



Annual Financial Report 2012



ON THE COVER

TOP:

Construction Photo and **Architectural Rendering**

Mary Idema Pew Library

Learning and Information Commons

Allendale Campus

Building is estimated to be completed in 2013.

BOTTOM:

Architectural Rendering and **Construction Photo**

L. William Seidman Center

Robert C. Pew Grand Rapids Campus

Building is estimated to be completed in 2013.

Grand Valley State University

Financial Report with Additional Information June 30, 2012

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 (a component unit of the State of Michigan) (the "University") as of June 30, 2012 and 2011 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. The financial statements for the blended component units were not audited in accordance with *Government Auditing Standards*. 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, 2012 and 2011 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the University early adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, as of July 1, 2011. This statement required the University to evaluate its component units for financial statement inclusion, proper presentation, and disclosure. As a result of this Statement, the University blended five component units into their financial statements. Adoption of this statement increased the net assets of the University by \$659,425 as of July 1, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2012 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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as identified on pages 4-17, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Plante & Moran, PLLC

November 2, 2012

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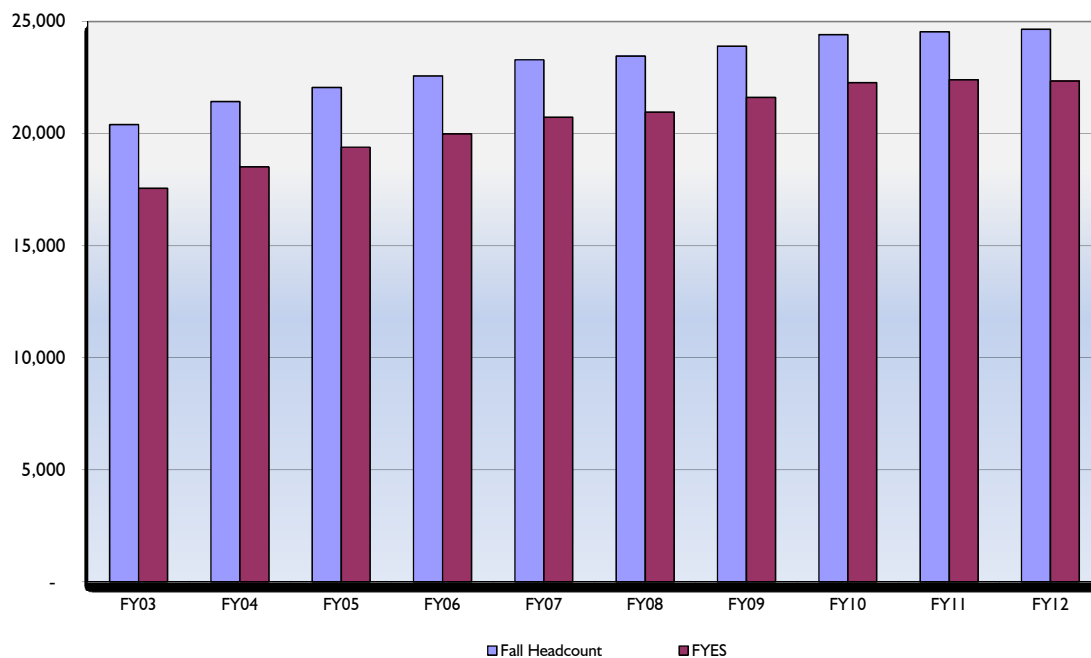
Grand Valley State University

Management's Discussion and Analysis - Unaudited

Financial and Enrollment Highlights for the Year Ended June 30, 2012

- Enrollment increased slightly based on FYES (fiscal year equated students). The headcount for the fall semester was 24,662 students and the University continues to emphasize student recruitment and retention.
- Operating revenue increased by 8.0 percent as a result of an average 6.9 percent tuition rate increase, and higher housing occupancy rates. This increase was partially offset by higher scholarship allowances and discontinuance of two federally sponsored scholarship programs.
- The University absorbed a 15 percent cut in state appropriations for operations, for a decrease of \$9.3 million, with state support per FYES falling to a historic low of \$2,357.
- Endowment cash and investments remained steady at \$75.5 million as a result of a negligible investment loss in 2012 compared to a 21.8 percent return in 2011.
- Construction for the Mary Idema Pew Library Learning and Information Commons on the Allendale Campus and the L. William Seidman Center on the Pew Campus in Grand Rapids is well underway. Both buildings are scheduled to open in 2013 as the University continues to improve facilities and create new learning environments.

Historical Enrollment



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 18 and should be read in conjunction with the notes to the financial statements. The following summary and management's discussion of the results are intended to provide the readers with an overview of the financial statements.

Effective for the year ended June 30, 2012, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*. As a result of this adoption, the University used the blending method for certain component units that are further described in Note 1. Financial statements for all reporting periods have been restated for this change.

The Statement of Net Assets

The statement of net assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. Net assets - the difference between assets and liabilities - are one way to measure the financial health of the University. Over the past three years, net assets have increased by 11.8 percent from \$538.9 million to \$602.3 million.

	June 30		
	2012	2011	2010
	(in 000s)		
Current Assets			
Cash and short-term investments	\$ 72,348	\$ 82,811	\$ 47,053
Receivables	59,855	57,834	48,416
Inventory, prepaid expenses, and other	9,307	5,223	7,412
Total current assets	141,510	145,868	102,881
Noncurrent Assets			
Restricted cash and investments	8,492	23,224	15,761
Endowment cash and investments	75,448	75,464	62,433
Other long-term investments	132,933	117,147	112,942
Long-term receivables	35,450	22,825	20,295
Capital assets - Net of depreciation	579,326	546,836	540,583
Other	15,362	9,123	12,366
Total assets	<u>\$988,521</u>	<u>\$940,487</u>	<u>\$867,261</u>

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

	June 30		
	2012	2011	2010
	(in 000s)		
Current Liabilities			
Accounts payable and accrued liabilities	\$ 70,855	\$ 59,154	\$ 49,976
Deferred revenue	12,749	13,241	12,276
Long-term liabilities - Current portion	10,009	6,006	6,060
Total current liabilities	93,613	78,401	68,312
Noncurrent Liabilities			
Federal student loan payable	10,081	10,135	10,240
Long-term liabilities - Net of current portion	267,008	252,534	238,609
Other	15,547	9,681	11,170
Total liabilities	386,249	350,751	328,331
Net Assets			
Invested in physical properties	306,052	314,069	310,016
Restricted	126,125	109,416	92,950
Unrestricted	170,095	166,251	135,964
Total net assets	<u>\$ 602,272</u>	<u>\$ 589,736</u>	<u>\$ 538,930</u>

Cash and short-term investments include unrestricted funds which are used for operating expenditures and are managed within the parameters of the University's investment policy. Restricted cash and investments consist of bond proceeds used for capital projects and are classified as noncurrent assets due to the nature of the projects. Restricted funds decreased in 2012 due to significant construction outlays.

Current receivables include grants, state appropriations, pledges, student notes, and various operating receivables that are expected to be collected within a year. Accounts receivable, excluding state appropriation receivable, remained consistent from 2010 to 2012. Current pledges receivable mainly reflect payments expected from the "Shaping Our Future" campaign. State appropriation receivable for public service academies increased from 2010 to 2012 by \$9.1 million mainly due to the addition of five new public service academies over this three year period, with most located in the greater Detroit area and a virtual academy.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

In 2012, returns on endowment investments reflect the volatile financial markets and difficult economic conditions, resulting in a negligible loss. In 2011, endowment investments generated a 21.8 percent gain compared to a 12.5 percent gain in 2010. The University (along with its investment advisory committee and outside consultants) continues to closely monitor endowment investment strategy and asset allocations. Other long-term investments should be looked at in conjunction with cash and short-term investments. This combination of funds comprises the overall pool of unrestricted cash and investments. From 2010 to 2012, there was an increase of \$45.3 million, as higher cash reserves are held to support the significant construction projects and future debt service.

Long-term receivables, which include pledges, student notes, and a third-party note receivable, increased by \$12.6 million after remaining at consistent levels between 2010 and 2011. The 2012 increase resulted from a \$16.3 million leveraged loan provided as part of the financing arrangement for the construction of the L. William Seidman Center. Receivables relating to pledges increase and decrease as a result of payment schedules set by donors. Long-term pledges are discounted to net present value for financial statement purposes.

Capital assets increased by \$66.3 million in 2012 of which \$42.1 million was due to construction of the Mary Pew Idema Library and Learning Commons and the L. William Seidman Center. Other major additions were new athletic fields, a football stadium remodeling, and land purchases to meet future space demands. These increases were offset by depreciation expense of \$21.3 million, as well as a decrease of \$12.5 million of library subscriptions previously capitalized. As a result, net capital assets increased by \$32.5 million.

Capital assets increased by \$30.1 million in 2011 of which \$12.8 million was mainly due to the start of construction on the Mary Idema Pew Library Learning and Information Commons and the L. William Seidman Center, with the remainder expended to complete the 2010 Living, Learning, and Dining facilities. These increases were offset by depreciation expense of \$23.0 million and net disposals of \$.9 million, accounting for a \$6.2 million increase in net capital assets. In 2010, capital asset additions of \$49.3 million were offset by depreciation of \$22.0 million. Capital asset changes are summarized in Note 3 to the financial statements.

Accounts payable and other current liabilities increased by \$11.7 million from 2011 to 2012, of which \$3.4 million was due to the increase in payables to public school academies, and the remaining \$8.3 million mainly due to higher payables from the ongoing construction of the Mary Idema Pew Library Learning and Information Commons and the L. William Seidman Center. Accounts payable and other current liabilities increased by \$9.2 million from 2010 to 2011, of which \$5.5 million was due to the increase in payables to public school academies, and the remainder mainly due to higher payables from construction activity.

Deferred revenue includes receipts from tuition, grants, and contracts that pertain to fiscal year 2013. Deferred revenue has remained relatively consistent between 2010 and 2012.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Current maturities in long-term debt increased by \$4.0 million between 2011 and 2012, due to the additional principal payments from a recent bond issue and payments resuming after the effect of advance payments. Current maturities remained stable between 2010 and 2011.

Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB Statement 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 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. Three agreements to swap variable rate for a fixed-rate payment were adjusted to reflect an increase in liability of \$1.5 million between 2010 and 2011 and an increase of \$5.9 million between 2011 and 2012, as the market conditions for these types of swaps have been volatile. More detailed information regarding GASB Statement No. 53 is presented in Note 5 to the financial statements.

Long-term liabilities increased by \$14.5 million between 2011 and 2012 due to new markets tax credit financing of \$22.2 million for the L. William Seidman Center. That increase was offset by current debt payments. Long-term liabilities increased by \$13.9 million between 2010 and 2011 mainly due to the issuance of long-term debt for a portion of the Mary Idema Pew Library Learning and Information Commons project. No new long-term debt was issued in 2010. 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, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$10.5 million. Further information regarding the plan and funding status is detailed in Note 6, Retirement Plans.

Total net assets of the University increased by \$63.3 million between 2010 and 2012 due to increases in endowment gifts, unexpended capital gifts, and the accumulation of reserves to support future projects. 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 accounting principles generally accepted in the United States of America.

	Year Ended June 30		
	2012	2011	2010
	(in 000s)		
Operating Revenue			
Student tuition and fees	\$ 252,599	\$ 234,059	\$ 220,997
Less scholarship allowance	(39,448)	(38,181)	(33,751)
Auxiliary	60,714	55,484	54,957
Less scholarship allowance	(8,077)	(7,602)	(6,732)
Grants and contracts	21,225	22,713	22,782
Other	15,875	14,106	12,611
Total operating revenue	302,888	280,579	270,864
Operating Expenses	367,652	355,045	342,770
Net Operating Loss	(64,764)	(74,466)	(71,906)
Nonoperating Revenue (Expense)			
State appropriations	52,677	61,976	62,019
Government grants	29,793	31,241	27,807
Gifts (including endowment and capital)	11,032	20,880	23,009
Capital appropriations and grants	845	1,221	582
Investment income - Net	5,973	21,710	13,788
Other loss and expense	(23,020)	(11,756)	(10,556)
Net nonoperating revenue	77,300	125,272	116,649
Net Increase in Net Assets	12,536	50,806	44,743
Net Assets - Beginning of year	589,736	538,930	494,187
Net Assets - End of year	\$602,272	\$589,736	\$538,930

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Revenue generated by tuition and fees increased by 7.9 percent in 2012, 6.0 percent in 2011, and 8.0 percent in 2010. The 2012 increase was mostly due to a tuition rate increase of 6.9 percent and increase in upper division credit hours, as enrollment per FYES remained virtually unchanged. The 2011 increase was mostly due to a tuition rate increase of 5.3 percent, as enrollment only increased by .6 percent FYES. The 2010 increase was due to a combination of a tuition rate increase of 5.3 percent and an enrollment increase of 3.07 percent FYES.

Scholarship allowances as a percent of tuition and fees climbed from 15.3 percent in 2010, to 16.3 percent in 2011, to 15.6 percent in 2012. In 2012, total scholarship allowances increased by 3.8 percent or \$1.7 million mainly due to increase in internally funded scholarships. This increase was deflated by the discontinuance of two federal scholarship programs. In 2011, total scholarship allowances increased by 13.1 percent or \$5.3 million due to additional Pell grants received of \$3.4 million, and the remainder due to increase in internally funded scholarships. In 2010, total scholarship allowances increased by 26.7 percent or \$8.5 million mainly due to additional Pell grants received.

Auxiliary revenue consists of housing, parking, bookstores, vending, golf course, health center, and conference fees for external customers. Housing revenue increased by \$5.2 million in 2012 mainly due to higher occupancy in the traditional housing units. In 2011, the opening of the Living, Learning, and Dining facilities added about \$3 million; however, this increase was partially offset by lower occupancy in the traditional housing units. Housing revenue for 2010 reflects a 3.8 percent increase in rates from 2009, which was offset by reduced capacity of 4.4 percent (and 7 percent decrease in occupancy) due to the demolition of several outdated apartment buildings.

Between 2011 and 2012, grants and contracts declined by \$1.5 million due to a discontinuance of two federal scholarship programs of \$3 million, which was offset by increases in sponsored awards. Grant and contracts operating revenue remained consistent between 2010 and 2011, with increases in federal scholarship revenue offsetting decreases from expiring grants.

Operating expenses increased by \$12.6 million in 2012 (and \$12.3 million in 2011). Further analysis of this increase is provided beginning on page 13. Salaries, wages, and benefits comprise the largest operating expense, while instruction is the largest functional category.

State appropriations were cut by 15 percent or \$9.3 million in 2012, after remaining flat between 2010 and 2011 and decreasing by \$2.0 million from 2009 to 2010. Over the past three years, state appropriations per FYES declined from \$2,784 in 2010, to \$2,765 in 2011, to \$2,357 in 2012 or a 15.3 percent decrease over three years.

Gifts, including capital and endowment gifts, peaked in 2010 and 2011 with the conclusion of the "Shaping Our Future" campaign. Over the past three years, the most significant gifts to the endowment were for Cook Leadership Fellows of Hauenstein Center for Presidential Studies and the Frederik Meijer Endowed Honors Chair in Entrepreneurship and Innovation.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Nonoperating government grants decreased between 2011 and 2012 by \$1.4 million due to a change in Pell eligibility requirements. Between 2010 and 2011, nonoperating government grants increased by \$3.4 million, which reflects an increase in Pell awards of \$5.1 million offset by the loss of one-time American Recovery and Reinvestment Act (ARRA) funding of \$1.74 million. In 2010, the University used the ARRA funding from the State's Education Stabilization Fund to provide additional need-based scholarships to students of Michigan residence.

Capital appropriations represent the State of Michigan's support for the construction of the Kennedy Hall of Engineering, which was completed in 2010. In 2011, capital grants increased by \$.7 million due to federal awards received for a wind energy project directed by the Muskegon Alternative Renewable Energy Center (MAREC) and construction of a simulation center in the College of Health Professions. Revenues declined in 2012 with the completion of the simulation center.

Net investment income consists of realized income (interest, dividends, and realized gains on the sale of investments), unrealized gains/losses, and investment expenses (primarily bank fees). Returns on endowment investments, after peaking in 2011 with a 21.8 percent gain, struggled to a negligible loss in 2012. In 2010, endowment investments generated a gain of 12.5 percent.

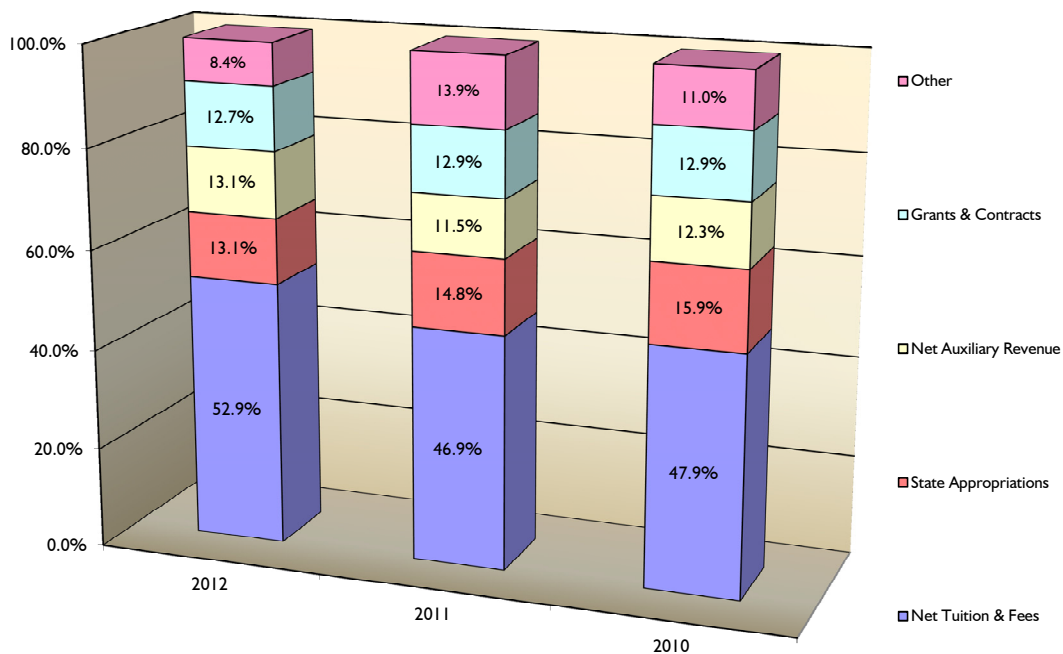
Other nonoperating expense includes interest expense, changes in the fair value of derivative instruments, and gains or losses from disposal of assets. The increase between 2011 and 2012 of \$11.3 million was primarily due to a \$12.5 million write-off of library subscriptions that were purchased between 2004 and 2011 and previously capitalized. The increase between 2010 and 2011 of \$1.2 million was due to higher interest expense from the 2009 bonds, which had been previously capitalized as a component of the construction project.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

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

Total Revenue



Tuition and fees (net) make the largest contribution to the total revenue of the University. State appropriation is a distant second. 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, additions to endowment, capital appropriations, and capital grants. Increases in net tuition and fees have offset the declining state appropriation. Other revenue dropped in 2012 mainly due to the lower investment returns.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Operating Expenses by Functional Classification

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

	2012	2011	2010
		(in 000s)	
Instruction	\$ 133,592	\$ 128,237	\$ 128,651
Research	7,941	7,136	6,288
Public service	21,981	21,999	19,928
Academic support	37,965	33,147	28,813
Student services	25,754	25,174	23,966
Institutional support	32,411	30,897	30,419
Operation and maintenance of facilities	31,124	30,493	28,956
Depreciation	21,260	22,959	21,970
Scholarships and related expenses	16,858	18,910	17,123
Auxiliary activities	38,487	35,847	36,458
Other expenditures	279	246	198
Total	<u>\$ 367,652</u>	<u>\$ 355,045</u>	<u>\$ 342,770</u>

Instructional expense continued to grow with the addition of innovative new programs created across the curriculum, including biomedical engineering, energy, and nanotechnology, and a new master's program in Speech-Language Pathology. In 2011, the University was able to offer additional courses, and developed a weekend program for health science coursework as well as adding a graduate-level degree program in biomedical engineering, a first of its kind in Michigan. Other new degrees and programs added over the past three years include Comprehensive Science and Arts for Teaching, Supply Chain Management, M.Ed. in Instruction and Curriculum, M.Ed. in Literacy Studies, M.Ed. in Education Leadership, M.Ed. in Higher Education with Emphasis Areas, Diagnostic Medical Sonography Major, and a Radiation Therapy Major.

Research expenditures have gradually increased. Research expenditures include the continuing activities at the Annis Water Resources Institute as well as the Johnson Center for Philanthropy. The Center for Scholarly and Creative Excellence, established in 2009, continues to support faculty and student research, and coordinate the Office of Sponsored Programs, the University's central office for administration of externally sponsored grants and the Office of Undergraduate Research and Scholarship, which offers a variety of opportunities for undergraduates to pursue research and scholarship under the direction of a faculty member.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Public service expenditures include WGVU public broadcasting, the Michigan Small Business and Technology Development Center (SBTDC), Project Safe Neighborhood, and the Charter School Office administration. From 2010 to 2011, expenditures increased mainly due to new initiatives on behalf of public school academies. From 2011 to 2012, expenditures remained steady.

Academic support expenditures include continuing education, information technology, student advising, the library, academic resources, and administration expenses for the academic deans. The increase from 2010 to 2011 reflects continued growth of these services, as the University is strongly committed to improving student retention and graduation rates. Expenses increased from 2011 to 2012 due to general business operating increases as well as additional library expenses in preparing for the transition to the new facility.

Student services expenditures represent student life programming, admissions, records, registration, financial aid, and intercollegiate athletics. Expenditures have remained steady from 2010 to 2012.

Institutional support expenditures include administration for the business operations, human resources, executive offices, marketing and communications, public safety, development, and alumni relations. Expenses remained virtually flat between 2010 and 2011. Increases from 2011 to 2012 reflect general business operating increases.

The operation and maintenance of facilities increased from 2010 to 2011 mainly due to furniture and equipment purchases to complete the 2010 construction projects. The increase between 2011 and 2012 was mainly due to general business operating increases. Depreciation includes both academic and auxiliary buildings.

Scholarships and related expenses include work-study programs as well as the portion of financial aid that is not considered a scholarship allowance. To mitigate the impact of tuition increases on enrollment, the University continues to increase need-based scholarships. To look at the overall picture for scholarships and financial aid, it is important to also consider the scholarship allowance that is recorded net of tuition revenue and auxiliary revenue. After increasing between 2010 and 2011, net scholarship expense decreased in 2012 due to discontinuance of two federal scholarship programs and federal changes to Pell eligibility.

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. In 2011, the new Living, Learning, and Dining facilities opened. Expenses decreased slightly between 2010 and 2011, as the University health services operation was fully privatized. In 2012, expenses increased mainly due to an increase in overall food expense due to an increase in meal plans sold as the University experienced higher occupancy levels in housing.

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.

	2012	2011	2010
		(in 000s)	
Salaries and benefits	\$ 225,923	\$ 216,137	\$ 209,202
Scholarships and awards	16,858	18,910	16,762
Utilities	7,247	7,212	7,209
Supplies and other	96,364	89,827	87,627
Depreciation	21,260	22,959	21,970
Total	<u>\$ 367,652</u>	<u>\$ 355,045</u>	<u>\$ 342,770</u>

Salaries and benefit expenses, the largest component of total operating expense, increased by 4.5 percent between 2011 and 2012, compared to 3.3 percent between 2010 and 2011. In 2012, new faculty positions were added in the College of Health Professions, Seidman College of Business, and Padnos College of Engineering to meet demands for expanding programs.

Scholarships and awards represent financial aid expense less scholarship allowances and work-study wages. Utilities remained almost flat between 2012 and 2010. This was accomplished by a combination of favorable weather conditions and University emphasis on energy efficiency and conservation. Depreciation fluctuated slightly over this period. Depreciation includes both academic and auxiliary buildings. Supplies and other expenses increased along with the overall growth of the University.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

The Statement of Cash Flows

The statement of cash flows provides information about 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.

	2012	2011	2010
		(in 000s)	
Net Cash (Used in) Provided by			
Operating activities	\$ (37,595)	\$ (46,720)	\$ (45,421)
Noncapital financing activities	90,921	101,099	97,771
Capital and related financing activities	(68,801)	(16,005)	(70,087)
Investing activities	<u>(35,560)</u>	<u>17,520</u>	<u>46,981</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(51,035)	55,894	29,244
Cash and Cash Equivalents - Beginning of year	<u>106,035</u>	<u>50,141</u>	<u>20,897</u>
Cash and Cash Equivalents - End of year	<u>\$ 55,000</u>	<u>\$ 106,035</u>	<u>\$ 50,141</u>

The primary cash receipts from operating activities consist of tuition and housing revenue. Cash outlays include payment of wages, benefits, supplies, utilities, and scholarships. From 2011 to 2012, net cash used in operating activities decreased by \$9.1 million mainly due to higher tuition and housing receipts, whereas it remained relatively flat between 2010 and 2011.

State appropriation is the primary source of noncapital financing. This source of revenue is categorized as nonoperating and beginning in 2012 has been budgeted by the University for scholarships and debt service. Other noncapital financing activity includes Pell grants, and gifts and grants for other than capital purposes. From 2011 to 2012, cash generated from noncapital financing declined by \$10.2 million mainly due to the cut in state appropriation and drop in Pell receipts. The increase between 2010 and 2011 was mainly due to the higher level of Pell receipts.

Capital and related financing activities include debt proceeds to finance capital construction. The University obtained financing of \$22.3 million in 2012 and \$23.2 million in 2011 for the L. William Seidman Center and Mary Pew Idema Library and Learning Commons projects, respectively. These sources of financing are offset by capital expenditures and debt service payments. The decrease in cash between 2011 and 2012 is mainly due to the surge in construction outlays.

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

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Economic Factors that Will Affect the Future

The economic position of the University is closely tied to that of the State of Michigan. After receiving a 15 percent cut in state appropriations in 2012, the University will receive a 4.4 percent increase in 2013; however, this still places the University as receiving the lowest investment per student by the State. Private support is an increasing priority as the University strives to keep tuition increases to a minimum and continues to support academic excellence and enrollment growth.

Grand Valley State University

Statement of Net Assets

		June 30	
		2012	2011
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	\$	52,339,120	\$ 82,810,586
Short-term investments (Note 2)		20,009,390	-
Accounts receivable		8,394,438	7,715,681
State appropriation receivable		40,264,924	38,657,921
Pledges receivable - Net		7,995,463	8,260,471
Inventories		2,659,613	2,520,519
Prepaid expenses and other		6,647,549	2,702,369
Student notes receivable - Current portion		3,200,000	3,200,000
Total current assets		141,510,497	145,867,547
Noncurrent Assets			
Restricted cash and cash equivalents (Note 2)		2,660,503	23,224,200
Restricted short-term investments (Note 2)		5,955,526	-
Endowment investments (Note 2)		75,323,538	75,463,625
Notes receivable		16,317,780	-
Other long-term investments (Note 2)		132,932,726	117,147,398
Pledges receivable - Net		10,761,268	14,580,558
Student notes receivable - Net of allowance of \$580,150 and \$651,171 in 2012 and 2011, respectively		8,370,937	8,244,185
Capital assets - Net (Note 3)		579,325,986	546,836,368
Derivative instrument (Note 5)		266,000	725,000
Deferred outflow of resources - Derivatives (Note 5)		13,330,000	7,221,000
Other assets		1,765,894	1,176,615
Total noncurrent assets		847,010,158	794,618,949
Total assets	\$	988,520,655	\$ 940,486,496
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities	\$	70,854,643	\$ 59,154,220
Deferred revenue		12,749,092	13,240,673
Long-term liabilities - Current portion (Note 4)		10,009,142	6,006,142
Total current liabilities		93,612,877	78,401,035
Noncurrent Liabilities			
Deferred capital revenue		631,400	657,800
Deferred inflow of resources - Derivatives (Note 5)		266,000	725,000
Derivative instruments (Note 5)		14,649,000	8,298,000
Federal student loan payable		10,081,266	10,135,130
Long-term liabilities - Net of current portion (Note 4)		267,008,259	252,533,888
Total noncurrent liabilities		292,635,925	272,349,818
Total liabilities		386,248,802	350,750,853
Net Assets			
Invested in capital assets - Net of related debt		306,052,434	314,069,134
Restricted:			
Nonexpendable - Scholarships and academic support		41,259,037	38,342,407
Expendable:			
Scholarships and academic support		31,854,106	34,894,361
Capital projects		51,380,455	34,542,095
Loans		1,630,447	1,636,672
Unrestricted		170,095,374	166,250,974
Total net assets		602,271,853	589,735,643
Total liabilities and net assets	\$	988,520,655	\$ 940,486,496

Grand Valley State University

Statement of Revenue, Expenses, and Changes in Net Assets

	Year Ended June 30	
	2012	2011
Operating Revenue		
Student tuition and fees	\$ 252,599,559	\$ 234,059,209
Scholarship allowances	(39,448,294)	(38,181,168)
Net student tuition and fees	213,151,265	195,878,041
Government grants and contracts	19,859,908	21,820,985
Nongovernmental grants	1,365,171	891,943
Sales and services of educational activities	10,567,715	9,598,083
Auxiliary activities	60,713,988	55,484,697
Scholarship allowances	(8,077,116)	(7,602,227)
Net auxiliary activities	52,636,872	47,882,470
Other operating revenue	5,307,128	4,507,510
Total operating revenue	302,888,059	280,579,032
Operating Expenses - Education and general		
Instruction	133,592,278	128,236,423
Research	7,941,344	7,136,029
Public service	21,981,388	21,999,327
Academic support	37,965,058	33,146,764
Student services	25,753,691	25,174,444
Institutional support	32,411,329	30,896,568
Operation and maintenance - Plant	31,123,450	30,493,273
Depreciation expense	21,260,365	22,959,248
Scholarships and related expenses	16,857,749	18,909,932
Auxiliary activities	38,487,416	35,846,840
Loan administrative fees and collection costs	277,723	246,105
Total operating expenses	367,651,791	355,044,953
Operating Loss	(64,763,732)	(74,465,921)
Nonoperating Revenue (Expense)		
State appropriations	52,677,400	61,976,400
Government grants	29,793,037	31,241,103
Gifts	5,216,707	5,565,503
Investment income:		
Interest, dividends, and gains (loss) on investments - Net of investment expense of approximately \$997,700 and \$805,800 in 2012 and 2011, respectively	5,973,239	21,709,957
Change in fair value of derivatives	(242,000)	106,000
Interest on capital asset - Related debt	(10,285,559)	(11,099,431)
Net nonoperating revenue	83,132,824	109,499,532
Income - Before other revenue, expenses, gains, and losses	18,369,092	35,033,611
Other Revenue, Expenses, Gains, and Losses		
Capital grants and gifts	4,017,490	13,758,124
Other capital income	367,199	89,100
Additions to permanent endowments	2,275,377	2,688,419
Loss on disposal of assets	(12,492,948)	(763,371)
Total other revenue, expenses, gains, and losses	(5,832,882)	15,772,272
Increase in Net Assets	12,536,210	50,805,883
Net Assets - Beginning of year - As restated (Note 1)	589,735,643	538,929,760
Net Assets - End of year	\$ 602,271,853	\$ 589,735,643

Grand Valley State University

Statement of Cash Flows

	Year Ended June 30	
	2012	2011
Cash Flows from Operating Activities		
Tuition and fees	\$ 213,789,875	\$ 195,641,643
Grants and contracts	20,835,771	23,678,263
Payments to suppliers	(92,172,129)	(88,223,305)
Payments for utilities	(7,239,304)	(7,297,677)
Payments to employees	(167,727,208)	(161,273,282)
Payments for benefits	(56,139,442)	(52,715,911)
Payments for scholarships and fellowships	(16,857,749)	(18,909,932)
Loans issued to students	(29,587,993)	(27,459,871)
Collection of loans from students	29,461,241	27,000,595
Auxiliary enterprise charges:		
Residence halls	38,268,434	33,248,159
Bookstore	8,622,559	8,964,949
Other	5,680,402	5,989,624
Sales and service of educational activities	10,708,375	9,321,876
Other receipts	4,762,550	5,314,461
Net cash used in operating activities	(37,594,618)	(46,720,408)
Cash Flows from Noncapital Financing Activities		
State appropriations	54,368,126	61,984,038
Government grants	29,598,100	31,241,103
Gifts and grants for other than capital purposes	5,033,460	5,322,029
Private gifts for endowment purposes	2,275,377	2,764,455
Charitable annuities payments - Net	(269,732)	(259,465)
Federal direct loan receipts	169,106,353	160,506,932
Federal direct loan lending disbursements	(169,191,216)	(160,459,660)
Net cash provided by noncapital financing activities	90,920,468	101,099,432
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	22,273,000	23,223,581
Capital grants and gifts received	7,319,684	7,451,094
Other capital income	196,109	(59,826)
Proceeds from sale of capital assets	19,847	104,006
Purchases of capital assets and construction	(65,893,575)	(26,647,813)
Principal paid on capital debt	(5,195,000)	(8,979,415)
Interest paid on capital debt	(11,203,644)	(10,783,120)
Notes issued for capital funding purposes	(16,317,780)	-
Debt issue costs paid	-	(313,952)
Net cash used in capital and related financing activities	(68,801,359)	(16,005,445)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	55,042,972	48,706,057
Interest on investments	6,333,002	5,362,018
Purchase of investments	(96,935,628)	(36,547,820)
Net cash (used in) provided by investing activities	(35,559,654)	17,520,255
Net (Decrease) Increase in Cash and Cash Equivalents	(51,035,163)	55,893,834
Cash and Cash Equivalents - Beginning of year, as restated	106,034,786	50,140,952
Cash and Cash Equivalents - End of year	\$ 54,999,623	\$ 106,034,786

Grand Valley State University

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2012	2011
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and cash equivalents (Note 2)	\$ 52,339,120	\$ 82,810,586
Restricted cash and cash equivalents (Note 2)	2,660,503	23,224,200
Total cash and cash equivalents	<u>\$ 54,999,623</u>	<u>\$ 106,034,786</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (64,763,732)	\$ (74,465,921)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	21,260,367	22,959,247
Changes in assets and liabilities:		
Receivables - Net	(35,430)	329,863
Inventories	(139,094)	(92,339)
Other assets	(3,616,834)	(116,908)
Accounts payable and accrued liabilities	10,011,946	3,927,740
Deferred revenue	50,294	209,154
Deposits held for others	(362,135)	528,756
Net cash used in operating activities	<u>\$ (37,594,618)</u>	<u>\$ (46,720,408)</u>

Grand Valley State University

Statement of Fiduciary Net Assets Employee Benefit Plans

	June 30	
	2012	2011
Assets		
Money market funds	\$ 307,288	\$ 385,961
Domestic equities	21,636,914	21,084,762
International equities	7,111,204	9,801,436
Domestic bonds	4,508,394	3,320,567
Alternative assets	5,028,353	4,122,418
Total cash and cash equivalents and investments	38,592,153	38,715,144
Accrued income	114	37
Employer contribution receivable	1,268,407	1,017,140
Net Assets - Held in trust for pension benefits	\$ 39,860,674	\$ 39,732,321

Grand Valley State University

Statement of Changes in Fiduciary Net Assets Employee Benefit Plans

	Year Ended June 30	
	2012	2011
Additions		
Investment income:		
Interest and dividend income	\$ 1,027,608	\$ 626,627
Net (depreciation) appreciation in fair value of investments	(1,913,925)	7,660,202
Total investment (loss) income	(886,317)	8,286,829
Employer contributions paid	2,311,549	2,222,762
Employer contributions deferred	251,267	440,682
Other income	156,986	118,355
Total additions - Net	1,833,485	11,068,628
Deductions		
Benefit payments	1,624,646	1,378,410
Administrative expense	80,486	85,937
Total deductions	1,705,132	1,464,347
Net Increase	128,353	9,604,281
Net Assets Held in Trust for Pension Benefits		
Beginning of year	39,732,321	30,128,040
End of year	<u>\$ 39,860,674</u>	<u>\$ 39,732,321</u>

Note 1 - Summary of Significant Accounting Policies

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

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

Grand Valley University Foundation (GVUF) is a Michigan nonprofit corporation established to solicit, collect, receive, and administer funds to advance the mission and goals of the University. In accordance with the provisions of GASB Statement No. 61, GVUF is blended into the University's financial statements because the University has operational responsibility for GVUF and GVUF provides services entirely for the benefit of the University. GVUF obtains an annual financial audit as required by the Michigan Department of Attorney General. The June 30, 2012 audited financial statements for GVUF are located at the University's Business and Finance Office.

Grand Valley Research Corporation (GVRC) is a Michigan nonprofit corporation established for educational and scientific purposes to provide support solely to the University. At June 30, 2012 and 2011, the net assets of GVRC were approximately \$206,000 and \$94,400, respectively. In accordance with the provisions of GASB Statement No. 61, GVRC is considered to be a component unit of the University and the blending method is the appropriate method for inclusion in the University's financial statements because a financial benefit and burden relationship exists between the University and GVRC. However, the University has excluded the amounts from the financial statements overall due to lack of significance; if the operations of GVRC should become material, at that time the University will utilize the blending method for financial presentation.

Grand Valley State University

Notes to Financial Statements June 30, 2012 and 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

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

38 Front Avenue is a Michigan nonprofit corporation formed in 2011. 38 Front Avenue is the sole member of 38 Front Redevelopment, LLC, a Michigan limited liability company also formed in 2011. They were formed for the purpose of advancing the expansion of the L. Seidman College of Business into a new facility. In accordance with the provisions of GASB Statement No. 61, both are blended into the University's financial statements because the University has operational responsibility, both are operating entirely on behalf of University, and any outstanding debt will be repaid with resources generated by the University. 38 Front Avenue obtains an annual financial audit as required by its financing agreements. The June 30, 2012 audited financial statements for 38 Front Avenue are located at the University's Business and Finance Office.

Condensed Statement of Net Assets

	June 30, 2012		
	Grand Valley University Foundation	University Properties, Inc. and Lafayette- Hastings, LLC	38 Front Avenue and 38 Front Redevelopment, LLC
Assets			
Current assets	\$ 310	\$ 130,218	\$ 227
Restricted current assets	463,441	-	2,092,230
Capital assets (net)	-	3,516,999	25,103,777
Other assets	-	9,483	545,992
Total assets	<u>\$ 463,751</u>	<u>\$ 3,656,700</u>	<u>\$ 27,742,226</u>
Liabilities			
Current liabilities	\$ -	\$ 27,112	\$ 5,461,148
Noncurrent liabilities	-	-	22,273,000
Total liabilities	-	27,112	27,734,148
Net Assets			
Invested in capital assets, net of related debt	-	3,516,999	-
Restricted			
Nonexpendable	425,435	-	-
Expendable	38,316	-	-
Unrestricted	-	112,589	8,078
Total net assets	<u>463,751</u>	<u>3,629,588</u>	<u>8,078</u>
Total liabilities and net assets	<u>\$ 463,751</u>	<u>\$ 3,656,700</u>	<u>\$ 27,742,226</u>

Grand Valley State University

Notes to Financial Statements June 30, 2012 and 2011

Note I - Summary of Significant Accounting Policies (Continued)

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

	Year Ended June 30, 2012		
	Grand Valley University Foundation	University Properties, Inc. and Lafayette- Hastings, LLC	38 Front Avenue and 38 Front Redevelopment, LLC
Operating Revenue			
Sales and services of educational activities	\$ -	\$ 92,385	\$ -
Auxiliary enterprises	-	37,841	-
Other	93,173	-	-
Total operating revenue	93,173	130,226	-
Operating Expense			
Personnel costs	750	-	-
Supplies and other	689,205	99,330	20
Depreciation	-	18,998	-
Total operating expense	689,955	118,328	20
Nonoperating Revenue (Expense)			
Gifts and additions to endowments	488,415	-	-
Investment (loss) income	(656)	-	8,098
Other	-	3,531,039	-
Total nonoperating revenue	487,759	3,531,039	8,098
(Decrease) Increase in Net Assets	(109,023)	3,542,937	8,078
Net Assets - Beginning of year	572,774	86,651	-
Net Assets - End of year	\$ 463,751	\$ 3,629,588	\$ 8,078

Condensed Statement of Cash Flows

	Year Ended June 30, 2012		
	Grand Valley University Foundation	University Properties, Inc. and Lafayette- Hastings, LLC	38 Front Avenue and 38 Front Redevelopment, LLC
Net cash (used in) provided by operating activities	\$ (20,872)	\$ 3,579,835	\$ 4,915,136
Net cash provided by noncapital financing activities	6,036	-	-
Net cash used in capital and related financing activities	-	(3,523,392)	(2,830,777)
Net cash (used in) provided by investing activities	(657)	-	8,098
Net (decrease) increase in cash and cash equivalents	(15,493)	56,443	2,092,457
Cash and Cash Equivalents - Beginning of year	479,244	61,871	-
Cash and Cash Equivalents - End of Year	\$ 463,751	\$ 118,314	\$ 2,092,457

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation - The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University follows all applicable GASB pronouncements. 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 is recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

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

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

Investments - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value. Alternative investments are recorded at their most recent available valuation and updated for capital contributions and distributions. The net realized and unrealized appreciation (depreciation) in market value of investments is included in the accompanying statement of revenue, expenses, and changes in net 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, 2012 and 2011, there was an allowance of approximately \$632,400 and \$350,800, respectively.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Pledges Receivable - The carrying amount of pledges receivable represents recorded promises to contribute, measured at fair value, net of estimated uncollectible promises. Pledges receivable are recorded at their net present value using a discount rate of 5 percent for the years ended June 30, 2012 and 2011. Included in pledges receivable are an unamortized discount of \$1,220,473 and \$1,835,282 at June 30, 2012 and 2011, respectively, and an allowance of \$22,007 and \$24,680 at June 30, 2012 and 2011, respectively.

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

Physical Properties - Capital assets with a unit cost of over \$5,000 and all library books are recorded at cost at the date of acquisition or, if donated, at fair market value at the date of donation. Infrastructure assets are included in the financial statements and are depreciated. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. Net capitalized interest included in construction in progress totaled approximately \$947,900 and \$486,240 at June 30, 2012 and 2011, respectively. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activity facilities.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

During 2012 and 2011, the University distributed approximately \$169,191,216 and \$160,459,660, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures on the accompanying financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 \$50,131,300, which represents the estimated amount of expenses ultimately to result if unperformed contracts in progress at June 30, 2012 are completed. Approximately \$40,877,200 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, 2012 includes \$7,740,516 of funds functioning as endowment, \$28,219,707 of capital projects in progress, \$16,591,932 of housing and auxiliary repair and maintenance funds, \$15,159,239 of debt service funds, \$25,587,101 for academic initiatives and technology, \$56,134,453 for future capital projects and debt service, \$19,056,515 for reserves for operations and cash flow, and \$1,605,911 of uncommitted funds.

The unrestricted net asset balance at June 30, 2011 includes \$8,083,718 of funds functioning as endowment, \$36,521,028 of capital projects in progress, \$15,018,815 of housing and auxiliary repair and maintenance funds, \$6,673,737 of debt service funds, \$22,514,256 for academic initiatives and technology, \$57,635,855 for future capital projects and debt service, \$19,309,526 for reserves for operations and cash flow, and \$412,346 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 2011 amounts have been reclassified to conform to the 2012 presentation.

Change in Accounting Principles - Effective with the fiscal year ended June 30, 2012, the University early adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement modified existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the financial reporting display, and disclosure requirements. As a result, the net assets as of and for the year ended June 30, 2011 were restated for \$659,425 of net assets of previously excluded component units.

Note 2 - Cash and Investments

The operating portfolio is invested in accordance with University policy.

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

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

Note 2 - Cash and Investments (Continued)

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.

As of June 30, 2012, the University has remaining commitments of \$3,216,000 in alternative asset investments. As of June 30, 2012 and 2011, the University had approximately \$22.3 million and \$22.1 million, respectively, invested in alternative asset investments.

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

	2012	2011
Cash and cash equivalents	\$ 52,339,120	\$ 82,810,586
Short-term investments	20,009,390	-
Restricted cash and cash equivalents	2,660,503	23,224,200
Restricted short-term investments	5,955,526	-
Endowment investments	75,323,538	75,463,625
Other long-term investments	132,932,726	117,147,398
Total cash and investments	<u>\$ 289,220,803</u>	<u>\$ 298,645,809</u>

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

	2012	2011
Money markets	\$ 54,999,623	\$ 106,034,786
Fixed-income securities	1,630,526	-
Equity security investments	42,144,670	43,483,508
Mutual bond funds	162,536,423	126,329,289
Municipal bonds	4,325,000	-
Other	23,584,561	22,798,226
Total cash and investments	<u>\$ 289,220,803</u>	<u>\$ 298,645,809</u>

Grand Valley State University

Notes to Financial Statements June 30, 2012 and 2011

Note 2 - Cash and Investments (Continued)

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

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 54,999,623	\$ 54,999,623	\$ -	\$ -	\$ -
Mutual bond funds	162,536,423	-	113,209,506	34,601,085	14,725,832
Mutual equity funds	23,961,320	-	3,282,661	-	20,678,659
Mutual international equity funds	18,183,350	-	887,332	-	17,296,018
Municipal bonds	4,325,000	4,325,000	-	-	-
U.S. Governmental agencies	1,630,526	1,630,526	-	-	-
Real estate	1,291,610	-	-	-	1,291,610
Venture capital	5,928,180	-	-	-	5,928,180
Other investments	16,364,771	-	772,845	-	15,591,926
Total investments and maturities	<u>\$ 289,220,803</u>	<u>\$ 60,955,149</u>	<u>\$ 118,152,344</u>	<u>\$ 34,601,085</u>	<u>\$ 75,512,225</u>

As of June 30, 2011, 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	\$ 106,034,786	\$ 106,034,786	\$ -	\$ -	\$ -
Mutual bond funds	126,329,289	-	85,295,456	41,033,833	-
Mutual equity funds	22,869,739	-	2,675,022	-	20,194,717
Mutual international equity funds	20,613,769	-	1,198,509	-	19,415,260
Real estate	1,012,199	-	-	-	1,012,199
Venture capital	5,178,438	-	-	-	5,178,438
Other investments	16,607,589	-	502,069	-	16,105,520
Total investments and maturities	<u>\$ 298,645,809</u>	<u>\$ 106,034,786</u>	<u>\$ 89,671,056</u>	<u>\$ 41,033,833</u>	<u>\$ 61,906,134</u>

Concentration of Credit Risk

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

Note 2 - Cash and Investments (Continued)

Investments are presented above based on the segmented time distribution maturity. Mutual equity funds are considered to be long-term funds and, therefore, are presented as investments with a maturity over 1 year, whereas the mutual bond funds as of June 30, 2012 have average maturities between 1.1 years and 10.6 years and are presented as an investment with a maturity over 1 year. Mutual bond funds as of June 30, 2011 have average maturities between 2.0 and 9.9 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, 2012 and 2011, the carrying amount of the University's deposits was \$54,999,623 and \$105,490,671, respectively. Of the cash balances in the bank, \$1,290,877 and \$1,005,091, respectively, was insured.

The remaining cash balances in the bank of \$55,718,700 and \$107,087,626 at June 30, 2012 and 2011, respectively, were uninsured and uncollateralized. The University does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

Grand Valley State University

Notes to Financial Statements June 30, 2012 and 2011

Note 2 - Cash and Investments (Continued)

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

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

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

The University held the following types of fixed-income investments and credit ratings at June 30, 2012 and 2011:

	Market Value		Market Value	
	2012	Rating*	2011	Rating*
Fifth Third Short Term Bond Fund	\$ -		\$ 133,973	2 star
Dreyfus Bond Fund	124,624	3 star	116,094	3 star
PIMCO Total Return	167,009	5 star	156,309	5 star
PIMCO Low Duration	39,331,009	5 star	44,415,609	5 star
PIMCO All Asset	180,418	5 star	-	
Western Asset	30,315,924	4 star	34,739,076	4 star
Loomis Sayles Multisector	3,309,375	4 star	3,377,344	4 star
Vanguard TIPS	6,865,204	4 star	6,306,818	4 star
Vanguard Short Term	22,815,903	4 star	-	
Franklin Templeton	4,269,265	2 star	4,506,643	3 star
JPMorgan Core Bond Fund	13,938,361	4 star	12,924,885	N/A
Ridgeworth Seix Floating Rate High Income	6,218,879	2 star	6,006,798	4 star
PNC UltraShort	20,009,390	3 star	-	
Ishares Barclay Aggregate	210,357	3 star	-	
Oppenheimer International	54,873	4 star	-	
Municipal bonds	4,325,000	A2	-	
U.S. government agencies	1,630,526	AA	-	
Total	<u>\$ 153,766,117</u>		<u>\$ 112,683,549</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 and debt investments represent approximately 13 percent and 14 percent of total cash and investments at June 30, 2012 and 2011, respectively. Investments in these funds were approximately \$38.6 million and \$41.9 million for the years ended June 30, 2012 and 2011, 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, 2012 and 2011

Note 3 - Capital Assets

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

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 36,428,752	\$ 4,648,319	\$ -	\$ 41,077,071
Nondepreciable artwork and historical treasures	4,583,277	191,062	-	4,774,339
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	<u>12,803,949</u>	<u>43,073,426</u>	<u>-</u>	<u>55,877,375</u>
Total cost of nondepreciable capital assets	55,538,798	47,912,807	-	103,451,605
Land improvements and infrastructure	79,855,541	10,944,704	-	90,800,245
Buildings	538,771,950	3,240,956	-	542,012,906
Equipment	53,728,843	3,461,060	273,667	56,916,236
Library books	<u>39,109,299</u>	<u>727,309</u>	<u>24,869,016</u>	<u>14,967,592</u>
Total cost of depreciable capital assets	<u>711,465,633</u>	<u>18,374,029</u>	<u>25,142,683</u>	<u>704,696,979</u>
Total cost of capital assets	767,004,431	<u>\$ 66,286,836</u>	<u>\$ 25,142,683</u>	808,148,584
Less accumulated depreciation for:				
Land improvements and infrastructure	31,999,579	\$ 4,065,702	\$ -	36,065,281
Buildings	129,708,526	12,171,040	-	141,879,566
Equipment	36,113,379	4,107,881	256,117	39,965,143
Library books	<u>22,346,579</u>	<u>915,744</u>	<u>12,349,715</u>	<u>10,912,608</u>
Total accumulated depreciation	<u>220,168,063</u>	<u>\$ 21,260,367</u>	<u>\$ 12,605,832</u>	<u>228,822,598</u>
Capital assets - Net	<u>\$ 546,836,368</u>			<u>\$ 579,325,986</u>

Grand Valley State University

Notes to Financial Statements June 30, 2012 and 2011

Note 3 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 31,078,684	\$ 5,350,068	\$ -	\$ 36,428,752
Nondepreciable artwork and historical treasures	4,408,450	174,827	-	4,583,277
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	<u>39,118,325</u>	<u>(26,314,376)</u>	<u>-</u>	<u>12,803,949</u>
Total cost of nondepreciable capital assets	76,328,279	(20,789,481)	-	55,538,798
Land improvements and infrastructure	74,230,024	5,625,517	-	79,855,541
Buildings	501,564,717	37,207,233	-	538,771,950
Equipment	58,137,842	3,907,090	8,316,089	53,728,843
Library books	<u>36,333,433</u>	<u>4,189,166</u>	<u>1,413,300</u>	<u>39,109,299</u>
Total cost of depreciable capital assets	<u>670,266,016</u>	<u>50,929,006</u>	<u>9,729,389</u>	<u>711,465,633</u>
Total cost of capital assets	746,594,295	<u>\$ 30,139,525</u>	<u>\$ 9,729,389</u>	767,004,431
Less accumulated depreciation for:				
Land improvements and infrastructure	28,137,566	\$ 3,862,013	\$ -	31,999,579
Buildings	117,580,511	12,128,015	-	129,708,526
Equipment	39,859,784	3,642,877	7,389,282	36,113,379
Library books	<u>20,433,536</u>	<u>3,326,343</u>	<u>1,413,300</u>	<u>22,346,579</u>
Total accumulated depreciation	<u>206,011,397</u>	<u>\$ 22,959,248</u>	<u>\$ 8,802,582</u>	<u>220,168,063</u>
Capital assets - Net	<u>\$ 540,582,898</u>			<u>\$ 546,836,368</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, 2012 and 2011

Note 4 - Long-term Liabilities

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue Bonds, Series 1998	\$ 9,055,000	\$ -	\$ 1,100,000	\$ 7,955,000	\$ 1,155,000
General Revenue Variable Rate Demand Bonds, Series 2005	29,410,000	-	-	29,410,000	230,000
General Revenue Bonds, Series 2007A	10,220,000	-	665,000	9,555,000	685,000
General Revenue Refunding Bonds, Series 2008A	92,545,000	-	2,250,000	90,295,000	2,430,000
General Revenue Refunding Variable Rate Demand Bonds, Series 2008B	39,975,000	-	-	39,975,000	1,575,000
General Revenue Bonds, Series 2009	50,070,000	-	1,180,000	48,890,000	1,215,000
General Revenue Bonds, Series 2011	21,555,000	-	-	21,555,000	2,010,000
Total bonds payable	252,830,000	-	5,195,000	247,635,000	9,300,000
Net other postemployment benefits (see Note 6)	3,364,571	1,564,532	438,581	4,490,522	440,000
Defined benefit retirement payable	1,017,140	251,268	-	1,268,408	-
Charitable gift annuities payable	1,328,319	291,886	269,734	1,350,471	269,142
Loans payable	-	22,273,000	-	22,273,000	-
Total	258,540,030	\$ 24,380,686	\$ 5,903,315	277,017,401	\$ 10,009,142
Due within one year	6,006,142			10,009,142	
Total long-term liabilities	\$ 252,533,888			\$ 267,008,259	

Grand Valley State University

Notes to Financial Statements June 30, 2012 and 2011

Note 4 - Long-term Liabilities (Continued)

The changes in long-term liabilities for the year ended June 30, 2011 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue Bonds, Series 1998	\$ 10,105,000	\$ -	\$ 1,050,000	\$ 9,055,000	\$ 1,100,000
General Revenue Bonds, Series 2000	5,115,000	-	5,115,000	-	-
General Revenue Variable Rate Demand Bonds, Series 2005	29,410,000	-	-	29,410,000	-
General Revenue Bonds, Series 2007A	10,865,000	-	645,000	10,220,000	665,000
General Revenue Refunding Bonds, Series 2008A	94,630,000	-	2,085,000	92,545,000	2,250,000
General Revenue Refunding Variable Rate Demand Bonds, Series 2008B	39,975,000	-	-	39,975,000	-
General Revenue Bonds, Series 2009	50,070,000	-	-	50,070,000	1,180,000
General Revenue Bonds, Series 2011	-	21,555,000	-	21,555,000	-
Total bonds payable	240,170,000	21,555,000	8,895,000	252,830,000	5,195,000
Net other postemployment benefits (see Note 6)	2,469,769	1,436,114	541,312	3,364,571	542,000
Defined benefit retirement payable	576,458	440,682	-	1,017,140	-
Charitable gift annuities payable	1,368,069	229,716	269,466	1,328,319	269,142
Note payable	84,415	-	84,415	-	-
Total	244,668,711	\$ 23,661,512	\$ 9,790,193	258,540,030	\$ 6,006,142
Due within one year	6,060,027			6,006,142	
Total long-term liabilities	\$ 238,608,684			\$ 252,533,888	

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 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. In addition to the scheduled payment of \$1,345,000, the University made an early retirement of \$3,770,000 in 2011, and the bonds matured in 2011.

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. The bonds mature in 2026.

Note 4 - Long-term Liabilities (Continued)

At June 30, 2012, the Series 2005 bonds bear interest based on a weekly rate determined by the remarketing agent (0.15 percent and 0.08 percent at June 30, 2012 and 2011, 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.

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

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

At June 30, 2012 and 2011, the Series 2008B bonds bear interest based on a weekly rate determined by the remarketing agent (0.16 percent and 0.05 percent at June 30, 2012 and 2011, respectively). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes that the bonds could potentially be converted to include a daily rate mode, a commercial paper rate mode, a term rate mode, and a fixed rate mode. The bonds are subject to purchase on demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, upon seven days' notice and delivery to the remarketing agent. Liquidity for the payment of the purchase price of the bonds on any mandatory or optional tender will be provided by an irrevocable direct pay letter of credit.

Grand Valley State University

Notes to Financial Statements June 30, 2012 and 2011

Note 4 - Long-term Liabilities (Continued)

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

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

Loans Payable

Loans payable were issued in 2012 to provide partial funding for construction for the L. William Seidman Center. The interest rate on these loans ranges from 1.43 percent to 1.50 percent. The loans mature in 2041.

Scheduled maturities of long-term liabilities are as follows:

Fiscal Year	Revenue Bonds	Loans Payable	Annuities	Total	Interest
			Payable		
2013	\$ 9,300,000	\$ -	\$ 269,142	\$ 9,569,142	\$ 9,671,804
2014	10,045,000	-	269,142	10,314,142	9,363,217
2015	12,650,000	-	269,142	12,919,142	8,972,799
2016	13,255,000	-	269,142	13,524,142	8,510,915
2017	13,950,000	-	273,903	14,223,903	8,022,524
2018-2022	63,355,000	3,487,532	-	66,842,532	32,566,188
2023-2027	50,600,000	4,451,789	-	55,051,789	22,837,176
2028-2032	57,745,000	4,787,875	-	62,532,875	11,064,925
2033-2037	16,735,000	5,148,767	-	21,883,767	1,577,933
2038-2041	-	4,397,037	-	4,397,037	140,413
Total	<u>\$ 247,635,000</u>	<u>\$ 22,273,000</u>	<u>\$ 1,350,471</u>	<u>\$ 271,258,471</u>	<u>\$ 112,727,894</u>

Note 5 - Derivative Instruments

The University is party to derivative financial instruments (interest rate swaps) that are reported at fair value on the statement of net assets at June 30, 2012 and 2011. The fair value is calculated by the counterparty to the transactions and approximate the termination value of the interest rate swaps.

Notes to Financial Statements June 30, 2012 and 2011

Note 5 - Derivative Instruments (Continued)

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

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

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2011, classified by type and the change in fair value of such derivative instruments for the year ended as reported in the 2011 financial statements, are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2011		Notional
	Classification	Amount	Classification	Amount	
Hedging Derivatives:					
Fair value hedges -					
Receive fixed interest rate swap	Deferred outflow of resources	\$ (1,000)	Asset	\$ 725,000	\$ 50,070,000
Cash flow hedges:					
Pay fixed interest rate swap	Deferred outflow of resources	426,000	Liability	(3,243,000)	29,410,000
Pay fixed interest rate swap	Deferred outflow of resources	<u>930,000</u>	Liability	<u>(3,978,000)</u>	27,940,000
	Total	1,356,000	Total	(7,221,000)	
Investment Derivative -					
Pay fixed interest rate swap	Change in fair value of derivative instruments	106,000	Liability	<u>(1,077,000)</u>	12,035,000
			Total	\$ (8,298,000)	

Grand Valley State University

Notes to Financial Statements June 30, 2012 and 2011

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	Baa1/A-
3/3/2005	Pay-fixed, Receive-variable	Cash flow hedge for Series 2005 bonds	29,410,000	3.501% fixed	70% of one-month LIBOR	12/1/2025	Baa1/A-
9/6/2007	Pay-fixed, Receive-variable	Cash flow hedge for Series 2008B bonds	27,940,000	3.691% fixed	70% of one-month LIBOR	12/1/2031	Baa1/A-
10/1/2009	Pay-variable, Receive-fixed	Fair value hedge for Series 2009 bonds	48,890,000	70% of one-month LIBOR	1.28% fixed	12/1/2012	Baa1/A-

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

The University holds one derivative instrument 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 an effective fair value hedge.

The fair values of the interest rate swaps were calculated by the counterparty as of June 30, 2012. 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, 2012 was \$266,000. 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 \$14,649,000 of liabilities included in netting arrangements with those counterparties, resulting in a net exposure to credit risk of \$0.

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

Interest Rate Risk - The University is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swap, as LIBOR 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 seven days. As of June 30, 2012, the weighted average interest rate on the University's hedged variable-rate debt is .16 percent, while 70 percent of LIBOR is .17 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, 2012 and 2011

Note 5 - Derivative Instruments (Continued)

Hedging Derivative Instrument Payments and Hedged Debt

As of June 30, 2012, 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.

Fiscal Year	<u>Associated with Swap Agreements</u>		Interest Rate
	Principal	Interest	Swaps - Net
2013	\$ 49,120,000	\$ 2,671,435	\$ 1,410,664
2014	550,000	87,995	1,944,161
2015	2,680,000	85,314	1,884,661
2016	2,770,000	81,216	1,793,695
2017	2,870,000	76,974	1,699,538
2018-2022	16,945,000	314,380	6,933,569
2023-2027	17,030,000	172,739	3,801,930
2028-2032	14,275,000	57,134	1,314,392
Total	<u>\$ 106,240,000</u>	<u>\$ 3,547,187</u>	<u>\$ 20,782,610</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 \$12,909,300 and \$12,272,000 for the years ended June 30, 2012 and 2011, respectively. Total payroll covered under this plan was approximately \$107,625,400 in 2012 and \$102,521,200 in 2011.

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 \$506,300 in 2012 and \$424,500 in 2011. Total payroll covered under this plan was approximately \$6,329,100 in 2012 and \$5,305,800 in 2011.

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, 2011, 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	110	351
Terminated plan members entitled to but not yet receiving benefits	10	41
Retired and beneficiaries receiving benefits	43	101
Total participants	163	493

The annual required contribution was determined as part of an actuarial valuation at July 1, 2011. The aggregate actuarial cost method was changed to the entry age normal method. This method amortizes the unfunded actuarial liability over 30 years. Significant assumptions include (a) a 7.0 percent investment rate of return, (b) projected salary increases of 3.5 percent per year, including step increases, and (c) no cost-of-living adjustment.

Grand Valley State University

Notes to Financial Statements June 30, 2012 and 2011

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, 2012 and 2011 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	
	2012	2011	2012	2011
Additions				
Investment income (loss):				
Interest and dividends	\$ 278,176	\$ 169,541	\$ 749,432	\$ 457,086
Net (depreciation) appreciation in fair value of investments	(750,119)	1,682,673	(2,038,276)	4,578,383
Income on sale of investments	235,400	382,299	639,070	1,016,847
Total investment (loss) income	(236,543)	2,234,513	(649,774)	6,052,316
Employer contributions paid	613,454	569,458	1,698,095	1,653,304
Employer contributions deferred	19,540	118,984	231,727	321,698
Other income	153,816	103,120	3,170	15,235
Total additions - Net	550,267	3,026,075	1,283,218	8,042,553
Deductions				
Benefit payments	526,334	532,017	1,098,312	846,393
Administrative expense	29,365	31,414	51,121	54,523
Total deductions	555,699	563,431	1,149,433	900,916
Net (Decrease) Increase	(5,432)	2,462,644	133,785	7,141,637
Net Assets Held in Trust for Pension Benefits				
Beginning of year	10,618,205	8,155,561	29,114,116	21,972,479
End of year	\$ 10,612,773	\$ 10,618,205	\$ 29,247,901	\$ 29,114,116

Three-year trend information is as follows:

	Fiscal Year Ended June 30		
	2012	2011	2010
Annual pension cost	\$ 2,562,816	\$ 2,663,444	\$ 2,920,445
Percentage of annual pension cost contributed	90.2%	83.5%	80%
Net pension obligation	\$ 251,267	\$ 440,682	\$ 576,458
Accumulated net pension obligation	\$ 1,268,407	\$ 1,017,140	\$ 576,458

Grand Valley State University

Notes to Financial Statements June 30, 2012 and 2011

Note 6 - Retirement Plans (Continued)

The schedule of funding progress is as follows:

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

Other Postemployment Benefits

The University has a single-employer defined benefit plan that provides certain healthcare benefits for retired faculty and staff. The plan covers 2,597 members as of June 30, 2012 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, 2012 and 2011

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:

	2012	2011
Annual required obligation	\$ 1,752,618	\$ 1,562,583
Interest on net OPEB obligation	235,520	197,344
Adjustment to annual required contribution	(423,606)	(323,813)
Annual OPEB cost	1,564,532	1,436,114
Contributions made	438,581	541,312
Increase in net OPEB obligations	1,125,951	894,802
Net OPEB obligation - Beginning of year	3,364,571	2,469,769
Net OPEB obligation - End of year	<u>\$ 4,490,522</u>	<u>\$ 3,364,571</u>

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$10,451,148, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,451,148. An investment fund was established for the purpose of prefunding retiree benefits, with a market value of \$5,615,752 and \$4,715,655 at June 30, 2012 and 2011, respectively. However, because the funds are not irrevocable, these contributions do not constitute contributions for GASB Statement No. 45 purposes. The covered payroll (annual payroll of active employees covered by the plan) was \$130,480,500 and \$124,441,600 for 2012 and 2011, respectively, and the ratio of all UAAL to covered payroll was 8.01 percent and 7.61 percent for 2012 and 2011, 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, 2011 actuarial valuation, the projected unit cost actuarial method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses) based on the expected long-term investment returns on plan assets. The UAAL is being amortized as a projected unit credit level dollar, closed on a 15-year basis. The remaining amortization period at June 30, 2012 was 10 years. Benefits valued are fixed dollar amounts.

Note 7 - Commitments

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

Beginning January 1, 2011, the University leased lab space to a private company for a five-year term. The tenant has the option of extending the lease for five additional periods of five years each. The base rent is \$125,400 per year.

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

The University has agreed to lease office space from Bicycle Factory, LLC, beginning in the fiscal year ended June 30, 2009 for 90 months. 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 it 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 one HMO plan to employees. Stop-loss coverage has been purchased by the University for the self-funded hospital/medical benefits and workers' compensation claims. The stop-loss insurance limits the claims for hospital/medical benefits to \$250,000 per individual, with no lifetime limit. The workers' compensation stop-loss insurance limits its liability for claims paid per individual to \$500,000 in 2012 and 2011. Liabilities for estimated claims retained by the University under self-insurance programs have been established at \$1,707,600 and \$1,759,400 as of June 30, 2012 and 2011, respectively.

To secure payment for a utility agreement, the University requested a \$450,000 letter of credit during August 2007, which expires March 1, 2013.

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 2011, 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 37 public school academies. All 37 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 \$170,054,234 and \$133,584,128 was appropriated by the State in 2012 and 2011, respectively, to be allocated to the public school academies, net of approximately a 3 percent administrative fee retained by the University. At June 30, 2012, \$30,687,212 was outstanding as a receivable from the State, of which \$27,285,650 will be subsequently forwarded to the public school academies. At June 30, 2011, \$27,389,383 was outstanding as a receivable from the State, of which \$24,083,820 will be subsequently forwarded to the public school academies. This activity is treated as an agency transaction.

The University continues with its significant construction and development project for the L. William Seidman Center. The University will lease the space for the center from 38 Front Avenue on the first day of the month after the Center is ready for occupancy or March 1, 2013, whichever happens first. The debt associated with the development is collateralized by a security agreement, including a mortgage on the building and other assets. 38 Front Avenue was financed in part by proceeds from loans received from investors participating in the New Markets Tax Credit program administered by the Community Development Financial Institutions Fund of the U.S. Department of Treasury.

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

Note 9 - Subsequent Events

The State of Michigan has approved the 2013 fiscal year appropriation in the amount of \$55,097,500, which includes \$2,420,100 for performance funding.

Note 10 - New Accounting Pronouncements

The University will be required to implement the provisions of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements (SCAs)*, effective with the fiscal year ending June 30, 2013. The University will be required to address financial reporting related to service concession arrangements which are a type of public-private or public-public partnership. The University has determined that its arrangements are properly classified as service and management.

The University will be required to implement the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective with the fiscal year ending June 30, 2013. The University will be required to address certain FASB statements and interpretations, APB opinions, and accounting research bulletins of the AICPA committee on accounting procedure that this standard incorporates into GASB literature. The University has not yet determined the full impact of this standard on its financial statements.

The University will be required to implement the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective with the fiscal year ending June 30, 2013. This statement defines deferred outflows and inflows of resources as elements of consuming or acquiring net assets by the University that is applicable to a future reporting period. The standard also incorporates deferred outflows or inflows of resources into the definition of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The University has not yet determined the full impact of this standard on its financial statements.

The University will be required to implement the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective with the fiscal year ending June 30, 2014. This statement also provides other financial reporting guidance related to the impact of financial statement elements deferred outflows of resources and deferred inflows of resources. The University has not yet determined the full impact of this standard on its financial statements.

Additional Information



Plante & Moran, PLLC
Suite 400
634 Front Avenue N.W.
Grand Rapids, MI 49504
Tel: 616.774.8221
Fax: 616.774.0702
plantemoran.com

Independent Auditor's Report on Additional Information

To the Board of Trustees
Grand Valley State University

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand Valley State University's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

November 2, 2012

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds June 30, 2012

	Balance July 1, 2011	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2012	Retained Investment Income	Principal Balance June 30, 2012
Endowment Funds								
School of Accounting Faculty Endowed Scholarship	\$ 3,852	\$ 3,981	\$ 241	\$ -	\$ 3,369	\$ 11,443	\$ 385	\$ 11,058
Kathy A. Agard Endowed Fellowship in Community Philanthropy	116,135	402	(83)	-	1,029	117,483	9,019	108,464
John Allegrina Nontraditional Student Endowed Memorial Scholarship	-	5,092	70	-	313	5,475	70	5,405
Mathias J. Alten Endowment Fund	-	19,656	192	-	2,250	22,098	192	21,906
Alumni Heritage Scholarship Fund	654,316	47,140	(326)	29,154	172	672,148	92,639	579,509
WGVU - AM Radio Endowment	1,004	247	6	-	45	1,302	7	1,295
Eric A. Andres Live, Laugh, Love, Learn Scholarship	13,811	3,261	168	-	200	17,440	1,166	16,274
David G. and Mary L. Annis Scholarship	99,122	1,548	(86)	4,336	340	96,588	13,780	82,808
R.B. Annis Educational Foundation and Outreach Program Endowment	148,526	175	(358)	6,434	-	141,909	15,814	126,095
Joseph E. Appelt P.E. Engineering Scholarship Fund	45,482	-	(108)	1,970	-	43,404	7,462	35,942
APICS Scholarship Fund	39,880	-	(94)	1,728	-	38,058	32,958	5,100
Carl and Delores Arendsen Golf Scholarship	38,476	291	(61)	1,677	379	37,408	3,969	33,439
Bachmeier Disability Support Services Endowment	19,904	2,994	192	-	2,901	25,991	2,918	23,073
Carl and Claudia Bajema Endowed Scholarship	-	10,550	1,448	-	10,000	21,998	1,448	20,550
Baker-Hall Physics Fund	65,831	2,693	39	2,908	550	66,205	19,435	46,770
Baldwin Foundation Scholarship Endowment Fund	-	10,000	951	-	-	10,951	951	10,000
John T. Batchelder Political Science Scholarship	37,277	800	(62)	1,625	-	36,390	3,540	32,850
William C. Baum Endowment	85,074	1,572	(51)	3,726	95	82,964	13,046	69,918
Nancy H. Baum Endowment in Dance	41,983	100	(95)	1,820	-	40,168	15,818	24,350
Beckering Family Carillon Endowment	30,000	10	(70)	1,300	-	28,640	5,330	23,310
Fred A. Bell Business Scholarship Endowment	42,113	-	(100)	1,824	-	40,189	8,948	31,241
David Alan Bergsma Scholarship Fund	58,611	-	(139)	2,539	-	55,933	45,298	10,635
Hyman H. & Greta M. Berkowitz Scholarship Fund	441,382	284	(1,023)	19,131	342	421,854	155,400	266,454
Biology Field and Laboratory Enhancement Fund	131,687	13,219	925	6,028	304	140,107	20,968	119,139
The Biomedical/Health Science Fund	32,095	1,675	73	1,430	500	32,913	7,436	25,477
Darld and Joyce Black Physical Therapy Scholarship in Memory of Robert Klein	33,632	200	(65)	1,463	200	32,504	5,303	27,201
Edith I. Blodgett Endowed Music Scholarship Fund	63,539	337	(138)	2,759	212	61,191	26,110	35,081
Joan Boand Athletic Scholarship Fund	66,634	1,450	(21)	2,922	-	65,141	12,227	52,914
Ira Brad Memorial Scholarship	131,557	11,064	366	5,968	420	137,439	13,556	123,883
William J. & Margaret G. Branstrom Fund	120,400	-	(285)	5,216	-	114,899	66,312	48,587
George and Georgia Breur Scholarship	12,275	-	(16)	-	-	12,259	2,259	10,000
The Donna K. Brooks Presidential Scholarship	333,926	-	(792)	14,466	-	318,668	59,024	259,644
The Brooks Family Minority Scholarship	325,640	-	(772)	14,107	-	310,761	58,751	252,010
Johnny C. Burton Memorial Scholarship	80,131	-	(190)	3,471	-	76,470	21,802	54,668
Greg Cadaret Baseball Fund	75,397	48	(174)	3,268	70	72,073	29,634	42,439

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2012

	Balance July 1, 2011	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2012	Retained Investment Income	Principal Balance June 30, 2012
Endowment Funds (Continued)								
Carlton Radiologic and Imaging Sciences Undergraduate Scholarship	\$ 5,289	\$ -	\$ 26	\$ -	\$ 700	\$ 6,015	\$ 415	\$ 5,600
Ara Cary Lectureship Fund	53,145	105	(118)	2,306	105	50,931	10,316	40,615
Barry Castro Business Ethics Scholarship	96,178	628	(183)	4,185	410	92,848	8,967	83,881
Bernard & Camille Cebalak Scholarship Fund	354,745	-	(841)	15,368	-	338,536	38,276	300,260
Endowment for the Center for Scholarly and Creative Excellence	-	150	46	-	50	246	46	200
Collegiate Entrepreneurs' Organization (CEO) Endowment	93,100	-	(221)	4,033	-	88,846	14,735	74,111
Robert L. Chamberlain Scholarship Fund	63,229	75	(144)	2,741	75	60,494	25,901	34,593
Ruth Chamberlain Global Issues Scholarship Endowment	100,095	-	(130)	-	-	99,965	(35)	100,000
Hong Chen Memorial Endowment	26,771	-	(63)	1,160	-	25,548	4,377	21,171
Children's Enrichment Center Student Parent Scholarship	5,732	3,464	(10)	-	296	9,482	546	8,936
Douglas K. and Ellen Chung Asian Social Work Graduate Scholarship	36,682	-	(87)	1,589	-	35,006	4,314	30,692
Helen Claytor Minority Scholarship	1,309,019	-	(3,102)	56,709	-	1,249,208	264,805	984,403
School of Communications Scholarship Fund	48,692	996	(48)	2,130	230	47,740	8,224	39,516
Community Foundation for Muskegon County Interfaith Dialogue Fund*	365,360	-	(866)	15,828	-	348,666	27,317	321,349
Community Leadership Endowment*	113,574	6,020	209	5,044	15	114,774	10,688	104,086
College of Education Future Teacher Scholarship	26,064	6,074	427	-	4,668	37,233	4,323	32,910
Computing and Information Systems Endowment	128,856	2,852	(123)	5,642	1,234	127,177	29,537	97,640
Cook Leadership Fellows of Hauenstein Center for Presidential Studies	740,362	302,671	12,180	-	1,723	1,056,936	137,674	919,262
The Coopersville Scholarship	1,095,600	1,430	(2,467)	47,499	120	1,047,184	33,578	1,013,606
The COT Association Scholarship Endowment Fund	123,808	3,308	(47)	5,460	3,279	124,888	19,223	105,665
David Daniels Memorial Scholarship	76,022	920	(110)	3,317	400	73,915	25,784	48,131
Gilbert R. and Patricia K. Davis Endowed Merit Scholarship	105,839	205	(230)	4,592	254	101,476	26,637	74,839
Greta & Arthur DeLong Perpetual Scholarship Fund	81,808	-	(194)	3,544	-	78,070	24,360	53,710
Aaron M. DesRocher Memorial Chemistry Scholarship	34,812	165	(82)	1,511	50	33,434	3,224	30,210
Dick and Betsy DeVos Leadership Fellow Endowment for the Hauenstein Center for Presidential Studies	145,376	-	(344)	6,298	-	138,734	38,734	100,000
Pamella and Daniel G. DeVos Musical Theater Scholarship	43,721	1,200	(17)	1,929	1,200	44,175	2,575	41,600
Robert and Edward DeVries Families Campus Ministry Fund	-	535	25	-	-	560	25	535
DeWitt Barrels Inc. Environmental Science and Natural Resources Scholarship	44,863	6,405	(46)	2,145	657	49,734	3,229	46,505
John R. DeYoung Leadership Fellow Endowment	6,329	-	(8)	-	-	6,321	321	6,000
Mary Jane Dockeray Scholarship Fund	91,996	273	(201)	3,990	-	88,078	25,897	62,181
DV Alpha Scholarship Endowment	10,009	-	(13)	-	-	9,996	(4)	10,000
Scott M. Dykstra Oliver Products Company Engineering Scholarship	62,777	375	(147)	2,731	-	60,274	10,570	49,704
L.V. Eberhard Scholarship Fund	611,360	-	(1,449)	26,485	-	583,426	314,203	269,223
Economics Department Endowed Scholarship	2,897	3,688	349	-	3,766	10,700	399	10,301
Valerie P. Eggert Distinguished Scholarship in Philanthropy	37,588	-	(89)	1,628	-	35,871	4,336	31,535

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2012

	Balance July 1, 2011	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2012	Retained Investment Income	Principal Balance June 30, 2012
Endowment Funds (Continued)								
Eitzen Voice Scholarship	\$ 140,272	\$ 2,555	\$ (147)	\$ 6,148	\$ 2,105	\$ 138,637	\$ 42,396	\$ 96,241
Empowering Haiti Through Education Fund	2,267	3,130	231	-	3,443	9,071	286	8,785
School of Engineering Fund	189,388	3,457	(250)	8,272	752	185,075	55,655	129,420
Enrichment Fund	635,171	7,200	(990)	27,663	-	613,718	303,194	310,524
Jean Enright Women and Gender Studies Scholarship	21,609	3,230	108	-	480	25,427	3,717	21,710
Faculty Teaching and Learning Center Endowment	2,418,566	-	(5,732)	104,776	-	2,308,058	392,677	1,915,381
Finance Department Endowment	100,035	675	(187)	4,353	600	96,770	17,522	79,248
Finance Department Faculty Endowed Scholarship	5,243	6,000	454	-	5,100	16,797	847	15,950
First Generation Urban Schools Scholarship	42,355	5,305	307	1,577	5,939	52,329	5,318	47,011
Richard E. Flanders Scholarship Fund	148,082	1,226	(265)	6,440	106	142,709	52,387	90,322
Robert W. Fletcher Memorial Endowment	94,842	7,738	188	4,367	6,864	105,265	8,127	97,138
Football Alumni Endowment Fund	75,553	31,298	1,567	-	2,062	110,480	13,321	97,159
Frey Foundation Chair for Family Foundations and Philanthropy	1,632,520	-	(3,869)	70,723	-	1,557,928	57,928	1,500,000
The General Dynamics Land Systems Engineering Scholarship	43,043	-	(102)	1,865	-	41,076	9,076	32,000
Geology Development Fund	128,576	1,250	(226)	5,593	-	124,007	54,055	69,952
Geology Student Field Camp Endowment	49,622	250	(90)	2,157	75	47,700	9,237	38,463
Norman Gibson Geology Field Study Scholarship	48,381	4,750	152	2,179	600	51,704	2,707	48,997
Charlotte A. Gierst & Salome C. Egeler Trust Fund	78,345	195	(179)	3,398	120	75,083	28,608	46,475
Richard Giles Memorial Scholarship Fund	388,448	419	(888)	16,839	-	371,140	205,830	165,310
Eric Jon Gillette Memorial Scholarship	34,495	-	(82)	1,494	-	32,919	2,819	30,100
George and Barbara Gordon Endowment for the Gordon Gallery	-	40,000	(1,221)	-	-	38,779	(1,221)	40,000
John and Barbara Gracki Football Degree Completion Scholarship Fund	45,010	1,150	(46)	1,972	-	44,142	992	43,150
The Graduate Teacher Certification Scholarship	84,965	776	(144)	3,697	31	81,931	12,917	69,014
Grand Valley Grand Forum Endowment	236,345	6,679	(573)	10,357	515	232,609	67,854	164,755
The Grand Valley Lanthorn Merit Scholarship	36,026	3,088	(169)	1,563	-	37,382	7,367	30,015
Grand Valley State University Athletic Fund	251,981	14,057	(481)	11,094	1,461	255,924	50,634	205,290
Grand Valley State University Fund	4,877,637	305,523	(2,684)	231,411	(268,792)	4,680,273	2,727,903	1,952,370
GVSU Interprofessional Education Initiative Endowment Fund	-	3,775	349	-	1,100	5,224	349	4,875
GVSU LGBT Scholarship Endowment	110,193	3,709	41	4,880	3,175	112,238	13,440	98,798
Grand Valley State University Symphony Orchestra Endowed Scholarship	-	7,240	357	-	-	7,597	357	7,240
Women's Center Non-Traditional Student Scholarship	84,228	1,248	(107)	3,686	1,244	82,927	12,632	70,295
Thomas J. and Marcia Haas Laker Marching Band Scholarship	17,571	6,950	417	-	5,625	30,563	2,187	28,376
Earl Harper Scholarship Fund	68,007	-	(161)	2,946	-	64,900	26,805	38,095
Hauenstein Center for Presidential Studies Endowment	484,717	25,127	(572)	-	1,830	511,102	122,791	388,311
Center for Health Sciences Simulation Endowment	31,378	547	22	-	1,087	33,034	6,967	26,067

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2012

	Balance July 1, 2011	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2012	Retained Investment Income	Principal Balance June 30, 2012
Endowment Funds (Continued)								
Joyce Hecht Distinguished Scholarship in Philanthropy	\$ 151,613	\$ 200	\$ (340)	\$ 6,573	\$ -	\$ 144,900	\$ 23,675	\$ 121,225
William Hegarty Endowment Fund	33,683	-	(80)	1,459	-	32,144	6,210	25,934
Arthur C. Hills Music Scholarship Fund	85,338	130	(191)	3,701	79	81,655	34,741	46,914
Hispanic Scholarship Fund	71,955	-	(171)	3,117	-	68,667	19,481	49,186
Dr. James D. Hoffman Scholarship	97,725	-	(231)	4,234	-	93,260	20,209	73,051
The Hilda C. Holder Endowed Scholarship for Women in Business Fund	43,219	-	(103)	1,872	-	41,244	6,144	35,100
Honors Program Enrichment	17,019	5,558	681	-	5,208	28,466	5,291	23,175
Hospitality and Tourism Management Department Endowment	18,278	16,654	1,307	-	1,219	37,458	3,376	34,082
J. C. Huizenga Business Scholarship	62,983	100	(140)	2,731	-	60,212	5,112	55,100
The Professor Paul A. Huizenga Biology Education Scholarship	119,155	9,420	(19)	5,359	140	123,337	15,093	108,244
W.G. Jackson Fund	237,279	345	(549)	10,285	136	226,926	70,602	156,324
Todd Jager Memorial Athletic Training Student Award	53,156	5,600	247	2,454	3,050	59,599	5,912	53,687
Michael and Susan Jandernoa Scholarship Endowment	146,817	41,029	(881)	7,702	-	179,263	15,509	163,754
The Dorothy A. Johnson Center for Philanthropy Library Endowment	722,066	43	(1,705)	31,284	119	689,239	182,740	506,499
The Dorothy A. Johnson Center for Philanthropy Operations Endowment	4,047,237	136,534	(1,121)	177,505	1,215	4,006,360	568,354	3,438,006
Johnson Leadership Scholarship Endowment	33,255	-	(78)	1,441	-	31,736	1,736	30,000
Jurries Family Scholarship	38,185	-	(91)	1,654	-	36,440	6,440	30,000
The Justice Society Endowed Scholarship	-	15,000	2,139	-	15,000	32,139	2,139	30,000
Sylvia and Richard Kaufman Interfaith Institute Endowment	483,143	66,349	5,642	-	1,000	556,134	51,976	504,158
Fred M. and Bernadine Keller Engineering Diversity Scholarship	58,161	-	(137)	2,520	-	55,504	5,504	50,000
Kurt F. Kimball Scholarship Endowment	45,371	990	(65)	1,986	40	44,350	11,327	33,023
Joseph Spruit Engineering Scholarship	60,514	50	(144)	2,622	20	57,818	5,668	52,150
Dr. Wayne and Paula Kinzie Counseling Staff Professional Development Endowment	51,052	50,125	4,147	-	26,004	131,328	4,195	127,133
Kirkhof College of Nursing Endowment	181,058	10,811	338	8,062	1,822	185,967	31,835	154,132
Dr. Donald J. Klein, Sr. Graduate Endowed Scholarship in Accounting	135,950	5,185	2	6,010	-	135,127	15,081	120,046
Professor Charles Knop Chemistry Scholarship	21,334	6,250	502	-	496	28,582	2,508	26,074
Walton Boston Koch Memorial Scholarship	38,884	116	(81)	1,689	156	37,386	15,414	21,972
The Albert S. and Ella D. Koeze Art Scholarship	32,123	31,330	2,939	-	-	66,392	11,897	54,495
A. Scott and Ruth P. Koeze Graduate Business Scholarship	38,229	1,635	(102)	1,706	-	38,056	3,876	34,180
MaryBeth Koeze Art Scholarship	38,036	26,002	2,424	-	-	66,462	2,460	64,002
MaryBeth Koeze Endowed Scholarship in Memory of Dr. Thomas Henry Koeze	38,036	26,002	2,424	-	-	66,462	2,460	64,002
Dirk Koning Film and Video Scholarship	45,096	1,215	17	1,992	1,075	45,411	6,547	38,864
The Jack J. Korff Seidman College of Business Finance Scholarship	63,746	5,000	324	2,885	-	66,185	6,075	60,110
Lynne Kraemer Memorial Scholarship	42,799	-	(102)	1,854	-	40,843	22,849	17,994
Kutsche Office of Local History Endowment	7,019	84,406	1,490	-	27,767	120,682	1,692	118,990

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2012

	Balance July 1, 2011	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2012	Retained Investment Income	Principal Balance June 30, 2012
Endowment Funds (Continued)								
Lake Michigan Writing Project Endowment	\$ -	\$ 30,000	\$ (916)	\$ -	\$ -	\$ 29,084	\$ (916)	\$ 30,000
The LGBT Resource Center	4,813	880	54	-	800	6,547	467	6,080
Richard H. Lefebvre Geology Field Education Fund	16,128	27,914	1,708	-	1,552	47,302	2,271	45,031
The Mike Lints Track and Field Equipment Endowment	52,330	6,230	128	2,416	840	57,112	7,487	49,625
Logie Fellowship Endowment	162,952	500	(338)	7,072	-	156,042	24,707	131,335
Loutit Foundation Fund	257,375	47	(204)	-	46	257,264	42,529	214,735
Arend D. and Nancy Lubbers Honors College Scholarship	800,781	380	(1,863)	34,701	79	764,676	149,192	615,484
McFadden Picciuca International Child Welfare Scholarship	15,154	468	9	-	168	15,799	2,991	12,808
Dr. Faite R-P. Mack and Dr. Thomas E. Jackson Scholarship Fund	79,228	48	(184)	3,434	48	75,706	24,843	50,863
Eric I. Maino Community Technology Award Endowment	11,466	20,475	367	-	25	32,333	1,833	30,500
Teri Linn (Houghton) Marsh Endowed Memorial Nursing Scholarship	-	15,000	(458)	-	-	14,542	(458)	15,000
Jean E. Martin Doctor of Nursing Practice Scholarship	183,665	25,388	976	-	258	210,287	34,260	176,027
Mathematics Endowment Fund	214,091	2,570	(288)	9,340	1,150	208,183	80,764	127,419
Russell G. Mawby Fellowship in Philanthropic Studies	160,911	-	(404)	5,318	-	155,189	19,482	135,707
Fred Meijer Diversity Scholarship	36,264	-	(47)	-	-	36,217	11,217	25,000
Frederik Meijer Endowed Honors Chair in Entrepreneurship and Innovation	1,066,365	-	(1,383)	-	-	1,064,982	64,982	1,000,000
Frederik Meijer First Generation Honors College Student Scholarship Endowment	1,287,443	1,500	(2,908)	55,811	25	1,230,249	228,699	1,001,550
Frederik Meijer Lecture Series Endowment	435,139	-	(1,031)	18,851	-	415,257	115,257	300,000
Corky Meinecke Scholarship Endowment Fund	67,665	125	(162)	2,935	-	64,693	11,882	52,811
Memorial Garden Endowment	5,087	-	(7)	-	-	5,080	1,660	3,420
Paul C. and Florence Miller Mineral Collection Endowment	54,845	50	(126)	2,377	-	52,392	11,592	40,800
Paul C. Miller Scholarship Fund	179,289	-	(425)	7,767	-	171,097	70,774	100,323
Mithilesh & Jitendra Mishra Foreign Student/Faculty Scholarship Fund	32,429	-	(77)	1,405	-	30,947	8,028	22,919
Jacob B. Mol Family Scholarship Fund	88,247	-	(209)	3,823	-	84,215	35,252	48,963
Movement Science Student Excellence Endowed Scholarship	-	10,000	(305)	-	-	9,695	(305)	10,000
Dr. Rodney J. Mulder Social Work Scholarship	80,977	1,875	(133)	3,541	450	79,628	11,939	67,689
Mullendore Legal Studies Criminal Justice Scholarship	263,100	456	(599)	11,406	270	251,821	21,381	230,440
Mark A. and Elizabeth C. Murray International Travel Fund	71,279	3,202	22	3,141	867	72,229	5,867	66,362
Nichols Sustainability Scholarship	36,243	300	(56)	1,578	19	34,928	2,387	32,541
Glenn A. and Betty J. Niemeyer History Scholarship Endowment	122,840	1,968	(117)	5,373	615	119,933	30,862	89,071
Dr. Roy and Patricia Olsson Jr. Health Professions Scholarship	6,390	1,960	121	-	1,800	10,271	723	9,548
Joel J. Orosz Endowed Fellowship in Philanthropy	54,565	8,700	605	-	566	64,436	4,434	60,002
Herta Oswalt GVSU Culinary Television Program Endowment	46,556	-	(110)	2,017	-	44,429	2,429	42,000
The Nedra J. Otis Art Scholarship	101,893	1,693	(127)	4,457	1,298	100,300	15,877	84,423
Arnold C. Ott Lectureship in Chemistry	874,536	2,000	(1,882)	37,936	-	836,718	316,573	520,145

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2012

	Balance July 1, 2011	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2012	Retained Investment Income	Principal Balance June 30, 2012
Endowment Funds (Continued)								
Candace Otte Scholarship for Nursing	\$ 29,117	\$ 75	\$ (39)	\$ -	\$ -	\$ 29,153	\$ 3,600	\$ 25,553
The Ott-Stiner Fellowship in Chemistry and Natural Sciences	-	10,132	951	-	-	11,083	951	10,132
Barbara Padnos Scholarship Fund	1,262,603	1,041	(2,929)	54,719	415	1,206,411	198,947	1,007,464
Stuart and Barbara Padnos Chair in Art and Design	1,149	175	(7)	-	-	1,317	142	1,175
Esther R. Padnos Nursing Scholarship	126,148	5	(299)	5,465	94	120,483	-	120,483
Seymour and Esther Padnos Engineering Scholarship	641,172	275	(1,490)	27,786	200	612,371	100,021	512,350
Shelley E Padnos and Carol Sarosik Art Endowment	50,058	100,011	(1,244)	-	-	148,825	(1,197)	150,022
Joan A. Panopoulos Scholarship	39,335	445	(40)	1,719	731	38,752	-	38,752
James W. Parmelee Memorial Scholarship	34,977	979	(69)	1,539	479	34,827	2,127	32,700
Pathways to Recovery Scholarship	11,582	-	(15)	-	-	11,567	1,789	9,778
Don and Diane Paton Family Entrepreneur Scholarship	19,121	8,650	(51)	-	-	27,720	1,570	26,150
Eugene and Lillian Pawl Scholarship	1,430	100	(3)	-	-	1,527	227	1,300
Peace and Justice Activist Scholarship	57,936	639	(92)	2,527	488	56,444	21,422	35,022
Ross W. Perry Bachelor of Science Scholarships	273,060	-	(648)	11,829	-	260,583	55,468	205,115
Physical Therapy Department Fund	66,646	3,208	88	2,960	1,240	68,222	14,418	53,804
William F. Pickard Fund	87,207	25	(204)	3,779	-	83,249	52,459	30,790
Plant Service Personnel Descendants Scholarship Fund	552,923	9,922	(646)	24,224	8,664	546,639	110,853	435,786
PNC Early Childhood Education Scholarship	70,066	34,000	3,144	-	-	107,210	3,210	104,000
Positive Black Women Endowment Fund	60,193	939	(71)	2,634	843	59,270	9,171	50,099
Paul W. Potter and Margaret E. Potter Scholarship	44,076	5,000	370	2,033	-	47,413	2,313	45,100
The Judith S. Pratt Non-Traditional Nursing Scholarship	76,411	2,015	(84)	3,349	170	75,163	11,466	63,697
Berthold Price Scholarship Fund	164,675	-	(390)	7,134	-	157,151	60,516	96,635
Price Heneveld Engineering Scholarship	183,255	103	(424)	7,943	139	175,130	24,930	150,200
Margaret Proctor Communications Scholarship	38,860	1,658	38	1,728	980	39,808	10,382	29,426
Dr. George I. and Helen Z. Quimby Scholarship	35,946	300	(43)	1,568	300	34,935	7,686	27,249
Dr. George I. Quimby Memorial Anthropology Endowment	34,007	642	4	1,498	742	33,897	3,966	29,931
Regional Math and Science Center Endowment	182,775	539	(409)	7,930	225	175,200	48,458	126,742
Rauch Family Leadership Endowed Scholarship for Portage Schools	-	35,300	(1,078)	-	-	34,222	(1,078)	35,300
Anonymous GVSU Undergrad Endowed Scholarship	53,689	25,025	3,497	-	25,000	107,211	7,186	100,025
Reister Family Scholarship Endowment	99,386	836	(181)	4,320	-	95,721	15,262	80,459
Reverend Dennis and E. Jean (Lackey) McMurray Academic Achievement Scholarship	162	-	-	-	-	162	38	124
Peter P. and Patricia R. Renucci Medical Lab Sciences Scholarship Endowment	36,049	550	(76)	1,567	185	35,141	3,407	31,734
Peter P. Renucci Family Medical Lab Sciences Scholarship Endowment	35,220	300	(73)	1,529	60	33,978	3,401	30,577
Warren Reynolds Endowed Scholarship	23,382	1,054	(3)	1,027	54	23,460	6,381	17,079
Laura Sakoski Memorial Scholarship	15,038	3,088	24	-	-	18,150	2,138	16,012

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2012

	Balance July 1, 2011	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2012	Retained Investment Income	Principal Balance June 30, 2012
Endowment Funds (Continued)								
John Salski Memorial Fund	\$ 40,998	\$ -	\$ (97)	\$ 1,776	\$ -	\$ 39,125	\$ 8,600	\$ 30,525
The J. Patrick Sandro Education Scholarship	66,224	-	(157)	2,869	-	63,198	10,930	52,268
School of Public and Nonprofit Administration Endowment	50,055	4,387	291	2,280	709	53,162	9,921	43,241
The Ilene I. Schooley Biomedical Sciences Scholarship	37,928	-	(90)	1,643	-	36,195	5,906	30,289
William Schroeder Undergraduate Endowed Fellowship in Chemistry	15,742	175	212	-	5,000	21,129	954	20,175
Science Equipment Fund	2,150,454	320	(5,071)	93,168	-	2,052,535	1,077,674	974,861
Engineering/Computing & Information Systems Scholarship	78,137	800	(170)	3,393	50	75,424	42,249	33,175
Mary & Wilhelm Seeger Scholarship Fund	193,528	7,753	240	8,573	633	193,581	50,688	142,893
Seidman College of Business Commercial Real Estate Scholarship	9,081	3,000	274	-	-	12,355	1,355	11,000
Seidman College of Business Study Abroad Scholarship	43,219	698	(39)	1,894	844	42,828	8,984	33,844
Seidman College of Business Management Department Scholarship	7,460	1,100	95	-	145	8,800	1,665	7,135
Seidman Endowment Fund	1,387,210	3,923	(3,233)	60,134	418	1,328,184	651,861	676,323
Esther L. Seidman Chair in Management Fund	361,517	-	(856)	15,662	-	344,999	169,600	175,399
The Margaret Sellers Walker Distinguished Practitioner Lecture Series in Public and Nonprofit Administration	3,268	250	20	-	-	3,538	388	3,150
John J. and Marjorie E. Shepard Communications Scholarship	234,814	250	(559)	10,181	-	224,324	54,835	169,489
Marilyn & BP Sherwood Seidman College of Business Scholarship for Non-Traditional Students	53,445	5,013	(280)	2,315	-	55,863	8,929	46,934
Ryan Short Memorial Scholarship Fund	87,605	1,106	(132)	3,826	1,018	85,771	15,032	70,739
Ram and Usha Singh Social Work Scholarship	36,725	-	(87)	1,591	-	35,047	6,552	28,495
Drs. Esther and Enrico Sobong Scholarship	38,896	-	(92)	1,685	-	37,119	6,039	31,080
Social Work Faculty Development Fund	41,286	15	(98)	1,789	-	39,414	17,239	22,175
The Social Work Minority Scholarship	43,007	-	(102)	1,863	-	41,042	7,609	33,433
Social Work Scholarship Fund	39,989	721	(71)	1,752	247	39,134	8,385	30,749
Spectrum Health Diversity Scholarship	92,459	-	(220)	4,005	-	88,234	12,943	75,291
Paul Springer Crew Scholarship	6,695	3,440	176	-	1,000	11,311	995	10,316
Statistics Endowment Fund	46,732	891	(40)	2,051	880	46,412	6,676	39,736
Steelcase Inc. Seidman College of Business Diversity Scholarship	126,094	-	(298)	5,463	-	120,333	19,798	100,535
The Howard and Rose Stein Endowed Biology Scholarship	57,901	1,569	(105)	2,541	144	56,968	10,026	46,942
Joseph Stevens Freedom Fund	125,448	1,718	(165)	5,470	124	121,655	40,632	81,023
Esther Rehm Stotz Scholarship Fund	149,787	25	(351)	6,490	25	142,996	71,708	71,288
Tim Strickler Pre-Medical Scholarship	8,272	(8,272)	-	-	-	-	-	-
The Subar Family - Model Coverall Service Scholarship	41,922	1,100	-	1,842	-	41,180	7,720	33,460
Student Sustainability Endowment Fund	5,758	3,148	123	-	1,800	10,829	531	10,298
Duke Tanaka Jr. Anatomy Scholarship	37,737	250	(66)	1,641	-	36,280	4,272	32,008
Tax Program Fund	145,109	2,452	(369)	6,296	-	140,896	72,141	68,755
AT&T Pioneers Michigan Chapter Scholarship	71,784	250	(146)	3,116	-	68,772	25,797	42,975

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2012

	Balance July 1, 2011	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2012	Retained Investment Income	Principal Balance June 30, 2012
Endowment Funds (Continued)								
Charles L Toot Memorial Golf Scholarship	\$ -	\$ 7,697	\$ 34	\$ -	\$ -	\$ 7,731	\$ 34	\$ 7,697
Edward Tremba Geology Scholarship Fund	86,296	371	(178)	3,748	60	82,801	33,556	49,245
Office of Undergraduate Research and Scholarship (OURS) Endowment	-	889	(27)	-	-	862	(27)	889
University Library Fund	325,051	1,980	(611)	14,127	362	312,655	131,794	180,861
David and Carol Van Andel Leadership Fellow Endowment for the Hauenstein Center for Presidential Studies	63,429	25,000	2,296	-	-	90,725	15,725	75,000
The Donald and Barbara Vanderjagt Mathematics and Athletic Scholarship	63,078	3,895	140	2,814	-	64,299	9,037	55,262
VanSteeland Campus Beautification Fund	135,552	982	(297)	5,888	580	130,929	61,260	69,669
Richard E. Veazey Graduate Academic Scholarship in Accounting	334,518	200	(787)	14,494	-	319,437	14,405	305,032
Kenneth Venderbush Endowment Fund	28,398	-	(68)	1,230	-	27,100	9,375	17,725
Veteran's History Project Endowment	-	20,000	2,278	-	-	22,278	2,278	20,000
Volkhardt Family Scholarship	150,418	350	(323)	6,525	-	143,920	24,113	119,807
The Waddell/Treanor Native Plant Endowment	775,755	100	(1,837)	33,608	50	740,460	34,303	706,157
Florence Cowan Ward Scholarship for Nursing	160,114	730	(312)	6,954	-	153,578	24,934	128,644
Margaret F. Ward Art and Design Scholarship	35,613	-	(84)	1,543	-	33,986	3,910	30,076
Margaret Ward Music Scholarship	33,682	312	(69)	1,464	120	32,581	5,277	27,304
Margaret Ward WGVU Symphony and Art Programming Endowment Fund	57,850	-	(137)	2,506	-	55,207	11,816	43,391
The John D. Wardrop Leadership Fellow Endowment	20,995	6,548	832	-	7,150	35,525	4,045	31,480
Maribeth Wardrop Leaders in Philanthropy Scholarship	-	59,321	581	-	2,039	61,941	581	61,360
WGVU Engineering Student Co-op Endowment	2,035	100	7	-	-	2,142	1,042	1,100
WRI Equipment Fund	2,344,461	206	(5,540)	101,572	220	2,237,775	1,077,993	1,159,782
WGVU - FM Radio Program Endowment Fund	54,600	1,759	(90)	2,391	8	53,886	6,891	46,995
WGVU-TV Program Fund	90,114	2,921	(87)	3,962	888	89,874	9,674	80,200
WGVU-TV Scholarship Fund	401,059	33	(949)	17,375	24	382,792	177,367	205,425
Weldon Memorial Chemistry Fund	199,230	3,560	(240)	8,709	867	194,708	67,798	126,910
Bonnie Wesorick Center for Healthcare Transformation Endowment	390,068	149,577	10,763	-	2,368	552,776	70,593	482,183
West Side Service Projects Endowment	32,647	-	(78)	1,415	-	31,154	2,021	29,133
West Shore AWARE Scholarship	44,771	20,000	(294)	-	-	64,477	4,477	60,000
Westerman Nursing Scholarship Fund	160,558	100	(376)	6,957	-	153,325	51,451	101,874
Marcia L. and Jonathan R. White Endowed Honors College Scholarship	-	23,696	(723)	-	-	22,973	(723)	23,696
Gleaves Whitney Leadership Fellow Endowment at the Hauenstein Center for Presidential Studies	-	2,610	(126)	-	1,530	4,014	(126)	4,140
Shawn D. Wiersma Criminal Justice Memorial Scholarship	40,301	269	(81)	1,753	278	39,014	5,500	33,514
Holliday Wiley Psychology Scholarship for the Study of Pervasive Development Disorders	46,972	1,175	(16)	2,066	600	46,665	6,927	39,738
William James Fund	37,250	520	(42)	1,627	120	36,221	17,578	18,643
Don Williams Sr. Dean Emeritus Multi-Cultural Business Education (MBEC) Scholarship	35,217	-	(83)	1,526	-	33,608	1,808	31,800
Campbell-Williams Business Scholarship	36,491	1,311	(11)	1,608	751	36,934	4,421	32,513

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2012

	Balance July 1, 2011	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2012	Retained Investment Income	Principal Balance June 30, 2012
Endowment Funds (Continued)								
Shelia Williams Student Leadership Development Fund	\$ 142,308	\$ 1,196	\$ (211)	\$ 6,200	\$ 646	\$ 137,739	\$ 63,927	\$ 73,812
Bill & Diana Wipperfurth Annis Water Resources Institute Student Research Scholarship	39,934	675	(102)	1,734	125	38,898	4,117	34,781
Thomas and Joyce Wisner Engineering Scholarship Endowment	711,495	150,000	(5,502)	-	-	855,993	105,993	750,000
The Wisner Doctor of Physical Therapy Scholarship	131,481	350	(278)	5,705	-	125,848	16,468	109,380
Women's Center Endowment	55,337	17,969	1,041	2,728	5,371	76,990	5,622	71,368
Robert H. and Barbara Wood Entrepreneur Scholarship	1,276	-	(2)	-	-	1,274	274	1,000
Doug and Linda Woods Athletic Training Scholarship Endowment	144,335	6,480	241	6,413	910	145,553	20,825	124,728
Wrestling Endowment	46,627	1,875	(73)	-	35	48,464	11,240	37,224
Writing Majors Scholarship	32,054	2,087	68	1,439	1,416	34,186	4,489	29,697
William Zimmerman Memorial Scholarship	70,914	3,357	293	3,191	3,000	74,373	9,499	64,874
Whitney Young Village Outreach Engineering Scholarship	139,530	-	22,469	3,000	-	158,999	58,999	100,000
Felix V. & Gladys A. Zukaitis Athletic Trust	224,123	-	(531)	9,709	-	213,883	88,698	125,185
Felix V. & Gladys A. Zukaitis Scholarship Trust	214,842	-	(509)	9,307	-	205,026	79,005	126,021
Total endowment funds	54,850,540	2,491,997	809	2,157,384	(2,569)	55,183,393	14,349,791	40,833,602
Funds Functioning as Endowments								
Accounting Scholarship Fund	455,040	5,200	(618)	19,835	690	440,477	184,880	255,597
Alumni Scholarship Fund	827,931	5,391	(1,446)	36,003	404	796,277	301,271	495,006
Owen F. Bieber Scholarship Trust	653,066	-	(1,548)	28,292	-	623,226	309,696	313,530
Alexander Calder Honors Scholarship	52,404	93,543	8,755	4,577	-	150,125	11,547	138,578
Charles & Florence Irwin Scholarship Endowment Fund	238,033	2,832	(361)	10,372	749	230,881	65,797	165,084
Joe E. Reid Memorial Scholarship Fund	87,204	360	(212)	3,779	-	83,573	32,296	51,277
SPX Corporation Engineering Scholarship Fund	137,364	-	(325)	5,951	-	131,088	80,978	50,110
Robert C. Trotter Scholarship Fund	526,025	-	(1,247)	22,788	-	501,990	354,123	147,867
Angus Fund	1,550,737	677	(3,615)	67,198	196	1,480,797	626,774	854,023
R.B. Annis WRI Endowment	1,680,236	1,111	(3,880)	72,823	845	1,605,489	497,823	1,107,666
James R. Sebastian Endowed Chair in Engineering Cooperative Education and Educational Development	1,738,320	-	(4,119)	75,307	-	1,658,894	1,117,572	541,322
Entrepreneurial Center Endowment	1,627,150	11,300	(4,194)	70,493	90	1,563,853	329,307	1,234,546
Science Religion Project	216,387	-	(513)	9,374	-	206,500	45,163	161,337
VanderMey Endowment	162,725	-	(385)	7,050	-	155,290	40,863	114,427
Grand Rapids Continuing Education	1,481,998	-	(1,922)	-	-	1,480,076	1,106,094	373,982
Leon W. Hall Trust Fund	774,269	-	(1,836)	33,542	-	738,891	404,479	334,412
Russel H. Kirkhof Fund	2,432,259	-	(5,763)	105,370	-	2,321,126	1,313,827	1,007,299
Seymour & Esther Padnos School of Engineering	2,478,056	87	(5,874)	107,354	-	2,364,915	851,052	1,513,863
Padnos Fund	1,641,974	-	(3,891)	71,133	-	1,566,950	566,925	1,000,025
Charles C. Saur Fund	45,516	-	11,664	-	-	57,180	(54,397)	111,577
Undistributed Income Fund	448,740	-	(1,432)	-	(405)	446,903	446,903	-
Total funds functioning as endowments	19,255,434	120,501	(22,762)	751,241	2,569	18,604,501	8,632,973	9,971,528

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2012

	Balance July 1, 2011	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2012	Retained Investment Income	Principal Balance June 30, 2012
Annuity Funds								
John/Shirley Batchelder CGA	\$ 46,783	\$ -	\$ (8,546)	\$ -	\$ -	\$ 38,237	\$ 19,414	\$ 18,823
John and Nancy Batts Charitable Gift Annuity	274,325	-	(94,900)	-	-	179,425	(192,887)	372,312
Darld T. and Joyce M. Black Charitable Gift Annuity	9,875	-	(1,323)	-	-	8,552	2,000	6,552
Robert F. and Jean A. Blossfeld Charitable Gift Annuity	2,959	-	(462)	-	-	2,497	344	2,153
George C. and Margaret T. Cope Charitable Gift Annuity	6,044	-	(1,380)	-	-	4,664	(3,419)	8,083
Dr. Gilbert R. and Patricia Davis Charitable Gift Annuities	32,467	-	(8,509)	-	-	23,958	3,942	20,016
Leslie Eitzen Charitable Gift Annuity	6,718	-	(1,052)	-	-	5,666	(1,428)	7,094
Ralph and Grace Hauenstein Charitable Gift Annuities	100,400	-	(95,639)	-	-	4,761	(458,218)	462,979
John and Janice Heerspink Charitable Gift Annuity	(266)	-	80	-	-	(186)	(1,821)	1,635
Harvey E. Lemmen Charitable Gift Annuities	33,322	60,000	(77,488)	-	-	15,834	(73,028)	88,862
Dr. Dorothy Merrill Charitable Gift Annuity	4,661	-	(3,842)	-	-	819	(16,150)	16,969
John F. and Mae D. Shipley Charitable Gift Annuity	4,607	-	(793)	-	-	3,814	(1,083)	4,897
Jacquelyn L. and Lester L. Stiner Charitable Gift Annuity	3,099	-	(1,527)	-	-	1,572	66	1,506
John T. Tevebaugh Charitable Gift Annuities	14,329	-	(1,737)	-	-	12,592	2,652	9,940
Peter Merrick Turner Charitable Gift Annuity	8,887	-	(2,311)	-	-	6,576	(4,990)	11,566
Total annuity funds	548,210	60,000	(299,429)	-	-	308,781	(724,606)	1,033,387
Total endowment and similar funds	<u>\$ 74,654,184</u>	<u>\$ 2,672,498</u>	<u>\$ (321,382)</u>	<u>\$ 2,908,625</u>	<u>\$ -</u>	<u>\$ 74,096,675</u>	<u>\$ 22,258,158</u>	<u>\$ 51,838,517</u>

* Endowments held by Grand Valley University Foundation

Grand Valley State University

Schedule of Net Assets by Fund June 30, 2012

	Current Funds					Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement Fund	Blended Components	Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds							2012	2011
Assets													
Current Assets													
Cash and cash equivalents	\$ 15,183,496	\$ 12,379,989	\$ (875,397)	\$ 4,347,648	\$ 31,035,736	\$ 105,473	\$ -	\$ 21,309,004	\$ (136,075)	\$ (96,869)	\$ 121,851	\$ 52,339,120	\$ 82,810,586
Short term investments	5,515,172	4,644,906	-	1,631,403	11,791,481	205,916	-	8,011,993	-	-	-	20,009,390	-
Accounts receivable	1,055,560	521,214	933,238	4,681,115	7,191,127	-	-	464,122	737,743	-	1,446	8,394,438	7,715,681
State appropriation receivable	9,577,712	-	-	-	9,577,712	-	-	-	30,687,212	-	-	40,264,924	38,657,921
Pledges receivable	-	-	-	8,017,470	8,017,470	-	-	-	-	-	-	8,017,470	8,285,151
Less allowance for uncollectible accounts	-	-	-	(22,007)	(22,007)	-	-	-	-	-	-	(22,007)	(24,680)
Net pledges receivable	-	-	-	7,995,463	7,995,463	-	-	-	-	-	-	7,995,463	8,260,471
Inventory	9,317	36,593	2,607,295	-	2,653,205	-	-	-	-	-	6,408	2,659,613	2,520,519
Prepaid expenses and other	1,620,784	857,099	67,950	27,923	2,573,756	195,526	-	3,877,217	-	-	1,050	6,647,549	2,702,369
Student notes receivable - Current portion	-	-	-	-	-	3,200,000	-	-	-	-	-	3,200,000	3,200,000
Total current assets	32,962,041	18,439,801	2,733,086	18,683,552	72,818,480	3,706,915	-	33,662,336	31,288,880	(96,869)	130,755	141,510,497	145,867,547
Noncurrent Assets													
Restricted cash and cash equivalents	-	-	-	-	-	-	(339,833)	444,665	-	-	2,555,671	2,660,503	23,224,200
Restricted short-term investments	-	-	-	-	-	-	-	5,955,526	-	-	-	5,955,526	-
Endowment investments	-	-	-	-	-	-	75,323,538	-	-	-	-	75,323,538	75,463,625
Note receivable	-	-	-	-	-	-	-	16,317,780	-	-	-	16,317,780	-
Other long-term investments	139,247	46,630,689	-	39,842	46,809,778	-	-	80,433,230	148,846	5,540,872	-	132,932,726	117,147,398
Pledges receivable	-	-	-	11,981,741	11,981,741	-	-	-	-	-	-	11,981,741	16,415,840
Less discount to present value	-	-	-	(1,220,473)	(1,220,473)	-	-	-	-	-	-	(1,220,473)	(1,835,282)
Net pledges receivable	-	-	-	10,761,268	10,761,268	-	-	103,151,201	-	-	-	10,761,268	14,580,558
Student notes receivable - Net	-	-	-	-	-	8,370,937	-	-	-	-	-	8,370,937	8,244,185
Capital assets - Net	-	-	-	-	-	-	-	550,705,210	-	-	28,620,776	579,325,986	546,836,368
Derivative instrument	-	-	-	-	-	-	-	266,000	-	-	-	266,000	725,000
Deferred outflow of resources - Derivatives	-	-	-	-	-	-	-	13,330,000	-	-	-	13,330,000	7,221,000
Other assets	-	258,709	-	-	258,709	-	-	951,710	-	-	555,475	1,765,894	1,176,615
Total noncurrent assets	139,247	46,889,398	-	10,801,110	57,829,755	8,370,937	74,983,705	668,404,121	148,846	5,540,872	31,731,922	847,010,158	794,618,949
Total assets	<u>\$ 33,101,288</u>	<u>\$ 65,329,199</u>	<u>\$ 2,733,086</u>	<u>\$ 29,484,662</u>	<u>\$ 130,648,235</u>	<u>\$ 12,077,852</u>	<u>\$ 74,983,705</u>	<u>\$ 702,066,457</u>	<u>\$ 31,437,726</u>	<u>\$ 5,444,003</u>	<u>\$ 31,862,677</u>	<u>\$ 988,520,655</u>	<u>\$ 940,486,496</u>

Grand Valley State University

Schedule of Net Assets by Fund (Continued) Year Ended June 30, 2012

	Current Funds					Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement Fund	Blended Components	Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds							2012	2011
Liabilities and Net Assets													
Current Liabilities													
Accounts payable	\$ 3,324,213	\$ 1,458,998	\$ 1,210,520	\$ 1,269,220	\$ 7,262,951	\$ 3,627	\$ -	\$ 7,981,903	\$ 29,972,555	\$ -	\$ 5,368,955	\$ 50,589,991	\$ 39,538,513
Accrued payroll and other benefits	17,163,453	82,000	-	-	17,245,453	-	-	-	875,085	-	-	18,120,538	17,503,643
Accrued interest expense and other liabilities	-	-	-	-	-	-	-	1,443,420	590,086	-	110,608	2,144,114	2,112,064
Deferred revenue	9,013,332	218,990	278,215	3,198,708	12,709,245	-	-	31,150	-	-	8,697	12,749,092	13,240,673
Long-term liabilities - Current portion	-	-	-	-	-	-	269,142	9,300,000	-	440,000	-	10,009,142	6,006,142
Total current liabilities	29,500,998	1,759,988	1,488,735	4,467,928	37,217,649	3,627	269,142	18,756,473	31,437,726	440,000	5,488,260	93,612,877	78,401,035
Noncurrent Liabilities													
Deferred revenue - Net of current portion	-	-	-	-	-	-	-	631,400	-	-	-	631,400	657,800
Deferred inflow of resources - Derivatives	-	-	-	-	-	-	-	266,000	-	-	-	266,000	725,000
Derivative instruments	-	-	-	-	-	-	-	14,649,000	-	-	-	14,649,000	8,298,000
Federal student loan payable	-	-	-	-	-	10,081,266	-	-	-	-	-	10,081,266	10,135,130
Long-term liabilities - Net of current portion	1,268,408	-	-	-	1,268,408	-	1,081,329	238,335,000	-	4,050,522	22,273,000	267,008,259	252,533,888
Total liabilities	30,769,406	1,759,988	1,488,735	4,467,928	38,486,057	10,084,893	1,350,471	272,637,873	31,437,726	4,490,522	27,761,260	386,248,802	350,750,853
Net Assets													
Invested in capital assets - Net of related debt	-	-	-	-	-	-	-	302,535,435	-	-	3,516,999	306,052,434	314,069,134
Restricted:													
Nonexpendable - Scholarships and academic support	-	-	-	-	-	-	40,833,602	-	-	-	425,435	41,259,037	38,342,407
Expendable:													
Scholarships and academic support	-	-	-	6,951,933	6,951,933	-	24,863,857	-	-	-	38,316	31,854,106	34,894,361
Capital projects	-	-	-	18,064,801	18,064,801	-	195,259	33,112,317	-	-	8,078	51,380,455	34,542,095
Loans	-	-	-	-	-	1,630,447	-	-	-	-	-	1,630,447	1,636,672
Unrestricted	2,331,882	63,569,211	1,244,351	-	67,145,444	362,512	7,740,516	93,780,832	-	953,481	112,589	170,095,374	166,250,974
Total net assets	2,331,882	63,569,211	1,244,351	25,016,734	92,162,178	1,992,959	73,633,234	429,428,584	-	953,481	4,101,417	602,271,853	589,735,643
Total liabilities and net assets	\$ 33,101,288	\$ 65,329,199	\$ 2,733,086	\$ 29,484,662	\$ 130,648,235	\$ 12,077,852	\$ 74,983,705	\$ 702,066,457	\$ 31,437,726	\$ 5,444,003	\$ 31,862,677	\$ 988,520,655	\$ 940,486,496

Grand Valley State University

Schedule of Revenue, Expenses, and Changes in Net Assets by Fund Year Ended June 30, 2012

	Current Funds					Student Loan Fund	Endowment Fund	Plant Fund	Retirement Fund	Blended Components	Eliminations	Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds							2012	2011
Operating Revenue													
Student tuition and fees	\$ 252,097,863	\$ 501,696	\$ -	\$ -	\$ 252,599,559	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 252,599,559	\$ 234,059,209
Less scholarship allowances	-	-	-	-	-	-	-	-	-	-	(39,448,294)	(39,448,294)	(38,181,168)
Net student tuition and fees	252,097,863	501,696	-	-	252,599,559	-	-	-	-	-	(39,448,294)	213,151,265	195,878,041
Government grants and contracts:													
Federal	-	-	-	15,630,054	15,630,054	-	-	-	-	-	-	15,630,054	17,290,110
State	-	31,350	-	3,857,330	3,888,680	-	-	-	-	-	-	3,888,680	4,118,089
Local	-	322,970	-	18,204	341,174	-	-	-	-	-	-	341,174	412,786
Nongovernmental grants	-	490,415	-	874,756	1,365,171	-	-	-	-	-	-	1,365,171	891,943
Sales and services of educational activities	805,599	9,575,954	-	93,777	10,475,330	-	-	-	-	92,385	-	10,567,715	9,598,083
Auxiliary activities	-	-	60,676,147	-	60,676,147	-	-	-	-	37,841	-	60,713,988	55,484,697
Less scholarship allowances	-	-	-	-	-	-	-	-	-	-	(8,077,116)	(8,077,116)	(7,602,227)
Net auxiliary activities	-	-	60,676,147	-	60,676,147	-	-	-	-	37,841	(8,077,116)	52,636,872	47,882,470
Indirect cost recoveries	1,233,888	(672)	-	(1,233,216)	-	-	-	-	-	-	-	-	-
Other sources	1,534,553	3,245,771	-	186,111	4,966,435	340,693	93,530	-	-	(93,530)	-	5,307,128	4,507,510
Endowment income	210,238	489,402	-	2,208,985	2,908,625	-	(2,887,753)	-	-	(20,872)	-	-	-
Total operating revenue	255,882,141	14,656,886	60,676,147	21,636,001	352,851,175	340,693	(2,794,223)	-	-	15,824	(47,525,410)	302,888,059	280,579,032
Operating Expenses													
Instruction	130,398,657	282,354	-	2,911,267	133,592,278	-	-	-	-	-	-	133,592,278	128,236,423
Research	3,104,267	1,735,308	-	3,101,769	7,941,344	-	-	-	-	-	-	7,941,344	7,136,029
Public service	2,176,814	9,671,514	-	10,133,060	21,981,388	-	-	-	-	-	-	21,981,388	21,999,327
Academic support	35,955,611	(773,133)	-	2,782,580	37,965,058	-	-	-	-	-	-	37,965,058	33,146,764
Student services	24,425,074	1,195,794	-	132,823	25,753,691	-	-	-	-	-	-	25,753,691	25,174,444
Institutional support	31,991,187	410,027	-	10,115	32,411,329	-	-	-	-	-	-	32,411,329	30,896,568
Operation and maintenance - Plant	39,864,371	196,384	-	19,607,557	59,668,312	-	-	(25,085,812)	-	(3,459,050)	-	31,123,450	30,493,273
Depreciation expense	-	-	-	-	-	-	-	21,241,367	-	18,998	-	21,260,365	22,959,248
Scholarships and related expenses	30,208,014	53,663	-	34,121,482	64,383,159	-	-	-	-	-	(47,525,410)	16,857,749	18,909,932
Auxiliary activities	-	-	38,460,055	-	38,460,055	-	-	-	-	27,361	-	38,487,416	35,846,840
Loan administrative fees and collection costs	-	-	-	-	-	277,723	-	-	-	-	-	277,723	246,105
Total operating expenses	298,123,995	12,771,911	38,460,055	72,800,653	422,156,614	277,723	-	(3,844,445)	-	(3,412,691)	(47,525,410)	367,651,791	355,044,953
Operating (Loss) Income	(42,241,854)	1,884,975	22,216,092	(51,164,652)	(69,305,439)	62,970	(2,794,223)	3,844,445	-	3,428,515	-	(64,763,732)	(74,465,921)

Grand Valley State University

Schedule of Revenue, Expenses, and Changes in Net Assets by Fund (Continued) Year Ended June 30, 2012

	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	Blended Components	Eliminations		
												2012	2011
Nonoperating Revenue (Expenses)													
State appropriations	\$ 52,677,400	\$ -	\$ -	\$ -	\$ 52,677,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,677,400	\$ 61,976,400
Government grants	-	-	-	29,793,037	29,793,037	-	-	-	-	-	-	29,793,037	31,241,103
Gifts	375,067	2,822,298	430	1,991,941	5,189,736	-	26,971	-	-	-	-	5,216,707	5,565,503
Investment income:													
Interest, dividends, gains (losses) - Net of investment expense	1,418,186	4,298,451	-	31,831	5,748,468	6,366	(320,725)	581,590	(49,902)	7,442	-	5,973,239	21,709,957
Change in fair value of derivatives	-	-	-	-	-	-	-	(242,000)	-	-	-	(242,000)	106,000
Interest on capital asset - Related debt	-	-	-	-	-	-	-	(10,285,559)	-	-	-	(10,285,559)	(11,099,431)
Net nonoperating revenue (expenses)	54,470,653	7,120,749	430	31,816,809	93,408,641	6,366	(293,754)	(9,945,969)	(49,902)	7,442	-	83,132,824	109,499,532
Income (Loss) - Before other revenue, expenses, gains, and losses	12,228,799	9,005,724	22,216,522	(19,347,843)	24,103,202	69,336	(3,087,977)	(6,101,524)	(49,902)	3,435,957	-	18,369,092	35,033,611
Other Revenue, Expenses, Gains, and Losses													
Capital gifts	-	15,750	-	2,370,983	2,386,733	-	-	535,366	-	-	-	2,922,099	10,073,013
Add discount adjustment	-	-	-	617,482	617,482	-	-	-	-	-	-	617,482	2,553,028
Net capital gifts	-	15,750	-	2,988,465	3,004,215	-	-	535,366	-	-	-	3,539,581	12,626,041
Capital grants	-	-	-	477,909	477,909	-	-	-	-	-	-	477,909	1,132,083
Other capital income	-	-	-	210,000	210,000	-	-	157,199	-	-	-	367,199	89,100
Capital additions	(1,343,270)	(784,851)	-	(814,173)	(2,942,294)	-	-	2,942,294	-	-	-	-	-
Additions to permanent endowments	-	-	-	-	-	-	2,269,342	-	-	6,035	-	2,275,377	2,688,419
Gain (loss) on disposal of plant assets	-	300	1,133	-	1,433	-	-	(12,494,381)	-	-	-	(12,492,948)	(763,371)
Total other revenue, expenses, gains, and losses	(1,343,270)	(768,801)	1,133	2,862,201	751,263	-	2,269,342	(8,859,522)	-	6,035	-	(5,832,882)	15,772,272
Transfers Out (In)													
Mandatory transfers	6,727,416	107,009	18,075,000	(243,020)	24,666,405	-	(1,827)	(24,664,578)	-	-	-	-	-
Nonmandatory transfers	2,769,387	4,665,098	3,862,452	(144,798)	11,152,139	-	(274,793)	(10,877,346)	-	-	-	-	-
Total transfers	9,496,803	4,772,107	21,937,452	(387,818)	35,818,544	-	(276,620)	(35,541,924)	-	-	-	-	-
Increase (Decrease) in Net Assets	1,388,726	3,464,816	280,203	(16,097,824)	(10,964,079)	69,336	(542,015)	20,580,878	(49,902)	3,441,992	-	12,536,210	50,805,883
Net Assets - Beginning of year	943,156	60,104,395	964,148	41,114,558	103,126,257	1,923,623	74,175,249	408,847,706	1,003,383	-	-	589,076,218	538,757,542
Restatement due to GASB 61 Implementation	-	-	-	-	-	-	-	-	-	659,425	-	659,425	172,218
Net Assets - Beginning of year, as restated	943,156	60,104,395	964,148	41,114,558	103,126,257	1,923,623	74,175,249	408,847,706	1,003,383	659,425	-	589,735,643	538,929,760
Net Assets - End of year	\$ 2,331,882	\$ 63,569,211	\$ 1,244,351	\$ 25,016,734	\$ 92,162,178	\$ 1,992,959	\$ 73,633,234	\$ 429,428,584	\$ 953,481	\$ 4,101,417	\$ -	\$ 602,271,853	\$ 589,735,643