

Grand Valley State University

Financial Report
with Additional Information
June 30, 2010

Grand Valley State University

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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 (the "University") as of June 30, 2010 and 2009 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, 2010 and 2009 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.

As discussed in Note 9 to the financial statements, the University has changed its method of accounting for derivative instruments in 2010 and 2009 due to the adoption of GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2010 on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Trustees
Grand Valley State University

The management's discussion and analysis presented on pages 4 through 16 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

September 24, 2010

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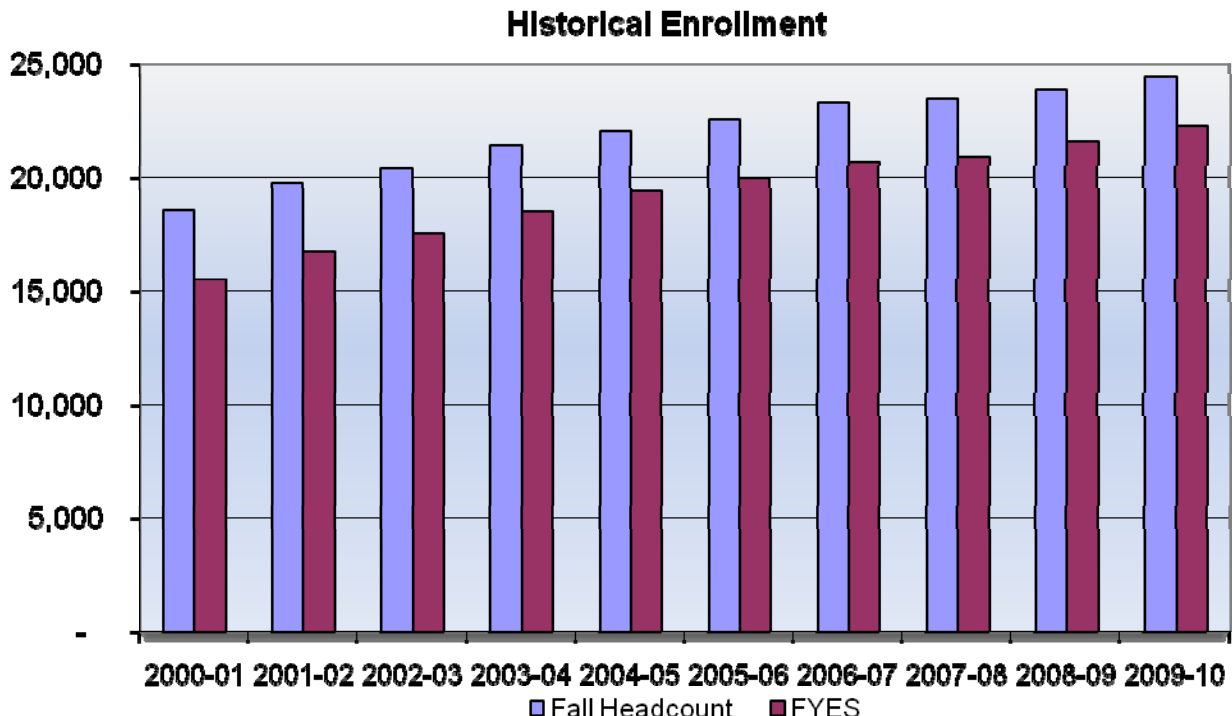
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Grand Valley State University

Management's Discussion and Analysis - Unaudited

Financial and Enrollment Highlights for the Year Ended June 30, 2010

- Enrollment increased by 3.07 percent based on FYES (fiscal year equated students). Headcount for the fall semester was 24,408 students.
- Operating revenue increased 3.7 percent as a result of increased enrollment combined with higher tuition and housing rates. The rate increases, however, were offset by a significantly higher level of scholarship allowances - including additional Pell grants and need-based scholarships.
- State appropriations for operations decreased \$2 million from 2009, reflecting a 3 percent cut by the State.
- The University received \$1.74 million of American Recovery and Reinvestment Act (ARRA) funds from the state fiscal stabilization fund and used these funds to award additional scholarships to Michigan students based on need.
- The market value of the endowment rebounded to \$61.2 million mainly due to a 12.5 percent investment return in 2010 compared to a 17.4 percent loss in 2009.
- Support from the community for the "Shaping Our Future" campaign included significant capital gifts for the library and Seidman College of Business.



Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

The purpose of the annual report is to provide readers with financial information about the activities and financial condition of the University. The report consists of three basic financial statements that provide information on the University as a whole: the statement of net assets, the statement of revenue, expenses, and changes in net assets, and the statement of cash flows. These reports begin on page 17 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 two years, net assets have increased by 10.2 percent, from \$489 million to \$539 million.

	June 30		
	2010	2009	2008
	(in 000s)		
Current Assets			
Cash and short-term investments	\$ 62,758	\$ 76,722	\$ 51,455
Endowment short-term investments	1,227	2,638	3,053
Receivables	48,416	43,484	48,662
Inventory, prepaid expenses, and other	7,312	5,299	4,811
Total current assets	119,713	128,143	107,981
Noncurrent Assets			
Endowment investments	61,206	52,594	62,181
Other long-term investments	112,942	108,803	74,771
Long-term receivables	20,295	12,624	20,027
Capital assets - Net of depreciation	540,578	513,292	512,223
Other	12,355	9,474	3,901
Total assets	<u>\$867,089</u>	<u>\$824,930</u>	<u>\$781,084</u>

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

	June 30		
	2010	2009	2008
	(in 000s)		
Current Liabilities			
Accounts payable and accrued liabilities	\$ 49,976	\$ 43,620	\$ 54,311
Deferred revenue	12,276	10,591	10,136
Long-term liabilities - Current portion	<u>6,060</u>	<u>9,565</u>	<u>8,577</u>
Total current liabilities	68,312	63,776	73,024
Noncurrent Liabilities			
Federal student loan payable	10,240	10,278	10,278
Long-term liabilities - Net of current portion	238,609	249,370	207,799
Other	<u>11,170</u>	<u>7,506</u>	<u>3,010</u>
Total liabilities	<u>\$328,331</u>	<u>\$330,930</u>	<u>\$294,111</u>
Net Assets			
Invested in physical properties	\$ 310,011	\$ 302,898	\$ 307,687
Restricted	92,856	70,876	78,350
Unrestricted	<u>135,891</u>	<u>120,226</u>	<u>100,936</u>
Total net assets	<u>\$538,758</u>	<u>\$494,000</u>	<u>\$486,973</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. Cash decreased in 2010 due to spending of bond proceeds (restricted cash and investments) for construction of the 2010 Living, Learning & Dining project. Unspent bond proceeds at June 30, 2010 were \$14.5 million compared to \$39.4 million in 2009 and \$25.0 million in 2008.

Current receivables include grants, state appropriations, pledges, student notes, and various operating receivables that are expected to be collected within a year. Accounts receivable remained consistent from 2008 to 2010. Current pledges receivable increased as long-term pledges from the "Shaping Our Future" campaign became current. State appropriation receivable for the charter schools increased from 2009 to 2010 by \$4.8 million mainly due to the addition of four new public service academies in the greater Detroit area. The state appropriation receivable for the charter schools decreased from 2008 to 2009 by \$4.9 million - mainly due to a change in the State's payment method.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Endowment investments rebounded during 2010, generating a 12.5 percent return compared to a loss of 17.4 percent in 2009 and a 2.5 loss percent in 2008. As difficult economic conditions and market volatility persist, the University (along with the investment advisory committee and outside consultants) continues to closely review endowment investment strategy and asset allocations. Other long-term investments should be looked at in conjunction with cash and short-term investments. The combination of the two is the overall pool of unrestricted cash and investments. Aside from the restricted bond proceeds, the overall pool of unrestricted cash and investments increased \$23.8 million from 2009 to 2010 and \$33.1 million from 2008 to 2009. In 2010, the University transitioned to the use of an outside consultant and custodian for investment advice and improved reporting tools.

Long-term receivables, which include pledges and student notes, remained at consistent levels from 2009 after decreasing by \$7.4 million from 2008 to 2009. Pledges increase and decrease as a result of payment schedules set by donor. Long-term pledges are discounted to net present value for financial statement purposes. Pledges receivable increased in 2008 due to the start of the "Shaping Our Future" campaign and decreased in 2009 as pledges were collected or became current. In 2010, pledges receivable increased as the "Shaping Our Future" expanded its campaign goal from \$50 million to \$75 million. The "Shaping Our Future" campaign expansion represents an additional effort to celebrate the legacy of L. William Seidman with a new building to house the Seidman College of Business.

Capital assets (net of depreciation) have increased in 2010 with additions of \$49.3 million that were offset by depreciation of \$22 million. Construction in progress for the 2010 Living, Learning & Dining project accounts primarily for the increase, and will be ready for occupancy with the upcoming fall semester. Capital assets increased in 2009 with additions of \$25.8 million that were offset by depreciation of \$21.6 million. Projects completed during 2009 include Niemeyer Learning and Living Center, the Laker Turf Building, and additions to Kirkhof Center and Mackinac Hall. In 2009, construction began for the 2010 Living, Learning & Dining project. This included the demolition of some existing apartment buildings. Capital asset changes are summarized in Note 3 to the financial statements.

Accounts payable and other current liabilities increased \$6.4 million from 2009 to 2010 as a result of changes in the State's payment of charter school funds and an increase in construction activity from 2009. Accounts payable and other current liabilities decreased \$10.7 million from 2008 to 2009 as a result of changes in the State's payment of charter school funds and a decrease of construction activity from 2008.

Deferred tuition revenue increased by \$1.9 million from 2009 to 2010 mainly due to timing of summer classes, as both the 12-week session and six-week summer session began one week later in 2010. Total summer credit hours increased by 6.1 percent from 2009. Deferred tuition revenue increased \$0.8 million from 2008 to 2009 as a result of higher tuition rates as well as a higher enrollment for the first six weeks of classes. Deferred grant revenue decreased slightly during this three-year period due to winding down of several large grants supporting the Dorothy A. Johnson Center for Philanthropy.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Current maturities in long-term debt decreased by \$3.5 million from 2009 to 2010 as a result of advance payments on the 2008A bonds and the final payoff of the 1994, 1998, and 1999 series bonds. Early reduction of debt resulted in cost savings for the University.

A new accounting pronouncement, Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB No. 53), became effective in 2010. This statement requires that derivative financial instruments, such as interest rate swaps, be recorded at fair value. To implement this new rule, the University evaluated whether its interest rate swaps qualified as effective hedges or ineffective hedges and calculated fair value at the end of each reporting period. In 2008, three agreements to swap variable rate for a fixed rate payment were adjusted to reflect a liability of \$2.3 million which increased by \$4.5 million in 2009 and \$3 million in 2010, as declining interest rates over these periods have increased the negative fair value of these positions. More detailed information regarding the implementation of GASB No. 53 is presented in Note 5 to the financial statements.

The University reclassified \$10.2 million in federal loan revolving funds from restricted expendable net assets to a noncurrent liability as of June 30, 2010. For comparative financial statement purposes, federal loan funds previously recorded as restricted expendable net assets as of and for the years ended June 30, 2009 and 2008 were reclassified using the same balance.

Long-term liabilities decreased by \$7.1 million between 2009 and 2010. No new long-term debt was issued in 2010 and the liability decreased as portions of the principal became current. In February 2009, the University issued \$50.1 million in long-term debt to fund the 2010 Living, Learning & Dining project. In March 2008, the University issued \$147.9 million of long-term debt to refinance several variable rate bonds and terminate one of the existing variable to fixed interest rate swaps. The loss on the extinguishment of this debt was recorded under non-operating expenses. The University's bond rating continues to be A+, as rated by Standard & Poor's. More detailed information about the University's long-term debt is presented in Note 4 to the financial statements.

Long-term liabilities also include the recognized portion of the liability for retiree medical benefits, as required by Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. As of July 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$9.5 million. Further information regarding the plan and funding status is detailed in Note 6, Retirement Plans.

The increase in the University's net assets reflects the investment in physical assets (capital additions, less depreciation, plus retirement of related debt), unexpended capital gifts, reserves for future projects, and increased endowment value due to gifts and investment income. Unrestricted net assets are designated for certain purposes by the University as summarized in Note 1 to the financial statements.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

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

The statement of revenue, expenses, and changes in net assets presents the operating results of the University, as well as the nonoperating revenue and expenses. Annual state appropriations, while budgeted for operations, are considered nonoperating revenue according to generally accepted accounting principles. For comparability purposes, 2009 and 2008 nonoperating revenue and net assets have been adjusted to reflect the impact of GASB No. 53 implementation in 2010.

	Year Ended June 30		
	2010	2009	2008
	(in 000s)		
Operating Revenue			
Student tuition and fees	\$ 220,997	\$ 204,572	\$ 178,361
Less scholarship allowance	(33,751)	(25,954)	(24,202)
Auxiliary	54,900	54,886	49,024
Less scholarship allowance	(6,732)	(5,993)	(4,676)
Grant and contracts	22,782	23,198	25,389
Other	12,611	11,733	11,471
Total operating revenue	270,807	262,442	235,367
Operating Expenses	342,698	323,025	303,646
Net Operating Loss	(71,891)	(60,583)	(68,279)
Nonoperating Revenue (Expense)			
State appropriations	62,019	64,021	69,278
Government grants	27,807	15,066	12,756
Gifts (including endowment and capital)	23,009	8,034	24,080
Capital appropriations and grants	582	604	2,785
Investment income (loss) - Net	13,788	(7,611)	3,548
Change in fair value of derivatives	(212)	(971)	-
Other loss and expense	(10,344)	(13,806)	(10,013)
Net nonoperating revenue	116,649	65,337	102,434
Net Increase in Net Assets	44,758	4,754	34,155
Net Assets - Beginning of year - As restated	494,000	489,246	455,091
Net Assets - End of year	\$538,758	\$ 494,000	\$489,246

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Revenue generated by tuition and fees increased by 8 percent in 2010, 15 percent in 2009, and 12 percent in 2008. The 2010 increase was due to a combination of tuition rate increase of 5.3 percent for undergraduate and 5.2 percent for graduate and an enrollment increase of 3.07 percent of FYES. The 2009 increase reflects tuition rate increases of 13.2 percent for undergraduate and 13.3 percent for graduate and an enrollment increase of 3.16 percent of FYES. The 2008 increase reflects tuition rate increases of 9.9 percent for undergraduate and 15.4 percent for graduate and an enrollment increase of 1.0 percent of FYES.

Scholarship allowances as a percent of tuition and fees have changed from 13.6 percent in 2008 to 12.7 percent in 2009 to 15.3 percent in 2010. In 2010, scholarship allowances increased 30 percent, or \$7.8 million, mainly due to additional Pell grants received. In 2009, scholarship allowances increased 7 percent primarily due to an additional \$1.2 million of internally funded scholarships and an additional \$2.3 million in Pell grants. In 2008, scholarship allowances increased 14 percent primarily due to an additional \$2.9 million of internally funded scholarships and an additional \$2.1 million in Pell grants.

Auxiliary revenue consists of housing, parking, bookstores, vending, golf course, health center, and conference fees for external customers. Housing revenue for 2010 reflects a 3.8 percent increase in rates which was offset by reduced capacity of 4.4 percent (and a 7 percent decrease in occupancy) due to the demolition of several outdated apartment buildings. Housing revenue for 2009 reflects a 4.7 percent increase in rates and an 8.4 percent increase in occupancy. Housing revenue for 2008 reflects a 4.2 percent increase in rates and a 3.9 percent decrease in occupancy. Parking revenue and bookstore revenue have also increased with the growth of the University.

Grant and contracts operating revenue remained fairly consistent between 2009 and 2010, with increases in federal scholarship revenue offsetting decreases from expiring grants. The decrease from 2008 to 2009 reflects winding down of the federal WIRED grant, offset by the increases in MEDC grants received by the SBTDC program.

Operating expenses increased by \$19.7 million in 2010 (and \$19.1 million in 2009). Further analysis of this increase is provided beginning on page 11. Salaries, wages, and benefits comprise the largest operating expense, while instruction is the largest functional category.

State appropriations decreased by \$2.0 million from 2009 to 2010, and \$5.2 million from 2008 to 2009. In 2008, the state appropriation included a deferred payment of \$5.9 million from the previous year (2007). Over the past three years, state appropriation per FYES declined from \$3,025 in 2008 (excluding the deferred payment in 2008) to \$2,962 in 2009 to \$2,784 in 2010, or a 7.9 percent decrease over three years.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Gifts, including capital and endowment gifts, increased in 2010 by \$15.0 million mainly due to expanding the "Shaping Our Future" campaign to include a new building to house the University's Seidman College of Business. After increasing significantly in 2008, as a result of the comprehensive "Shaping Our Future" campaign, the initial campaign goal of \$50 million was reached and, consequently, 2009 reflected a decline in gift revenue. Over the past three years, the most significant gifts to the endowment were for the Frey Foundation Chair, the Coopersville Scholarship, the Frederik Meijer Honors Chair and Lecture Series, and the Dorothy A. Johnson Center for Philanthropy.

Nonoperating government grants, which consist primarily of Pell revenue, increased by \$12.7 million, or 84.6 percent, between 2009 and 2010. In 2010, the University also received \$1.74 million of American Recovery and Reinvestment Act (ARRA) funding from the State's Education Stabilization Fund and used these funds to provide additional need-based scholarships to students of Michigan residence. Pell awards increased by \$10.9 million as a result of higher student need and an increase in federal award ceilings. Pell revenue also increased by \$2.3 million between 2008 and 2009.

Capital appropriations represent the State of Michigan's support for the construction of the Kennedy Hall of Engineering. In 2008, the University recognized capital grants for the biodigestor project and the Lake Michigan Center for the Annis Water Resources Institute.

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 rebounded in 2010 with a gain of 12.5 percent, compared to a loss of 17.4 percent in 2009 and a loss of 2.5 percent in 2008.

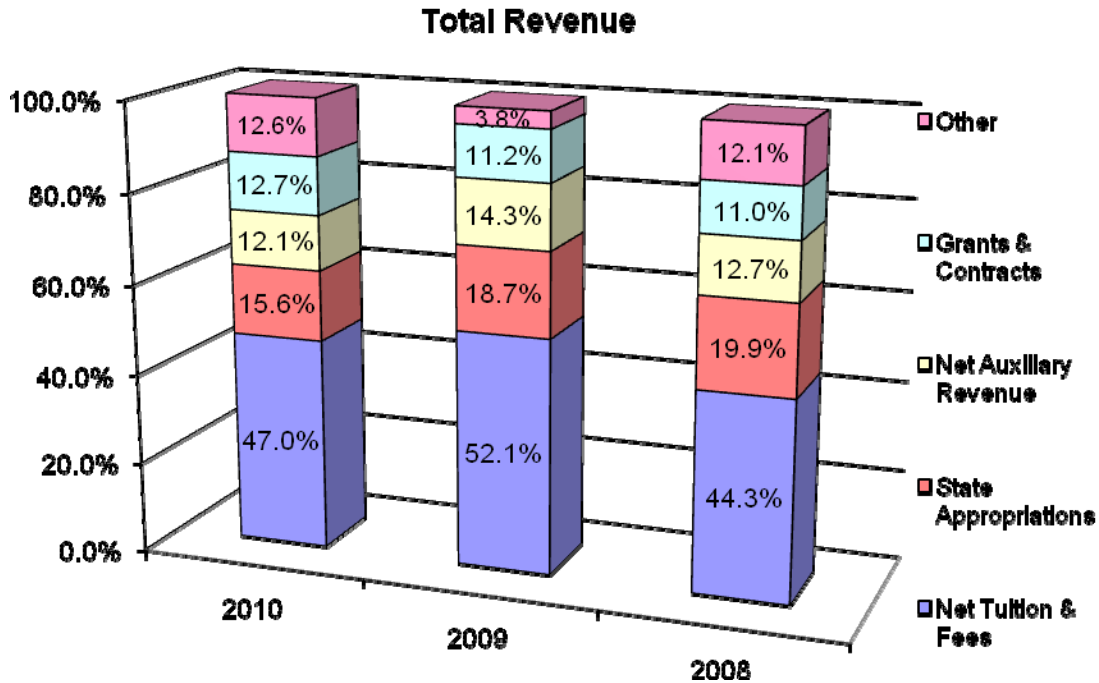
Under GASB No. 53, the University is required to report changes in the fair value of derivative instruments, such as interest rate swaps that do not qualify as effective hedges as investment income (loss). Prior year activity is revised accordingly. As interest rates started to stabilize in 2010, the market loss on this interest rate swap of variable for a fixed payment improved compared to 2009. In addition, a new interest rate swap agreement was executed in 2010 in which the University receives fixed and pays variable, which has a positive fair value of \$726,000.

Other nonoperating expenses returned to 2008 levels as 2009 included a one-time write-off for the demolition of some existing housing units. In 2010, interest expense comprises the largest component. Other nonoperating expenses for 2008 include a loss on extinguishment of debt. This includes a swap termination fee of \$1.2 million and the write-off of unamortized bond issue costs and bond premiums of \$1.5 million.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

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



Tuition and fees, net of scholarship allowances, make the largest contribution to the total revenue of the University. State appropriations are the next largest. These two sources, along with grants and contracts, provide for the majority of the operating expenses. Auxiliary activities are considered self-supporting enterprises. Other revenue includes investment income, gifts, and capital appropriations.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Operating Expenses by Functional Classification

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

	2010	2009	2008
	(in 000s)		
Instruction	\$ 128,651	\$ 117,769	\$ 110,007
Research	6,288	5,902	6,902
Public service	19,928	21,168	22,817
Academic support	28,813	27,613	25,306
Student services	23,966	22,393	21,477
Institutional support	30,419	27,189	25,195
Operation and maintenance of facilities	28,956	31,076	27,683
Depreciation	21,970	21,615	18,996
Scholarships and related expenses	17,123	11,474	11,335
Auxiliary activities	36,386	36,414	33,703
Other expenditures	198	412	225
Total	<u>\$ 342,698</u>	<u>\$ 323,025</u>	<u>\$ 303,646</u>

Instructional expense continued to grow with increases in faculty and student credit hours. The University was able to offer more sections and new courses. New degrees and programs approved over the past three years include Comprehensive Science and Arts for Teaching, Supply Chain Management, M.Ed. in Instruction & Curriculum, M.Ed. in Literacy Studies, M.Ed. in Educational Leadership, M.Ed. in Higher Education with Emphasis Areas, Radiologic and Imaging Sciences Major, Diagnostic Medical Sonography Major, Radiation Therapy Major, BA and BS in Women and Gender Studies, and a BA in Chinese Studies.

Research expenditures have gradually increased. Research expenditures include the continuing activities at the Annis Water Resources Institute as well as the Johnson Center for Philanthropy. Decreased expenditures in 2009 reflect the winding down of a Kellogg Foundation grant for the Johnson Center for Philanthropy.

Public service expenditures include WGVU public broadcasting, the Michigan Small Business and Technology Development Center (SBTDC), Project Safe Neighborhood, the Charter School Office administration, and the West Michigan WIRED grant, for which the University is the fiscal agent. Decreased expenditures in 2010 and 2009 reflect the winding down of the West Michigan WIRED grant. However, that decrease was offset by additional grant activity for SBTDC. Expenditures increased in 2008 due to increases in public service grant activity and initiatives in the charter school administration.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Academic support expenditures include grants administration, information technology, student advising, the library, academic resources, and administration expenses for the academic deans. The increase from 2008 to 2010 reflects continued growth of these services.

Student services expenditures represent student life programming, admissions, records, registration, financial aid, and intercollegiate athletics.

Institutional support expenditures include administration for the business operations, human resources, executive offices, marketing and communications, public safety, development, and alumni relations. The increase from 2008 to 2010 reflects initiatives in development, marketing, and network system wellness.

The operation and maintenance of facilities decreased in 2010 due to lower noncapitalized costs for small projects and small equipment/furniture for major building projects. The increase from 2008 to 2009 reflects both operational costs (new positions, utilities, and maintenance costs related to new buildings) and noncapitalized costs of small projects and small equipment/furniture for major building projects.

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. To look at the overall picture for scholarships and financial aid, it is important to also consider the scholarship allowance that is recorded net of tuition revenue and auxiliary revenue.

Auxiliary activities include housing, parking, bookstores, vending, golf course, health center, and conference services. Debt service, depreciation, and repairs related to housing are included in the other categories of expense. Housing capacity decreased temporarily in 2010 with the demolition of several older apartment buildings. Housing operations expanded in 2009 with the opening of the Glenn A. Niemeyer Learning and Living Center.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Operating Expenses by Natural Classification

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

	2010	2009	2008
		(in 000s)	
Salaries and benefits	\$ 204,202	\$ 188,048	\$ 175,001
Scholarships and awards	16,762	11,382	11,149
Utilities	7,209	7,801	7,398
Supplies and other	92,555	94,179	91,103
Depreciation	21,970	21,615	18,995
Total	<u>\$ 342,698</u>	<u>\$ 323,025</u>	<u>\$ 303,646</u>

Salaries and benefit expenses, which represent 59.8 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. Utilities expense and depreciation increased with the completion and opening of new buildings. 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.

	2010	2009	2008
		(in 000s)	
Net Cash (Used in) Provided by			
Operating activities	\$ (45,403)	\$ (44,145)	\$ (45,832)
Noncapital financing activities	97,771	85,998	83,546
Capital and related financing activities	(70,087)	13,880	(8,785)
Investing activities	46,981	(69,339)	(8,191)
Net Increase (Decrease) in Cash and Cash Equivalents	29,262	(13,606)	20,738
Cash and Cash Equivalents - Beginning of year	20,823	34,429	13,691
Cash and Cash Equivalents - End of year	<u>\$ 50,085</u>	<u>\$ 20,823</u>	<u>\$ 34,429</u>

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

The primary cash receipts from operating activities consist of tuition and housing revenue. Cash outlays include payment of wages, benefits, supplies, utilities, and scholarships. In 2008, revenue from the federal Pell grant program was reclassified from operating to noncapital financing activities.

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 the refinancing of existing debt in March and April 2008 and the issuance of additional debt in February 2009. 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 Grand Valley State University is closely tied to that of the State of Michigan. State tax revenue has remained low over the past few years and this has adversely impacted the State's ability to support higher education. The State has not yet passed the FY11 higher education appropriation budget.

Grand Valley State University receives the smallest state appropriation per student, and it continues to drop based on year-to-year comparisons. The legislature has attempted to address Grand Valley State University's anomaly by establishing a per student state aid level of \$4,000. However, the State has not yet provided funding at that level.

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	
	2010	2009
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 48,223,915	\$ 17,885,273
Restricted cash and cash equivalents (Note 2)	1,860,456	2,937,688
Short-term investments (Note 2)	-	22,048,585
Restricted short-term investments (Note 2)	13,900,772	36,488,343
Accounts receivable	8,577,699	8,064,758
State appropriation receivable	32,836,838	28,076,202
Pledges receivable	4,200,767	4,442,972
Inventories	2,328,449	2,387,608
Prepaid expenses and other	4,984,709	2,911,348
Student notes receivable - Current portion	<u>2,800,000</u>	<u>2,900,000</u>
Total current assets	119,713,605	128,142,777
Noncurrent Assets		
Endowment investments (Note 2)	61,205,524	52,594,294
Restricted long-term investments (Note 2)	-	11,384,089
Other long-term investments (Note 2)	112,941,504	97,419,204
Pledges receivable	12,109,862	4,000,440
Student notes receivable - Net of allowance of \$566,957 and \$603,427 in 2010 and 2009, respectively	8,184,909	8,623,008
Capital assets - Net (Note 3)	540,577,940	513,291,805
Derivative instrument (Note 5)	726,000	-
Deferred outflow of resources - Derivatives (Note 5)	8,577,000	5,825,000
Other assets	<u>3,052,569</u>	<u>3,649,348</u>
Total noncurrent assets	<u>747,375,308</u>	<u>696,787,188</u>
Total assets	<u>\$ 867,088,913</u>	<u>\$ 824,929,965</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 49,975,814	\$ 43,620,457
Deferred revenue	12,276,196	10,591,054
Long-term liabilities - Current portion (Note 4)	<u>6,060,027</u>	<u>9,564,594</u>
Total current liabilities	68,312,037	63,776,105
Noncurrent Liabilities		
Deferred capital revenue	684,200	710,600
Deferred inflow of resources - Derivatives (Note 5)	726,000	-
Derivative instruments (Note 5)	9,760,000	6,796,000
Federal student loan payable	10,240,450	10,277,779
Long-term liabilities - Net of current portion (Note 4)	<u>238,608,684</u>	<u>249,369,827</u>
Total noncurrent liabilities	<u>260,019,334</u>	<u>267,154,206</u>
Total liabilities	328,331,371	330,930,311
Net Assets		
Invested in capital assets - Net of related debt	310,011,084	302,897,813
Restricted:		
Nonexpendable - Scholarships and academic support	35,535,531	32,630,813
Expendable:		
Scholarships and academic support	25,163,773	20,062,467
Capital projects	30,505,967	16,528,440
Loans	1,650,460	1,654,314
Unrestricted	<u>135,890,727</u>	<u>120,225,807</u>
Total net assets	<u>538,757,542</u>	<u>493,999,654</u>
Total liabilities and net assets	<u>\$ 867,088,913</u>	<u>\$ 824,929,965</u>

Grand Valley State University

Statement of Revenue, Expenses, and Changes in Net Assets

	Year Ended June 30	
	2010	2009
Operating Revenue		
Student tuition and fees	\$ 220,997,231	\$ 204,572,437
Scholarship allowances	(33,751,171)	(25,954,278)
Net student tuition and fees	187,246,060	178,618,159
Government grants and contracts	20,564,822	21,003,894
Nongovernmental grants	2,216,888	2,194,382
Sales and services of educational activities	8,322,142	7,691,052
Auxiliary activities	54,900,045	54,885,902
Scholarship allowances	(6,732,116)	(5,993,185)
Net auxiliary activities	48,167,929	48,892,717
Other operating revenue	4,288,640	4,041,865
Total operating revenue	270,806,481	262,442,069
Operating Expenses - Education and general		
Instruction	128,651,299	117,769,040
Research	6,288,177	5,902,378
Public service	19,927,450	21,167,790
Academic support	28,813,194	27,613,057
Student services	23,965,450	22,392,531
Institutional support	30,418,903	27,189,061
Operation and maintenance - Plant	28,956,329	31,076,335
Depreciation expense	21,970,233	21,615,045
Scholarships and related expenses	17,122,937	11,473,835
Auxiliary activities	36,385,964	36,413,825
Loan administrative fees and collection costs	198,355	411,745
Total operating expenses	342,698,291	323,024,642
Operating Loss	(71,891,810)	(60,582,573)
Nonoperating Revenue (Expense)		
State appropriations	62,018,500	64,021,400
Government grants	27,807,227	15,065,977
Gifts	5,188,044	4,362,305
Investment income (loss) - Net of investment expense of approximately \$789,200 and \$774,600 in 2010 and 2009, respectively	13,787,862	(7,611,511)
Interest on capital asset - Related debt	(10,072,133)	(10,774,380)
Change in fair value of derivatives	(212,000)	(971,000)
Loss on extinguishment of debt	(305,911)	-
Net nonoperating revenue	98,211,589	64,092,791
Income - Before other revenue, expenses, gains, and losses	26,319,779	3,510,218
Other Revenue, Expenses, Gains, and Losses		
Capital appropriations	146,887	483,584
Capital grants and gifts	15,408,486	667,836
Other capital income	30,624	28,597
Additions to permanent endowments	2,817,479	3,095,787
Gain (loss) on disposal of assets	34,633	(3,032,314)
Total other revenue, expenses, gains, and losses	18,438,109	1,243,490
Increase in Net Assets	44,757,888	4,753,708
Net Assets - Beginning of year - As restated (Note 1)	493,999,654	489,245,946
Net Assets - End of year	\$ 538,757,542	\$ 493,999,654

Grand Valley State University

Statement of Cash Flows

	Year Ended June 30	
	2010	2009
Cash Flows from Operating Activities		
Tuition and fees	\$ 189,247,140	\$ 178,539,414
Grants and contracts	21,897,714	24,470,813
Payments to suppliers	(93,710,068)	(100,760,953)
Payments for utilities	(7,157,460)	(8,026,861)
Payments to employees	(149,650,092)	(141,103,257)
Payments for benefits	(51,370,204)	(45,701,609)
Payments for scholarships and fellowships	(16,762,025)	(11,473,835)
Loans issued to students	(28,113,757)	(30,583,672)
Collection of loans from students	28,651,856	29,995,790
Auxiliary enterprise charges:		
Residence halls	34,099,793	34,232,251
Bookstore	9,202,487	8,893,091
Other	5,824,996	5,818,435
Sales and service of educational activities	8,272,304	7,810,408
Other receipts	4,164,381	3,744,667
Net cash used in operating activities	(45,402,935)	(44,145,318)
Cash Flows from Noncapital Financing Activities		
State appropriations	62,382,578	63,906,146
Government grants	27,807,227	15,071,910
Gifts and grants for other than capital purposes	4,892,703	4,263,161
Private gifts for endowment purposes	2,817,479	3,095,787
Charitable annuities payments - Net	(237,993)	(269,411)
Federal direct loan receipts	151,165,225	120,687,836
Federal direct loan lending disbursements	(151,056,526)	(120,757,279)
Net cash provided by noncapital financing activities	97,770,693	85,998,150
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	-	50,070,000
Capital appropriations	215,389	687,033
Capital grants and gifts received	7,319,999	7,749,854
Other capital income	15,798	19,599
Proceeds from sale of capital assets	38,705	62,733
Purchases of capital assets and construction	(48,771,519)	(24,710,388)
Principal paid on capital debt	(15,544,636)	(8,310,129)
Interest paid on capital debt	(12,811,547)	(11,139,984)
Termination fees paid for early extinguishment of debt	(305,911)	-
Debt issue costs paid	(243,491)	(549,151)
Net cash (used in) provided by capital and related financing activities	(70,087,213)	13,879,567
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	195,620,920	215,906,190
Interest on investments	6,282,987	4,472,309
Purchase of investments	(154,923,042)	(289,717,292)
Net cash provided by (used in) investing activities	46,980,865	(69,338,793)
Net Increase (Decrease) in Cash and Cash Equivalents	29,261,410	(13,606,394)
Cash and Cash Equivalents - Beginning of year	20,822,961	34,429,355
Cash and Cash Equivalents - End of year	\$ 50,084,371	\$ 20,822,961

Grand Valley State University

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2010	2009
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (71,891,810)	\$ (60,582,573)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	21,970,232	21,615,045
Changes in assets and liabilities:		
Receivables - Net	32,289	452,507
Inventories	59,159	(39,992)
Other assets	(267,662)	(928,003)
Accounts payable and accrued liabilities	3,081,606	(4,812,732)
Deferred revenue	1,685,142	454,930
Deposits held for others	(71,891)	(304,500)
Net cash used in operating activities	<u>\$ (45,402,935)</u>	<u>\$ (44,145,318)</u>

Grand Valley State University

Statement of Fiduciary Net Assets Employee Benefit Plans

	June 30	
	2010	2009
Assets		
Cash and cash equivalents	\$ 314,908	\$ 719,272
Investments	<u>29,236,642</u>	<u>23,641,072</u>
Total cash and cash equivalents and investments	29,551,550	24,360,344
Accrued income	32	270
Employer contribution receivable	<u>576,458</u>	<u>-</u>
Net Assets - Held in trust for pension benefits	<u>\$ 30,128,040</u>	<u>\$ 24,360,614</u>

Grand Valley State University

Statement of Changes in Fiduciary Net Assets Employee Benefit Plans

	Year Ended June 30	
	2010	2009
Additions		
Investment income (loss):		
Interest and dividend income	\$ 356,732	\$ 743,739
Net appreciation (depreciation) in fair value of investments	4,845,016	(6,554,805)
Loss on sale of investments	<u>(1,106,066)</u>	<u>(1,280,320)</u>
Total investment income (loss)	4,095,682	(7,091,386)
Employer contributions paid	2,343,987	2,314,000
Employer contributions deferred	576,458	-
Other income	<u>140,543</u>	<u>118,518</u>
Total additions - Net	7,156,670	(4,658,868)
Deductions		
Benefit payments	1,300,358	1,251,320
Administrative expense	<u>88,886</u>	<u>82,322</u>
Total deductions	<u>1,389,244</u>	<u>1,333,642</u>
Net Increase (Decrease)	5,767,426	(5,992,510)
Net Assets Held in Trust for Pension Benefits		
Beginning of year	<u>24,360,614</u>	<u>30,353,124</u>
End of year	<u>\$ 30,128,040</u>	<u>\$ 24,360,614</u>

Grand Valley State University

Notes to Financial Statements June 30, 2010 and 2009

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 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 generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University follows all applicable GASB pronouncements. In addition, the University applies all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB pronouncements issued after November 30, 1989. The University follows the business-type activities reporting requirements of GASB Statement No. 35, which provides a comprehensive one-line look at the University's financial activities.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Accounts Receivable - Accounts receivable are stated at net invoice amounts. An allowance for bad debts is established on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed uncollectible are charged against bad debt expense in the period that determination is made. At June 30, 2010 and 2009, there was no allowance.

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

Pledges Receivable - The carrying amount of pledges receivable represents recorded promises to contribute, measured at fair value, net of estimated uncollectible promises. Pledges receivable are recorded at their net present value using a discount rate of 6 percent. Included in pledges receivable are an unamortized discount of \$4,399,563 and \$882,980 at June 30, 2010 and 2009, respectively, and an allowance of \$13,427 and \$20,240 at June 30, 2010 and 2009, respectively.

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. Capitalized interest included in construction in progress totaled approximately \$2,710,000 and \$637,000 at June 30, 2010 and 2009, respectively. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activity facilities.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

During 2010 and 2009, the University distributed approximately \$151,056,500 and \$120,757,000, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures on the accompanying financial statements.

Encumbrances - The University maintains an encumbrance system for tracking outstanding purchase orders and other commitments for materials or services not received during the year. Encumbrances totaled approximately \$19,100,000, which represents the estimated amount of expenses ultimately to result if unperformed contracts in progress at June 30, 2010 are completed. Approximately \$13,400,000 of the total is committed for capital projects.

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

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

Net 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, 2010 includes \$6,873,875 of funds functioning as endowment, \$11,965,274 of capital projects in progress, \$14,317,133 of housing and auxiliary repair and maintenance funds, \$1,892,300 of debt service funds, \$19,128,218 for academic initiatives and technology, \$62,311,993 for future capital projects and debt service, \$18,730,862 for reserves for operations and cash flow, and \$671,072 of uncommitted funds.

The unrestricted net asset balance at June 30, 2009 includes \$6,505,834 of funds functioning as endowment, \$10,153,574 of capital projects in progress, \$13,921,963 of housing and auxiliary repair and maintenance funds, \$7,140,226 of debt service funds, \$17,292,139 for academic initiatives and technology, \$41,261,467 for future capital projects and debt service, \$21,471,590 for reserves for operations and cash flow, and \$2,479,014 of uncommitted funds.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Reclassification - Certain 2009 amounts have been reclassified to conform to the 2010 presentation including:

Net assets as of and for the year ended June 30, 2009 were reclassified for \$10,277,779 of federal student loan payable that was originally reported as restricted, expendable loans net assets. The change represents the Federal Perkins and Nursing portion of the revolving loan fund for students that would be payable to the U.S. Department of Education (DOE) if the loan program is discontinued by the University or the DOE.

The Governmental Accounting Standards Board (GASB) issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in 2008. The statement is effective for financial statements for reporting periods beginning after June 15, 2009, therefore for the fiscal year ended June 30, 2010. Statement No. 53 is intended to improve the reporting of derivative instruments, specifically requiring measuring most derivative instruments at fair value in financial statements that are prepared using the accrual basis of accounting. The fair value of an ineffective hedged derivative instrument is reported in the statement of net assets and the change in fair value is reported in the statement of revenue, expenses, and changes in net assets as investment gains or losses. To the extent they are effective hedges, recognition is deferred (reported as deferred charges or deferred income); otherwise the income or loss is recognized as a component of investment income.

Note 2 - Cash and Investments

The University has adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, for the years ended June 30, 2010 and 2009.

The operating portfolio is invested in accordance with University policy.

Note 2 - Cash and Investments (Continued)

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

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

The board of trustees has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. Additionally, for endowment investments, the foremost objective is to maintain a spending rate, currently established at 5 percent, which provides a proper balance between preservation of corpus and enhancement of the purchasing power of investment earnings.

The University has remaining commitments of \$2,095,750 in alternative asset investments. As of June 30, 2010 and 2009, the University had approximately \$18.1 million and \$15.3 million, respectively, invested in alternative asset investments.

Grand Valley State University

Notes to Financial Statements June 30, 2010 and 2009

Note 2 - Cash and Investments (Continued)

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

	2010	2009
Cash and cash equivalents	\$ 48,223,915	\$ 17,885,273
Restricted cash and cash equivalents	1,860,456	2,937,688
Short-term investments	-	22,048,585
Restricted short-term investments	13,900,772	36,488,343
Endowment investments	61,205,524	52,594,294
Restricted long-term investments	-	11,384,089
Other long-term investments	<u>112,941,504</u>	<u>97,419,204</u>
Total cash and investments	<u>\$ 238,132,171</u>	<u>\$ 240,757,476</u>

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

	2010	2009
Money markets	\$ 50,084,371	\$ 23,433,674
Certificates of deposit	-	1,995,788
Commercial paper	-	4,999,350
Fixed-income securities	7,896,609	166,857,497
Equity security investments	32,331,151	28,054,800
Mutual bond funds	129,167,697	-
Other	<u>18,652,343</u>	<u>15,416,367</u>
Total cash and investments	<u>\$ 238,132,171</u>	<u>\$ 240,757,476</u>

Grand Valley State University

Notes to Financial Statements June 30, 2010 and 2009

Note 2 - Cash and Investments (Continued)

As of June 30, 2010, 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	\$ 50,084,371	\$ 50,084,371	\$ -	\$ -	\$ -
Mutual bond funds	129,167,697	6,004,163	123,163,534	-	-
Mutual equity funds	17,318,382	-	-	-	17,318,382
Government-backed securities	8,038,016	7,896,609	-	-	141,407
Mutual international equity funds	15,012,769	-	-	15,012,769	-
Real estate	538,897	-	-	-	538,897
Venture capital	5,509,589	-	-	-	5,509,589
Other investments	12,462,450	-	-	-	12,462,450
Total investments and maturities	<u>\$ 238,132,171</u>	<u>\$ 63,985,143</u>	<u>\$ 123,163,534</u>	<u>\$ 15,012,769</u>	<u>\$ 35,970,725</u>

As of June 30, 2009, 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	\$ 23,433,674	\$ 23,433,674	\$ -	\$ -	\$ -
Commercial paper	4,999,350	4,999,350	-	-	-
Certificates of deposit	1,995,788	1,995,788	-	-	-
Government securities*	106,562,008	7,341,174	38,048,271	28,678,183	32,494,380
U.S. Treasuries	2,062,340	-	-	-	2,062,340
Mutual bond funds	10,665,963	-	10,665,963	-	-
Mutual equity funds	14,589,779	-	-	-	14,589,779
Insured mortgage-backed securities	93,802	93,802	-	-	-
Government-backed securities	47,329,299	41,496,101	728,400	1,618,482	3,486,316
Mutual international equity funds	13,465,021	-	-	-	13,465,021
Real estate	377,850	-	-	-	377,850
Venture capital	4,238,365	-	-	4,238,365	-
Other investments	10,944,237	-	144,085	-	10,800,152
Total investments and maturities	<u>\$ 240,757,476</u>	<u>\$ 79,359,889</u>	<u>\$ 49,586,719</u>	<u>\$ 34,535,030</u>	<u>\$ 77,275,838</u>

* \$70,266,473 of the U.S. agency notes was callable.

Note 2 - Cash and Investments (Continued)

Concentration of Credit Risk

The University's investment strategy, like that of most other institutions, incorporates certain financial instruments that involve, to varying degrees, elements of market risk and credit risk. Market risk is the potential for changes in the value of financial instruments due to market changes. Market risk is directly impacted by the volatility and liquidity of the markets in which the underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. Risk of loss in the event of a counterparty default is typically limited to the amounts recognized in the statement of revenue, expenses, and changes in net assets. As of June 30, 2009, the University's combined cash, short-term investments, and long-term investments portfolio included 19.1 percent of its investments in Federal Home Loan Bank securities, 34.4 percent in Federal National Mortgage Association securities, and 16.6 percent in Federal Home Loan Mortgage Association securities.

Investments are presented above based on the segmented time distribution maturity. Mutual equity funds are considered to be long-term funds and, therefore, are presented as investments with maturities over 10 years, whereas the mutual bond funds as of June 30, 2010 and 2009 having durations between 2.9 to 4 years are presented as an investment with a maturity of less than five years. Market risks (including interest rate risk and liquidity risk) and credit risks are managed by board policies.

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

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

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be available or returned. The University does not have a deposit policy for custodial credit risk. At June 30, 2010 and 2009, the carrying amount of the University's deposits was \$50,084,371 and \$20,822,961, respectively. Of that amount, \$1,006,793 and \$1,008,684, respectively, was insured.

Grand Valley State University

Notes to Financial Statements June 30, 2010 and 2009

Note 2 - Cash and Investments (Continued)

The remaining \$49,077,578 and \$19,814,277 at June 30, 2010 and 2009, respectively, was uninsured and uncollateralized. The University does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

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

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

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

The University held the following types of fixed-income investments and credit ratings at June 30, 2010 and 2009:

	Market Value		Market Value	
	2010	Rating*	2009	Rating
Fifth Third Short Term Bond Fund	\$ 89,000	2 star	\$ -	
Dreyfus Bond Fund	93,000	4 star	-	
PIMCO Total Return	126,000	5 star	-	
PIMCO Low Duration	43,861,080	5 star	-	
Western Asset	34,429,772	4 star	-	
Loomis Sayles Multisector	3,089,063	4 star	-	
Loomis Sayles High Yield	6,146,939	5 star	-	
Vanguard TIPS	6,101,097	4 star	-	
Franklin Templeton	4,124,004	3 star	-	
JP Morgan Core Bond Fund	25,103,581	N/A	10,665,963	N/A
Municipal bonds	6,004,163	AA-	47,329,299	AA-
U.S. government agencies	7,896,609	AAA	106,562,008	AAA
U.S. Treasuries	-		2,062,340	AAA
Asset-backed securities	-		93,802	AAA
Certificates of deposit	-		1,995,788	FDIC insured
Commercial paper	-		4,999,350	A-1
Total	<u>\$ 137,064,308</u>		<u>\$ 173,708,550</u>	

* Star ratings obtained from Morningstar, AA-, and AAA ratings obtained from Moody's

Note 2 - Cash and Investments (Continued)

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

Foreign Credit Risk - The University holds investments in some international mutual funds that invest in international equity funds and debt. These funds are invested in various countries throughout the world and, therefore, expose the University to foreign credit risk. The international equity investments represent approximately 38 percent and 30 percent of the endowment portfolio at June 30, 2010 and 2009, respectively. Investments in these funds were approximately \$17,721,000 and \$16,554,000 for the years ended June 30, 2010 and 2009, respectively. The euro, Japanese yen, and British pound represent approximately 61 percent and 63 percent of the foreign currency in which the international equity funds are invested at June 30, 2010 and 2009, respectively.

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

Grand Valley State University

Notes to Financial Statements June 30, 2010 and 2009

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 29,467,391	\$ 1,606,335	\$ -	\$ 31,073,726
Nondepreciable artwork and historical treasures	4,368,450	40,000	-	4,408,450
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	5,865,543	33,252,782	-	39,118,325
Total cost of nondepreciable capital assets	41,424,204	34,899,117	-	76,323,321
Land improvements and infrastructure	73,446,797	783,227	-	74,230,024
Buildings	494,350,306	7,214,411	-	501,564,717
Equipment	56,941,427	2,324,674	1,128,259	58,137,842
Library books	35,687,821	4,051,512	3,405,900	36,333,433
Total cost of depreciable capital assets	660,426,351	14,373,824	4,534,159	670,266,016
Total cost of capital assets	701,850,555	\$ 49,272,941	\$ 4,534,159	746,589,337
Less accumulated depreciation for:				
Land improvements and infrastructure	24,583,639	\$ 3,553,927	\$ -	28,137,566
Buildings	106,540,824	11,039,687	-	117,580,511
Equipment	36,776,250	4,195,220	1,111,686	39,859,784
Library books	20,658,037	3,181,399	3,405,900	20,433,536
Total accumulated depreciation	188,558,750	\$ 21,970,233	\$ 4,517,586	206,011,397
Capital assets - Net	\$ 513,291,805			\$ 540,577,940

Grand Valley State University

Notes to Financial Statements June 30, 2010 and 2009

Note 3 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 29,132,285	\$ 335,106	\$ -	\$ 29,467,391
Nondepreciable artwork and historical treasures	4,098,350	270,100	-	4,368,450
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	<u>49,648,951</u>	<u>-</u>	<u>43,783,408</u>	<u>5,865,543</u>
Total cost of nondepreciable capital assets	84,602,406	605,206	43,783,408	41,424,204
Land improvements and infrastructure	67,524,632	6,547,515	625,350	73,446,797
Buildings	442,218,207	55,180,245	3,048,146	494,350,306
Equipment	55,566,514	3,501,359	2,126,446	56,941,427
Library books	<u>32,660,088</u>	<u>3,763,618</u>	<u>735,885</u>	<u>35,687,821</u>
Total cost of depreciable capital assets	<u>597,969,441</u>	<u>68,992,737</u>	<u>6,535,827</u>	<u>660,426,351</u>
Total cost of capital assets	682,571,847	<u>\$ 69,597,943</u>	<u>\$ 50,319,235</u>	701,850,555
Less accumulated depreciation for:				
Land improvements and infrastructure	21,165,447	\$ 3,599,232	\$ 181,040	24,583,639
Buildings	95,979,059	11,049,469	487,704	106,540,824
Equipment	34,753,530	4,023,377	2,000,657	36,776,250
Library books	<u>18,450,955</u>	<u>2,942,967</u>	<u>735,885</u>	<u>20,658,037</u>
Total accumulated depreciation	<u>170,348,991</u>	<u>\$ 21,615,045</u>	<u>\$ 3,405,286</u>	<u>188,558,750</u>
Capital assets - Net	<u>\$ 512,222,856</u>			<u>\$ 513,291,805</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

Grand Valley State University

Notes to Financial Statements June 30, 2010 and 2009

Note 4 - Long-term Liabilities

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

The changes in long-term liabilities for the year ended June 30, 2010 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue and Refunding Bonds, Series 1994	\$ 110,000	\$ -	\$ 110,000	\$ -	\$ -
General Revenue and Refunding Bonds, Series 1997	3,070,000	-	3,070,000	-	-
General Revenue Bonds, Series 1998	11,105,000	-	1,000,000	10,105,000	1,050,000
General Revenue Bonds, Series 1999	1,090,000	-	1,090,000	-	-
General Revenue Bonds, Series 2000	6,395,000	-	1,280,000	5,115,000	1,345,000
General Revenue Variable Rate Demand Bonds, Series 2005	30,045,000	-	635,000	29,410,000	-
General Revenue Bonds, Series 2007A	10,865,000	-	-	10,865,000	645,000
General Revenue Refunding Bonds, Series 2008A	98,620,000	-	3,990,000	94,630,000	2,085,000
General Revenue Refunding Variable Rate Demand Bonds, Series 2008B	44,265,000	-	4,290,000	39,975,000	-
General Revenue Bonds, Series 2009	50,070,000	-	-	50,070,000	-
Total bonds payable	255,635,000	-	15,465,000	240,170,000	5,125,000
Net other postemployment benefits (see Note 6)	1,671,670	1,379,582	581,483	2,469,769	582,000
Defined benefit retirement payable	-	576,458	-	576,458	-
Charitable gift annuities payable	1,463,700	172,330	267,961	1,368,069	268,612
Note payable	164,051	-	79,636	84,415	84,415
Total	258,934,421	\$ 2,128,370	\$ 16,394,080	244,668,711	\$ 6,060,027
Due within one year	9,564,594			6,060,027	
Total long-term liabilities	\$ 249,369,827			\$ 238,608,684	

Note 4 - Long-term Liabilities (Continued)

The changes in long-term liabilities for the year ended June 30, 2009 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue and Refunding Bonds, Series 1994	\$ 1,155,000	\$ -	\$ 1,045,000	\$ 110,000	\$ 110,000
General Revenue and Refunding Bonds, Series 1997	3,600,000	-	530,000	3,070,000	555,000
General Revenue Bonds, Series 1998	11,630,000	-	525,000	11,105,000	1,000,000
General Revenue Bonds, Series 1999	1,550,000	-	460,000	1,090,000	255,000
General Revenue Bonds, Series 2000	7,615,000	-	1,220,000	6,395,000	1,280,000
General Revenue Variable Rate Demand Bonds, Series 2005	30,240,000	-	195,000	30,045,000	200,000
General Revenue Bonds, Series 2007A	10,865,000	-	-	10,865,000	-
General Revenue Refunding Bonds, Series 2008A	102,190,000	-	3,570,000	98,620,000	3,990,000
General Revenue Refunding Variable Rate Demand Bonds, Series 2008B	44,955,000	-	690,000	44,265,000	1,320,000
General Revenue Bonds, Series 2009	-	50,070,000	-	50,070,000	-
Total bonds payable	213,800,000	50,070,000	8,235,000	255,635,000	8,710,000
Net other postemployment benefits (see Note 6)	872,071	1,307,959	508,360	1,671,670	508,360
Charitable gift annuities payable	1,464,673	285,437	286,410	1,463,700	266,597
Note payable	239,180	-	75,129	164,051	79,637
Total	\$ 216,375,924	\$ 51,663,396	\$ 9,104,899	258,934,421	\$ 9,564,594
Due within one year				9,564,594	
Total long-term liabilities				\$ 249,369,827	

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 interest rate on these bonds was 5.15 percent. The bonds matured in 2010.

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 interest rate on these bonds was 5.00 percent. In addition to the scheduled payment of \$555,000, the University made an early retirement of \$2,515,000 of the bonds in 2010, and the bonds matured in 2010.

Note 4 - Long-term Liabilities (Continued)

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

The General Revenue 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 interest rates on these bonds ranged from 4.80 percent to 5.05 percent. In addition to the scheduled payment of \$255,000, the University made an early retirement of \$835,000 of the bonds in 2010, and the bonds matured in 2010.

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 interest rates on these bonds range from 4.80 percent to 5.75 percent. The bonds mature in 2014.

The General Revenue Refunding Variable Rate Demand Bonds, Series 2005, were issued in April 2005 and reoffered in April 2008 by the board of trustees for the advance refunding of \$7,970,000 of Series 1997 bonds, \$4,390,000 of Series 1999 bonds, and \$15,915,000 of Series 2000 bonds. The refunded bonds with an outstanding balance at June 30, 2005 of \$30,282,925 were defeased upon delivery of the new issue. In addition to the scheduled payment of \$200,000, the University made an early redemption of \$435,000 in 2010. The bonds mature in 2026.

At June 30, 2010, the Series 2005 bonds bear interest based on a weekly rate determined by the remarketing agent (0.26 percent and 2.80 percent at June 30, 2010 and 2009, respectively). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes that the bonds could potentially be converted to include a daily rate mode, a commercial paper rate mode, a term rate mode, an ARS rate mode, and a fixed rate mode. The bonds are subject to purchase on demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, upon seven days' notice and delivery to the remarketing agent. Liquidity for the payment of the purchase price of the bonds on any mandatory or optional tender will be provided by an irrevocable direct pay letter of credit.

Note 4 - Long-term Liabilities (Continued)

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

The General Revenue Refunding Bonds, Series 2008A, and the General Revenue Refunding Variable Rate Demand Bonds, Series 2008B, were issued in April 2008 by the board of trustees for the refunding and extinguishment of \$20,730,000 of Series 2001B bonds, \$14,775,000 of Series 2002A bonds, \$25,445,000 of Series 2003 bonds, \$22,660,000 of Series 2004 bonds, and \$61,535,000 of Series 2007B bonds and to provide funds for the termination of a prior swap agreement. The interest rate on the Series 2008A bonds is 5.00 percent. In addition to the scheduled payment of \$1,320,000, the University made an early redemption of \$2,970,000 on the Series 2008B bonds in 2010. The Series 2008A bonds mature in 2034 and the Series 2008B bonds mature in 2032.

At June 30, 2010 and 2009, the Series 2008B bonds bear interest based on a weekly rate determined by the remarketing agent (0.26 percent and 2.80 percent at June 30, 2010 and 2009, respectively). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes that the bonds could potentially be converted to include a daily rate mode, a commercial paper rate mode, a term rate mode, and a fixed rate mode. The bonds are subject to purchase on demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, upon seven days' notice and delivery to the remarketing agent. Liquidity for the payment of the purchase price of the bonds on any mandatory or optional tender will be provided by an irrevocable direct pay letter of credit.

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

Grand Valley State University

Notes to Financial Statements June 30, 2010 and 2009

Note 4 - Long-term Liabilities (Continued)

Scheduled maturities of long-term liabilities are as follows:

Fiscal Year	Revenue Bonds	Annuities		Total	Interest
		Payable	Note Payable		
2011	\$ 5,125,000	\$ 268,612	\$ 84,414	\$ 5,478,026	\$ 9,589,989
2012	6,380,000	268,612	-	6,648,612	9,344,329
2013	8,545,000	268,612	-	8,813,612	9,068,322
2014	9,305,000	268,612	-	9,573,612	8,727,932
2015	10,495,000	268,612	-	10,763,612	8,353,124
2016-2020	56,725,000	25,009	-	56,750,009	35,581,434
2021-2025	47,465,000	-	-	47,465,000	26,296,883
2026-2030	58,355,000	-	-	58,355,000	15,681,789
2031-2035	37,775,000	-	-	37,775,000	3,721,850
Total	<u>\$ 240,170,000</u>	<u>\$ 1,368,069</u>	<u>\$ 84,414</u>	<u>\$ 241,622,483</u>	<u>\$ 126,365,652</u>

Defeased Debt

The University's General Revenue Bonds are secured by the unrestricted operating revenue of the University. When possible, the University defeases prior debt issuances to reduce its borrowing cost. The total amount of defeased bonds outstanding at June 30, 2010 and 2009 totaled \$28,275,000.

Note 5 - Derivative Instruments

The University is party to derivative financial instruments (interest rate swaps) that are reported at fair value on the statement of net assets at June 30, 2010 and 2009. The fair value is calculated by the counterparty to the transactions and approximate the termination value of the interest rate swaps.

Note 5 - Derivative Instruments (Continued)

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2010, classified by type and the change in fair value of such derivative instruments for the year ended as reported in the 2010 financial statements are as follows:

Type	Classification	Changes in Fair Value		Fair Value at June 30, 2010		Notional
		Amount	Classification	Amount	Amount	
Fair Value Hedges:						
Receive fixed interest rate swap	Deferred inflow of resources	\$ 726,000	Asset	\$ 726,000		\$ 50,070,000
Investment Derivative Instruments:						
Pay fixed interest rate swap	Deferred outflow of resources	(1,222,000)	Liability	(3,669,000)		29,410,000
Pay fixed interest rate swap	Deferred outflow of resources	(1,530,000)	Liability	(4,908,000)		27,940,000
		(2,752,000)		(8,577,000)		
Pay fixed interest rate swap	Change in fair value of derivative instruments	(212,000)	Liability	(1,183,000)		12,035,000
				<u>\$ (9,760,000)</u>		

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2009, classified by type and the change in fair value of such derivative instruments for the year ended as reported in the 2010 financial statements are as follows:

Type	Classification	Changes in Fair Value		Fair Value at June 30, 2009		Notional
		Amount	Classification	Amount	Amount	
Investment Derivative Instruments:						
Pay fixed interest rate swap	Deferred outflow of resources	\$ (1,657,000)	Liability	\$ (2,447,000)		\$ 30,045,000
Pay fixed interest rate swap	Deferred outflow of resources	(4,593,000)	Liability	(3,378,000)		27,940,000
		(6,250,000)		(5,825,000)		
Pay fixed interest rate swap	Change in fair value of derivative instruments	(971,000)	Liability	(971,000)		16,325,000
				<u>\$ (6,796,000)</u>		

Note 5 - Derivative Instruments (Continued)

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

Effective Date	Type	Objective	Notional Amount	Pay Terms	Receive Terms	Maturity Date	Counterparty Credit Rating
9/24/2003	Pay-fixed, Receive-variable	Cash flow hedge for Series 2008B bonds	\$12,035,000	3.299% fixed	70% of one-month LIBOR	6/1/2019	A2/A
3/3/2005	Pay-fixed, Receive-variable	Cash flow hedge for Series 2005 bonds	\$29,410,000	3.501% fixed	The lesser of 70% and one-month LIBOR and the weighted average rate on the bonds	12/1/2025	A2/A
9/6/2007	Pay-fixed, Receive-variable	Cash flow hedge for Series 2008B bonds	\$27,940,000	3.691% fixed	70% of one-month LIBOR	12/1/2031	A2/A
10/1/2009	Pay-variable, Receive-fixed	Fair value hedge for Series 2009 bonds	\$50,070,000	70% of one-month LIBOR	1.28% fixed	12/1/2012	A2/A

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

The University holds one fair value hedge that is a pay-variable, receive-fixed interest rate swap. The notional amount of the swap matches the principal amounts of the associated debt and the swap agreement contains scheduled reductions to outstanding notional amounts that follow scheduled reductions in the associated “bonds payable” category; the intent of entering into this swap agreement was to create a synthetic variable-rate debt and provide the University with variable-rate debt exposure. This swap agreement is considered effective.

The fair values of the interest rate swaps were calculated by the counterparty as of June 30, 2010. The fair values represent the future net settlement payments or receipts required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates.

Note 5 - Derivative Instruments (Continued)

The interest rate swaps are subject to the following risks:

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

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

The aggregate fair value of hedging derivative instruments in asset positions at June 30, 2010 was \$726,000. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. This maximum exposure is reduced by \$0 of collateral held and \$3,464,000 of liabilities included in netting arrangements with those counterparties, resulting in a net exposure to credit risk of \$0.

All of the contracts are held with one counterparty. That counterparty is rated A2/A.

Interest Rate Risk - The University is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swap, as LIBOR or the Securities Industry and Financial Markets Association (SIFMA) swap decreases, the University's net payment on the swap increases.

Basis Risk - The University is exposed to basis risk on its LIBOR-based interest rate swaps due to variable-rate payments received by the University on these instruments based on a rate or index other than interest rates the University pays on its variable-rate debt, which is remarketed every 30 days. As of June 30, 2010, the weighted average interest rate on the University's hedged variable-rate debt is .26 percent, while the 70 percent of LIBOR is .243 percent.

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

Grand Valley State University

Notes to Financial Statements June 30, 2010 and 2009

Note 5 - Derivative Instruments (Continued)

Hedging Derivative Instrument Payments and Hedged Debt

As of June 30, 2010, aggregate debt service requirements of the University's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

<u>Fiscal Year</u>	<u>Associated with Swap Agreements</u>		<u>Interest Rate</u>
	<u>Principal</u>	<u>Interest</u>	<u>Swaps - Net</u>
2011	\$ -	\$ 2,315,017	\$ 1,880,229
2012	1,180,000	2,763,217	1,777,213
2013	1,805,000	2,736,664	1,774,034
2014	2,180,000	174,529	2,219,189
2015	4,355,000	165,635	2,111,039
2016-2020	22,110,000	648,936	8,361,468
2021-2025	18,825,000	377,107	4,957,159
2026-2030	14,045,000	165,327	2,191,754
2031-2032	6,065,000	14,657	250,888
Total	<u>\$ 70,565,000</u>	<u>\$ 9,361,089</u>	<u>\$ 25,522,973</u>

Note 6 - Retirement Plans

Defined Contribution Plans

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

The total expense under this discretionary plan was approximately \$11,926,500 and \$11,076,700 for the years ended June 30, 2010 and 2009, respectively. Total payroll covered under this plan was approximately \$99,321,300 in 2010 and \$92,305,800 in 2009.

Grand Valley State University

Notes to Financial Statements June 30, 2010 and 2009

Note 6 - Retirement Plans (Continued)

Maintenance, grounds, and service staff hired after October 8, 2004 and clerical, office, and technical staff hired on or after February 2, 2006 participate in a defined contribution plan with University contributions equal to 8 percent of wages. Participants become fully vested upon completion of two years of employment. Total expenses under this plan were approximately \$358,000 in 2010 and \$273,400 in 2009. Total payroll covered under this plan was approximately \$4,474,500 in 2010 and \$3,417,700 in 2009.

Defined Benefit Plans

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

Membership of each plan consisted of the following at July 1, 2009, the date of the latest actuarial valuation:

	Maintenance, Grounds, and Service Employees' Retirement Plan	Clerical, Office, and Technical Employees' Retirement Plan
Active and transferred plan members	114	377
Terminated plan members entitled to but not yet receiving benefits	8	42
Retired and beneficiaries receiving benefits	45	92
Total participants	<u>167</u>	<u>511</u>

The University traditionally funds the current annual required contribution. The annual required contribution was determined as part of an actuarial valuation at July 1, 2009, using the aggregate actuarial cost method. This method does not identify or separately amortize unfunded actuarial liabilities. Significant assumptions include (a) a 7.5 percent investment rate of return, (b) projected salary increases of 3.5 percent per year, including step increases, and (c) no cost-of-living adjustment.

Grand Valley State University

Notes to Financial Statements June 30, 2010 and 2009

Note 6 - Retirement Plans (Continued)

Activity for the Maintenance, Grounds, and Service Employees' Retirement Plan and the Clerical, Office, and Technical Employees' Retirement Plan for the years ended June 30, 2010 and 2009 is as follows:

	Maintenance, Grounds, and Service Employees' Retirement Plan		Clerical, Office, and Technical Employees' Retirement Plan	
	Year Ended June 30		Year Ended June 30	
	2010	2009	2010	2009
Additions				
Investment income (loss):				
Interest and dividends	\$ 96,479	\$ 223,169	\$ 260,253	\$ 520,570
Net appreciation (depreciation) in fair value of investments	1,302,865	(1,728,897)	3,542,151	(4,825,908)
Loss on sale of investments	(298,228)	(343,118)	(807,838)	(937,202)
Total investment income (loss)	1,101,116	(1,848,846)	2,994,566	(5,242,540)
Employer contributions paid	693,000	678,000	1,650,987	1,636,000
Employer contributions deferred	153,897	-	422,561	-
Other income	130,551	70,965	9,992	47,553
Transfers between funds	(1,508)	-	1,508	-
Total additions - Net	2,077,056	(1,099,881)	5,079,614	(3,558,987)
Deductions				
Benefit payments	422,169	449,878	878,189	801,442
Administrative expense	32,623	30,408	56,263	51,914
Total deductions	454,792	480,286	934,452	853,356
Net Increase (Decrease)	1,622,264	(1,580,167)	4,145,162	(4,412,343)
Net Assets Held in Trust for Pension Benefits				
Beginning of year	6,533,297	8,113,464	17,827,317	22,239,660
End of year	\$ 8,155,561	\$ 6,533,297	\$ 21,972,479	\$ 17,827,317

Three-year trend information is as follows:

	Fiscal Year Ended June 30		
	2010	2009	2008
Annual pension cost	\$ 2,920,445	\$ 2,314,000	\$ 2,399,367
Percentage of annual pension cost contributed	80.3%	100%	100%
Net pension obligation	\$ 576,458	\$ -	\$ -

Grand Valley State University

Notes to Financial Statements June 30, 2010 and 2009

Note 6 - Retirement Plans (Continued)

As noted above, the aggregate method is used to determine the annual required contribution of the employer (ARC) for the defined benefit plans. Because this method does not identify or separately amortize unfunded actuarial liabilities, information about the funded status is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status. The schedule of funding progress is as follows:

Funded Status of Plan							UAAL as a
Actuarial	Actuarial	Actuarial	Unfunded	Funded	Covered		percentage
Valuation	Value of	Accrued	AAL (UAAL)	Ratio	Payroll		of Covered
Date	Assets	Liability (AAL)				Payroll	Payroll
Maintenance, Grounds, and Service Employees' Retirement Plan							
7/1/2009	\$ 7,785,878	\$ 12,565,501	\$ (4,779,623)	62.0%	\$ 4,303,196		111.1%
7/1/2008	8,680,649	12,032,848	(3,352,199)	72.1%	4,379,525		76.5%
7/1/2007	7,824,826	10,839,007	(3,014,181)	72.2%	4,928,839		61.2%
Clerical, Office, and Technical Employees' Retirement Plan							
7/1/2009	\$ 21,489,753	\$ 31,397,107	\$ (9,909,354)	68.4%	\$ 12,162,951		81.5%
7/1/2008	23,648,718	29,282,091	(5,633,373)	80.8%	12,332,912		45.7%
7/1/2007	21,037,946	27,656,029	(6,618,083)	76.1%	12,929,742		51.2%

Other Postemployment Benefits

The University has a single-employer defined benefit plan that provides certain healthcare benefits for retired faculty and staff. The plan covers 2,494 members as of June 30, 2010 and currently does not require active members to contribute to the plan.

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

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

Grand Valley State University

Notes to Financial Statements June 30, 2010 and 2009

Note 6 - Retirement Plans (Continued)

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

	2010	2009
Annual required obligation	\$ 1,451,125	\$ 1,341,348
Interest on net OPEB obligation	125,375	65,405
Adjustment to annual required contribution	<u>(196,918)</u>	<u>(98,794)</u>
Annual OPEB cost	1,379,582	1,307,959
Contributions made	<u>581,482</u>	<u>508,361</u>
Increase in net OPEB obligations	798,100	799,598
Net OPEB obligation - Beginning of year	<u>1,671,669</u>	<u>872,071</u>
Net OPEB obligation - End of year	<u>\$ 2,469,769</u>	<u>\$ 1,671,669</u>

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$9,475,238, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,475,238. An investment fund was established for the purpose of prefunding retiree benefits, with a market value of \$2,919,636 and \$1,665,789 at June 30, 2010 and 2009, respectively. However, because the funds are not irrevocable, these contributions do not constitute contributions for GASB No. 45 purposes. The covered payroll (annual payroll of active employees covered by the plan) was \$120,262,300 and \$111,775,600 for 2010 and 2009, respectively, and the ratio of all UAAL to covered payroll was 7.88 percent and 7.10 percent for 2010 and 2009, respectively.

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

Note 6 - Retirement Plans (Continued)

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

In the July 1, 2009 actuarial valuation, the projected unit cost actuarial method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses) based on the expected long-term investment returns on plan assets. The UAAL is being amortized as a projected unit credit level dollar, closed on a 15-year basis. The remaining amortization period at June 30, 2010 was 12 years. Benefits valued are fixed dollar amounts.

Note 7 - Commitments

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

The University has constructed a Good Manufacturing Practices Lab in partnership with Van Andel Research Institute that is funded by grants from the State of Michigan and the federal government. Beginning November 1, 2006, the lab will be leased for \$140,000 (excluding CPI adjustments) over five years, with an option to renew for an additional five years.

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

The University has agreed to lease office space from Bicycle Factory, LLC, beginning in the fiscal year ended June 30, 2009 for 90 months. The University has paid \$678,857 as a security deposit and \$113,143 as a put deposit. In the event the lessor elects to sell individual units (floors) therein, the University has the ability to purchase for \$3.47 million.

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 \$175,000 per individual, up to \$2 million in aggregate. Individual claims in excess of the \$2 million limit are funded by the University with an aggregate annual stop-loss of \$23.3 million and \$20.6 million in 2010 and 2009, respectively. The workers' compensation stop-loss insurance limits its liability for claims paid per individual to \$500,000 in 2010 and 2009. Liabilities for estimated claims retained by the University under self-insurance programs have been established.

To secure payment for a utility agreement, the University requested a \$450,000 letter of credit during August 2007, which will expire on March 11, 2011.

The University is a participant in the Michigan Universities Self-Insurance Corporation (MUSIC). This organization provides insurance coverage for errors and omissions liability, comprehensive general liability, and all risk property insurance. In fiscal year 2010, there are 11 universities that participate in MUSIC. Each participating university is responsible for a first tier of losses up to a level that has been actuarially determined. MUSIC is financially responsible for a second tier of losses. For comprehensive general liability errors and omissions and all risk property insurance, MUSIC has purchased excess insurance coverage with commercial insurance carriers to cover a third tier of losses. However, in the event the insurance reserves established by MUSIC are insufficient to meet its second tier obligations, each of the participating universities share this obligation by agreements with MUSIC.

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

Note 8 - Contingencies (Continued)

Pursuant to State of Michigan Public Act 362 of 1993, as amended, the University has previously authorized 34 public school academies. All 34 of these public school academies can operate schools funded by the State School Aid Act. The University, as fiscal agent, provides guidance in and review of compliance with state requirements and forwards the state payment to the public school academies. Public funding is provided by the State of Michigan on a per pupil basis. Funding of \$132,703,968 and \$117,914,825 was appropriated by the State in 2010 and 2009, respectively, to be allocated to the public school academies, net of approximately a 3 percent administrative fee retained by the University. At June 30, 2010, \$21,560,762 was outstanding as a receivable from the State, of which \$19,249,026 will be subsequently forwarded to the public school academies. At June 30, 2009, \$16,367,546 was outstanding as a receivable from the State, of which \$14,958,653 was subsequently forwarded to the public school academies. This activity is treated as an agency transaction.

Note 9 - Restatement of Net Assets Due to Accounting Change

The Governmental Accounting Standards Board (GASB) issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in 2008. The statement is effective for financial statements for reporting periods beginning after June 15, 2009, therefore for the fiscal year ended June 30, 2010. GASB Statement No. 53 is intended to improve the reporting of derivative instruments, specifically requiring measuring most derivative instruments at fair value in financial statements that are prepared using the accrual basis of accounting. The fair value of an ineffective hedged derivative instrument is reported on the statement of net assets and the change in fair value is reported in the statement of revenue, expenses, and changes in net assets as investment gains or losses.

The University has implemented GASB Statement No. 53 effective for the year ended June 30, 2010. The statement is to be retroactively applied to the earliest year presented. As a result, the University has restated beginning net assets, nonoperating revenue, and liabilities for the years ended June 30, 2008 by (\$2,273,000) and June 30, 2009 by (\$4,523,000).

Additional Information



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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, 2010 and 2009. 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

September 24, 2010

Schedule of Endowment and Similar Funds June 30, 2010

	Balance		Investment Income and Deductions	Distribution		Balance June 30, 2010	Retained Investment Income	Principal Balance June 30, 2010
	July 1, 2009	Gifts and Additions		Beneficiary Funds	Intrafund Distribution			
Endowment Funds								
Alumni Heritage Scholarship Fund	\$ 441,854	\$ 44,839	\$ 58,432	\$ 24,678	\$ 346	\$ 520,793	\$ 33,754	\$ 487,039
David G. and Mary L. Annis Scholarship	75,301	2,931	10,030	4,138	385	84,509	4,254	80,255
R.B. Annis Educational Foundation and Outreach Program Endowment	117,969	100	15,731	6,369	-	127,431	1,611	125,820
Joseph E. Appelt P.E. Engineering Scholarship Fund	36,309	50	4,642	1,952	-	39,049	3,107	35,942
APICS Scholarship Fund	31,876	-	4,076	1,713	-	34,239	29,139	5,100
Carl and Delores Arendsen Golf Scholarship	28,701	615	3,653	1,560	516	31,925	390	31,535
Bachmeier Disability Support Services Endowment	2,160	3,596	142	-	2,843	8,741	282	8,459
Baker-Hall Physics Fund	49,116	920	6,239	2,659	520	54,136	13,219	40,917
John T. Batchelder Political Science Scholarship	18,225	5,495	1,983	-	-	25,703	(447)	26,150
William C. Baum Endowment	65,023	1,600	8,442	3,538	-	71,527	4,904	66,623
Nancy H. Baum Endowment in Dance	33,069	10	4,278	1,347	-	36,010	11,800	24,210
Beckering Family Carillon Endowment	22,835	-	2,922	-	-	25,757	2,457	23,300
Fred A. Bell Business Scholarship Endowment	33,662	-	4,303	1,808	-	36,157	4,916	31,241
David Alan Bergsma Scholarship Fund	46,848	-	5,990	2,517	-	50,321	39,686	10,635
Hyman H. & Greta M. Berkowitz Scholarship Fund	352,010	250	44,994	18,919	246	378,581	113,176	265,405
Biology Field and Laboratory Enhancement Fund	81,198	12,934	10,377	4,673	271	100,107	8,435	91,672
The Biomedical/Health Science Fund	20,659	1,833	2,707	616	700	25,283	4,501	20,782
Darld and Joyce Black Physical Therapy Scholarship in Memory of Robert Klein	25,579	250	3,264	1,382	200	27,911	2,160	25,751
Edith I. Blodgett Endowed Music Scholarship Fund	49,556	307	6,328	2,672	306	53,825	20,099	33,726
Joan Boand Athletic Scholarship Fund	50,251	1,625	6,402	2,733	100	55,645	5,886	49,759
Ira Brad Memorial Scholarship	91,334	6,941	12,138	5,084	218	105,547	1,161	104,386
William J. & Margaret G. Branstrom Fund	96,238	-	12,303	5,170	-	103,371	54,784	48,587
George and Georgia Breur Scholarship	-	10,000	89	-	-	10,089	89	10,000
The Donna K. Brooks Presidential Scholarship	266,552	50	34,071	14,326	350	286,697	27,053	259,644
The Brooks Family Minority Scholarship	260,290	-	33,277	13,984	-	279,583	27,573	252,010
Johnny C. Burton Memorial Scholarship	64,050	-	8,189	3,441	-	68,798	14,130	54,668
Greg Cadaret Baseball Fund	59,882	100	7,653	3,221	100	64,514	22,438	42,076
Carlton Radiologic and Imaging Sciences Undergraduate Scholarship	-	900	(53)	-	-	847	(53)	900
Ara Cary Lectureship Fund	42,250	100	5,395	2,270	-	45,475	5,245	40,230
Barry Castro Business Ethics Scholarship	71,555	1,810	9,500	3,908	2,794	81,751	-	81,751
Bernard & Camille Cebelak Scholarship Fund	248,516	35,000	35,772	14,759	43	304,572	4,312	300,260
Collegiate Entrepreneurs' Organization (CEO) Endowment	74,086	-	9,822	3,997	-	79,911	5,825	74,086
Robert L. Chamberlain Scholarship Fund	49,962	173	6,382	2,690	173	54,000	19,874	34,126
Hong Chen Memorial Endowment	21,399	-	2,736	1,150	-	22,985	1,814	21,171
Children's Enrichment Center Student Parent Scholarship	-	3,070	(214)	-	-	2,856	(214)	3,070

Schedule of Endowment and Similar Funds (Continued) June 30, 2010

	Balance July 1, 2009	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2010	Retained Investment Income	Principal Balance June 30, 2010
Endowment Funds (Continued)								
Douglas K. and Ellen Chung Asian Social Work Graduate Scholarship	\$ 29,177	\$ -	\$ 3,892	\$ 1,575	\$ -	\$ 31,494	\$ 802	\$ 30,692
Helen Claytor Minority Scholarship	1,046,322	-	133,768	56,212	-	1,123,878	139,475	984,403
School of Communications Scholarship Fund	37,109	596	4,723	2,010	509	40,927	3,609	37,318
Community Foundation for Muskegon County Interfaith Dialogue Fund	266,208	-	34,066	-	-	300,274	(21,075)	321,349
Community Leadership Endowment	79,681	5,121	10,585	4,403	761	91,745	-	91,745
College of Education Family and Friends Scholarship Endowment	4,790	3,891	463	-	2,717	11,861	763	11,098
Computer Science and Information Systems Endowment	94,249	2,702	11,953	5,136	1,835	105,603	17,590	88,013
Cook Leadership Fellows of Hauenstein Center for Presidential Studies	82,618	107,159	21,664	-	1,139	212,580	4,282	208,298
The Coopersville Scholarship	792,618	2,700	105,727	42,858	42,978	901,165	(108,405)	1,009,570
The COT Association Scholarship Endowment Fund	89,448	2,634	11,341	4,883	2,550	101,090	7,837	93,253
David Daniels Memorial Scholarship	57,477	1,110	7,355	3,123	656	63,475	18,649	44,826
Gilbert R. and Patricia K. Davis Endowed Merit Scholarship	83,622	275	10,680	4,501	300	90,376	16,547	73,829
Greta & Arthur DeLong Perpetual Scholarship Fund	65,269	45	8,345	3,508	-	70,151	16,541	53,610
Aaron M. DesRocher Memorial Chemistry Scholarship	26,336	75	3,507	1,423	1,375	29,870	-	29,870
Pamella and Daniel G. DeVos Musical Theater Scholarship	29,250	1,200	3,853	1,616	2,816	35,503	(1,297)	36,800
DeWitt Barrels Inc. Environmental Science and Natural Resources Scholarship	20,926	12,077	2,797	-	628	36,428	(678)	37,106
Mary Jane Dockeray Scholarship Fund	72,914	300	9,322	3,924	-	78,612	17,104	61,508
Scott M. Dykstra Oliver Products Company Engineering Scholarship	49,054	750	6,258	2,648	-	53,414	4,615	48,799
L.V. Eberhard Scholarship Fund	488,671	-	62,474	26,253	-	524,892	255,669	269,223
Valerie P. Eggert Distinguished Scholarship in Philanthropy	-	31,535	17	-	-	31,552	17	31,535
Eitzen Voice Scholarship	103,998	2,605	13,228	5,664	2,105	116,272	29,326	86,946
School of Engineering Fund	143,829	3,245	18,320	7,791	559	158,162	37,830	120,332
Enrichment Fund	498,502	7,200	63,689	26,938	-	542,453	242,429	300,024
Jean Enright Women and Gender Studies Scholarship	9,172	3,339	1,269	-	584	14,364	129	14,235
Faculty Teaching and Learning Center Endowment	1,933,202	-	247,153	103,859	-	2,076,496	161,115	1,915,381
Finance Department Endowment	75,379	1,726	9,540	4,081	1,160	83,724	8,177	75,547
First Generation Urban Schools Scholarship	6,048	7,866	498	-	8,115	22,527	911	21,616
Richard E. Flanders Scholarship Fund	116,940	775	14,947	6,301	104	126,465	38,208	88,257
Robert W. Fletcher Memorial Endowment	57,672	4,980	7,457	3,257	5,216	72,068	-	72,068
Football Alumni Endowment Fund	27,845	17,513	4,675	-	1,115	51,148	(290)	51,438
Frey Foundation Chair for Family Foundations and Philanthropy	1,242,610	-	159,014	-	-	1,401,624	(98,376)	1,500,000
The General Dynamics Land Systems Engineering Scholarship	34,405	-	4,398	1,848	-	36,955	4,955	32,000
Geology Development Fund	101,325	525	12,947	5,454	-	109,343	41,781	67,562
Geology Student Field Endowment	33,059	716	4,201	1,794	400	36,582	4,899	31,683
Norman Gibson Geology Field Study Scholarship	17,448	7,763	2,224	-	488	27,923	(1,669)	29,592

Grand Valley State University

Schedule of Endowment and Similar Funds (Continued) June 30, 2010

	Balance		Investment Income and Deductions	Distribution		Balance June 30, 2010	Retained Investment Income	Principal Balance June 30, 2010
	July 1, 2009	Gifts and Additions		Beneficiary Funds	Intrafund Distribution			
Endowment Funds (Continued)								
Charlotte A. Gierst & Salome C. Egeler Trust Fund	\$ 62,557	\$ -	\$ 7,998	\$ 3,361	\$ -	\$ 67,194	\$ 21,114	\$ 46,080
Richard Giles Memorial Scholarship Fund	308,115	1,855	39,380	16,597	277	333,030	168,657	164,373
John and Barbara Gracki Football Degree Completion Scholarship Fund	26,750	3,500	3,177	1,533	5,533	37,427	(3,073)	40,500
The Graduate Teacher Certification Scholarship	63,962	2,013	8,329	3,497	1,318	72,125	4,832	67,293
Grand Valley Grand Forum Endowment	176,977	9,539	22,972	9,780	200	199,908	45,628	154,280
The Grand Valley Lanthorn Merit Scholarship	28,410	138	3,630	1,534	287	30,931	4,004	26,927
Grand Valley State University Athletic Fund	176,054	9,061	21,962	9,508	1,301	198,870	29,055	169,815
Grand Valley State University Fund	3,965,524	159,833	518,566	224,069	(208,628)	4,211,226	2,271,378	1,939,848
GVSU LGBT Scholarship Endowment	72,046	4,363	9,427	4,024	4,273	86,085	3,744	82,341
Women's Center Non-Traditional Student Scholarship	63,097	1,152	8,176	3,438	1,420	70,407	4,738	65,669
Thomas J. and Marcia Haas Laker Marching Band Scholarship	-	6,188	(362)	-	2,812	8,638	(362)	9,000
Hauenstein Center for Presidential Studies Endowment	529,326	117,074	67,561	-	2,096	716,057	72,538	643,519
Earl Harper Scholarship Fund	54,359	-	6,950	2,921	-	58,388	20,293	38,095
Center for Health Sciences Simulation Endowment	10,171	10,634	894	-	2,120	23,819	1,527	22,292
Joyce Hecht Distinguished Scholarship in Philanthropy	120,875	-	15,670	6,504	-	130,041	9,166	120,875
William Hegarty Endowment Fund	26,923	-	3,442	1,446	-	28,919	2,985	25,934
Arthur C. Hills Music Scholarship Fund	67,550	152	8,631	3,633	102	72,802	26,596	46,206
Hispanic Scholarship Fund	57,515	-	7,353	3,090	-	61,778	12,592	49,186
Dr. James D. Hoffman Scholarship	78,113	-	9,987	4,197	-	83,903	10,852	73,051
The Hilda C. Holder Endowed Scholarship for Women in Business Fund	34,376	-	4,586	1,856	-	37,106	2,006	35,100
Honors Program Enrichment	8,212	1,046	1,011	-	1,071	11,340	1,959	9,381
Hospitality and Tourism Management Department Endowment	2,106	3,142	154	-	1,613	7,015	249	6,766
J. C. Huizenga Business Scholarship	34,891	10,000	4,673	2,127	2,127	49,564	(436)	50,000
The Professor Paul A. Huizenga Biology Education Scholarship	84,485	6,520	11,064	4,662	490	97,897	3,963	93,934
W.G. Jackson Fund	188,788	444	24,128	10,153	141	203,348	47,922	155,426
Todd Jager Memorial Athletic Training Student Award	9,992	12,175	1,913	-	11,600	35,680	1,693	33,987
Michael and Susan Jandernoa Scholarship Endowment	44,135	40,000	5,670	-	-	89,805	8,138	81,667
The Dorothy A. Johnson Center for Philanthropy Library Endowment	525,750	200	67,269	-	100	593,319	87,118	506,201
The Dorothy A. Johnson Center for Philanthropy Operations Endowment	2,912,198	327,161	377,242	162,177	4,869	3,459,293	176,735	3,282,558
Jurries Family Scholarship	24,131	5,000	3,653	-	-	32,784	2,784	30,000
Sylvia and Richard Kaufman Interfaith Institute Endowment	227,756	58,021	29,115	-	3,046	317,938	(31,133)	349,071
Fred M. and Bernadine Keller Engineering Diversity Scholarship	45,458	-	6,064	2,454	932	50,000	-	50,000
Kurt F. Kimball Scholarship Endowment	33,289	625	4,229	-	200	38,343	7,020	31,323
Kirkhof College of Nursing Endowment	126,235	6,258	15,946	6,941	3,914	145,412	14,998	130,414
Don Klein Endowment	98,829	5,767	12,742	5,455	120	112,003	2,212	109,791

Schedule of Endowment and Similar Funds (Continued) June 30, 2010

	Balance		Investment Income and Deductions	Distribution		Balance June 30, 2010	Retained Investment Income	Principal Balance June 30, 2010
	July 1, 2009	Gifts and Additions		Beneficiary Funds	Intrafund Distribution			
Endowment Funds (Continued)								
Joseph Spruit Engineering Scholarship	\$ 46,592	\$ -	\$ 6,209	\$ 2,516	\$ 1,775	\$ 52,060	\$ -	\$ 52,060
Walton Boston Koch Memorial Scholarship	30,468	110	3,892	1,641	164	32,993	11,721	21,272
The Albert S. and Ella D. Koeze Art Scholarship	15,946	25	2,040	-	25	18,036	4,764	13,272
A. Scott and Ruth P. Koeze Graduate Business Scholarship	28,587	500	3,779	1,544	-	31,322	522	30,800
Dirk Koning Film and Video Scholarship	30,589	2,060	3,826	1,683	965	35,757	2,453	33,304
The Jack J. Korff Seidman College of Business Finance Scholarship	41,391	5,000	5,518	2,355	556	50,110	-	50,110
Lynne Kraemer Memorial Scholarship	34,082	40	4,358	1,834	100	36,746	18,752	17,994
The LGBT Resource Center	203	669	25	-	575	1,472	42	1,430
The Mike Lints Track and Field Equipment Endowment	35,382	3,333	4,710	1,994	240	41,671	2,716	38,955
Logie Fellowship Endowment	126,335	800	16,282	6,813	-	136,604	9,469	127,135
Loutit Foundation Fund	253,331	47	8,594	-	(11,413)	250,559	36,009	214,550
Arend D. and Nancy Lubbers Honors College Scholarship	639,109	472	81,706	34,347	77	687,017	72,541	614,476
McFadden Picciuca International Child Welfare Scholarship	8,845	857	1,126	-	1,131	11,959	349	11,610
Dr. Faite R-P. Mack and Dr. Thomas E. Jackson Scholarship Fund	63,162	48	8,073	3,394	48	67,937	17,266	50,671
Eric I. Maino Community Technology Award Endowment	-	6,000	(107)	-	-	5,893	(107)	6,000
Jean E. Martin Doctor of Nursing Practice Scholarship	53,409	24,707	5,953	-	24,657	108,726	8,940	99,786
Mathematics Endowment Fund	158,287	1,935	20,226	-	780	181,228	60,369	120,859
Russell G. Mawby Fellowship in Philanthropic Studies	63,892	25,000	10,999	-	-	99,891	(109)	100,000
Fred Meijer Diversity Scholarship	26,423	-	3,381	-	-	29,804	4,804	25,000
Frederik Meijer First Generation Honors College Student Scholarship Endowment	545,761	500,000	34,922	-	-	1,080,683	80,683	1,000,000
Frederik Meijer Endowed Honors Chair in Entrepreneurship and Innovation	-	500,000	(34,918)	-	-	465,082	(34,918)	500,000
Frederik Meijer Lecture Series Endowment	327,456	-	41,904	-	-	369,360	69,360	300,000
Corky Meinecke Scholarship Endowment Fund	53,820	-	6,881	2,892	-	57,809	5,423	52,386
Memorial Garden Endowment	3,707	-	474	-	-	4,181	761	3,420
Paul C. and Florence Miller Mineral Collection Endowment	43,793	20	5,599	2,354	6	47,064	6,339	40,725
Paul C. Miller Scholarship Fund	143,309	-	18,321	7,699	-	153,931	53,608	100,323
Mithilesh & Jitendra Mishra Foreign Student/Faculty Scholarship Fund	25,921	-	3,314	1,393	-	27,842	4,923	22,919
Jacob B. Mol Family Scholarship Fund	70,538	-	9,018	3,790	-	75,766	26,803	48,963
Dr. Rodney J. Mulder Social Work Scholarship	58,012	700	7,400	3,139	568	63,541	4,664	58,877
Mullendore Legal Studies Criminal Justice Scholarship	145,168	13,645	18,813	8,324	21,948	191,250	(74)	191,324
Mark A. and Elizabeth C. Murray International Travel Fund	38,566	5,522	4,941	2,200	3,989	50,818	-	50,818
Nichols Sustainability Scholarship	26,582	550	3,388	1,445	1,777	30,852	(976)	31,828
Glenn A. and Betty J. Niemyer History Scholarship Endowment	94,232	1,285	12,064	5,102	603	103,082	19,210	83,872
Dr. Roy and Patricia Olsson Jr. Health Professions Scholarship	-	1,483	(68)	-	729	2,144	(68)	2,212
The Nedra J. Otis Art Scholarship	74,497	2,056	9,426	4,063	2,228	84,144	6,438	77,706

Schedule of Endowment and Similar Funds (Continued) June 30, 2010

	Balance July 1, 2009	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2010	Retained Investment Income	Principal Balance June 30, 2010
Endowment Funds (Continued)								
Arnold C. Ott Lectureship in Chemistry	\$ 635,060	\$ 2,100	\$ 81,493	\$ -	\$ -	\$ 718,653	\$ 200,608	\$ 518,045
Candace Ott Scholarship for Nursing	20,859	150	2,676	-	-	23,685	(1,505)	25,190
Barbara Padnos Scholarship Fund	1,006,945	1,139	128,725	54,128	383	1,083,064	78,111	1,004,953
Stuart and Barbara Padnos Chair in Art and Design	837	-	107	-	-	944	(56)	1,000
Esther R. Padnos Nursing Scholarship	95,878	-	12,790	5,176	5,176	108,668	(11,810)	120,478
Seymour and Esther Padnos Engineering Scholarship	511,100	200	66,159	27,504	175	550,130	38,655	511,475
Joan A. Panopoulos Scholarship	29,398	98	3,911	1,592	1,858	33,673	(3,980)	37,653
James W. Parmelee Memorial Scholarship	-	30,300	(1,106)	-	-	29,194	(1,106)	30,300
Pathways to Recovery Scholarship	7,915	470	1,012	-	109	9,506	(257)	9,763
Eugene and Lillian Pawl Scholarship	573	-	73	-	-	646	46	600
Peace and Justice Award	44,602	641	5,697	2,419	562	49,083	15,926	33,157
Ross W. Perry Bachelor of Science Scholarships	218,262	-	27,904	11,726	-	234,440	29,325	205,115
Physical Therapy Department Fund	46,554	2,438	5,895	2,577	1,785	54,095	8,194	45,901
William F. Pickard Fund	69,706	-	8,912	3,745	-	74,873	44,108	30,765
Plant Service Personnel Descendants Scholarship Fund	391,305	9,080	49,733	-	8,163	458,281	59,425	398,856
Positive Black Women Endowment Fund	44,065	846	5,594	2,392	929	49,042	3,638	45,404
Paul W. Potter and Margaret E. Potter Scholarship	25,269	5,000	3,380	1,486	1,486	33,649	(1,451)	35,100
The Judith S. Pratt Non-Traditional Nursing Scholarship	57,332	1,795	7,390	3,126	570	63,961	4,264	59,697
Berthold Price Scholarship Fund	131,628	-	16,828	7,072	-	141,384	44,749	96,635
Price Heneveld Engineering Scholarship	120,353	271	15,382	6,480	500	130,026	9,577	120,449
Margaret Proctor Communications Scholarship	24,782	1,248	3,127	-	690	29,847	5,452	24,395
Dr. George I. and Helen Z. Quimby Scholarship	25,407	305	3,235	-	450	29,397	2,908	26,489
Dr. George I. Quimby Memorial Anthropology Endowment	12,023	1,402	1,495	-	1,499	16,419	879	15,540
Regional Math and Science Center Endowment	143,287	813	18,297	7,728	1,026	155,695	31,083	124,612
Reister Family Scholarship Endowment	77,921	800	9,920	4,191	-	84,450	5,812	78,638
Reverend Dennis and E. Jean (Lackey) McMurray Academic Achievement Scholarship	57	10	6	-	60	133	9	124
Peter P. and Patricia R. Renucci Clinical Lab Sciences Scholarship Endowment	-	15,816	3	-	-	15,819	3	15,816
Peter P. Renucci Family Clinical Lab Sciences Scholarship Endowment	-	15,834	9	-	-	15,843	9	15,834
Warren Reynolds Endowed Scholarship	18,163	252	2,313	980	54	19,802	4,139	15,663
John Salski Memorial Fund	32,770	-	4,190	1,761	-	35,199	4,674	30,525
Laura Sakoski Memorial Scholarship	5,772	2,827	825	-	130	9,554	(364)	9,918
School of Public and Nonprofit Administration Endowment	32,016	4,070	4,063	1,815	533	38,867	5,204	33,663
The J. Patrick Sandro Education Scholarship	47,285	1,268	6,007	2,558	48	52,050	4,949	47,101
Science Equipment Fund	1,718,593	150	219,712	92,332	-	1,846,123	871,782	974,341
The Ilene I. Schooley Biomedical Sciences Scholarship	30,151	10	4,021	1,627	-	32,555	2,276	30,279

Schedule of Endowment and Similar Funds (Continued) June 30, 2010

	Balance		Investment Income and Deductions	Distribution		Balance June 30, 2010	Retained Investment Income	Principal Balance June 30, 2010
	July 1, 2009	Gifts and Additions		Beneficiary Funds	Intrafund Distribution			
Endowment Funds (Continued)								
Science Math Development Fund	\$ 61,659	\$ 275	\$ 7,877	\$ 3,317	\$ -	\$ 66,494	\$ 34,819	\$ 31,675
Mary & Wilhelm Seeger Scholarship Fund	140,062	7,158	17,893	7,695	275	157,693	32,364	125,329
Seidman College of Business Commercial Real Estate Scholarship	4,142	3,000	321	-	-	7,463	(537)	8,000
Seidman College of Business Study Abroad Scholarship	27,505	1,685	3,456	-	1,020	33,666	5,182	28,484
Seidman College of Business Management Department Scholarship	3,538	505	457	-	75	4,575	485	4,090
Seidman Endowment Fund	1,102,461	4,941	140,754	59,297	739	1,189,598	519,166	670,432
Esther L. Seidman Chair in Management Fund	288,967	-	36,943	15,524	-	310,386	134,987	175,399
The Margaret Sellers Walker Distinguished Practitioner Lecture Series in Public and Nonprofit Administration	1,107	531	136	-	94	1,868	(76)	1,944
John J. and Marjorie E. Shepard Communications Scholarship	178,642	100	22,861	-	-	201,603	32,364	169,239
Marilyn & BP Sherwood Seidman College of Business Scholarship for Non-Traditional Students	34,389	5,000	4,047	1,847	-	41,589	4,668	36,921
Ryan Short Memorial Scholarship Fund	66,251	1,288	8,422	3,593	1,034	73,402	6,817	66,585
Ram and Usha Singh Social Work Scholarship	29,355	-	3,753	1,577	-	31,531	3,036	28,495
Drs. Esther and Enrico Sobong Scholarship	31,080	-	3,985	1,670	-	33,395	2,315	31,080
Social Work Faculty Development Fund	30,082	-	3,849	-	-	33,931	11,771	22,160
The Social Work Minority Scholarship	34,376	-	4,395	1,847	-	36,924	3,491	33,433
Social Work Scholarship Fund	29,534	882	3,757	1,609	451	33,015	4,672	28,343
Spectrum Health Diversity Scholarship	73,542	-	9,811	3,971	-	79,382	4,091	75,291
Paul Springer Crew Scholarship	-	63	(4)	-	-	59	(4)	63
Statistics Endowment Fund	33,265	1,043	4,255	1,822	1,030	37,771	2,433	35,338
Steelcase Inc. Seidman College of Business Diversity Scholarship	100,535	-	13,140	5,415	-	108,260	7,725	100,535
The Howard and Rose Stein Endowed Biology Scholarship	43,766	1,259	5,547	2,366	81	48,287	4,645	43,642
Joseph Stevens Freedom Fund	99,588	330	12,728	5,359	134	107,421	28,562	78,859
Esther Rehm Stotz Scholarship Fund	119,640	25	15,295	6,429	25	128,556	57,368	71,188
Tim Strickler Pre-Medical Scholarship	6,027	-	771	-	-	6,798	698	6,100
The Subar Family - Model Coverall Service Scholarship	32,599	1,000	4,169	1,775	-	35,993	3,633	32,360
Duke Tanaka Jr. Anatomy Scholarship	26,407	1,000	3,338	-	1,165	31,910	677	31,233
Tax Program Fund	115,496	350	14,766	6,213	-	124,399	58,296	66,103
The Telephone Pioneers of America, Great Lakes Chapter #90 Scholarship Fund	57,378	-	7,336	3,083	-	61,631	18,906	42,725
Edward Tremba Geology Scholarship Fund	65,292	1,301	8,393	3,546	100	71,540	25,475	46,065
University Library Fund	250,898	3,301	31,994	13,606	4,168	276,755	100,828	175,927
The Donald and Barbara Vanderjagt Mathematics and Athletic Scholarship	40,405	3,630	5,117	2,249	370	47,273	3,302	43,971
VanSteeland Campus Beautification Fund	105,137	1,517	13,388	5,675	490	114,857	48,472	66,385
Richard E. Veazey Graduate Academic Scholarship in Accounting	225,438	16,512	30,958	12,947	27,210	287,171	(16,641)	303,812
Kenneth Venderbush Endowment Fund	18,601	1,200	2,381	-	-	22,182	5,757	16,425
Volkhardt Family Scholarship	119,300	350	15,240	6,422	350	128,818	9,711	119,107

Grand Valley State University

Schedule of Endowment and Similar Funds (Continued) June 30, 2010

	Balance		Investment Income		Distribution		Balance	Retained	Principal
	July 1, 2009	Gifts and Additions	and Deductions	Beneficiary	Intrafund	June 30, 2010			
				Funds	Distribution		Income	June 30, 2010	
Endowment Funds (Continued)									
The Waddell/Treanor Native Plant Endowment	\$ 537,638	\$ 63,941	\$ 66,483	\$ 29,639	\$ 29,639	\$ 668,062	\$ (37,895)	\$ 705,957	
Florence Cowan Ward Scholarship for Nursing	127,364	100	16,460	6,853	-	137,071	9,607	127,464	
Margaret F. Ward Art and Design Scholarship	27,923	400	3,720	1,517	50	30,576	500	30,076	
Margaret Ward Music Scholarship	26,427	120	3,500	1,429	85	28,703	2,071	26,632	
Margaret Ward Symphony and Art Programming Endowment Fund	46,240	-	5,912	2,484	-	49,668	6,277	43,391	
The John D. Wardrop Leadership Fellow Endowment	2,546	5,185	143	-	3,750	11,624	339	11,285	
WRI Equipment Fund	1,873,462	109	239,510	100,651	50	2,012,480	853,561	1,158,919	
WGVU - Radio Program Endowment Fund	7,193	37,808	(448)	-	-	44,553	(296)	44,849	
WGVU-TV Program Fund	23,664	42,785	1,638	-	1,009	69,096	1,638	67,458	
WGVU-TV Scholarship Fund	320,325	86	40,951	17,211	48	344,199	138,979	205,220	
Weldon Memorial Chemistry Fund	148,642	4,959	18,913	8,123	2,671	167,062	49,006	118,056	
Bonnie Wesorick Center for Healthcare Transformation Endowment	19,069	141,942	7,457	-	4,154	172,622	6,326	166,296	
West Side Service Projects Endowment	24,813	-	3,310	1,340	1,340	28,123	(1,010)	29,133	
Westerman Nursing Scholarship Fund	128,234	50	16,390	6,889	20	137,805	36,081	101,724	
Shawn D. Wiersma Criminal Justice Memorial Scholarship	30,916	540	4,104	1,680	240	34,120	1,692	32,428	
Holliday Wiley Psychology Scholarship for the Study of Pervasive Development Disorders	33,206	2,450	4,385	1,863	682	38,860	2,522	36,338	
William James Fund	29,155	350	3,728	1,575	20	31,678	14,005	17,673	
H. James and Carole Campbell Williams Business Scholarship	15,481	3,811	1,856	-	3,626	24,774	280	24,494	
Shelia Williams Student Leadership Development Fund	111,075	821	14,182	5,996	766	120,848	50,345	70,503	
Bill & Diana Wipperfurth Annis Water Resources Institute Student Research Scholarship	31,188	171	4,153	1,689	178	34,001	338	33,663	
Thomas and Joyce Wisner Engineering Scholarship Endowment	287,990	150,000	26,343	15,472	1,139	450,000	-	450,000	
The Wisner Doctor of Physical Therapy Scholarship	103,521	480	13,787	5,601	350	112,537	3,882	108,655	
Women's Center Endowment	33,884	4,662	4,451	1,959	2,682	43,720	-	43,720	
Robert H. and Barbara Wood Entrepreneur Scholarship	929	-	119	-	-	1,048	48	1,000	
Doug and Linda Woods Athletic Training Scholarship Endowment	101,381	12,410	12,750	5,523	760	121,778	6,846	114,932	
Wrestling Endowment	24,278	8,849	2,595	-	283	36,005	3,258	32,747	
Writing Majors Scholarship	21,476	1,250	2,750	1,188	1,245	25,533	1,562	23,971	
Whitney Young Village Outreach Engineering Scholarship	141,086	-	(2,679)	3,000	-	135,407	35,407	100,000	
William Zimmerman Memorial Scholarship	44,791	3,100	5,854	2,528	3,000	54,217	3,050	51,167	
Felix V. & Gladys A. Zukaitis Athletic Trust	179,145	-	22,903	9,624	-	192,424	67,239	125,185	
Felix V. & Gladys A. Zukaitis Scholarship Trust	171,710	10	21,952	9,225	-	184,447	58,436	126,011	
Total endowment funds	38,238,922	2,908,615	4,812,095	1,748,141	105,867	44,317,358	8,781,827	35,535,531	

Grand Valley State University

Schedule of Endowment and Similar Funds (Continued) June 30, 2010

	Balance July 1, 2009	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2010	Retained Investment Income	Principal Balance June 30, 2010
Funds Functioning as Endowments								
Accounting Scholarship Fund	\$ 352,714	\$ 4,796	\$ 45,036	\$ 19,065	\$ 1,155	\$ 384,636	\$ 141,535	\$ 243,101
Alumni Scholarship Fund	653,581	4,521	83,522	35,215	407	706,816	221,946	484,870
Angus Fund	1,238,328	324	158,308	66,537	236	1,330,659	478,335	852,324
Owen F. Bieber Scholarship Trust	522,007	-	66,737	28,045	-	560,699	247,169	313,530
Alexander Calder Honors Scholarship	40,804	385	5,444	2,212	614	45,035	-	45,035
Entrepreneurial Center Endowment	1,300,226	70	166,224	69,853	-	1,396,667	173,896	1,222,771
Grand Rapids Continuing Education	1,079,811	-	138,181	-	-	1,217,992	844,010	373,982
Leon W. Hall Trust Fund	618,887	-	79,122	33,249	-	664,760	330,348	334,412
Charles & Florence Irwin Scholarship Endowment Fund	182,808	2,705	23,310	9,889	1,289	200,223	43,278	156,945
Russel H. Kirkhof Fund	1,944,146	-	248,552	104,447	-	2,088,251	1,080,952	1,007,299
Padnos Fund	1,312,458	-	167,793	70,510	-	1,409,741	409,716	1,000,025
Seymour & Esther Padnos School of Engineering	1,977,678	520	252,818	106,263	420	2,125,173	614,057	1,511,116
Joe E. Reid Memorial Scholarship Fund	69,187	270	8,841	3,722	-	74,576	23,984	50,592
Charles C. Saur Fund	35,975	-	(3,195)	-	-	32,780	(78,797)	111,577
Robert C. Trotter Scholarship Fund	420,461	-	53,754	22,589	-	451,626	303,759	147,867
R.B. Annis WRI Endowment	1,339,706	1,232	171,247	72,001	391	1,440,575	337,113	1,103,462
James R. Sebastian Endowed Chair in Engineering Cooperative Education and Educational Development	1,389,469	-	177,639	74,648	-	1,492,460	951,138	541,322
Science Religion Project	156,891	-	20,949	-	-	177,840	16,503	161,337
SPX Corporation Engineering Scholarship Fund	109,797	-	14,037	5,899	-	117,935	67,825	50,110
Undistributed Income Fund	434,589	-	18,287	-	(110,379)	342,497	342,497	-
VanderMey Endowment	130,069	-	16,629	6,988	-	139,710	25,283	114,427
Total funds functioning as endowments	15,309,592	14,823	1,913,235	731,132	(105,867)	16,400,651	6,574,547	9,826,104
Annuity Funds								
John T. and Shirley D. Batchelder Charitable Gift Annuity	26,376	-	7,203	-	-	33,579	14,756	18,823
John H. Batts, Sr. and Nancy L. Batts Charitable Gift Annuity	100,105	-	65,732	-	-	165,837	(206,475)	372,312
Darld T. and Joyce Black Charitable Gift Annuity	-	6,552	724	-	-	7,276	724	6,552
Robert F. and Jean A. Blossfeld Charitable Gift Annuity	-	2,153	1	-	-	2,154	1	2,153
George C. and Margaret T. Cope Charitable Gift Annuity	3,871	-	695	-	-	4,566	(3,517)	8,083
Dr. Gilbert R. and Patricia K. Davis Charitable Gift Annuities	14,155	-	6,961	-	-	21,116	1,100	20,016
Leslie Eitzen Charitable Gift Annuity	5,232	-	486	-	-	5,718	(1,376)	7,094
Ralph and Grace Hauenstein Charitable Gift Annuities	139,905	-	(22,277)	-	-	117,628	(345,351)	462,979
John and Janice Heerspink Charitable Gift Annuity	(1,166)	-	423	-	-	(743)	(2,378)	1,635
Harvey E. Lemmen Charitable Gift Annuities	(82,791)	60,000	(11,859)	-	-	(34,650)	(123,512)	88,862
Dr. Dorothy Merrill Charitable Gift Annuities	1,595	-	966	-	-	2,561	(14,408)	16,969
John F. and Mae D. Shipley Charitable Gift Annuity	3,335	-	372	-	-	3,707	(1,190)	4,897
John T. Tevebaugh Charitable Gift Annuity	4,753	5,565	930	-	-	11,248	1,308	9,940
Peter Merrick Turner Charitable Gift Annuity	4,772	-	1,435	-	-	6,207	(5,359)	11,566
Total annuity funds	220,142	74,270	51,792	-	-	346,204	(685,677)	1,031,881
Total endowment and similar funds	\$ 53,768,656	\$ 2,997,708	\$ 6,777,122	\$ 2,479,273	\$ -	\$ 61,064,213	\$ 14,670,697	\$ 46,393,516

Grand Valley State University

Schedule of Net Assets by Fund June 30, 2010

	Current Funds										Consolidated Total	
	General	Designated	Auxiliary	Expendable	Total	Loan	Endowment	Plant	Agency	Retirement	2010	2009
	Fund	Fund	Activities	Restricted	Current	Fund	Fund	Fund	Fund	Fund		
Assets												
Current Assets												
Cash and cash equivalents	\$ 16,693,365	\$ 4,847,731	\$ (1,174,077)	\$ 20,762,204	\$ 41,129,223	\$ 977,697	\$ -	\$ 6,736,775	\$ (344,504)	\$ (275,276)	\$ 48,223,915	\$ 17,885,273
Restricted cash and cash equivalents	-	-	-	-	-	-	1,226,758	633,698	-	-	1,860,456	2,937,688
Short-term investments	-	-	-	-	-	-	-	-	-	-	22,048,585	-
Restricted short-term investments	-	-	-	-	-	-	-	13,900,772	-	-	13,900,772	36,488,343
Accounts receivable	1,208,329	630,071	1,052,037	3,728,429	6,618,866	-	-	110,084	1,848,749	-	8,577,699	8,064,758
State appropriation receivable	11,276,076	-	-	-	11,276,076	-	-	-	21,560,762	-	32,836,838	28,076,202
Pledges receivable	-	5,000	-	4,209,194	4,214,194	-	-	-	-	-	4,214,194	4,463,212
Less allowance for uncollectible accounts	-	-	-	(13,427)	(13,427)	-	-	-	-	-	(13,427)	(20,240)
Net pledges receivable	-	5,000	-	4,195,767	4,200,767	-	-	-	-	-	4,200,767	4,442,972
Inventory	-	3,811	2,318,437	-	2,322,248	-	-	-	6,201	-	2,328,449	2,387,608
Prepaid expenses and other	1,239,227	975,725	30,234	25,962	2,271,148	165,662	-	2,522,899	25,000	-	4,984,709	2,911,348
Student notes receivable - Current portion	-	-	-	-	-	2,800,000	-	-	-	-	2,800,000	2,900,000
Total current assets	30,416,997	6,462,338	2,226,631	28,712,362	67,818,328	3,943,359	1,226,758	23,904,228	23,096,208	(275,276)	119,713,605	128,142,777
Noncurrent Assets												
Endowment investments	-	-	-	-	-	-	61,205,524	-	-	-	61,205,524	52,594,294
Restricted long-term investments	-	-	-	-	-	-	-	-	-	-	-	11,384,089
Other long-term investments	60,000	45,070,782	-	31,139	45,161,921	-	-	64,891,175	-	2,888,408	112,941,504	97,419,204
Pledges receivable	-	-	-	16,509,425	16,509,425	-	-	-	-	-	16,509,425	4,883,420
Less discount to present value	-	-	-	(4,399,563)	(4,399,563)	-	-	-	-	-	(4,399,563)	(882,980)
Net pledges receivable	-	-	-	12,109,862	12,109,862	-	-	-	-	-	12,109,862	4,000,440
Student notes receivable - Net	-	-	-	-	-	8,184,909	-	-	-	-	8,184,909	8,623,008
Capital assets - Net	-	-	-	-	-	-	-	540,577,940	-	-	540,577,940	513,291,805
Derivative instrument	-	-	-	-	-	-	-	726,000	-	-	726,000	-
Deferred outflow of resources - Derivatives	-	-	-	-	-	-	-	8,577,000	-	-	8,577,000	5,825,000
Other assets	-	281,498	-	-	281,498	-	-	2,771,071	-	-	3,052,569	3,649,348
Total noncurrent assets	60,000	45,352,280	-	12,141,001	57,553,281	8,184,909	61,205,524	617,543,186	-	2,888,408	747,375,308	696,787,188
Total assets	\$ 30,476,997	\$ 51,814,618	\$ 2,226,631	\$ 40,853,363	\$ 125,371,609	\$ 12,128,268	\$ 62,432,282	\$ 641,447,414	\$ 23,096,208	\$ 2,613,132	\$ 867,088,913	\$ 824,929,965

Grand Valley State University

Schedule of Net Assets by Fund (Continued) June 30, 2010

	Current Funds					Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement Fund	Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds						2010	2009
Liabilities and Net Assets (Deficit)												
Current Liabilities												
Accounts payable	\$ 3,492,274	\$ 582,044	\$ 854,010	\$ 940,226	\$ 5,868,554	\$ 664	\$ -	\$ 4,161,214	\$ 22,074,469	\$ -	\$ 32,104,901	\$ 27,182,565
Accrued payroll and other benefits	15,877,047	71,000	-	-	15,948,047	-	-	-	647,121	-	16,595,168	14,826,045
Accrued interest expense and other liabilities	-	-	-	-	-	-	-	901,127	374,618	-	1,275,745	1,611,847
Deferred revenue	8,964,115	70,460	317,017	2,898,204	12,249,796	-	-	26,400	-	-	12,276,196	10,591,054
Long-term liabilities - Current portion	-	-	-	-	-	-	268,612	5,209,415	-	582,000	6,060,027	9,564,594
Total current liabilities	28,333,436	723,504	1,171,027	3,838,430	34,066,397	664	268,612	10,298,156	23,096,208	582,000	68,312,037	63,776,105
Noncurrent Liabilities												
Deferred revenue - Net of current portion	-	-	-	-	-	-	-	684,200	-	-	684,200	710,600
Deferred inflow of resources - Derivatives	-	-	-	-	-	-	-	726,000	-	-	726,000	-
Derivative instruments	-	-	-	-	-	-	-	9,760,000	-	-	9,760,000	6,796,000
Federal student loan payable	-	-	-	-	-	10,240,450	-	-	-	-	10,240,450	10,277,779
Long-term liabilities - Net of current portion	576,458	-	-	-	576,458	-	1,099,457	235,045,000	-	1,887,769	238,608,684	249,369,827
Total liabilities	28,909,894	723,504	1,171,027	3,838,430	34,642,855	10,241,114	1,368,069	256,513,356	23,096,208	2,469,769	328,331,371	330,930,311
Net Assets (Deficit)												
Invested in capital assets - Net of related debt	-	-	-	-	-	-	-	310,011,084	-	-	310,011,084	302,897,813
Restricted:	-	-	-	-	-	-	-	-	-	-	-	-
Nonexpendable - Scholarships and academic support	-	-	-	-	-	-	-	-	-	-	-	-
Expendable:	-	-	-	-	-	-	-	-	-	-	-	-
Scholarships and academic support	-	-	-	6,674,803	6,674,803	-	18,488,970	-	-	-	25,163,773	20,062,467
Capital projects	-	-	-	30,340,130	30,340,130	-	165,837	-	-	-	30,505,967	16,528,440
Loans	-	-	-	-	-	1,650,460	-	-	-	-	1,650,460	1,654,314
Unrestricted	1,567,103	51,091,114	1,055,604	-	53,713,821	236,694	6,873,875	74,922,974	-	143,363	135,890,727	120,225,807
Total net assets	1,567,103	51,091,114	1,055,604	37,014,933	90,728,754	1,887,154	61,064,213	384,934,058	-	143,363	538,757,542	493,999,654
Total liabilities and net assets	\$ 30,476,997	\$ 51,814,618	\$ 2,226,631	\$ 40,853,363	\$ 125,371,609	\$ 12,128,268	\$ 62,432,282	\$ 641,447,414	\$ 23,096,208	\$ 2,613,132	\$ 867,088,913	\$ 824,929,965

Grand Valley State University

Schedule of Revenue, Expenses, and Changes in Net Assets (Deficit) by Fund Year Ended June 30, 2010

	Current Funds					Student Loan Fund	Endowment Fund	Plant Fund	Retirement Fund	Eliminations	Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds						2010	2009
Operating Revenue												
Student tuition and fees	\$ 220,558,399	\$ 438,832	\$ -	\$ -	\$ 220,997,231	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,997,231	\$ 204,572,437
Less scholarship allowances	-	-	-	-	-	-	-	-	-	(33,751,171)	(33,751,171)	(25,954,278)
Net student tuition and fees	220,558,399	438,832	-	-	220,997,231	-	-	-	-	(33,751,171)	187,246,060	178,618,159
Government grants and contracts:												
Federal	-	-	-	16,241,328	16,241,328	-	-	-	-	-	16,241,328	16,994,968
State	-	18,000	-	3,831,635	3,849,635	-	-	-	-	-	3,849,635	3,727,031
Local	-	472,937	-	922	473,859	-	-	-	-	-	473,859	281,895
Nongovernmental grants	-	157,262	-	2,059,626	2,216,888	-	-	-	-	-	2,216,888	2,194,382
Sales and services of educational activities	867,104	7,173,334	-	281,704	8,322,142	-	-	-	-	-	8,322,142	7,691,052
Auxiliary activities	-	-	54,900,045	-	54,900,045	-	-	-	-	-	54,900,045	54,885,902
Less scholarship allowances	-	-	-	-	-	-	-	-	-	(6,732,116)	(6,732,116)	(5,993,185)
Net auxiliary activities	-	-	54,900,045	-	54,900,045	-	-	-	-	(6,732,116)	48,167,929	48,892,717
Indirect cost recoveries	996,949	(8,828)	-	(988,121)	-	-	-	-	-	-	-	-
Other sources	1,034,134	2,787,814	-	196,772	4,018,720	269,535	385	-	-	-	4,288,640	4,041,865
Endowment income	211,449	465,124	-	1,802,700	2,479,273	-	(2,479,273)	-	-	-	-	-
Total operating revenue	223,668,035	11,504,475	54,900,045	23,426,566	313,499,121	269,535	(2,478,888)	-	-	(40,483,287)	270,806,481	262,442,069
Operating Expenses												
Instruction	126,165,094	104,206	-	2,381,999	128,651,299	-	-	-	-	-	128,651,299	117,769,040
Research	3,152,364	829,811	-	2,306,002	6,288,177	-	-	-	-	-	6,288,177	5,902,378
Public service	3,697,415	5,601,431	-	10,628,604	19,927,450	-	-	-	-	-	19,927,450	21,167,790
Academic support	25,451,935	1,017,372	-	2,343,887	28,813,194	-	-	-	-	-	28,813,194	27,613,057
Student services	22,723,265	1,082,458	-	159,727	23,965,450	-	-	-	-	-	23,965,450	22,392,531
Institutional support	29,623,255	784,360	-	11,288	30,418,903	-	-	-	-	-	30,418,903	27,189,061
Operation and maintenance - Plant	30,105,873	292,204	-	1,456,201	31,854,278	-	-	(2,897,949)	-	-	28,956,329	31,076,335
Depreciation expense	-	-	-	-	-	-	-	21,970,233	-	-	21,970,233	21,615,045
Scholarships and related expenses	22,709,374	56,139	-	34,840,711	57,606,224	-	-	-	-	(40,483,287)	17,122,937	11,473,835
Auxiliary activities	-	-	36,385,964	-	36,385,964	-	-	-	-	-	36,385,964	36,413,825
Loan administrative fees and collection costs	-	-	-	-	-	198,355	-	-	-	-	198,355	411,745
Total operating expenses	263,628,575	9,767,981	36,385,964	54,128,419	363,910,939	198,355	-	19,072,284	-	(40,483,287)	342,698,291	323,024,642
Operating (Loss) Income	(39,960,540)	1,736,494	18,514,081	(30,701,853)	(50,411,818)	71,180	(2,478,888)	(19,072,284)	-	-	(71,891,810)	(60,582,573)

Grand Valley State University

Schedule of Revenue, Expenses, and Changes in Net Assets (Deficit) by Fund (Continued) Year Ended June 30, 2010

	Current Funds										Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds	Student Loan Fund	Endowment Fund	Plant Fund	Retirement Fund	Eliminations	2010	2009
Nonoperating Revenue (Expense)												
State appropriations	\$ 62,018,500	\$ -	\$ -	\$ -	\$ 62,018,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,018,500	\$ 64,021,400
Government grants	-	-	-	27,807,227	27,807,227	-	-	-	-	-	27,807,227	15,065,977
Gifts	420,000	2,624,769	37,676	2,076,891	5,159,336	-	28,708	-	-	-	5,188,044	4,362,305
Investment income - Net of investment expense	952,284	5,757,161	(18,949)	24,521	6,715,017	13,410	6,777,122	13,467	268,846	-	13,787,862	(7,611,511)
Interest on capital asset - Related debt	-	-	-	-	-	-	-	(10,072,133)	-	-	(10,072,133)	(10,774,380)
Change in fair value of derivatives	-	-	-	-	-	-	-	(212,000)	-	-	(212,000)	(971,000)
Loss on extinguishment of debt	-	-	-	-	-	-	-	(305,911)	-	-	(305,911)	-
Net nonoperating revenue (expense)	63,390,784	8,381,930	18,727	29,908,639	101,700,080	13,410	6,805,830	(10,576,577)	268,846	-	98,211,589	64,092,791
Income (Loss) - Before other revenue, expenses, gains, and losses	23,430,244	10,118,424	18,532,808	(793,214)	51,288,262	84,590	4,326,942	(29,648,861)	268,846	-	26,319,779	3,510,218
Other Revenue, Expenses, Gains, and Losses												
Capital appropriations	-	-	-	-	-	-	-	146,887	-	-	146,887	483,584
Capital gifts	-	-	-	18,313,089	18,313,089	-	-	200,808	-	-	18,513,897	(722,981)
Add discount adjustment	-	-	-	(3,509,770)	(3,509,770)	-	-	-	-	-	(3,509,770)	1,298,738
Net capital gifts	-	-	-	14,803,319	14,803,319	-	-	200,808	-	-	15,004,127	575,757
Capital grants	-	-	-	404,359	404,359	-	-	-	-	-	404,359	92,079
Other capital income	-	-	-	-	-	-	-	30,624	-	-	30,624	28,597
Capital additions	(4,596,373)	(328,575)	(7,334)	(467,772)	(5,400,054)	-	-	5,400,054	-	-	-	-
Additions to permanent endowments	-	-	-	-	-	-	2,817,479	-	-	-	2,817,479	3,095,787
Gain (loss) on disposal of plant assets	885	5,531	672	-	7,088	-	-	27,545	-	-	34,633	(3,032,314)
Total other revenue, expenses, gains, and losses	(4,595,488)	(323,044)	(6,662)	14,739,906	9,814,712	-	2,817,479	5,805,918	-	-	18,438,109	1,243,490
Transfers Out (In)												
Mandatory transfers	5,758,361	59,481	14,725,000	(339,878)	20,202,964	-	(14,264)	(20,188,700)	-	-	-	-
Nonmandatory transfers	14,695,313	4,211,075	3,487,690	(769,466)	21,624,612	-	(136,872)	(21,487,740)	-	-	-	-
Total transfers	20,453,674	4,270,556	18,212,690	(1,109,344)	41,827,576	-	(151,136)	(41,676,440)	-	-	-	-
(Decrease) Increase in Net Assets	(1,618,918)	5,524,824	313,456	15,056,036	19,275,398	84,590	7,295,557	17,833,497	268,846	-	44,757,888	4,753,708
Net Assets (Deficit) - Beginning of year - As restated	3,186,021	45,566,290	742,148	21,958,897	71,453,356	1,802,564	53,768,656	367,100,561	(125,483)	-	493,999,654	489,245,946
Net Assets - End of year	\$ 1,567,103	\$ 51,091,114	\$ 1,055,604	\$ 37,014,933	\$ 90,728,754	\$ 1,887,154	\$ 61,064,213	\$ 384,934,058	\$ 143,363	\$ -	\$ 538,757,542	\$ 493,999,654