

GOOD

LIVES

HERE™

2017 Annual Report

OTTO
BREMER
TRUST™

About Otto Bremer

In 1944, St. Paul banker and community leader Otto Bremer established a trust to perpetuate his life's work of combining finance with philanthropy. Since its founding nearly 75 years ago, OBT's holdings have evolved into a portfolio of investments that includes 92 percent ownership of Bremer Bank, a \$12 billion regional financial services company.

During this time, OBT has evolved from an initial investment of \$2 million to an organization that has assets of more than \$1 billion. Over its history, OBT has made more than \$650 million in grants and program-related investments to organizations across Minnesota, North Dakota, and western Wisconsin.



Letter from the Trustees

Dear Friends,

This past year was significant for the Otto Bremer Trust as we continued to integrate our work at the intersection of finance and philanthropy. Our unique structure as a charitable trust and bank holding company gives us the opportunity to impact communities in a multitude of ways.

We saw evidence of this through the social, financial, and hybrid returns of the more than \$48 million in grants and program-related investments we made across Minnesota, North Dakota, and western Wisconsin during the year. Truly, *Good Lives Here™*.

Our 92 percent owned subsidiary, Bremer Bank—a \$12 billion financial institution—is a meaningful economic engine in the three-state region. Our returns from this holding and from a carefully managed investment portfolio provide the financial support that allows OBT to execute our mission of *investing in people, places, and opportunities in the Upper Midwest*.

These investments are as varied as the regions we serve and provide insight into the models we use for the impactful investments that have been a cornerstone of our approach since our founding in 1944.

Some examples from the past year include:

- Investment in a fund that provides “patient capital” for minority entrepreneurs, until recently a type of investment that was nonexistent. With access to this capital, the intent is to seed economic growth and help build stability in the community.

- Support for a vocational training program that helps low-income women prepare for and secure high-wage jobs in the technical sector.
- Funding to assist Minnesota tribal communities in strengthening their response to homelessness both on and off reservations, while also developing more housing opportunities.

None of this would be possible without the work of our talented staff. Their commitment to listening to the input of our communities and then utilizing the highest quality standards to execute our work continues to provide positive impact for communities and the people within them. We are grateful for their efforts during this and every year.

With the growth of our asset base from \$2 million in 1944 to more than \$1 billion today, and having distributed over \$650 million in grants and program-related investments over that time, we know we have come a long way, but there are many opportunities ahead. We are also aware that as a resource to communities of the Upper Midwest, we are just part of the equation. We welcome and seek conversations with nonprofit organizations, investors, financiers, and government agencies that are interested in exploring ways to help provide unique solutions to the regions’ challenges and opportunities.

As we look forward, we are continuously inspired by the legacy of our founder, Otto Bremer, whose vision for this organization has stood the test of time and has improved the lives of hundreds of thousands of people and their communities.



Charlotte S. Johnson
CO-CEO AND TRUSTEE



S. Brian Lipschultz
CO-CEO AND TRUSTEE



Daniel C. Reardon
CO-CEO AND TRUSTEE

2017 Investment Overview

In 2017, the Otto Bremer Trust made more than \$48 million in grants and program-related investments to more than 650 organizations and programs in Minnesota, North Dakota, and western Wisconsin. The accompanying detail provides a breakout of where investments were made by region.

Investing for Impact

To fulfill our mission of investing in people, places, and opportunities in the Upper Midwest, OBT pursues returns that are social, financial, and a hybrid of both. Social investments, primarily in the form of grants to nonprofit organizations, provide returns that are measured in the positive outcomes achieved by organizations through providing effective resources and services.

As a financial institution, we are committed to safe and sound investment practices that grow the resources we have available for investments in the future. A hybrid investment provides some of both—returns that impact people and places as well as provide capital back to OBT for reinvestment in the community. Bremer Bank is our most notable hybrid investment.



**TWIN CITIES
METROPOLITAN AREA**

\$18,521,814

275 GRANTS AND PRIs

Arden Hills, Brooklyn Center, Eagan,
Eden Prairie, Edina, Inver Grove Heights,
Lakeville, Maplewood, Minneapolis,
Minnetonka, Plymouth, Richfield,
Roseville, South St. Paul, St. Anthony,
St. Louis Park, St. Paul, Stillwater,
White Bear Lake, Woodbury

RED RIVER REGION

\$5,301,381

73 GRANTS

Minnesota: Breckenridge, Crookston,
Detroit Lakes, Moorhead, Warren

North Dakota: Casselton, Fargo, Fordville,
Gilby, Grafton, Grand Forks, Larimore,
Lisbon, Wahpeton

**CENTRAL AND
NORTHERN MINNESOTA**

\$3,033,372

52 GRANTS

Aitkin, Baxter, Brainerd,
International Falls, Princeton,
Rice, Sartell, Sauk Rapids, St. Cloud

**WESTERN AND SOUTH CENTRAL
MINNESOTA**

\$2,700,241

59 GRANTS

Alexandria, Brandon, Fergus Falls,
Mankato, Marshall, Morris, Owatonna,
Perham, Redwood Falls, Starbuck,
Watertown, Willmar

SOUTHEASTERN MINNESOTA

\$3,547,908

42 GRANTS

Austin, Eyota, Houston, Kasson,
Rochester, Rollingstone, St. Charles,
Stewartville, Winona

WESTERN WISCONSIN

\$2,961,001

64 GRANTS

Amery, Bayfield, Colfax, Eau Claire,
Elk Mound, Frederic, La Crosse,
La Pointe, Menomonie, New Richmond,
Siren, Washburn

**WESTERN NORTH
DAKOTA**

\$2,299,664

43 GRANTS

Bismarck, Carrington, Devils Lake,
Minnewaukan, Minot, Richardton

NORTH DAKOTA STATEWIDE

\$678,953

13 GRANTS

MINNESOTA STATEWIDE

\$9,730,015

77 GRANTS AND PRIs



2017 Financial Overview

for the year ended December 31, 2017

END OF YEAR MARKET VALUE OF ASSETS

Cash	\$301,917
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Investments

Fixed income	54,994,818
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Corporate stock	944,089,611
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Other	8,758,259
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Other Assets

Fixed assets	2,393,799
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Accrued receivables	1,094,349
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Total Assets	\$1,011,632,753
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REVENUE AND EXPENSES

Revenue

Interest from investments	88,270
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Dividends from investments	49,367,971
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Net gain on sale of investments	3,709,781
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Other income	1,170,585
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Total Revenue	\$54,336,607
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EXPENSES AND DISBURSEMENTS

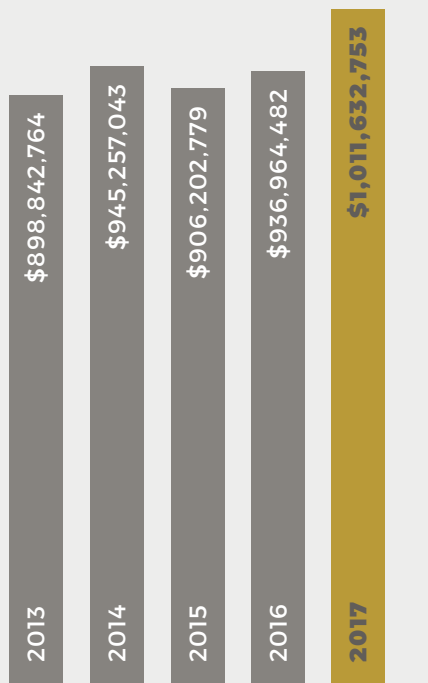
Operations and Administration	5,640,141
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Taxes	535,000
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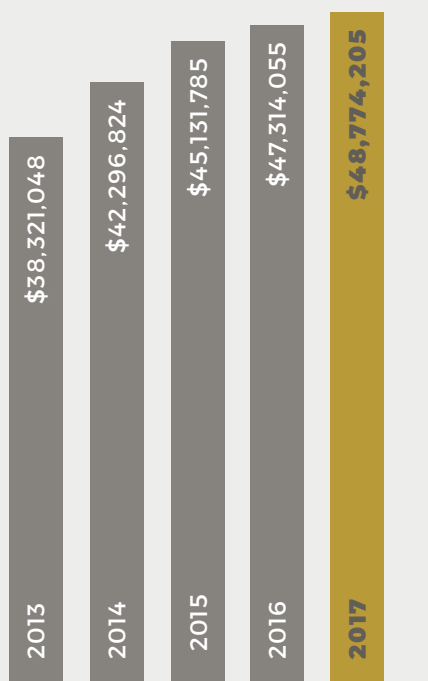
Grants and program-related investments	48,774,205
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Total Expenses and Disbursements	\$54,949,346
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Excess Revenue Over Expenses	\$ (612,739)
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ASSETS



GRANTS/PRIs