

Annual Report 2005



**GRAND VALLEY
STATE UNIVERSITY**

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Grand Valley State University

**Financial Report
with Additional Information
June 30, 2005**

Grand Valley State University

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Plante & Moran, PLLC
Bridgewater Place
Suite 600
333 Bridge St. N.W.
Grand Rapids, MI 49504
Tel: 616.774.8221
Fax: 616.774.0702
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Grand Valley State University

We have audited the accompanying basic financial statements of Grand Valley State University as of June 30, 2005 and 2004 and for the years then ended, as listed in the table of contents. These basic financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these basic 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 that the statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Grand Valley State University at June 30, 2005 and 2004 and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated August 26, 2005 on our consideration of the University's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of those reports 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 opinions on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis presented on pages 3 through 13 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

August 26, 2005



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Grand Valley State University

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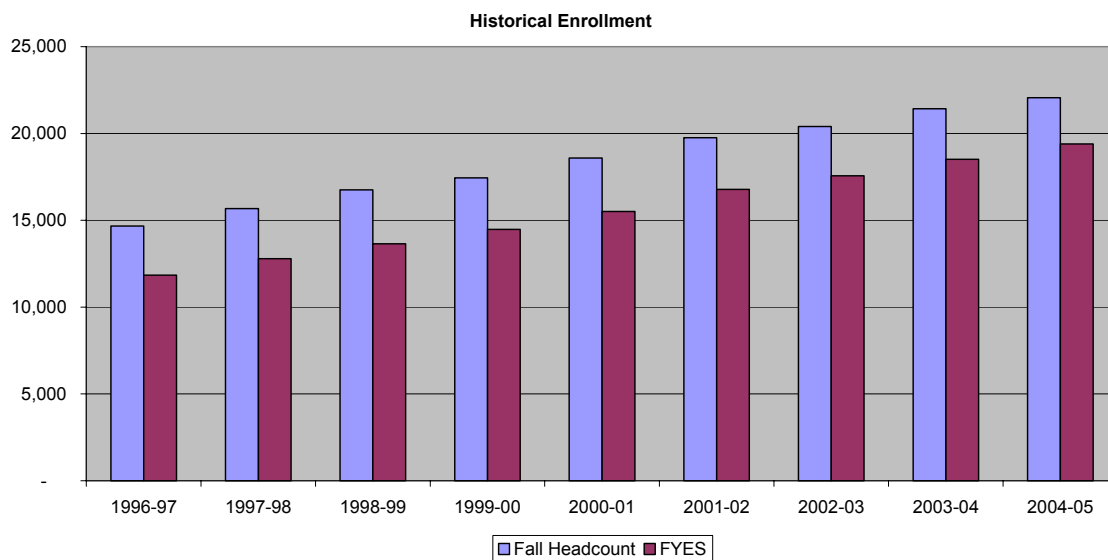
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Grand Valley State University

Management's Discussion and Analysis

Financial and Enrollment Highlights

- Enrollment increased by 4.6 percent based on FYES (fiscal year equated students) and headcount for the fall semester was 22,063 students.
- Operating revenue increased 10 percent as a result of increased enrollment and housing occupancy combined with higher tuition and housing rates.
- State appropriations for operations increased \$3.1 million from 2004. This increase includes an adjustment of \$1.8 million to restore a portion of the 2004 appropriation.
- Net assets increased 4 percent primarily due to continued investment in capital assets and favorable performance of endowment investments.
- In August 2004, the University issued \$28 million in variable rate debt to fund the cost of constructing a parking ramp on the Pew Campus and a new academic building on the Allendale Campus.
- In April 2005, the University issued \$30.8 million in variable rate debt to refinance portions of existing debt. The variable rate was then swapped for a fixed rate.
- The investment return on the endowment for 2005 was a gain of 10.5 percent compared to a 16.7 percent gain in 2004.



Grand Valley State University

Management's Discussion and Analysis (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 assets, the statement of revenues, expenses, and changes in net assets, and the statement of cash flows. These reports begin on page 14 and should be read in conjunction with the notes to the financial statements. The following summary and management discussion of the results is intended to provide the readers with an overview of the financial statements.

The Statement of Net Assets

The statement of net assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net assets - the difference between assets and liabilities - are one way to measure the financial health of the University. Over the past three years, net assets have increased by 10 percent, from \$382 million to \$422 million.

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Current Assets			
Cash and short-term investments	\$ 21,887	\$ 24,801	\$ 26,635
Receivables	36,581	37,846	51,099
Inventory, prepaid expenses, and other	3,543	2,833	3,035
	<hr/>	<hr/>	<hr/>
Subtotal	62,011	65,480	80,769
Noncurrent Assets			
Endowment investments	47,053	43,554	37,552
Other long-term investments	60,436	48,108	35,289
Long-term receivables	9,514	10,446	15,018
Capital assets - Net of depreciation	451,846	433,236	381,846
Other	4,334	1,924	1,691
	<hr/>	<hr/>	<hr/>
Total assets	\$ 635,194	\$ 602,748	\$ 552,165
Current Liabilities			
Accounts payable and accrued liabilities	\$ 33,572	\$ 39,031	\$ 35,153
Deferred revenue	12,482	10,650	10,110
Long-term liabilities - Current portion	7,436	6,702	6,359
	<hr/>	<hr/>	<hr/>
Total current liabilities	53,490	56,383	51,622
Noncurrent Liabilities - Long-term liabilities	<hr/>	<hr/>	<hr/>
	159,476	138,709	118,148
	<hr/>	<hr/>	<hr/>
Total liabilities	\$ 212,966	\$ 195,092	\$ 169,770

Grand Valley State University

Management's Discussion and Analysis (Continued)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net Assets			
Invested in physical properties	\$ 289,911	\$ 296,149	\$ 264,531
Restricted	56,541	39,917	48,200
Unrestricted	75,776	71,590	69,664
Total net assets	<u>\$422,228</u>	<u>\$407,656</u>	<u>\$382,395</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, and restricted funds, which consist of bond proceeds that are used for capital projects. The decrease from 2003 is due to purchases of noncurrent investments. In 2005, we also increased payment of invoices in the weeks prior to July 1, 2005 to assist with the conversion to a new accounting system.

Current receivables include grants, state appropriations, pledges, student notes, and various operating receivables that are expected to be collected within a year. From 2004 to 2005, current pledges receivable decreased by \$2.4 million as pledges from previous capital campaigns continued to be collected. From 2003 to 2004, current receivables decreased \$13.3 million primarily due to the timing of receipts for capital appropriation from the State.

Long-term investments include both unrestricted and endowment investments. Unrestricted long-term investments have increased and cash needs for construction projects have decreased. In June 2003, the University implemented a new investment strategy for the endowment. New money managers were chosen with the assistance of a consultant and an investment advisory committee. The overall investment return for the endowment was 10.5 percent in 2005 and 16.7 percent in 2004 under the new strategy.

Long-term receivables include pledges and student notes. This asset decreased by \$0.9 million from 2004 to 2005 and by \$4.5 million from 2004 to 2003. Several pledges from the recent capital campaigns have been collected. The capital campaign for digital television is the only active campaign and is smaller than other recent campaigns. Pledges are discounted to net present value for financial statement purposes. Student notes receivable have become more current due to a higher level of consolidations as students refinance with banks to take advantage of lower rates.

Capital assets (net of depreciation) have increased by \$18.6 million due to construction. Building projects that were completed include student housing on the Allendale Campus, the parking ramp for the Pew Campus, and several parking improvements for the Allendale Campus. The University has substantially completed Lake Ontario Hall, a new academic building at the Allendale Campus. These additions, as well as depreciation and disposals, are summarized in Note 3 of the financial statements.

Grand Valley State University

Management's Discussion and Analysis (Continued)

Accounts payable and other current liabilities for 2005 have decreased as compared to 2004 and 2003. Accounts payable in 2004 and 2003 were high due to the amount of construction occurring during the summer months. Deferred revenue increased from 2004 to 2005 due to a new \$1.5 million grant to the Johnson Center for Philanthropy. Current maturities in long-term debt have increased according to the University's scheduled debt service, with the exception of two early debt retirement payments made in 2004 and 2005.

Long-term debt increased in August 2004 when the University issued \$28 million in bonds to fund the cost of constructing a parking ramp on the Pew Campus and a new academic building on the Allendale Campus. In April 2005, the University issued \$30.8 million of bonds to refinance portions of existing debt. 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 5 of the financial statements.

The increase in the University's net assets reflects the investment in physical assets and increased endowment value. In 2004, restricted capital expenditures were made on the parking ramp for the Pew Campus. These were funded by the bond issue which was finalized in August 2004.

The University provides certain medical benefits for retirees and spent \$357,700 for these benefits in 2005. The Governmental Accounting Standards Board has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which will require the University to fund this benefit expense in fiscal year ending June 30, 2008. While the University is not currently required to record this liability for future benefits, an actuarial study estimates this liability at \$7.6 million.

The Statement of Revenues, Expenses, and Changes in Net Assets

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating Revenue			
Student tuition and fees	\$ 129,778	\$ 118,053	\$ 103,460
Less scholarship allowance	(16,391)	(14,854)	(12,680)
Auxiliary	42,486	35,611	32,139
Less scholarship allowance	(3,914)	(3,034)	(2,700)
Grant and contracts	26,385	24,698	23,424
Other	9,679	9,844	9,515
	<hr/>	<hr/>	<hr/>
Total	188,023	170,318	153,158

Grand Valley State University

Management's Discussion and Analysis (Continued)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating Expenses	\$ 243,122	\$ 225,184	\$ 208,261
Net Operating Expenses	(55,099)	(54,866)	(55,103)
Nonoperating Revenues			
State appropriations	59,219	56,132	57,992
Gifts (including endowment and capital)	5,826	11,708	8,422
Capital appropriations and grants	3,011	9,698	26,378
Investment income - Net	7,651	7,954	3,224
Other income and expense	(6,036)	(5,365)	(4,933)
Total nonoperating revenues	69,671	80,127	91,083
Increase in Net Assets	14,572	25,261	35,980
Net Assets - Beginning of year	407,656	382,395	346,415
Net Assets - End of year	<u>\$ 422,228</u>	<u>\$ 407,656</u>	<u>\$ 382,395</u>

Tuition and fees increased by 10 percent in 2005 (14 percent in 2004). The 2005 increase was caused by tuition rate increases of 2.2 percent - 5.7 percent and enrollment increases of 4.6 percent FYES. The 2004 increase was caused by tuition rate increases of 7.8 percent - 11.6 percent and enrollment increases of 5.4 percent FYES.

In 2005, scholarship allowances increased 10 percent primarily due to an additional \$2 million of internally funded scholarships. In 2004, scholarship allowances increased 17 percent, primarily due to an additional \$1.2 million of Pell grants and \$2.1 million of internally funded scholarships.

Auxiliary revenue consists of housing, parking (added in 2005), book stores, vending, golf course, health center, and conference fees for external customers. The increase reflects the establishment of parking as an auxiliary operation and additional housing units. In 2005, the University opened 460 beds in apartments. As a result, occupancy increased 7.7 percent while housing rates increased 6 percent. In 2004, the University opened 226 beds in apartments. As a result, occupancy increased 6 percent, while housing rates increased 2 percent. Parking revenues of \$2.7 million were generated in 2005. Book store revenues have also increased with the growth of the University.

Grant and contracts revenue increased by \$1.7 million from 2004 to 2005 (\$1.3 million increase from 2003 to 2004). For both increases, the primary component was student financial aid. Several other grant programs had increases in the range of \$100,000 to \$200,000.

Grand Valley State University

Management's Discussion and Analysis (Continued)

Operating expenses increased by \$17.9 million in 2005 (\$16.9 million in 2004). Further analysis of this increase is provided beginning on page 15. Salaries, wages, and benefits represent the largest operating expense, while instruction is the largest functional category.

State appropriations increased from 2004 to 2005 by \$3.1 million - after a decrease of \$1.9 million from 2003 to 2004. Over the past three years, state appropriation per FYES progressed from \$3,301 (in 2003) to \$3,032 (in 2004) to \$3,052 (in 2005) - an overall 7.5 percent decrease. Of the \$59.2 million appropriated in 2005, a portion (\$1.7 million) was intended to restore the cut in 2004. If the \$1.7 million had been received in 2004 instead of 2005, then state appropriation per FYES would have progressed from \$3,301 (in 2003) to \$3,127 (in 2004) to \$2,961 (in 2005) - an overall 10.3 percent decrease.

Gift revenue is recorded when the pledge is made. In 2005, capital gifts decreased (after increasing in 2004). Pledges from previous campaigns continue to be collected. In 2004, a capital campaign focused on the digital television conversion for WGVU-TV. The University also partnered with the City of Muskegon to build the Michigan Alternative & Renewable Energy Center (MAREC). The value of the MAREC facility was recorded as a gift-in-kind of \$4 million in 2004.

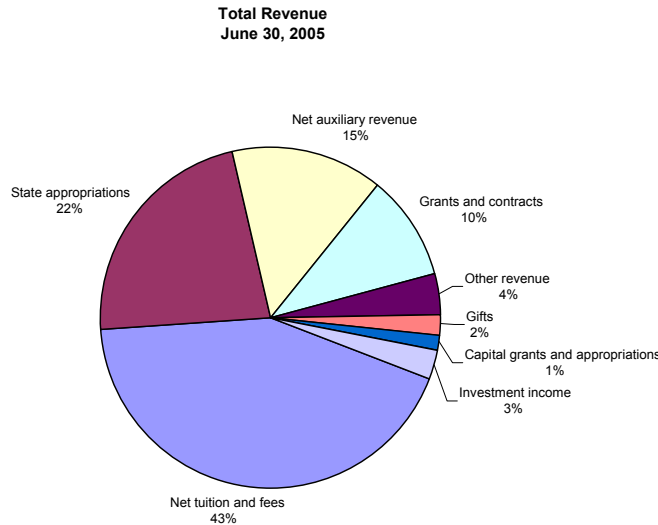
Capital appropriations represent the State of Michigan's support for the construction of the Cook-DeVos Center for Health Sciences. This building was funded 75 percent by the State of Michigan and 25 percent by gifts from the community. The decrease in capital appropriation revenue corresponds with the substantial completion of the building. Capital grants include funding for the digital television conversion for WGVU-TV as well as the fuel cell located at the MAREC.

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). Endowment investments provided a gain of 10.5 percent in 2005 - as compared to a gain of 16.7 percent in 2004 and a gain of 3 percent in 2003.

Grand Valley State University

Management's Discussion and Analysis (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 for the University:



Tuition and fees, net of scholarship allowances, makes the largest contribution (43 percent) to the total revenue of the University. State appropriation is the next largest at 22 percent. These two sources, along with grants and contracts, provide for the majority of the operating expenses. Gifts and capital appropriations support the continued investments in endowments and capital assets. Auxiliary activities are considered self-supporting enterprises.

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.

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Instruction	\$ 95,660	\$ 89,191	\$ 82,934
Research	4,056	4,064	2,607
Public service	12,301	11,435	11,540
Academic support	25,502	24,835	22,483
Student services	17,483	18,584	17,070
Institutional support	15,250	14,804	12,740
Operation and maintenance of facilities	19,730	16,112	17,225
Depreciation	16,504	13,789	12,157
Scholarships and related expenses	7,151	6,960	6,609
Auxiliary activities	29,109	24,869	22,340
Other expenditures	376	541	556
Total	<u>\$ 243,122</u>	<u>\$ 225,184</u>	<u>\$ 208,261</u>

Grand Valley State University

Management's Discussion and Analysis (Continued)

Instructional expense continued to grow with increases in faculty and student credit hours. The University was able to offer more sections, new courses, and more student advising. New degree programs in 2005 were the Entrepreneurship minor and the MS in bioinformatics, cell and molecular biology, and biostatistics. New degree programs in 2004 were BS in athletic training, doctorate in physical therapy, and MS in school counseling.

Research expenditures continued at a consistent level in 2005. The increase from 2003 to 2004 reflected the beginning of operations for the Michigan Alternative and Renewable Energy Center and an increase in faculty and student research projects. Research expenditures also include the continuing activities at the Annis Water Resources Institute.

Public service expenditures increased slightly in 2005. This category includes WGVSU public broadcasting, the Michigan Small Business and Technology Development Center, Project Safe Neighborhood, and the Charter School Office administration.

Academic support expenditures increased to keep up with demands from higher enrollment. This category includes library, academic resources, information technology, and administration for the academic deans. The increase from 2003 to 2004 supported salaries and wages, library books, information technology investments, and science equipment.

Student services expenditures represent student life programming, admissions, records, registration, financial aid, and intercollegiate athletics. The increase from 2003 to 2004 reflects the needs associated with the growth of the student body and additional bus services between Grand Rapids and Allendale. In 2005, the bus service expenditures were transferred to the auxiliary fund.

Institutional support expenditures include administration for the business operations, human resources, executive offices, marketing and communications, public safety, development, and alumni relations. In 2004, the expansion of marketing efforts and the opening of the Cook-DeVos Center for Health Sciences resulted in additional institutional support.

Operation and maintenance of facilities increased from 2004 to 2005. This reflects fluctuations in capital projects versus projects that are not capitalized. Depreciation increased as the University completed construction projects and placed those buildings into use. 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. Increases in both federal and university-funded awards occurred in this fiscal year.

Grand Valley State University

Management's Discussion and Analysis (Continued)

Auxiliary activities include housing, parking (added in 2005), book stores, vending, golf course, health center, and conference services. Debt service, depreciation, and repairs related to housing are included in the other categories of expense. The increase from 2004 to 2005 reflects the addition of parking as an auxiliary activity as well as additional housing on the Allendale Campus. The increase from 2003 to 2004 reflects the operating costs associated with additional housing on the Pew Campus.

Operating Expenses by Natural Classification

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Salaries and benefits	\$ 147,156	\$ 137,940	\$ 125,730
Scholarships and awards	6,559	6,778	5,991
Utilities	5,553	5,601	4,792
Supplies and other	67,350	61,076	59,591
Depreciation	16,504	13,789	12,157
Total	<u>\$ 243,122</u>	<u>\$ 225,184</u>	<u>\$ 208,261</u>

Salaries and benefit expenses, which represent 61 percent of total operating expense, increased due to additional positions and annual pay increases throughout every functional category. Scholarships and awards represent financial aid expense less scholarship allowances and work-study wages. The 2004 increase reflects Pell grants and university-funded scholarships. Utilities expense and depreciation increased with the completion and opening of new buildings, although utilities expense in 2005 stabilized due to increased conservation efforts and the purchase of forward contracts. Supplies and other expenses increased along with the overall growth of the University.

The Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments 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.

Grand Valley State University

Management's Discussion and Analysis (Continued)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Cash provided by (used in):			
Operating activities	\$ (43,100)	\$ (35,925)	\$ (39,672)
Noncapital financing activities	63,880	60,689	60,745
Capital and related financing activities	(15,298)	(15,744)	(24,532)
Investing activities	(3,543)	(13,534)	9,226
Net Increase (Decrease) in Cash	1,939	(4,514)	5,767
Cash - Beginning of year	9,556	14,070	8,303
Cash - End of year	\$ 11,495	\$ 9,556	\$ 14,070

The primary cash receipts from operating activities consist of tuition and housing revenues. Cash outlays include payment of wages, benefits, supplies, utilities, and scholarships.

State appropriation is the primary source of noncapital financing. This source of revenue is categorized as nonoperating even though the University's budget depends upon it in order to continue the current level of operations. Other noncapital financing activity includes grants and gifts.

Capital and related financing activities include the bond proceeds from new debt issues in August 2004 and the refinancing of existing debt in April 2005. Activity in 2004 and 2003 reflects bond issues as well. Financing income is offset by capital expenditures and debt service payments.

Investing activities reflect purchases, sales, and interest income earned on investments. Investments identified in the cash flow statement include both 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. State tax revenues have remained low over the past few years and this has adversely impacted the State's ability to support higher education. As of the report date, fiscal year 2006 state appropriation as passed by the Senate and House under HB4831 had not been signed into law by the governor. If that bill is signed into law, the 2006 appropriation would be \$61.1 million.

The University receives the smallest state appropriation per student. The legislature has attempted to address the University's anomaly by establishing a per student state aid level of \$3,650. However, the State has not yet provided funding at that level; the appropriation for fiscal year 2006 has been enacted and the University is schedule to receive \$3,302 per FYES.

Grand Valley State University

Management's Discussion and Analysis (Continued)

Enrollment growth at the University is expected to continue, but at a slower rate. The University is committed to holding the number of incoming new students at a constant number and enrollment will begin to stabilize as these classes move through the system and retention statistics improve. At the same time, applications received by the University continue to increase, allowing the University to implement a more selective admissions process.

Grand Valley State University

Statement of Net Assets

	June 30	
	2005	2004
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 11,040,201	\$ 9,428,082
Restricted cash and cash equivalents (Note 2)	455,121	128,412
Short-term investments (Note 2)	6,810,825	7,484,686
Restricted short-term investments (Note 2)	3,581,041	7,759,904
Accounts receivable	5,966,830	5,184,001
State appropriation receivable	26,822,841	27,212,173
Pledges receivable	1,291,380	3,688,089
Inventories	1,672,844	1,545,716
Prepaid expenses and other	1,870,329	1,287,413
Student notes receivable - Current portion	2,500,000	1,761,500
Total current assets	<u>62,011,412</u>	<u>65,479,976</u>
Noncurrent Assets		
Endowment investments (Notes 2 and 4)	47,052,650	43,554,515
Other long-term investments (Note 2)	60,435,812	48,107,955
Pledges receivable	1,384,662	1,685,360
Student notes receivable - Net of allowance of \$447,000 and \$413,000 in 2005 and 2004, respectively	8,128,900	8,760,340
Capital assets - Net (Note 3)	451,846,083	433,235,686
Other assets	4,334,301	1,924,287
Total noncurrent assets	<u>573,182,408</u>	<u>537,268,143</u>
Total assets	<u>\$ 635,193,820</u>	<u>\$ 602,748,119</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 33,572,003	\$ 39,030,903
Deferred revenue	12,481,627	10,650,443
Long-term liabilities - Current portion (Note 5)	7,436,188	6,702,329
Total current liabilities	<u>53,489,818</u>	<u>56,383,675</u>
Noncurrent Liabilities - Long-term liabilities - Net of current portion (Note 5)	<u>159,475,972</u>	<u>138,708,539</u>
Total liabilities	212,965,790	195,092,214
Net Assets		
Invested in capital assets - Net of related debt	289,911,362	296,149,056
Restricted:		
Nonexpendable - Scholarships and academic support	20,219,214	19,329,070
Expendable:		
Scholarships and academic support	23,270,172	20,295,913
Capital projects	1,658,655	(10,880,044)
Loans	11,392,998	11,171,915
Unrestricted	75,775,629	71,589,995
Total net assets	<u>422,228,030</u>	<u>407,655,905</u>
Total liabilities and net assets	<u>\$ 635,193,820</u>	<u>\$ 602,748,119</u>

Grand Valley State University

Statement of Revenues, Expenses, and Changes in Net Assets

	Year Ended June 30	
	2005	2004
Revenues - Operating revenues		
Student tuition and fees	\$ 129,777,885	\$ 118,052,538
Scholarship allowances	(16,390,710)	(14,854,180)
Net student tuition and fees	113,387,175	103,198,358
Government grants and contracts	24,547,196	23,280,208
Nongovernmental grants	1,837,024	1,418,194
Sales and services of educational activities	5,828,135	5,442,041
Auxiliary activities	42,485,580	35,610,874
Scholarship allowances	(3,913,600)	(3,033,554)
Net auxiliary activities	38,571,980	32,577,320
Other operating revenues	3,851,285	4,401,671
Total revenues	188,022,795	170,317,792
Expenses - Operating expenses - Education and general		
Instruction	95,660,360	89,191,020
Research	4,055,539	4,063,785
Public service	12,300,778	11,435,035
Academic support	25,502,166	24,834,704
Student services	17,483,457	18,583,894
Institutional support	15,249,770	14,804,159
Operation and maintenance - Plant	19,730,028	16,111,565
Depreciation expense	16,504,464	13,789,257
Scholarships and related expenses	7,151,235	6,960,045
Auxiliary activities	29,108,834	24,869,042
Loan administrative fees and collection costs	375,759	541,510
Total operating expenses	243,122,390	225,184,016
Operating Loss	(55,099,595)	(54,866,224)
Nonoperating Revenues (Expense)		
State appropriations	59,219,100	56,131,500
Gifts	3,836,999	3,432,970
Investment income - Net of investment expense of approximately \$264,000 and \$284,000 in 2005 and 2004, respectively	7,651,102	7,954,036
Interest on capital asset - Related debt	(6,130,567)	(5,244,025)
Net nonoperating revenues	64,576,634	62,274,481
Income - Before other revenues, expenses, gains, and losses	9,477,039	7,408,257
Other Revenues, Expenses, Gains, and Losses		
Capital appropriations	1,428,476	7,545,513
Capital grants and gifts	2,706,328	9,186,556
Other capital income	3,452	20,380
Additions to permanent endowments	866,110	1,240,614
Gain (loss) on disposal of assets	90,720	(140,850)
Total other revenues, expenses, gains, and losses	5,095,086	17,852,213
Increase in Net Assets	14,572,125	25,260,470
Net Assets - Beginning of year	407,655,905	382,395,435
Net Assets - End of year	\$ 422,228,030	\$ 407,655,905

Grand Valley State University

Statement of Cash Flows

	Year Ended June 30	
	2005	2004
Cash Flows from Operating Activities		
Tuition and fees	\$ 113,606,569	\$ 104,164,978
Grants and contracts	27,584,915	25,032,395
Payments to suppliers	(74,564,308)	(57,402,335)
Payments for utilities	(5,820,276)	(5,344,532)
Payments to employees	(111,442,302)	(106,272,451)
Payments for benefits	(33,900,071)	(31,544,936)
Payments for scholarships and fellowships	(6,558,733)	(6,777,698)
Loans issued to students	(16,492,618)	(16,253,895)
Collection of loans from students	16,385,558	16,600,769
Auxiliary enterprise charges:		
Residence halls	24,674,076	21,516,546
Bookstore	8,429,886	8,350,687
Other	5,456,549	2,730,788
Sales and service of educational activities	5,892,959	5,327,740
Other receipts	3,647,748	3,946,836
Net cash used in operating activities	(43,100,048)	(35,925,108)
Cash Flows from Noncapital Financing Activities		
State appropriations	59,226,471	55,450,499
Gifts and grants for other than capital purposes	3,836,999	3,409,772
Private gifts for endowment purposes	866,110	1,240,614
Charitable annuities payments - Net	(59,493)	(23,514)
Federal direct loan receipts	68,767,942	62,871,305
Federal direct loan lending disbursements	(68,758,319)	(62,259,401)
Net cash provided by noncapital financing activities	63,879,710	60,689,275
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	59,385,000	28,700,000
Capital appropriations	1,810,437	20,411,632
Capital grants and gifts received	5,036,935	9,243,288
Other capital income	29,452	113,650
Proceeds from sale of capital assets	90,720	55,459
Purchases of capital assets and construction	(35,223,402)	(60,771,074)
Principal paid on capital debt	(37,297,889)	(7,346,137)
Interest paid on capital debt	(6,241,557)	(5,833,618)
Bond issue costs paid on new debt issue	(2,887,934)	(316,922)
Net cash used in capital and related financing activities	(15,298,238)	(15,743,722)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	52,145,366	56,124,836
Interest on investments	4,162,901	2,984,650
Purchase of investments	(59,850,863)	(72,643,282)
Net cash used in investing activities	(3,542,596)	(13,533,796)
Net Increase (Decrease) in Cash and Cash Equivalents	1,938,828	(4,513,351)
Cash and Cash Equivalents - Beginning of year	9,556,494	14,069,845
Cash and Cash Equivalents - End of year	\$ 11,495,322	\$ 9,556,494

Grand Valley State University

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2005	2004
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (55,099,595)	\$ (54,866,224)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	16,504,464	13,789,257
Changes in assets and liabilities:		
Receivables - Net	(392,111)	583,496
Inventories	(127,128)	(50,523)
Other assets	(505,976)	178,507
Accounts payable and accrued liabilities	(5,337,913)	3,938,510
Deferred revenue	1,798,576	540,605
Deposits held for others	59,635	(38,736)
Net cash used in operating activities	<u>\$ (43,100,048)</u>	<u>\$ (35,925,108)</u>

Grand Valley State University

Statement of Fiduciary Net Assets Employee Benefit Plans

	June 30	
	<u>2005</u>	<u>2004</u>
Assets - Cash and investments	<u>\$21,344,123</u>	<u>\$18,798,949</u>
Net Assets - Held in trust for pension benefits	<u>\$21,344,123</u>	<u>\$18,798,949</u>

Grand Valley State University

Statement of Changes in Fiduciary Net Assets Employee Benefit Plans

	Year Ended June 30	
	2005	2004
Additions		
Investment income (loss):		
Interest and dividends	\$ 354,383	\$ 185,571
Net appreciation in fair value of investments	307,363	3,958,213
Gain (loss) on sale of investments	795,390	(1,385,737)
Total investment income (loss)	1,457,136	2,758,047
Employer contributions	2,011,427	1,814,170
Other income	34,711	11,323
Total additions - Net of investment loss	3,503,274	4,583,540
Deductions		
Benefit payments	889,300	800,791
Administrative expense	68,800	63,056
Total deductions	958,100	863,847
Net Increase	2,545,174	3,719,693
Net Assets Held in Trust for Pension Benefits		
Beginning of year	18,798,949	15,079,256
End of year	<u>\$ 21,344,123</u>	<u>\$ 18,798,949</u>

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.

No component units are required to be reported in the University's financial statements. The financial statements of all organizations that are affiliated with but not controlled by the University, such as the Grand Valley Research Corporation, Grand Valley University Foundation, Inc., and University Properties, Inc., are not included in the University's financial statements. The net assets of these organizations are insignificant to the financial statements and, accordingly, have not been separately disclosed.

Basis of Presentation - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The University follows the "business-type activities" reporting requirements of GASB Statement No. 34, 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 revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - The Company considers all investments with an original maturity of three months or less when purchased to be 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. Investments for which there are no quoted market prices are not material.

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.

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. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activity facilities.

Deferred Tuition and Fee Revenues - Tuition and fee revenues received and related to the period after June 30 have 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 Revenues - All revenues from programmatic sources are considered to be operating revenues. Included in nonoperating revenues are state appropriations, investment income, and gifts. Gifts (pledges) that are received on an installment basis are recorded at net present value.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 revenues. 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.

During 2005 and 2004, the University distributed approximately \$68,758,000 and \$62,259,000, respectively, for direct lending through the U.S. Department of Education, which is not included as revenues 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 \$7,788,900, which represents the estimated amount of expenses ultimately to result if unperformed contracts in process at June 30, 2005 are completed. Approximately \$4,843,300 of the total is committed for capital projects, including \$2,500,000 for the Academic Building.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fiduciary Fund - The Fiduciary Fund accounts for the activities of the employees' retirement system, which accumulates resources for pension benefit payments to qualified employees.

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

The unrestricted net asset balance at June 30, 2005 includes \$7,267,950 of funds functioning as endowment, \$8,885,816 of capital projects in progress, \$13,042,435 of housing and auxiliary repair and maintenance funds, \$3,413,512 of Debt Service Funds, \$14,807,150 for academic initiatives and technology, \$14,149,222 for future capital projects and debt service, \$14,028,477 for reserves for operations and cash flow, and \$181,067 of uncommitted funds.

The unrestricted net asset balance at June 30, 2004 includes \$6,756,558 of funds functioning as endowment, \$9,467,155 of capital projects in progress, \$11,296,174 of housing and auxiliary repair and maintenance funds, \$5,534,022 of Debt Service Funds, \$11,984,713 for academic initiatives and technology, \$14,019,961 for future capital projects and debt service, \$12,103,585 for reserves for operations and cash flow, and \$427,827 of uncommitted funds.

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, managed equity mutual funds, and commercial paper. All investments must be held by financial institutions organized under federal or state law.

Grand Valley State University

Notes to Financial Statements June 30, 2005 and 2004

Note 2 - Cash and Investments (Continued)

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 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.

As of June 30, 2005, 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	\$ 8,011,671	\$ 8,011,671	\$ -	\$ -	\$ -
U.S. agencies*	62,117,464	3,073,440	46,997,814	12,046,210	-
Mutual bond funds	16,856,086	7,967,228	8,888,858	-	-
Mutual equity funds	19,005,952	-	-	-	19,005,952
Asset-backed securities	378,560	-	378,560	-	-
Municipal bonds	3,818,119	2,834,849	-	-	983,270
Mutual international equity funds	9,232,761	-	-	-	9,232,761
Real estate	1,653,686	-	-	-	1,653,686
Alternative assets	8,301,351	-	-	-	8,301,351
Total investments and maturities	<u>\$ 129,375,650</u>	<u>\$ 21,887,188</u>	<u>\$ 56,265,232</u>	<u>\$ 12,046,210</u>	<u>\$ 39,177,020</u>

* \$59,617,464 of the U.S. agency notes are callable.

Grand Valley State University

Notes to Financial Statements June 30, 2005 and 2004

Note 2 - Cash and Investments (Continued)

As of June 30, 2004, 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	\$ 5,286,450	\$ 5,286,450	\$ -	\$ -	\$ -
U.S. agencies*	38,636,588	-	27,682,098	6,479,314	4,475,176
Mutual bond funds	15,831,408	7,484,687	8,346,721	-	-
Mutual equity funds	24,290,124	-	-	-	24,290,124
Asset-backed securities	4,102,242	-	1,677,959	2,424,283	-
Municipal bonds	12,977,817	12,029,947	-	-	947,870
Mutual international equity funds	6,447,493	-	-	-	6,447,493
Real estate	1,321,065	-	-	-	1,321,065
Alternative assets	7,570,367	-	-	-	7,570,367
Total investments and maturities	\$ 116,463,554	\$ 24,801,084	\$ 37,706,778	\$ 8,903,597	\$ 45,052,095

* \$35,033,758 of the U.S. agency notes is callable.

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%

Because the mutual bond funds as of June 30, 2005 and 2004 had a weighted average maturity of 30 months, it was presented as an investment with a maturity of less than five years.

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 its decisions.

Credit Risk - The University's operating investment policy limits its short-term operating investments to .5 percent of total bank assets or investment vehicles with 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, or managed equity mutual funds. The average grade of the longer-term investments is A.

Grand Valley State University

Notes to Financial Statements June 30, 2005 and 2004

Note 2 - Cash and Investments (Continued)

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 long term, have the opportunity to yield higher rates of return for the endowment.

Custodial Credit Risk - The University investments are all in the name of the University. The investments are custodied with the broker from whom they were purchased. Therefore, the custodial risk is limited.

Foreign Credit Risk - The University has approximately \$8,000,000 invested in a mutual fund that invests in international equity funds. The euro, Japanese yen, and British pound represent approximately 83 percent of the foreign currency in which the international equity funds are invested.

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.

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 23,177,360	\$ 966,770	\$ -	\$ 24,144,130
Nondepreciable artwork and historical treasures	3,753,666	635,000	420,997	3,967,669
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	<u>38,079,622</u>	<u>(24,193,878)</u>	<u>-</u>	<u>13,885,744</u>
Total cost of nondepreciable capital assets	66,733,468	(22,592,108)	420,997	43,720,363
Land improvements and infrastructure	34,057,742	27,443,331	-	61,501,073
Buildings	376,406,353	24,632,920	-	401,039,273
Equipment	51,061,287	2,760,383	11,316,396	42,505,274
Library books	<u>19,808,982</u>	<u>2,870,334</u>	<u>194,265</u>	<u>22,485,051</u>
Total cost of depreciable capital assets	<u>481,334,364</u>	<u>57,706,968</u>	<u>11,510,661</u>	<u>527,530,671</u>
Total cost of capital assets	548,067,832	<u>\$ 35,114,860</u>	<u>\$ 11,931,658</u>	571,251,034

Grand Valley State University

Notes to Financial Statements June 30, 2005 and 2004

Note 3 - Capital Assets (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance
Less accumulated depreciation for:				
Land improvements and infrastructure	\$ 10,043,273	\$ 1,621,120	\$ -	\$ 11,664,393
Buildings	60,806,867	8,109,900	-	68,916,767
Equipment	34,062,140	4,883,090	11,737,394	27,207,836
Library books	9,919,866	1,890,354	194,265	11,615,955
Total accumulated depreciation	<u>114,832,146</u>	<u>\$ 16,504,464</u>	<u>\$ 11,931,659</u>	<u>119,404,951</u>
Capital assets - Net	<u>\$ 433,235,686</u>			<u>\$ 451,846,083</u>

Reductions in capital assets reflect fully depreciated (\$11,128,568) and non-depreciable (\$420,997) assets less than \$5,000. The University increased its threshold for capitalizing assets acquisitions from \$2,000 to \$5,000. Now that assets between \$2,000 and \$5,000 are fully depreciated, both historical cost and the accumulated depreciation have been reduced.

Capital asset activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 22,692,328	\$ 485,032	\$ -	\$ 23,177,360
Nondepreciable artwork and historical treasures	3,702,399	51,267	-	3,753,666
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	<u>58,545,425</u>	<u>(20,465,803)</u>	-	<u>38,079,622</u>
Total cost of nondepreciable capital assets	86,662,972	(19,929,504)	-	66,733,468
Land improvements and infrastructure	31,519,482	2,538,260	-	34,057,742
Buildings	307,353,378	69,052,975	-	376,406,353
Equipment	41,064,945	10,731,362	735,020	51,061,287
Library books	<u>16,990,431</u>	<u>2,981,701</u>	<u>163,150</u>	<u>19,808,982</u>
Total cost of depreciable capital assets	<u>396,928,236</u>	<u>85,304,298</u>	<u>898,170</u>	<u>481,334,364</u>
Total cost of capital assets	483,591,208	<u>\$ 65,374,794</u>	<u>\$ 898,170</u>	548,067,832

Grand Valley State University

Notes to Financial Statements June 30, 2005 and 2004

Note 3 - Capital Assets (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance
Less accumulated depreciation for:				
Land improvements and infrastructure	\$ 8,499,439	\$ 1,543,834	\$ -	\$ 10,043,273
Buildings	54,203,966	6,602,901	-	60,806,867
Equipment	30,472,613	4,128,238	538,711	34,062,140
Library books	8,568,732	1,514,284	163,150	9,919,866
Total accumulated depreciation	101,744,750	\$ 13,789,257	\$ 701,861	114,832,146
Capital assets - Net	<u>\$ 381,846,458</u>			<u>\$ 433,235,686</u>

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 - Endowments and Similar Funds

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. It is the goal of the University to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently established at 5 percent, which attempts to provide a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings.

Note 5 - Long-term Liabilities

Long-term liabilities of the University consist of bonds and notes payable, interest accrued on capital appreciation bonds, and charitable gift annuities payable.

Grand Valley State University

Notes to Financial Statements June 30, 2005 and 2004

Note 5 - Long-term Liabilities (Continued)

The changes in long-term liabilities for the year ended June 30, 2005 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue and Refunding Bonds, Series 1994	\$ 3,561,364	\$ -	\$ 257,889	\$ 3,303,475	\$ 227,224
General Revenue and Refunding Bonds, Series 1997	13,450,000	-	8,405,000	5,045,000	460,000
General Revenue Bonds, Series 1998	13,320,000	-	395,000	12,925,000	415,000
General Revenue Bonds, Series 1999	7,605,000	-	4,780,000	2,825,000	405,000
General Revenue Bonds, Series 2000	31,550,000	-	17,780,000	13,770,000	1,950,000
General Revenue Bonds, Series 2001A	9,135,000	-	2,165,000	6,970,000	2,235,000
General Revenue Variable Rate Demand Bonds, Series 2001B	21,155,000	-	120,000	21,035,000	135,000
General Revenue Variable Rate Demand Bonds, Series 2002A	16,260,000	-	355,000	15,905,000	365,000
General Revenue Variable Rate Demand Bonds, Series 2003	27,120,000	-	-	27,120,000	-
General Revenue Variable Rate Demand Bonds, Series 2004	-	28,000,000	3,040,000	24,960,000	-
General Revenue Variable Rate Demand Bonds, Series 2005	-	30,785,000	-	30,785,000	175,000
Total bonds payable	143,156,364	58,785,000	37,297,889	164,643,475	6,367,224
Accrued interest - Capital appreciation bonds	1,179,097	155,785	682,111	652,771	652,771
Charitable gift annuities payable	1,075,407	132,618	192,111	1,015,914	193,113
Note payable	-	600,000	-	600,000	223,080
Total	<u>\$ 145,410,868</u>	<u>\$ 59,673,403</u>	<u>\$ 38,172,111</u>	166,912,160	<u>\$ 7,436,188</u>
Due within one year				<u>7,436,188</u>	
Total long-term liabilities				<u>\$ 159,475,972</u>	

Grand Valley State University

Notes to Financial Statements June 30, 2005 and 2004

Note 5 - Long-term Liabilities (Continued)

The changes in long-term liabilities for the year ended June 30, 2004 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue and Refunding Bonds, Series 1994	\$ 3,852,501	\$ -	\$ 291,137	\$ 3,561,364	\$ 257,889
General Revenue and Refunding Bonds, Series 1997	15,490,000	-	2,040,000	13,450,000	435,000
General Revenue Bonds, Series 1998	13,700,000	-	380,000	13,320,000	395,000
General Revenue Bonds, Series 1999	7,980,000	-	375,000	7,605,000	390,000
General Revenue Bonds, Series 2000	33,320,000	-	1,770,000	31,550,000	1,865,000
General Revenue Bonds, Series 2001A	9,625,000	-	490,000	9,135,000	2,165,000
General Revenue Variable Rate Demand Bonds, Series 2001B	21,235,000	-	80,000	21,155,000	120,000
General Revenue Variable Rate Demand Bonds, Series 2002A	16,600,000	-	340,000	16,260,000	355,000
General Revenue Variable Rate Demand Bonds, Series 2003	-	28,700,000	1,580,000	27,120,000	-
Total bonds payable	121,802,501	28,700,000	7,346,137	143,156,364	5,982,889
Accrued interest - Capital appreciation bonds	1,582,626	245,334	648,863	1,179,097	526,327
Charitable gift annuities payable	1,122,119	261,764	308,476	1,075,407	193,113
Total	<u>\$ 124,507,246</u>	<u>\$ 29,207,098</u>	<u>\$ 8,303,476</u>	145,410,868	<u>\$ 6,702,329</u>
Due within one year				6,702,329	
Total long-term liabilities				<u>\$ 138,708,539</u>	

The General Revenue Refunding Bonds, Series 1994, were issued in January 1994 by the board of trustees for the advance refunding of \$6,680,000 of Series 1988 bonds and \$1,130,000 of Series 1989 bonds. The advance refunding of the callable portions of the Series 1988 and Series 1989 bonds resulted in an in-substance defeasance.

The General Revenue and Refunding Bonds, Series 1997, were issued in June 1997 by the board of trustees to provide funds for construction of residential facilities, an addition to an existing classroom and office building, and refunding a 5.85 percent bank note payable.

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.

Note 5 - Long-term Liabilities (Continued)

The General Revenue Bonds, Series 1999, were issued in July 1999 by the board of trustees for an advance bond refunding of \$1,775,000 of Series 1988 bonds and \$7,325,000 to fund a portion of the cost of constructing student housing in downtown Grand Rapids.

The General Revenue Bonds, Series 2000, were issued in October 2000 by the board of trustees to fund new construction and remodeling on the Allendale Campus.

The General Revenue Bonds, Series 2001A, were issued in July 2001 by the board of trustees to provide funds for classroom additions and an athletic facility addition on the Allendale Campus.

The General Revenue Variable Rate Demand Bonds, Series 2001B, were issued in July 2001 by the board of trustees to fund the cost of constructing new student housing and an athletic facility addition on the Allendale Campus. The bonds bear interest in one of four different modes, and 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 an adjustable rate mode, a long-term rate mode, or a fixed rate mode. At June 30, 2005, the bonds bear interest based on a weekly rate determined by the remarketing agent (2.30 percent and 1.09 percent at June 30, 2005 and 2004, respectively). The bonds are subject to purchase on the 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.

The General Revenue Variable Rate Demand Bonds, Series 2002A were issued in October 2002 by the board of trustees to fund the purchase of land and construction of student housing in downtown Grand Rapids. The bonds bear interest in one of four different modes, and 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 an adjustable rate mode, a long-term rate mode, or a fixed rate mode. At June 30, 2005, the bonds bear interest based on a weekly rate determined by the remarketing agent (2.30 percent and 1.09 percent at June 30, 2005 and 2004, respectively). The bonds are subject to purchase on the 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.

Note 5 - Long-term Liabilities (Continued)

The General Revenue Variable Rate Demand Bonds, Series 2003, were issued in October 2003 by the board of trustees to fund the cost of new student housing on the Allendale Campus. The bonds bear interest in one of four different modes, and 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 an adjustable rate mode, a long-term rate mode, or a fixed rate mode. At June 30, 2005, the bonds bear interest based on a weekly rate determined by the remarketing agent (2.30 percent and 1.09 percent at June 30, 2005 and 2004, respectively). The bonds are subject to purchase on the demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, on seven days' notice and delivery to the remarketing agent.

The General Revenue Variable Rate Demand Bonds, Series 2004, were issued in August 2004 by the board of trustees to fund the cost of a parking ramp on the Pew Campus in Grand Rapids and the cost of a new academic building on the Allendale Campus. The bonds bear interest in one of six different modes, and 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, an ARC's rate mode, or a fixed rate mode. At June 30, 2005, the bonds bear interest based on a weekly rate determined by the remarketing agent (2.22 percent at June 30, 2005). The bonds are subject to purchase on the demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, on seven days' notice and delivery to the remarketing agent.

The General Revenue Refunding Variable Rate Demand Bonds, Series 2005, were issued in April 2005 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. The bonds bear interest in one of six rate periods. At June 30, 2005, the bonds bear interest based on a weekly rate determined by the remarketing agent (2.30 percent at June 30, 2005). The bonds may be converted and be 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, an ARCs rate mode, or 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, on seven days' notice and delivery to the remarketing agent.

Note 5 - Long-term Liabilities (Continued)

The University has issuance costs and bond premiums and discounts in connection with all the bond issues. These items are accrued and are being amortized over the life of the bonds using the straight-line method. The University also has prepaid interest being held in escrow in connection with its 2005 bond issue, which is being amortized over the life of the escrow. The net amount of unamortized prepaid interest, bond issuance costs, and bond premiums and discounts at June 30, 2005 and 2004 totaled \$4,017,651 and \$1,666,040, respectively.

Principal and interest on all of the outstanding bonds are payable from, and secured by, the University's general revenues. The provisions of each of the general revenue bonds contain one covenant, which requires that the University's general revenue be at least two times the amount of principal and interest owing in the fiscal year. The general revenue and refunding bonds, consisting of serial, term, and capital appreciation serial bonds, bear interest primarily from 2.22 percent to 5.75 percent and mature in varying amounts through 2029. Interest payments on the capital appreciation bonds began in 2002.

In October 2000, the board of trustees authorized the implementation of a charitable gift annuity program. Assets received from these gift arrangements belong to the University, subject to a liability for future payments due to annuitants. The annuities payable at June 30, 2005 and 2004 are recorded at their estimated present value.

In June 2005, the University agreed to pay \$600,000 in installments for the purchase of extensive papers from a renowned author, with interest of 6 percent per annum.

Grand Valley State University

Notes to Financial Statements June 30, 2005 and 2004

Note 5 - Long-term Liabilities (Continued)

Scheduled maturities of long-term liabilities are as follows:

Fiscal Year	Revenue Bonds and Accrued Interest	Annuities Payable	Note Payable	Total	Interest
2006	\$ 7,019,995	\$ 193,113	\$ 223,080	\$ 7,436,188	\$ 5,139,261
2007	10,490,000	193,113	66,864	10,749,977	4,774,554
2008	10,935,000	193,113	70,876	11,198,989	4,370,079
2009	8,840,000	193,113	75,129	9,108,242	3,953,095
2010	9,191,251	193,113	79,636	9,464,000	3,658,121
2011-2015	38,830,000	50,349	84,415	38,964,764	14,104,871
2016-2020	41,820,000	-	-	41,820,000	7,527,330
2021-2025	26,630,000	-	-	26,630,000	2,946,723
2026-2030	11,540,000	-	-	11,540,000	415,916
Total	<u>\$ 165,296,246</u>	<u>\$ 1,015,914</u>	<u>\$ 600,000</u>	<u>\$ 166,912,160</u>	<u>\$ 46,889,950</u>

During the year ended June 30, 2004, the University entered into an interest rate swap expiring in 2019 in connection with \$20,000,000 of the outstanding par value of its variable rate revenue bonds. The intention of the swap was to effectively change the University's variable interest rate on the bonds to a synthetic fixed rate of 3.299 percent. At June 30, 2005, the total notional principal amount outstanding under this agreement was \$19,105,000. No amounts were paid or received when the swap was initiated.

Under the swap, the University pays the counterparty a fixed payment of 3.299 percent and receives a variable payment computed as 70 percent of the one-month London Interbank Offered Rate (LIBOR). Conversely, the bonds' variable rate coupons are based on The Bond Market Association Municipal Swap Index (BMA).

The swap exposes the University to basis risk should the relationship between LIBOR and the variable coupon rate converge, changing the synthetic rate of the bonds. As of June 30, 2005 and June 30, 2004, the variable coupon rate was 2.30 percent and 1.09 percent, respectively, whereas 70 percent of the one-month LIBOR was 2.338 percent and .91 percent, respectively.

Note 5 - Long-term Liabilities (Continued)

As long as the variable rate portion of the swap being received by the University is less than the fixed rate being paid, the University will be in a negative position on the swap. That is, the University will be paying more in interest expense than had it not entered into the swap agreements. However, the University believes that the variable rate it receives on the swap agreement will eventually exceed the 3.299 percent fixed rate the University pays, and the swap will reduce its overall interest expense in the future.

As of June 30, 2005, the swap agreement had a negative value of approximately \$445,000. As of June 30, 2004 the swap agreement had a positive value of approximately \$222,500.

The University or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would no longer carry a synthetic rate and the University may be required to pay an amount equal to the swap's fair value, if it is negative.

During the year ended June 30, 2005, the University entered into an interest rate swap expiring in 2025 in connection with \$30,785,000 of outstanding par value of its variable-rate revenue bonds. The intention of the swap was to effectively change the University's variable interest rate on the bonds to a synthetic fixed rate of 3.501 percent. At June 30, 2005, the total notional principal amount outstanding under this agreement was \$30,785,000. No amounts were paid or received when the swap was initiated.

Under the swap, the University pays the counter party a fixed payment of 3.501 percent and receives a variable payment computed as the lesser of 70 percent of the one month London Interbank Offered Rate (LIBOR) and a rate equal to the weighted average rate on the Series 2005 bonds. Conversely, the bonds' variable-rate coupons are based on The Bond Market Association Municipal Swap Index (BMA).

The swap exposes the University to basis risk should the relationship between the floating rate on the swap agreement and the variable coupon rate converge, changing the synthetic rate of the bonds. As of June 30, 2005, the variable coupon rate was 2.30 percent, whereas the floating rate was 2.338 percent.

Grand Valley State University

Notes to Financial Statements June 30, 2005 and 2004

Note 5 - Long-term Liabilities (Continued)

As long as the variable rate portion of the swap being received by the University is less than the fixed rate being paid, the University will be in a negative position on the swap. That is, the University will be paying more in interest expense than had it not entered into the swap agreements. However, the University believes that the variable rate it receives on the swap agreement will eventually exceed the 3.501 percent fixed rate the University pays, and the swap will reduce its overall interest expense in the future.

As of June 30, 2005, the swap agreement had negative fair value of approximately \$1,371,000.

The University or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would no longer carry a synthetic rate and the University may be required to pay an amount equal to the swap's fair value, if it is negative.

Using rates as of June 30, 2005, debt service requirements of the variable rate debt issues associated with the swap agreement and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Variable Rate Bonds Associated with Swap Agreement				
Fiscal Year	Principal	Interest	Interest Rate Swaps - Net	Total
2006	\$ 840,000	\$ 1,143,875	\$ 477,941	\$ 2,461,816
2007	890,000	1,124,403	469,805	2,484,208
2008	905,000	1,103,790	461,192	2,469,982
2009	885,000	1,082,956	452,487	2,420,443
2010	1,520,000	1,061,343	443,457	3,024,800
2011-2015	11,745,000	4,684,352	1,957,245	18,386,597
2016-2020	22,110,000	2,527,487	1,056,050	25,693,537
2021-2025	10,095,000	530,302	221,574	10,846,876
2026	900,000	8,677	3,625	912,302
Total	<u>\$ 49,890,000</u>	<u>\$ 13,267,185</u>	<u>\$ 5,543,376</u>	<u>\$ 68,700,561</u>

Note 6 - Retirement Benefits

The University has established retirement plans for substantially all permanent employees. Total payroll at June 30, 2005 and 2004 was approximately \$113,777,000 and \$106,700,000, respectively, for the University, of which approximately \$84,182,000 and \$79,423,000, respectively, was payroll covered by the various University retirement plans.

The executive, administrative, and professional staff and faculty are covered under a defined contribution retirement plan through the 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 the participants' base salary were made in each year.

The total expense under this discretionary plan was \$8,082,300 and \$7,650,000 for the years ended June 30, 2005 and 2004, respectively. Total payroll covered under this plan was \$67,632,000 in 2005 and \$63,479,000 in 2004.

Maintenance, grounds, and service staff hired after October 8, 2004 will participate in a defined contribution plan with University contributions equal to 8 percent of wages. Total expenses under this plan for fiscal year 2005 were insignificant.

Clerical, office, technical, maintenance, grounds and service staff, and public safety officers who are not entitled to participate in the defined contribution retirement plans 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.

The University's policy is to fund the current annual required contribution. The University contributed 12.2 percent of payroll during the fiscal year ended June 30, 2005 and 12.5 percent of payroll during the fiscal year ended June 30, 2004.

The annual required contribution was determined as part of an actuarial valuation at July 1, 2003, using the aggregate actuarial cost method. This method does not identify or separately amortize unfunded actuarial liabilities. Significant assumptions include (a) an 8 percent investment rate of return, (b) projected salary increases of 4 percent per year, and (c) no cost of living adjustment.

The University maintains an unaudited stand-alone financial report of its pension plans that is available at its human resources office.

Grand Valley State University

Notes to Financial Statements June 30, 2005 and 2004

Note 6 - Retirement Benefits (Continued)

Three-year trend information is as follows:

	Fiscal Year Ended June 30		
	2005	2004	2003
Annual pension cost	\$ 2,011,427	\$ 1,814,170	\$ 1,535,542
Percentage of annual pension cost contributed	100%	100%	100%
Net pension obligation	-	-	-

The University also provides certain health care benefits for retired faculty and staff. Substantially all of the University's employees may become eligible for those 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. The University recognizes the cost of providing these benefits by expensing them on a current basis. The number of retirees who received benefits under this program and the related costs are as follows:

	2005	2004	2003
Retirees receiving benefits	221	208	197
Total costs	\$ 357,700	\$ 215,600	\$ 243,700

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 Center for Health Professions located in downtown Grand Rapids, the Life Science Complex located on the Allendale Campus, 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.

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.

Grand Valley State University

Notes to Financial Statements June 30, 2005 and 2004

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 two HMO plans 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 \$150,000 per individual up to \$1 million in aggregate. Individual claims in excess of the \$1 million limit are funded by the University with an aggregate annual stop-loss of \$12.7 million in 2005 and 2004. The workers' compensation stop-loss insurance limits its liability for claims paid per individual to \$500,000 in 2005 and 2004. Liabilities for estimated claims retained by the University under self-insurance programs have been established.

Changes in the estimated liability for self-insured plans during the past two fiscal years are as follows:

	Health Benefits	Unemployment Compensation
Estimated liability - June 30, 2003	\$ 1,910,204	\$ 108,897
Accrual for estimated claims and premiums	11,461,719	123,908
Less claims and premiums paid	<u>(11,277,875)</u>	<u>(162,488)</u>
Estimated liability - June 30, 2004	2,094,048	70,317
Accrual for estimated claims and premiums	13,725,449	131,732
Less claims and premiums paid	<u>(13,900,284)</u>	<u>(143,930)</u>
Estimated liability - June 30, 2005	<u>\$ 1,919,213</u>	<u>\$ 58,119</u>

Effective July 1, 1987, the University entered into an arrangement with several other Michigan public universities to form a separate corporation that provides comprehensive general liability, errors and omissions, and property and vehicle liability coverages. The corporation provides coverage for claims in excess of agreed-upon deductibles.

Reserves for insurance activities, including workers' compensation, have been internally funded and are included in unrestricted net assets.

Note 8 - Contingencies (Continued)

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 9 - Related Organizations

Pursuant to State of Michigan Public Act 362 of 1993, the University has authorized 30 public school academies. All 30 of these public school academies 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 \$91,013,552 was appropriated by the State in 2005 to be allocated to the public school academies, net of a 3 percent administrative fee retained by the University. At June 30, 2005, \$16,531,739 is an outstanding receivable from the State, of which \$14,771,997 will be subsequently forwarded to the public school academies. This activity is treated as an agency transaction.

Additional Information



Plante & Moran, PLLC
Bridgewater Place
Suite 600
333 Bridge St. N.W.
Grand Rapids, MI 49504
Tel: 616.774.8221
Fax: 616.774.0702
plantemoran.com

To the Board of Trustees
Grand Valley State University

We have audited the basic financial statements of Grand Valley State University for the years ended June 30, 2005 and 2004. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Grand Valley State University. This information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

August 26, 2005

Schedule of Endowment and Similar Funds June 30, 2005

	Balance July 1, 2004	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra Fund Distribution	Balance June 30, 2005	Retained Investment Income	Principal Balance June 30, 2005
Endowment Funds								
Alumni Heritage Scholarship Fund	\$ 252,092	\$ 37,891	\$ 28,076	\$ 13,503	\$ 337	\$ 304,893	\$ 39,196	\$ 265,697
David G. and Mary L. Annis Scholarship	31,274	1,048	6,111	3,722	30,821	65,532	3,663	61,869
Joseph E. Appelt P.E. Engineering Scholarship Fund	32,856	26	3,425	1,645	44	34,706	5,214	29,492
R.B. Annis Educational Foundation and Outreach Program Endowment	-	25,350	1,324	-	-	26,674	1,324	25,350
APICS Scholarship Fund	33,507	-	3,469	1,675	-	35,301	30,201	5,100
Ara Cary Lectureship Fund	42,050	726	4,473	2,140	1,010	46,119	6,709	39,410
Baker-Hall Physics Fund	46,201	835	4,839	2,328	-	49,547	15,220	34,327
David Alan Bergsma Scholarship Fund	49,234	-	5,113	2,622	-	51,725	41,090	10,635
Fred A. Bell Business Scholarship Endowment	35,353	-	3,699	1,999	-	37,053	5,812	31,241
William C. Baum Endowment	57,080	1,807	6,026	2,506	25	62,432	6,857	55,575
Nancy H. Baum Endowment in Dance	24,886	1,756	2,648	-	231	29,521	6,391	23,130
Hyman H. & Greta M. Berkowitz Scholarship Fund	368,810	29	38,349	18,441	6	388,753	124,918	263,835
Edith I. Blodgett Endowed Music Scholarship Fund	49,828	277	5,205	2,501	211	53,020	21,862	31,158
Biology Field and Laboratory Enhancement Fund	43,677	2,447	4,702	2,255	774	49,345	15,092	34,253
The Biomedical/Health Science Fund	8,330	1,925	959	-	575	11,789	1,944	9,845
Darld and Joyce Black Physical Therapy Scholarship in Memory of Robert Klein	-	10,050	456	-	-	10,506	456	10,050
Joan Board Athletic Scholarship Fund	42,932	2,925	4,520	2,177	-	48,200	8,062	40,138
Ira Brad Memorial Scholarship	30,520	12,326	4,018	1,938	-	44,926	4,945	39,981
William J. & Margaret G. Branstrom Fund	101,131	-	10,500	5,057	-	106,574	57,988	48,586
The Donna K. Brooks Presidential Scholarship	257,275	20	26,752	12,864	-	271,183	21,163	250,020
The Brooks Family Minority Scholarship	257,275	423	26,752	12,867	-	271,583	21,160	250,423
Johnny C. Burton Memorial Scholarship Fund	66,723	150	6,939	3,337	-	70,475	16,310	54,165
Greg Cadaret Baseball Fund	60,718	317	6,346	3,048	182	64,515	24,563	39,952
Bernard & Camile Cebelak Scholarship Fund	61,163	45,000	9,405	4,516	-	111,052	11,052	100,000
Robert L. Chamberlain Scholarship Fund	49,446	240	5,159	2,478	127	52,494	21,810	30,684
Hong Chen Memorial Endowment Fund	22,140	64	2,328	1,109	52	23,475	2,543	20,932
Douglas K. Chung Asian Social Work Graduate Scholarship	-	5,000	-	-	-	5,000	-	5,000
Collegiate Entrepreneurs' Organization (CEO) Scholarship	30,775	43,286	4,200	-	-	78,261	4,200	74,061
School of Communications Scholarship Fund	32,831	672	3,469	1,669	543	35,846	5,207	30,639
Community Leadership Scholarship	-	23,250	548	-	-	23,798	548	23,250
Computer Science and Information Systems Endowment	68,446	8,644	7,624	3,673	269	81,310	22,081	59,229
The COT Association Scholarship Endowment Fund	76,117	2,461	8,126	3,912	2,718	85,510	11,604	73,906
David Daniels Memorial Scholarship Fund	51,142	1,593	5,432	2,602	483	56,048	21,089	34,959
Aaron M. DesRocher Memorial Chemistry Scholarship	-	3,270	-	-	-	3,270	-	3,270

Schedule of Endowment and Similar Funds (Continued) June 30, 2005

	Balance July 1, 2004	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra Fund Distribution	Balance June 30, 2005	Retained Investment Income	Principal Balance June 30, 2005
Endowment Funds (Continued)								
Gilbert R. and Patricia K. Davis Endowed Merit Scholarship	\$ 77,351	\$ 1,836	\$ 8,172	\$ 3,926	\$ 234	\$ 83,667	\$ 19,775	\$ 63,892
Greta & Arthur Delong Perpetual Scholarship Fund	67,917	111	7,076	3,400	45	71,749	18,726	53,023
Mary Jane Dockeray Scholarship Fund	72,867	1,500	7,624	3,670	-	78,321	19,768	58,553
Scott M. Dykstra Oliver Products Company Engineering Scholarship	36,339	6,092	4,247	2,042	97	44,733	6,569	38,164
L. V. Eberhard Scholarship Fund	511,782	1,625	53,322	25,623	-	541,106	271,944	269,162
Eitzen Voice Scholarship Fund	87,089	8,054	9,359	4,499	756	100,759	33,435	67,324
School of Engineering Fund	126,914	4,987	13,422	6,454	2,063	140,932	44,038	96,894
Enrichment Fund	503,681	-	52,409	25,184	-	530,906	261,281	269,625
Faculty Teaching and Learning Center Endowment	2,024,189	710	210,596	101,229	432	2,134,698	226,207	1,908,491
Film and Video Scholarship	18,095	2,259	2,055	-	1,523	23,932	4,234	19,698
Finance Department Endowment	70,547	553	7,395	3,557	781	75,719	11,217	64,502
Richard E. Flanders Scholarship Fund	115,337	1,812	12,099	5,819	342	123,771	42,319	81,452
Robert W. Fletcher Memorial Endowment	-	9,500	319	-	-	9,819	319	9,500
Geology Endowment Development Fund	101,298	1,276	10,592	5,093	26	108,099	45,461	62,638
Geology Student Field Endowment	24,902	1,440	2,694	-	1,227	30,263	6,519	23,744
The General Dynamics Land Systems Engineering Scholarship	36,164	-	3,745	1,808	-	38,101	6,101	32,000
Charlotte A. Gierst & Salome C. Egeler Trust Fund	63,726	500	6,619	3,186	-	67,659	23,379	44,280
The Grand Valley Lanthorn Merit Scholarship	11,436	-	1,187	-	-	12,623	2,623	10,000
Richard Giles Memorial Scholarship Fund	317,912	794	33,099	15,916	454	336,343	179,427	156,916
The Graduate Teacher Certification Scholarship	51,245	555	5,387	2,584	64	54,667	5,722	48,945
Grand Valley Grand Forum Endowment	135,241	5,961	14,243	-	67	155,512	35,595	119,917
Grand Valley State University Athletic Fund	148,817	6,738	15,613	7,495	612	164,285	36,880	127,405
GVSU Women's Scholarship Endowment	48,122	2,533	5,205	2,501	1,958	55,317	6,045	49,272
Grand Valley State University Fund	4,160,424	130,744	431,463	116,117	(159,238)	4,447,276	2,497,473	1,949,803
Earl Harper Scholarship Fund	56,119	550	5,889	2,823	-	59,735	22,140	37,595
Hauenstein Center for Presidential Studies Endowment	4,153	62,729	4,656	-	1,634	73,172	4,847	68,325
Joyce Hecht Distinguished Scholarship in Philanthropy	116,620	5,868	12,419	5,979	66	128,994	10,962	118,032
William Hegarty Endowment Fund	26,718	-	2,785	1,336	-	28,167	4,047	24,120
Arthur C. Hills Music Scholarship Fund	65,921	667	6,893	3,312	226	70,395	29,234	41,161
Hispanic Scholarship Fund	54,786	914	5,798	2,776	816	59,538	14,954	44,584
Dr. James D. Hoffman Scholarship	82,070	-	8,537	4,104	-	86,503	13,451	73,052
Honors Program Enrichment	3,336	200	365	-	-	3,901	814	3,087
The Professor Paul A. Huizenga Biology Education Scholarship	33,810	5,218	4,611	2,214	17,522	58,947	3,607	55,340
W. G. Jackson Fund	196,507	243	20,453	9,836	253	207,620	54,294	153,326

Schedule of Endowment and Similar Funds (Continued) June 30, 2005

	Balance July 1, 2004	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra Fund Distribution	Balance June 30, 2005	Retained Investment Income	Principal Balance June 30, 2005
Endowment Funds (Continued)								
The Dorothy A. Johnson Center for Philanthropy Library Endowment	\$ 521,671	\$ 379	\$ 54,327	\$ 26,106	\$ 581	\$ 550,852	\$ 45,821	\$ 505,031
The Dorothy A. Johnson Center for Philanthropy Operations Endowment	101,633	51,295	13,331	-	470	166,729	23,386	143,343
Jurries Family Scholarship	-	10,000	46	-	-	10,046	46	10,000
Lynne Kraemer Memorial Scholarship Fund	35,568	-	3,699	1,778	-	37,489	19,895	17,594
Kirkhof College of Nursing Endowment	94,454	4,908	10,043	4,837	1,000	105,568	21,157	84,411
Don Klein Endowment	81,066	3,360	8,583	4,132	150	89,027	7,128	81,899
Walton Boston Koch Memorial Scholarship	30,460	191	3,196	1,528	236	32,555	12,815	19,740
The Albert S. and Ella D. Koeze Art Scholarship	11,626	50	1,234	-	25	12,935	1,928	11,007
The Jack J. Korff Seidman College of Business Finance Scholarship	-	25,000	-	-	-	25,000	-	25,000
Logie Fellowship Endowment	129,085	600	13,468	6,469	-	136,684	12,349	124,335
Loutit Foundation Fund	213,983	(13,232)	13,286	-	48	214,085	-	214,085
GVSU LGBT Scholarship Endowment	27,919	4,680	3,242	1,569	3,792	38,064	4,381	33,683
The Mike Lints Track and Field Equipment Endowment	14,012	3,349	1,598	-	845	19,804	2,468	17,336
Arend D. and Nancy Lubbers Honors College Scholarship	654,049	3,380	68,160	32,774	887	693,702	95,125	598,577
Mathematics Endowment Fund	137,179	2,066	14,427	5,683	1,635	149,624	42,872	106,752
Dr. Faite R-P. Mack and Dr. Thomas E. Jackson Scholarship Fund	65,117	216	6,802	4,519	191	67,807	18,217	49,590
Corky Meinecke Scholarship Endowment Fund	40,702	3,178	4,473	2,143	102	46,312	5,190	41,122
Fred Meijer Diversity Scholarship	-	18,750	183	-	-	18,933	183	18,750
Memorial Garden Endowment	1,193	-	138	-	-	1,331	351	980
Paul C. Miller Scholarship Fund	150,571	-	15,659	7,529	-	158,701	58,378	100,323
Paul C. and Florence Miller Mineral Collection Endowment	45,450	74	4,748	2,275	66	48,063	7,834	40,229
Helen Claytor Minority Scholarship	1,088,772	2,917	113,812	54,711	767	1,151,557	174,855	976,702
Mithilesh & Jitendra Mishra Foreign Student/Faculty Scholarship Fund	27,151	-	2,830	1,358	-	28,623	5,793	22,830
Jacob B. Mol Family Scholarship Fund	72,926	-	7,579	3,646	-	76,859	28,996	47,863
Dr. Rodney J. Mulder Social Work Scholarship	52,809	835	5,569	2,677	842	57,378	6,906	50,472
Glenn A. and Betty J. Niemeyer History Scholarship Endowment	85,818	1,998	9,039	4,340	603	93,118	23,252	69,866
The Judith S. Pratt Non-Traditional Nursing Scholarship	47,004	695	4,930	2,362	200	50,467	5,990	44,477
The Nedra J. Otis Art Scholarship	57,878	2,917	6,255	2,996	2,211	66,265	9,422	56,843
Arnold C. Ott Lectureship in Chemistry	539,962	-	56,154	-	-	596,116	96,116	500,000
Barbara Padnos Scholarship Fund	1,055,307	75	109,795	52,768	-	1,112,409	111,755	1,000,654
Peace and Justice Award Fund	42,015	492	4,428	2,630	555	44,860	17,312	27,548
Physical Therapy Department Fund	34,453	1,260	3,652	9,960	842	30,247	2,601	27,646
William F. Pickard Fund	73,307	-	7,624	6,264	-	74,667	43,902	30,765

Schedule of Endowment and Similar Funds (Continued) June 30, 2005

	Balance July 1, 2004	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra Fund Distribution	Balance June 30, 2005	Retained Investment Income	Principal Balance June 30, 2005
Endowment Funds (Continued)								
Seymour and Esther Padnos Engineering Scholarship	\$ 528,025	\$ -	\$ 54,920	\$ 18,318	\$ -	\$ 564,627	\$ 53,992	\$ 510,635
Ross W. Perry Bachelor of Science Scholarships	229,248	-	23,831	8,248	-	244,831	39,716	205,115
Positive Black Woman Endowment Fund	36,226	1,084	3,880	1,859	1,211	40,542	5,733	34,809
Berthold Price Scholarship Fund	128,236	1,756	13,422	6,446	295	137,263	49,943	87,320
Price Heneveld Engineering Scholarship	23,493	20,000	4,200	2,008	20,000	65,685	4,571	61,114
Margaret Proctor School of Communications Scholarship	10,234	675	1,141	-	780	12,830	2,444	10,386
Plant Service Personnel Descendants Scholarship Fund	317,823	18,259	34,149	16,422	10,859	364,668	55,546	309,122
Dr. George I. Quimby Memorial Anthropology Endowment	-	1,200	183	-	1,000	2,383	183	2,200
Dr. George I. and Helen Z. Quimby Scholarship	2,752	5,266	456	-	73	8,547	583	7,964
Reister Family Scholarship Endowment	69,342	2,859	7,260	3,498	25	75,988	9,411	66,577
Warren Reynolds Endowed Scholarship	16,017	134	1,689	-	150	17,990	3,112	14,878
John Salski Memorial Fund	34,372	-	3,561	1,643	-	36,290	5,764	30,526
Science Math Development Fund	62,520	450	6,528	3,136	-	66,362	36,936	29,426
The J. Patrick Sandro Education Scholarship	42,822	1,912	4,520	2,183	728	47,799	6,913	40,886
The Ilene I. Schooley Biomedical Sciences Scholarship	-	30,159	1,324	-	-	31,483	1,324	30,159
Science Equipment Fund	1,803,304	400	187,587	90,178	-	1,901,113	929,182	971,931
School of Public and Nonprofit Administration Endowment	17,709	1,377	1,962	-	1,000	22,048	5,828	16,220
Mary & Wilhelm Seeger Scholarship Fund	115,184	4,321	12,281	5,914	3,222	129,094	39,843	89,251
Seidman College of Business Study Abroad Scholarship	5,534	4,033	913	-	3,452	13,932	1,232	12,700
Seidman College of Business Management Department Scholarship	383	438	91	-	362	1,274	91	1,183
Seidman Endowment Fund	1,132,396	5,214	118,058	56,757	666	1,199,577	558,000	641,577
Esther L. Seidman Chair in Management Fund	303,596	-	31,592	15,180	-	320,008	144,608	175,400
Joseph Stevens Freedom Fund	99,555	649	10,409	3,718	338	107,233	32,176	75,057
Marilyn and B. P. Sherwood III Scholarship Fund	23,473	900	2,511	2,465	-	24,419	6,498	17,921
Social Work Scholarship Fund	26,041	215	2,740	1,327	92	27,761	6,020	21,741
Ram Singh Social Work Scholarship	15,386	6,499	2,146	-	5,736	29,767	4,204	25,563
The Social Work Minority Scholarship	31,701	882	3,378	1,478	780	35,263	4,863	30,400
Social Work Faculty Development Fund	23,472	75	2,465	-	120	26,132	5,752	20,380
Ryan Short Memorial Scholarship Fund	58,409	1,518	6,209	2,976	1,316	64,476	9,444	55,032
Drs. Esther and Enrico Sobong Scholarship	16,127	15,000	2,465	-	-	33,592	3,292	30,300
Statistics Endowment Fund	24,799	926	2,648	1,275	833	27,931	3,594	24,337
The Howard and Rose Stein Endowed Biology Scholarship	35,462	1,780	3,789	1,825	710	39,916	6,878	33,038
Steelcase Inc. Seidman College of Business Diversity Scholarship	21,171	100	2,374	-	5,040	28,685	3,520	25,165
Esther Rehm Stotz Scholarship Fund	123,863	125	12,874	6,198	125	130,789	61,400	69,389

Schedule of Endowment and Similar Funds (Continued) June 30, 2005

	Balance July 1, 2004	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra Fund Distribution	Balance June 30, 2005	Retained Investment Income	Principal Balance June 30, 2005
Endowment Funds (Continued)								
Spectrum Health Diversity Scholarship	\$ 30,446	\$ 30,075	\$ 4,473	\$ 2,148	\$ 15	\$ 62,861	\$ 2,771	\$ 60,090
The Subar Family - Model Coverall Service Scholarship	29,514	1,000	3,104	1,501	-	32,117	5,117	27,000
Tax Program Fund	108,505	350	11,322	5,434	-	114,743	50,285	64,458
The Telephone Pioneers of America, Great Lakes Chapter #90 Scholarship Fund	59,579	150	6,209	2,982	-	62,956	20,870	42,086
Edward Tremba Geology Scholarship Fund	64,029	582	6,666	3,212	24	68,089	28,099	39,990
A Trust for Science Education Endowment	131,100	380	13,649	6,564	229	138,794	21,443	117,351
University Library Fund	222,197	2,657	23,283	-	1,940	250,077	111,027	139,050
VanSteeland Arboretum Fund	105,472	598	11,001	5,279	148	111,940	52,347	59,593
Kenneth Venderbush Endowment Fund	13,032	1,000	1,369	-	-	15,401	2,376	13,025
The Donald and Barbara Vanderjagt Mathematics and Athletic Scholarship	30,858	1,100	3,287	1,590	1,100	34,755	4,451	30,304
Volkhardt Family Scholarship	123,816	-	12,874	6,191	-	130,499	13,793	116,706
Florence Cowan Ward Scholarship for Nursing	111,400	6,521	11,870	5,707	-	124,084	13,432	110,652
WRI Equipment Fund	1,968,020	-	204,706	98,401	-	2,074,325	915,967	1,158,358
Margaret Ward Music Scholarship	26,205	60	2,740	1,314	105	27,796	1,524	26,272
Westerman Nursing Scholarship Fund	128,382	-	13,376	-	-	141,758	40,443	101,315
Margaret F. Ward Art and Design Scholarship	23,193	-	2,420	1,160	-	24,453	(647)	25,100
WGVU Scholarship Fund	285,910	5,174	29,856	-	357	321,297	122,294	199,003
WGVU - TV Program Endowment Fund	47,292	752	4,930	2,378	-	50,596	6,182	44,414
Weldon Memorial Chemistry Fund	124,590	2,093	13,056	6,271	256	133,724	43,433	90,291
Holliday Willey Psychology Scholarship for the Study of Pervasive Development Disorders	18,890	2,860	2,146	1,026	1,468	24,338	3,667	20,671
William James Fund	29,324	247	3,059	1,475	119	31,274	15,041	16,233
Shawn D. Wiersma Criminal Justice Memorial Scholarship	-	10,980	183	-	-	11,163	183	10,980
Shelia Williams Student Leadership Development Fund	108,054	2,074	11,368	5,455	472	116,513	54,393	62,120
Wisner Physical Therapy Scholarship	33,891	30,375	3,789	1,829	-	66,226	2,851	63,375
Doug and Linda Woods Athletic Training Scholarship Endowment	54,935	18,942	6,712	3,236	751	78,104	9,157	68,947
Wrestling Endowment	6,125	400	686	-	492	7,703	1,420	6,283
Writing Department Faculty Scholarship	3,411	1,532	456	-	971	6,370	860	5,510
William Zimmerman Memorial Scholarship	14,686	2,939	1,780	-	2,625	22,030	3,717	18,313
Felix V. & Gladys A. Zukaitis Scholarship Trust	179,683	200	18,718	8,987	-	189,614	64,214	125,400
Felix V. & Gladys A. Zukaitis Athletic Trust	179,672	-	18,718	-	-	198,390	73,205	125,185
Total endowment funds	26,909,273	880,457	2,829,012	1,159,313	(3,599)	29,455,830	9,236,616	20,219,214

Schedule of Endowment and Similar Funds (Continued) June 30, 2005

	Balance July 1, 2004	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra Fund Distribution	Balance June 30, 2005	Retained Investment Income	Principal Balance June 30, 2005
Funds Functioning as Endowments								
Accounting Scholarship Fund	\$ 325,835	\$ 5,261	\$ 34,194	\$ -	\$ 662	\$ 365,952	\$ 154,241	\$ 211,711
Alumni Scholarship Fund	651,925	4,898	68,114	32,732	585	692,790	247,928	444,862
Angus Fund	1,291,905	2,202	134,448	64,621	345	1,364,279	520,200	844,079
Owen F. Bieber Scholarship Trust	548,378	-	57,021	27,419	-	577,980	264,570	313,410
Business & Engineering Internship Fund	1,316,942	-	137,003	-	-	1,453,945	912,623	541,322
Alexander Calder Honors Scholarship	25,966	-	2,694	1,298	-	27,362	1,778	25,584
Entrepreneurial Center Endowment	1,363,947	-	141,889	68,197	-	1,437,639	217,289	1,220,350
Leon W. Hall Trust Fund	621,260	-	64,599	31,063	-	654,796	320,384	334,412
Charles & Florence Irwin Scholarship Endowment Fund	171,928	4,077	18,125	8,721	1,277	186,686	50,743	135,943
Russel H. Kirkhof Fund	2,042,645	-	212,468	102,132	-	2,152,981	1,145,682	1,007,299
Seymour & Esther Padnos School of Engineering Padnos Fund	2,073,003	95	215,663	103,657	221	2,185,325	680,478	1,504,847
Joe E. Reid Memorial Scholarship Fund	1,378,942	-	143,442	68,947	-	1,453,437	453,412	1,000,025
Charles C. Saur Fund	69,885	626	7,305	3,512	45	74,349	26,467	47,882
Charles C. Saur Fund	-	111,576	(14,367)	-	-	97,209	(14,367)	111,576
SPX Corporation Engineering Scholarship Fund	115,354	-	12,006	5,768	-	121,592	71,482	50,110
Robert C. Trotter Scholarship Fund	402,948	-	41,909	-	-	444,857	296,990	147,867
Undistributed Income Fund	615,521	13,286	63,898	-	-	692,705	692,705	-
VanderMey Endowment	136,677	-	14,198	6,834	-	144,041	29,614	114,427
R.B. Annis WRI Endowment	1,371,488	850	142,710	68,603	464	1,446,909	386,479	1,060,430
Grand Rapids Continuing Education	898,555	-	93,451	-	-	992,006	618,024	373,982
Total funds functioning as endowments	15,423,104	142,871	1,590,770	593,504	3,599	16,566,840	7,076,722	9,490,118
Annuity Funds								
John T. and Shirley D. Batchelder Charitable Gift Annuity	25,187	-	6,310	-	-	31,497	12,674	18,823
Dr. Gilbert R. and Patricia K. Davis Charitable Gift Annuities	19,109	-	4,373	-	-	23,482	10,082	13,400
Leslie Eitzen Charitable Gift Annuity	7,742	-	615	-	-	8,357	1,263	7,094
Ralph and Grace Hauenstein Charitable Gift Annuities	291,196	-	966	-	-	292,162	(170,817)	462,979
Harvey E. Lemmen Charitable Gift Annuities	(139,718)	60,000	(15,789)	-	-	(95,507)	(184,369)	88,862
Dr. Dorothy Merrill Charitable Gift Annuity	8,705	-	1,319	-	-	10,024	(6,945)	16,969
John T. Tevebaugh Charitable Gift Annuity	5,698	-	637	-	-	6,335	1,960	4,375
Total annuity funds	217,919	60,000	(1,569)	-	-	276,350	(336,152)	612,502
Total endowment and similar funds	<u>\$ 42,550,296</u>	<u>\$ 1,083,328</u>	<u>\$ 4,418,213</u>	<u>\$ 1,752,817</u>	<u>\$ -</u>	<u>\$ 46,299,020</u>	<u>\$ 15,977,186</u>	<u>\$ 30,321,834</u>

Grand Valley State University

Schedule of Net Assets by Fund June 30, 2005

	Current Funds									Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds	Loan Fund	Endowment Fund	Plant Fund	Agency Fund	2005	2004
Assets											
Current Assets											
Cash and cash equivalents	\$ 5,973,931	\$ 927,428	\$ 205,006	\$ 2,949,015	\$ 10,055,380	\$ 713,143	\$ -	\$ 1,070,375	\$ (798,697)	\$ 11,040,201	\$ 9,428,082
Restricted cash and cash equivalents	-	-	-	-	-	-	262,284	192,837	-	455,121	128,412
Short-term investments	3,579,725	587,398	96,432	2,459,135	6,722,690	-	-	88,135	-	6,810,825	7,484,686
Restricted short-term investments	-	-	-	-	-	-	-	3,581,041	-	3,581,041	7,759,904
Accounts receivable	623,438	558,687	1,007,401	2,873,140	5,062,666	-	-	-	904,164	5,966,830	5,184,001
State appropriation receivable	10,070,417	-	-	-	10,070,417	-	-	220,685	16,531,739	26,822,841	27,212,173
Pledges receivable	-	39,175	-	1,289,408	1,328,583	-	-	-	-	1,328,583	3,736,972
Less allowance for uncollectible accounts	-	-	-	(37,203)	(37,203)	-	-	-	-	(37,203)	(48,883)
Net pledges receivable	-	39,175	-	1,252,205	1,291,380	-	-	-	-	1,291,380	3,688,089
Inventory	-	19,233	1,648,545	-	1,667,778	-	-	-	5,066	1,672,844	1,545,716
Prepaid expenses and other	1,249,776	489,822	452	2,877	1,742,927	106,198	-	21,204	-	1,870,329	1,287,413
Student notes receivable - Current portion	-	-	-	-	-	2,500,000	-	-	-	2,500,000	1,761,500
Total current assets	21,497,287	2,621,743	2,957,836	9,536,372	36,613,238	3,319,341	262,284	5,174,277	16,642,272	62,011,412	65,479,976
Noncurrent Assets											
Endowment investments	-	-	-	-	-	-	47,052,650	-	-	47,052,650	43,554,515
Other long-term investments	-	30,184,003	-	29,959	30,213,962	-	-	30,221,850	-	60,435,812	48,107,955
Pledges receivable	-	40,932	-	2,017,051	2,057,983	-	-	-	-	2,057,983	2,466,103
Less discount to present value	-	-	-	(673,321)	(673,321)	-	-	-	-	(673,321)	(780,743)
Net pledges receivable	-	40,932	-	1,343,730	1,384,662	-	-	-	-	1,384,662	1,685,360
Student notes receivable - Net	-	-	-	-	-	8,128,900	-	-	-	8,128,900	8,760,340
Capital assets - Net	-	-	-	-	-	-	-	451,846,083	-	451,846,083	433,235,686
Other assets	-	316,650	-	-	316,650	-	-	4,017,651	-	4,334,301	1,924,287
Total noncurrent assets	-	30,541,585	-	1,373,689	31,915,274	8,128,900	47,052,650	486,085,584	-	573,182,408	537,268,143
Total assets	\$ 21,497,287	\$ 33,163,328	\$ 2,957,836	\$ 10,910,061	\$ 68,528,512	\$ 11,448,241	\$ 47,314,934	\$ 491,259,861	\$ 16,642,272	\$ 635,193,820	\$ 602,748,119

Grand Valley State University

Schedule of Net Assets by Fund (Continued) June 30, 2005

	Current Funds									Consolidated Total	
	General	Designated	Auxiliary	Expendable	Total	Loan	Endowment	Plant	Agency	2005	2004
	Fund	Fund	Activities	Restricted	Current	Fund	Fund	Fund	Fund		
Liabilities and Net Assets											
Current Liabilities											
Accounts payable	\$ 941,072	\$ 85,201	\$ 1,358,071	\$ 51,218	\$ 2,435,562	\$ -	\$ -	\$ 1,225,192	\$ 16,085,847	\$ 19,746,601	\$ 27,051,502
Accrued payroll and other benefits	11,362,352	402,741	355,939	367,048	12,488,080	-	-	-	192,666	12,680,746	10,773,393
Accrued interest expense and other liabilities	-	-	-	-	-	-	-	780,897	363,759	1,144,656	1,206,008
Deferred revenue	7,669,966	63,809	373,028	4,374,824	12,481,627	-	-	-	-	12,481,627	10,650,443
Long-term liabilities - Current portion	-	-	-	-	-	-	193,113	7,243,075	-	7,436,188	6,702,329
Total current liabilities	19,973,390	551,751	2,087,038	4,793,090	27,405,269	-	193,113	9,249,164	16,642,272	53,489,818	56,383,675
Noncurrent Liabilities - Long-term liabilities -											
Net of current portion	-	-	-	-	-	-	822,801	158,653,171	-	159,475,972	138,708,539
Total liabilities	19,973,390	551,751	2,087,038	4,793,090	27,405,269	-	1,015,914	167,902,335	16,642,272	212,965,790	195,092,214
Net Assets											
Invested in capital assets - Net of related debt	-	-	-	-	-	-	-	289,911,362	-	289,911,362	296,149,056
Restricted:											
Nonexpendable - Scholarships and academic support	-	-	-	-	-	-	20,219,214	-	-	20,219,214	19,329,070
Expendable:											
Scholarships and academic support	-	-	-	4,458,316	4,458,316	-	18,811,856	-	-	23,270,172	20,295,913
Capital projects	-	-	-	1,658,655	1,658,655	-	-	-	-	1,658,655	(10,880,044)
Loans	-	-	-	-	-	11,392,998	-	-	-	11,392,998	11,171,915
Unrestricted	1,523,897	32,611,577	870,798	-	35,006,272	55,243	7,267,950	33,446,164	-	75,775,629	71,589,995
Total net assets	1,523,897	32,611,577	870,798	6,116,971	41,123,243	11,448,241	46,299,020	323,357,526	-	422,228,030	407,655,905
Total liabilities and net assets	<u>\$ 21,497,287</u>	<u>\$ 33,163,328</u>	<u>\$ 2,957,836</u>	<u>\$ 10,910,061</u>	<u>\$ 68,528,512</u>	<u>\$ 11,448,241</u>	<u>\$ 47,314,934</u>	<u>\$ 491,259,861</u>	<u>\$ 16,642,272</u>	<u>\$ 635,193,820</u>	<u>\$ 602,748,119</u>

Grand Valley State University

Schedule of Revenues, Expenses, and Changes in Net Assets by Fund Year Ended June 30, 2005

	Current Funds								Consolidated Total		
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds	Student Loan Fund	Endowment Fund	Plant Fund	Eliminations	2005	2004
Operating Revenues											
Student tuition and fees	\$ 129,298,838	\$ 477,435	\$ -	\$ 1,612	\$ 129,777,885	\$ -	\$ -	\$ -	\$ -	\$ 129,777,885	\$ 118,052,538
Less scholarship allowances	-	-	-	-	-	-	-	-	(16,390,710)	(16,390,710)	(14,854,180)
Net student tuition and fees	129,298,838	477,435	-	1,612	129,777,885	-	-	-	(16,390,710)	113,387,175	103,198,358
Government grants and contracts:											
Federal	-	-	-	22,562,647	22,562,647	121,226	-	-	-	22,683,873	21,366,456
State	-	-	-	1,771,601	1,771,601	-	-	-	-	1,771,601	1,824,013
Local	-	-	-	91,722	91,722	-	-	-	-	91,722	89,739
Nongovernmental grants	-	176,003	-	1,661,021	1,837,024	-	-	-	-	1,837,024	1,418,194
Sales and services of educational activities	2,312,585	3,447,438	-	68,112	5,828,135	-	-	-	-	5,828,135	5,442,041
Auxiliary activities	-	-	42,485,580	-	42,485,580	-	-	-	-	42,485,580	35,610,874
Less scholarship allowances	-	-	-	-	-	-	-	-	(3,913,600)	(3,913,600)	(3,033,554)
Net auxiliary activities	-	-	42,485,580	-	42,485,580	-	-	-	(3,913,600)	38,571,980	32,577,320
Indirect cost recoveries	1,047,899	-	-	(757,789)	290,110	-	-	-	-	290,110	235,188
Other sources	763,577	2,047,950	-	293,595	3,105,122	456,053	-	-	-	3,561,175	4,166,483
Endowment income	-	485,764	-	1,267,053	1,752,817	-	(1,752,817)	-	-	-	-
Total operating revenues	133,422,899	6,634,590	42,485,580	26,959,574	209,502,643	577,279	(1,752,817)	-	(20,304,310)	188,022,795	170,317,792
Operating Expenses											
Instruction	92,444,993	(1,532,000)	-	4,847,438	95,760,431	-	-	(100,071)	-	95,660,360	89,191,020
Research	2,078,672	270,009	-	1,764,873	4,113,554	-	-	(58,015)	-	4,055,539	4,063,785
Public service	3,569,819	4,086,121	-	4,644,838	12,300,778	-	-	-	-	12,300,778	11,435,035
Academic support	25,477,310	(1,643,655)	-	2,300,992	26,134,647	-	-	(632,481)	-	25,502,166	24,834,704
Student services	16,046,533	1,318,212	-	118,712	17,483,457	-	-	-	-	17,483,457	18,583,894
Institutional support	15,171,562	118,497	-	16,085	15,306,144	-	-	(56,374)	-	15,249,770	14,804,159
Operation and maintenance - Plant	17,473,404	(205,375)	-	2,177,328	19,445,357	-	-	284,671	-	19,730,028	16,111,565
Depreciation expense	-	-	-	-	-	-	-	16,504,464	-	16,504,464	13,789,257
Scholarships and related expenses	12,587,253	77,338	-	14,790,954	27,455,545	-	-	-	(20,304,310)	7,151,235	6,960,045
Auxiliary activities	-	-	29,123,319	-	29,123,319	-	-	(14,485)	-	29,108,834	24,869,042
Loan administrative fees and collection costs	-	-	-	-	-	375,759	-	-	-	375,759	541,510
Total operating expenses	184,849,546	2,489,147	29,123,319	30,661,220	247,123,232	375,759	-	15,927,709	(20,304,310)	243,122,390	225,184,016
Operating Income (Loss)	(51,426,647)	4,145,443	13,362,261	(3,701,646)	(37,620,589)	201,520	(1,752,817)	(15,927,709)	-	(55,099,595)	(54,866,224)

Grand Valley State University

Schedule of Revenues, Expenses, and Changes in Net Assets by Fund (Continued) Year Ended June 30, 2005

	Current Funds								Consolidated Total		
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds	Student Loan Fund	Endowment Fund	Plant Fund	Eliminations	2005	2004
Nonoperating Revenues (Expense)											
State appropriations	\$ 59,219,100	\$ -	\$ -	\$ -	\$ 59,219,100	\$ -	\$ -	\$ -	\$ -	\$ 59,219,100	\$ 56,131,500
Gifts	-	2,671,161	-	1,036,253	3,707,414	-	129,585	-	-	3,836,999	3,432,970
Investment income - Net of investment expense	856,415	2,143,762	-	56,725	3,056,902	19,403	4,418,213	156,584	-	7,651,102	7,954,036
Interest on capital asset - Related debt	-	-	-	-	-	-	-	(6,130,567)	-	(6,130,567)	(5,244,025)
Net nonoperating revenues (expense)	60,075,515	4,814,923	-	1,092,978	65,983,416	19,403	4,547,798	(5,973,983)	-	64,576,634	62,274,481
Income (Loss) - Before other revenues, expenses, gains, and losses	8,648,868	8,960,366	13,362,261	(2,608,668)	28,362,827	220,923	2,794,981	(21,901,692)	-	9,477,039	7,408,257
Other Revenue, Expenses, Gains, and Losses											
Capital appropriations	-	-	-	-	-	-	-	1,428,476	-	1,428,476	7,545,513
Capital gifts	-	-	-	604,962	604,962	-	-	399,408	-	1,004,370	6,086,975
Add discount adjustment	-	-	-	119,102	119,102	-	-	-	-	119,102	947,055
Net capital gifts	-	-	-	724,064	724,064	-	-	399,408	-	1,123,472	7,034,030
Capital grants	-	-	-	1,582,856	1,582,856	-	-	-	-	1,582,856	2,152,526
Other capital income	-	-	-	-	-	-	-	3,452	-	3,452	20,380
Additions to permanent endowments	-	-	-	-	-	-	866,110	-	-	866,110	1,240,614
Gain (loss) on disposal of plant assets	64,564	4,302	-	-	68,866	-	-	21,854	-	90,720	(140,850)
Total other revenue, expenses, gains, and losses	64,564	4,302	-	2,306,920	2,375,786	-	866,110	1,853,190	-	5,095,086	17,852,213
Transfers Out (In)											
Mandatory transfers	3,382,862	69,509	11,661,851	(918,813)	14,195,409	(40,409)	(27,633)	(14,127,367)	-	-	-
Nonmandatory transfers	5,079,360	3,010,755	1,589,224	(133,309)	9,546,030	-	(60,000)	(9,486,030)	-	-	-
Total transfers	8,462,222	3,080,264	13,251,075	(1,052,122)	23,741,439	(40,409)	(87,633)	(23,613,397)	-	-	-
Increase (Decrease) in Net Assets	251,210	5,884,404	111,186	750,374	6,997,174	261,332	3,748,724	3,564,895	-	14,572,125	25,260,470
Net Assets - Beginning of year	1,272,687	26,727,173	759,612	5,366,597	34,126,069	11,186,909	42,550,296	319,792,631	-	407,655,905	382,395,435
Net Assets - End of year	\$ 1,523,897	\$ 32,611,577	\$ 870,798	\$ 6,116,971	\$ 41,123,243	\$ 11,448,241	\$ 46,299,020	\$ 323,357,526	\$ -	\$ 422,228,030	\$ 407,655,905