

# 2020 Annual Report

## BLUE CROSS BLUE SHIELD of MICHIGAN FOUNDATION

Leadership  
Through  
Adversity



Blue Cross Blue Shield of Michigan Foundation  
is a 501(c)(3) nonprofit, not-for-profit foundation  
of the Blue Cross and Blue Shield Association.

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## Our History

The Blue Cross Blue Shield of Michigan Foundation was created in 1980 with \$800,000 in seed money. Three years later, Michigan physicians endowed the Foundation with \$19.2 million in incentive funds from a Blue Cross cost-containment program. Since then, the Foundation's assets have grown to almost \$60 million after 41 years of grant making.

The Foundation is dedicated to improving the health of Michigan residents by supporting healthcare research and innovative health programs. The diversity, relevance and practical application of the research and service delivery projects we fund have earned the Foundation a reputation for excellence and innovation in health philanthropy.

Our 41-year history of grant funding has resulted in enhancements to the quality of care and improved patient safety and access to care for the people of Michigan.

The Foundation also supports efforts to enhance the value of healthcare through research, demonstration, and evaluation projects. The Foundation, a 501(c)(3) nonprofit organization, is the philanthropic affiliate of Blue Cross Blue Shield of Michigan and Blue Care Network. All three organizations are nonprofits and independent licensees of the Blue Cross and Blue Shield Association.

For more information about our work and grant programs available, please visit [bcbsm.com/foundation](http://bcbsm.com/foundation).

## Mission

To support healthcare research and innovative programs designed to improve the health of Michigan residents.

## Vision

Michigan's population will enjoy improved health and access to quality high-value care. The Foundation will be a leader in fostering the development of socially responsible and innovative solutions to critical issues that affect the health of Michigan residents.

## Values

- Commitment to quality performance
- Honesty, integrity, collaboration, and teamwork
- Effective and efficient use of resources
- Excellence in programs, grants, and communications
- Advancing health equity and eliminating healthcare disparities

# Presidents' Letter

## Steadfast in our commitment to health

COVID-19 was declared a pandemic less than 90 days after it emerged. The world's medical and government leaders faced unforeseen demands to protect the health of all citizens and determine how to stop the virus. Here in Michigan, Blue Cross Blue Shield of Michigan stepped forward to protect our customers and members from COVID-19, support our providers, and raise awareness of the health disparities within Michigan's population that were exposed during the pandemic's first year. As a not-for-profit organization operating on the foundation of an 82-year-old social mission, we remain committed to developing solutions promoting equitable access to health for all and being a trusted advisor to our customers. Our priority is to support our members, communities and partners during this incredibly challenging time while remaining committed to providing access to affordable, quality health care for everyone.

We are proud that the Blue Cross Blue Shield of Michigan Foundation, one of Michigan's largest statewide nonprofit foundations focused on health, was able to continue to partner with organizations entrusted to provide both physical and behavioral health care during the pandemic. The Foundation partnered with providers, social service agencies, the Michigan Department of Health and Human Services and philanthropic health organizations to make investments across the state. In 2020, Blue Cross granted and paid more than \$2 million to address critical health issues through our Foundation and social mission.

We partnered with organizations to develop COVID-19 interventions that directly impacted health issues. This year's annual report highlights 37 specific community grants that include efforts to increase telehealth capabilities and address the need for increased access to behavioral health services to prevent suicide. Even though researchers at provider and educational institutions were halted in their work throughout 2020, the Foundation continued to provide 26 investments in professional and student researchers who are working to develop methods of increasing the effectiveness of care. When published, research leads to discoveries and innovations that improve lives and change how health care is provided.

We hope you enjoy reading about our outreach in the past year as we continue to increase our scope on health disparities and health equity in all our investments. We invite you to also read our [2020 COVID-19 Report](#) and our [2020 Inclusion and Diversity Annual Report](#).



**Daniel J. Loepp**  
President and CEO  
Blue Cross Blue Shield of Michigan

**Lynda M. Rossi**  
Executive Vice President, Strategy,  
Government and Public Affairs  
Blue Cross Blue Shield of Michigan

# From the Executive Director and Board Chair

## Agility in execution

In 2020, many organizations pivoted their operations from normal business to COVID-19 protocols, managing smaller shifts and providing services in an ever-changing environment based on daily updates from the national, state, and local officials. The Blue Cross Blue Shield of Michigan Foundation focused on how we could change our processes to make it easier to understand the needs and requirements of our community partners.

At the Foundation, we shifted our focus to maintain key funding partnership opportunities and look for new ones by developing relationships with community-based organizations that address basic needs and were creative in how they would continue mission-driven operations. We also worked with health care providers, universities, and community organizations to understand how we could best serve the health needs of everyone in the State of Michigan.

In 2020, the Foundation continued to look at the overall health of individuals and explored how to increase grants involving the social determinants of health. As a foundation that serves the entire state of Michigan, we are driven to address the healthcare concerns of all residents. This includes developing engaged relationships that result in creative grant partnerships across all 83 counties of Michigan and their urban, rural and suburban communities. These partnerships allow us to support solutions by large and small grass roots organizations that work to address and improve the social determinants of health.

As COVID-19 began to reduce the access to ongoing care, our funding partners saw opportunities to drive statewide impact. In the second quarter of 2020, we participated in a funding collaborative "Rapid Response: Safety Net Telehealth Initiative" to support healthcare delivered via telehealth. In the third quarter, we joined funding partners to support the mental health of children in the Upper Peninsula through the grant "Addressing mental health needs for children in the Upper Peninsula during COVID-19". In the fourth quarter of 2020, we invested in collaborations through "Suicide Prevention Support for Health Care Clinics Working with Michigan's Health-Disparate Populations" designed to assist health care clinicians and behavioral health specialists implement sustainable, evidence-based practices that address the growing epidemic of suicide in Michigan. We also took part in "Supportive Housing to Address Health Equity" for innovative programs that support permanent supportive housing initiatives to advance racial and economic health equity for special populations in order to lead to better health opportunities.

The success of our statewide community investing is built on the strength of our enterprise-wide partnerships with community leaders, community organizations, health providers and philanthropic funders. We are grateful for the vision, drive and relentless commitment to healthcare demonstrated by our grant partners and our funding partners. As we look forward to 2021 grant making, we continue to look for grant partners who address chronic diseases, behavioral health and reducing health disparities to achieve health equity.

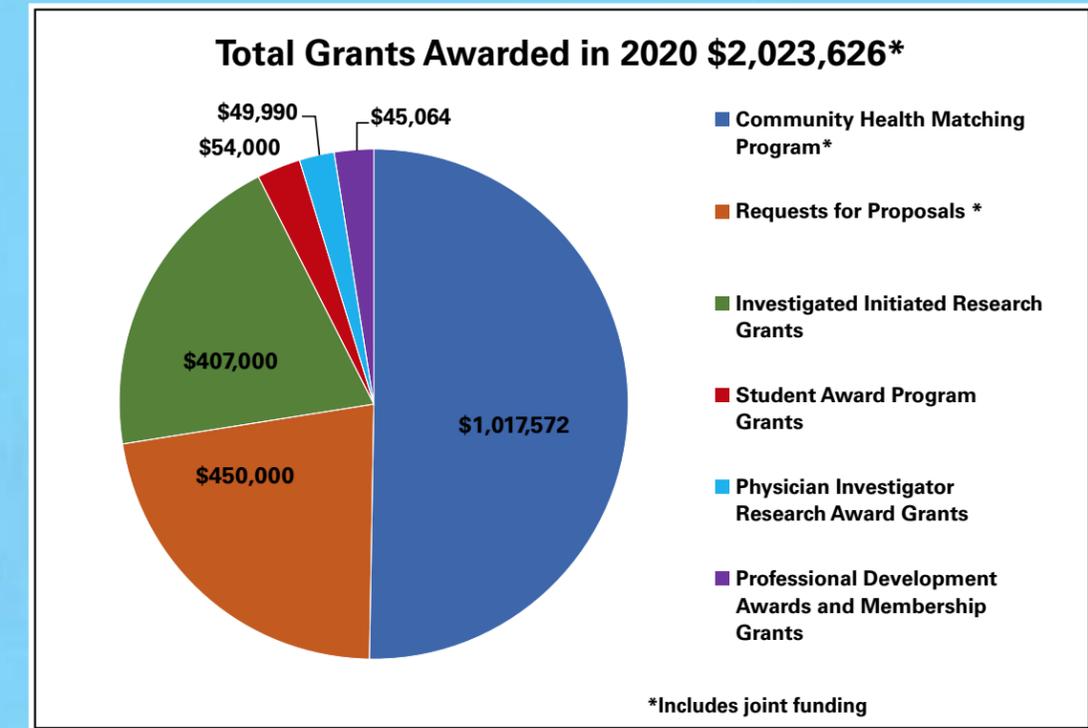


**Audrey J. Harvey**  
Executive Director and CEO  
Blue Cross Blue Shield of Michigan Foundation

**Shauna Ryder Diggs, M.D.**  
Chairwoman, Board of Directors  
Blue Cross Blue Shield of Michigan Foundation

# 2020 Grant Funding by Program and Awardees

The grants offered by the Blue Cross Blue Shield of Michigan Foundation are categorized to allow for a wide range of applicants and ideas. This method increases our range of support, partnerships, grantee research and impact across the state. All who share in our mission will find opportunities to work with us to improve the health of Michigan residents. We are pleased to report that we awarded over \$2.0 million dollars in grants in 2020.



Last year, the Foundation also maintained a significant footprint throughout Michigan making grants across the state, forming partnerships with health funders, and making investments in urban, suburban, and rural communities.



# Community Health Matching Grant Program

**Program total: \$1,017,572**

Through our Community Health Matching Grant Program, we partner with community-based nonprofit organizations to develop, test or validate new techniques and programs or implement evidence-based programs that address the needs of residents and produce a tangible effect in their lives. With increased collaboration at the community and organizational levels, we're sowing the seeds for a future when communities will have the resources and ability to meet their own health needs.

During 2020, community health matching grants were awarded to community agencies that sought to implement innovative solutions to address health issues that impacted members of their communities. These included innovations needed to provide access to care that address the health concerns of residents while navigating the restrictions that resulted from COVID-19. Grants were designed around modifying operations for COVID-19 protocols. Communities also focused their attention on the care of families by addressing the collective trauma experienced during the pandemic, creating culturally appropriate support for individuals with substance use disorders and addressing the needs of the aging by ensuring the availability of well-trained caregivers. Finally, communities continued to address the health disparities experienced by women of color by providing support for labor, delivery, and postpartum care.

Concept papers are accepted at any time. Information materials and instructions can be found at [bcbsm.com/foundation](http://bcbsm.com/foundation).

**Ascension St. John Hospital**  
Paula Schreck, M.D.  
\$44,000  
*The Lactation Consultant Program (LCP) Diversity Project*  
Wayne

**Family Promise of Grand Rapids**  
Cheryl Schuch  
\$50,000\*  
*Family Engagement and Stabilization Services for Supportive Housing*  
Kent  
Learn more at [mibluesperspectives.com/Housing Initiative](http://mibluesperspectives.com/Housing Initiative)

**Great Lakes Recovery Centers, Inc.**  
Greg Toutant  
\$48,572\*  
*Ripple Recovery Residence*  
Marquette  
Learn more at [mibluesperspectives.com/Housing Initiative](http://mibluesperspectives.com/Housing Initiative)

**Leaders Advancing and Helping Communities**  
Wassim Mahfouz  
\$45,000  
*Promoting Health Equity via Culturally-Responsive Substance Abuse Prevention*  
Wayne  
Learn more at [mibluesperspectives.com/Promoting Health Equity](http://mibluesperspectives.com/Promoting Health Equity)

**Life Directions**  
Rev. John Phelps  
\$34,000  
*Focus Family*  
Wayne

**Lighthouse MI**  
Ryan Hertz, M.S.W.  
\$50,000\*  
*Supportive Housing for Formerly Homeless Residents with Complex Care Needs*  
Oakland  
Learn more at [mibluesperspectives.com/Housing Initiative](http://mibluesperspectives.com/Housing Initiative)

**Michigan Health Information Network Shared Services**  
Tim Pletcher, D.H.A.  
\$43,000  
*Query Patient Record History — Leveraging MIHIN to accelerate MDI reporting and death certification*  
Ingham

**Michigan Parkinson Foundation**  
Mary Sue Lanigan  
\$34,000  
*Parkinson's Disease Education for Health Care Providers and Caregivers*  
Oakland

**Michigan State Medical Society Foundation**  
Cheryl Gibson Fountain, M.D.  
\$36,000  
*Michigan State Medical Society Foundation's 24th Annual Conference on Bioethics*  
Ingham

**Negaunee School District**  
Dan Skeewis  
\$50,000\*  
*Capturing Kids Hearts-Negaunee*  
Marquette

**New Destiny Pathways, Inc.**  
Nikeidra DeBarge  
\$50,000\*  
*Supportive Housing for Women Aging out of Foster Care*  
Kent  
Learn more at [mibluesperspectives.com/Housing Initiative](http://mibluesperspectives.com/Housing Initiative)

**Northern Michigan University**  
Matthew Jennings, Ph.D.  
\$34,000  
*Upper Peninsula Clinical Workforce Training Initiative (UP CWTI)*  
Marquette

**Our Kitchen Table**  
Lisa Oliver-King  
\$34,000  
*Our Kitchen Table Program for Growth: Educate to Elevate*  
Kent  
Learn more at [mibluesperspectives.com/Food Justice Efforts in Grand Rapids](http://mibluesperspectives.com/Food Justice Efforts in Grand Rapids)

**Portage Health Foundation**  
Kevin Store  
\$50,000  
*Addressing Adverse Childhood Experiences (ACEs)*  
Houghton

**Ruth Ellis Center, Inc.**  
Jerry Peterson  
\$50,000\*  
*Advancing Health Equity with LGBTQ+ Young Adults of Color*  
Wayne  
Learn more at [mibluesperspectives.com/Housing Initiative](http://mibluesperspectives.com/Housing Initiative)

**ShareCare of Leelanau, Inc.**  
Julie Tarr, E.D.  
\$25,000  
*The Costs and Benefits of Aging in Place*  
Leelanau

**Southwest Counseling Solutions, Inc.**  
Jamie Ebaugh  
\$50,000\*  
*Southwest Counseling Solutions: Piquette Square Care Management Coordinator*  
Wayne  
Learn more at [mibluesperspectives.com/Housing Initiative](http://mibluesperspectives.com/Housing Initiative)

**Spectrum Health Foundation**  
Cara Poland, M.D.  
\$34,000  
*GREAT MOMs (Grand Rapids Encompassing Addiction Treatment with Maternal Obstetric Management) Technical Assistance Expansion*  
Kent

**St. Patrick Senior Center, Inc.**  
Sa'Trice Coleman-Betts  
\$10,000  
*St. Pat's COVID Response: Keeping Us Moving and Healthy*  
Wayne

**The Caregiver Incentive Project**  
Eric Paad  
\$45,000  
*CIP Caregiver Academy Mentored In-Home Caregiver Training*  
Marquette

**University of Michigan**  
Elizabeth Koschmann, Ph.D.  
\$50,000  
*TRAILS: Transforming Research into Action to Improve the Lives of Students*  
Washtenaw  
Learn more at [mibluesperspectives.com/Focusing on student mental health in Detroit Public Schools](http://mibluesperspectives.com/Focusing on student mental health in Detroit Public Schools)

**University of Michigan**  
Jaclynn Hawkins, Ph.D.  
\$42,000  
*Peer Leader Diabetes Self-Management Support Intervention for Black Men with Type-2 Diabetes*  
Washtenaw

**Upper Peninsula Commission for Area Progress (UPCAP)**  
Jonathan Mead  
\$30,000  
*Request for Proposals: Evaluation Services for Co-Funded Caregiving Project in Michigan's Upper Peninsula*  
Marquette

**Valley Area Agency on Aging**  
Yaushica Albert  
\$45,000  
*VAAA Telehealth Project*  
Genesee

**Western Michigan University**  
Silvia Linares, M.D., FACOG  
\$34,000  
*Doula Support Integration and Coordination of Care for High-Risk Women In Labor*  
Kalamazoo  
Learn more at [mibluesperspectives.com/Doulas to Aim to Decrease Health Disparities](http://mibluesperspectives.com/Doulas to Aim to Decrease Health Disparities)

\*Includes funding partner

# Request for Proposal

Program total: \$450,000



The Foundation doesn't just wait for grant applications. With the Request for Proposal program, we reach out to Michigan-based safety net organizations that primarily serve the uninsured, underinsured, Medicaid recipients and other vulnerable populations. Our goal is to solicit proposals that align with areas of need that we identify. In 2020, the Foundation continued to focus on addressing the health issues of children in Michigan's Upper Peninsula, the need for telehealth expansions throughout the state and addressing the behavioral healthcare needs in Michigan by supporting evidence-based programs to prevent suicide.

## Request for Proposal:

### Addressing Mental Health Needs for Children in the Upper Peninsula during COVID-19

#### Superior Health Foundation

Jim LaJoie

\$100,000\*

*Addressing mental health needs for children in the Upper Peninsula during COVID-19*

Marquette

Learn more at [mibluesperspectives.com/Addressing Mental Health](https://mibluesperspectives.com/Addressing Mental Health)

## Request for Proposal:

### Response: Safety Net Telehealth Initiative\*\*

#### Baldwin Family Health Center

Kathy Sather

\$50,000

*Telehealth Care Connection*

Lake

Learn more at [mibluesperspectives.com/COVID-19 Accelerates Telehealth Expansion](https://mibluesperspectives.com/COVID-19 Accelerates Telehealth Expansion)

## Request for Proposal:

### Suicide Prevention Support for Health Care Clinics Working with Michigan's Health-Disparate Populations\*

Learn more at [mibluesperspectives.com/Suicide Prevention](https://mibluesperspectives.com/Suicide Prevention)

#### Arab Community Center for Economic and Social Services (ACCESS)

Hassan Jaber

\$75,000\*

*Stop the Stigma: Suicide Care at ACCESS Medical Center*

Wayne

#### Black Family Development, Inc.

Kenyatta Stephens

\$75,000\*

*Second Stages*

Wayne

#### Institute for Population Health

Gwendolyn A. Daniels, DNP, R.N.

\$75,000\*

*Freedom to Focus Counseling Solutions for Zero Suicide*

Wayne

#### Upper Great Lakes Family Health Center

Donald Simila, MSW, FACHE

\$75,000\*

*Upper Peninsula Suicide Prevention Plan*

Houghton

\*Includes funding partner

\*\* Total Request for proposal awards exceeded \$3 million.

# Investigator Initiated Research Program

Program total: **\$407,000**



Before an innovative idea can be implemented, it must first be tested. The Investigator Initiated Research program is designed for Michigan researchers, enabling them to turn theory into data and data into knowledge. These grant partners often increase their influence in academic circles and community platforms to inform and shape future thought and improvement.

In 2020, the investigator researchers received investment grants to address a wide variety of health issues that impact the quality and value of health care. We are proud to support research around the social determinants of health and their impact on chronic diseases and the impact of sleep on chronic diseases. Heart disease remains a leading cause of death and research investments will investigate cardiovascular care improvement across a wide range of disease states.

Finally, researchers sought to analyze policy that impacts the value of health care by studying private equity investments. Concept papers are accepted at any time. Information materials and instructions can be found at [bcbsm.com/foundation](https://bcbsm.com/foundation).

**Mousumi Banerjee, Ph.D.**

\$50,000

*Machine Learning Methods for Pediatric Cardiac Critical Care Delivery*

University of Michigan

Washtenaw

**Robin Criter, Au.D., Ph.D.**

\$50,000

*The Effect of Hearing Loss and its Treatment on Balance in Dual-Task Conditions*

Western Michigan University

Kalamazoo

**Justin Dimick, M.D., M.P.H.**

\$50,000

*Private Equity Investment in Surgical Care*

University of Michigan

Washtenaw

**Michelle Sahr, PharmD**

\$52,000

*Physician-Pharmacist Collaboration to Improve Cardiovascular Disease in Rural Communities*

Ferris State University

Mecosta

**Abdulghani Sankari, M.D., Ph.D.**

\$50,000

*Cardiovascular Outcome in Patients with Sleep Disordered Breathing (SDB)*

Wayne State University

Wayne

**Shawna Smith, Ph.D.**

\$53,000

*Improving Mental Health in Michigan during COVID-19: Addressing Unmet Needs through Community College*

University of Michigan

Washtenaw

Learn more at [mibluesperspectives.com/Prioritizing Mental Health on College Campuses](https://mibluesperspectives.com/Prioritizing-Mental-Health-on-College-Campuses)

**Robin Tucker, Ph.D.**

\$52,000

*Effects of Medical Nutrition Therapy combined with Sleep Therapy Education on Long Term Blood Glucose Control*

Michigan State University

Ingham

Learn more at [mibluesperspectives.com/The Connection Between Sleep and Diabetes](https://mibluesperspectives.com/The-Connection-Between-Sleep-and-Diabetes)

**Denise White Perkins, M.D.**

\$50,000

*Social Determinants of Health Vital Signs*

Henry Ford Health System

Wayne

# Student Award Program

Program total: \$54,000



As a frequent partner of Michigan universities and researchers, the Foundation is acutely aware of the importance of higher education. Without properly trained professionals, Michigan would have little hope of creating effective and efficient solutions to the many health issues that people face every day.

The Student Award Program recognizes Michigan students who excel in the academic programs offered by our universities. It's our responsibility to support these young minds in their journey to complete their degree programs and become the researchers, medical professionals, and healers of tomorrow.

The 2020 Student Award Program provided support for the research of 18 students at eight Michigan universities. All applications are due by January 29. Find materials and instructions at [bcbsm.com/foundation](http://bcbsm.com/foundation)

## Central Michigan University

### Carmen Avramut

\$3,000

*The Impact of Human Papillomavirus Education Among Caregivers of Pediatric Patients in the Detroit Metropolitan Area to Improve Michigan Vaccination Rates*  
Central Michigan University

### Brian Peine

\$3,000

*Trans-cranial Doppler Adherence for Children with Sickle Cell Disease, and Effect of Early Hydroxyurea Treatment*  
Central Michigan University

### Brenda Varriano

\$3,000

*CMED Cares: Crisis Avoidance for Rural Elderly Stakeholders*  
Central Michigan University

## Eastern Michigan University

### Tiffany Andersen

\$3,000

*The role of premorbid factors and adverse childhood experiences in the persistence of symptoms post mild traumatic brain injury*  
Eastern Michigan University

## Michigan State University

### Ania Pathak

\$3,000

*Examining the Effectiveness of a Scalable Psychological Intervention for Reducing COVID-19 Stress in Medical Professionals*  
Michigan State University

## Michigan Technological University

### Alexandra Watral

\$3,000

*The Sensitivity of a Brief Clinical Motor Measure Battery to Early Stages of Cognitive Impairment in Alzheimer's Disease*  
Michigan Technological University

## Oakland University

### Ian Penvose

\$3,000

*Evaluating Trunion-Taper Fretting and Corrosion Damage in Anatomic Total Shoulder and Shoulder Hemiarthroplasty Prostheses: A Retrieval Study including Clinical and Radiographic Outcomes*  
Oakland University

## University of Michigan

### Arjun Adapa

\$3,000

*Risk Factors for Surgical Site Infection in MRSA-Colonized Patients: A 5-year Review of All Surgical Cases at Michigan Medicine*  
University of Michigan

### Bradley Iott

\$3,000

*Distribution and Characteristics of Hospital-provided Social Care in the United States*  
University of Michigan

### Neil Jairath

\$3,000

*The CallBright Nurse-to-Patient Communication System*  
University of Michigan

### Lindsey Pararouskis

\$3,000

*Examining Neural Reward Functioning and Aversive Symptoms following Dietary Reduction of Highly Processed Foods*  
University of Michigan

### Enze Xing

\$3,000

*Characterizing the Pathogenesis of Localized Granuloma Annulare*  
University of Michigan

## Wayne State University

### Roya Homayouni

\$3,000

*The Effects of Socioeconomic Status (SES) and KIBRA Genotypes in Memory and Brain Development*  
Wayne State University

### Shoshana Krohner

\$3,000

*Pain & Stress Study*  
Wayne State University

### Marvin Solberg

\$3,000

*The Association of Childhood Trauma and Negative Outcomes in Young Adults*  
Wayne State University

### Bobby Teng

\$3,000

*Community detection of COVID-19 disease through SARS-CoV-2 monitoring in sewage*  
Wayne State University

### Halle Thomas

\$3,000

*Investigating the Feasibility of Instagram Interventions for College-Aged Binge-Drinkers*  
Wayne State University

## Western Michigan University

### Mark Rzeszutek

\$3,000

*Modeling Pandemic Decision-Making with Behavioral Economics*  
Western Michigan University

# Physician Investigator Research Award Program

Program total: \$49,990

As the professionals who bear witness to unmet health needs, doctors are in the best position to identify and act on innovative breakthroughs in healthcare. The Physician Investigator Research Award Program supports these physicians in their studies, and in doing so, improves the delivery and quality of patient care.

The 2020 Physician Investigator Research awards focused on the quality of the patient experience and the value of health care. These grants represent an evaluation of a narrow improvement plan that can be shared across medical facilities and often enlarged with additional funding after the pilot has been completed. The funded awards are working to evaluate how hospitals can prepare for a medical surge, models for treatments for infants with epilepsy and innovative approaches to support a patient's decision to quit smoking.

Concept papers are accepted at any time. Information materials and instructions can be found at [bcbsm.com/foundation](https://bcbsm.com/foundation)

**Daniel Arndt, M.D.**

\$10,000

*Impact of simultaneous EEG/functional MRI for candidates needing pediatric epilepsy surgery*  
Beaumont Children's Hospital

**Patricia Dhar, M.D.**

\$10,000

*Pilot Study: A Novel method for Cervical Health Monitoring in African American Women with Systemic Lupus Erythematosus (SLE) using a Self-Sampling Brush to Assess Cervical HPV Detection and Transcription, Cervical Cell Cytokine Transcription and Cervical Cytology*  
Ascension St. John Hospital

Learn more at [mibluesperspectives.com/Cervical Health Monitoring](https://mibluesperspectives.com/Cervical%20Health%20Monitoring)

**Zaira Khalid, M.D.**

\$9,990

*Assessment of Cognition - Comparison of the Montreal Cognitive Assessment (MoCA) and Cognivue*  
Central Michigan University

**Joseph Miller, M.D.**

\$10,000

*Performance Evaluation of Hospital Emergency Departments during a Medical Surge*  
Henry Ford Hospital

Learn more at [mibluesperspectives.com/Emergency Rooms Prepare for Future Medical Surges](https://mibluesperspectives.com/Emergency%20Rooms%20Prepare%20for%20Future%20Medical%20Surges)

**Julie Thai, M.D., MPH**

\$10,000

*Motivational Interviewing to Stop Smoking in Michigan Initiative (MISSMI)*  
McLaren-Flint Hospital/Michigan State University



# Proposal Development Award

Program total: \$20,500

Crafting a proposal that captures what makes an application for funding for an innovative health project stand out from the rest can be challenging and often requires special grant writing resources. The Proposal Development Award is designed to help organizations get the services of grant writers to prepare applications that draw the attention of grant makers of local, national private and public funders. It provides funding for capacity to build important Michigan organizations.

Applications are accepted at any time. Application materials and instructions can be found at [bcbsm.com/foundation](http://bcbsm.com/foundation).

## Leaders Advancing and Helping Communities

**Wassim Mahfouz**

\$3,500

*Expanding Substance Abuse Prevention Programming in Southeast Michigan*  
Wayne

## Northern Michigan University

**Melissa Copenhaver, DNP**

\$3,500

*Accessibility of Coordinated and Cohesive Care for Victims of Sexual Assault*  
Marquette

## Offering Alternative Therapies with Smiles, Inc.

**Elizabeth Pellerito**

\$3,500

*OATS Therapeutic Riding and Programming*  
Oakland

## St. Patrick Senior Center, Inc.

**Sa'Trice Coleman-Betts**

\$3,500

*Emergency Response Funding for Seniors*  
Wayne

## The Caregiver Incentive Project

**Eric Paad**

\$3,500

*Mentored Training for In-Home Caregivers*  
Marquette

## YMCA of Greater Kalamazoo

**David Morgan**

\$3,000

*Funding for Pandemic Relief YMCA Programs to Support Families and Schools During COVID-19*  
Kalamazoo



# Administration



If you're seeking a grant, please start by reviewing the requirements of our individual grant programs. For more detailed information on Blue Cross Blue Shield of Michigan Foundation grant programs, reach out to the Foundation's program officers by emailing [foundation@bcbsm.com](mailto:foundation@bcbsm.com).

What happens next? When the Foundation receives a concept paper, our senior program officers will review it to determine if it meets the program guidelines and objectives. You will be contacted to discuss your concept and how your idea aligns with our guidelines and objective.

Our Grant Advisory Panel then evaluates the suitable proposals. Lastly, the Foundation's Board of Directors receives funding recommendations based on the staff and Grant Advisory Panel's reviews.

## Research proposal evaluation criteria

### Significance of project

This criterion evaluates the project as a means of understanding or improving important health care problems and concerns.

To the extent possible, applicants must document the:

- Significance of the problem being addressed
- Anticipated effect of the project on the problem
- Potential for widespread dissemination and replication of the results

### New information

To what extent does the proposed project contribute new information not otherwise available? This criterion additionally evaluates whether or not the:

- Intervention has been tested or evaluated elsewhere
- Research is original
- Proposed program or research is particularly innovative

### Technical quality

This is demonstrated by the:

- Clarity of the presentation
- Degree to which the applicant shows understanding of the problem
- Description of the methodology to be employed
- Suitability of the proposed analytical methods for the proposed research
- Quality, appropriateness and availability of the data

### Qualifications of project staff

This criterion requires documentation of the experience, qualifications and time commitment of the project director and key project staff who will conduct the proposed research or implement the proposed initiative.

### Feasibility

The feasibility of the project is demonstrated by how clearly the applicant describes the tasks to be undertaken and objectives of carrying out the project. This includes the appropriateness and reasonableness of the budget as well as the feasibility of achieving project objectives within the specified time frame and budget.

# Grants Advisory Panel

Grant Advisory Panel members are essential in ensuring that Blue Cross Blue Shield of Michigan Foundation support is directed toward research of the highest quality to improve health care access, quality, and value to improve the health of the Michiganders.

Our Grant Advisory Panel consists of health care professionals from across Michigan. They help us assess proposals and decide which projects are worthy of funding.



**Lawrence J. Baer, Ph.D.**  
*Consultant*  
Grand Rapids

**Clifford L. Broman, Ph.D.**  
*Professor*  
Department of Sociology  
Michigan State University

**Jade Burns Ph.D., RN, CPNP-PC**  
*Assistant Professor*  
School of Nursing  
University of Michigan

**Cleopatra Howard Caldwell, Ph.D.**  
*Professor and Chair*  
Department of Health Behavior & Health Education  
School of Public Health  
University of Michigan

**Bhavin Dalal, M.D.**  
*Associate Professor*  
Vice Chief, Division of Pulmonary Critical Care Sleep Medicine  
Associate Program Director, Pulmonary Critical Care Fellowship  
William Beaumont School of Medicine  
Oakland University

**Gary L. Freed, M.D., M.P.H.**  
*Professor*  
Pediatrics  
School of Medicine  
University of Michigan

**Megan C. Frost, Ph.D.**  
*Professor and Department Chair*  
Kinesiology and Integrative Physiology  
Michigan Technological University

**Charles Given, Ph.D.**  
*Professor Emeritus*  
College of Nursing  
Michigan State University

**John Goddeeris, Ph.D.**  
*Professor*  
Department of Economics  
Michigan State University

**Allen Goodman, Ph.D.**  
*Professor*  
Economics Department  
Wayne State University

**Robert Goodman, D.O., MHSA, FACEP, FACOEP**  
*Medical Director*  
Blue Care Network of Michigan

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Michigan State University

**Phillip Levy, M.D., M.P.H., FACEP**  
*Assistant VP for Translational Science and Clinical Research Innovation*  
College of Medicine  
Wayne State University and Wayne Health

**Jersey Liang, Ph.D.**  
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University of Michigan

**Rob Lyerla, Ph.D., MGIS**  
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Western Michigan University

**Nora Maloy, DrPH, MHSA**  
*Adjunct Clinical Instructor*  
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University of Michigan Medical School

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School of Nursing  
University of Michigan

**Laurence McMahon, M.D., M.P.H.**  
*Professor*  
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**Sharon Milberger, Sc.D.**  
*Director*  
Michigan Developmental Disabilities Institute  
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**Kagan Ozer, M.D.**  
*Professor*  
Orthopedic and Plastic Surgery  
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**Phillip Rodgers, M.D.**  
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University of Michigan

**Sanjay Saint, M.D., M.P.H.**  
*Chief of Medicine*  
VA Ann Arbor Healthcare System  
George Dock Professor  
University of Michigan

**Herbert Smitherman, Jr., M.D.**  
*Vice Dean of Diversity and Community Affairs*  
Associate Professor, Internal Medicine  
School of Medicine  
Wayne State University  
President and CEO, Health Centers Detroit Foundation

**Michael Simon, M.D., M.P.H.**  
*Professor*  
Karmanos Cancer Institute  
Wayne State University

**Miron Stano, Ph.D.**  
*Professor Emeritus*  
Department of Economics & Management  
Oakland University

**Carmen A. Stokes, Ph.D., MSN, FNP-BC, BS-RN, CNE**  
*Associate Professor*  
University of Michigan- Flint Campus  
School of Nursing

**Ira Strumwasser, Ph.D.**  
*Executive Director & CEO (Retired)*  
BCBSM Foundation

**Marianne Udow-Phillips, M.H.S.A.**  
*Principal*  
MuConsulting

**Ksenia I. Ustinova, Ph.D.**  
*Professor*  
School of Rehabilitation and Medical Sciences  
Central Michigan University

**Gina Lynem-Walker, M.D.**  
*Associate Medical Director*  
Blue Cross Blue Shield of Michigan

**Lori J. Warner, Ph.D., LP, BCBA-D**  
*Director*  
HOPE Center  
Center for Human Development  
Beaumont Children's (Beaumont Health)

# Foundation Staff, Officers and Board of Directors

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Executive Director and CEO



**Kelly Brittain, Ph.D, RN**  
Senior Program Officer



**Myra M. Tetteh, MPP, Ph.D.**  
Senior Program Officer



**Elba Huerta**  
Senior Analyst



**Susan Shelton**  
Executive Assistant and Secretary

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Shauna Ryder Diggs, M.D.

### Vice Chairman

Joel I. Ferguson

### President

Lynda M. Rossi

### Executive Director and CEO

Audrey J. Harvey

### Treasurer

James K. Haveman

### Secretary

Susan Shelton

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### Finance committee

#### Chairman

James K. Haveman

Shauna Ryder Diggs, M.D.

Haifa Fakhouri, Ph.D.

### Grants committee

#### Chairman

Bruce A. Wolf, D.O.

#### Vice Chairwoman

Shauna Ryder Diggs, M.D.

Joel I. Ferguson

Faris Ahmad, M.D., MBA

James K. Haveman

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Public Affairs  
Blue Cross Blue Shield  
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**Faris Ahmad, M.D., M.B.A.**  
**Medical Director,**  
*Value Partnership Programs  
Blue Cross Blue Shield of  
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**Bruce A. Wolf, D.O.**  
**Assistant Dean,**  
*Macomb University Center  
Michigan State University  
College of Osteopathic  
Medicine*

# Blue Cross Blue Shield of Michigan Foundation

Financial Statements as of and for the  
Years Ended December 31, 2020 and 2019, and  
Independent Auditors' Report



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Blue Cross Blue Shield of Michigan Foundation  
Detroit, Michigan

We have audited the accompanying financial statements of Blue Cross Blue Shield of Michigan Foundation (the Foundation), which comprise the balance sheets as of December 31, 2020 and 2019; the related statements of activities and changes in net assets, and cash flows for the years then ended; and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

The accompanying financial statements have been prepared from the separate records maintained by the Foundation and may not necessarily be indicative of the conditions that would have existed or the results of operations if the Foundation had been operated as an unaffiliated entity. Portions of certain expenses represent allocations made from Blue Cross Blue Shield of Michigan Mutual Insurance Company.

*Deloitte & Touche LLP*

April 21, 2021

## BLUE CROSS BLUE SHIELD OF MICHIGAN FOUNDATION

### BALANCE SHEETS

AS OF DECEMBER 31, 2020 AND 2019

(\$ in thousands, except for share and per share data)

|  | 2020                   | 2019                   |
|--|------------------------|------------------------|
| <b>ASSETS</b>  |                        |                        |
| Cash and cash equivalents  | \$ 369                 | \$ 550                 |
| Investments  | 56,069                 | 56,703                 |
| Accounts receivable — investments sold                                       | -                      | 2,571                  |
| Accrued investment income  | 27                     | -                      |
| Other assets   | <u>76</u>              | <u>65</u>              |
| <b>TOTAL</b>   | <b><u>\$56,541</u></b> | <b><u>\$59,889</u></b> |
| <b>LIABILITIES AND NET ASSETS</b>  |                        |                        |
| <b>LIABILITIES:</b>  |                        |                        |
| Grants payable   | \$ 1,957               | \$ 2,041               |
| Agency grants payable  | 63                     | 136                    |
| Accounts payable — affiliates  | 493                    | 342                    |
| Other liabilities  | <u>115</u>             | <u>200</u>             |
| Total liabilities  | <u>2,628</u>           | <u>2,719</u>           |
| <b>NET ASSETS:</b>   |                        |                        |
| Common stock, \$100 par value — 2 shares authorized, issued, and outstanding | -                      | -                      |
| Without donor restrictions   | 52,203                 | 55,647                 |
| With donor restrictions  | <u>1,710</u>           | <u>1,523</u>           |
| Total net assets   | <u>53,913</u>          | <u>57,170</u>          |
| <b>TOTAL</b>   | <b><u>\$56,541</u></b> | <b><u>\$59,889</u></b> |

See notes to financial statements.

**BLUE CROSS BLUE SHIELD OF MICHIGAN FOUNDATION**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**(In thousands)**

|  | 2020             | 2019             |
|--|------------------|------------------|
| NET ASSETS WITHOUT DONOR RESTRICTIONS:                             |                  |                  |
| Revenue:   |                  |                  |
| Investment revenue (expense)                                       | \$ 196           | \$ (142)         |
| Net realized and unrealized (loss) gain on investments             | (706)            | 8,277            |
| Net assets released from restrictions                              | <u>225</u>       | <u>252</u>       |
| Total (loss) revenue without donor restrictions                    | <u>(285)</u>     | <u>8,387</u>     |
| Expenses:  |                  |                  |
| Grants   | 1,329            | 1,538            |
| Supporting activities  | <u>1,830</u>     | <u>1,447</u>     |
| Total unrestricted expenses  | <u>3,159</u>     | <u>2,985</u>     |
| TOTAL (DECREASE) INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | (3,444)          | 5,402            |
| NET ASSETS WITH DONOR RESTRICTIONS:                                |                  |                  |
| Investment income — net  | 17               | 17               |
| Net realized and unrealized gain on investments                    | 395              | 341              |
| Net assets released from restrictions                              | <u>(225)</u>     | <u>(252)</u>     |
| Total increase in net assets with donor restrictions               | <u>187</u>       | <u>106</u>       |
| TOTAL (DECREASE) INCREASE IN NET ASSETS                            | (3,257)          | 5,508            |
| TOTAL NET ASSETS — Beginning of year                               | <u>57,170</u>    | <u>51,662</u>    |
| TOTAL NET ASSETS — End of year                                     | <u>\$ 53,913</u> | <u>\$ 57,170</u> |

See notes to financial statements.

**BLUE CROSS BLUE SHIELD OF MICHIGAN FOUNDATION**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**(In thousands)**

|   | 2020           | 2019           |
|---|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:   |                |                |
| (Decrease) increase in net assets   | \$ (3,257)     | \$ 5,508       |
| Reconciliation of (decrease) increase in net assets to net cash used in operating activities: |                |                |
| Depreciation  | -              | 3              |
| Net gain on sale of investments   | (118)          | (407)          |
| Unrealized loss (gain) on investments   | 436            | (8,205)        |
| Changes in:   |                |                |
| Accrued investment income   | (27)           | -              |
| Other assets  | (11)           | (30)           |
| Grants payable  | (84)           | (750)          |
| Agency grants payable   | (73)           | 136            |
| Accounts payable — parent and affiliates  | 151            | (194)          |
| Other liabilities   | <u>(85)</u>    | <u>92</u>      |
| Net cash used in operating activities   | <u>(3,068)</u> | <u>(3,847)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES:   |                |                |
| Purchase of investments   | (18,239)       | (3,218)        |
| Proceeds from sales of investments  | <u>21,126</u>  | <u>7,283</u>   |
| Net cash provided by investing activities   | <u>2,887</u>   | <u>4,065</u>   |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS  | (181)          | 218            |
| CASH AND CASH EQUIVALENTS — Beginning of year   | <u>550</u>     | <u>332</u>     |
| CASH AND CASH EQUIVALENTS — End of year   | <u>\$ 369</u>  | <u>\$ 550</u>  |

See notes to financial statements.

## BLUE CROSS BLUE SHIELD OF MICHIGAN FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(\$ in thousands, except share and per share data)

#### 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** — Blue Cross Blue Shield of Michigan Foundation (the Foundation) is a Michigan nonprofit corporation and a wholly owned subsidiary of Blue Care Network of Michigan (BCN), which is a wholly owned subsidiary of Blue Cross Blue Shield of Michigan Mutual Insurance Company (BCBSM). Neither BCN or BCBSM exercise control over the Foundation, therefore, the Foundation is not consolidated in the financial statements of these entities.

The Foundation was organized to improve individual and community health through the support of research and innovative health programs designed to provide high-quality, appropriate access to efficient health care for the residents of Michigan.

**Basis of Presentation** — The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP).

**Cash Equivalents** — Cash equivalents, which are carried at fair value, are composed of short-term investments that mature within three months or less from the date of acquisition and have minimal credit or liquidity risk. If applicable, cash overdrafts are reported in the liability section of the Balance Sheets.

**Investments** — The Foundation's investments in equity securities are carried at fair value. The investment portfolio is actively managed by external investment managers with broad authority to buy and sell securities without prior approval from the Foundation.

Beginning in 2019, in accordance with Accounting Standards Update No. 2016-01, *Financial Instruments – Overall (subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*, equity securities are no longer classified as trading and instead are classified as equity securities, and continue to be carried at fair value.

Realized gains and losses on sales of securities are determined based on the specific identification method, and both realized and unrealized gains and losses are included in the Statements of Activities and Changes in Net Assets.

**Fair Value Measurements** — The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced liquidation or sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced liquidation or sale.

Fair values are based on quoted market prices when available. The Foundation obtains quoted or other observable inputs for the determination of fair value for actively traded securities. For securities not actively traded, the Foundation determines fair value using discounted cash flow analyses, incorporating inputs such as nonbinding broker quotes, benchmark yields, and credit spreads. In instances where there is little or no market activity for the same or similar instruments, the Foundation estimates fair value using methods, models, and assumptions that management believes market participants would use to

determine a current transaction price. These valuation techniques involve some level of management estimation and judgment. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model, or input used. The Foundation's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value as the price that would be received for an asset or paid to transfer a liability (exit price) in the most advantageous market for the asset or liability in an orderly transaction between market participants. An asset's or a liability's classification is based on the lowest-level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Level 1 and Level 2) and unobservable (Level 3).

**Fair Value Classification of Investments** — The Foundation and its investment managers classify fair value balances on these investments based on the hierarchy defined below:

**Level 1** — Quoted prices in active markets for identical assets or liabilities as of the reporting date.

**Level 2** — Inputs other than Level 1 that are observable, either directly or indirectly, such as: (a) quoted prices for similar assets or liabilities, (b) quoted prices in markets that are not active, or (c) other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities as of the reporting date.

**Level 3** — Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets and liabilities.

Certain securities that do not have readily determined fair values are measured at fair value using methods, models and assumptions that management deems appropriate.

Certain securities do not have readily determined fair values; however, the securities' underlying investments are measured at fair value. The Foundation uses the net asset value per share as a practical expedient (NAV) for valuation purposes on these securities. Securities measured using NAV are not required to be classified into the fair value hierarchy levels.

The following techniques were used to estimate the fair value and determine the classification of assets and liabilities pursuant to the valuation hierarchy:

**Cash Equivalents** — Consist of money market funds that mature within three months or less of acquisition and have minimal credit or liquidity risk. Valuation is based on unadjusted quoted prices and are classified as Level 1.

**Mutual Funds** — Consist of actively traded, exchange-listed equity securities and equity mutual funds. Valuation is based on unadjusted quoted prices for these securities or funds in an active market and are classified as Level 1.

**Limited Liability Companies** — Consist of interests in limited liability companies providing large cap U.S. equity exposure. Valuation is recorded at NAV based on the underlying investments held by the limited liability companies. These securities are not required to be classified in the fair value hierarchy.

**Commingled Fixed Income Investment Trust** — Underlying assets in the trust consist of corporate notes and bonds, collateralized mortgage obligations, asset backed and mortgage backed fixed income securities, commercial paper, government and agency bonds, public and private debt obligations issued

by corporate and non-corporate entities and other fixed income commingled investment vehicles. Valuation is recorded at NAV based on the underlying investments held by the trust. These securities are not required to be classified in the fair value hierarchy.

**International Equity Funds** — Consist of an international equity mutual fund and an investment in a commingled investment vehicle that holds underlying international equity securities with readily determinable market prices. The mutual fund valuation is based on unadjusted quoted prices and are classified as Level 1. For the commingled international equity fund, valuation is recorded at NAV based on the underlying investments in the vehicle. These securities are not required to be classified in the fair value hierarchy.

**Limited Partnerships** — Consist of interests in hedge funds structured as limited partnerships. Valuation is recorded at NAV based on information provided by the fund managers along with audited financial information. These securities are not required to be classified in the fair value hierarchy.

**Exchange Traded Funds** — Consist of actively traded exchange-listed equity securities and equity ETFs. The price of an ETF's shares will change throughout the trading day as the shares are bought and sold on the market. Valuation is based on unadjusted quoted prices for these securities or funds in an active market and are classified as Level 1.

**Liquidity** — As of December 31, 2020 and 2019, the Foundation had \$54,728 and \$58,301 respectively, of financial assets available within one year to meet its cash needs to cover grants and administrative expenses. These assets include cash and cash equivalents of \$369 and \$550, short-term investments of \$54,359 and \$55,180 and accounts receivable – investments sold of \$0 and \$2,571, as of December 31, 2020 and 2019, respectively. A portion of investments are subject to donor restrictions and are unavailable for general expenditure. Additionally, income from the investments held related to the contribution is also limited to the specified purposes and, therefore, is not available for general expenditure.

As part of the Foundation's liquidity management, the Foundation structures its investment portfolio to provide sufficient liquidity to cover grants and administrative expenses as they come due. Investments with lock-up provisions may reduce the total amount of investments immediately available to cover grants and administrative expenses. As of December 31, 2020, one of the Foundation's investments - Wolverine Flagship Fund Limited - is subject to lock-up provision preventing any redemptions until September 1, 2021. After September 1, 2021, the Foundation can obtain a total redemption on 60 days' notice. In addition, quarterly redemptions from Alphadyne International Fund are subject to a 25% limit and 60 days' notice, quarterly redemptions from HBK Multi-Strategy Offshore Fund are subject to a 25% limit and 90 days' notice, and prior to September 1, 2021, quarterly redemptions from Palestra Capital Hedge Fund require 60 days' notice and are subject to a 3% penalty. After September 1, 2021, the Foundation can effectuate partial or total redemptions from Palestra on 60 days' notice without penalty. In 2019, 0.0% of the Foundation's holdings were subject to lock-up provisions and the Foundation could liquidate all holdings within 365 days.

**Software** — Purchased software is stated at cost, net of depreciation. Depreciation is recorded using the straight-line method over the estimated useful life of the asset, which is three years. Capitalized software costs were \$17 and \$17, offset by accumulated depreciation of \$17 and \$17, resulting in a net book value of \$0 and \$0 as of December 31, 2020 and 2019, respectively. Depreciation expense was \$0 and \$3 for the years ended December 31, 2020 and 2019, respectively

**Grants Payable** — Grants payable are recorded as of the date of approval. Grants subsequently canceled or adjusted are recorded as reductions of grant expense in the year of cancellation or adjustment.

**Agency Grants Payable** — Periodically, the Foundation enters into certain collaborative agreements with community partner entities to jointly fund certain grant programs within the community. In these arrangements, the Foundation receives monies from these organizations in an agency capacity and transfers those assets to a grantee that is specified by the community partner entity. These agency transactions are reported on the balance sheet as agency grants payable to the specified grantee rather than as a contribution to the Foundation.

**Common Stock** — In the event of dissolution, the sole stockholder, BCN, is entitled to the original subscription price of the stock. All other assets, after all obligations have been met, must be distributed to one or more organizations described in Section 501(c)(3) of the Internal Revenue Code. The Foundation authorized 2 shares of \$100 per share par common stock of which 2 shares are issued and outstanding.

**Net Assets without Donor Restrictions** — Net assets without donor restrictions are those not limited by donor-imposed restrictions and are available for the designated purposes of the Foundation. These funds are available for and used in the Foundation's regular activities entirely at the discretion of the Board of Directors.

**Net Assets with Donor Restrictions** — Net assets with donor restrictions consist of monies received in 2017 in support of grants to be awarded by the Foundation to qualified recipients for use in the Upper Peninsula of Michigan. Any earnings on these funds are also restricted and included in net assets with donor restrictions. As the funds are paid, amounts are released from restrictions. Monies that are received in the same year that the restriction has been met are not reported in net assets with donor restrictions but are reported as contributions without donor restrictions.

**Income Tax Status** — The Internal Revenue Service has determined that the Foundation meets the applicable requirements of Sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code and is generally exempt from federal income taxes under Section 501(a).

**Use of Estimates** — The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Accounting Standards Adopted** — In January 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-01, *Financial Instruments-Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*. This guidance requires equity investments, not accounted for under the equity method of accounting or those that result in the consolidation of the investee, to be measured at fair value with changes in value recognized in net income. The guidance simplifies impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. The guidance also removes the requirement to disclose fair value of financial instruments measured at amortized cost for entities that are not public business entities. This guidance became effective January 1, 2019. The adoption of ASU No. 2016-01 did not have a material impact on the financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The guidance in ASU No. 2016-15 adds or clarifies guidance on the classification of eight types of cash receipts and payments in the statement of cash flows. The update was issued with the intent of reducing diversity in practice with respect to eight types of cash flows. This guidance became effective January 1, 2019. The adoption of ASU No. 2016-15 did not have a material impact on the financial statements and related disclosures.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The guidance in ASU No. 2018-08 provides clarity when evaluating whether transactions should be accounted for as contributions or as an exchange transaction, as well as determining whether a contribution is conditional. This guidance became effective January 1, 2019 for contributions received and effective on January 1, 2020 for contributions made, and was applied using a modified prospective basis. The adoption of ASU No. 2018-08 did not have a material impact on the financial statements and related disclosures.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU adds, modifies and deletes certain disclosures related to Fair Value contained in Topic 820. This guidance was effective beginning January 1, 2020, with early adoption permitted. The Foundation adopted the provisions of ASU 2018-13 on January 1, 2020. The adoption of ASU 2018-13 did not have a material impact on the financial statements and related disclosures.

**Forthcoming Accounting Pronouncements** — In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as modified by ASU No. 2018-19, *Codification Improvements to Topic 326 Financial Instruments-Credit Losses*, and ASU No. 2019-04, *Codification Improvements to Topic 326 Financial Instruments-Credit Losses*, and ASU No. 2019-05, *Financial Instruments-Credit Losses (Topic 326) Targeted Transition Relief*, as modified by ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*. The guidance in ASU No. 2016-13 amends the reporting of credit losses for assets held at amortized cost basis, eliminating the probable initial recognition threshold and replacing it with a current estimate of all expected credit losses. Estimated credit losses are recognized as a credit loss allowance reflected in a valuation account that is deducted from the amortized cost basis of the financial asset to present the net amount expected to be collected. The guidance also addresses available-for-sale securities, whereby credit losses remain measured on an incurred loss basis with the presentation of the credit losses using an allowance rather than as a write-down. ASU No. 2019-10 defers the effective date of ASU No. 2016-13 to January 1, 2023. The Foundation continues to evaluate the effects the adoption of ASU No. 2016-13 will have on the financial statements and related disclosures.

## 2. INVESTMENTS

Investments at December 31, 2020 and 2019, by investment strategy, are as follows:

|  | 2020             | 2019             |
|--|------------------|------------------|
| Mutual fund                              | \$ 4,035         | \$ 3,052         |
| Exchange traded fund                     | 6,382            | -                |
| Limited liability companies              | 15,586           | 19,665           |
| Commingled fixed income investment trust | 14,951           | 15,371           |
| International equity funds               | 12,414           | 12,765           |
| Limited partnerships                     | <u>2,701</u>     | <u>5,850</u>     |
| Total investments                        | <u>\$ 56,069</u> | <u>\$ 56,703</u> |

The Foundation recognized net unrealized losses of \$436 and net unrealized gains of \$8,205 at December 31, 2020 and 2019, respectively, relating to trading investments still held at year end.

**Realized Gains/Losses** — In the ordinary course of business, sales will produce realized gains and losses. The Foundation will sell securities at a loss for a number of reasons, including, but not limited to: (i) changes in the investment environment; (ii) expectations that the fair value could deteriorate further; (iii) desire to reduce exposure to an issuer or an industry; or (iv) a change in credit quality.

During the years ended December 31, 2020 and 2019, the Foundation sold \$18,555 and \$7,283 of investments, which resulted in gross realized gains of \$1,987 and \$407 and gross realized losses of \$1,869 and \$0, respectively.

As of December 31, 2020, the Foundation's investment portfolio includes \$15,586 of investments in limited liability companies, \$14,951 of investments in a commingled fixed income investment trust, and \$6,660 of investments in a commingled international equity fund that can be redeemed with 30 days' notice. None of the investments have unfunded commitments.

As of December 31, 2019, the Foundation's investment portfolio included \$19,665 of investments in limited liability companies, \$15,371 of investments in a commingled fixed income investment trust, and \$6,928 of investments in a commingled international equity fund that could be redeemed with 30 days' notice. The portfolio also included \$3,668 of holdings in a limited partnership that could be redeemed with 60 days, and \$2,182 of holdings in a limited partnership in which the Foundation could redeem 25 percent per quarter with 45 days' notice. None of the investments had unfunded commitments.

The Foundation entered into investment transactions that were not settled as of December 31, 2019. There was \$2,571 in accounts receivable – investments sold in the Balance Sheets, for investments sold on account. As these amounts were pending settlement, they have been excluded from proceeds from sales of investments on the statement of cash flows. There were no unsettled investment transactions as of December 31, 2020.

### 3. FAIR VALUE MEASUREMENTS

Fair values of the Foundation's securities are based on quoted market prices, where available. These fair values are obtained from either the custodian banks or third-party pricing services, which generally use Level 1 or Level 2 inputs for the determination of fair value.

The Foundation obtains one quoted price for each security, either from the custodian banks or third-party pricing services, which are derived through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available market observable information. For securities not actively traded, either the custodian banks or third-party pricing services may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, broker quotes, benchmark yields, credit spreads, default rates, and prepayment speeds. As the Foundation is responsible for the determination of fair value, management performs periodic analysis on the prices received from third parties to determine whether the prices are reasonable estimates of fair value.

In certain circumstances, it may not be possible to derive pricing model inputs from observable market activity, and therefore, such inputs are estimated internally. Such securities would be designated Level 3. The fair values of these securities are estimated using a discounted cash flow model that incorporates inputs such as credit spreads, default rates, and benchmark yields.

The primary market risks are exposures to (i) changes in interest rates that affect our investment income and interest expense and the fair value of fixed-rate financial investments and debt and (ii) changes in equity prices that affect our equity investments.

An increase in the market interest rates decreases the market value of fixed-rate investments and fixed-rate debt. Conversely, a decrease in market interest rates increases the market value of fixed-rate investments and fixed-rate debt.

The Foundation manages exposure to market interest rates by diversifying investments across fixed-income market sectors and across various maturities. Future increases in prevailing interest rates could have an adverse effect on the Foundation's financial results.

The Foundation's assets recorded at fair value at December 31, 2020 and 2019, are as follows:

|  | Fair Value Measurements Using                                  |   |   | Total Fair Value |
|--|--|---|---|------------------|
|  | Quoted Prices In Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |                  |
| <b>2020</b>                              |  |   |   |                  |
| Cash equivalents                         | \$ 23  | \$ -  | \$ -                                      | \$ 23            |
| Mutual fund                              | \$ 4,035   | \$ -  | \$ -                                      | \$ 4,035         |
| Exchange traded fund                     | 6,382  | -   | -   | 6,382            |
| International equity mutual fund         | 5,754  | -   | -   | 5,754            |
| Total investments measured at fair value | \$ 16,171  | \$ -  | \$ -                                      | 16,171           |
| Total investments measured at NAV        |  |   |   | 39,898           |
| Total investments                        |  |   |   | \$ 56,069        |
| <b>2019</b>                              |  |   |   |                  |
| Cash equivalents                         | \$ 395   | \$ -  | \$ -                                      | \$ 395           |
| Mutual fund                              | \$ 3,052   | \$ -  | \$ -                                      | \$ 3,052         |
| International equity mutual fund         | 5,837  | -   | -   | 5,837            |
| Total investments measured at fair value | \$ 8,889   | \$ -  | \$ -                                      | 8,889            |
| Total investments measured at NAV        |  |   |   | 47,814           |
| Total investments                        |  |   |   | \$ 56,703        |

Transfers between levels may occur due to changes in the availability of market observable inputs. Transfers in and/or out of any level are assumed to occur at the end of the period.

There were no assets or liabilities measured at fair value on a nonrecurring basis as of December 31, 2020 and 2019, and there were no transfers into or out of Level 1, Level 2, or Level 3.

### 4. RELATED-PARTY TRANSACTIONS

On a routine basis, the Foundation conducts business transactions with BCBSM. These transactions include management, treasury, administrative, and professional services, including computer operations and accounting services. Additionally, the Foundation receives monies from BCBSM in an agency capacity to make payments for grant awards being administered by the Foundation and co-funded by BCBSM and the Foundation.

For the years ended December 31, 2020 and 2019, \$1,733 and \$1,162, respectively, were billed from BCBSM and are included in supporting activities in the Statements of Activities and Changes in Net Assets. As of December 31, 2020, and 2019, the Foundation had \$493 and \$342, respectively, in accounts payable - affiliates due to BCBSM.

The accompanying financial statements present the financial position, results of operations, and changes in net assets and cash flows for the Foundation and are not necessarily indicative of what the financial position, results of operations, and changes in net assets and cash flows would have been if the Foundation had been operated as an unaffiliated corporation during the periods presented.

All outstanding shares of the Foundation are owned by BCN. In addition, the Foundation, BCBSM, BCN, Blue Cross Complete of Michigan LLC, owned by BCBSM through a joint venture, and COBX CO., a subsidiary of a BCBSM wholly owned affiliate, Emergent Holdings, Inc., have some common officers and board members.

## 5. CLASSIFICATION OF EXPENSES

The financial statements include certain categories of expenses that are attributable to more than one program or supporting function, and therefore, requires an allocation. Salaries and benefits are allocated based on estimates of time spent on each program. Office expense, information technology, occupancy, travel, dues and subscriptions, and other expenses are allocated based on their impact to the programs.

The table below presents expenses by both their nature and function at December 31, 2020:

|                         | Program Service<br>Expenses | Management &<br>General Expenses | Total<br>Expenses |
|-------------------------|-----------------------------|----------------------------------|-------------------|
| Grants                  | \$ 1,329                    | \$ -                             | \$ 1,329          |
| Salaries and wages      | 951                         | 653                              | 1,604             |
| Other employee benefits | 9                           | 2                                | 11                |
| Accounting fees         | -                           | 44                               | 44                |
| Office expense          | 3                           | 2                                | 5                 |
| Information technology  | 20                          | 10                               | 30                |
| Occupancy               | 68                          | 32                               | 100               |
| Travel                  | 17                          | 8                                | 25                |
| Contractors             | 4                           | -                                | 4                 |
| Grants review panel     | <u>7</u>                    | <u>-</u>                         | <u>7</u>          |
| Total expenses          | <u>\$ 2,408</u>             | <u>\$ 751</u>                    | <u>\$ 3,159</u>   |

The table below presents expenses by both their nature and function at December 31, 2019:

|                         | Program Service<br>Expenses | Management &<br>General Expenses | Total<br>Expenses |
|-------------------------|-----------------------------|----------------------------------|-------------------|
| Grants                  | \$ 1,538                    | \$ -                             | \$ 1,538          |
| Salaries and wages      | 698                         | 531                              | 1,229             |
| Other employee benefits | 24                          | 6                                | 30                |
| Accounting fees         | -                           | 42                               | 42                |
| Office expense          | 5                           | 1                                | 6                 |
| Information technology  | 7                           | 6                                | 13                |
| Occupancy               | 55                          | 40                               | 95                |
| Travel                  | 13                          | 10                               | 23                |
| Contractors             | 3                           | -                                | 3                 |
| Grants review panel     | 5                           | -                                | 5                 |
| Dues and subscriptions  | <u>1</u>                    | <u>-</u>                         | <u>1</u>          |
| Total expenses          | <u>\$ 2,349</u>             | <u>\$ 636</u>                    | <u>\$ 2,985</u>   |

## 6. CONTINGENCY

**COVID-19** — At the date of these financial statements, the long-term financial effects of the COVID-19 pandemic are still uncertain. The United States and global markets have experienced significant volatility and disruption in the past year due to the inherent uncertainty caused by the pandemic. The extent and duration of this uncertainty and market volatility may have an adverse impact on the Foundation's investment portfolio and ability to administer grants. Accordingly, the extent to which COVID-19 may impact the Foundation's financial position and changes in net assets and cash flows is uncertain.

## 7. SUBSEQUENT EVENTS

Management has evaluated all events subsequent to the balance sheet date of December 31, 2020, through April 21, 2021, the date the financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure under FASB ASC 855, *Subsequent Events*.

\* \* \* \* \*

Blue Cross Blue Shield of Michigan Foundation is a nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association.

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