to substantive change, and we view B-Corp certification as the equivalent concept for the next generation of sustainable businesses, so we intend to be part of that movement. In the coming weeks, we consequently plan to file paperwork to amend our Articles of Organization and become a General Benefit Corporation with the revised mission statement cited above, and we then plan to submit an application for B-Corp certification soon afterwards.

At the same time, we want to be clear while doing so that we believe every individual business needs to chart its own path. We do **not** think that every business needs to be a B-Corp, nor do we think that every B-Corp needs to be certified, and we may not even plan to indefinitely remain certified ourselves if we achieve that objective in the future. We are, in fact, glad that we started out as an Limited Liability Company in 2011, and then converted to a Special Benefit Corporation in 2019 with a clear and narrow focus, because each of those choices were the sustainable things for us to do given the resources available to us at the time.

But right now, at this moment in time, we think that the the B-Corp certification process holds a chance of capturing and distilling a very important part of who we are as a business and who we plan to continue becoming in the future, and we think that is valuable enough to be worth pursuing regardless of whatever time and effort the certification process might require. Catalyst has been, since its beginning, an experiment regarding what is possible in regard to designing, operating, and maintaining a mental health organization, and we plan to continue seeing that experiment through to its conclusion.

We view B-Corp certification as the next logical step in our continuing evolution.

David Townes, LICSW, MBA
Executive Director

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Code of Business Ethics

Catalyst employees who are licensed professionals or professionals in training may have their own code of ethics that they are bound to follow in regard to their clinical work. This code is *not* intended to replace or supersede any professional or personal codes of ethics already being followed by any Catalyst employee; rather, it is designed to complement and enhance them.

Ethical codes are derived from shared values and goals, so the purpose of this code is to highlight the common elements that we want to transcend the rich diversity of our organization. It is a tool for forging consensus and for delineating boundaries around the collective identity that we aspire to uphold.

Our Shared Mission

To develop, create, and maintain a mental health organization that is healthy, sustainable, and professionally enriching for all of its employees, so that they are in turn empowered to provide the most compassionate, dynamic, and effective services possible to each and every client, neighborhood, and community that they serve.

B-Corporation Values

As a B-Corporation, Catalyst strives to meet the highest standards of social and environmental performance, to balance profit and purpose. We envision a global economy that uses business as a force for good. As leaders of this emerging economy, we believe:

- **That we must be the change we seek in the world.**
- **That all business ought to be conducted as if people and place mattered.**
- **That, through their products, practices, and profits, businesses should aspire to do no harm and benefit all.**
- **To do so requires that we act with the understanding that we are each dependent upon another and thus responsible for each other and future generations.**

Sustainability

Above all else, we plan to pursue our shared mission with a primary focus on sustainability. To us, this means protecting, conserving, growing, and enhancing the resources that we depend on to pursue our shared mission.

Resources come in many forms: personal, professional, organizational, community, environmental, cultural, financial, and many more. All of these resources are vulnerable to depletion and destruction and therefore require substantial individualized attention in order to determine whether our ongoing use of them is sustainable.



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As a result, it is critical for us to learn to recognize and humbly respect various limits: in ourselves, our colleagues, our business organization, our broader community and our environment. This means that we should never place excessive demands on any of the above, and yet at the same time we should be ambitiously working to continuously improve ourselves, our colleagues, our business organization, our broader community and our environment. We believe that both activities – observing limits and working to expand them – can and should be pursued simultaneously with dedication, commitment and perseverance.

Openness to New Experience

As an organization dedicated to positive change, we commit ourselves to acting as if such change is genuinely possible. If our mission statement and this code of ethics are treated as nothing more than aspirational marketing, then we are all destined to fail.

We do not expect anyone to trust either our business organization or anyone else naively, but we do expect each other to cultivate an open mind and to periodically be willing to take constructive risks with the expectation that new positive experiences are possible.

Pursuit of Happiness

We dedicate ourselves to making our work enjoyable for ourselves and for each other. While our work may be difficult at times, we plan to treat such difficulties as temporary setbacks on the journey to a more pleasant and fulfilling future.

We believe that we can do serious work without taking ourselves too seriously, that our work ought to make us laugh more than it makes us cry, and that the personal happiness and satisfaction of our employees are meaningful and significant measures of our overall performance as an organization.

Equity and Justice

We are dedicated to pursuing equity and justice through careful consideration, planning, and integration of stakeholder feedback in regard to all critical business decisions. When asked, we plan to provide honest and constructive feedback about business plans and outcomes as well.

We acknowledge that we may not always achieve equity and justice in all circumstances, but we plan to always be working to approximate it better in the future. We also plan to demonstrate patience and optimism, with the expectation that imperfectly just or imperfectly equitable outcomes will be gradually improved and corrected over time.

Decentralization

As an organization, we aim to remain decentralized by empowering employees to control and direct as much of their local day-to-day work experience as possible.

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We strongly believe that businesses and industries function best when power is distributed and shared widely.

We consequently aim to avoid monopolizing or unduly dominating the markets that we operate in as well. Instead, we are committed to supporting locally-owned and small businesses, whether such businesses may be competitors in own industry or unrelated businesses in other industries. When we grow as an organization, we also aim to do so organically and sustainably, with a focus on getting local employees involved in ownership and management of the sites they operate.

Employee Ownership

Catalyst is a proudly boot-strapped business, financed exclusively by its own employees, and we plan to keep it that way. We have a strong commitment to avoiding passive or silent investors, and we intend for our ownership to always remain exclusively in the hands of active employees.

Compassion and Empathy

We plan to treat our clients, our colleagues, ourselves, and everyone that we interact with in the community on behalf of Catalyst with compassion. This should be reflected in our actions, our communication, and our professional behavior. Any kind of violence, bullying, discrimination, or verbal, physical, or sexual harassment is therefore strictly prohibited and we believe that it should result in immediate disciplinary action.

Compassion for others demands more than mere respect as well; it requires a leap of empathic imagination into the experiences, feelings, and desires of people who might be very different from ourselves. When compassion is found to be difficult, we will consequently work to educate ourselves on the differences between ourselves and others so that bridging such experiential gaps might become more feasible in the future.

At the same time, we do not expect our compassion for others to lead to universal agreement, harmony, or freedom from social friction. We view a diversity of life experiences and beliefs as an asset, and some experiential gaps may always remain too large to fully bridge. In such circumstances, we will recognize the limits of compassion and rely on other tools such as our shared mission and values to determine appropriate actions instead.

Diversity and Inclusion

As an organization, we are dedicated to recruiting, hiring, supporting, and retaining a diverse group of employees. Diversity comes in many forms, and we believe that all of them can enhance the knowledge, skills, abilities, and overall resilience of our organization.

Diversity alone, however, is not enough. Diversity derives its strength from inclusion, when people with different life experiences and ideas start to interact.

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This means that we must be willing to spend time with and to get to know others who might have life experiences, ideas, and beliefs that may be very different from their own.

At the same time, we should remain free to exclude ourselves from interactions or activities that make us uncomfortable. Inclusion should be always remain an option, not a requirement.

Teamwork and Collaboration

Teamwork and collaboration should be viewed as essential to both our goals and our values. We consequently plan to make a strong effort to take advantage of opportunities to interact with other Catalyst team members, whether that may be through consultation, supervision, continuing education, clubs, staff meetings, social events, or other group activities.

Interactions with other Catalyst team members not only provide opportunities for support, but also opportunities for professional and personal enrichment. We believe that if we invest time, energy, and effort in each other, that the returns on such investments will be immeasurable.

Accountability

We agree to hold ourselves accountable to each other, to the clients we serve, and to the communities that we operate in. Such accountability requires sufficient transparency to facilitate independent evaluations of our performance and an ongoing investment in evaluation processes and procedures. We acknowledge and accept that our performance may not always be optimal, and we are committed to continuously improving our performance over time.

Informed Consent

We agree to be honest and transparent with each other, our clients, ourselves, the business organization, and everyone that we interact with in the community on behalf of Catalyst whenever we know with a high degree of certainty that some action we are either planning or that we have already engaged in may have an adverse impact on any of the above. This informed consent principal should rule out blatantly malicious conduct, lying, or stealing from other individuals or the business, as well as illegal behavior such as fraud or theft.

However, it should also rule out lies of omission, where someone fails to disclose some important piece of information that might have an adverse impact on others until after it is too late for the affected party or parties to take action to insulate themselves from the fallout. We will consequently refrain from entering any non-disclosure agreements as well whenever such agreements inhibit informed consent about matters relevant to Catalyst as an organization, its employees, or its clients.

In the context of planned employment transitions, we furthermore aim to give clients of the business and each other at least 30 days and preferably a full 60 days of notice so that we can work collaboratively to ensure continuity of care and minimal disruption for all stakeholders.

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Hidden or unexpected financial expenditures designed to further an agenda that may not be shared by all business stakeholders also violate informed consent. We consequently commit ourselves not to engage in bribes or kickbacks, and we pledge to publicly disclose all direct or indirect political contributions, in-kind contributions to political parties, charitable donations, advocacy groups, or sponsorships.

Competitive Boundaries

We strongly believe that mental health clients should get to choose the circumstances under which they interact with providers. As such, we do not support non-compete contracts for mental health providers, since such contracts put businesses in control of such decisions, often at the expense of clients. Instead, we actively support Catalyst employees who want to work for other businesses or for themselves while simultaneously working at Catalyst, because we view such arrangements as enhancing client choice.

However, we do not support any use of Catalyst resources for personal gain that might harm Catalyst as an organization. Any employee working for Catalyst and some other business or themselves simultaneously should consequently refrain from either directly using or planning to use any Catalyst resources, especially any other Catalyst employees, in the service of benefiting either some other business or themselves at Catalyst's expense.

Legal Compliance

We commit ourselves to following all laws which apply to Catalyst as organization and to ourselves as individuals. Since laws may change over time, we also commit ourselves to continuing to educate ourselves on any new laws that might apply to us on an annual basis.

Catalyst employees are subject to laws and regulations associated with multiple regulatory and compliance authorities. All of these laws and regulations can be difficult to keep track of, which is why they have been summarized clearly and concisely in the Employee Handbook. We consequently commit ourselves to reading and understanding the Employee Handbook in its entirety, as well as any updates to it that we might be notified about in the future.

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Steve Simon

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