



# Annual Financial Report 2013



# **Grand Valley State University**

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## **Financial Report with Additional Information June 30, 2013**

# **Grand Valley State University**

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## **Contents**

<b>Report Letter</b>	<b>1-3</b>
<b>Administrative Officers</b>	<b>4</b>
<b>Management's Discussion and Analysis - Unaudited</b>	<b>5-19</b>
<b>Financial Statements</b>	
Statement of Net Position	20
Statement of Revenue, Expenses, and Changes in Net Position	21
Statement of Cash Flows	22-23
Discretely Presented Component Unit - 38 Front Avenue and 38 Front Redevelopment, LLC	24-25
Statement of Fiduciary Net Position - Employee Benefit Plans	26
Statement of Changes in Fiduciary Net Position - Employee Benefit Plans	27
Notes to Financial Statements	28-61
<b>Supplemental Information</b>	<b>62</b>
Schedule of University and Foundation Endowment and Similar Funds	63-73
Schedule of Net Position by Fund	74-75
Schedule of Revenue, Expenses, and Changes in Net Position by Fund	76-77



## Independent Auditor's Report

To the Board of Trustees  
Grand Valley State University

### Report on the Financial Statements

We have audited the accompanying financial statements of Grand Valley State University (the "University"), a component unit of the State of Michigan, and its discretely presented component unit, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Grand Valley State University's basic financial statements as listed in the table of contents.

### *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.

### *Auditor's Responsibility*

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The discretely presented component unit was not audited under *Government Auditing Standards*.

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 entity'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 entity'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 opinions.

To the Board of Trustees  
Grand Valley State University

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Valley State University and its discretely presented component unit as of June 30, 2013 and 2012 and the changes in its financial position 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**

As discussed in Note 1 to the financial statements, the University has a change in reporting entity for reporting a component unit. 38 Front Avenue is now reported as a discretely presented component unit; in the prior year it was blended.

As discussed in Note 1 to the basic financial statements, effective July 1, 2012, the University adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements introduce and define those elements as a consumption of net assets by the University that is applicable to a future reporting period, and an acquisition of net assets by the University that is applicable to a future reporting period, respectively. The standards also incorporate deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. Our opinion is not modified with respect to these matters.

### **Other Matters**

#### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis included on pages 5 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand Valley State University's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

To the Board of Trustees  
Grand Valley State University

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013 on our consideration of Grand Valley State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Valley State University's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

November 1, 2013

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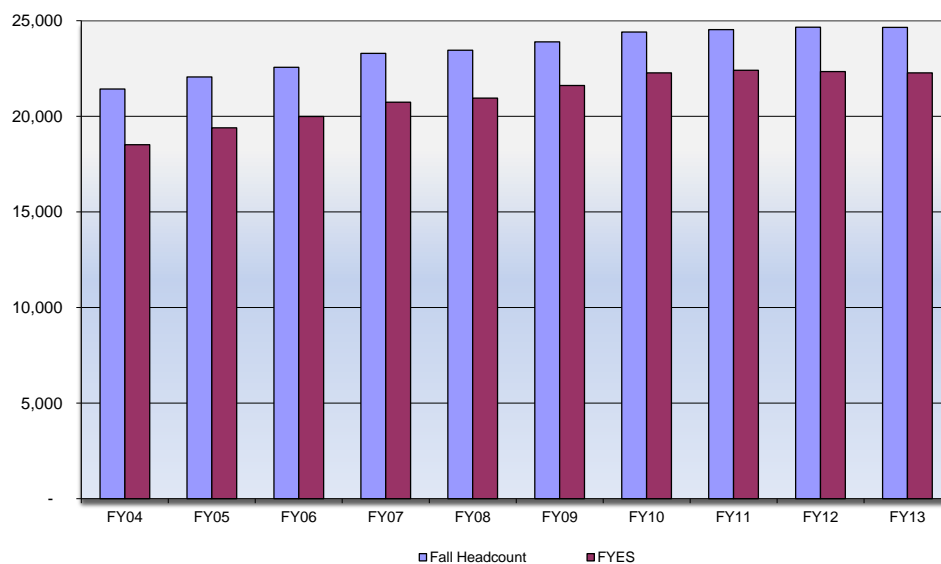
# Grand Valley State University

## Management's Discussion and Analysis - Unaudited

### Financial and Enrollment Highlights for the Year Ended June 30, 2013

- Enrollment remained steady based on headcount and FYES (fiscal year equated students). The headcount for the fall semester was 24,654 students compared to 24,662 for the 2012 fall semester. The University continues to emphasize student recruitment and retention.
- Operating revenue increased by 3.5 percent. Tuition revenue, government grants and contracts, and dining revenue increases were partially offset by higher scholarship allowances for a net increase of \$10.6 million.
- State appropriations increased by 5.2 percent, or \$2.8 million.
- Endowment cash and investments jumped to \$89.3 million due to generous donor support of \$6.9 million in new gifts and an investment return of 13.1 percent in 2013. A negligible investment loss was sustained in 2012 following a 21.8 percent return in 2011.
- The Mary Idema Pew Library Learning and Information Commons on the Allendale Campus and the L. William Seidman Center on the Pew Campus opened on schedule and have created impressive new learning environments for students to apply knowledge and achieve. Construction began on a new classroom and laboratory building for the biology curriculum on the Allendale Campus along with the Laker Marketplace. Both projects are scheduled for completion in 2015.

### Historical Enrollment





# **Grand Valley State University**

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## **Management's Discussion and Analysis - Unaudited (Continued)**

The purpose of the annual report is to provide readers with financial information about the activities and financial condition of the University. The report consists of three basic financial statements that provide information on the University as a whole: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. These reports begin on page 20 and should be read in conjunction with the notes to the financial statements. The following summary and management's discussion of the results are intended to provide the readers with an overview of the financial statements.

Effective for the year ended June 30, 2013, the University adopted two new Governmental Accounting Standards Board (GASB) Statements - No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. These statements require reporting of deferred inflows and outflows of resources that are applicable to a future reporting period as separate elements from assets and liabilities, as well as a renaming of the Statement of Net Assets to Statement of Net Position. In 2012, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*. As a result of this adoption, the University used the blending method for certain component units that are further described in Note 1. Under GASB Statement No. 61, 38 Front Avenue and subsidiary (38 Front Avenue) have been determined to be a major component unit. Accordingly, 38 Front Avenue is discretely presented in the University's financial statements. Financial statements for all reporting periods have been adjusted for these changes.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

### The Statement of Net Position

The statement of net position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. Net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to measure the financial health of the University. Assets and liabilities are generally measured using current values. Investments are stated at fair value, and capital assets are stated at historical cost less an allowance for depreciation. Over the past three years, net position has increased by 4.7 percent from \$589.7 million to \$617.3 million.

A three-year summarized comparison of the University's statement of net position at June 30 follows:

	June 30		
	2013	2012	2011
	(in 000s)		
<b>Current Assets</b>			
Cash and short-term investments	\$ 66,718	\$ 72,348	\$ 82,811
Receivables	62,461	59,855	57,834
Inventory, prepaid expenses, and other	9,353	9,381	5,413
Total current assets	138,532	141,584	146,058
<b>Noncurrent Assets</b>			
Restricted cash and investments	-	6,399	23,224
Endowment cash and investments	89,254	75,448	75,464
Other long-term investments	109,679	132,933	117,147
Long-term receivables	40,660	35,450	22,825
Capital assets - Net of depreciation	579,934	554,222	546,836
Derivative instrument	-	266	725
Other	2,202	3,594	3,694
Total assets	960,261	949,896	935,973
<b>Deferred Outflows</b>	8,958	13,330	7,221

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

	June 30		
	2013	2012	2011
	(in 000s)		
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$ 68,866	\$ 65,394	\$ 59,154
Unearned revenue	11,509	12,749	13,241
Long-term liabilities - Current portion	11,016	10,268	6,265
Total current liabilities	91,391	88,411	78,660
<b>Noncurrent Liabilities</b>			
Unearned revenue - Net of current portion	605	631	658
Federal student loan payable	10,103	10,081	10,135
Long-term liabilities - Net of current portion	239,920	246,924	254,982
Derivative Instruments	9,868	14,649	8,298
Total liabilities	351,887	360,696	352,733
<b>Deferred Inflows</b>	-	266	725
<b>Net Position</b>			
Net investment in capital assets	339,917	306,053	314,069
Restricted	107,535	126,116	109,416
Unrestricted	169,880	170,095	166,251
Total net position	<u>\$ 617,332</u>	<u>\$ 602,264</u>	<u>\$ 589,736</u>

Cash and short-term investments include unrestricted funds which are used for operating expenditures and are managed within the parameters of the University's investment policy. Restricted cash and investments consist of bond proceeds used for capital projects and are classified as noncurrent assets due to the nature of the projects. Restricted funds were expended in 2013 to complete construction projects.

Current receivables include grants, state appropriations, pledges, student notes, and various operating receivables that are expected to be collected within a year. Accounts receivable, excluding state appropriation receivable, remained consistent from 2011 to 2013. Current pledges receivable mainly reflect payments expected from the "Shaping Our Future" campaign. State appropriation receivable for public service academies increased from 2011 to 2013 by \$5.7 million mainly due to the addition of eight new public service academies over this three-year period.

# **Grand Valley State University**

## **Management's Discussion and Analysis - Unaudited (Continued)**

In 2013, financial markets rebounded and endowment investments generated a 13.1 percent return, whereas in 2012 a negligible loss was sustained. In 2011, endowment investments generated a 21.8 percent gain. The University (along with its investment advisory committee and outside consultants) continues to closely monitor endowment investment strategy and asset allocations. Other long-term investments should be looked at in conjunction with cash and short-term investments. This combination of funds comprises the overall pool of cash and investments. This pool remained steady between 2011 and 2012, and in 2013 decreased by \$28.8 million as accumulated capital gifts were expended to complete the L. William Seidman Center and Mary Pew Idema Library and Learning Commons.

Long-term receivables, which include pledges, student notes, and a third-party note receivable, increased by \$17.8 million between 2011 and 2013. The increase results from providing \$25 million of financing for the construction of the L. William Seidman Center, which was partially offset by the collection of pledge receivables of \$7.7 million. Receivables relating to pledges increase and decrease as a result of payment schedules set by donors. Long-term pledges are discounted to net present value for financial statement purposes.

Capital asset additions increased by \$47.4 million in 2013, due to the construction of the Mary Pew Idema Library and Learning Commons and the onset of new construction projects, which include the Annis Water Resources laboratory building, renovation of the Detroit Center and Zumberge library, and start of the new classroom and laboratory building on the Allendale campus. These increases were offset by depreciation expense of \$21.7 million. As a result, net capital assets increased by \$25.7 million. The L. William Seidman Center is capitalized on the 38 Front Avenue's statement of net assets.

Capital asset additions increased by \$41.2 million in 2012 mainly due to the construction of the Mary Pew Idema Library and Learning Commons. Other major University additions included new athletic fields, a football stadium remodeling, and land purchases to meet future space demands. These increases were offset by depreciation expense of \$21.3 million, as well as a decrease of \$12.5 million of library subscriptions previously capitalized. As a result, net capital assets (excluding 38 Front Avenue activity) increased by \$7.4 million. Further detail regarding capital asset activity for both the University and 38 Front Avenue is presented in Note 3 on pages 43-45.

Deferred outflows decreased by \$4.4 million between 2012 and 2013 after increasing by \$6.1 million between 2011 and 2012 due to changes in market value of interest rate swaps. Deferred outflows are chiefly offset by derivative instruments as two of the three interest rate swaps qualify for accounting treatment as effective hedges. More detailed information regarding these swaps, in accordance with GASB Statement No. 53, is presented in Note 5 to the financial statements.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

Accounts payable and accrued liabilities increased by \$3.5 million from 2012 to 2013 chiefly due to the increase in payables to public school academies, resulting from higher student enrollment and the addition of five new academies. Accounts payable and accrued liabilities increased by \$6.2 million from 2011 to 2012, of which \$3.4 million was due to the increase in payables to public school academies, and the remaining \$2.8 million mainly due to higher payables from the ongoing construction of the Mary Idema Pew Library Learning and Information Commons.

Unearned revenue includes receipts from tuition, grants, and contracts that pertain to fiscal year 2014. Unearned revenue remained relatively consistent between 2011 and 2012, and declined by 9.7 percent in 2013 (or \$1.2 million) due to lower enrollment in summer sessions.

Current maturities in long-term debt increased by \$4.0 million between 2011 and 2012, due to the principal payments from a recent bond issue and payments resuming after the effect of advance payments. Current maturities remained stable between 2012 and 2013.

Long-term liabilities decreased by \$7.0 million between 2012 and 2013, after a decrease of \$8.1 million between 2011 and 2012 reflecting principal retirement from current debt payments. No additional long-term debt was issued in 2013. The University's bond rating continues to be A+, as rated by Standard & Poor's. More detailed information about the University's long-term debt is presented in Note 4 to the financial statements. Financing activity to construct the L. William Seidman Center is covered in the 38 Front Avenue financial reporting included in Note 4 to the financial statements.

Long-term liabilities also include the recognized portion of the liability for retiree medical benefits, as required by Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$12.1 million. Further information regarding the plan and funding status is detailed in Note 6, Retirement Plans.

The total net position of the University increased by \$27.6 million between 2011 and 2013 as the University and its partners in the community continue to invest in both endowment and physical infrastructure. Unrestricted net position is designated for certain purposes by the University, as summarized in Note 1 to the financial statements, and has only fluctuated slightly over this period.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

### The Statement of Revenue, Expenses, and Changes in Net Position

The statement of revenue, expenses, and changes in net position presents the operating results of the University, as well as the nonoperating revenue and expenses. Annual state appropriations, while budgeted for operations, are considered nonoperating revenue according to accounting principles generally accepted in the United States of America.

	Year Ended June 30		
	2013	2012	2011
	(in 000s)		
<b>Operating Revenue</b>			
Student tuition and fees	\$ 262,202	\$ 252,599	\$ 234,059
Less scholarship allowance	(43,613)	(39,448)	(38,181)
Auxiliary	62,119	60,714	55,484
Less scholarship allowance	(8,831)	(8,077)	(7,602)
Grants and contracts	24,023	21,225	22,713
Other	17,564	15,875	14,106
Total operating revenue	313,464	302,888	280,579
<b>Operating Expenses</b>	388,120	367,652	355,045
<b>Net Operating Loss</b>	(74,656)	(64,764)	(74,466)
<b>Nonoperating Revenue (Expense)</b>			
State appropriations	55,436	52,677	61,976
Government grants	29,484	29,793	31,241
Gifts (including endowment and capital)	14,787	11,032	20,880
Capital grants and other	735	845	1,221
Investment income - Net of fees	13,554	5,965	21,710
Other loss and expense	(24,272)	(23,020)	(11,756)
Net nonoperating revenue	89,724	77,292	125,272
<b>Net Increase in Net Position</b>	15,068	12,528	50,806
<b>Net Position - Beginning of year</b>	602,264	589,736	538,930
<b>Net Position - End of year</b>	<u>\$ 617,332</u>	<u>\$ 602,264</u>	<u>\$ 589,736</u>



# **Grand Valley State University**

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## **Management's Discussion and Analysis - Unaudited (Continued)**

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Revenue generated by tuition and fees increased by 3.8 percent in 2013, 7.9 percent in 2012, and 6.0 percent in 2011. The 2013 increase was mostly due to a tuition rate increase of 3.75 percent as enrollment remained stable. The 2012 increase was mostly due to a tuition rate increase of 6.9 percent and increase in upper division credit hours, as enrollment remained virtually unchanged. The 2011 increase was mostly due to a tuition rate increase of 5.3 percent, as enrollment only increased by .6 percent (per FYES).

Scholarship allowances as a percentage of tuition and fees remained relatively steady between 2011 and 2013 moving from 16.3 percent in 2011, to 15.6 percent in 2012, and up to 16.6 percent in 2013. Between 2012 and 2013, total scholarship allowances increased by 10.4 percent mainly due to increases in need-based scholarships as the University recognizes the continued financial challenges of our students and their families. In 2012, total scholarship allowances increased by 3.8 percent or \$1.7 million mainly due to increase in internally funded scholarships. This increase was deflated by the discontinuance of two federal scholarship programs. In 2011, total scholarship allowances increased by 13.1 percent or \$5.3 million due to additional Pell grants received of \$3.4 million, and the remainder due to increase in internally funded scholarships.

Auxiliary revenue consists of housing, parking, bookstores, vending, golf course, health center, and conference fees for external customers. Housing revenue increased by \$1.6 million in 2013 mainly due to greater meal plan participation and a slight increase in occupancy. In 2012, there was a \$5.2 million increase mainly due to higher occupancy in the traditional housing units. In 2011, the opening of the Living, Learning, and Dining facilities added about \$3 million; however, this increase was partially offset by lower occupancy in the traditional housing units.

Grants and contracts revenue increased by \$2.8 million between 2012 and 2013, mainly due to expanding grants and contracts awarded by the Michigan Economic Development Corporation (MEDC). The decrease of \$1.5 million between 2011 and 2012 was due to a discontinuance of two federal scholarship programs of \$3 million, which was partially offset by increases in sponsored awards.

Operating expenses increased by \$20.5 million in 2013 (and \$12.6 million in 2012). Further analysis of this increase is provided beginning on page 15. Salaries, wages, and benefits comprise the largest operating expense, while instruction is the largest functional category.

State appropriations increased by 5.2 percent or \$2.8 million between 2012 and 2013 as the University achieved various state performance metrics and received additional funding. This was preceded by a cut of 15 percent or \$9.3 million between 2011 and 2012. The University continues to receive the lowest level of funding per student in the state.

# **Grand Valley State University**

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## **Management's Discussion and Analysis - Unaudited (Continued)**

Gifts, including capital and endowment gifts, peaked in 2011 with the conclusion of the "Shaping Our Future" campaign. The increase in gifts of \$3.8 million between 2012 and 2013 reflect a spike in endowment giving with the establishment of two new endowed chairs - the W.K. Kellogg Community Philanthropy Chair, the first of its kind in the nation, and the Stuart and Barbara Padnos Chair of Art and Design.

Nonoperating government grants remained steady between 2012 and 2013 after decreasing between 2011 and 2012 by \$1.4 million due to a change in Pell eligibility requirements.

Capital grants include awards and other capital income received for special purpose capital projects. During 2013, the University received \$500,000 in federal funding in support of the new Annis Water Resources Laboratory building. In 2012 and 2011, funding received from the Department of Energy for a wind energy project directed by the Muskegon Alternative Renewable Energy Center (MAREC) comprised most of the activity.

Net investment income consists of realized income (interest, dividends, and realized gains on the sale of investments), unrealized gains/losses, and investment expenses (primarily bank fees). Returns on endowment investments bounced back to a gain of 13.1 percent, after a negligible loss in 2012, which was preceded by a 21.8 percent gain in 2011.

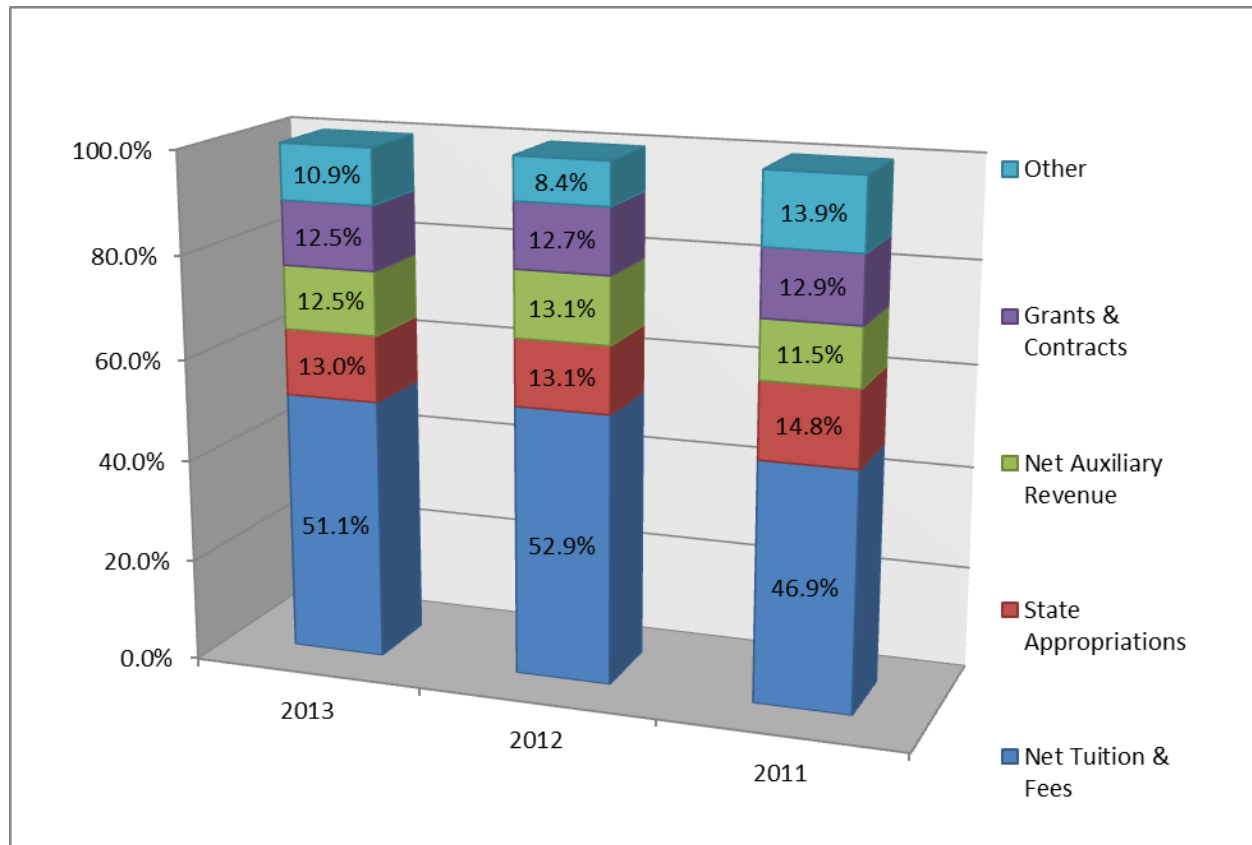
Other nonoperating expense includes interest expense, changes in the fair value of derivative instruments, and gains or losses from disposal of assets, and in 2013 reflects transfers of \$13.2 million to 38 Front Avenue for financing the L. William Seidman Center construction. The increase between 2012 and 2013 of \$1.3 million resulted from implementing GASB No. 65 and expensing bond issuance costs that were previously capitalized. The increase between 2011 and 2012 of \$11.3 million was primarily due to a \$12.5 million write-off of library subscriptions that were purchased between 2004 and 2011 and previously capitalized.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

Revenue for the University consists of four main categories: tuition, state appropriation, auxiliary activities, and grants. The following table shows the breakdown of total revenue, net of scholarship allowances, for the University:

**Total Revenue**



Tuition and fees (net) make the largest contribution to the total revenue of the University. State appropriation is a distant second, and is designated to cover financial aid, debt service, utilities, and capital repairs. Grants and contracts include both financial aid grants and grants for restricted purposes such as research and public service.

Auxiliary activities are considered self-supporting enterprises. Other revenue includes investment income, gifts, additions to endowment, and capital grants. Other revenue dropped in 2012 mainly due to the lower investment returns.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

### Operating Expenses by Functional Classification

Functional classifications are the traditional categories that universities have used. They represent the types of programs and services that the University provides.

	2013	2012	2011
	(in 000s)		
Instruction	\$ 141,615	\$ 133,592	\$ 128,237
Research	7,981	7,941	7,136
Public service	25,873	21,981	21,999
Academic support	39,322	37,965	33,147
Student services	26,354	25,754	25,174
Institutional support	33,209	32,411	30,897
Operation and maintenance of facilities	34,785	31,124	30,493
Depreciation	21,753	21,260	22,959
Scholarships and related expenses	17,792	16,858	18,910
Auxiliary activities	39,216	38,487	35,847
Other expenditures	220	279	246
Total	<u>\$ 388,120</u>	<u>\$ 367,652</u>	<u>\$ 355,045</u>

Instructional expenses continue to increase in 2013 particularly due to robust growth of health programs with increases in speech-language pathology, occupational and physical therapy, and physician assistance services as well as engineering and communications. In 2012, the University added new programs in biomedical engineering, energy, nanotechnology, and a new master's program in Speech-Language Pathology. In 2011, the University was able to offer additional courses, and developed a weekend program for health science coursework and added a graduate-level degree program in biomedical engineering, a first of its kind in Michigan.

Research expenditures have gradually increased. Research expenditures include the continuing activities at the Annis Water Resources Institute as well as the Johnson Center for Philanthropy. The Center for Scholarly and Creative Excellence continues to support faculty and student research.

Public service expenditures include WGVSU public broadcasting, the Michigan Small Business and Technology Development Center (SBTDC), Project Safe Neighborhood, and the Charter School Office administration. Expenditures increased in 2013 after remaining steady from 2011 to 2012. Increases are related to new grants from the MEDC to promote business development and increased expenditures for new initiatives on behalf of charter schools.

# **Grand Valley State University**

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## **Management's Discussion and Analysis - Unaudited (Continued)**

Academic support expenditures include continuing education, information technology, student advising, the libraries, academic resources, and administration expenses for the academic deans. The increase in expenses between 2011 and 2013 is due to adding library and information technology support for the new learning environments housed in the Mary Pew Idema Library Learning and Information Commons and the L. William Seidman Center, as well as general business operating increases. Also, the University continued to emphasize student advising as it focuses on student retention.

Student services expenditures represent student life programming, admissions, records, registration, financial aid, and intercollegiate athletics. Expenditures have remained steady from 2011 to 2013.

Institutional support expenditures include administration for the business operations, human resources, executive offices, marketing and communications, public safety, development, and alumni relations. Expenses remained steady between 2011 to 2013 and reflect general business operating increases.

The operation and maintenance of facilities increased from 2011 and 2012 mainly due to general business operating increases. Higher expenses were incurred between 2012 and 2013 due to furniture and small equipment purchases to complete the Mary Idema Pew Library Learning and Information Commons. Depreciation includes both academic and auxiliary buildings.

Scholarships and related expenses include work-study programs as well as the portion of financial aid that is not considered a scholarship allowance. To mitigate the impact of tuition increases on enrollment, the University continues to increase need-based scholarships. To look at the overall picture for scholarships and financial aid, it is important to also consider the scholarship allowance that is recorded net of tuition revenue and auxiliary revenue. Net scholarship expense increased from 2012 to 2013, after a decrease in 2012 due to discontinuance of two federal scholarship programs and federal changes to Pell eligibility. The current increase reflects the University's efforts to improve access and maintain affordability.

Auxiliary activities include housing, parking, bookstores, vending, golf course, health center, and conference services. Debt service, depreciation, and repairs related to housing are included in the other categories of expense. Housing capacity increased in 2011, when the new Living, Learning, and Dining facilities opened. In 2012, overall food expenses increased due to an increase in meal plans sold as the University experienced higher occupancy levels in housing. In 2013, expenses remained steady.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

### Operating Expenses by Natural Classification

Operating expenses are summarized here by natural classification. Natural classifications show the type of expense regardless of program.

	2013	2012	2011
	(in 000s)		
Salaries and benefits	\$ 239,985	\$ 225,923	\$ 216,137
Scholarships and awards	17,167	16,858	18,910
Utilities	7,102	7,247	7,212
Supplies and other	102,113	96,364	89,827
Depreciation	21,753	21,260	22,959
Total	<u>\$ 388,120</u>	<u>\$ 367,652</u>	<u>\$ 355,045</u>

Salaries and benefit expenses, which represent 61.5 percent of total operating expenses, increased by 6.2 percent between 2012 and 2013, due to new faculty positions in the rapidly growing College of Health Professions and Padnos College of Engineering and filling open faculty positions in the Kirkhof College of Nursing, as well as wage and benefit increases. Between 2011 and 2012, the increase was 4.5 percent resulting from adding new faculty positions in the College of Health Professions, Seidman College of Business, and Padnos College of Engineering to meet demands for expanding programs.

Scholarships and awards represent financial aid expense less scholarship allowances and work-study wages. Utilities remained steady between 2011 and 2013. This was accomplished by a combination of favorable weather conditions and University emphasis on energy efficiency and conservation, and a slight decrease in 2013 due to declining natural gas prices. Depreciation fluctuated slightly over this period. Depreciation includes both academic and auxiliary buildings. Supplies and other expenses increased between 2012 and 2013 due to the purchase of furniture and small equipment to complete the Mary Idema Pew Library Learning and Information Commons as well as general business operating increases due to overall growth of the University.



# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

### The Statement of Cash Flows

The statement of cash flows provides information about the cash receipts and cash disbursements of the University during the year. This statement also helps users assess the University's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

	2013	2012	2011
		(in 000s)	
<b>Net Cash (Used in) Provided by</b>			
Operating activities	\$ (52,429)	\$ (43,056)	\$ (46,720)
Noncapital financing activities	95,056	90,921	101,099
Capital and related financing activities	(77,784)	(65,433)	(16,005)
Investing activities	<u>26,628</u>	<u>(35,560)</u>	<u>17,520</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(8,529)	(53,128)	55,894
<b>Cash and Cash Equivalents - Beginning of year</b>	<u>52,907</u>	<u>106,035</u>	<u>50,141</u>
<b>Cash and Cash Equivalents - End of year</b>	<u><b>\$ 44,378</b></u>	<u><b>\$ 52,907</b></u>	<u><b>\$ 106,035</b></u>

The primary cash receipts from operating activities consist of tuition and housing revenue. Cash outlays include payment of wages, benefits, supplies, utilities, and scholarships. From 2012 to 2013, net cash used in operating activities increased by \$9.4 million primarily due to higher personnel costs, whereas from 2011 to 2012, net cash used in operating activities decreased by \$3.7 million mainly due to higher tuition and housing receipts.

State appropriation is the primary source of noncapital financing. This source of revenue is categorized as nonoperating and increased slightly between 2012 and 2013 after a significant cut between 2011 and 2012. Other noncapital financing activity includes Pell grants, and gifts and grants for other than capital purposes. From 2012 to 2013, net cash provided by noncapital financing increased by \$4.1 million compared to a decrease of \$10.2 million from 2011 to 2012. The decrease was mainly due to the cut in state appropriation and declining Pell receipts.

Capital and related financing activities include debt proceeds to finance capital construction. In 2013, the University issued bonds for the purpose of refinancing a prior debt issue. Receipts from pledge payments partially offset capital expenditures and outlays increased as the University continues to upgrade and construct new learning environments. As a result, net cash used in capital and related financing activities increased by \$12.4 million between 2012 and 2013 compared to an increase of \$49.4 million between 2011 and 2012. This increase was mainly due to construction of the Mary Idema Pew Library and Learning Commons and financing provided by the University to 38 Front Avenue for construction of the L. William Seidman Center.

# **Grand Valley State University**

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## **Management's Discussion and Analysis - Unaudited (Continued)**

Investing activities reflect purchases, sales, and interest income earned on investments. Investments identified in the cash flows statement include both restricted and unrestricted short- and long-term investments.

### **Economic Factors that Will Affect the Future**

The economic position of the University is closely tied to that of the State of Michigan. After receiving a 15 percent cut in state appropriations in 2012, the University received a 4.4 percent increase in 2013, and will receive a 4.2 percent increase in 2014. For 2014, the University received the largest percentage of performance funding awarded by the State for its achievements of state metrics, which include number of degree completions, level of graduation rates, and operational efficiencies. However, this still places the University as receiving the lowest funding per student by the State.

Enrollment is expected to remain steady for upcoming years. The University continues toward its goal of becoming the state's most innovative, creative, and entrepreneurial university. With the ground shifting significantly in the national conversation about higher education and its value in today's society, the University will continue to be smart and nimble enough to serve our students, faculty, and staff, and ensure a stable future.

# Grand Valley State University

## Statement of Net Position

	June 30	
	2013	2012
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 42,646,491	\$ 52,338,893
Short-term investments (Note 2)	24,071,468	20,009,390
Accounts receivable - Net of allowance of \$799,189 and \$632,406 in 2013 and 2012, respectively	11,016,704	8,394,438
State appropriation receivable	44,388,521	40,264,924
Pledges receivable - Net	7,056,303	7,995,463
Inventories	2,379,894	2,659,613
Prepaid expenses and other	3,272,911	6,721,488
Student notes receivable - Current portion	3,700,000	3,200,000
Total current assets	138,532,292	141,584,209
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	1,731,667	568,273
Restricted short-term investments (Note 2)	-	5,955,526
Endowment investments (Note 2)	87,526,932	75,323,538
Notes receivable (Note 1)	25,500,000	16,317,780
Other long-term investments (Note 2)	109,678,336	132,932,726
Pledges receivable - Net	6,897,214	10,761,268
Student notes receivable - Net of allowance of \$615,084 and \$580,150 in 2013 and 2012, respectively	8,263,591	8,370,937
Capital assets - Net (Note 3)	579,933,896	554,222,209
Derivative instrument (Note 5)	-	266,000
Other assets	2,196,971	3,594,240
Total noncurrent assets	821,728,607	808,312,497
Total assets	960,260,899	949,896,706
<b>Deferred Outflows</b> - Deferred outflow of resources - Derivatives (Note 5)	8,958,000	13,330,000
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	68,865,923	65,393,495
Unearned revenue	11,508,935	12,749,092
Long-term liabilities - Current portion (Note 4)	11,015,855	10,268,658
Total current liabilities	91,390,713	88,411,245
Noncurrent liabilities:		
Unearned revenue - Net of current portion	605,000	631,400
Federal student loan payable	10,103,187	10,081,266
Long-term liabilities - Net of current portion (Note 4)	239,919,783	246,924,020
Derivative instruments (Note 5)	9,868,000	14,649,000
Total noncurrent liabilities	260,495,970	272,285,686
Total liabilities	351,886,683	360,696,931
<b>Deferred Inflows</b> - Deferred inflow of resources - Derivatives (Note 5)	-	266,000
<b>Net Position</b>		
Net investment in capital assets	339,917,423	306,052,434
Restricted:		
Nonexpendable - Scholarships and academic support	48,029,129	41,259,037
Expendable:		
Scholarships and academic support	38,101,735	31,854,106
Capital projects	19,767,672	51,372,377
Loans	1,635,737	1,630,447
Unrestricted	169,880,520	170,095,374
Total net position	\$ 617,332,216	\$ 602,263,775

# Grand Valley State University

## Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2013	2012
<b>Operating Revenue</b>		
Student tuition and fees	\$ 262,202,321	\$ 252,599,559
Scholarship allowances	(43,612,866)	(39,448,294)
Net student tuition and fees	218,589,455	213,151,265
Government grants and contracts	22,772,951	19,859,908
Nongovernmental grants	1,249,694	1,365,171
Sales and services of educational activities	11,974,874	10,567,715
Auxiliary activities	62,119,480	60,713,988
Scholarship allowances	(8,831,338)	(8,077,116)
Net auxiliary activities	53,288,142	52,636,872
Other operating revenue	5,588,740	5,307,128
Total operating revenue	313,463,856	302,888,059
<b>Operating Expenses - Education and general</b>		
Instruction	141,615,304	133,592,278
Research	7,981,058	7,941,344
Public service	25,872,406	21,981,388
Academic support	39,321,862	37,965,058
Student services	26,354,101	25,753,691
Institutional support	33,208,693	32,411,329
Operation and maintenance - Plant	34,785,626	31,123,430
Depreciation expense	21,753,108	21,260,365
Scholarships and related expenses	17,791,695	16,857,749
Auxiliary activities	39,216,119	38,487,416
Loan administrative fees and collection costs	220,109	277,723
Total operating expenses	388,120,081	367,651,771
<b>Operating Loss</b>	(74,656,225)	(64,763,712)
<b>Nonoperating Revenue (Expense)</b>		
State appropriations	55,436,000	52,677,400
Government grants	29,483,773	29,793,037
Gifts	4,846,937	5,216,707
Investment income:		
Interest, dividends, and gains (loss) on investments - Net of investment expense of approximately \$1,055,904 and \$997,700 in 2013 and 2012, respectively	13,554,418	5,965,141
Change in fair value of derivatives	409,000	(242,000)
Interest on capital asset - Related debt	(11,720,725)	(10,285,559)
Net nonoperating revenue	92,009,403	83,124,726
<b>Income - Before other revenue, expenses, gains, and losses</b>	17,353,178	18,361,014
<b>Other Revenue, Expenses, Gains, and Losses</b>		
Capital grants and gifts	3,511,523	4,017,490
Other capital income	271,310	367,199
Additions to permanent endowments	6,892,621	2,275,377
Gain (loss) on disposal of assets	147,637	(12,492,948)
Capital Contributions to 38 Front Avenue	(13,107,828)	-
Total other revenue, expenses, gains, and losses	(2,284,737)	(5,832,882)
<b>Increase in Net Position</b>	15,068,441	12,528,132
<b>Net Position - Beginning of year</b>	602,263,775	589,735,643
<b>Net Position - End of year</b>	<b>\$ 617,332,216</b>	<b>\$ 602,263,775</b>

# Grand Valley State University

## Statement of Cash Flows

	Year Ended June 30	
	2013	2012
<b>Cash Flows from Operating Activities</b>		
Tuition and fees	\$ 217,788,884	\$ 213,789,875
Grants and contracts	23,108,601	20,835,771
Payments to suppliers	(102,367,891)	(97,633,277)
Payments for utilities	(7,101,961)	(7,239,304)
Payments to employees	(175,746,537)	(167,727,208)
Payments for benefits	(61,338,183)	(56,139,442)
Payments for scholarships and fellowships	(17,166,844)	(16,857,749)
Loans issued to students	(32,657,034)	(29,587,993)
Collection of loans from students	32,264,380	29,461,241
Auxiliary enterprise charges:		
Residence halls	39,056,395	38,268,434
Bookstore	8,580,821	8,622,559
Other	5,333,542	5,680,402
Sales and service of educational activities	12,364,834	10,708,375
Other receipts	5,451,621	4,762,550
Net cash used in operating activities	(52,429,372)	(43,055,766)
<b>Cash Flows from Noncapital Financing Activities</b>		
State appropriations	54,934,435	54,368,126
Government grants	29,136,504	29,598,100
Gifts and grants for other than capital purposes	4,602,596	5,033,460
Private gifts for endowment purposes	6,892,621	2,275,377
Charitable annuities payments - Net	(265,764)	(269,732)
Federal direct loan receipts	164,757,073	169,106,353
Federal direct loan lending disbursements	(165,000,883)	(169,191,216)
Net cash provided by noncapital financing activities	95,056,582	90,920,468
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from capital debt	29,180,000	-
Capital grants and gifts received	8,291,073	7,319,684
Other capital income	159,313	196,109
Proceeds from sale of capital assets	136,968	19,847
Capital contributions to 38 Front Avenue	(11,197,234)	-
Purchases of capital assets and construction	(44,989,875)	(40,789,798)
Principal paid on capital debt	(38,480,000)	(5,195,000)
Interest paid on capital debt	(11,571,808)	(10,665,730)
Notes issued for capital funding purposes	(9,182,220)	(16,317,780)
Debt issue costs paid	(130,500)	-
Net cash used in capital and related financing activities	(77,784,283)	(65,432,668)
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales and maturities of investments	72,616,637	55,042,972
Interest on investments	6,456,292	6,333,002
Purchase of investments	(52,444,864)	(96,935,628)
Net cash provided by (used in) investing activities	26,628,065	(35,559,654)
<b>Net Decrease in Cash and Cash Equivalents</b>	(8,529,008)	(53,127,620)
<b>Cash and Cash Equivalents - Beginning of year</b>	52,907,166	106,034,786
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 44,378,158</b>	<b>\$ 52,907,166</b>

# Grand Valley State University

## Statement of Cash Flows (Continued)

	Year Ended June 30	
	2013	2012
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>		
Cash and cash equivalents (Note 2)	\$ 42,646,491	\$ 52,338,893
Restricted cash and cash equivalents (Note 2)	1,731,667	568,273
Total cash and cash equivalents	<b>\$ 44,378,158</b>	<b>\$ 52,907,166</b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>		
Operating loss	\$ (74,656,225)	\$ (64,763,712)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	21,753,108	21,260,367
Changes in assets and liabilities:		
Receivables - Net	(2,723,290)	(35,430)
Inventories	279,719	(139,094)
Other assets	2,133,340	(3,616,854)
Accounts payable and accrued liabilities	1,974,157	4,550,798
Deferred revenue	(1,045,227)	50,294
Deposits held for others	(144,954)	(362,135)
Net cash used in operating activities	<b>\$ (52,429,372)</b>	<b>\$ (43,055,766)</b>



# Grand Valley State University

## Discretely Presented Component Unit 38 Front Avenue and 38 Front Redevelopment, LLC

### Statement of Net Assets

	June 30	
	2013	2012
<b>Assets</b>		
Current assets	\$ 83,330	\$ 227
Contribution receivable	1,904,284	1,910,594
Restricted current assets	5,805,385	2,092,230
Capital assets (net)	39,957,775	25,103,777
Other assets	690,191	545,992
Total assets	<u><u>\$ 48,440,965</u></u>	<u><u>\$ 29,652,820</u></u>
<b>Liabilities</b>		
Current liabilities	\$ 5,482,045	\$ 5,461,148
Notes payable - QLICI (Note 4)	22,273,000	22,273,000
Notes payable - University (Note 4)	9,182,220	-
Total liabilities	36,937,265	27,734,148
<b>Net Assets</b>		
Unrestricted	9,599,416	8,078
Temporarily restricted	1,904,284	1,910,594
Total net assets	<u>11,503,700</u>	<u>1,918,672</u>
Total liabilities and net assets (Note 4)	<u><u>\$ 48,440,965</u></u>	<u><u>\$ 29,652,820</u></u>

# Grand Valley State University

## Discretely Presented Component Unit 38 Front Avenue and 38 Front Redevelopment, LLC

### Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2013	2012
<b>Revenue</b>		
Capital contributions from the University	\$ 11,197,234	\$ 1,910,594
Other contributions	116,986	37,054
Investment income	1,741	8,388
Other capital income	38,154	-
Total revenue	11,354,115	1,956,036
<b>Expenses</b> - General and administrative	1,769,087	37,364
<b>Increase in Net Assets</b>	9,585,028	1,918,672
<b>Net Assets</b> - Beginning of year	1,918,672	-
<b>Net Assets</b> - End of year	<u>\$ 11,503,700</u>	<u>\$ 1,918,672</u>

# Grand Valley State University

## Statement of Fiduciary Net Position Employee Benefit Plans

	June 30	
	2013	2012
<b>Assets</b>		
Money market funds	\$ 354,513	\$ 307,288
Domestic equities	30,929,268	21,636,914
International equities	4,846,619	7,111,204
Domestic bonds	5,343,631	4,508,394
Alternative assets	4,110,180	5,028,353
Total cash and cash equivalents and investments	45,584,211	38,592,153
Accrued income	8	114
Employer contribution receivable	1,549,154	1,268,407
<b>Net Position - Held in trust for pension benefits</b>	<b>\$ 47,133,373</b>	<b>\$ 39,860,674</b>

# Grand Valley State University

## Statement of Changes in Fiduciary Net Position Employee Benefit Plans

	Year Ended June 30	
	2013	2012
<b>Additions</b>		
Investment income (loss):		
Interest and dividend income	\$ 1,048,040	\$ 1,027,608
Net appreciation (depreciation) in fair value of investments	5,491,951	(1,913,925)
Total investment income (loss)	6,539,991	(886,317)
Employer contributions paid	2,279,147	2,311,549
Employer contributions deferred	280,746	251,267
Other income	264,418	156,986
Total additions - Net	9,364,302	1,833,485
<b>Deductions</b>		
Benefit payments	1,993,563	1,624,646
Administrative expense	98,040	80,486
Total deductions	2,091,603	1,705,132
<b>Net Increase</b>	7,272,699	128,353
<b>Net Position Held in Trust for Pension Benefits</b>		
Beginning of year	39,860,674	39,732,321
End of year	<u>\$ 47,133,373</u>	<u>\$ 39,860,674</u>

# Grand Valley State University

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## Notes to Financial Statements June 30, 2013 and 2012

### Note 1 - Summary of Significant Accounting Policies

**Reporting Entity** - Grand Valley State University (the "University") is an institution of higher education created by the Michigan Constitution of 1963 and is considered to be a component unit of the State of Michigan (the "State"). Its board of trustees is appointed by the governor of the State. Accordingly, the University is included in the State's financial statements as a discrete component unit. Transactions with the State relate primarily to appropriations for operations and capital improvements and grants from various state agencies.

The University has six affiliated organizations that were evaluated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, which the University adopted on July 1, 2011. Each organization is described below, with additional information provided regarding the impact to the University's financial statements and accompanying condensed financial statements.

Grand Valley University Foundation (GVUF) is a Michigan nonprofit corporation established to solicit, collect, receive, and administer funds to advance the mission and goals of the University. In accordance with the provisions of GASB Statement No. 61, GVUF is blended into the University's financial statements because the University has operational responsibility for GVUF and GVUF provides services entirely for the benefit of the University. GVUF obtains an annual financial audit as required by the Michigan Department of Attorney General. The June 30, 2013 audited financial statements for GVUF are located at the University's Business and Finance Office.

University Properties, Inc. (UPI) is a Michigan nonprofit corporation established for purposes of holding, administering, and further improving real property held by the University. UPI is the sole member owner of Lafayette-Hastings LLC, a Michigan limited liability company that was formed in 2011 for the purpose of real estate management on behalf of the University. In April 2013, UPI transferred Lafayette-Hastings LLC to another component unit of the University, Grand Valley Research Corporation. In accordance with the provisions of GASB Statement No. 61, both entities are blended into the University's financial statements because the University has operational responsibility for each and services are provided entirely for the benefit of the University.

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

Grand Valley Research Corporation (GVRC) is a Michigan nonprofit corporation established for educational and scientific purposes to provide support solely to the University. In accordance with the provisions of GASB Statement No. 61, GVRC is considered to be a component unit of the University and the blending method is the appropriate method for inclusion in the University's financial statements because a financial benefit and burden relationship exists between the University and GVRC. Due to significant new financial activity that includes the transfer of a disregarded entity, Lafayette-Hastings, LLC GVRC is now blended into the University's financial statements.

38 Front Avenue is a Michigan nonprofit corporation formed in 2011. 38 Front Avenue is the sole member owner of 38 Front Redevelopment, LLC, a Michigan limited liability company also formed in 2011. They were formed for the purpose of advancing the expansion of the L. Seidman College of Business into a new facility. The University has operational responsibility for both entities, both are operating entirely on behalf of the University, and any outstanding debt will be repaid with resources generated by the University.

During the year ended June 30, 2013 the University changed its method for reporting 38 Front Avenue, a component unit. Beginning this year, the University is discretely presenting 38 Front Avenue (refer to page 24 for 38 Front Avenue financial statements) because of the significance of its financial operations to the University. As a result, the University's net position balance as of July 1, 2012 decreased by \$8,078 and the change in net position for the year ended June 30, 2012 has been decreased by \$8,078. In accordance with GASB 61, 38 Front Avenue is not reported in the University's statement of cash flows. 38 Front Avenue obtains an annual financial audit as required by its financing agreements and the June 30, 2013 report can be accessed at the University's Business and Finance Office.

# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 1 - Summary of Significant Accounting Policies (Continued)

Financial statements for each entity blended in the University's financial reporting follow:

#### Condensed Statement of Net Position

	Grand Valley University Foundation		University Properties, Inc. and Lafayette Hastings, LLC		Grand Valley Research and Lafayette Hastings, LLC	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Current assets	\$ 310	\$ 310	\$ 99,062	\$ 127,723	\$ 153,133	\$ 57,180
Restricted current assets	511,109	463,441	-	-	-	-
Capital assets (net)	-	-	4,958	3,516,999	4,336,118	-
Other assets	-	-	5,227	10,404	270,430	148,846
Total assets	<u>\$ 511,419</u>	<u>\$ 463,751</u>	<u>\$ 109,247</u>	<u>\$ 3,655,126</u>	<u>\$ 4,759,681</u>	<u>\$ 206,026</u>
<b>Liabilities</b>						
Current liabilities	\$ -	\$ -	\$ -	\$ 27,113	\$ 18,309	\$ -
Noncurrent liabilities	-	-	-	-	-	-
Total liabilities	-	-	-	27,113	18,309	-
<b>Net Position</b>						
Net investment in capital assets	-	-	4,958	3,516,999	4,336,118	-
Restricted:						
Nonexpendable	434,646	425,435	-	-	-	-
Expendable	76,463	38,316	-	-	-	-
Unrestricted	310	-	104,289	111,014	405,254	206,026
Total net position	<u>511,419</u>	<u>463,751</u>	<u>109,247</u>	<u>3,628,013</u>	<u>4,741,372</u>	<u>206,026</u>
Total liabilities and net position	<u>\$ 511,419</u>	<u>\$ 463,751</u>	<u>\$ 109,247</u>	<u>\$ 3,655,126</u>	<u>\$ 4,759,681</u>	<u>\$ 206,026</u>

# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Condensed Statement of Revenue, Expenses, and Changes in Net Position

	Grand Valley University Foundation		University Properties, Inc. and Lafayette Hastings, LLC		Grand Valley Research and Lafayette Hastings, LLC	
	2013	2012	2013	2012	2013	2012
<b>Operating Revenue</b>						
Sales and services of educational activities	\$ -	\$ -	\$ 113,369	\$ 92,385	\$ 31,209	\$ -
Auxiliary enterprises	-	-	72,888	67,841	-	-
Other	82,232	93,173	-	-	125,000	100,000
Total operating revenue	82,232	93,173	186,257	160,226	156,209	100,000
<b>Operating Expense</b>						
Personnel costs	1,083	750	-	-	-	-
Supplies and other	2,727,588	689,205	187,549	129,330	14,221	331
Depreciation	-	-	379,805	18,998	5,826	-
Total operating expense	2,728,671	689,955	567,354	148,328	20,047	331
<b>Nonoperating Revenue (Expense)</b>						
Gifts and additions to endowments	2,634,706	488,415	-	-	-	-
Investment income (loss)	59,401	(656)	-	-	(2,356)	11,995
Other	-	-	(3,137,669)	3,529,464	4,401,540	-
Total nonoperating revenue	2,694,107	487,759	(3,137,669)	3,529,464	4,399,184	11,995
<b>(Decrease) Increase in Net Position</b>	47,668	(109,023)	(3,518,766)	3,541,362	4,535,346	111,664
<b>Net Position - Beginning of year</b>	463,751	572,774	3,628,013	86,651	206,026	94,362
<b>Net Position - End of year</b>	<b>\$ 511,419</b>	<b>\$ 463,751</b>	<b>\$ 109,247</b>	<b>\$ 3,628,013</b>	<b>\$ 4,741,372</b>	<b>\$ 206,026</b>

#### Condensed Statement of Cash Flows

	Grand Valley University Foundation		University Properties, Inc. and Lafayette Hastings, LLC		Grand Valley Research and Lafayette Hastings, LLC	
	2013	2012	2013	2012	2013	2012
Net cash provided by (used in) operating activities	\$ 95,398	\$ (104,074)	\$ (26,413)	\$ 56,444	\$ 124,717	\$ 70,000
Net cash used in noncapital financing activities	-	-	-	-	(28,764)	(88,336)
Net cash used in capital and related financing activities	-	-	(2,752)	-	-	-
Net cash (used in) provided by investing activities	(95,398)	104,074	-	-	-	-
Net (decrease) increase in cash and cash equivalents	-	-	(29,165)	56,444	95,953	(18,336)
<b>Cash and Cash Equivalents - Beginning of year</b>	310	310	121,315	64,871	7,180	25,516
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 310</b>	<b>\$ 310</b>	<b>\$ 92,150</b>	<b>\$ 121,315</b>	<b>\$ 103,133</b>	<b>\$ 7,180</b>



### Note 1 - Summary of Significant Accounting Policies (Continued)

**Basis of Presentation** - The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University follows all applicable GASB pronouncements. The University follows the business-type activities reporting requirements of GASB Statement No. 35, which provides a comprehensive one-line look at the University's financial activities.

**Basis of Accounting** - The financial statements of the University have been prepared on the accrual basis, whereby all revenue is recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

**Cash and Cash Equivalents** - The University considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

The unspent bond proceeds and related interest are set aside for construction. These amounts have been classified as restricted cash and cash equivalents.

**Investments** - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value. Alternative investments are recorded at their most recent available valuation and updated for capital contributions and distributions. The net realized and unrealized appreciation (depreciation) in market value of investments is included in the accompanying statement of revenue, expenses, and changes in net position. Gains, losses, and investment income are reported as increases or decreases in unrestricted net position unless their use is restricted by explicit donor stipulations or law.

**Accounts Receivable** - Accounts receivable are stated at net invoice amounts. An allowance for bad debts is established on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed uncollectible are charged against bad debt expense in the period that determination is made. At June 30, 2013 and 2012, there was an allowance of approximately \$799,200 and \$632,400, respectively.

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Inventories** - Inventories, consisting principally of bookstore merchandise and golf equipment and apparel, are determined on the first-in, first-out (FIFO) method and stated at the lower of cost or market. The cost is recorded as an expense as the inventory is consumed.

**Pledges Receivable** - The carrying amount of pledges receivable represents recorded promises to contribute, measured at fair value, net of estimated uncollectible promises. Pledges receivable are recorded at their net present value using a discount rate of 5 percent for the years ended June 30, 2013 and 2012. Included in pledges receivable are an unamortized discount of \$1,015,301 and \$1,220,473 at June 30, 2013 and 2012, respectively, and an allowance of \$11,575 and \$22,007 at June 30, 2013 and 2012, respectively.

**Note Receivable** - During the year ended June 30, 2012, a leveraged loan of \$16,317,780 was provided to Grand Valley Investment Fund, an unrelated entity, for the purpose of financing the construction of the L. William Seidman Center. Interest accrues at 2 percent per annum. In 2019, the payment schedule shifts from interest-only payments to addition of principal, with annual receipts due of \$892,062. The note will be retired in 2041. The note is reviewed annually and is considered fully collectible at June 30, 2013.

During the year ended June 30, 2013, a loan of \$9,182,220 was provided by the University to 38 Front Avenue for the purpose of financing the construction of the L. William Seidman Center. Interest accrues at 2 percent per annum. In 2020, the payment schedule shifts from interest-only payments to also including principal, with annual receipts due of \$501,974. The note will be retired in 2042. The note is reviewed annually and is considered fully collectible at June 30, 2013.

**Physical Properties** - Capital assets with a unit cost of over \$5,000 and all library books are recorded at cost at the date of acquisition or, if donated, at fair market value at the date of donation. Infrastructure assets are included in the financial statements and are depreciated. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. Net capitalized interest included in construction in progress totaled approximately \$967,600 and \$947,900 at June 30, 2013 and 2012, respectively. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activity facilities.

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Derivative Instruments** - Derivative instruments consist primarily of interest rate swap agreements associated with the University's outstanding long-term debt obligations. Derivative instruments are stated at fair value as established by major securities markets.

**Unearned Tuition and Fee Revenue** - Tuition and fee revenue received and related to the period after June 30 has been deferred.

**Provision for Unemployment Compensation** - The University has elected to establish a provision for unemployment compensation under the terms of the Michigan Employment Security Act. Under this provision, the State of Michigan is reimbursed by the University for claims paid to former employees.

**Compensated Absences** - Compensated absence costs are accrued when earned by employees.

**Operating Revenue** - All revenue from programmatic sources is considered to be operating revenue. Included in nonoperating revenue are state appropriations, state stabilization funds, investment income, Pell grant revenue, and gifts. Gifts (pledges) that are received on an installment basis are recorded at net present value.

**Scholarship Allowances and Student Aid** - Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties, and federal direct lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenue. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a university basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

**Federal Financial Assistance Programs** - The University participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, Federal Direct Lending, and Perkins Loans programs. Federal programs are audited in accordance with the Single Audit Act amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and the compliance supplement.

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

During 2013 and 2012, the University distributed \$165,000,883 and \$169,191,216, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures on the accompanying financial statements.

**Encumbrances** - The University maintains an encumbrance system for tracking outstanding purchase orders and other commitments for materials or services not received during the year. Encumbrances totaled approximately \$19,038,200, which represents the estimated amount of expenses ultimately to result if unperformed contracts in progress at June 30, 2013 are completed. Approximately \$10,130,720 of the total is committed for capital projects.

Encumbrances outstanding do not constitute expenses or liabilities and are not reflected in the financial statements.

**Fiduciary Fund** - The fiduciary fund consists of funds held in a trust and accounts for the activities of the employees' retirement system, which accumulates resources for pension benefit payments to qualified employees.

**Net Position** - Net position is classified according to external donor restrictions or availability of assets for satisfaction of University obligations. Nonexpendable restricted net position is gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents funds that have been gifted for specific purposes and funds held in federal loan programs.

The unrestricted net position balance at June 30, 2013 includes \$8,421,598 of funds functioning as endowment, \$38,897,631 of capital projects in progress, \$18,465,855 of housing and auxiliary repair and maintenance funds, \$16,267,874 of debt service funds, \$27,919,510 for academic initiatives and technology, \$42,069,784 for future capital projects and debt service, \$17,786,231 for reserves for operations and cash flow, and \$52,037 of uncommitted funds.

The unrestricted net position balance at June 30, 2012 includes \$7,740,516 of funds functioning as endowment, \$28,219,707 of capital projects in progress, \$16,591,932 of housing and auxiliary repair and maintenance funds, \$15,159,239 of debt service funds, \$25,587,101 for academic initiatives and technology, \$56,134,453 for future capital projects and debt service, \$19,056,515 for reserves for operations and cash flow, and \$1,605,911 of uncommitted funds.

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

It is the University's policy to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Certain estimates are more susceptible to change based on the potential changes in estimates and assumptions, including estimates such as the allowance for doubtful accounts and self-insurance healthcare claims.

**Adoption of New Accounting Principles** - Effective July 1, 2012, the University implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements introduce and define those elements as a consumption of net assets by the University that is applicable to a future reporting period, and an acquisition of net assets by the University that is applicable to a future reporting period, respectively. The standards also incorporate deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provided a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. As a result of adopting GASB No. 65, the University expensed approximately \$1.3 million of previously capitalized bond issuance costs.

### Note 2 - Cash and Investments

The operating portfolio is invested in accordance with University policy.

**Cash and Short-term Investments** - Investment policies for cash and short-term investments, as set forth by the board of trustees, authorize the University to invest in interest-bearing time deposits, short-term cash funds, money market funds, intermediate cash funds, U.S. government-backed obligations, and commercial paper. All investments must be held by financial institutions organized under federal or state law.

**Investments** - Investment policies, as set forth by the board of trustees, also authorize the University to invest in equity securities, bonds, or similar securities and real estate investments for production of rental income. The board of trustees has authorized the treasurer or assistant treasurer of the board of trustees to make the University's investment decisions, subject to review, with the members of the appropriate board committee. In accordance with policies set forth by the board of trustees, complete discretion in selecting individual investments of endowment assets is assigned to two or more money managers who are chosen at the discretion of the University's treasurer. The University's treasurer and the appropriate board committee monitor the money managers' performance.

The board of trustees has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. Additionally, for endowment investments, the foremost objective is to maintain a spending rate, currently established at 4.75 percent, which provides a proper balance between preservation of corpus and enhancement of the purchasing power of investment earnings.

# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 2 - Cash and Investments (Continued)

As of June 30, 2013, the University has remaining commitments of \$3,443,000 in alternative asset investments. As of June 30, 2013 and 2012, the University had approximately \$24.2 million and \$22.3 million, respectively, invested in alternative asset investments.

The University's cash and investments are included in the statement of net position under the following classifications:

	2013	2012
Cash and cash equivalents	\$ 42,646,491	\$ 52,338,893
Short-term investments	24,071,468	20,009,390
Restricted cash and cash equivalents	1,731,667	568,273
Restricted short-term investments	-	5,955,526
Endowment investments	87,526,932	75,323,538
Other long-term investments	109,678,336	132,932,726
Total cash and investments	<u>\$ 265,654,894</u>	<u>\$ 287,128,346</u>

The University's cash and investments consist of the following:

	2013	2012
Money markets	\$ 38,378,158	\$ 52,907,166
Time deposits	6,000,000	-
Fixed-income securities	12,016,199	1,630,526
Equity security investments	53,918,414	42,144,670
Mutual bond funds	129,372,475	162,536,423
Municipal bonds	-	4,325,000
Other	25,969,648	23,584,561
Total cash and investments	<u>\$ 265,654,894</u>	<u>\$ 287,128,346</u>

# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 2 - Cash and Investments (Continued)

As of June 30, 2013, the University had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 38,378,158	\$ 38,378,158	\$ -	\$ -	\$ -
Time deposits	6,000,000	6,000,000	-	-	-
Mutual bond funds	129,372,475	-	69,818,498	44,629,088	14,924,889
Mutual equity funds	31,583,581	-	5,467,671	-	26,115,910
Mutual international equity funds	22,334,833	-	617,115	-	21,717,718
U.S. governmental agencies	12,016,199	12,016,199	-	-	-
Real estate	1,562,047	-	-	-	1,562,047
Venture capital	6,057,114	-	-	-	6,057,114
Other investments	18,350,487	-	878,467	-	17,472,020
Total investments and maturities	<u>\$ 265,654,894</u>	<u>\$ 56,394,357</u>	<u>\$ 76,781,751</u>	<u>\$ 44,629,088</u>	<u>\$ 87,849,698</u>

As of June 30, 2012, the University had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 52,907,166	\$ 52,907,166	\$ -	\$ -	\$ -
Mutual bond funds	162,536,423	-	113,209,506	34,601,085	14,725,832
Mutual equity funds	23,961,320	-	3,282,661	-	20,678,659
Mutual international equity funds	18,183,350	-	887,332	-	17,296,018
Municipal bonds	4,325,000	4,325,000	-	-	-
U.S. governmental agencies	1,630,526	1,630,526	-	-	-
Real estate	1,291,610	-	-	-	1,291,610
Venture capital	5,928,180	-	-	-	5,928,180
Other investments	16,364,771	-	772,845	-	15,591,926
Total investments and maturities	<u>\$ 287,128,346</u>	<u>\$ 58,862,692</u>	<u>\$ 118,152,344</u>	<u>\$ 34,601,085</u>	<u>\$ 75,512,225</u>

### Concentration of Credit Risk

The University's investment strategy, like that of most other institutions, incorporates certain financial instruments that involve, to varying degrees, elements of market risk and credit risk. Market risk is the potential for changes in the value of financial instruments due to market changes. Market risk is directly impacted by the volatility and liquidity of the markets in which the underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. Risk of loss in the event of a counterparty default is typically limited to the amounts recognized in the statement of revenue, expenses, and changes in net position.



### Note 2 - Cash and Investments (Continued)

Investments are presented above based on the segmented time distribution maturity. Mutual equity funds are considered to be long-term funds and therefore are presented as investments with a maturity over one year, whereas the mutual bond funds as of June 30, 2013 have average maturities between 1.0 years and 8.9 years and are presented as an investment with a maturity over one year. Mutual bond funds as of June 30, 2012 have average maturities between 1.1 and 10.6 years. Market risks (including interest rate risk and liquidity risk) and credit risks are managed by board policies.

**Interest Rate Risk** - As a means of limiting its exposure to fair value losses arising from rising interest rates, the University's operating investment policy limits the amount of the University's operating portfolio that can be invested in securities with maturities of more than one year. Operating investment maturities are limited as follows:

Less than one year	0%-100%
One to five years	0%-70%
More than five years	0%-30%

Investments held by the endowment funds are invested based on the policy that they are held to maturity; therefore, the interest rate risk is not considered in the University's decisions.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be available or returned. The University does not have a deposit policy for custodial credit risk. At June 30, 2013 and 2012, the carrying amount of the University's deposits was \$44,378,158 and \$54,999,623, respectively. Of the cash balances in the bank, \$1,840,441 and \$1,290,877, respectively, was insured.

The remaining cash balances in the bank of \$43,695,826 and \$55,718,700 at June 30, 2013 and 2012, respectively, were uninsured and uncollateralized. The University does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

38 Front Avenue and 38 Front Redevelopment, LLC maintain cash balances at one bank. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2013, the Company had uninsured deposits totaling \$5,555,385.

# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 2 - Cash and Investments (Continued)

**Credit Risk** - The University's operating investment policy limits its short-term operating investments to .5 percent of total bank assets or to investment vehicles that possess the highest ratings available by two national services.

The University's operating investment policy limits its longer-term investments to investment grade or better securities.

The endowment funds are invested based on the policy that they are held permanently. Therefore, it is possible to invest in alternative investments that have a higher credit risk, but over the long term have the opportunity to yield higher rates of return.

The University held the following types of fixed-income investments and credit ratings at June 30, 2013 and 2012:

	Market Value		Market Value	
	2013	Rating*	2012	Rating*
Dreyfus Bond Fund	\$ -		\$ 124,624	3 star
PIMCO Total Return	402,150	4 star	167,009	5 star
PIMCO Low Duration	14,571,974	5 star	39,331,009	5 star
PIMCO All Asset	-		180,418	5 star
Western Asset	30,040,825	4 star	30,315,924	4 star
Loomis Sayles Multisector	3,417,188	4 star	3,309,375	4 star
Vanguard TIPS	6,277,429	3 star	6,865,204	4 star
Vanguard Short Term	12,357,612	4 star	22,815,903	4 star
Franklin Templeton	4,240,921	3 star	4,269,265	2 star
JPMorgan Core Bond Fund	14,040,274	4 star	13,938,361	4 star
Doubleline Total Return Bond Fund	9,995,551	5 star	-	
Ridgeworth Seix Floating Rate High Income	6,657,725	2 star	6,218,879	2 star
PNC UltraShort	12,055,269	3 star	20,009,390	3 star
iShares Barclay Aggregate	337,711	2 star	210,357	3 star
Oppenheimer International	52,957	4 star	54,873	4 star
Municipal bonds	-		4,325,000	A2
U.S. government agencies	12,016,199	AA+	1,630,526	AA
Total	<u>\$ 126,463,785</u>		<u>\$ 153,766,117</u>	

\* Star ratings obtained from Morningstar, AA+ and A2 ratings obtained from S&P.

### Note 2 - Cash and Investments (Continued)

**Custodial Credit Risk** - Custodial risk is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a policy for custodial credit risk. The University's investments are held by a custody agent.

**Foreign Credit Risk** - The University holds investments in some international mutual funds that invest in international equity funds and debt. These funds are invested in various countries throughout the world and therefore expose the University to foreign credit risk. The international equity and debt investments represent approximately 15 percent and 13 percent of total cash and investments at June 30, 2013 and 2012, respectively. Investments in these funds were approximately \$41.2 million and \$38.6 million for the years ended June 30, 2013 and 2012, respectively.

**Alternative Assets** - The other investments and venture capital are comprised of investments in alternative assets. As referenced above, alternative assets consist of investments that seek absolute-based return in hedge markets, investments in the private equity class investing in various ventures, or investments in a pool of assets invested in the following subclasses: global natural resources, commodities, global real estate, and global inflation-linked bonds.

# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 3 - Capital Assets

Capital asset activity for the University for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 41,077,071	\$ 2,281,184	\$ -	\$ 43,358,255
Nondepreciable artwork and historical treasures	4,774,339	205,866	-	4,980,205
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	<u>30,773,598</u>	<u>(22,985,565)</u>	<u>-</u>	<u>7,788,033</u>
Total cost of nondepreciable capital assets	78,347,828	(20,498,515)	-	57,849,313
Land improvements and infrastructure	90,800,245	5,020,078	-	95,820,323
Buildings	542,012,906	58,611,885	-	600,624,791
Equipment	56,916,236	3,611,081	627,412	59,899,905
Library books	<u>14,967,592</u>	<u>751,096</u>	<u>508,083</u>	<u>15,210,605</u>
Total cost of depreciable capital assets	<u>704,696,979</u>	<u>67,994,140</u>	<u>1,135,495</u>	<u>771,555,624</u>
Total cost of capital assets	783,044,807	<u>\$ 47,495,625</u>	<u>\$ 1,135,495</u>	829,404,937
Less accumulated depreciation for:				
Land improvements and infrastructure	36,065,281	\$ 4,533,543	\$ -	40,598,824
Buildings	141,879,566	12,540,872	-	154,420,438
Equipment	39,965,143	3,777,841	596,582	43,146,402
Library books	<u>10,912,608</u>	<u>900,852</u>	<u>508,083</u>	<u>11,305,377</u>
Total accumulated depreciation	<u>228,822,598</u>	<u>\$ 21,753,108</u>	<u>\$ 1,104,665</u>	<u>249,471,041</u>
Capital assets - Net	<u>\$ 554,222,209</u>			<u>\$ 579,933,896</u>

Capital asset activity for 38 Front Avenue and 38 Front Redevelopment LLC for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land improvements and infrastructure	\$ -	\$ 1,746,000	\$ -	\$ 1,746,000
Buildings	-	38,211,775	-	38,211,775
Construction in progress - Net	<u>25,103,777</u>	<u>(25,103,777)</u>	<u>-</u>	<u>-</u>
Total cost of capital assets	<u>\$ 25,103,777</u>	<u>\$ 14,853,998</u>	<u>\$ -</u>	<u>\$ 39,957,775</u>

# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 3 - Capital Assets (Continued)

Capital asset activity for the University for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 36,428,752	\$ 4,648,319	\$ -	\$ 41,077,071
Nondepreciable artwork and historical treasures	4,583,277	191,062	-	4,774,339
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	<u>12,803,949</u>	<u>17,969,649</u>	<u>-</u>	<u>30,773,598</u>
Total cost of nondepreciable capital assets	55,538,798	22,809,030	-	78,347,828
Land improvements and infrastructure	79,855,541	10,944,704	-	90,800,245
Buildings	538,771,950	3,240,956	-	542,012,906
Equipment	53,728,843	3,461,060	273,667	56,916,236
Library books	<u>39,109,299</u>	<u>727,309</u>	<u>24,869,016</u>	<u>14,967,592</u>
Total cost of depreciable capital assets	<u>711,465,633</u>	<u>18,374,029</u>	<u>25,142,683</u>	<u>704,696,979</u>
Total cost of capital assets	767,004,431	<u>\$ 41,183,059</u>	<u>\$ 25,142,683</u>	783,044,807
Less accumulated depreciation for:				
Land improvements and infrastructure	31,999,579	\$ 4,065,702	\$ -	36,065,281
Buildings	129,708,526	12,171,040	-	141,879,566
Equipment	36,113,379	4,107,881	256,117	39,965,143
Library books	<u>22,346,579</u>	<u>915,744</u>	<u>12,349,715</u>	<u>10,912,608</u>
Total accumulated depreciation	<u>220,168,063</u>	<u>\$ 21,260,367</u>	<u>\$ 12,605,832</u>	<u>228,822,598</u>
Capital assets - Net	<u>\$ 546,836,368</u>			<u>\$ 554,222,209</u>

Capital asset activity for 38 Front Avenue and 38 Front Redevelopment LLC for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Construction in progress - Net	<u>\$ -</u>	<u>\$ 25,103,777</u>	<u>\$ -</u>	<u>\$ 25,103,777</u>

# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 3 - Capital Assets (Continued)

The following estimated useful lives are used to compute depreciation:

Land improvements and infrastructure	20 years
Buildings	40-50 years
Equipment	3-25 years
Library books	10 years

### Note 4 - Long-term Liabilities

Long-term liabilities of the University consist of bonds payable, net other postemployment benefits, charitable gift annuities payable, and notes payable.

The changes in long-term liabilities for the year ended June 30, 2013 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue Bonds, Series 1998	\$ 7,955,000	\$ -	\$ 1,155,000	\$ 6,800,000	\$ 1,220,000
General Revenue Variable Rate Demand Bonds, Series 2005	29,410,000	-	29,410,000	-	-
General Revenue Bonds, Series 2007A	9,555,000	-	685,000	8,870,000	705,000
General Revenue Refunding Bonds, Series 2008A	90,295,000	-	2,430,000	87,865,000	2,620,000
General Revenue Refunding Variable Rate Demand Bonds, Series 2008B	39,975,000	-	1,575,000	38,400,000	1,630,000
General Revenue Bonds, Series 2009	48,890,000	-	1,215,000	47,675,000	1,250,000
General Revenue Bonds, Series 2011	21,555,000	-	2,010,000	19,545,000	2,070,000
General Revenue Refunding Bonds, Series 2013A	-	29,180,000	-	29,180,000	550,000
Total bonds payable	247,635,000	29,180,000	38,480,000	238,335,000	10,045,000
Unamortized bond premiums	2,448,277	-	259,516	2,188,761	259,516
Net other postemployment benefits (see Note 6)	4,490,522	1,617,725	395,757	5,712,490	440,000
Defined benefit retirement payable	1,268,408	280,746	-	1,549,154	-
Charitable gift annuities payable	1,350,471	188,040	292,562	1,245,949	264,902
Ground lease payable	-	1,910,594	6,310	1,904,284	6,437
Total	257,192,678	\$ 33,177,105	\$ 39,434,145	250,935,638	11,015,855
Due within one year	10,268,658			11,015,855	
Total long-term liabilities	\$ 246,924,020			\$ 239,919,783	

# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 4 - Long-term Liabilities (Continued)

The changes in long-term liability for 38 Front Avenue and 38 Front Redevelopment LLC for the year ended June 30, 2013 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Loans payable to University	\$ -	\$ 9,182,220	\$ -	\$ 9,182,220	\$ -
Loans payable to QLICI	22,273,000	-	-	22,273,000	-
Total loans payable	<u>\$ 22,273,000</u>	<u>\$ 9,182,220</u>	<u>\$ -</u>	<u>\$ 31,455,220</u>	<u>\$ -</u>

The changes in long-term liabilities for the year ended June 30, 2012 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue Bonds, Series 1998	\$ 9,055,000	\$ -	\$ 1,100,000	\$ 7,955,000	\$ 1,155,000
General Revenue Variable Rate Demand Bonds, Series 2005	29,410,000	-	-	29,410,000	230,000
General Revenue Bonds, Series 2007A	10,220,000	-	665,000	9,555,000	685,000
General Revenue Refunding Bonds, Series 2008A	92,545,000	-	2,250,000	90,295,000	2,430,000
General Revenue Refunding Variable Rate Demand Bonds, Series 2008B	39,975,000	-	-	39,975,000	1,575,000
General Revenue Bonds, Series 2009	50,070,000	-	1,180,000	48,890,000	1,215,000
General Revenue Bonds, Series 2011	21,555,000	-	-	21,555,000	2,010,000
Total bonds payable	252,830,000	-	5,195,000	247,635,000	9,300,000
Unamortized bond premiums	2,707,794	-	259,517	2,448,277	259,516
Net other postemployment benefits (see Note 6)	3,364,571	1,564,532	438,581	4,490,522	440,000
Defined benefit retirement payable	1,017,140	251,268	-	1,268,408	-
Charitable gift annuities payable	1,328,319	291,886	269,734	1,350,471	269,142
Total	261,247,824	<u>\$ 2,107,686</u>	<u>\$ 6,162,832</u>	257,192,678	<u>\$ 10,268,658</u>
Due within one year	6,265,659			10,268,658	
Total long-term liabilities	<u>\$ 254,982,165</u>			<u>\$ 246,924,020</u>	

The changes in long-term liability for 38 Front Avenue and 38 Front Redevelopment LLC for the year ended June 30, 2012 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Loans payable to QLICI	\$ -	\$ 22,273,000	\$ -	\$ 22,273,000	\$ -

### **Note 4 - Long-term Liabilities (Continued)**

The General Revenue Bonds, Series 1998, were issued in January 1998 by the board of trustees to provide funds for construction of additional residential facilities. The interest rates on these bonds range from 4.70 percent to 5.50 percent. The bonds mature in 2018.

The General Revenue Refunding Variable Rate Demand Bonds, Series 2005, were issued in April 2005 and reoffered in April 2008 by the board of trustees for the advance refunding of \$7,970,000 of Series 1997 bonds, \$4,390,000 of Series 1999 bonds, and \$15,915,000 of Series 2000 bonds. The refunded bonds with an outstanding balance at June 30, 2005 of \$30,282,925 were defeased upon delivery of the new issue. In addition to the scheduled payment of \$230,000, the bonds were extinguished through refunding in 2013.

The General Revenue Bonds, Series 2007A, were issued in September 2007 by the board of trustees to provide funds for construction of a residential living and learning center, construction of a movement science and indoor recreational facility, and additions to an academic building and student activity center, as well as a portion of the construction period interest expense. The interest rates on the Series 2007A bonds range from 4.00 percent to 5.00 percent. The Series 2007A bonds mature in 2021.

The General Revenue Refunding Bonds, Series 2008A, and the General Revenue Refunding Variable Rate Demand Bonds, Series 2008B, were issued in April 2008 by the board of trustees for the refunding and extinguishment of \$20,730,000 of Series 2001B bonds, \$14,775,000 of Series 2002A bonds, \$25,445,000 of Series 2003 bonds, \$22,660,000 of Series 2004 bonds, and \$61,535,000 of Series 2007B bonds and to provide funds for the termination of a prior swap agreement. The interest rate on the Series 2008A bonds is 5.00 percent. The Series 2008A bonds mature in 2034 and the Series 2008B bonds mature in 2032.

At June 30, 2013 and 2012, the Series 2008B bonds bear interest based on a weekly rate determined by the remarketing agent (0.05 percent and 0.16 percent at June 30, 2013 and 2012, respectively). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes that the bonds could potentially be converted to include a daily rate mode, a commercial paper rate mode, a term rate mode, and a fixed rate mode. The bonds are subject to purchase on demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, upon seven days' notice and delivery to the remarketing agent. Liquidity for the payment of the purchase price of the bonds on any mandatory or optional tender will be provided by an irrevocable direct pay letter of credit.



# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 4 - Long-term Liabilities (Continued)

The General Revenue Bonds, Series 2009, were issued in February 2009 by the board of trustees to provide funds for construction of a residential living center and a dining facility with academic space. The interest rates on these bonds range from 3.0 percent to 5.75 percent. The bonds mature in 2035.

The General Revenue Bonds, Series 2011, were issued in May 2011 by the board of trustees to provide a portion of the funds needed to construct, furnish, and equip the Mary Idema Pew Library Learning and Information Commons. The interest rates on these bonds range from 3.0 percent to 5.0 percent. The bonds mature in 2021.

The General Revenue Refunding Bonds, Series 2013A, were issued in June 2013 by the board of trustees for the current refunding of \$29,180,000 of Series 2005 bonds.

At June 30, 2013, the Series 2013A bonds bear interest of .69 percent based on a reset rate calculated as a factor of LIBOR plus an applicable spread. The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes that the bonds could potentially be converted to include a daily rate mode, a weekly rate mode, a term rate mode, a bank rate mode, and a fixed rate mode. The bonds mature in 2025.

Scheduled maturities of long-term liabilities are as follows:

Fiscal Year	Revenue Bonds	Annuities Payable	Total	Interest
2014	\$ 10,045,000	\$ 264,902	\$ 10,309,902	\$ 8,783,003
2015	12,650,000	264,902	12,914,902	8,404,020
2016	13,255,000	264,902	13,519,902	7,955,488
2017	13,950,000	264,902	14,214,902	7,480,763
2018	14,690,000	186,341	14,876,341	6,985,535
2019-2023	57,895,000	-	57,895,000	28,045,395
2024-2028	53,010,000	-	53,010,000	19,140,400
2029-2033	53,310,000	-	53,310,000	7,676,967
2034-2035	9,530,000	-	9,530,000	361,913
Total	<u>\$ 238,335,000</u>	<u>\$ 1,245,949</u>	<u>\$ 239,580,949</u>	<u>\$ 94,833,484</u>

### 38 Front Avenue and 38 Front Redevelopment LLC Loans Payable

QLICI loans payable of \$22,273,000 were issued in 2012 to provide partial funding for construction for the L. William Seidman Center as required by New Market Tax Credits. The interest rate on these loans ranges from 1.43 percent to 1.50 percent. The loans mature in 2041.

# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 4 - Long-term Liabilities (Continued)

A loan payable of \$9,182,220 was issued by the University to 38 Front Avenue in 2013 to provide partial funding for construction for the L. William Seidman Center. The interest rate on this loan is 2 percent. The loan matures in 2042.

The scheduled maturities of the 38 Front Avenue and 38 Front Redevelopment LLC loans payable are as follows:

Fiscal Year	Loans Payable	Interest
2014	\$ -	\$ 510,033
2015	-	510,033
2016	-	510,033
2017	-	510,033
2018	152,000	509,260
2019-2023	5,512,210	2,357,911
2024-2028	6,310,170	1,876,616
2029-2033	6,837,810	1,347,466
2034-2038	7,410,056	773,309
2039-2042	5,232,974	177,840
Total	<u>\$ 31,455,220</u>	<u>\$ 9,082,534</u>

### Note 5 - Derivative Instruments

The University is party to derivative financial instruments (interest rate swaps) that are reported at fair value on the statement of net position at June 30, 2013 and 2012. The fair value is calculated by the counterparty to the transactions and approximates the termination value of the interest rate swaps.

## Notes to Financial Statements June 30, 2013 and 2012

### Note 5 - Derivative Instruments (Continued)

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2013, classified by type and the change in fair value of such derivative instruments for the year ended as reported in the 2013 financial statements, are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2013		Notional
	Classification	Amount	Classification	Amount	
<b>Hedging Derivatives</b>					
Fair value hedges -					
Receive fixed interest rate swap	Deferred inflow of resources	\$ (266,000)	Asset	\$ -	\$ -
Cash flow hedges:					
Pay fixed interest rate swap	Deferred outflow of resources	1,465,000	Liability	(3,530,000)	29,180,000
Pay fixed interest rate swap	Deferred outflow of resources	2,907,000	Liability	<u>(5,428,000)</u>	27,940,000
	Total	4,372,000	Total	(8,958,000)	
<b>Investment Derivative -</b>					
Pay fixed interest rate swap	Change in fair value of derivative instruments	409,000	Liability	<u>(910,000)</u>	10,460,000
			Total	\$ (9,868,000)	

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2012, classified by type and the change in fair value of such derivative instruments for the year ended as reported in the 2012 financial statements, are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2012		Notional
	Classification	Amount	Classification	Amount	
<b>Hedging Derivatives</b>					
Fair value hedges -					
Receive fixed interest rate swap	Deferred inflow of resources	\$ (459,000)	Asset	\$ 266,000	\$ 48,890,000
Cash flow hedges:					
Pay fixed interest rate swap	Deferred outflow of resources	(1,752,000)	Liability	(4,995,000)	29,410,000
Pay fixed interest rate swap	Deferred outflow of resources	<u>(4,357,000)</u>	Liability	<u>(8,335,000)</u>	27,940,000
	Total	(6,109,000)	Total	(13,330,000)	
<b>Investment Derivative -</b>					
Pay fixed interest rate swap	Change in fair value of derivative instruments	(242,000)	Liability	<u>(1,319,000)</u>	12,035,000
			Total	\$ (14,649,000)	

### Note 5 - Derivative Instruments (Continued)

As of the balance sheet date, the swap agreements can be summarized as follows:

Effective Date	Type	Objective	Notional Amount	Pay Terms	Receive Terms	Maturity Date	Counterparty Credit Rating
9/24/2003	Pay-fixed, Receive-variable	Cash flow hedge for Series 2008B bonds	\$ 10,460,000	3.299% Fixed	70% of one-month LIBOR	6/1/2019	Baa1/A-
3/3/2005	Pay-fixed, Receive-variable	Cash flow hedge for Series 20013A bonds	29,180,000	3.501% Fixed	70% of one-month LIBOR	12/1/2025	Baa1/A-
9/6/2007	Pay-fixed, Receive-variable	Cash flow hedge for Series 2008B bonds	27,940,000	3.691% Fixed	70% of one-month LIBOR	12/1/2031	Baa1/A-

The University currently holds three derivative instruments that are pay-fixed, receive-variable interest rate swaps. The notional amounts of the swaps match the principal amount of the associated debt and the swap agreements contain scheduled reductions to outstanding notional amounts that follow scheduled reductions in the associated "bonds payable" category; the intent of entering into these swap agreements was to create a synthetic fixed-rate debt, at an interest rate that is lower than if fixed-rate debt were to have been issued directly. Two of the swap agreements are effective cash flow hedges and one is not. The one not considered effective is classified as an investment derivative.

The fair values of the interest rate swaps were calculated by the counterparty as of June 30, 2013. The fair values represent the future net settlement payments or receipts required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates.

The interest rate swaps are subject to the following risks:

**Credit Risk** - The University is exposed to credit risk on hedging derivative instruments that are in asset positions. The terms of the swap agreement require collateralization of the fair value of hedging derivative instruments in asset positions based on a scale that evaluates both the market value of the swap and the counterparty's credit rating. The University has never needed to access collateral from the counterparty.

### **Note 5 - Derivative Instruments (Continued)**

It is the University's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the nondefaulting party.

The aggregate fair value of hedging derivative instruments in asset positions at June 30, 2013 was \$0. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. This maximum exposure is reduced by \$0 of collateral held and \$9,868,000 of liabilities included in netting arrangements with those counterparties, resulting in a net exposure to credit risk of \$0.

All of the contracts are held with one counterparty. That counterparty is rated Baa1/A-.

**Interest Rate Risk** - The University is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swap, as LIBOR rates decrease, the University's net payment on the swap increases.

**Basis Risk** - The University is exposed to basis risk on its LIBOR-based interest rate swaps due to variable-rate payments received by the University on these instruments based on a rate or index other than interest rates the University pays on its variable-rate debt, which is remarketed every seven days. As of June 30, 2013, the weighted average interest rate on the University's hedged variable-rate debt is .33 percent, while 70 percent of LIBOR is .14 percent.

**Termination Risk** - The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract.

#### **Hedging Derivative Instrument Payments and Hedged Debt**

As of June 30, 2013, aggregate debt service requirements of the University's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 5 - Derivative Instruments (Continued)

Fiscal Year	<u>Associated with Swap Agreements</u>		Interest Rate	Total
	Principal	Interest	Swaps - Net	
2014	\$ 550,000	\$ 213,108	\$ 1,964,001	\$ 2,727,109
2015	2,680,000	200,776	1,903,877	4,784,653
2016	2,770,000	181,924	1,811,956	4,763,880
2017	2,870,000	162,410	1,716,812	4,749,222
2018	2,990,000	142,126	1,617,913	4,750,039
2019-2023	18,410,000	394,241	6,398,602	25,202,843
2024-2028	15,200,000	71,607	3,280,033	18,551,640
2029-2032	11,650,000	11,479	874,258	12,535,737
Total	<u>\$ 57,120,000</u>	<u>\$ 1,377,671</u>	<u>\$ 19,567,452</u>	<u>\$ 78,065,123</u>

### Note 6 - Retirement Plans

#### Defined Contribution Plans

The executive, administrative, and professional staff and faculty are covered under a defined contribution retirement plan through TIAA-CREF (Teachers Insurance and Annuity Association of America - College Retirement Equities Fund) or Fidelity Investments. Employees may contribute an amount not to exceed the Internal Revenue Service designated maximum. Participants become fully vested upon completion of two years of employment. Discretionary University contributions equal to 12 percent of participants' base salaries were made in each year.

The total expense under this discretionary plan was approximately \$13,817,720 and \$12,909,300 for the years ended June 30, 2013 and 2012, respectively. Total payroll covered under this plan was approximately \$115,281,100 in 2013 and \$107,625,400 in 2012.

Maintenance, grounds, and service staff hired after October 8, 2004 and clerical, office, and technical staff hired on or after February 2, 2006 participate in a defined contribution plan with University contributions equal to 8 percent of wages. Participants become fully vested upon completion of two years of employment. Total expenses under this plan were approximately \$594,640 in 2013 and \$506,300 in 2012. Total payroll covered under this plan was approximately \$7,433,020 in 2013 and \$6,329,100 in 2012.

### Note 6 - Retirement Plans (Continued)

#### Defined Benefit Plans

Clerical, office, technical, maintenance, grounds, and service staff and public safety officers hired before the above dates are covered under two noncontributory defined benefit plans sponsored by the University that are designed to provide monthly sources of retirement income at future dates. Participants become fully vested upon completion of 10 years of employment.

According to the actuarial valuation report as of July 1, 2012, membership of each plan consisted of the following:

	Maintenance, Grounds, and Service Employees' Retirement Plan	Clerical, Office, and Technical Employees' Retirement Plan
Active and transferred plan members	100	327
Terminated plan members entitled to but not yet receiving benefits	9	41
Retired and beneficiaries receiving benefits	50	124
Total participants	159	492

The annual required contribution was determined as part of an actuarial valuation at July 1, 2012. The aggregate actuarial cost method was changed to the entry age normal method. This method amortizes the unfunded actuarial liability over 30 years. Significant assumptions include (a) a 7.0 percent investment rate of return, (b) projected salary increases of 3.5 percent per year, including step increases, and (c) no cost-of-living adjustment.

## Notes to Financial Statements June 30, 2013 and 2012

### Note 6 - Retirement Plans (Continued)

Activity for the Maintenance, Grounds, and Service Employees' Retirement Plan and the Clerical, Office, and Technical Employees' Retirement Plan for the years ended June 30, 2013 and 2012 is as follows:

	Maintenance, Grounds, and Service Employees' Retirement Plan		Clerical, Office, and Technical Employees' Retirement Plan	
	Year Ended June 30		Year Ended June 30	
	2013	2012	2013	2012
<b>Additions</b>				
Investment income (loss):				
Interest and dividends	\$ 280,592	\$ 278,176	\$ 767,448	\$ 749,432
Net appreciation (depreciation) in fair value of investments	1,021,841	(750,119)	2,834,813	(2,038,276)
Income on sale of investments	<u>447,518</u>	<u>235,400</u>	<u>1,187,779</u>	<u>639,070</u>
Total investment income (loss)	1,749,951	(236,543)	4,790,040	(649,774)
Employer contributions paid	612,980	613,454	1,666,167	1,698,095
Employer contributions deferred	31,658	19,540	249,088	231,727
Other income	<u>178,216</u>	<u>153,816</u>	<u>86,202</u>	<u>3,170</u>
Total additions - Net	2,572,805	550,267	6,791,497	1,283,218
<b>Deductions</b>				
Benefit payments	563,303	526,334	1,430,260	1,098,312
Administrative expense	<u>34,866</u>	<u>29,365</u>	<u>63,174</u>	<u>51,121</u>
Total deductions	<u>598,169</u>	<u>555,699</u>	<u>1,493,434</u>	<u>1,149,433</u>
<b>Net Increase (Decrease)</b>	1,974,636	(5,432)	5,298,063	133,785
<b>Net Assets Held in Trust for Pension Benefits</b>				
Beginning of year	<u>10,612,773</u>	<u>10,618,205</u>	<u>29,247,901</u>	<u>29,114,116</u>
End of year	<u>\$ 12,587,409</u>	<u>\$ 10,612,773</u>	<u>\$ 34,545,964</u>	<u>\$ 29,247,901</u>

Three-year trend information is as follows:

	Fiscal Year Ended June 30		
	2013	2012	2011
Annual pension cost	\$ 2,559,893	\$ 2,562,816	\$ 2,663,444
Percentage of annual pension cost contributed	89.0%	90.2%	84%
Net pension obligation	\$ 280,747	\$ 251,267	\$ 440,682
Accumulated net pension obligation	\$ 1,549,154	\$ 1,268,407	\$ 1,017,140



# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 6 - Retirement Plans (Continued)

The schedule of funding progress is as follows:

Funded Status of Plan							
	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Maintenance, Grounds, and Service Employees'							
Retirement Plan	7/1/2012	\$ 10,139,451	\$ 15,958,352	\$ (5,818,901)	63.5%	\$ 4,339,746	134.1%
	7/1/2011	9,501,651	14,668,829	(5,167,178)	64.8%	4,328,478	119.4%
	7/1/2010	9,089,820	13,083,848	(3,994,028)	69.5%	4,365,122	91.5%
	7/1/2009	7,785,878	12,565,501	(4,779,623)	62.0%	4,303,196	111.1%
	7/1/2008	8,680,649	12,032,848	(3,352,199)	72.1%	4,379,525	76.5%
Clerical, Office, and Technical Employees'							
Retirement Plan	7/1/2012	\$ 27,733,914	\$ 41,662,852	\$ (13,928,938)	66.6%	\$ 11,663,739	119.4%
	7/1/2011	26,157,213	38,695,427	(12,538,214)	67.6%	12,143,554	103.2%
	7/1/2010	24,910,403	33,574,376	(8,663,973)	74.2%	12,665,438	68.4%
	7/1/2009	21,489,753	31,397,107	(9,907,354)	68.4%	12,162,951	81.5%
	7/1/2008	23,648,718	29,282,091	(5,633,373)	80.8%	12,332,912	45.7%

### Other Postemployment Benefits

The University has a single-employer defined benefit plan that provides certain healthcare benefits for retired faculty and staff. The plan covers 2,735 members as of June 30, 2013 and currently does not require active members to contribute to the plan.

**Plan Description** - Substantially all of the University's employees may become eligible for certain healthcare benefits if they reach retirement age while working for the University, are vested in a University-sponsored retirement plan, and their years of University service and age total a minimum of 75.

**Funding Policy** - The plan requirements are established and may be amended by the University's board of trustees.

# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 6 - Retirement Plans (Continued)

**Annual OPEB Cost and Net OPEB Obligation** - The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 15 years. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's OPEB obligation:

	2013	2012
Annual required obligation	\$ 1,900,142	\$ 1,752,618
Interest on net OPEB obligation	312,029	235,520
Adjustment to annual required contribution	(594,446)	(423,606)
Annual OPEB cost	1,617,725	1,564,532
Contributions made	395,757	438,581
Increase in net OPEB obligations	1,221,968	1,125,951
Net OPEB obligation - Beginning of year	4,490,522	3,364,571
Net OPEB obligation - End of year	<u>\$ 5,712,490</u>	<u>\$ 4,490,522</u>

**Funded Status and Funding Progress** - As of July 1, 2013, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$12,196,088, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,196,088. An investment fund was established for the purpose of prefunding retiree benefits, with a market value of \$7,664,140 and \$5,615,752 at June 30, 2013 and 2012, respectively. However, because the funds are not irrevocable, these contributions do not constitute contributions for GASB Statement No. 45 purposes. The covered payroll (annual payroll of active employees covered by the plan) was \$138,717,600 and \$130,480,500 for 2013 and 2012, respectively, and the ratio of all UAAL to covered payroll was 8.79 percent and 8.01 percent for 2013 and 2012, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

### Note 6 - Retirement Plans (Continued)

**Actuarial Methods and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the projected unit cost actuarial method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses) based on the expected long-term investment returns on plan assets. The UAAL is being amortized as a projected unit credit level dollar, closed on a 15-year basis. The remaining amortization period at June 30, 2013 was nine years. Benefits valued are fixed dollar amounts.

### Note 7 - Commitments

The University has an arrangement with the State of Michigan and State Building Authority (the "SBA") to finance a large portion of the Padnos College of Engineering and Computing and the Graduate School of Business and Graduate Library Building located on the Pew Campus in downtown Grand Rapids. The arrangement is based upon a lease agreement that is signed by the University. It stipulates that the SBA will hold title to the buildings and the State will make all lease payments to the SBA on behalf of the University, and the University will pay all operating and maintenance costs. At the expiration of the lease, the SBA has agreed to sell each building to the University for \$1.

Beginning January 1, 2011, the University leased lab space to a private company for a five-year term. The tenant has the option of extending the lease for five additional periods of five years each. At June 30, 2013, the base rent is \$132,627 per year.

The University has agreed to lease the Michigan Alternative and Renewable Energy Facility from the City of Muskegon at no cost through June 30, 2025. Ownership of the building will revert to the University at lease termination for \$1.

The University has agreed to lease office space from Bicycle Factory, LLC, beginning in the fiscal year ended June 30, 2009 for 90 months. As of June 30, 2013, the University has \$226,286 as a security deposit and \$113,143 as a put deposit. In the event the lessor elects to sell individual units (floors) therein, the University has the ability to purchase it for \$3.47 million.

# Grand Valley State University

## Notes to Financial Statements June 30, 2013 and 2012

### Note 8 - Contingencies

The University is self-funded for coverage under portions of its hospital/medical benefits and for all unemployment compensation and workers' compensation. The University also offers one HMO plan to employees. Stop-loss coverage has been purchased by the University for the self-funded hospital/medical benefits and workers' compensation claims. The stop-loss insurance limits the claims for hospital/medical benefits to \$250,000 per individual, with no lifetime limit. The workers' compensation stop-loss insurance limits its liability for claims paid per individual to \$500,000 in 2013 and 2012. Current liabilities for estimated claims retained by the University under self-insurance programs have been established at \$2,130,760 and \$1,707,600 as of June 30, 2013 and 2012, respectively.

	2013	2012
Balance - Beginning of year	\$ 1,707,600	\$ 1,759,400
Claims incurred and changes in estimates	25,758,238	22,891,926
Claim payments	(25,335,078)	(22,943,726)
Balance - End of year	<u>\$ 2,130,760</u>	<u>\$ 1,707,600</u>

To secure payment for a utility agreement, the University requested a \$450,000 letter of credit during August 2007, which has been extended through March 31, 2017.

The University is a participant in the Michigan Universities Self-Insurance Corporation (MUSIC). This organization provides insurance coverage for errors and omissions liability, comprehensive general liability, and all risk property insurance. In fiscal year 2013, there are 11 universities that participate in MUSIC. Each participating university is responsible for a first tier of losses up to a level that has been actuarially determined. MUSIC is financially responsible for a second tier of losses. For comprehensive general liability errors and omissions and all risk property insurance, MUSIC has purchased excess insurance coverage with commercial insurance carriers to cover a third tier of losses. However, in the event the insurance reserves established by MUSIC are insufficient to meet its second tier obligations, each of the participating universities share this obligation by agreements with MUSIC.

In the normal course of its activities, the University has been a party in various legal actions. Historically, the University has not experienced significant losses from such actions. After taking into consideration legal counsel's evaluation of pending actions, the University is of the opinion that the outcome thereof will not have a material effect on its financial statements.

### **Note 8 - Contingencies (Continued)**

Pursuant to State of Michigan Public Act 362 of 1993, as amended, the University has previously authorized 42 public school academies. All 42 of these public school academies can operate schools funded by the State School Aid Act. The University, as fiscal agent, provides guidance in and review of compliance with state requirements and forwards the state payment to the public school academies. Public funding is provided by the State of Michigan on a per-pupil basis. Funding of \$172,070,150 and \$170,054,234 was appropriated by the State in 2013 and 2012, respectively, to be allocated to the public school academies, net of approximately a 3 percent administrative fee retained by the University. At June 30, 2013, \$34,309,244 was outstanding as a receivable from the State, of which \$29,646,628 will be subsequently forwarded to the public school academies. At June 30, 2012, \$30,687,212 was outstanding as a receivable from the State, of which \$27,285,650 will be subsequently forwarded to the public school academies. This activity is treated as an agency transaction.

The L. William Seidman Center opened on May 1, 2013, and an operating lease between the University and 38 Front Avenue commenced. It is a 30-year triple net operating lease paid by the University for exclusive use of the Center. Rental payments are due annually, in advance. In addition, the University entered into a 99-year triple-net ground lease with 38 Front Avenue for the land upon which the Center is constructed. Lease payments of \$1 are due annually, in advance. The fair market value of the ground lease has been recognized as a capital related expense by the university.

38 Front Avenue was financed in part by proceeds from loans received from investors participating in the New Markets Tax Credit program administered by the Community Development Financial Institutions Fund of the U.S. Department of Treasury.

Under the program as part of the loan agreement, 38 Front Avenue has committed to maintaining its status as a qualified active low-income community business (QALICB) as defined in IRC Section 45D. The QALICB is a Michigan nonprofit corporation with Grand Valley State University as the only member. The purpose of the QALICB is to acquire, own, and construct a new, multi-story 124,000 square foot LEED Silver building for the expansion of the Seidman College of Business and various community and business outreach services.

### **Note 9 - Subsequent Events**

The State of Michigan has approved the 2013-2014 fiscal year appropriation in the amount of \$57,765,100, which includes \$2,329,100 for performance funding.

## **Supplemental Information**

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# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds June 30, 2013

	Balance		Investment		Distribution		Intrafund		Balance		Retained		Principal	
	June 30, 2012	Gifts and Additions	Income and	Deductions	Beneficiary Funds	Distribution	Distribution	June 30, 2013	Investment Income	June 30, 2013				
<b>Endowment Funds</b>														
School of Accounting Faculty Endowed Scholarship	\$ 11,443	\$ 7,274	\$ 2,039	\$ -	\$ 3,334	\$ 24,090	\$ 2,424	\$ 21,666						
Kathy A. Agard Endowed Fellowship in Community Philanthropy	117,483	-	14,996	5,287	-	127,192	18,728	108,464						
John Allegrina Nontraditional Student Endowed Memorial Scholarship	5,475	1,404	837	-	1,094	8,810	907	7,903						
Mathias J. Alten Endowment Fund	22,098	3,825	3,125	-	100	29,148	3,317	25,831						
Alumni Heritage Scholarship Fund	672,148	49,321	88,541	31,078	346	779,278	150,102	629,176						
WGVU - AM Radio Endowment	1,302	862	217	-	228	2,609	224	2,385						
Eric A. Andres Live, Laugh, Love, Learn Scholarship	17,440	14,240	2,919	-	200	34,799	4,085	30,714						
David G. and Mary L. Annis Scholarship	96,588	1,746	12,439	4,384	70	106,459	21,835	84,624						
R.B. Annis Educational Foundation and Outreach Program Endowment	141,909	370	18,147	6,395	355	154,386	27,566	126,820						
Joseph E. Appelt P.E. Engineering Scholarship Fund	43,404	-	5,540	1,953	-	46,991	11,049	35,942						
APICS Scholarship Fund	38,058	25	4,858	1,713	-	41,228	36,103	5,125						
Carl and Delores Arendsen Golf Scholarship	37,408	246	4,798	1,690	246	41,008	7,077	33,931						
ARAMARK Student Excellence Endowed Scholarship	-	30,000	3,528	-	-	33,528	3,528	30,000						
Bachmeier Disability Support Services Endowment	25,991	1,766	3,646	-	3,021	34,424	6,564	27,860						
Carl and Claudia Bajema Grand Rapids Urban Schools Endowed Scholarship	21,998	6,300	3,473	-	5,500	37,271	4,921	32,350						
Baker-Hall Physics Fund	66,205	3,542	8,718	3,063	1,564	76,966	25,090	51,876						
Baldwin Foundation Scholarship Endowment Fund	10,951	10,000	2,057	-	-	23,008	3,008	20,000						
John T. Batchelder Political Science Scholarship	36,390	700	4,683	1,649	-	40,124	6,574	33,550						
William C. Baum Endowment	82,964	1,600	10,684	3,766	6	91,488	19,964	71,524						
Nancy H. Baum Endowment in Dance	40,168	400	5,135	1,810	8	43,901	19,143	24,758						
Beckering Family Carillon Endowment	28,640	125	3,670	1,293	-	31,142	7,707	23,435						
Fred A. Bell Business Scholarship Endowment	40,189	115	5,134	1,810	-	43,628	12,272	31,356						
David Alan Bergsma Scholarship Fund	55,933	-	7,140	2,517	-	60,556	49,921	10,635						
Hyman H. & Greta M. Berkowitz Scholarship Fund	421,854	294	53,883	18,993	179	457,217	190,290	266,927						
Biology Field and Laboratory Enhancement Fund	140,107	12,963	18,721	6,589	744	165,946	33,100	132,846						
The Biomedical/Health Science Fund	32,913	1,380	4,300	1,513	425	37,505	10,223	27,282						
The Rev. Darld and Joyce Black Doctor of Physical Therapy														
Scholarship in Memory of Robert Klein	32,504	900	4,211	1,483	200	36,332	8,031	28,301						
Edith I. Blodgett Endowed Music Scholarship Fund	61,191	277	7,838	2,761	282	66,827	31,187	35,640						
Joan Boand Athletic Scholarship Fund	65,141	2,690	8,487	2,983	530	73,865	17,731	56,134						
Boand & Rowe Endowment for Advancement of Women in Sport														
& Physical Activity	-	9,731	509	-	2,377	12,617	509	12,108						
Ira Brad Memorial Scholarship	137,439	8,286	18,094	6,364	680	158,135	25,286	132,849						
William J. & Margaret G. Branstrom Fund	114,899	-	14,685	5,181	-	124,403	75,816	48,587						
George and Georgia Breur Scholarship	12,259	-	1,595	-	-	13,854	3,854	10,000						



# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2013

	Balance		Investment				Balance		Principal
	June 30, 2012	Gifts and Additions	Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	June 30, 2013	Retained Investment Income	Balance June 30, 2013	
<b>Endowment Funds (Continued)</b>									
Brooks College Endowed Scholarship for Study Abroad	\$ -	\$ 3,931	\$ 157	\$ -	\$ 1,213	\$ 5,301	\$ 157	\$ 5,144	
The Donna K. Brooks Presidential Scholarship	318,668	1,000	40,674	14,340	-	346,002	85,358	260,644	
Margaret Susan and Paul Brian Brooks Endowed Memorial Scholarship	-	16,368	665	-	-	17,033	665	16,368	
The Brooks Family Minority Scholarship	310,761	-	39,667	13,984	-	336,444	84,434	252,010	
Johnny C. Burton Memorial Scholarship	76,470	-	9,761	3,441	-	82,790	28,122	54,668	
Anonymous Endowed Scholarship	-	1,000	(3)	-	-	997	(3)	1,000	
Greg Cadaret Baseball Fund	72,073	30	9,201	3,243	23	78,084	35,592	42,492	
Dr. Johnine and Dr. Orel Callahan Honors Senior Research Program Endowment	-	330	20	-	-	350	20	330	
Carlton Radiologic and Imaging Sciences Undergraduate Scholarship	6,015	-	783	-	-	6,798	1,198	5,600	
Ara Cary Lectureship Fund	50,931	330	6,528	2,300	225	55,714	14,544	41,170	
Barry Castro Business Ethics Scholarship	92,848	477	11,891	4,190	356	101,382	16,668	84,714	
Bernard & Camille Cebelak Scholarship Fund	338,536	-	43,212	15,234	-	366,514	66,254	300,260	
Endowment for the Center for Scholarly and Creative Excellence	246	-	36	-	100	382	82	300	
Collegiate Entrepreneurs' Organization (CEO) Endowment	88,846	-	11,341	3,998	-	96,189	22,078	74,111	
Robert L. Chamberlain Scholarship Fund	60,494	170	7,737	2,727	150	65,824	30,911	34,913	
Ruth Chamberlain Global Issues Scholarship Endowment	99,965	1,000	12,813	4,515	-	109,263	8,263	101,000	
Hong Chen Memorial Endowment	25,548	-	3,261	1,150	-	27,659	6,488	21,171	
Children's Enrichment Center Student Parent Scholarship	9,482	2,180	1,543	-	4,223	17,428	2,089	15,339	
Douglas K. and Ellen Chung Asian Social Work Graduate Scholarship	35,006	-	4,468	1,575	-	37,899	7,207	30,692	
Helen Claytor Minority Scholarsip	1,249,208	-	159,454	56,212	-	1,352,450	368,047	984,403	
College of Liberal Arts and Sciences Endowed Scholarship	-	335	21	-	129	485	21	464	
Colliers International Endowed Scholarship	-	15,600	670	-	-	16,270	670	15,600	
School of Communications Scholarship Fund	47,740	1,091	6,178	2,173	485	53,321	12,229	41,092	
Community Foundation for Muskegon County Interfaith Dialogue Fund*	348,666	-	44,505	15,689	-	377,482	56,133	321,349	
Community Leadership Endowment*	114,774	9,211	14,896	5,254	-	133,627	20,330	113,297	
College of Education Future Teacher Scholarship	37,233	7,837	5,343	1,425	5,209	54,197	8,241	45,956	
Computing and Information Systems Scholarship Fund	127,177	4,713	16,560	5,822	2,110	144,738	40,275	104,463	
Cook Leadership Fellows of Hauenstein Center for Presidential Studies	1,056,936	103,973	141,436	49,797	1,101	1,253,649	229,313	1,024,336	
The Coopersville Scholarship	1,047,184	1,355	133,757	47,152	130	1,135,274	120,183	1,015,091	
The COT Association Scholarship Endowment Fund	124,888	2,770	16,209	5,695	2,914	141,086	29,737	111,349	
David Daniels Memorial Scholarship	73,915	1,473	9,559	3,362	671	82,256	31,981	50,275	
Gilbert R. and Patricia K. Davis Endowed Merit Scholarship for Part/full-time Junior and Senior English Majors	101,476	260	12,976	4,573	217	110,356	35,040	75,316	
Greta & Arthur DeLong Perpetual Scholarship Fund	78,070	100	9,965	3,513	-	84,622	30,812	53,810	

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2013

	Balance		Investment				Balance	Retained	Principal
	June 30, 2012	Gifts and Additions	Income and	Distribution	Intrafund		June 30, 2013	Investment Income	Balance
			Deductions	Beneficiary Funds	Distribution				June 30, 2013
<b>Endowment Funds (Continued)</b>									
Kendal J. DenBleyker Endowed Scholarship	\$ -	\$ 50,000	\$ 1,845	\$ -	\$ -	\$ 51,845	\$ 1,845	\$ 50,000	
Aaron M. DesRocher Memorial Chemistry Scholarship	33,434	-	4,272	1,506	100	36,300	5,990	30,310	
Dick and Betsy DeVos Leadership Fellow Endowment for the Hauenstein Center for Presidential Studies	138,734	10	17,709	6,243	-	150,210	50,200	100,010	
Pamella and Daniel G. DeVos Musical Theater Scholarship	44,175	1,200	5,750	2,019	1,200	50,306	6,306	44,000	
Robert and Edward DeVries Families Campus Ministry Fund	560	30	76	-	35	701	101	600	
Marvin G. DeVries Endowed Scholarship	-	23,625	1,402	-	1,301	26,328	1,402	24,926	
DeWitt Barrels Inc. Environmental Science and Natural Resources Scholarship	49,734	6,388	7,033	2,439	593	61,309	7,823	53,486	
John R. DeYoung Leadership Fellow Endowment	6,321	6,000	1,528	-	-	13,849	1,849	12,000	
Mary Jane Dockeray Scholarship Fund	88,078	477	11,298	3,979	198	96,072	33,216	62,856	
DV Alpha Scholarship Endowment	9,996	-	1,301	-	-	11,297	1,297	10,000	
Scott M. Dykstra Oliver Products Company Engineering Scholarship	60,274	350	7,717	2,720	25	65,646	15,567	50,079	
L.V. Eberhard Scholarship Fund	583,426	-	74,471	26,253	-	631,644	362,421	269,223	
Economics Department Faculty Endowed Scholarship	10,700	3,468	1,724	-	3,576	19,468	2,123	17,345	
Valerie P. Eggert Distinguished Scholarship in Philanthropy	35,871	100	4,585	1,616	-	38,940	7,305	31,635	
Eitzen Voice Scholarship	138,637	5,310	18,845	6,622	14,155	170,325	54,619	115,706	
Empowering Haiti Through Education Fund	9,071	3,539	1,472	-	2,888	16,970	1,758	15,212	
School of Engineering Fund	185,075	2,198	23,783	8,375	941	203,622	71,063	132,559	
Enrichment Fund	613,718	5,700	78,590	27,685	-	670,323	354,099	316,224	
English Faculty Endowed Scholarship for New Majors	-	469	8	-	-	477	8	469	
Jean Enright Women and Gender Studies Scholarship	25,427	3,467	3,589	-	490	32,973	7,306	25,667	
Faculty Teaching and Learning Center Endowment	2,308,058	-	294,611	103,859	-	2,498,810	583,429	1,915,381	
Finance Department Endowment	96,770	650	12,411	4,371	600	106,060	25,562	80,498	
Finance Department Faculty Endowed Scholarship	16,797	4,700	2,672	-	4,600	28,769	3,519	25,250	
First Generation Urban Schools Scholarship	52,329	4,235	7,071	2,466	4,149	65,318	9,923	55,395	
Richard E. Flanders Scholarship Fund	142,709	1,570	18,339	6,460	120	156,278	64,266	92,012	
Robert W. Fletcher Memorial Endowment	105,265	6,564	13,897	4,866	3,827	124,687	17,158	107,529	
Football Alumni Endowment Fund	110,480	14,372	15,195	-	2,971	143,018	28,516	114,502	
Frey Foundation Chair for Family Foundations and Philanthropy	1,557,928	3	198,861	70,104	-	1,686,688	186,685	1,500,003	
The General Dynamics Land Systems Engineering Scholarship	41,076	-	5,243	1,848	-	44,471	12,471	32,000	
Geology Development Fund	124,007	1,050	15,846	5,587	-	135,316	64,314	71,002	
Geology Student Field Camp Endowment	47,700	6,270	6,750	2,340	440	58,820	13,647	45,173	
Norman Gibson Geology Field Study Scholarship	51,704	3,970	6,838	2,398	740	60,854	7,147	53,707	
Charlotte A. Gierst & Salome C. Egeler Trust Fund	75,083	120	9,595	3,382	120	81,536	34,821	46,715	
Richard Giles Memorial Scholarship Fund	371,140	350	47,396	16,708	-	402,178	236,518	165,660	

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2013

	Balance		Investment	Distribution		Intrafund	Balance	Retained	Principal
	June 30, 2012	Gifts and Additions	Income and Deductions	Beneficiary Funds	Distribution	Distribution	June 30, 2013	Investment Income	Balance June 30, 2013
<b>Endowment Funds (Continued)</b>									
Eric Jon Gillette Memorial Scholarship	\$ 32,919	\$ -	\$ 4,202	\$ 1,481	\$ -	\$ -	\$ 35,640	\$ 5,540	\$ 30,100
George and Barbara Gordon Endowment for the Gordon Gallery	38,779	210,100	21,693	-	-	-	270,572	20,472	250,100
John and Barbara Gracki Football Degree Completion Scholarship Fund	44,142	1,000	5,686	2,004	-	-	48,824	4,674	44,150
The Graduate Teacher Certification Scholarship	81,931	1,750	10,561	3,715	546	-	91,073	19,763	71,310
Grand Valley Grand Forum Endowment	232,609	7,981	29,799	10,502	495	-	260,382	87,151	173,231
The Grand Valley Lanthorn Merit Scholarship	37,382	-	4,772	1,682	-	-	40,472	10,457	30,015
Grand Valley State University Athletic Fund	255,924	14,924	33,412	11,728	2,311	-	294,843	72,318	222,525
Grand Valley State University Fund	4,680,273	419,488	627,357	239,489	(312,875)	-	5,174,754	3,115,771	2,058,983
GVSU Interprofessional Education Initiative Endowment Fund	5,224	275	759	-	1,360	-	7,618	1,108	6,510
GVSU LGBT Scholarship Endowment	112,238	4,313	14,706	5,161	3,748	-	129,844	22,985	106,859
Grand Valley State University Symphony Orchestra Endowed Scholarship	7,597	1,505	1,091	-	720	-	10,913	1,448	9,465
Women's Center Non-Traditional Student Scholarship	82,927	921	10,684	3,759	1,094	-	91,867	19,557	72,310
Tom and Marcia Haas & Family Laker Marching Band Scholarship	30,563	7,275	4,611	-	6,750	-	49,199	6,798	42,401
Rick K. Hamlin Endowed Memorial Scholarship	-	14,200	649	-	-	-	14,849	649	14,200
Earl Harper Scholarship Fund	64,900	-	8,284	2,920	-	-	70,264	32,169	38,095
Hauenstein Center for Presidential Studies Endowment	511,102	48,714	69,085	-	2,374	-	631,275	191,876	439,399
Center for Health Sciences Simulation Endowment	33,034	297	4,328	-	307	-	37,966	11,295	26,671
Joyce Hecht Distinguished Scholarship in Philanthropy	144,900	225	18,507	6,524	-	-	157,108	35,658	121,450
William Hegarty Endowment Fund	32,144	50	4,102	1,446	-	-	34,850	8,866	25,984
Arthur C. Hills Music Scholarship Fund	81,655	2,982	10,442	3,682	67	-	91,464	41,501	49,963
Hispanic Scholarship Fund	68,667	-	8,765	3,090	-	-	74,342	25,156	49,186
Dr. James D. Hoffman Scholarship	93,260	-	11,904	4,197	-	-	100,967	27,916	73,051
The Hilda C. Holder Endowed Scholarship for Women in Business Fund	41,244	-	5,265	1,856	-	-	44,653	9,553	35,100
Honors Program Enrichment	28,466	1,238	3,818	-	1,183	-	34,705	9,109	25,596
Hospitality and Tourism Management Department Endowment	37,458	2,493	5,070	-	1,861	-	46,882	8,446	38,436
J. C. Huizenga Business Scholarship	60,212	1,500	7,715	2,720	-	-	66,707	10,107	56,600
The Professor Paul A. Huizenga Biology Education Scholarship	123,337	6,410	15,983	5,635	10	-	140,105	25,441	114,664
W.G. Jackson Fund	226,926	270	28,982	10,216	120	-	246,082	89,368	156,714
Nathan M. Hurwitz Memorial Scholarship	-	15,225	1,617	-	15,150	-	31,992	1,617	30,375
Todd Jager Memorial Graduate Athletic Training Student Award	59,599	3,900	7,607	2,685	-	-	68,421	10,834	57,587
Michael and Susan Jandernoa Scholarship Endowment	179,263	37,247	25,219	8,874	-	-	232,855	31,854	201,001
The Dorothy A. Johnson Center for Philanthropy Library Endowment	689,239	28	87,979	31,015	-	-	746,231	239,704	506,527
The Dorothy A. Johnson Center for Philanthropy Operations Endowment	4,006,360	147,827	511,173	180,324	1,803	-	4,486,839	899,203	3,587,636
Johnson Leadership Scholarship Endowment	31,736	-	4,051	1,428	-	-	34,359	4,359	30,000
Jurries Family Scholarship	36,440	-	4,651	1,640	-	-	39,451	9,451	30,000
Justice and Society Endowed Scholarship	32,139	5,020	4,635	1,609	5,000	-	45,185	5,165	40,020

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2013

	Balance		Investment		Distribution		Intrafund		Balance		Retained		Principal	
	June 30, 2012	Gifts and Additions	Income and	Deductions	Beneficiary Funds	Distribution	Distribution	June 30, 2013	Investment Income	June 30, 2013				
Endowment Funds (Continued)														
Sylvia and Richard Kaufman Interfaith Institute Endowment	\$ 556,134	\$ 53,225	\$ 74,340	\$ 26,182	\$ 50	\$ 657,567	\$ 100,134	\$ 557,433						
Fred M. and Bernadine Keller Engineering Diversity Scholarship	55,504	350	7,111	2,505	225	60,685	10,110	50,575						
W.K. Kellogg Community Philanthropy Chair	-	1,150,000	3,971	-	-	1,153,971	3,971	1,150,000						
Kurt F. Kimball Scholarship Endowment	44,350	770	5,711	2,013	40	48,858	15,025	33,833						
Joseph Spruit Engineering Scholarship	57,818	150	7,397	2,606	150	62,909	10,459	52,450						
Dr. Wayne and Paula Kinzie Counseling Staff Professional Development Endowment	131,328	6,500	18,491	-	25,000	181,319	22,686	158,633						
Kirkhof College of Nursing Endowment	185,967	6,318	24,146	8,492	2,646	210,585	47,489	163,096						
Dr. Donald J. Klein, Sr. Graduate Endowed Scholarship in Accounting	135,127	3,995	17,491	6,161	-	150,452	26,411	124,041						
Professor Charles Knop Chemistry Scholarship	28,582	5,709	4,073	-	871	39,235	6,581	32,654						
Walton Boston Koch Memorial Scholarship	37,386	60	4,778	1,684	60	40,600	18,508	22,092						
The Albert S. and Ella D. Koeze Art Scholarship	66,392	-	8,475	2,988	-	71,879	17,384	54,495						
A. Scott and Ruth P. Koeze Graduate Business Scholarship	38,056	-	4,857	1,712	-	41,201	7,021	34,180						
MaryBeth Koeze Art Scholarship	66,462	6,435	8,887	3,130	-	78,654	8,217	70,437						
MaryBeth Koeze Endowed Scholarship in memory of Dr. Thomas Henry Koeze	66,462	6,435	8,887	3,130	-	78,654	8,217	70,437						
Dirk Koning Film and Video Scholarship	45,411	910	5,887	2,070	815	50,953	10,364	40,589						
The Jack J. Korff Seidman College of Business Finance Scholarship	66,185	5,000	8,762	3,087	-	76,860	11,750	65,110						
Lynne Kraemer Memorial Scholarship	40,843	-	5,214	1,838	-	44,219	26,225	17,994						
Kutsche Office of Local History Endowment	120,682	39,676	17,059	5,932	17,871	189,356	12,819	176,537						
Lake Michigan Writing Project Endowment	29,084	20,000	5,745	-	25,000	79,829	4,829	75,000						
The LGBT Resource Center	6,547	1,483	964	-	720	9,714	1,431	8,283						
Richard H. Lefebvre Geology Field Education Fund	47,302	8,345	6,934	-	1,098	63,679	9,205	54,474						
The Mike Lints Track and Field Equipment Endowment	57,112	6,222	7,814	2,725	877	69,300	12,576	56,724						
Anonymous Endowed Pre-Law Scholarship	-	31	-	-	-	31	-	31						
Logie Fellowship Endowment	156,042	500	19,949	7,033	-	169,458	37,623	131,835						
Loutit Foundation Fund	257,264	46	18,519	-	(11,962)	263,867	49,040	214,827						
Arend D. and Nancy Lubbers Honors College Scholarship	764,676	445	97,631	34,417	92	828,427	212,406	616,021						
McFadden Picciuca International Child Welfare Scholarship	15,799	568	2,099	-	268	18,734	5,090	13,644						
T.J. Maciak Give Life Endowed Scholarship	-	3,361	156	-	500	4,017	156	3,861						
Dr. Faite R-P. Mack and Dr. Thomas E. Jackson Scholarship Fund	75,706	30	9,668	3,408	48	82,044	31,103	50,941						
Eric I. Maino Community Technology Award Endowment	32,333	2,688	4,370	-	450	39,841	6,203	33,638						
Teri Linn (Houghton) Marsh Endowed Memorial Nursing Scholarship	14,542	2,695	2,619	-	15,000	34,856	2,161	32,695						
Jean E. Martin Doctor of Nursing Practice Scholarship	210,287	25,146	28,960	-	135	264,528	63,220	201,308						
Mathematics Endowment Fund	208,183	3,120	26,806	9,439	1,430	230,100	98,131	131,969						
Russell G. Mawby Fellowship in Philanthropic Studies	155,189	-	19,809	6,983	-	168,015	32,308	135,707						
Fred Meijer Diversity Scholarship	36,217	-	4,713	-	-	40,930	15,930	25,000						
Frederik Meijer Endowed Honors Chair in Entrepreneurship and Innovation	1,064,982	500,000	194,149	64,809	-	1,694,322	194,322	1,500,000						

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2013

	Balance		Investment		Distribution		Intrafund		Balance		Retained		Principal	
	June 30, 2012	Gifts and Additions	Income and	Deductions	Beneficiary Funds		Distribution		June 30, 2013	Investment Income		June 30, 2013		
<b>Endowment Funds (Continued)</b>														
Frederik Meijer First Generation Honors College Student Scholarship Endowment	\$ 1,230,249	\$ 1,500,050	\$ 212,688	\$ 72,248	\$ 50	\$ 2,870,789	\$ 369,139	\$ 2,501,650						
Frederik Meijer Lecture Series Endowment	415,257	-	53,005	18,686	-	449,576	149,576	300,000						
Corky Meinecke Scholarship Endowment Fund	64,693	773	8,350	2,938	50	70,928	17,294	53,634						
Memorial Garden Endowment	5,080	-	661	-	-	5,741	2,321	3,420						
Mercantile Bank of Michigan Upward Bound (TRiO) Program Endowment	-	40,000	1,742	-	-	41,742	1,742	40,000						
Paul C. and Florence Miller Mineral Collection Endowment	52,392	100	6,700	2,361	-	56,831	15,931	40,900						
Paul C. Miller Scholarship Fund	171,097	-	21,839	7,699	-	185,237	84,914	100,323						
Mithilesh & Jitendra Mishra Foreign Student/Faculty Scholarship Fund	30,947	-	3,950	1,393	-	33,504	10,585	22,919						
Modern Languages Endowed Study Abroad Scholarship	-	917	(2)	-	-	915	(2)	917						
Jacob B. Mol Family Scholarship Fund	84,215	-	10,750	3,790	-	91,175	42,212	48,963						
Movement Science Student Excellence Endowed Scholarship	9,695	-	1,262	-	-	10,957	957	10,000						
Rodney J. Mulder Social Work Scholarship	79,628	2,040	10,298	3,621	600	88,945	18,616	70,329						
Mullendore Legal Studies Criminal Justice Scholarship	251,821	368	32,166	11,338	118	273,135	42,209	230,926						
Mark A. and Elizabeth C. Murray International Travel Fund	72,229	6,453	9,519	3,342	339	85,198	12,044	73,154						
Nichols Sustainability Scholarship	34,928	200	4,471	1,576	-	38,023	5,282	32,741						
Glenn A. and Betty J. Niemeyer History Scholarship Endowment	119,933	1,989	15,450	5,441	533	132,464	40,871	91,593						
Dr. Roy and Patricia Olsson Jr. Health Professions Scholarship	10,271	2,140	1,532	-	2,030	15,973	2,255	13,718						
Joel J. Orosz Endowed Fellowship in Philanthropy	64,436	41,819	11,378	3,797	10	113,846	12,015	101,831						
Herta Oswalt WGVU Culinary Television Program Endowment	44,429	-	5,671	1,999	-	48,101	6,101	42,000						
The Nedra J. Otis Art Scholarship	100,300	1,739	12,959	4,557	1,534	111,975	24,279	87,696						
Arnold C. Ott Lectureship in Chemistry	836,718	813	106,846	37,666	-	906,711	385,753	520,958						
Candace Otte Scholarship for Nursing	29,153	100	3,798	-	-	33,051	7,398	25,653						
The Ott-Stiner Fellowship in Chemistry and Natural Sciences	11,083	12,358	2,703	-	-	26,144	3,654	22,490						
Barbara Padnos Scholarship Fund	1,206,411	919	154,069	54,309	713	1,307,803	298,707	1,009,096						
Stuart and Barbara Padnos Chair in Art and Design	1,317	1,500,000	94,964	-	-	1,596,281	95,106	1,501,175						
Esther R. Padnos Nursing Scholarship	120,483	4	15,375	5,421	5	130,446	9,954	120,492						
Seymour and Esther Padnos Engineering Scholarship	612,371	-	78,167	27,556	25	663,007	150,632	512,375						
Padnos/Sarosik Endowed Professorship of Civil Discourse	148,825	100,000	19,110	-	-	267,935	17,913	250,022						
Joan A. Panopoulos Scholarship	38,752	675	5,005	1,764	680	43,348	3,241	40,107						
LT James W. Parmelee Memorial Scholarship	34,827	900	4,443	1,567	-	38,603	5,003	33,600						
Pathways to Recovery Scholarship	11,567	-	1,505	-	-	13,072	3,294	9,778						
Don and Diane Paton Family Entrepreneur Scholarship	27,720	2,500	3,901	-	-	34,121	5,471	28,650						
Eugene and Lillian Pawl Scholarship	1,527	950	310	-	500	3,287	537	2,750						
Peace and Justice Activist Scholarship	56,444	709	7,261	2,557	541	62,398	26,126	36,272						
Ross W. Perry Bachelor of Science Scholarships	260,583	-	33,262	11,726	-	282,119	77,004	205,115						
Physical Therapy Department Fund	68,222	2,251	8,838	3,110	1,173	77,374	20,146	57,228						

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2013

	Balance		Investment	Distribution		Intrafund	Balance	Retained	Principal
	June 30, 2012	Gifts and Additions	Income and Deductions	Beneficiary Funds	Distribution	Distribution	June 30, 2013	Investment Income	Balance June 30, 2013
<b>Endowment Funds (Continued)</b>									
William F. Pickard Fund	\$ 83,249	\$ -	\$ 10,626	\$ 3,746	\$ -	\$ -	\$ 90,129	\$ 59,339	\$ 30,790
Pioneer Class Endowed Scholarship	-	22,168	1,668	-	-	-	23,836	1,668	22,168
Plant Service Personnel Descendants Scholarship Fund	546,639	11,423	70,793	24,889	10,321	-	614,287	156,757	457,530
PNC Early Childhood Education Scholarship Endowment	107,210	22,182	15,336	4,182	-	-	140,546	14,364	126,182
Positive Black Women Endowment Fund	59,270	1,247	7,676	2,700	951	-	66,444	14,147	52,297
Paul W. Potter and Margaret E. Potter Scholarship	47,413	1,000	6,050	2,134	-	-	52,329	6,229	46,100
The Judith S. Pratt Non-Traditional Nursing Scholarship	75,163	1,815	9,706	3,416	435	-	83,703	17,756	65,947
Berthold Price Scholarship Fund	157,151	-	20,059	7,071	-	-	170,139	73,504	96,635
Price Heneveld Engineering Scholarship	175,130	37	22,360	7,882	68	-	189,713	39,408	150,305
Margaret Proctor School of Communications Scholarship	39,808	801	5,154	1,812	879	-	44,830	13,724	31,106
Dr. George I. and Helen Z. Quimby Scholarship	34,935	250	4,486	1,580	250	-	38,341	10,592	27,749
Dr. George I. Quimby Memorial Anthropology Endowment	33,897	450	4,362	1,536	350	-	37,523	6,792	30,731
Rauch Family Leadership Endowed Scholarship for Portage Schools	34,222	-	4,453	-	-	-	38,675	3,375	35,300
Redfield Financial Group Business and Baseball Endowed Scholarship	-	30,460	1,623	-	-	-	32,083	1,623	30,460
John W. and Virginia M. Reifel Economics Scholarship	107,211	10,100	15,019	-	10,000	-	142,330	22,205	120,125
Reister Family Scholarship Endowment	95,721	425	12,250	4,318	-	-	104,078	23,194	80,884
Regional Math and Science Center Endowment	175,200	470	22,402	7,895	244	-	190,421	62,965	127,456
Reverend Dennis and E. Jean (Lackey) McMurray Academic Achievement Scholarship	162	-	21	-	-	-	183	59	124
Peter P. and Patricia R. Renucci Medical Lab Sciences Scholarship Endowment	35,141	843	4,575	1,607	772	-	39,724	6,375	33,349
Peter P. Renucci Family Medical Lab Sciences Scholarship Endowment	33,978	518	4,381	1,541	480	-	37,816	6,241	31,575
Warren Reynolds Endowed Scholarship	23,460	554	3,021	1,062	54	-	26,027	8,340	17,687
Rockford Construction Student Enterprise Endowment	-	10,000	(26)	-	-	-	9,974	(26)	10,000
Stephen C. Rowe Student Summer Scholars Fellowship	-	2,603	209	-	1,884	-	4,696	209	4,487
Laura Sakoski Memorial Scholarship	18,150	3,440	2,739	-	-	-	24,329	4,877	19,452
John Salski Memorial Fund	39,125	-	4,994	1,761	-	-	42,358	11,833	30,525
The J. Patrick Sandro Education Scholarship	63,198	2,550	8,162	2,877	-	-	71,033	16,215	54,818
School of Public and Nonprofit Administration Endowment	53,162	4,724	7,129	2,503	659	-	63,171	14,547	48,624
The Ilene I. Schooley Biomedical Sciences Scholarship	36,195	-	4,620	1,629	-	-	39,186	8,897	30,289
William Schroeder Undergraduate Endowed Fellowship in Chemistry	21,129	5,000	3,291	-	5,175	-	34,595	4,245	30,350
Science Equipment Fund	2,052,535	675	263,382	92,839	21,234	-	2,244,987	1,248,217	996,770
Engineering/Computing & Information Systems Scholarship	75,424	-	9,650	3,400	500	-	82,174	48,499	33,675
Mary & Wilhelm Seeger Scholarship Fund	193,581	9,156	25,278	8,900	532	-	219,647	67,066	152,581
Seidman College of Business Commercial Real Estate Scholarship	12,355	3,000	1,738	-	-	-	17,093	3,093	14,000
Seidman College of Business Study Abroad Scholarship	42,828	659	5,519	1,942	466	-	47,530	12,561	34,969
Seidman College of Business Management Department Scholarship	8,800	1,350	1,228	-	100	-	11,478	2,893	8,585
Seidman Endowment Fund	1,328,184	5,615	169,722	59,825	898	-	1,444,594	761,758	682,836

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2013

	Balance June 30, 2012	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2013	Retained Investment Income	Principal Balance June 30, 2013
<b>Endowment Funds (Continued)</b>								
Esther L. Seidman Chair in Management Fund	\$ 344,999	\$ -	\$ 44,037	\$ 15,524	\$ -	\$ 373,512	\$ 198,113	\$ 175,399
The Margaret Sellers Walker Distinguished Practitioner Lecture Series in Public and Nonprofit Administration	3,538	303	479	-	-	4,320	867	3,453
John J. and Marjorie E. Shepard Communications Scholarship	224,324	-	28,633	10,094	-	242,863	73,374	169,489
Marilyn & BP Sherwood Seidman College of Business Scholarship for Non-Traditional Students	55,863	-	7,131	2,514	-	60,480	13,546	46,934
Ryan Short Memorial Scholarship Fund	85,771	1,245	11,060	3,891	1,192	95,377	22,201	73,176
Frederick S. Singer Memorial Veteran's Endowed Scholarship	-	16,663	197	-	-	16,860	197	16,663
Ram and Usha Singh Social Work Scholarship	35,047	-	4,474	1,577	-	37,944	9,449	28,495
Drs. Esther and Enrico Sobong Scholarship	37,119	-	4,738	1,670	-	40,187	9,107	31,080
Social Work Faculty Development Fund	39,414	-	5,031	1,774	-	42,671	20,496	22,175
The Social Work Minority Scholarship	41,042	-	5,239	1,847	-	44,434	11,001	33,433
Social Work Scholarship Fund	39,134	588	5,037	1,774	191	43,176	11,648	31,528
Spectrum Health Diversity Scholarship	88,234	-	11,262	3,970	-	95,526	20,235	75,291
Paul Springer Crew Scholarship	11,311	1,438	1,680	-	1,500	15,929	2,675	13,254
Statistics Endowment Fund	46,412	6,827	6,417	2,250	1,422	58,828	10,843	47,985
Steelcase Inc. Seidman College of Business Diversity Scholarship	120,333	-	15,360	5,415	-	130,278	29,743	100,535
The Howard and Rose Stein Endowed Biology Scholarship	56,968	1,269	7,356	2,589	144	63,148	14,793	48,355
Joseph Stevens Freedom Fund	121,655	350	15,558	5,482	294	132,375	50,708	81,667
Esther Rehm Stotz Scholarship Fund	142,996	25	18,255	6,435	-	154,841	83,528	71,313
The Subar Family - Model Coverall Service Scholarship	41,180	1,000	5,319	1,875	-	45,624	11,164	34,460
Student Sustainability Endowment Fund	10,829	500	1,562	-	2,250	15,141	2,093	13,048
Duke Tanaka Jr. Anatomy Scholarship	36,280	350	4,631	1,633	-	39,628	7,270	32,358
Tax Program Fund	140,896	375	17,992	6,343	-	152,920	83,790	69,130
AT&T Pioneers Michigan Chapter Scholarship	68,772	-	8,779	3,095	-	74,456	31,481	42,975
Charles L Toot Endowed Memorial Golf Scholarship	7,731	5,458	1,602	-	3,655	18,446	1,636	16,810
Edward Tremba Geology Scholarship Fund	82,801	1,092	10,628	3,745	19	90,795	40,439	50,356
Office of Undergraduate Research and Scholarship (OURS) Endowment	862	885	211	-	1,315	3,273	184	3,089
University Library Fund	312,655	2,935	40,165	14,147	1,206	342,814	157,812	185,002
David and Carol Van Andel Leadership Fellow Endowment for the Hauenstein Center for Presidential Studies	90,725	25,000	12,895	-	-	128,620	28,620	100,000
The Donald and Barbara VanderJagt Mathematics and Athletic Scholarship	64,299	3,150	8,432	2,968	-	72,913	14,501	58,412
VanSteeland Campus Beautification Fund	130,929	942	16,752	5,903	442	143,162	72,109	71,053
Richard E. Veazey Graduate Academic Scholarship in Accounting	319,437	100	40,781	14,376	-	345,942	40,810	305,132
Kenneth Venderbush Endowment Fund	27,100	1,200	3,534	1,245	-	30,589	11,664	18,925
Veteran's History Project Endowment	22,278	20,054	4,166	-	-	46,498	6,444	40,054
Volkhardt Family Scholarship	143,920	350	18,393	6,484	-	156,179	36,022	120,157
The Waddell/Treanor Native Plant Endowment	740,460	-	94,521	33,321	100	801,760	95,503	706,257
Florence Cowan Ward Scholarship for Nursing	153,578	480	19,633	6,921	-	166,770	37,646	129,124

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2013

	Balance		Investment	Distribution		Intrafund	Balance	Retained	Principal
	June 30, 2012	Gifts and Additions	Income and	Beneficiary Funds	Distribution	Distribution	June 30, 2013	Investment Income	Balance
			Deductions						June 30, 2013
<b>Endowment Funds (Continued)</b>									
Margaret F. Ward Art and Design Scholarship	\$ 33,986	\$ -	\$ 4,338	\$ 1,529	\$ -	\$ 36,795	\$ 6,719	\$ 30,076	
Margaret Ward Music Scholarship	32,581	452	4,207	1,480	507	36,267	8,004	28,263	
Margaret Ward WGVSU Symphony and Art Programming Endowment Fund	55,207	-	7,047	2,484	-	59,770	16,379	43,391	
The John D. Wardrop Leadership Fellow Endowment	35,525	1,050	4,750	-	175	41,500	8,795	32,705	
Maribeth Wardrop Leaders in Philanthropy Scholarship	61,941	1,244	8,175	-	1,427	72,787	8,756	64,031	
WGVSU Engineering Student Co-op Endowment	2,142	-	279	-	-	2,421	1,321	1,100	
WRI Equipment Fund	2,237,775	192	285,659	100,702	196	2,423,120	1,262,950	1,160,170	
WGVSU - FM Radio Program Endowment Fund	53,886	3,168	7,067	2,479	686	62,328	11,479	50,849	
WGVSU-TV Program Fund	89,874	4,484	11,765	4,127	1,563	103,559	17,312	86,247	
WGVSU LZ Michigan Scholarship Endowment	-	13,053	641	-	600	14,294	641	13,653	
WGVSU-TV Scholarship Fund	382,792	96	48,865	17,226	39	414,566	209,006	205,560	
Weldon Memorial Chemistry Fund	194,708	2,022	25,002	8,806	1,234	214,160	83,994	130,166	
Bonnie Wesorick Center for Health Care Transformation Endowment	552,776	132,753	80,371	-	6,709	772,609	150,964	621,645	
West Side Service Projects Endowment	31,154	-	3,977	1,402	-	33,729	4,596	29,133	
West Shore AWARE Scholarship	64,477	-	8,270	2,941	-	69,806	9,806	60,000	
Westerman Nursing Scholarship Fund	153,325	10,000	20,011	7,009	100	176,427	64,453	111,974	
Marcia and Jonathan White Honors College Endowed Scholarship	22,973	3,125	3,591	-	8,025	37,714	2,868	34,846	
Gleaves Whitney Leadership Fellow Endowment at the Hauenstein Center for Presidential Studies	4,014	2,160	723	-	2,160	9,057	597	8,460	
Whitney Young Village Outreach Engineering Scholarship	158,999	-	2,052	3,000	-	158,051	58,051	100,000	
Shawn D. Wiersma Criminal Justice Memorial Scholarship	39,014	255	4,999	1,761	130	42,637	8,738	33,899	
Holliday Willey Psychology Scholarship for the Study of Pervasive Development Disorders	46,665	600	6,015	2,116	675	51,839	10,826	41,013	
William James Fund	36,221	340	4,642	1,636	75	39,642	20,584	19,058	
Don Williams Sr. Dean Emeritus Multicultural Business Education (MBEC) Scholarship	33,608	-	4,290	1,512	-	36,386	4,586	31,800	
Anonymous SCB Endowed Scholarship	-	27,095	11	-	-	27,106	11	27,095	
Campbell-Williams Business Scholarship	36,934	97	4,759	1,673	851	40,968	7,507	33,461	
Bill & Diana Wipperfurth Annis Water Resources Institute Student Research Scholarship	38,898	625	4,977	1,754	155	42,901	7,340	35,561	
Thomas and Joyce Wisner Engineering Scholarship Endowment	855,993	150,000	111,005	-	-	1,116,998	216,998	900,000	
The Wisner Doctor of Physical Therapy Scholarship	125,848	350	16,086	5,671	-	136,613	26,883	109,730	
Robert H. and Barbara Wood Entrepreneur Scholarship	1,274	-	166	-	-	1,440	440	1,000	
Doug and Linda Woods Athletic Training Scholarship Endowment	145,553	6,905	19,027	6,700	660	165,445	33,152	132,293	
Wrestling Endowment	48,464	5,936	6,663	-	20	61,083	17,903	43,180	
Writing Majors Scholarship	34,186	2,781	4,669	1,625	3,012	43,023	7,533	35,490	
William Zimmerman Memorial Scholarship	74,373	3,407	9,840	3,454	3,019	87,185	15,885	71,300	
Shelia Williams Student Leadership Development Fund	137,739	886	17,633	6,214	246	150,290	75,346	74,944	
Women's Center Endowment	76,990	5,662	10,573	3,670	10,079	99,634	12,525	87,109	



# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2013

	Balance June 30, 2012	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2013	Retained Investment Income	Principal Balance June 30, 2013
<b>Endowment Funds (Continued)</b>								
Felix V. & Gladys A. Zukaitis Athletic Trust	\$ 213,883	\$ -	\$ 27,301	\$ 9,624	\$ -	\$ 231,560	\$ 106,375	\$ 125,185
Felix V. & Gladys A. Zukaitis Scholarship Trust	205,026	-	26,170	9,226	-	221,970	95,949	126,021
Total endowment funds	55,183,393	7,165,071	7,376,418	2,373,403	18,448	67,369,927	19,340,798	48,029,129
<b>Funds Functioning as Endowments</b>								
Accounting Scholarship Fund	440,477	8,625	56,698	19,981	500	486,319	221,597	264,722
Alumni Scholarship Fund	796,277	2,196	101,794	35,885	196	864,578	367,180	497,398
Owen F. Bieber Scholarship Trust	623,226	-	79,552	28,044	-	674,734	361,204	313,530
Alexander Calder Honors Scholarship	150,125	48	19,167	6,757	38	162,621	23,957	138,664
Charles & Florence Irwin Scholarship Endowment Fund	230,881	2,632	29,592	10,428	712	253,389	84,961	168,428
Joe E. Reid Memorial Scholarship Fund	83,573	545	10,686	3,767	-	91,037	39,215	51,822
SPX Corporation Engineering Scholarship Fund	131,088	-	16,733	5,899	-	141,922	91,812	50,110
Robert C. Trotter Scholarship Fund	501,990	-	64,077	22,589	-	543,478	395,611	147,867
Angus Fund	1,480,797	667	189,063	66,649	166	1,604,044	749,188	854,856
R.B. Annis WRI Endowment	1,605,489	1,465	205,019	72,270	678	1,740,381	630,572	1,109,809
James R. Sebastian Endowed Chair in Engineering Cooperative Education and Educational Development	1,658,894	-	211,749	74,648	-	1,795,995	1,254,673	541,322
Richard M. and Helen DeVos Center for Entrepreneurship & Innovation Endowment	1,563,853	(8,935)	199,702	70,386	300	1,684,534	458,623	1,225,911
Science Religion Project	206,500	-	26,359	9,292	-	223,567	62,230	161,337
VanderMey Endowment	155,290	-	19,822	6,988	-	168,124	53,697	114,427
Grand Rapids Continuing Education	1,480,076	-	192,601	-	-	1,672,677	1,298,695	373,982
Leon W. Hall Trust Fund	738,891	-	94,316	33,249	-	799,958	465,546	334,412
Russel H. Kirkhof Fund	2,321,126	-	296,280	104,447	-	2,512,959	1,505,660	1,007,299
Seymour & Esther Padnos School of Engineering	2,364,915	288	301,898	106,426	238	2,560,913	1,046,524	1,514,389
Padnos Fund	1,566,950	-	200,011	70,510	-	1,696,451	696,426	1,000,025
Charles C. Saur Fund	57,180	-	669	-	-	57,849	(53,728)	111,577
Undistributed Income Fund	446,903	-	63,644	-	12,008	522,555	522,555	-
Total funds functioning as endowments	18,604,501	7,531	2,379,432	748,215	14,836	20,258,085	10,276,198	9,981,887
<b>Annuity Funds</b>								
John/Shirley Batchelder CGA	38,237	-	8,900	-	-	47,137	28,314	18,823
John and Nancy Batts Charitable Gift Annuity	179,425	-	63,200	-	-	242,625	(129,687)	372,312
Darld T and Joyce M Black Charitable Gift Annuity	8,552	-	1,670	-	-	10,222	3,670	6,552
Robert F and Jean A Blossfeld Charitable Gift Annuity	2,497	-	530	-	-	3,027	874	2,153
George C and Margaret T Cope Charitable Gift Annuity	4,664	-	2,996	-	-	7,660	(423)	8,083
Dr. Gilbert R. and Patricia Davis Charitable Gift Annuities	23,958	-	7,434	-	-	31,392	11,376	20,016
Leslie Eitzen Charitable Gift Annuity	5,666	-	6,384	-	(12,050)	-	-	-
Ralph and Grace Hauenstein Charitable Gift Annuities	4,761	-	(61,352)	-	-	(56,591)	(519,570)	462,979

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2013

	Balance June 30, 2012	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2013	Retained Investment Income	Principal Balance June 30, 2013
<b>Annuity Funds (Continued)</b>								
John and Janice Heerspink Charitable Gift Annuity	\$ (186)	\$ -	\$ 395	\$ -	\$ -	\$ 209	\$ (1,426)	\$ 1,635
Harvey E. Lemmen Charitable Gift Annuities	15,834	60,000	(10,962)	-	-	64,872	(23,990)	88,862
Dr. Dorothy Merrill Charitable Gift Annuity	819	-	20,415	-	(21,234)	-	-	-
John F. and Mae D. Shipley Charitable Gift Annuity	3,814	-	326	-	-	4,140	(757)	4,897
Jacquelyn L and Lester L Stiner Charitable Gift Annuity	1,572	-	1,079	-	-	2,651	1,145	1,506
John T. Tevebaugh Charitable Gift Annuities	12,592	-	1,667	-	-	14,259	4,319	9,940
Peter Merrick Turner Charitable Gift Annuity	6,576	-	1,434	-	-	8,010	(3,556)	11,566
Total annuity funds	308,781	60,000	44,116	-	(33,284)	379,613	(629,711)	1,009,324
Total endowment and similar funds	<u>\$ 74,096,675</u>	<u>\$ 7,232,602</u>	<u>\$ 9,799,966</u>	<u>\$ 3,121,618</u>	<u>\$ -</u>	<u>\$ 88,007,625</u>	<u>\$ 28,987,285</u>	<u>\$ 59,020,340</u>

# Grand Valley State University

## Schedule of Net Position by Fund June 30, 2013

	Current Funds					Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement Fund	Blended Components	Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds							2013	2012
<b>Assets</b>													
Current assets:													
Cash and cash equivalents	\$ 13,940,736	\$ 16,020,428	\$ (968,783)	\$ (7,828,111)	\$ 21,164,270	\$ (165,693)	\$ -	\$ 21,804,585	\$ (276,646)	\$ (16,782)	\$ 136,757	\$ 42,646,491	\$ 52,338,893
Short term investments	6,235,097	7,416,819	-	-	13,651,916	138,774	-	10,280,778	-	-	-	24,071,468	20,009,390
Accounts receivable	876,118	599,616	1,138,140	5,304,946	7,918,820	-	-	2,155,736	891,162	-	50,986	11,016,704	8,394,438
State appropriation receivable	10,079,277	-	-	-	10,079,277	-	-	-	34,309,244	-	-	44,388,521	40,264,924
Pledges receivable	-	-	-	7,067,878	7,067,878	-	-	-	-	-	-	7,067,878	8,017,470
Less allowance for uncollectible accounts	-	-	-	(11,575)	(11,575)	-	-	-	-	-	-	(11,575)	(22,007)
Net pledges receivable	-	-	-	7,056,303	7,056,303	-	-	-	-	-	-	7,056,303	7,995,463
Inventory	-	115,430	2,257,552	-	2,372,982	-	-	-	-	-	6,912	2,379,894	2,659,613
Prepaid expenses and other	1,850,423	708,908	94,887	36,010	2,690,228	225,599	-	357,084	-	-	-	3,272,911	6,721,488
Student notes receivable - Current portion	-	-	-	-	-	3,700,000	-	-	-	-	-	3,700,000	3,200,000
Total current assets	32,981,651	24,861,201	2,521,796	4,569,148	64,933,796	3,898,680	-	34,598,183	34,923,760	(16,782)	194,655	138,532,292	141,584,209
Noncurrent assets:													
Restricted cash and cash equivalents	-	-	-	-	-	-	1,215,533	5,025	-	-	511,109	1,731,667	568,273
Restricted short-term investments	-	-	-	-	-	-	-	-	-	-	-	-	5,955,526
Endowment investments	-	-	-	-	-	-	87,526,932	-	-	-	-	87,526,932	75,323,538
Note receivable	-	-	-	-	-	-	-	25,500,000	-	-	-	25,500,000	16,317,780
Other long-term investments	91,931	42,578,951	-	52,336	42,723,218	-	-	59,020,548	-	7,664,140	270,430	109,678,336	132,932,726
Pledges receivable	-	-	-	7,912,515	7,912,515	-	-	-	-	-	-	7,912,515	11,981,741
Less discount to present value	-	-	-	(1,015,301)	(1,015,301)	-	-	-	-	-	-	(1,015,301)	(1,220,473)
Net pledges receivable	-	-	-	6,897,214	6,897,214	-	-	84,525,573	-	-	-	6,897,214	10,761,268
Student notes receivable - Net	-	-	-	-	-	8,263,591	-	-	-	-	-	8,263,591	8,370,937
Capital assets - Net	-	-	-	-	-	-	-	575,592,820	-	-	4,341,076	579,933,896	554,222,209
Derivative instrument	-	-	-	-	-	-	-	-	-	-	-	-	266,000
Other assets	-	286,538	-	-	286,538	-	-	1,905,206	-	-	5,227	2,196,971	3,594,240
Total noncurrent assets	91,931	42,865,489	-	6,949,550	49,906,970	8,263,591	88,742,465	662,023,599	-	7,664,140	5,127,842	821,728,607	808,312,497
Total assets	33,073,582	67,726,690	2,521,796	11,518,698	114,840,766	12,162,271	88,742,465	696,621,782	34,923,760	7,647,358	5,322,497	960,260,899	949,896,706
Deferred Outflows -													
Deferred outflow of resources - Derivatives	-	-	-	-	-	-	-	8,958,000	-	-	-	8,958,000	13,330,000

# Grand Valley State University

## Schedule of Net Position by Fund (Continued) Year Ended June 30, 2013

	Current Funds					Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement Fund	Blended Components	Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds							2013	2012
<b>Liabilities</b>													
Current liabilities:													
Accounts payable	\$ 3,857,575	\$ 1,261,016	\$ 1,003,734	\$ 1,278,631	\$ 7,400,956	\$ 377	\$ -	\$ 6,599,030	\$ 33,451,844	\$ -	\$ 4,540	\$ 47,456,747	\$ 45,239,451
Accrued payroll and other benefits	18,540,535	103,000	400	-	18,643,935	-	-	-	968,936	-	-	19,612,871	18,120,538
Accrued interest expense and other liabilities	-	-	-	-	-	-	-	1,351,174	502,980	-	(57,849)	1,796,305	2,033,506
Unearned revenue	8,096,026	442,752	275,515	2,649,724	11,464,017	-	-	31,150	-	-	13,768	11,508,935	12,749,092
Long-term liabilities - Current portion	-	-	-	-	-	-	264,902	10,310,953	-	440,000	-	11,015,855	10,268,658
Total current liabilities	30,494,136	1,806,768	1,279,649	3,928,355	37,508,908	377	264,902	18,292,307	34,923,760	440,000	(39,541)	91,390,713	88,411,245
Noncurrent liabilities:													
Unearned revenue - Net of current portion	-	-	-	-	-	-	-	605,000	-	-	-	605,000	631,400
Federal student loan payable	-	-	-	-	-	10,103,187	-	-	-	-	-	10,103,187	10,081,266
Long-term liabilities - Net of current portion	1,549,154	-	-	-	1,549,154	-	981,047	232,117,092	-	5,272,490	-	239,919,783	246,924,020
Derivative instruments	-	-	-	-	-	-	-	9,868,000	-	-	-	9,868,000	14,649,000
Total liabilities	32,043,290	1,806,768	1,279,649	3,928,355	39,058,062	10,103,564	1,245,949	260,882,399	34,923,760	5,712,490	(39,541)	351,886,683	360,696,931
<b>Deferred Inflows -</b>													
Deferred inflow of resources - Derivatives	-	-	-	-	-	-	-	-	-	-	-	-	266,000
<b>Net Position</b>													
Invested in capital assets - Net of related debt	-	-	-	-	-	-	-	335,576,347	-	-	4,341,076	339,917,423	306,052,434
Restricted:													
Nonexpendable - Scholarships and academic support	-	-	-	-	-	-	47,594,483	-	-	-	434,646	48,029,129	41,259,037
Expendable:													
Scholarships and academic support	-	-	-	6,852,334	6,852,334	-	31,172,938	-	-	-	76,463	38,101,735	31,854,106
Capital projects	-	-	-	738,009	738,009	-	307,497	18,722,166	-	-	-	19,767,672	51,372,377
Loans	-	-	-	-	-	1,635,737	-	-	-	-	-	1,635,737	1,630,447
Unrestricted	1,030,292	65,919,922	1,242,147	-	68,192,361	422,970	8,421,598	90,398,870	-	1,934,868	509,853	169,880,520	170,095,374
Total net position	\$ 1,030,292	\$ 65,919,922	\$ 1,242,147	\$ 7,590,343	\$ 75,782,704	\$ 2,058,707	\$ 87,496,516	\$ 444,697,383	\$ -	\$ 1,934,868	\$ 5,362,038	\$ 617,332,216	\$ 602,263,775

# Grand Valley State University

## Schedule of Revenue, Expenses, and Changes in Net Position by Fund Year Ended June 30, 2013

	Current Funds				Student Loan Fund	Endowment Fund	Plant Fund	Retirement Fund	Blended Components	Eliminations	Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds						2013	2012
<b>Operating Revenue</b>												
Student tuition and fees	\$ 261,675,080	\$ 527,241	\$ -	\$ -	\$ 262,202,321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,202,321	\$ 252,599,559
Less scholarship allowances	-	-	-	-	-	-	-	-	-	(43,612,866)	(43,612,866)	(39,448,294)
Net student tuition and fees	261,675,080	527,241	-	-	262,202,321	-	-	-	-	(43,612,866)	218,589,455	213,151,265
Government grants and contracts:												
Federal	-	-	-	16,299,384	16,299,384	-	-	-	-	-	16,299,384	15,630,054
State	-	25,000	-	6,068,650	6,093,650	-	-	-	-	-	6,093,650	3,888,680
Local	-	89,092	-	290,825	379,917	-	-	-	-	-	379,917	341,174
Nongovernmental grants	-	430,360	-	819,334	1,249,694	-	-	-	-	-	1,249,694	1,365,171
Sales and services of educational activities	736,038	10,979,771	-	114,487	11,830,296	-	-	-	144,578	-	11,974,874	10,567,715
Auxiliary activities	-	-	62,076,591	-	62,076,591	-	-	-	42,889	-	62,119,480	60,713,988
Less scholarship allowances	-	-	-	-	-	-	-	-	-	(8,831,338)	(8,831,338)	(8,077,116)
Net auxiliary activities	-	-	62,076,591	-	62,076,591	-	-	-	42,889	(8,831,338)	53,288,142	52,636,872
Indirect cost recoveries	1,357,537	(856)	-	(1,356,681)	-	-	-	-	-	-	-	-
Other sources	1,568,661	3,527,990	-	203,404	5,300,055	285,857	2,828	-	-	-	5,588,740	5,307,128
Endowment income	211,697	492,896	-	2,417,025	3,121,618	-	(3,100,675)	-	(20,943)	-	-	-
Total operating revenue	265,549,013	16,071,494	62,076,591	24,856,428	368,553,526	285,857	(3,097,847)	-	166,524	(52,444,204)	313,463,856	302,888,059
<b>Operating Expenses</b>												
Instruction	139,154,140	(150,145)	-	2,611,309	141,615,304	-	-	-	-	-	141,615,304	133,592,278
Research	3,439,612	1,847,484	-	2,899,597	8,186,693	-	-	-	(205,635)	-	7,981,058	7,941,344
Public service	2,326,487	10,735,279	-	12,810,640	25,872,406	-	-	-	-	-	25,872,406	21,981,388
Academic support	35,057,272	1,574,177	-	2,690,413	39,321,862	-	-	-	-	-	39,321,862	37,965,058
Student services	25,007,289	1,174,103	-	172,709	26,354,101	-	-	-	-	-	26,354,101	25,753,691
Institutional support	32,809,219	399,104	-	370	33,208,693	-	-	-	-	-	33,208,693	32,411,329
Operation and maintenance - Plant	61,846,493	633,464	-	20,851,616	83,331,573	-	(47,299,258)	-	(1,246,689)	-	34,785,626	31,123,430
Depreciation expense	-	-	-	-	-	-	21,367,477	-	385,631	-	21,753,108	21,260,365
Scholarships and related expenses	35,850,646	90,839	-	34,294,414	70,235,899	-	-	-	-	(52,444,204)	17,791,695	16,857,749
Auxiliary activities	-	-	39,185,346	-	39,185,346	-	-	-	30,773	-	39,216,119	38,487,416
Loan administrative fees and collection costs	-	-	-	-	-	220,109	-	-	-	-	220,109	277,723
Total operating expenses	335,491,158	16,304,305	39,185,346	76,331,068	467,311,877	220,109	(25,931,781)	-	(1,035,920)	(52,444,204)	388,120,081	367,651,771
<b>Operating (Loss) Income</b>	(69,942,145)	(232,811)	22,891,245	(51,474,640)	(98,758,351)	65,748	(3,097,847)	25,931,781	1,202,444	-	(74,656,225)	(64,763,712)

# Grand Valley State University

## Schedule of Revenue, Expenses, and Changes in Net Position by Fund (Continued) Year Ended June 30, 2013

	Current Funds					Student Loan Fund	Endowment Fund	Plant Fund	Retirement Fund	Blended Components	Eliminations	Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds							2013	2012
<b>Nonoperating Revenue (Expenses)</b>													
State appropriations	\$ 55,436,000	\$ -	\$ -	\$ -	\$ 55,436,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,436,000	\$ 52,677,400
Government grants	-	-	-	29,483,773	29,483,773	-	-	-	-	-	-	29,483,773	29,793,037
Gifts	388,210	2,881,003	1,849	1,566,045	4,837,107	-	9,830	-	-	-	-	4,846,937	5,216,707
Investment income:													
Interest, dividends, gains (losses) - Net of investment expense	1,289,613	589,549	-	26,141	1,905,303	-	9,740,565	870,118	981,387	57,045	-	13,554,418	5,965,141
Change in fair value of derivatives	-	-	-	-	-	-	-	409,000	-	-	-	409,000	(242,000)
Interest on capital asset - Related debt	-	-	-	-	-	-	-	(11,720,725)	-	-	-	(11,720,725)	(10,285,559)
Net nonoperating revenue (expenses)	57,113,823	3,470,552	1,849	31,075,959	91,662,183	-	9,750,395	(10,441,607)	981,387	57,045	-	92,009,403	83,124,726
<b>(Loss) Income - Before other revenue, expenses, gains, and losses</b>	(12,828,322)	3,237,741	22,893,094	(20,398,681)	(7,096,168)	65,748	6,652,548	15,490,174	981,387	1,259,489	-	17,353,178	18,361,014
<b>Other Revenue, Expenses, Gains, and Losses</b>													
Capital gifts	-	(30,000)	-	2,743,256	2,713,256	-	-	118,420	-	-	-	2,831,676	2,922,099
Add discount adjustment	-	-	-	215,604	215,604	-	-	-	-	-	-	215,604	617,482
Net capital gifts	-	(30,000)	-	2,958,860	2,928,860	-	-	118,420	-	-	-	3,047,280	3,539,581
Capital grants	-	-	-	464,243	464,243	-	-	-	-	-	-	464,243	477,909
Other capital income	-	-	-	3,667	3,667	-	-	267,643	-	-	-	271,310	367,199
Capital additions	(1,890,580)	(77,548)	(20,647)	(660,126)	(2,648,901)	-	-	2,648,901	-	-	-	-	-
Additions to permanent endowments	-	-	-	-	-	-	6,883,411	-	-	9,210	-	6,892,621	2,275,377
Gain (loss) on disposal of plant assets	24,828	34,917	-	472	60,217	-	-	87,420	-	-	-	147,637	(12,492,948)
Capital contributions to 38 Front Avenue	-	-	-	-	-	-	-	(13,107,828)	-	-	-	(13,107,828)	-
Total other revenue, expenses, gains, and losses	(1,865,752)	(72,631)	(20,647)	2,767,116	808,086	-	6,883,411	(9,985,444)	-	9,210	-	(2,284,737)	(5,832,882)
<b>Transfers Out (In)</b>													
Mandatory transfers	6,721,685	165,045	17,075,000	(273,895)	23,687,835	-	(33,500)	(23,654,335)	-	-	-	-	-
Nonmandatory transfers	(20,114,169)	649,354	5,799,651	68,721	(13,596,443)	-	(293,823)	13,890,266	-	-	-	-	-
Total transfers	(13,392,484)	814,399	22,874,651	(205,174)	10,091,392	-	(327,323)	(9,764,069)	-	-	-	-	-
<b>(Decrease) Increase in Net Position</b>	(1,301,590)	2,350,711	(2,204)	(17,426,391)	(16,379,474)	65,748	13,863,282	15,268,799	981,387	1,268,699	-	15,068,441	12,528,132
<b>Net Position - Beginning of year</b>	2,331,882	63,569,211	1,244,351	25,016,734	92,162,178	1,992,959	73,633,234	429,428,584	953,481	4,093,339	-	602,263,775	589,735,643
<b>Net Position - End of year</b>	\$ 1,030,292	\$ 65,919,922	\$ 1,242,147	\$ 7,590,343	\$ 75,782,704	\$ 2,058,707	\$ 87,496,516	\$ 444,697,383	\$ 1,934,868	\$ 5,362,038	\$ -	\$ 617,332,216	\$ 602,263,775