



Annual Financial Report 2014



Grand Valley State University

**Financial Report
with Additional Information
June 30, 2014**

Grand Valley State University

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Independent Auditor's Report

To the Board of Trustees
Grand Valley State University

Report on the Financial Statements

We have audited the accompanying financial statements of Grand Valley State University (the "University"), a component unit of the State of Michigan, its discretely presented component unit, and its pension trust funds as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Grand Valley State University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The discretely presented component unit was not audited under *Government Auditing Standards*.

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

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

To the Board of Trustees
Grand Valley State University

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Valley State University, its discretely presented component unit, and its pension trust funds as of June 30, 2014 and 2013 and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, effective July 1, 2013, the University adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. This statement expands the disclosures for the University's defined benefit plans. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Other Information

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

To the Board of Trustees
Grand Valley State University

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2014 on our consideration of Grand Valley State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Valley State University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 7, 2014

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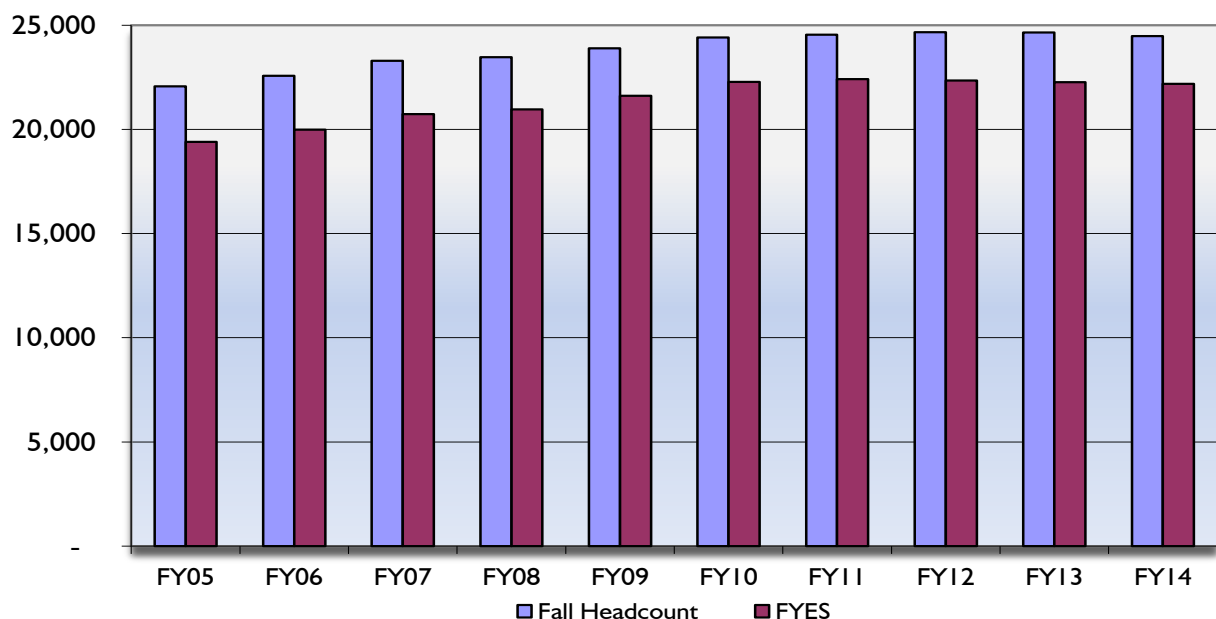
Grand Valley State University

Management's Discussion and Analysis - Unaudited

Financial and Enrollment Highlights for the Year Ended June 30, 2014

- Enrollment remained steady based on headcount and FYES (fiscal year equated students). The headcount for the fall semester was 24,477 students compared to 24,654 for the 2013 fall semester. The University continues to emphasize student recruitment and retention. Freshman enrollment was up from 4,005 in Fall 2013 to 4,124 in Fall 2014.
- Operating revenue increased by 3.6 percent. Increases in tuition revenue, housing, and dining revenue were partially offset by higher scholarship allowances, resulting in a net increase of \$11.1 million.
- State appropriations increased by 4.3 percent, or \$2.4 million, based on performance funding criteria.
- Endowment cash and investments climbed to a record high of \$104.8 million due to generous donor support of \$4.3 million in new gifts and an investment return of 16.8 percent in 2014. Investments generated a return of 13.1 percent in 2013 following a negligible loss in 2012.
- Construction is moving along on the Science Laboratory building and Laker Marketplace on the Allendale Campus. Both projects are scheduled for completion in 2015. Also on Allendale campus, construction was completed for the expansion and renovations of AuSable Hall, James H. Zumberge Hall, and Kleiner Commons dining facility.

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 position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. These reports begin on page 20 and should be read in conjunction with the notes to the financial statements. The following summary and management's discussion of the results are intended to provide the readers with an overview of the financial statements.

Effective for the year ended June 30, 2014, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. This statement expands the disclosures required for the University's stand-alone defined benefit pension plan statements.

The Statement of Net Position

The statement of net position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. Net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to measure the financial health of the University. Assets and liabilities are generally measured using current values. Investments are stated at fair value, and capital assets are stated at historical cost less an allowance for depreciation. Over the past three years, net position has increased by 9.0 percent from \$602.3 million to \$656.3 million.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

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

	June 30		
	2014	2013	2012
	(in 000s)		
Current Assets			
Cash and short-term investments	\$ 59,857	\$ 66,718	\$ 72,348
Receivables	72,024	66,161	59,855
Inventory, prepaid expenses, and other	5,179	5,653	9,381
Total current assets	137,060	138,532	141,584
Noncurrent Assets			
Restricted cash and investments	-	-	6,399
Endowment cash and investments	104,837	89,254	75,448
Other long-term investments	115,460	109,679	132,933
Long-term receivables	37,590	40,660	35,450
Capital assets - Net of depreciation	631,084	579,934	554,222
Derivative instrument	-	-	266
Other	2,086	2,202	3,594
Total assets	1,028,117	960,261	949,896
Deferred Outflows	5,518	8,958	13,330
Current Liabilities			
Accounts payable and accrued liabilities	78,160	68,866	65,394
Unearned revenue	12,400	11,509	12,749
Long-term liabilities - Current portion	13,691	11,016	10,268
Total current liabilities	104,251	91,391	88,411
Noncurrent Liabilities			
Unearned revenue - Net of current portion	4,447	605	631
Federal student loan payable	10,258	10,103	10,081
Long-term liabilities - Net of current portion	252,253	239,920	246,924
Derivative instruments	6,166	9,868	14,649
Total liabilities	377,375	351,887	360,696
Deferred Inflows	-	-	266
Net Position			
Net investment in capital assets	378,450	339,917	306,053
Restricted	131,056	107,535	126,116
Unrestricted	146,754	169,880	170,095
Total net position	<u>\$ 656,260</u>	<u>\$ 617,332</u>	<u>\$ 602,264</u>

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

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

Current receivables include grants, state appropriations, pledges, student notes, and various operating receivables that are expected to be collected within a year. Current pledges receivable mainly reflect payments expected from the "Shaping Our Future" campaign. State appropriation receivable for charter schools increased from 2012 to 2014 by \$12.2 million mainly due to the addition of 10 new charter schools over this three-year period, located predominantly in the Detroit metropolitan area.

In 2014, the financial markets were robust as the S&P 500 recorded new highs and global markets also rebounded strongly. Endowment investments generated a 16.8 percent return compared to a 13.1 percent return in 2013, and a negligible loss in 2012. The University (along with its investment advisory committee and outside consultants) continues to closely monitor endowment investment strategy and asset allocations.

Other long-term investments should be looked at in conjunction with cash and short-term investments. This combination of funds comprises the overall pool of cash and investments. The pool of cash and investments has remained steady between 2013 and 2014. Between 2012 and 2013, there was a decrease of \$28.9 million mainly due to expenditure of accumulated capital gifts to complete the L. William Seidman Center and Mary Pew Idema Library Learning and Information Commons.

Other current assets consist mainly of inventories and prepaid expenses. In 2012, \$3.6 million was paid in advance for construction and property escrow for the L. William Seidman Center project. These payments were cleared in 2013 and the balance remains steady at normal operating levels between 2013 and 2014.

Long-term receivables, which include pledges, student notes, and a third-party note receivable, remained overall consistent between 2012 and 2014. Receivables relating to pledges increase and decrease as a result of payment schedules set by donors. Long-term pledges are discounted to net present value for financial statement purposes.

Capital asset additions increased by \$74.4 million in 2014 due to the ongoing construction of the Science Laboratory building and Laker Marketplace, land purchases for future campus expansion and significant renovations to James H. Zumberge Hall, AuSable Hall and Kleiner Dining Commons. These increases were offset by depreciation expense of \$23.2 million, which resulted in a net increase of \$51.2 million.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

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

Further detail regarding capital asset activity for both the University and 38 Front Avenue is presented in Note 3 on pages 41-43.

Deferred outflows decreased by \$3.4 million between 2013 and 2014. This decrease mainly resulted from a revaluation of the hybrid nature of one swap, which contained an embedded borrowing component. The decrease of \$4.4 million between 2012 and 2013 was due to changes in market value of interest rate swaps. Deferred outflows are chiefly offset by derivative instruments. More detailed information regarding these swaps is presented in Note 5 to the financial statements.

Accounts payable and accrued liabilities increased by \$9.3 million due to \$3.8 million of new construction payables and \$5.8 million of higher payables to public school academies. Six new public school academies were opened at the start of 2014. There was a \$3.5 million increase from 2012 to 2013 chiefly due to the increase in payables to public school academies, resulting from higher student enrollment and the addition of five new academies.

Unearned revenue includes receipts from tuition, grants, and contracts that pertain to a future fiscal year, and remained relatively stable between 2012 and 2014.

Current maturities in long-term debt increased by \$3.5 million between 2012 and 2014, mostly due to the principal payments from the 2013 bond issue.

Noncurrent liabilities include unearned revenue, federal student loan payable, derivative instruments, and the long-term portion of bonds payable. After remaining stable between 2012 and 2013, unearned revenue increased by \$3.8 million between 2013 and 2014 due to an upfront capital investment from the University's food vendor in a new contract arrangement.

Long-term liabilities increased by \$12.3 million between 2013 and 2014 due to a bond issue of \$23.1 million, offset by principal retirement from current debt payments. Long-term liabilities decreased by \$7.0 million between 2012 and 2013, reflecting principal retirement from current debt payments. The University's bond rating continues to be A+, as rated by Standard & Poor's. More detailed information about the University's long-term debt is presented in Note 4 to the financial statements. Financing activity to construct the L. William Seidman Center is covered in the 38 Front Avenue financial reporting included in Note 4 to the financial statements.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

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

The total net position of the University increased by \$54.0 million between 2012 and 2014 due to an increase of \$72.4 million in capital assets (net of outstanding debt), generous support from donors to endowments added \$11.0 million, and endowment investment income returns of 29.9 percent over the two-year period added \$17.9 million, net of spending. These increases were offset by expenditures of accumulated capital gifts of \$24.0 million mainly to support L. William Seidman Center and the Mary Pew Idema Library and Learning and Information Commons and a \$23.3 million decrease in unrestricted net position due to use of capital reserves to purchase land to prepare for future campus expansion. Further detail regarding the designation by the University of unrestricted net position for certain purposes is 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 Position

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

	Year Ended June 30		
	2014	2013	2012
	(in 000s)		
Operating Revenue			
Student tuition and fees	\$ 272,393	\$ 262,202	\$ 252,599
Less scholarship allowance	(45,203)	(43,613)	(39,448)
Auxiliary	64,228	62,119	60,714
Less scholarship allowance	(9,099)	(8,831)	(8,077)
Grants and contracts	22,304	24,023	21,225
Other	19,970	17,564	15,875
Total operating revenue	324,593	313,464	302,888
Operating Expenses	402,175	388,120	367,652
Net Operating Loss	(77,582)	(74,656)	(64,764)
Nonoperating Revenue (Expense)			
State appropriations	57,824	55,436	52,677
Government grants	29,578	29,484	29,793
Gifts (including endowment and capital)	11,129	14,787	11,032
Capital grants and other	509	735	845
Investment income - Net of fees	21,482	13,554	5,965
Other loss and expense	(4,012)	(24,272)	(23,020)
Net nonoperating revenue	116,510	89,724	77,292
Net Increase in Net Position	38,928	15,068	12,528
Net Position - Beginning of year	617,332	602,264	589,736
Net Position - End of year	\$ 656,260	\$ 617,332	\$ 602,264

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Revenue generated by tuition and fees increased by 3.9 percent in 2014, 3.8 percent in 2013, and 7.9 percent in 2012. Both the 2014 and 2013 increases were mostly due to a tuition rate increase of 3.5 percent and 3.75 percent, respectively, as enrollment remained stable. There was a slight increase in overall credit hours between 2013 and 2014. The 2012 increase was mostly due to a tuition rate increase of 6.9 percent and increase in upper division credit hours.

Scholarship allowances as a percentage of tuition and fees remained steady between 2012 and 2014, moving from 15.6 percent in 2012, to 16.6 percent in 2013 and 2014. Between 2012 and 2013, total scholarship allowances increased by 10.4 percent mainly due to increases in need-based scholarships as the University recognized the continued financial challenges of students and their families. Between 2013 and 2014, the University provided additional support of a 3.6 percent increase to mitigate the financial impact of the tuition rate increase.

Auxiliary revenue consists of housing, dining, parking, bookstores, vending, golf course, health center, and conference fees for external customers. Housing and dining revenue increased by \$2.1 million in 2014, which was a result of an average 1.0 percent increase in housing rates and a 5.0 percent increase in meal plan participation, whereas housing occupancy remained unchanged from 2013 levels. Housing and dining revenue increased by \$1.6 million in 2013 mainly due to greater meal plan participation and a slight increase in occupancy.

Grants and contracts revenue increased by \$2.8 million between 2012 and 2013, mainly due to expanding grants and contracts awarded by the Michigan Economic Development Corporation (MEDC). Between 2013 and 2014, it declined by \$1.7 million mainly due to the expiration of a few large federal grants.

Operating expenses increased by \$14.1 million in 2014 (and \$20.5 million in 2013). Further analysis of this increase is provided beginning on page 17. Salaries, wages, and benefits comprise the largest operating expense, while instruction is the largest functional category.

State appropriations increased by 4.3 percent or \$2.4 million between 2013 and 2014. The University was awarded the highest percentage of one-time performance funding by the State for its achievements of state metrics, which include number of degrees completed, level of graduation rates, and operational efficiencies. Between 2012 and 2013, the University received a 5.2 percent or \$2.8 million increase. However, even at the 2014 funding per FYES of \$2,607, the University continues to receive the lowest level of funding per student from the State.

Nonoperating government grants, consisting of Pell awards, remained steady between 2012 and 2014.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Gifts, including capital and endowment gifts, remained relatively consistent between 2012 and 2014, although between 2012 and 2013 there was an increase of \$3.8 million in endowment giving with the establishment of two new endowed chairs - the W.K. Kellogg Community Philanthropy Chair, the first of its kind in the nation, and the Stuart and Barbara Padnos Chair of Art and Design. In 2014, the University received a \$1.0 million endowed gift for the Hauenstein Center for Presidential Studies.

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

Net investment income consists of realized income (interest, dividends, and realized gains on the sale of investments), unrealized gains/losses, and investment expenses (primarily bank fees). Returns on endowment investments improved to a gain of 16.8 percent in 2014, after a gain of 13.1 percent in 2013, preceded by a negligible loss in 2012.

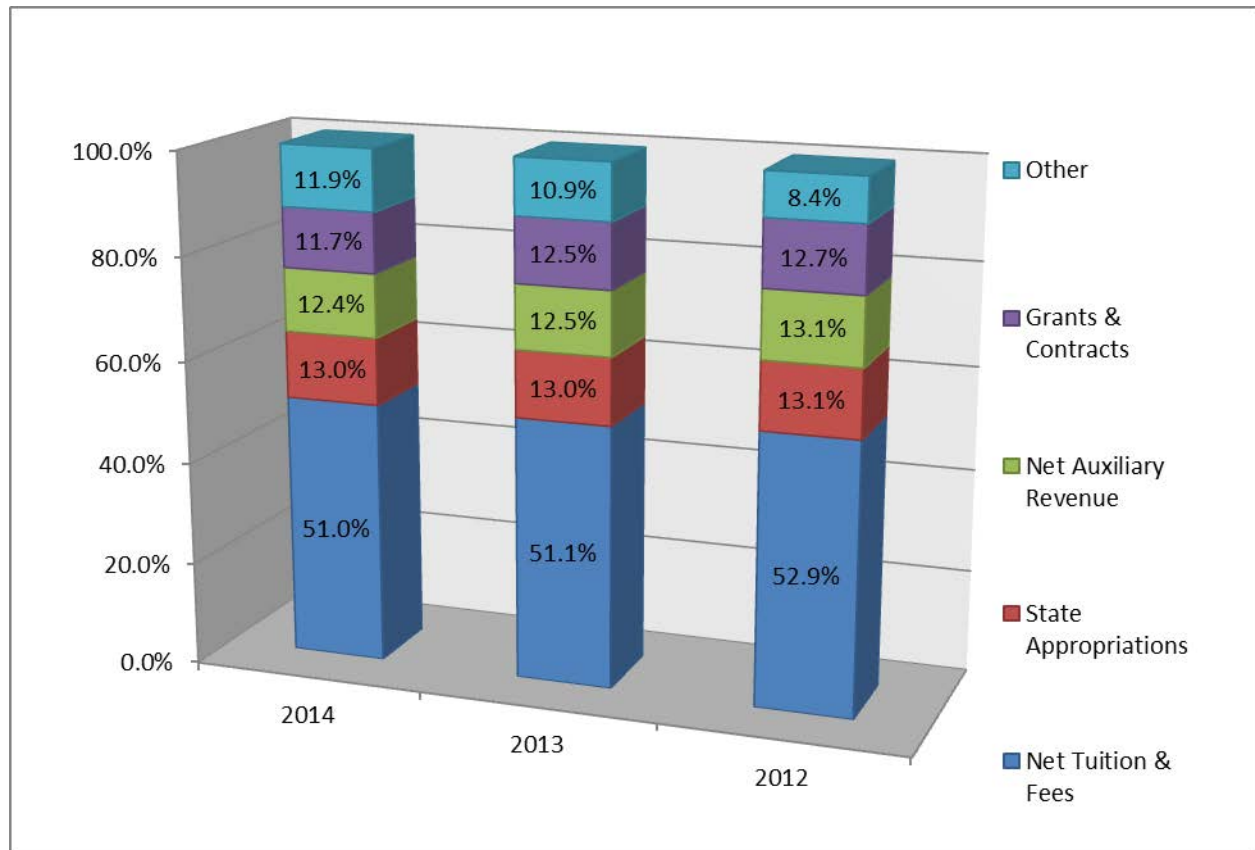
Other nonoperating expense includes interest expense, changes in the fair value of derivative instruments, gains or losses from disposal of assets, and transfers between the University and 38 Front Avenue. The decrease in nonoperating expense between 2013 and 2014 of \$20.3 million is mainly due to changes in funding transfers between the University and 38 Front Avenue. With construction of the L. William Seidman Center completed at the end of 2013, capital support by the University declined by \$13.1 million. In 2014, the University received reimbursement of \$7.2 million from 38 Front Avenue from its receipt of the Brownfield MBT Credit.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

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

Total Revenue



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

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

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Operating Expenses by Functional Classification

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

	2014	2013	2012
	(in 000s)		
Instruction	\$ 145,522	\$ 141,615	\$ 133,592
Research	7,852	7,981	7,941
Public service	24,994	25,873	21,981
Academic support	40,581	39,322	37,965
Student services	27,937	26,354	25,754
Institutional support	34,542	33,209	32,411
Operation and maintenance of facilities	40,891	34,785	31,124
Depreciation	23,239	21,753	21,260
Scholarships and related expenses	16,635	17,792	16,858
Auxiliary activities	39,713	39,216	38,487
Other expenditures	269	220	279
Total	<u>\$ 402,175</u>	<u>\$ 388,120</u>	<u>\$ 367,652</u>

Instructional expenses increased slightly between 2013 and 2014 after a 6.0 percent increase between 2012 and 2013, which resulted from robust growth of health programs with increases in speech-language pathology, occupational and physical therapy, and physician assistance services as well as engineering and communications. In 2012, the University added new programs in biomedical engineering, energy, nanotechnology, and a new master's program in Speech-Language Pathology.

Research expenditures include the continuing activities at the Annis Water Resources Institute as well as the Johnson Center for Philanthropy. Research expenditures declined by 1.6 percent between 2013 and 2014 after increasing by 0.5 percent between 2012 and 2013. The decline was mainly due to completion of the federally sponsored Midwest Traumatic Center research grant in 2013. The Center for Scholarly and Creative Excellence continues to support faculty and student research and assist faculty locate grant funded opportunities.

Public service expenditures include WGVSU public broadcasting, the Michigan Small Business Development Center (SBDC), Project Safe Neighborhood, and the Charter School Office administration. Expenditures decreased by 3.4 percent between 2013 and 2014 after increasing by 17.7 percent between 2012 and 2013. The decrease resulted chiefly from expiring grants projects, including those sponsored by the Kellogg Foundation and the U.S. Department of Justice. The prior year increases are related to new grants from the MEDC to promote business development and increased expenditures for new initiatives on behalf of charter schools.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Academic support expenditures include continuing education, information technology, student advising, the libraries, academic resources, and administration expenses for the academic deans. The increase in expenses between 2012 and 2014 is due to adding library and information technology support for the new learning environments housed in the Mary Pew Idema Library Learning and Information Commons and the L. William Seidman Center, as well as general business operating increases. Also, the University continued to emphasize student advising as it focuses on student retention.

Student services expenditures represent student life programming, admissions, records, registration, financial aid, and intercollegiate athletics. Expenses increased slightly from 2012 to 2013, and increased by 6.0 percent between 2013 and 2014. The increases reflect both student recruitment and athletic activity and championships.

Institutional support expenditures include administration for the business operations, human resources, executive offices, marketing and communications, public safety, development, and alumni relations. Expenses increased slightly between 2012 and 2013 and increased by 4.0 percent between 2013 and 2014. The increases reflect the opening of new facilities and new software purchases to improve efficiencies.

The operation and maintenance of facilities increased by 17.6 percent between 2013 and 2014 as a result of higher level of noncapitalized housing, parking and office space upgrades, full year impact of the Seidman ground lease with 38 Front Avenue, and higher level of utility and maintenance costs with the full year operations of the L. William Seidman Center and the Mary Pew Idema Library Learning and Information Commons. There was an 11.8 percent increase between 2012 and 2013 due to furniture and small equipment purchases to complete the Mary Idema Pew Library Learning and Information Commons. Depreciation includes both academic and auxiliary buildings.

Scholarships and related expenses include work-study programs as well as the portion of financial aid that is not considered a scholarship allowance. To mitigate the impact of tuition increases on enrollment, the University continues to increase need-based scholarships. To look at the overall picture for scholarships and financial aid, it is important to also consider the scholarship allowance that is recorded net of tuition revenue and auxiliary revenue.

Auxiliary activities include housing, dining, 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. In 2013 and 2014, expenses remained steady. In 2012, overall food expenses increased 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.

	2014	2013	2012
	(in 000s)		
Salaries and benefits	\$ 246,565	\$ 239,985	\$ 225,923
Scholarships and awards	15,805	17,167	16,858
Utilities	7,776	7,102	7,247
Supplies and other	108,790	102,113	96,364
Depreciation	23,239	21,753	21,260
Total	<u>\$ 402,175</u>	<u>\$ 388,120</u>	<u>\$ 367,652</u>

Salaries and benefit expenses, which represent 61.3 percent of total operating expenses, increased by 2.7 percent between 2013 and 2014, which mainly reflects the new year salary and benefit program. Between 2012 and 2013, there was an increase of 6.2 percent due to new faculty positions in the rapidly growing College of Health Professions and Padnos College of Engineering and filling open faculty positions in the Kirkhof College of Nursing, as well as wage and benefit increases.

Scholarships and awards represent financial aid expense less scholarship allowances and work-study wages.

Utilities increased by 9.5 percent between 2013 and 2014, which reflects the full year operation of the new buildings on Allendale and Grand Rapids campuses, as well as a harsh winter. Utilities remained steady between 2012 and 2013. This was accomplished by a combination of favorable weather conditions, University emphasis on energy efficiency and conservation, and declining natural gas prices.

Depreciation fluctuated slightly over this period. Depreciation includes both academic and auxiliary buildings.

Supplies and other expenses increased between 2013 and 2014 mostly due to a higher level of minor construction projects completed to maintain the campus infrastructure and the additional operating costs to operate the L. William Seidman Center and the Mary Pew Idema Library Learning and Information Commons. The increase in 2012 and 2013 was due to the purchase of furniture and small equipment to complete the Mary Idema Pew Library Learning and Information Commons as well as general business operating increases due to overall growth of the University.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

The Statement of Cash Flows

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

	2014	2013	2012
	(in 000s)		
Net Cash (Used in) Provided by			
Operating activities	\$ (51,294)	\$ (52,429)	\$ (43,056)
Noncapital financing activities	96,242	95,056	90,921
Capital and related financing activities	(51,672)	(77,351)	(65,433)
Investing activities	<u>873</u>	<u>26,195</u>	<u>(35,560)</u>
Net Decrease in Cash and Cash Equivalents	(5,851)	(8,529)	(53,128)
Cash and Cash Equivalents - Beginning of year	<u>44,378</u>	<u>52,907</u>	<u>106,035</u>
Cash and Cash Equivalents - End of year	<u>\$ 38,527</u>	<u>\$ 44,378</u>	<u>\$ 52,907</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 2013 to 2014, net cash used in operating activities remained steady, after an increase of \$9.4 million between 2012 and 2013 primarily due to higher personnel costs.

State appropriation is the primary source of noncapital financing. This source of revenue is categorized as nonoperating and accounts for most of the \$1.2 million increase between 2013 and 2014. Other noncapital financing activity includes Pell grants, and gifts and grants for other than capital purposes. From 2012 to 2013, net cash provided by noncapital financing increased by \$4.1 million primarily due to a spike in endowment giving.

Capital and related financing activities include debt proceeds to finance capital construction. In 2014, the University issued bonds to fund a portion of the construction of the Science Laboratory building and Laker Marketplace, and AuSable Hall addition. In 2013, the University issued bonds for the purpose of refinancing a prior debt issue. Receipts from pledge payments partially offset capital expenditures. Capital outlays increased in 2014 as the University continues the upgrade and construction of new learning environments.

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

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. The State of Michigan continues to include a performance component to its funding allocations, which includes number of degree completions, level of graduation rates, and operational efficiencies. For the second consecutive year, the University received the highest percentage increase in state funding due to its achievements in these areas. An increase of 4.2 percent was received in 2014 and the University will receive a 9.2 percent increase in 2015. However, this still places the University as receiving the lowest funding per student by the State.

In 2015, the University will adopt GASB 68, *Accounting and Reporting for Pensions*, for its two defined benefit plans. The new accounting guidelines will require the University to recognize these pension costs when employment services are rendered. To reflect the pension cost accumulated from prior years, the University will recognize a net pension liability in 2015 of approximately \$11.6 million.

Enrollment is expected to remain steady for upcoming years based on the University's strategic plan for controlled growth. The University attracted a record number of students to start the 2015 school year and is focused to provide education with relevance to the State of Michigan, yet attaining a global impact.

Grand Valley State University

Statement of Net Position

	June 30	
	2014	2013
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 33,763,708	\$ 42,646,491
Short-term investments (Note 2)	26,093,427	24,071,468
Accounts receivable - Net of allowance of \$755,293 and \$799,189 in 2014 and 2013, respectively	10,738,293	11,016,704
State appropriation receivable	53,385,038	44,388,521
Pledges receivable - Net	4,200,685	7,056,303
Inventories	2,352,554	2,379,894
Prepaid expenses and other	2,826,192	3,272,911
Student notes receivable - Current portion	3,700,000	3,700,000
Total current assets	137,059,897	138,532,292
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	4,763,044	1,731,667
Endowment investments (Note 2)	100,076,069	87,526,932
Notes receivable (Note 1)	25,578,750	25,500,000
Other long-term investments (Note 2)	115,460,691	109,678,336
Pledges receivable - Net	3,202,525	6,897,214
Student notes receivable - Net of allowance of \$453,779 and \$615,084 in 2014 and 2013, respectively	8,807,808	8,263,591
Capital assets - Net (Note 3)	631,084,142	579,933,896
Other assets	2,084,292	2,196,971
Total noncurrent assets	891,057,321	821,728,607
Total assets	1,028,117,218	960,260,899
Deferred Outflows - Deferred outflow of resources - Derivatives (Note 5)	5,518,000	8,958,000
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	78,160,123	68,865,923
Unearned revenue	12,399,699	11,508,935
Long-term liabilities - Current portion (Note 4)	13,690,986	11,015,855
Total current liabilities	104,250,808	91,390,713
Noncurrent liabilities:		
Unearned revenue - Net of current portion	4,447,053	605,000
Federal student loan payable	10,257,484	10,103,187
Long-term liabilities - Net of current portion (Note 4)	252,253,476	239,919,783
Derivative instruments (Note 5)	6,166,000	9,868,000
Total noncurrent liabilities	273,124,013	260,495,970
Total liabilities	377,374,821	351,886,683
Net Position		
Net investment in capital assets	378,450,246	339,917,423
Restricted:		
Nonexpendable - Scholarships and academic support	52,298,864	48,029,129
Expendable:		
Scholarships and academic support	49,272,789	38,101,735
Capital projects	27,823,152	19,767,672
Loans	1,661,066	1,635,737
Unrestricted	146,754,280	169,880,520
Total net position	\$ 656,260,397	\$ 617,332,216

Grand Valley State University

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2014	2013
Operating Revenue		
Student tuition and fees	\$ 272,392,901	\$ 262,202,321
Scholarship allowances	(45,203,110)	(43,612,866)
Net student tuition and fees	227,189,791	218,589,455
Government grants and contracts	21,391,375	22,772,951
Nongovernmental grants	913,290	1,249,694
Sales and services of educational activities	13,710,287	11,974,874
Auxiliary activities	64,227,453	62,119,480
Scholarship allowances	(9,099,081)	(8,831,338)
Net auxiliary activities	55,128,372	53,288,142
Other operating revenue	6,260,031	5,588,740
Total operating revenue	324,593,146	313,463,856
Operating Expenses - Education and general		
Instruction	145,522,368	141,615,304
Research	7,852,408	7,981,058
Public service	24,993,763	25,872,406
Academic support	40,581,431	39,321,862
Student services	27,936,819	26,354,101
Institutional support	34,541,983	33,208,693
Operation and maintenance - Plant	40,890,938	34,785,626
Depreciation expense	23,239,162	21,753,108
Scholarships and related expenses	16,634,497	17,791,695
Auxiliary activities	39,712,963	39,216,119
Loan administrative fees and collection costs	268,594	220,109
Total operating expenses	402,174,926	388,120,081
Operating Loss	(77,581,780)	(74,656,225)
Nonoperating Revenue (Expense)		
State appropriations	57,823,500	55,436,000
Government grants	29,577,544	29,483,773
Gifts	5,760,021	4,846,937
Investment income:		
Interest, dividends, and gains (loss) on investments - Net of investment expense of \$1,154,578 and \$1,055,904 in 2014 and 2013, respectively	21,481,851	13,554,418
Change in fair value of derivatives	262,000	409,000
Interest on capital asset - Related debt	(10,988,602)	(11,720,725)
Gain on disposal of assets	47,034	147,637
Net nonoperating revenue	103,963,348	92,157,040
Income - Before other	26,381,568	17,500,815
Other		
Capital grants and gifts	1,611,024	3,511,523
Other capital income	259,040	271,310
Additions to permanent endowments	4,008,365	6,892,621
Capital contributions from (to) 38 Front Avenue	6,668,184	(13,107,828)
Total other	12,546,613	(2,432,374)
Increase in Net Position	38,928,181	15,068,441
Net Position - Beginning of year	617,332,216	602,263,775
Net Position - End of year	\$ 656,260,397	\$ 617,332,216

Grand Valley State University

Statement of Cash Flows

	Year Ended June 30	
	2014	2013
Cash Flows from Operating Activities		
Tuition and fees	\$ 226,765,165	\$ 217,788,884
Grants and contracts	20,825,810	23,108,601
Payments to suppliers	(103,708,766)	(102,367,891)
Payments for utilities	(7,776,019)	(7,101,961)
Payments to employees	(183,869,470)	(175,746,537)
Payments for benefits	(62,947,211)	(61,338,183)
Payments for scholarships and fellowships	(15,804,805)	(17,166,844)
Loans issued to students	(33,474,648)	(32,657,034)
Collection of loans from students	32,930,431	32,264,380
Auxiliary enterprise charges:		
Residence halls	41,097,903	39,056,395
Bookstore	8,329,045	8,580,821
Other	5,708,740	5,333,542
Sales and service of educational activities	13,687,253	12,364,834
Other receipts	6,942,538	5,451,621
Net cash used in operating activities	(51,294,034)	(52,429,372)
Cash Flows from Noncapital Financing Activities		
State appropriations	57,389,411	54,934,435
Government grants	29,973,686	29,136,504
Gifts and grants for other than capital purposes	5,537,626	4,602,596
Private gifts for endowment purposes	4,008,365	6,892,621
Charitable annuities payments - Net	(264,903)	(265,764)
Federal direct loan receipts	161,293,142	164,757,073
Federal direct loan lending disbursements	(161,695,133)	(165,000,883)
Net cash provided by noncapital financing activities	96,242,194	95,056,582
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	23,110,000	29,180,000
Capital grants and gifts received	7,426,112	8,291,073
Other capital income	4,274,611	159,313
Proceeds from sale of capital assets	66,163	136,968
Capital contributions from (to) 38 Front Avenue	7,663,033	(11,197,234)
Purchases of capital assets and construction	(73,413,217)	(44,989,875)
Principal paid on capital debt	(10,045,000)	(38,480,000)
Interest paid on capital debt	(11,263,618)	(11,571,808)
Notes issued for capital funding purposes	-	(9,182,220)
Interest received from note receivable	510,000	433,482
Debt issue costs paid	-	(130,500)
Net cash used in capital and related financing activities	(51,671,916)	(77,350,801)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	13,574,660	72,616,637
Interest on investments	5,716,170	6,022,810
Purchase of investments	(18,418,480)	(52,444,864)
Net cash provided by investing activities	872,350	26,194,583
Net Decrease in Cash and Cash Equivalents	(5,851,406)	(8,529,008)
Cash and Cash Equivalents - Beginning of year	44,378,158	52,907,166
Cash and Cash Equivalents - End of year	\$ 38,526,752	\$ 44,378,158

Grand Valley State University

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2014	2013
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and cash equivalents (Note 2)	\$ 33,763,708	\$ 42,646,491
Restricted cash and cash equivalents (Note 2)	4,763,044	1,731,667
Total cash and cash equivalents	<u>\$ 38,526,752</u>	<u>\$ 44,378,158</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (77,581,780)	\$ (74,656,225)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	23,239,162	21,753,108
Changes in assets and liabilities:		
Receivables - Net	(105,660)	(2,723,290)
Inventories	27,340	279,719
Other assets	360,205	2,133,340
Accounts payable and accrued liabilities	2,230,433	1,974,157
Deferred revenue	506,498	(1,045,227)
Deposits held for others	29,768	(144,954)
Net cash used in operating activities	<u>\$ (51,294,034)</u>	<u>\$ (52,429,372)</u>

Grand Valley State University

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

Statement of Net Assets

	June 30	
	2014	2013
Assets		
Current assets	\$ 546,979	\$ 83,330
Contribution receivable	1,897,846	1,904,284
Restricted current assets	-	5,805,385
Capital assets (net)	39,185,336	39,957,775
Other assets	1,574,128	690,191
Total assets	<u><u>\$ 43,204,289</u></u>	<u><u>\$ 48,440,965</u></u>
Liabilities		
Current liabilities	\$ 170,010	\$ 5,482,046
Notes payable - QLICI (Note 4)	22,273,000	22,273,000
Notes payable - University (Note 4)	9,182,220	9,182,220
Total liabilities	31,625,230	36,937,266
Net Assets		
Unrestricted	9,681,213	9,599,415
Temporarily restricted	1,897,846	1,904,284
Total net assets	<u><u>11,579,059</u></u>	<u><u>11,503,699</u></u>
Total liabilities and net assets (Note 4)	<u><u>\$ 43,204,289</u></u>	<u><u>\$ 48,440,965</u></u>

Grand Valley State University

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

Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2014	2013
Revenue		
Capital contributions from the University	\$ 531,816	\$ 11,197,234
Other contributions	1,739,313	116,986
Investment income	-	1,741
Other capital income	7,200,000	38,154
Total revenue	9,471,129	11,354,115
Expenses		
General and administrative	636,218	1,769,088
Depreciation	1,049,521	-
Interest	510,030	-
Distribution to University	7,200,000	-
Total expenditures	9,395,769	1,769,088
Increase in Net Assets	75,360	9,585,027
Net Assets - Beginning of year	11,503,699	1,918,672
Net Assets - End of year	<u>\$ 11,579,059</u>	<u>\$ 11,503,699</u>

Grand Valley State University

Statement of Fiduciary Net Position Employee Benefit Plans

	June 30	
	2014	2013
Assets		
Money market funds	\$ 701,886	\$ 354,513
Domestic equities	35,194,132	30,929,268
International equities	11,125,678	4,846,619
Domestic bonds	4,167,878	5,343,631
International bonds	979,078	-
Alternative assets	3,206,152	4,110,180
Total cash and cash equivalents and investments	55,374,804	45,584,211
Accrued income	58,717	8
Net Position - Held in trust for pension benefits	\$ 55,433,521	\$ 45,584,219

Grand Valley State University

Statement of Changes in Fiduciary Net Position Employee Benefit Plans

	Year Ended June 30	
	2014	2013
Additions		
Investment income:		
Interest and dividend income	\$ 1,099,723	\$ 1,048,040
Net appreciation in fair value of investments	8,424,696	5,491,950
Total investment income	9,524,419	6,539,990
Employer contributions paid	2,298,849	2,279,147
Other income	344,818	264,418
Total additions	12,168,086	9,083,555
Deductions		
Benefit payments	2,199,067	1,993,563
Administrative expense	119,717	98,040
Total deductions	2,318,784	2,091,603
Net Increase	9,849,302	6,991,952
Net Position Held in Trust for Pension Benefits		
Beginning of year	45,584,219	38,592,267
End of year	<u>\$ 55,433,521</u>	<u>\$ 45,584,219</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, 2014 audited financial statements for GVUF are located at the University's Business and Finance Office.

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

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

Grand Valley Research Corporation (GVRC) is a Michigan nonprofit corporation established for educational and scientific purposes to provide support solely to the University. In accordance with the provisions of GASB Statement No. 61, GVRC is considered to be a component unit of the University and the blending method is the appropriate method for inclusion in the University's financial statements because a financial benefit and burden relationship exists between the University and GVRC. GVRC became the sole member of Lafayette-Hastings LLC in April 2013 and both entities are blended into the University's financial statements.

38 Front Avenue is a Michigan nonprofit corporation formed in 2011. 38 Front Avenue is the sole member owner of 38 Front Redevelopment, LLC, a Michigan limited liability company also formed in 2011 and dissolved as of December 31, 2013. They were formed for the purpose of advancing the expansion of the L. Seidman College of Business into a new facility. The University has operational responsibility for both entities, both are operating entirely on behalf of the University, and any outstanding debt will be repaid with resources generated by the University.

In accordance with GASB 61, 38 Front Avenue is reported as a discrete component unit. 38 Front Avenue obtains an annual financial audit as required by its financing agreements and the June 30, 2014 report can be accessed at the University's Business and Finance Office.

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

Condensed Statement of Net Position

	Grand Valley University Foundation		University Properties, Inc. and Lafayette Hastings, LLC		Grand Valley Research and Lafayette Hastings, LLC	
	2014	2013	2014	2013	2014	2013
Assets						
Current assets	\$ 310	\$ 310	\$ 110,378	\$ 99,062	\$ 491,098	\$ 153,133
Restricted current assets	1,217,428	511,109	-	-	-	-
Capital assets (net)	-	-	4,958	4,958	-	4,336,118
Other assets	-	-	3,544	5,227	266,189	270,430
Total assets	\$ 1,217,738	\$ 511,419	\$ 118,880	\$ 109,247	\$ 757,287	\$ 4,759,681
Liabilities						
Current liabilities	\$ -	\$ -	\$ 143	\$ -	\$ 166,721	\$ 18,309.00
Noncurrent liabilities	-	-	-	-	-	-
Total liabilities	-	-	143	-	166,721	18,309
Net Position						
Net investment in capital assets	-	-	4,958	4,958	-	4,336,118
Restricted:						
Nonexpendable	1,036,448	434,646	-	-	-	-
Expendable	181,290	76,773	-	-	-	-
Unrestricted	-	-	113,779	104,289	590,566	405,254
Total net position	1,217,738	511,419	118,737	109,247	590,566	4,741,372
Total liabilities and net position	\$ 1,217,738	\$ 511,419	\$ 118,880	\$ 109,247	\$ 757,287	\$ 4,759,681

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

Note I - Summary of Significant Accounting Policies (Continued)

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

	Grand Valley University Foundation		University Properties, Inc. and Lafayette Hastings, LLC		Grand Valley Research and Lafayette Hastings, LLC	
	2014	2013	2014	2013	2014	2013
Operating Revenue						
Sales and services of educational activities	\$ -	\$ -	\$ -	\$ 113,369	\$ 597,137	\$ 31,209
Auxiliary enterprises	-	-	70,781	72,888	-	-
Other	31,670	82,232	-	-	-	125,000
Total operating revenue	31,670	82,232	70,781	186,257	597,137	156,209
Operating Expense						
Personnel costs	1,061	1,083	-	-	-	-
Supplies and other	976,479	2,727,588	59,608	187,549	411,432	14,221
Depreciation	-	-	-	379,805	24,065	5,826
Total operating expense	977,540	2,728,671	59,608	567,354	435,497	20,047
Nonoperating Revenue (Expense)						
Gifts and additions to endowments	1,540,675	2,634,706	-	-	-	-
Investment income (loss)	111,514	59,401	-	-	(394)	(2,356)
Other	-	-	(1,683)	(3,137,669)	(4,312,052)	4,401,540
Total nonoperating revenue (expense)	1,652,189	2,694,107	(1,683)	(3,137,669)	(4,312,446)	4,399,184
Increase (Decrease) in Net Position	706,319	47,668	9,490	(3,518,766)	(4,150,806)	4,535,346
Net Position - Beginning of year	511,419	463,751	109,247	3,628,013	4,741,372	206,026
Net Position - End of year	\$ 1,217,738	\$ 511,419	\$ 118,737	\$ 109,247	\$ 590,566	\$ 4,741,372

Condensed Statement of Cash Flows

	Grand Valley University Foundation		University Properties, Inc. and Lafayette Hastings, LLC		Grand Valley Research and Lafayette Hastings, LLC	
	2014	2013	2014	2013	2014	2013
Net cash provided by (used in) operating activities	\$ 600,788	\$ 95,398	\$ 10,107	\$ (26,413)	\$ 289,244	\$ 36,357
Net cash provided by noncapital financing activities	-	-	-	-	-	59,596
Net cash used in capital and related financing activities	-	-	-	(2,752)	-	-
Net cash used in investing activities	(600,788)	(95,398)	-	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	10,107	(29,165)	289,244	95,953
Cash and Cash Equivalents - Beginning of year	310	310	92,150	121,315	103,133	7,180
Cash and Cash Equivalents - End of year	\$ 310	\$ 310	\$ 102,257	\$ 92,150	\$ 392,377	\$ 103,133

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Accounts Receivable - Accounts receivable are stated at net invoice amounts. An allowance for bad debts is established on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed uncollectible are charged against bad debt expense in the period that determination is made. At June 30, 2014 and 2013, there was an allowance of \$755,293 and \$799,189, respectively.

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 4.72 and 5.0 percent for the years ended June 30, 2014 and 2013, respectively. Included in pledges receivable are an unamortized discount of \$658,775 and \$1,015,301 at June 30, 2014 and 2013, respectively, and an allowance of \$9,311 and \$11,575 at June 30, 2014 and 2013, respectively.

Note Receivable - During the year ended June 30, 2012, a leveraged loan of \$16,317,780 was provided to Grand Valley Investment Fund, an unrelated entity, for the purpose of financing the construction of the L. William Seidman Center. Interest accrues at 2 percent per annum. In 2019, the payment schedule shifts from interest-only payments to addition of principal, with annual receipts due of \$892,062. The note will be retired in 2041. The note is reviewed annually and is considered fully collectible at June 30, 2014.

Note 1 - Summary of Significant Accounting Policies (Continued)

During the year ended June 30, 2013, a loan of \$9,182,220 was provided by the University to 38 Front Avenue for the purpose of financing the construction of the L. William Seidman Center. Interest accrues at 2 percent per annum. In 2020, the payment schedule shifts from interest-only payments to also including principal, with annual receipts due of \$501,974. The note will be retired in 2042. The note is reviewed annually and is considered fully collectible at June 30, 2014.

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 \$33,200 and \$967,600 at June 30, 2014 and 2013, 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.

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Scholarship Allowances and Student Aid - Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties, and federal direct lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce 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 2014 and 2013, the University distributed \$161,695,133 and \$165,000,883, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures on the accompanying financial statements.

Encumbrances - The University maintains an encumbrance system for tracking outstanding purchase orders and other commitments for materials or services not received during the year. Encumbrances totaled approximately \$45,823,000, which represents the estimated amount of expenses ultimately to result if unperformed contracts in progress at June 30, 2014 are completed. Approximately \$36,573,700 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

The unrestricted net position balance at June 30, 2014 includes \$9,492,975 of funds functioning as endowment, \$9,636,925 of capital projects in progress, \$18,919,471 of housing and auxiliary repair and maintenance funds, \$20,104,822 of debt service funds, \$29,157,087 for academic initiatives and technology, \$36,730,721 for future capital projects and debt service, and \$22,712,279 for reserves for operations and cash flow.

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Principles - Effective for the year ended June 30, 2014, the University adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*. This statement expands the disclosures for the University's defined benefit plans. This statement also changes the accounting of pension plan receivables for contributions, allowing them to be recognized only if due pursuant to legal requirements. As a result of adopting GASB No. 67, the University restated the beginning of year net position held in trust for pension benefits to reflect the new accounting standard. This reduced the net position as of July 1, 2012 and June 30, 2013 by \$1,268,407 and \$1,549,154, respectively.

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.

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

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 4.75 percent, which provides a proper balance between preservation of corpus and enhancement of the purchasing power of investment earnings.

As of June 30, 2014, the University has remaining commitments of \$5,156,818 in alternative asset investments. As of June 30, 2014 and 2013, the University had approximately \$29.5 million and \$24.2 million, respectively, invested in alternative asset investments.

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

	2014	2013
Cash and cash equivalents	\$ 33,763,708	\$ 42,646,491
Short-term investments	26,093,427	24,071,468
Restricted cash and cash equivalents	4,763,044	1,731,667
Endowment investments	100,076,069	87,526,932
Other long-term investments	<u>115,460,691</u>	<u>109,678,336</u>
Total cash and investments	<u>\$ 280,156,939</u>	<u>\$ 265,654,894</u>

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

	2014	2013
Money markets	\$ 38,526,752	\$ 38,378,158
Time deposits	1,004,184	6,000,000
Fixed-income securities	12,993,240	12,016,199
Equity security investments	63,900,962	53,918,414
Mutual bond funds	132,373,350	129,372,475
Other	<u>31,358,451</u>	<u>25,969,648</u>
Total cash and investments	<u>\$ 280,156,939</u>	<u>\$ 265,654,894</u>

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

Note 2 - Cash and Investments (Continued)

As of June 30, 2014, the University had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 38,526,752	\$ 38,526,752	\$ -	\$ -	\$ -
Time deposits	1,004,184	1,004,184	-	-	-
Mutual bond funds	132,373,350	-	71,283,551	46,510,029	14,579,770
Mutual equity funds	35,241,311	-	6,901,996	-	28,339,315
Mutual international equity funds	28,659,651	-	1,198,102	-	27,461,549
U.S. governmental agencies	12,993,240	12,993,240	-	-	-
Real estate	1,720,913	-	-	-	1,720,913
Venture capital	6,621,164	-	-	-	6,621,164
Other investments	23,016,374	-	1,333,761	-	21,682,613
Total investments and maturities	<u>\$ 280,156,939</u>	<u>\$ 52,524,176</u>	<u>\$ 80,717,410</u>	<u>\$ 46,510,029</u>	<u>\$ 100,405,324</u>

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

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

Concentration of Credit Risk

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

Note 2 - Cash and Investments (Continued)

Investments are presented above based on the segmented time distribution maturity. Mutual equity funds are considered to be long-term funds and therefore are presented as investments with a maturity over one year, whereas the mutual bond funds as of June 30, 2014 have average maturities between 0.9 years and 8.6 years and are presented as an investment with a maturity over one year. Mutual bond funds as of June 30, 2013 have average maturities between 1.0 years and 8.9 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, 2014 and 2013, the carrying amount of the University's deposits was \$38,526,752 and \$44,378,158, respectively. Of the cash balances in the bank, \$1,509,378 and \$1,840,441, respectively, was insured.

The remaining cash balances in the bank of \$39,460,798 and \$43,695,826 at June 30, 2014 and 2013, respectively, were uninsured and uncollateralized. The University does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

38 Front Avenue and 38 Front Redevelopment, LLC maintain cash balances at one bank. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2014 and 2013, the Company had uninsured deposits totaling \$0 and \$5,555,385, respectively.

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.

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

Note 2 - Cash and Investments (Continued)

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, 2014 and 2013:

	Market Value			Market Value	
	2014	Rating*		2013	Rating*
PIMCO Low Duration	\$ 14,956,823	4 star	\$	14,571,974	5 star
Western Asset	30,591,023	3 star		30,040,825	4 star
Loomis Sayles Multisector	3,639,844	5 star		3,417,188	4 star
Vanguard TIPS	6,394,984	4 star		6,277,429	3 star
Vanguard Short Term	12,771,551	4 star		12,357,612	4 star
Franklin Templeton	4,382,640	5 star		4,240,921	3 star
JPMorgan Core Bond Fund	14,597,152	4 star		14,040,274	4 star
Doubleline Total Return Bond Fund	10,483,686	5 star		9,995,551	5 star
Ridgeworth Seix Floating Rate High Income	7,011,723	2 star		6,657,725	2 star
PNC UltraShort	12,096,003	3 star		12,055,269	3 star
iShares Barclay Aggregate	-	2 star		337,711	2 star
iShares Core Total	344,610	3 star		-	
Dodge & Cox Income Fund	263,083	4 star		-	
PIMCO Total Return	206,543	3 star		402,150	4 star
Oppenheimer International	53,915	3 star		52,957	4 star
U.S. government agencies	12,993,240	AA+		12,016,199	AA+
Total	<u>\$ 130,786,820</u>			<u>\$ 126,463,785</u>	

* Star ratings obtained from Morningstar. AA+ and A? ratings obtained from S&P

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.

Note 2 - Cash and Investments (Continued)

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 18 percent and 15 percent of total cash and investments at June 30, 2014 and 2013, respectively. Investments in these funds were approximately \$51.8 million and \$41.2 million for the years ended June 30, 2014 and 2013, 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, 2014 and 2013

Note 3 - Capital Assets

Capital asset activity for the University for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 43,358,255	\$ 18,752,296	\$ -	\$ 62,110,551
Nondepreciable artwork and historical treasures	4,980,205	888,962	-	5,869,167
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	<u>7,788,033</u>	<u>28,440,286</u>	<u>-</u>	<u>36,228,319</u>
Total cost of nondepreciable capital assets	57,849,313	48,081,544	-	105,930,857
Land improvements and infrastructure	95,820,323	1,771,607	-	97,591,930
Buildings	600,624,791	21,387,323	-	622,012,114
Equipment	59,899,905	2,402,924	2,115,309	60,187,520
Library books	<u>15,210,605</u>	<u>770,239</u>	<u>232,704</u>	<u>15,748,140</u>
Total cost of depreciable capital assets	<u>771,555,624</u>	<u>26,332,093</u>	<u>2,348,013</u>	<u>795,539,704</u>
Total cost of capital assets	829,404,937	<u>\$ 74,413,637</u>	<u>\$ 2,348,013</u>	901,470,561
Less accumulated depreciation for:				
Land improvements and infrastructure	40,598,824	\$ 4,599,294	\$ -	45,198,118
Buildings	154,420,438	13,786,372	-	168,206,810
Equipment	43,146,402	3,965,619	2,091,080	45,020,941
Library books	<u>11,305,377</u>	<u>887,877</u>	<u>232,704</u>	<u>11,960,550</u>
Total accumulated depreciation	<u>249,471,041</u>	<u>\$ 23,239,162</u>	<u>\$ 2,323,784</u>	<u>270,386,419</u>
Capital assets - Net	<u>\$ 579,933,896</u>			<u>\$ 631,084,142</u>

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

Note 3 - Capital Assets (Continued)

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

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

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

Note 3 - Capital Assets (Continued)

Capital asset activity for 38 Front Avenue and 38 Front Redevelopment, LLC for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land improvements and infrastructure	\$ 1,746,000	\$ -	\$ -	\$ 1,746,000
Buildings	38,211,775	277,082	-	38,488,857
Construction in progress - Net	-	-	-	-
Total cost of capital assets	39,957,775	\$ 277,082	\$ -	40,234,857
Less accumulated depreciation for:				
Land improvements and infrastructure	-	\$ 87,300	\$ -	87,300
Buildings	-	962,221	-	962,221
Total accumulated depreciation	-	\$ 1,049,521	\$ -	1,049,521
Capital assets - Net	\$ 39,957,775			\$ 39,185,336

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

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

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, 2014 and 2013

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, 2014 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue Bonds, Series 1998	\$ 6,800,000	\$ -	\$ 1,220,000	\$ 5,580,000	\$ 1,285,000
General Revenue Bonds, Series 2007A	8,870,000	-	705,000	8,165,000	725,000
General Revenue Refunding Bonds, Series 2008A	87,865,000	-	2,620,000	85,245,000	2,840,000
General Revenue Refunding Variable Rate Demand Bonds, Series 2008B	38,400,000	-	1,630,000	36,770,000	1,675,000
General Revenue Bonds, Series 2009	47,675,000	-	1,250,000	46,425,000	1,290,000
General Revenue Bonds, Series 2011	19,545,000	-	2,070,000	17,475,000	2,155,000
General Revenue Refunding Bonds, Series 2013A	29,180,000	-	550,000	28,630,000	2,680,000
General Revenue Bonds, Series 2014A	-	23,110,000	-	23,110,000	-
Total bonds payable	238,335,000	23,110,000	10,045,000	251,400,000	12,650,000
Unamortized bond premiums	2,188,761	-	259,516	1,929,245	259,516
Net other postemployment benefits (see Note 6)	5,712,490	1,782,632	508,694	6,986,428	510,000
Defined benefit retirement payable	1,549,154	54,875	-	1,604,029	-
Charitable gift annuities payable	1,245,949	144,580	264,902	1,125,627	264,902
Ground lease payable	1,904,284	-	6,437	1,897,847	6,568
Building lease payable	-	1,001,286	-	1,001,286	-
Interest rate swap contract (see Note 5)	-	3,410,000	573,000	2,837,000	538,000
Deferred charge refunding (see Note 5)	-	(3,410,000)	(573,000)	(2,837,000)	(538,000)
Total	250,935,638	\$ 26,093,373	\$ 11,084,549	265,944,462	\$ 13,690,986
Due within one year	11,015,855			13,690,986	
Total long-term liabilities	\$ 239,919,783			\$ 252,253,476	

The changes in long-term liability for 38 Front Avenue and 38 Front Redevelopment, LLC for the year ended June 30, 2014 are as follows:

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

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

Note 4 - Long-term Liabilities (Continued)

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

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

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

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

Note 4 - Long-term Liabilities (Continued)

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

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

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

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

Note 4 - Long-term Liabilities (Continued)

At June 30, 2014 and 2013, the Series 2008B bonds bear interest based on a weekly rate determined by the remarketing agent (0.05 percent and 0.05 percent at June 30, 2014 and 2013, respectively). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes that the bonds could potentially be converted to include a daily rate mode, a commercial paper rate mode, a term rate mode, and a fixed rate mode. The bonds are subject to purchase on demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, upon seven days' notice and delivery to the remarketing agent. Liquidity for the payment of the purchase price of the bonds on any mandatory or optional tender will be provided by an irrevocable direct pay letter of credit.

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

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

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

At June 30, 2014, the Series 2013A bonds bear interest of .66 percent based on a reset rate calculated as a factor of LIBOR plus an applicable spread. The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes that the bonds could potentially be converted to include a daily rate mode, a weekly rate mode, a term rate mode, a bank rate mode, and a fixed rate mode. The bonds mature in 2025.

The General Revenue Bonds, Series 2014A, were issued in February 2014 by the board of trustees to provide a portion of the funds needed to construct, furnish, and equip a classroom and laboratory building on the Allendale Campus and a building for the relocation of the University's bookstore and printing activities, as well as an addition to Au Sable Hall. At June 30, 2014, \$23,110,000 of the \$32,120,000 bond issue has been drawn down; the balance will be drawn in the year ending June 30, 2015.

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

Note 4 - Long-term Liabilities (Continued)

At June 30, 2014, the Series 2014A bonds bear interest of .63 percent based on a reset rate calculated as a factor of LIBOR plus an applicable spread. The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes that the bonds could potentially be converted to include a daily rate mode, a weekly rate mode, a term rate mode, a bank rate mode, and a fixed rate mode. The bonds outstanding as of June 30, 2014 will mature in 2036.

Scheduled maturities of long-term liabilities are as follows:

Fiscal Year	Revenue Bonds	Annuities Payable	Total	Interest
2015	\$ 12,650,000	\$ 264,902	\$ 12,914,902	\$ 8,540,214
2016	13,255,000	264,902	13,519,902	8,092,531
2017	13,950,000	264,902	14,214,902	7,618,684
2018	14,690,000	264,902	14,954,902	7,124,368
2019	13,905,000	66,019	13,971,019	6,609,227
2020-2024	58,865,000	-	58,865,000	26,813,639
2025-2029	61,825,000	-	61,825,000	17,461,927
2030-2034	56,305,000	-	56,305,000	5,778,867
2035-2036	5,955,000	-	5,955,000	75,127
Total	<u>\$ 251,400,000</u>	<u>\$ 1,125,627</u>	<u>\$ 252,525,627</u>	<u>\$ 88,114,584</u>

38 Front Avenue and 38 Front Redevelopment, LLC Loans Payable

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

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

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

Note 4 - Long-term Liabilities (Continued)

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

Fiscal Year	Loans Payable	Interest
2015	\$ -	\$ 510,033
2016	-	510,033
2017	-	510,033
2018	152,000	509,260
2019	815,779	503,702
2020-2024	5,918,317	2,269,828
2025-2029	6,412,481	1,774,068
2030-2034	6,948,311	1,236,520
2035-2039	7,530,318	652,667
2040-2042	3,678,014	96,357
Total	<u>\$ 31,455,220</u>	<u>\$ 8,572,501</u>

Note 5 - Derivative Instruments

The University is party to derivative financial instruments (interest rate swaps) that are reported at fair value on the statement of net position at June 30, 2014 and 2013. The fair value is calculated by the counterparty to the transactions and approximates the termination value of the interest rate swaps.

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2014, classified by type and the change in fair value of such derivative instruments for the year ended as reported in the 2014 financial statements, are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2014		Notional
	Classification	Amount	Classification	Amount	
Hedging Derivatives					
Cash flow hedges:					
Pay fixed interest rate swap	Deferred outflow of resources/Interest rate swap contract	\$ 3,400,000	Liability	\$ (130,000)	\$ 28,630,000
Pay fixed interest rate swap	Deferred outflow of resources	40,000	Liability	(5,388,000)	27,940,000
	Total	3,440,000	Total	(5,518,000)	
Investment Derivative -					
Pay fixed interest rate swap	Change in fair value of derivative instruments	262,000	Liability	(648,000)	8,830,000
			Total	\$ (6,166,000)	

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

Note 5 - Derivative Instruments (Continued)

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

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

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	\$ 8,830,000	3.299% Fixed	70% of one-month LIBOR	6/1/2019	Baa2/A-
3/3/2005	Pay-fixed, Receive-variable	Cash flow hedge for Series 20013A bonds	28,630,000	3.501% Fixed	70% of one-month LIBOR	12/1/2025	Baa2/A-
9/6/2007	Pay-fixed, Receive-variable	Cash flow hedge for Series 2008B bonds	27,940,000	3.491% Fixed	70% of one-month LIBOR	12/1/2031	Baa2/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.

Note 5 - Derivative Instruments (Continued)

In fiscal year 2014, one of the University's hedging relationships was designated into a new relationship due to a refunding of the original debt. In accordance with GASB 53, this swap is now considered a hybrid instrument consisting of a financing element and an embedded derivative. The at-market amount of the swap at the time of the new hedging relationship is designated as a hedging instrument with a current mark-to-market value of \$130,000. The above-market amount which equals \$2,837,000 is considered a borrowing and included in long-term debt as an interest rate swap contract and is offset by deferred charge on refunding.

The fair values of the interest rate swaps were calculated by an independent consultant as of June 30, 2014. The fair values represent the future net settlement payments or receipts required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates.

The interest rate swaps are subject to the following risks:

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

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, 2014 was \$0. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. This maximum exposure is reduced by \$0 of collateral held and \$9,003,000 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 Baa2/A-.

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

Note 5 - Derivative Instruments (Continued)

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

Basis Risk - The University is exposed to basis risk on its LIBOR-based interest rate swaps due to variable-rate payments received by the University on these instruments based on a rate or index other than interest rates the University pays on its variable-rate debt, which is remarketed every seven days. As of June 30, 2014, the weighted average interest rate on the University's hedged variable-rate debt is .32 percent, while 70 percent of LIBOR is .11 percent.

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

Hedging Derivative Instrument Payments and Hedged Debt

As of June 30, 2014, 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 Swaps - Net	Total
	Principal	Interest		
2015	\$ 2,680,000	\$ 191,490	\$ 1,920,571	\$ 4,792,061
2016	2,770,000	173,575	1,827,821	4,771,396
2017	2,870,000	155,031	1,731,819	4,756,850
2018	2,990,000	135,755	1,632,028	4,757,783
2019	3,100,000	115,731	1,528,361	4,744,092
2020-2024	18,865,000	288,733	5,809,675	24,963,408
2025-2029	14,380,000	48,819	2,784,727	17,213,546
2030-2032	8,915,000	6,448	462,305	9,383,753
Total	<u>\$ 56,570,000</u>	<u>\$ 1,115,582</u>	<u>\$ 17,697,307</u>	<u>\$ 75,382,889</u>

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

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 \$14,481,400 and \$13,817,700 for the years ended June 30, 2014 and 2013, respectively. Total payroll covered under this plan was approximately \$120,795,700 in 2014 and \$115,281,100 in 2013.

Maintenance, grounds, and service staff hired after October 8, 2004 and professional support 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 \$678,500 in 2014 and \$594,600 in 2013. Total payroll covered under this plan was approximately \$8,481,100 in 2014 and \$7,433,000 in 2013.

Defined Benefit Plans

GVSU Professional Support Staff Employees' Retirement Plan Description

Plan administration. Grand Valley State University (GVSU) administers the GVSU Professional Support Staff Employees' Retirement Plan - a single-employer defined benefit pension plan that provides pensions for all professional support staff of the University hired before February 2, 2006. Management of the plan is vested in the Treasurer of the Board. Benefit terms have been established by contractual agreements between the University and the various employee union representation; amendments are subject to the same process.

At June 30, 2013, Retirement Plan membership consisted of the following:

Inactive plan members receiving benefits	134
Inactive members entitled to, not yet receiving benefits	91
Active plan members	264
Total participants	489

Note 6 - Retirement Plans (Continued)

Benefits provided. The Plan provides retirement and death benefits. Retirement benefits for plan members are calculated as 1.9 percent of the member's calendar year salary for the highest five years out of the last 10 years multiplied by the member's years of service. Plan members with 10 years of continuous service are eligible to retire at age 65, or with reduced benefits, as early as age 55. Death benefits are equal to the present value of accrued benefits. A plan member who leaves the University with less than 10 years of continuous service may withdraw his or her contributions.

Contributions. Article 9, Section 24 of the Regulations of the State of Michigan constitution requires the financial benefits arising on account of service rendered each year be funded during that year. The University retains an actuary to determine the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2014, the active members' contribution rate was 2 percent of annual salary and the University's contribution rate was 14.6 percent of annual payroll. As of June 30, 2014, the University recognizes a long-term liability of \$1,285,057 to the Plan under GASB 27.

Investments

Investment policy. The retirement plan's policy in regard to the allocation of invested assets is established and may be amended by the Treasurer of the Board in consultation with the GVSU Pension Plans Investment Committee. It is the policy of the Treasurer of the Board to pursue an investment strategy that is long-term and primarily equity-based. The retirement plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation
Domestic equities	64%
International equities	20%
Fixed income	8%
Cash	2%
Real estate	1%
Commodities	5%

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

Note 6 - Retirement Plans (Continued)

Concentrations. The retirement plan held no investment in any one organization that represents 5 percent or more of the retirement plan's fiduciary net position.

Rate of return. For the year ended June 30, 2014, the annual money-weighted rate of return on retirement plan investments, net of retirement plan investment expense, was 20.2 percent. The money-weighted rate of return expresses investment performance, net of investment expense.

Net Pension Liability of the University

The University reports pension expense based on funding requirements, as directed by GASB 27. Beginning next year, the University will adopt GASB 68, which will require the measurement of pension expense as it is earned, rather than as it is funded. The components of the net pension liability of the University at June 30, 2014 were as follows:

Total pension liability (TPL)	\$ 47,511,566
Plan fiduciary net position	<u>40,492,321</u>
Net pension liability (NPL)	<u>\$ 7,019,245</u>
Plan fiduciary net position as a % of the TPL	85.70%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2013, using updating procedures and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.00%
Salary increases	2.50%
Investment rate of return	6.82%

Mortality rates were based on the 1983 Group Annuity Mortality Table for Males or Females, as appropriate.

Note 6 - Retirement Plans (Continued)

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation as of June 30, 2014 (see the discussion of the retirement plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equities	64%	7.50%
International equities	20%	8.25%
Fixed income	8%	1.50%
Cash	2%	0.00%
Real estate	1%	9.23%
Commodities	5%	3.61%

The sum of target allocations times long-term expected rates is 6.82 percent.

Discount rate. The discount rate used to measure the total pension liability was 6.82 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that University contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the retirement plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on retirement plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Information about any change to the discount rate during the prior year is not applicable as 2013-2014 is the first year of required compliance with GASB 67.

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

Note 6 - Retirement Plans (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability (NPL) of the University, calculated using the discount rate of 6.82 percent, as well as what the University's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.82 percent) or one percentage point higher (7.82 percent) than the current rate:

	1% Decrease (5.82%)	Current Discount Rate (6.82%)	1% Increase (7.82%)
Net Pension Liability	\$ 13,299,997	\$ 7,019,245	\$ 1,924,098

GVSU Maintenance, Grounds, Service Employees' Retirement Plan Description

Plan administration. Grand Valley State University (GVSU) administers the GVSU Maintenance, Grounds, Service Employees' Retirement Plan - a single-employer defined benefit pension plan that provides pensions for all permanent full-time maintenance, grounds, and service employees of the University hired before October 9, 2004. Management of the plan is vested in the Treasurer of the Board. Benefit terms have been established by contractual agreements between the University and the various employee union representation; amendments are subject to the same process.

At June 30, 2013, retirement plan membership consisted of the following:

Inactive plan members receiving benefits	56
Inactive members entitled to, not yet receiving benefits	5
Active plan members	98
Total participants	<u>159</u>

Benefits provided. The plan provides retirement and death benefits. Retirement benefits for plan members are calculated as 1.9 percent of the member's calendar year salary for the highest five years out of the last 10 years multiplied by the member's years of service. Plan members with 10 years of continuous service are eligible to retire at age 65, or with reduced benefits, as early as age 55. Death benefits are equal to the present value of accrued benefits. A plan member who leaves the University with less than 10 years of continuous service may withdraw his or her contributions.

Note 6 - Retirement Plans (Continued)

Contributions. Article 9, Section 24 of the Regulations of the State of Michigan Constitution requires the financial benefits arising on account of service rendered each year be funded during that year. The University retains an actuary to determine the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2014, the active members' contribution rate was 4.25 percent of annual salary and the University's contribution rate was 14.8 percent of annual payroll. As of June 30, 2014, the University recognizes a long-term liability of \$318,972 to the plan under GASB 27.

Investments

Investment policy. The retirement plan's policy in regard to the allocation of invested assets is established and may be amended by the Treasurer of the Board in consultation with the GVSU Pension Plans Investment Committee. It is the policy of the Treasurer of the Board to pursue an investment strategy that is long-term and primarily equity-based. The retirement plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation
Domestic equities	64%
International equities	20%
Fixed income	8%
Cash	2%
Real estate	1%
Commodities	5%

Concentrations. The retirement plan held no investment in any one organization that represents 5 percent or more of the retirement plan's fiduciary net position.

Note 6 - Retirement Plans (Continued)

Net Pension Liability of the University

The University reports pension expense based on funding requirements, as directed by GASB 27. Beginning next year, the University will adopt GASB 68, which will require the measurement of pension expense as it is earned, rather than as it is funded. The components of the net pension liability of the University at June 30, 2014 were as follows:

Total pension liability (TPL)	\$ 19,474,523
Plan fiduciary net position	<u>14,941,200</u>
Net pension liability (NPL)	<u>\$ 4,533,323</u>
Plan fiduciary net position as a % of the TPL	76.7%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2013, using updating procedures and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.00%
Salary increases	2.50%
Investment rate of return	6.42%

Mortality rates were based on the 1983 Group Annuity Mortality Table for Males or Females, as appropriate.

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation as of June 30, 2014 (see the discussion of the retirement plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equities	64%	7.50%
International equities	20%	8.25%
Fixed income	8%	1.50%
Cash	2%	0.00%
Real estate	1%	9.23%
Commodities	5%	3.61%

Note 6 - Retirement Plans (Continued)

The sum of target allocations times long-term expected rates is 6.42 percent.

Discount rate. The discount rate used to measure the total pension liability was 6.42 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that University contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the retirement plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on retirement plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Information about any change to the discount rate during the prior year is not applicable as 2013-2014 is the first year of required compliance with GASB 67.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability (NPL) of the University, calculated using the discount rate of 6.42 percent, as well as what the University's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.42 percent) or one percentage point higher (7.42 percent) than the current rate:

	1% Decrease (5.42%)	Current Discount Rate (6.42%)	1% Increase (7.42%)
Net Pension Liability	\$ 6,860,990	\$ 4,533,373	\$ 7,609,369

Other Postemployment Benefits

The University has a single-employer defined benefit plan that provides certain healthcare benefits for retired faculty and staff. The plan covers 2,735 members as of July 1, 2013 and currently does not require active members to contribute to the plan. At January 1, 2014, the plan was closed to new participants.

Plan Description - Substantially all of the University's employees hired prior to January 1, 2014 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.

Note 6 - Retirement Plans (Continued)

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

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 required supplemental information 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.

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$12,196,088, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,196,088. An investment fund was established for the purpose of prefunding retiree benefits, with a market value of \$10,460,491 and \$7,664,140 at June 30, 2014 and 2013, 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 \$145,002,900 and \$138,717,600 for 2014 and 2013, respectively, and the ratio of all UAAL to covered payroll was 8.41 percent and 8.79 percent for 2014 and 2013, 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.

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.

Note 6 - Retirement Plans (Continued)

In the July 1, 2013 actuarial valuation, the projected unit cost actuarial method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses) based on the expected long-term investment returns on plan assets. The UAAL is being amortized as a projected unit credit level dollar, closed on a 15-year basis. The remaining amortization period at June 30, 2014 was eight years. Benefits valued are fixed dollar amounts.

Note 7 - Commitments

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

Beginning January 1, 2011, the University leased lab space to a private company for a five-year term. The tenant has the option of extending the lease for five additional periods of five years each. At June 30, 2014, the base rent is \$132,627 per year.

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

The University has agreed to lease office space from Bicycle Factory, LLC, beginning in the fiscal year ended June 30, 2009 for 90 months. As of June 30, 2014, the University has \$113,143 as a security deposit and \$113,143 as a put deposit. In the event the lessor elects to sell individual units (floors) therein, the University has the ability to purchase it for \$3.47 million.

Grand Valley State University

Notes to Financial Statements June 30, 2014 and 2013

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 2014 and 2013. Current liabilities for estimated claims retained by the University under self-insurance programs have been established at \$1,662,493 and \$2,130,760 as of June 30, 2014 and 2013, respectively.

	2014	2013
Balance - Beginning of year	\$ 2,130,760	\$ 1,707,600
Claims incurred and changes in estimates	27,813,816	25,758,238
Claim payments	(28,282,083)	(25,335,078)
Balance - End of year	<u>\$ 1,662,493</u>	<u>\$ 2,130,760</u>

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

The University is a participant in the Michigan Universities Self-Insurance Corporation (MUSIC). This organization provides insurance coverage for errors and omissions liability, comprehensive general liability, and all risk property insurance. In fiscal year 2014, 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.

Note 8 - Contingencies (Continued)

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

Pursuant to State of Michigan Public Act 362 of 1993, as amended, the University has previously authorized 58 public school academies. All 58 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 \$234,925,984 and \$189,224,319 was appropriated by the State in 2014 and 2013, respectively, to be allocated to the public school academies, net of approximately a 3 percent administrative fee retained by the University. At June 30, 2014, \$42,871,672 was outstanding as a receivable from the State, of which \$41,677,380 will be subsequently forwarded to support the public school academies. At June 30, 2013, \$34,309,244 was outstanding as a receivable from the State, of which \$33,383,529 was subsequently forwarded to support the public school academies. This activity is treated as an agency transaction.

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

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

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

Note 9 - Subsequent Events

The State of Michigan has approved the 2014-2015 fiscal year appropriation in the amount of \$63,136,000, which includes \$2,961,401 of performance funding.

In October 2014, the University issued \$36,940,000 of General Revenue Refunding Bonds which will be used to advance refund a portion of the Series 2009 bonds.

Supplemental Information

Grand Valley State University

Required Supplemental Information

Activity for the Maintenance, Grounds, and Service Employees' Retirement Plan and the Professional Support Staff Employees' Retirement Plan, formerly the Clerical, Office, and Technical Employees' Retirement Plan, for the years ended June 30, 2014 and 2013 is as follows:

	Maintenance, Grounds, and Service Employees' Retirement Plan		Professional Support Staff Employees' Retirement Plan	
	Year Ended June 30		Year Ended June 30	
	2014	2013	2014	2013
Additions				
Investment income:				
Interest and dividends	\$ 296,008	\$ 280,592	\$ 803,714	\$ 767,448
Net appreciation in fair value of investments	1,302,631	1,021,840	3,450,849	2,834,813
Income on sale of investments	966,332	447,518	2,704,885	1,187,779
Total investment income	2,564,971	1,749,950	6,959,448	4,790,040
Employer contributions paid	617,498	612,980	1,681,351	1,666,167
Other income	182,137	178,216	162,681	86,202
Total additions	3,364,606	2,541,146	8,803,480	6,542,409
Deductions				
Benefit payments	644,712	563,303	1,554,355	1,430,260
Administrative expense	42,023	34,866	77,694	63,174
Total deductions	686,735	598,169	1,632,049	1,493,434
Net Increase	2,677,871	1,942,977	7,171,431	5,048,975
Net Assets Held in Trust for Pension Benefits				
Beginning of year	12,263,329	10,320,352	33,320,890	28,271,915
End of year	\$ 14,941,200	\$ 12,263,329	\$ 40,492,321	\$ 33,320,890

Grand Valley State University

Required Supplemental Information (Continued)

Three-year trend information of the Maintenance, Grounds, and Service Employees' Retirement Plan and the Professional Support Staff Employees' Retirement Plan is as follows:

	Fiscal Year Ended June 30		
	2014	2013	2012
Annual pension cost	\$ 2,312,368	\$ 2,559,893	\$ 2,562,816
Percentage of annual pension cost contributed	99.4%	89.0%	90%
Net pension obligation	\$ 54,875	\$ 280,747	\$ 251,267
Accumulated net pension obligation	\$ 1,604,029	\$ 1,549,154	\$ 1,268,407

The schedule of funding progress for the Maintenance, Grounds, and Service Employees' Retirement Plan and the Professional Support Staff Employees' Retirement Plan is as follows:

Funded Status of Plan							
			Actuarial				UAAL as a
	Actuarial	Actuarial Value	Accrued Liability	Unfunded AAL	Funded	Covered	Percentage of
	Valuation Date	of Assets	(AAL)	(UAAL)	Ratio	Payroll	Covered
							Payroll
Maintenance, Grounds, and Service Employees' Retirement Plan	7/1/2013	\$ 11,638,408	\$ 17,013,390	\$ (5,374,982)	68.4%	\$ 4,181,815	128.5%
	7/1/2012	10,139,451	15,958,352	(5,818,901)	63.5%	4,339,746	134.1%
	7/1/2011	9,501,651	14,668,829	(5,167,178)	64.8%	4,328,478	119.4%
	7/1/2010	9,089,820	13,083,848	(3,994,028)	69.5%	4,365,122	91.5%
	7/1/2009	7,785,878	12,565,501	(4,779,623)	62.0%	4,303,196	111.1%
	7/1/2008	8,680,649	12,032,848	(3,352,199)	72.1%	4,379,525	76.5%
Professional Support Staff Employees' Retirement Plan	7/1/2013	\$ 30,431,378	\$ 42,953,907	\$(12,522,529)	70.8%	\$ 11,544,380	108.5%
	7/1/2012	27,733,914	41,662,852	(13,928,938)	66.6%	11,663,739	119.4%
	7/1/2011	26,157,213	38,695,427	(12,538,214)	67.6%	12,143,554	103.2%
	7/1/2010	24,910,403	33,574,376	(8,663,973)	74.2%	12,665,438	68.4%
	7/1/2009	21,489,753	31,397,107	(9,907,354)	68.4%	12,162,951	81.5%
	7/1/2008	23,648,718	29,282,091	(5,633,373)	80.8%	12,332,912	45.7%

Grand Valley State University

Required Supplemental Information (Continued)

The schedule of funding progress for the OPEB plan is as follows:

Funded Status of Plan							
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
7/1/2013	\$ -	\$ 12,196,088	\$ (12,196,088)	- %	\$ 138,717,600	8.8%	
7/1/2011	-	10,451,148	(10,451,148)	- %	124,441,600	8.4%	
7/1/2009	-	9,475,738	(9,475,738)	- %	111,775,600	8.5%	

Grand Valley State University

Professional Support Staff Employees' Retirement Plan Required Supplemental Information

Total Pension Liability (TPL)

Service cost - Beginning of year	\$ 884,731
Interest on average adjusted TPL	3,026,543
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefits payments, including refunds of member contributions	<u>(1,554,355)</u>
Net change in total pension liability	2,356,919
Total pension liability - Beginning of year	<u>45,154,647</u>
Total pension liability - End of year	<u>\$ 47,511,566</u>

Plan Fiduciary Net Position

Contributions - Employer	\$ 1,681,351
Contributions - Member	161,147
Net investment income	6,959,448
Administrative expenses	(77,694)
Benefit payments, including refunds of member contributions	(1,554,355)
Other	<u>1,534</u>
Net change in plan fiduciary net position	7,171,431
Plan fiduciary net position - Beginning of year	<u>33,320,890</u>
Plan fiduciary net position - End of year	<u>\$ 40,492,321</u>

Net pension liability - End of year **\$ 7,019,245**

Plan fiduciary net position as a % of total pension liability 85.2%

Covered employee payroll \$ 11,544,380
Net pension liability as a % of covered employee payroll 60.8%

Actuarially determined contribution offset by employee contributions \$ 1,741,333
Actual contributions by University \$ 1,681,352
Contribution deficiency (excess) \$ 59,981
Covered employee payroll \$ 11,544,380
Actual contributions as a % of covered employee payroll 14.6%

Grand Valley State University

Professional Support Staff Employees' Retirement Plan Required Supplemental Information (Continued)

Valuation Date July 1, 2013

Actuarial Methods

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar amount, closed
Remaining amortization period	26 years, declining based on average future service
Asset valuation method	4-year moving market value average recognizing 25% of gains and losses per year

Actuarial Assumptions

Retirement age	65 with 10 years of vesting service
Salary increases	2.50%/year
Investment rate of return	
Total pension liability	6.82%/year
Funding	7.00%/year
Mortality	I 983 GAM

Data Collection

Date and form of data	All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit
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Changes Since Prior Valuation

The non-elective employee contribution rate increased

Grand Valley State University

Maintenance, Grounds, Service Employees' Retirement Plan Required Supplemental Information

Total Pension Liability (TPL)

Service Cost - Beginning of year	\$ 400,689
Interest on average adjusted TPL	1,170,114
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefits payments, including refunds of member contributions	<u>(644,712)</u>
Net change in total pension liability	926,091
Total pension liability - Beginning of year	<u>18,548,432</u>
Total pension liability - End of year	<u>\$ 19,474,523</u>

Plan Fiduciary Net Position

Contributions - Employer	\$ 617,498
Contributions - Member	181,075
Net investment income	2,564,971
Administrative expenses	(42,023)
Benefit payments, including refunds of member contributions	(644,712)
Other	<u>1,062</u>
Net change in plan fiduciary net position	2,677,871
Plan fiduciary net position - Beginning of year	<u>12,263,329</u>
Plan fiduciary net position - End of year	<u>\$ 14,941,200</u>

Net pension liability - End of year **\$ 4,533,323**

Plan fiduciary net position as a % of total pension liability 76.7%

Covered employee payroll \$ 4,181,815
Net pension liability as a % of covered employee payroll 108.4%

Actuarially determined contribution offset by employee contributions \$ 612,391
Actual contributions by University \$ 617,498
Contribution deficiency (excess) \$ (5,107)
Covered employee payroll \$ 4,181,815
Actual contributions as a % of covered employee payroll 14.8%

Grand Valley State University

Maintenance, Grounds, Service Employees' Retirement Plan Required Supplemental Information (Continued)

Valuation Date July 1, 2013

Actuarial Methods

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar amount, closed
Remaining amortization period	26 years, declining based on average future service
Asset valuation method	4-year moving market value average recognizing 25% of gains and losses per year

Actuarial Assumptions

Retirement age	65 with 10 years of vesting service
Salary increases	2.50%/year
Investment rate of return	
Total pension liability	6.82%/year
Funding	7.00%/year
Mortality	1983 GAM

Data Collection

Date and form of data	All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit
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Changes Since Prior Valuation

The non-elective employee contribution rate increased

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds June 30, 2014

	Balance June 30, 2013	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2014	Retained Investment Income	Principal Balance June 30, 2014
Endowment Funds								
School of Accounting Faculty Endowed Scholarship	\$ 24,090	\$ 5,367	\$ 4,640	\$ -	\$ 3,473	\$ 37,570	\$ 7,064	\$ 30,506
Kathy A. Agard Endowed Fellowship in Community Philanthropy	127,192	-	20,925	5,450	-	142,667	34,203	108,464
John Allegrina Nontraditional Student Endowed Memorial Scholarship	8,810	4,069	2,104	-	138	15,121	3,011	12,110
Mathias J. Alten Endowment Fund	29,148	9,088	5,754	-	1,350	45,340	9,071	36,269
Alumni Heritage Scholarship Fund	779,278	49,445	132,702	34,236	2,166	929,355	248,568	680,787
WGVU - AM Radio Endowment	2,609	1,326	574	-	460	4,969	798	4,171
Eric A. Andres Live, Laugh, Love, Learn Scholarship	34,799	3,395	6,282	-	83	44,559	10,367	34,192
David G. and Mary L. Annis Scholarship	106,459	1,097	17,548	4,562	25	120,567	34,821	85,746
R.B. Annis Educational Foundation and Outreach Program Endowment	154,386	460	25,451	6,625	360	174,032	46,392	127,640
Joseph E. Appelt P.E. Engineering Scholarship Fund	46,991	-	7,731	2,014	-	52,708	16,766	35,942
APICS Scholarship Fund	41,228	25	6,785	1,767	25	46,296	41,121	5,175
Carl and Delores Arendsen Golf Scholarship	41,008	316	6,792	1,766	316	46,666	12,103	34,563
ARAMARK Student Excellence Endowed Scholarship	33,528	-	5,516	1,437	-	37,607	7,607	30,000
Bachmeier Disability Support Services Endowment	34,424	599	5,717	1,484	404	39,660	10,797	28,863
Carl and Claudia Bajema Grand Rapids Urban Schools Endowed Scholarship	37,271	5,950	7,031	1,776	5,500	53,976	10,176	43,800
Baker-Hall Physics Fund	76,966	3,075	12,999	3,363	687	90,364	34,726	55,638
Baldwin Foundation Scholarship Endowment Fund	23,008	10,000	4,949	-	-	37,957	7,957	30,000
John T. Batchelder Political Science Scholarship	40,124	125	6,614	1,722	-	45,141	11,466	33,675
William C. Baum Endowment	91,488	1,600	15,193	3,948	-	104,333	31,209	73,124
Nancy H. Baum Endowment in Dance	43,901	370	7,263	1,889	42	49,687	24,517	25,170
Beckering Family Carillon Endowment	31,142	25	5,127	1,335	-	34,959	11,499	23,460
Fred A. Bell Business Scholarship Endowment	43,628	100	7,195	1,873	145	49,195	17,594	31,601
David Alan Bergsma Scholarship Fund	60,556	-	9,962	2,595	-	67,923	57,288	10,635
Hyman H. & Greta M. Berkowitz Scholarship Fund	457,217	100	75,227	19,593	52	513,003	245,924	267,079
Biology Field and Laboratory Enhancement Fund	165,946	13,294	29,320	7,533	777	201,804	54,887	146,917
The Biomedical/Health Science Fund	37,505	2,220	6,396	1,650	150	44,621	14,969	29,652
The Rev. Darld and Joyce Black Doctor of Physical Therapy Scholarship in Memory of Robert Klein	36,332	915	6,078	1,576	200	41,949	12,533	29,416
Edith I. Blodgett Endowed Music Scholarship Fund	66,827	212	11,024	2,869	232	75,426	39,342	36,084
Archie A. Blood, Jr. '79, '83 Endowed PATHWAYS Scholarship	-	10,042	305	-	-	10,347	305	10,042
Joan Boand Athletic Scholarship Fund	73,865	1,805	12,336	3,200	150	84,956	26,867	58,089
Boand & Rowe Endowment for Advancement of Women in Sport & Physical Activity	12,617	5,913	2,945	-	6,811	28,286	3,454	24,832
Clarke and Nancy Borgeson Science, Technology and Mathematics Endowed Scholarship	-	6,119	332	-	-	6,451	332	6,119
Ira Brad Memorial Scholarship	158,135	6,225	26,686	6,908	105	184,243	45,064	139,179
William J. & Margaret G. Branstrom Fund	124,403	100	20,468	5,330	-	139,641	90,954	48,687
George and Georgia Breur Scholarship	13,854	-	2,330	-	-	16,184	6,184	10,000

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2014

	Balance June 30, 2013	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2014	Retained Investment Income	Principal Balance June 30, 2014
Endowment Funds (Continued)								
Brooks College Endowed Scholarship for Study Abroad	\$ 5,301	\$ 6,937	\$ 1,807	\$ -	\$ 6,114	\$ 20,159	\$ 1,964	\$ 18,195
The Donna K. Brooks Presidential Scholarship	346,002	50	56,932	14,828	50	388,206	127,462	260,744
Paul Brian and Margaret Susan Brooks Endowed Memorial Scholarship	17,033	23,685	5,875	-	-	46,593	6,540	40,053
The Brooks Family Minority Scholarship	336,444	40	55,350	14,416	-	377,418	125,368	252,050
Johnny C. Burton Memorial Scholarship	82,790	-	13,619	3,547	-	92,862	38,194	54,668
GVSU Scholarship Honoring Thomas A. Butcher	997	7,500	447	-	-	8,944	444	8,500
Greg Cadaret Baseball Fund	78,084	3,875	13,127	3,402	750	92,434	45,317	47,117
Dr. Johnine and Dr. Orel Callahan Honors Senior Research Program Endowment	350	775	145	-	55	1,325	165	1,160
Carlton Radiologic and Imaging Sciences Undergraduate Scholarship	6,798	-	1,143	-	-	7,941	2,341	5,600
Ara Cary Lectureship Fund	55,714	-	9,174	2,389	150	62,649	21,329	41,320
Barry Castro Business Ethics Scholarship	101,382	748	16,757	4,358	323	114,852	29,067	85,785
Bernard & Camille Cebelak Scholarship Fund	366,514	-	60,295	15,704	-	411,105	110,845	300,260
Endowment for the Center for Scholarly and Creative Excellence	382	-	65	-	-	447	147	300
Collegiate Entrepreneurs' Organization (CEO) Endowment	96,189	600	15,903	4,138	-	108,554	33,843	74,711
Robert L. Chamberlain Scholarship Fund	65,824	195	10,850	2,824	75	74,120	38,937	35,183
Ruth Chamberlain Global Issues Scholarship Endowment	109,263	6,050	18,621	4,809	-	129,125	22,075	107,050
Frederick A. Chapman Endowed Memorial Public Relations Scholarship	-	20,300	2,900	-	-	23,200	2,900	20,300
Hong Chen Memorial Endowment	27,659	-	4,550	1,185	-	31,024	9,853	21,171
Children's Enrichment Center Student Parent Scholarship	17,428	1,135	3,084	-	1,127	22,774	5,173	17,601
Douglas K. and Ellen Chung Asian Social Work Graduate Scholarship	37,899	-	6,235	1,624	-	42,510	11,818	30,692
Class of 1968 Endowed Scholarship	-	32,585	2,114	-	-	34,699	2,114	32,585
Helen Claytor Minority Scholarip	1,352,450	-	222,492	57,950	-	1,516,992	532,589	984,403
College of Liberal Arts and Sciences Endowed Scholarship	485	16,339	1,268	-	3,817	21,909	1,289	20,620
Colliers International Endowed Scholarship	16,270	-	2,736	-	-	19,006	3,406	15,600
School of Communications Scholarship Fund	53,321	859	8,883	2,306	588	61,345	18,806	42,539
Community Foundation for Muskegon County Interfaith Dialogue Fund*	377,482	-	62,099	16,174	-	423,407	102,058	321,349
GVU Foundation Community Leadership Endowment*	133,627	76,203	27,360	6,753	599	231,036	40,937	190,099
College of Education Future Teacher Scholarship	54,197	9,451	9,871	2,489	6,565	77,595	15,623	61,972
Computing and Information Systems Scholarship Fund	144,738	4,081	24,331	6,302	2,535	169,383	58,304	111,079
Cook Leadership Fellows of Hauenstein Center for Presidential Studies	1,253,649	8,395	206,946	53,846	2,078	1,417,222	382,413	1,034,809
The Coopersville Scholarship	1,135,274	925	186,861	48,663	120	1,274,517	258,381	1,016,136
Professional Support Staff (PSS) Scholarship Endowment Fund	141,086	2,602	23,559	6,112	2,483	163,618	47,184	116,434
David Daniels Memorial Scholarship	82,256	1,073	13,645	3,546	385	93,813	42,080	51,733
Gilbert R. and Patricia K. Davis Endowed Merit Scholarship for Part/full-time Junior and Senior English Majors	110,356	253	18,187	4,735	187	124,248	48,492	75,756
Greta & Arthur DeLong Perpetual Scholarship Fund	84,622	50	13,927	3,627	-	94,972	41,112	53,860
Kendal J. DenBleyker Endowed Scholarship	51,845	-	8,529	2,221	-	58,153	8,153	50,000
Aaron M. DesRocher Memorial Chemistry Scholarship	36,300	30	5,975	1,556	-	40,749	10,409	30,340

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2014

	Balance June 30, 2013	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2014	Retained Investment Income	Principal Balance June 30, 2014
Endowment Funds (Continued)								
Dick and Betsy DeVos Leadership Fellow Endowment for the Hauenstein Center for Presidential Studies	\$ 150,210	\$ -	\$ 24,711	\$ 6,436	\$ -	\$ 168,485	\$ 68,475	\$ 100,010
Pamella and Daniel G. DeVos Musical Theater Scholarship	50,306	1,280	8,442	2,187	1,200	59,041	12,561	46,480
Robert and Edward DeVries Families Campus Ministry Fund	701	42	121	-	30	894	222	672
Marvin G. DeVries Endowed Scholarship	26,328	2,739	4,738	-	1,705	35,510	6,140	29,370
DeWitt Barrels Inc. Environmental Science and Natural Resources Scholarship	61,309	6,138	10,758	2,759	588	76,034	15,822	60,212
John R. DeYoung Leadership Fellow Endowment	13,849	8,000	3,578	-	-	25,427	5,427	20,000
Mary Jane Dockeray Scholarship Fund	96,072	-	15,807	4,117	52	107,814	44,906	62,908
DV Alpha Scholarship Endowment	11,297	5,000	2,154	-	-	18,451	3,451	15,000
Scott M. Dykstra Oliver Products Company Engineering Scholarship	65,646	125	10,812	2,815	-	73,768	23,564	50,204
L.V. Eberhard Scholarship Fund	631,644	75	103,914	27,065	-	708,568	439,270	269,298
Becky Eckstrom Environmental Studies Scholarship Endowment	-	33	2	-	-	35	2	33
Economics Department Faculty Endowed Scholarship	19,468	2,235	3,536	-	1,596	26,835	5,659	21,176
Valerie P. Eggert Distinguished Scholarship in Philanthropy	38,940	-	6,405	1,668	-	43,677	12,042	31,635
Eitzen Voice Scholarship	170,325	2,989	28,362	7,362	2,105	196,419	75,619	120,800
Empowering Haiti Through Education Fund	16,970	5,695	3,325	-	2,820	28,810	5,083	23,727
English Faculty Endowed Scholarship for New Majors	477	1,061	226	-	937	2,701	234	2,467
School of Engineering Fund	203,622	2,042	33,711	8,765	602	231,212	96,009	135,203
Jean Enright Women and Gender Studies Scholarship	32,973	3,972	5,942	1,517	831	42,201	11,731	30,470
Faculty Teaching and Learning Center Endowment	2,498,810	-	411,081	107,069	-	2,802,822	887,441	1,915,381
Finance Department Endowment	106,060	700	17,535	4,561	600	120,334	38,536	81,798
Finance Department Faculty Endowed Scholarship	28,769	4,354	5,463	-	3,770	42,356	8,982	33,374
First Generation Urban Schools Scholarship	65,318	4,627	11,302	2,901	3,858	82,204	18,324	63,880
Richard E. Flanders Scholarship Fund	156,278	1,095	25,814	6,716	120	176,591	83,364	93,227
Barbara Flaschenriem Endowed Classics Scholarship	-	32,497	4,816	-	5,563	42,876	4,816	38,060
Robert W. Fletcher Memorial Endowment	124,687	6,688	21,269	5,491	5,578	152,731	32,936	119,795
Football Alumni Endowment Fund	143,018	10,583	24,326	6,264	2,830	174,493	46,578	127,915
Frey Foundation Chair for Family Foundations and Philanthropy	1,686,688	112	277,488	72,273	41	1,892,056	391,900	1,500,156
The General Dynamics Land Systems Engineering Scholarship	44,471	-	7,316	1,906	-	49,881	17,881	32,000
Geology Development Fund	135,316	750	22,293	5,801	-	152,558	80,806	71,752
Geology Student Field Camp Endowment	58,820	1,283	9,789	2,540	480	67,832	20,896	46,936
Norman Gibson Geology Field Study Scholarship	60,854	8,648	10,664	2,719	1,180	78,627	15,092	63,535
Charlotte A. Gierst & Salome C. Egeler Trust Fund	81,536	195	13,441	3,499	120	91,793	44,763	47,030
Richard Giles Memorial Scholarship Fund	402,178	350	66,200	17,240	-	451,488	285,478	166,010
Eric Jon Gillette Memorial Scholarship	35,640	-	5,863	1,527	-	39,976	9,876	30,100
George and Barbara Gordon Endowment for the Gordon Gallery	270,572	50,040	47,477	9,366	-	358,723	58,583	300,140

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2014

	Balance June 30, 2013	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2014	Retained Investment Income	Principal Balance June 30, 2014
Endowment Funds (Continued)								
John and Barbara Gracki Football Degree Completion Scholarship Fund	\$ 48,824	\$ 850	\$ 8,073	\$ 2,100	\$ -	\$ 55,647	\$ 10,647	\$ 45,000
The Graduate Teacher Certification Scholarship	91,073	614	15,081	3,922	770	103,616	30,922	72,694
Grand Valley Grand Forum Endowment	260,382	6,249	43,072	11,171	158	298,690	119,052	179,638
The Grand Valley Lanthorn Merit Scholarship	40,472	125	6,662	1,734	-	45,525	15,385	30,140
Grand Valley State University Athletic Fund	294,843	12,628	49,329	12,764	2,218	346,254	108,883	237,371
Grand Valley State University Fund	5,174,754	426,790	893,218	253,972	(300,363)	5,940,427	3,755,017	2,185,410
GVSU Interprofessional Education Initiative Endowment Fund	7,618	754	1,421	-	690	10,483	2,529	7,954
GVSU LGBT Scholarship Endowment	129,844	4,622	21,891	5,659	3,479	154,177	39,217	114,960
Grand Valley State University Symphony Orchestra Endowed Scholarship	10,913	746	1,906	-	390	13,955	3,354	10,601
Women's Center Non-Traditional Student Scholarship	91,867	656	15,202	3,953	706	104,478	30,806	73,672
Tom and Marcia Haas & Family Laker Marching Band Scholarship	49,199	7,000	9,033	2,287	7,025	69,970	13,544	56,426
Rick K. Hamlin Endowed Memorial Scholarship	14,849	5,900	2,790	-	-	23,539	3,439	20,100
Earl Harper Scholarship Fund	70,264	-	11,560	3,011	-	78,813	40,718	38,095
Hauenstein Center for Presidential Studies Endowment	631,275	1,026,597	193,298	44,695	2,263	1,808,738	340,479	1,468,259
Center for Health Sciences Simulation Endowment	37,966	254	6,420	-	227	44,867	17,715	27,152
Joyce Hecht Distinguished Scholarship in Philanthropy	157,108	240	25,869	6,736	25	176,506	54,791	121,715
William Hegarty Endowment Fund	34,850	-	5,733	1,493	-	39,090	13,106	25,984
Arthur C. Hills Music Scholarship Fund	91,464	1,471	15,192	3,946	496	104,677	52,747	51,930
Hispanic Scholarship Fund	74,342	-	12,230	3,185	-	83,387	34,201	49,186
Dr. James D. Hoffman Scholarship	100,967	-	16,610	4,326	-	113,251	40,200	73,051
The Hilda C. Holder Endowed Scholarship for Women in Business Fund	44,653	-	7,346	1,913	-	50,086	14,986	35,100
Honors Program Enrichment	34,705	1,233	5,866	1,517	1,138	41,425	13,458	27,967
Hosford Family Excellence in Academics and Athletics Endowed Scholarship	-	75,723	2,687	-	-	78,410	2,687	75,723
Hospitality and Tourism Management Department Endowment	46,882	2,101	7,959	2,055	1,470	56,357	14,350	42,007
J. C. Huizenga Business Scholarship	66,707	40	10,975	2,858	-	74,864	18,224	56,640
The Professor Paul A. Huizenga Biology Education Scholarship	140,105	7,500	23,730	6,125	-	165,210	43,046	122,164
W.G. Jackson Fund	246,082	345	40,511	10,549	120	276,509	119,330	157,179
Nathan M. Hurwitz Memorial Scholarship	31,992	1,800	5,427	1,400	695	38,514	5,644	32,870
Todd Jager Memorial Graduate Athletic Training Student Award	68,421	4,900	12,070	3,091	6,000	88,300	19,813	68,487
Michael and Susan Jandernoa Scholarship Endowment	232,855	40	38,308	9,977	-	261,226	60,185	201,041
The Dorothy A. Johnson Center for Philanthropy Library Endowment	746,231	72	122,771	31,976	41	837,139	330,499	506,640
The Dorothy A. Johnson Center for Philanthropy Operations Endowment	4,486,839	26,481	741,015	192,818	1,388	5,062,905	1,447,400	3,615,505
Johnson Leadership Scholarship Endowment	34,359	1,000	5,759	1,493	-	39,625	8,625	31,000
Jurries Family Scholarship	39,451	41	6,491	1,690	-	44,293	14,252	30,041
Justice and Society Endowed Scholarship	45,185	30	7,438	1,937	20	50,736	10,666	40,070

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2014

	Balance June 30, 2013	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2014	Retained Investment Income	Principal Balance June 30, 2014
Endowment Funds (Continued)								
Sylvia and Richard Kaufman Interfaith Institute Endowment	\$ 657,567	\$ 81,700	\$ 115,468	\$ 29,486	\$ 2,479	\$ 827,728	\$ 186,116	\$ 641,612
Kaufman Family Endowed Scholarship Honoring L. William Seidman	-	35,000	1,062	-	-	36,062	1,062	35,000
Fred M. and Bernadine Keller Engineering Diversity Scholarship	60,685	425	10,028	2,609	275	68,804	17,529	51,275
W.K. Kellogg Community Philanthropy Chair	1,153,971	350,000	248,694	-	-	1,752,665	252,665	1,500,000
Kurt F. Kimball Scholarship Endowment	48,858	1,195	8,126	2,109	120	56,190	21,042	35,148
Joseph Spruit Engineering Scholarship	62,909	-	10,352	2,696	50	70,615	18,115	52,500
Dr. Wayne and Paula Kinzie Counseling Staff Professional Development Endowment	181,319	1,500	30,813	-	5,000	218,632	53,499	165,133
Kirkhof College of Nursing Endowment	210,585	9,704	35,793	9,241	5,604	252,445	74,041	178,404
Dr. Donald J. Klein, Sr. Graduate Endowed Scholarship in Accounting	150,452	7,970	25,604	6,615	-	177,411	45,400	132,011
Professor Charles Knop Chemistry Scholarship	39,235	4,801	6,820	1,742	471	49,585	11,659	37,926
Walton Boston Koch Memorial Scholarship	40,600	60	6,687	1,741	60	45,666	23,454	22,212
The Albert S. and Ella D. Koeze Art Scholarship	71,879	-	11,825	3,080	-	80,624	26,129	54,495
A. Scott and Ruth P. Koeze Graduate Business Scholarship	41,201	-	6,778	1,765	-	46,214	12,034	34,180
MaryBeth Koeze Art Scholarship	78,654	250	12,952	3,373	-	88,483	17,796	70,687
MaryBeth Koeze Endowed Scholarship in memory of Dr. Thomas Henry Koeze	78,654	-	12,939	3,370	-	88,223	17,786	70,437
Koeze Business Ethics Initiative (KBEI) at the Seidman College of Business	-	200,704	6,090	-	-	206,794	6,090	200,704
Dirk Koning Film and Video Scholarship	50,953	1,175	8,506	2,207	290	58,717	16,663	42,054
The Jack J. Korff Seidman College of Business Finance Scholarship	76,860	5,000	13,180	3,399	-	91,641	21,531	70,110
Lynne Kraemer Memorial Scholarship	44,219	-	7,275	1,895	-	49,599	31,605	17,994
Kutsche Office of Local History Endowment	189,356	28,103	32,771	8,440	929	242,719	37,150	205,569
Lake Michigan Writing Project Endowment	79,829	-	14,397	3,676	25,000	115,550	15,550	100,000
The LGBT Resource Center	9,714	3,578	1,857	-	913	16,062	3,288	12,774
Richard H. Lefebvre Geology Field Education Fund	63,679	2,548	10,813	2,796	805	75,049	17,222	57,827
The Mike Lints Track and Field Equipment Endowment	69,300	9,051	12,324	3,146	1,153	88,682	21,754	66,928
Anonymous Endowed Pre-Law Scholarship	31	219	34	-	156	440	34	406
Logie Fellowship Endowment	169,458	600	27,947	7,275	100	190,830	58,295	132,535
Loutit Foundation Fund	263,867	46	41,078	-	(18,550)	286,441	71,522	214,919
Bucky Love WGVU TV Music Program Endowment	-	40,000	4,319	-	-	44,319	4,319	40,000
Arend D. and Nancy Lubbers Honors College Scholarship	828,427	466	136,329	35,505	70	929,787	313,230	616,557
McFadden Picciuca International Child Welfare Scholarship	18,734	418	3,191	-	268	22,611	8,281	14,330
T.J. Maciak Give Life Endowed Scholarship	4,017	2,802	1,087	-	3,283	11,189	1,243	9,946
Dr. Faite R-P. Mack and Dr. Thomas E. Jackson Scholarship Fund	82,044	12	13,499	3,516	12	92,051	41,086	50,965
Dr. Nancy K. Mack Endowed Scholarship	-	15,000	455	-	-	15,455	455	15,000

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2014

	Balance June 30, 2013	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2014	Retained Investment Income	Principal Balance June 30, 2014
Endowment Funds (Continued)								
Eric I. Maino Community Technology Award Endowment	\$ 39,841	\$ -	\$ 6,554	\$ 1,707	\$ -	\$ 44,688	\$ 11,050	\$ 33,638
Teri Linn (Houghton) Marsh Endowed Memorial Nursing Scholarship	34,856	15,795	8,207	1,981	16,235	73,112	8,387	64,725
Jean E. Martin Doctor of Nursing Practice Scholarship	264,528	5,200	44,069	11,443	100	302,454	95,846	206,608
Mathematics Endowment Fund	230,100	2,950	38,196	9,924	1,610	262,932	126,403	136,529
Regional Math and Science Center Endowment	190,421	370	31,363	8,166	165	214,153	86,162	127,991
Russell G. Mawby Fellowship in Philanthropic Studies	168,015	-	27,640	7,199	-	188,456	52,749	135,707
Fred Meijer Diversity Scholarship*	40,930	-	6,884	-	-	47,814	22,814	25,000
Frederik Meijer Endowed Honors Chair in Entrepreneurship and Innovation	1,694,322	-	278,733	72,598	-	1,900,457	400,457	1,500,000
Frederik Meijer First Generation Honors College Student Scholarship Endowment	2,870,789	207	472,286	123,009	25	3,220,298	718,416	2,501,882
Frederik Meijer Honors College Service-Learning Endowment	-	2,525	520	-	2,525	5,570	520	5,050
Frederik Meijer Lecture Series Endowment	449,576	-	73,960	19,263	-	504,273	204,273	300,000
GVUF Meijer Scholarship*	-	500,000	15,171	-	-	515,171	15,171	500,000
Corky Meinecke Scholarship Endowment Fund	70,928	70	11,674	3,041	10	79,641	25,927	53,714
Memorial Garden Endowment	5,741	240	973	-	-	6,954	3,294	3,660
Mercantile Bank of Michigan Upward Bound (TRiO) Program Endowment	41,742	-	7,020	-	-	48,762	8,762	40,000
Paul C. and Florence Miller Mineral Collection Endowment	56,831	50	9,355	2,436	-	63,800	22,850	40,950
Paul C. Miller Scholarship Fund	185,237	-	30,473	7,937	-	207,773	107,450	100,323
Mithilesh & Jitendra Mishra Foreign Student/Faculty Scholarship Fund	33,504	-	5,513	1,436	-	37,581	14,662	22,919
Modern Languages Endowed Study Abroad Scholarship	915	1,537	402	-	1,934	4,788	400	4,388
Jacob B. Mol Family Scholarship Fund	91,175	-	15,000	3,907	-	102,268	53,305	48,963
Movement Science Student Excellence Endowed Scholarship	10,957	67	1,848	-	17	12,889	2,805	10,084
Rodney J. Mulder Social Work Scholarship	88,945	1,650	14,781	3,841	650	102,185	29,556	72,629
Mullendore Legal Studies Criminal Justice Scholarship	273,135	10,160	46,527	12,019	10,106	327,909	76,717	251,192
Mark A. and Elizabeth C. Murray International Travel Fund	85,198	14,431	15,316	3,895	1,979	113,029	23,465	89,564
Benjamin Mutnick Endowed Hospitality and Tourism Management Scholarship	-	7,334	307	-	-	7,641	307	7,334
Nichols Sustainability Scholarship	38,023	300	6,288	1,636	-	42,975	9,934	33,041
Glenn A. and Betty J. Niemeyer History Scholarship Endowment	132,464	2,150	22,010	5,718	472	151,378	57,163	94,215
Dr. Roy and Patricia Olsson Jr. Health Professions Scholarship	15,973	2,065	2,967	-	2,040	23,045	5,222	17,823
Joel J. Orosz Endowed Fellowship in Philanthropy	113,846	20	18,729	4,878	-	127,717	25,866	101,851
Herta Oswalt WGVU Culinary Television Program Endowment	48,101	-	7,913	2,061	-	53,953	11,953	42,000
The Nedra J. Otis Art Scholarship	111,975	1,063	18,558	4,824	829	127,601	38,013	89,588
Arnold C. Ott Lectureship in Chemistry	906,711	1,062	149,279	38,873	38	1,018,217	496,159	522,058
Candace Otte Scholarship for Nursing	33,051	-	5,437	1,416	-	37,072	11,419	25,653
The Ott-Stiner Fellowship in Chemistry and Natural Sciences	26,144	21,139	6,965	-	7,671	61,919	10,619	51,300
Barbara Padnos Scholarship Fund	1,307,803	669	215,235	56,054	537	1,468,190	457,888	1,010,302
Esther R. Padnos Nursing Scholarship	130,446	20,546	23,630	6,016	10	168,616	27,568	141,048

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2014

	Balance June 30, 2013	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2014	Retained Investment Income	Principal Balance June 30, 2014
Endowment Funds (Continued)								
Seymour and Esther Padnos Engineering Scholarship	\$ 663,007	\$ -	\$ 109,072	\$ 28,409	\$ -	\$ 743,670	\$ 231,295	\$ 512,375
Stuart and Barbara Padnos Chair in Art and Design	1,596,281	80	262,607	68,397	-	1,790,571	289,316	1,501,255
Padnos/Sarosik Endowed Professorship of Civil Discourse	267,935	43	44,080	11,481	-	300,577	50,512	250,065
Joan A. Panopoulos Scholarship	43,348	868	7,193	1,870	75	49,614	8,564	41,050
LT James W. Parmelee Memorial Scholarship	38,603	1,050	6,444	1,670	-	44,427	9,777	34,650
Don and Diane Paton Family Entrepreneur Scholarship	34,121	250	5,621	1,462	-	38,530	9,630	28,900
Eugene and Lillian Pawl Scholarship	3,287	350	570	-	-	4,207	1,107	3,100
Peace and Justice Activist Scholarship	62,398	503	10,324	2,685	300	70,840	33,765	37,075
Ross W. Perry Bachelor of Science Scholarships	282,119	400	46,428	12,090	-	316,857	111,342	205,515
Physical Therapy Department Fund	77,374	1,813	12,925	3,350	1,125	89,887	29,721	60,166
William F. Pickard Fund	90,129	125	14,840	3,864	-	101,230	70,315	30,915
Pioneer Class Endowed Scholarship	23,836	15,043	5,525	-	-	44,404	7,193	37,211
Plant Service Personnel Decendants Scholarship Fund	614,287	18,734	102,773	26,607	10,210	719,397	232,923	486,474
PNC Early Childhood Education Scholarship Endowment	140,546	10,000	24,193	6,233	-	168,506	32,324	136,182
Positive Black Women Endowment Fund	66,444	1,066	11,044	2,869	566	76,251	22,322	53,929
Paul W. Potter and Margaret E. Potter Scholarship	52,329	5,000	9,144	2,347	-	64,126	13,026	51,100
The Judith S. Pratt Non-Traditional Nursing Scholarship	83,703	1,770	13,940	3,619	220	96,014	28,077	67,937
Berthold Price Scholarship Fund	170,139	-	27,989	7,290	-	190,838	94,203	96,635
Price Heneveld Engineering Scholarship	189,713	-	31,211	8,129	13	212,808	62,490	150,318
Margaret Proctor School of Communications Scholarship	44,830	2,874	7,616	1,960	957	54,317	19,380	34,937
Orgulloso de Ser 'Proud to Be' Scholarship Endowment	-	210	6	-	-	216	6	210
Dr. George I. and Helen Z. Quimby Scholarship	38,341	840	6,423	1,666	500	44,438	15,349	29,089
Dr. George I. Quimby Memorial Anthropology Endowment	37,523	1,450	6,357	1,643	1,100	44,787	11,506	33,281
Rauch Family Leadership Endowed Scholarship for Portage Schools	38,675	10,000	6,666	1,657	-	53,684	8,384	45,300
Redfield Financial Group Business and Baseball Endowed Scholarship	32,083	-	5,395	-	-	37,478	7,018	30,460
John W. and Virginia M. Reifel Economics Scholarship	142,330	10,000	24,991	6,411	10,000	180,910	40,785	140,125
Reister Family Scholarship Endowment	104,078	540	17,171	4,469	-	117,320	35,896	81,424
Reverend Dennis and E. Jean (Lackey) McMurray Academic Achievement Scholarship	183	-	31	-	-	214	90	124
Peter P. and Patricia R. Renucci Medical Lab Sciences Scholarship Endowment	39,724	593	6,619	1,718	622	45,840	11,276	34,564
Peter P. Renucci Family Medical Lab Sciences Scholarship Endowment	37,816	668	6,312	1,638	630	43,788	10,915	32,873
Warren Reynolds Endowed Scholarship	26,027	2,787	4,455	1,150	54	32,173	11,645	20,528
Rockford Construction Student Enterprise Endowment	9,974	20,000	3,061	-	-	33,035	3,035	30,000
Stephen C. Rowe Student Summer Scholars Fellowship	4,696	2,578	1,153	-	2,444	10,871	1,362	9,509
Paul A. '72 & Janet M. (Nickless) '71 Royce Endowed PATHWAY Scholarship	-	10,000	303	-	-	10,303	303	10,000
Laura Sakoski Memorial Scholarship	24,329	3,076	4,477	-	100	31,982	9,354	22,628

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2014

	Balance June 30, 2013	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2014	Retained Investment Income	Principal Balance June 30, 2014
Endowment Funds (Continued)								
John Salski Memorial Fund	\$ 42,358	\$ -	\$ 6,968	\$ 1,815	\$ -	\$ 47,511	\$ 16,986	\$ 30,525
The J. Patrick Sandro Education Scholarship	71,033	100	11,693	3,045	-	79,781	24,863	54,918
School of Public and Nonprofit Administration Endowment	63,171	5,655	10,918	2,803	812	77,753	22,662	55,091
The Ilene I. Schooley Biomedical Sciences Scholarship	39,186	150	6,462	1,682	-	44,116	13,677	30,439
William Schroeder Undergraduate Endowed Fellowship in Chemistry	34,595	650	5,866	-	150	41,261	10,111	31,150
Science Equipment Fund	2,244,987	385	369,365	96,201	-	2,518,536	1,521,381	997,155
Engineering/Computing & Information Systems Scholarship	82,174	755	13,563	3,527	125	93,090	58,535	34,555
Mary & Wilhelm Seeger Scholarship Fund	219,647	8,796	36,930	9,558	191	256,006	94,438	161,568
Seidman College of Business Commercial Real Estate Scholarship	17,093	3,000	3,198	-	-	23,291	6,291	17,000
Seidman College of Business Study Abroad Scholarship	47,530	57,895	10,764	2,396	1,867	115,660	20,929	94,731
Seidman College of Business Management Department Scholarship	11,478	2,387	2,141	-	858	16,864	5,034	11,830
Seidman Endowment Fund	1,444,594	2,713	237,890	61,939	795	1,624,053	937,709	686,344
Seidman Enrichment Fund	670,323	6,000	110,782	28,822	-	758,283	436,059	322,224
Esther L. Seidman Chair in Management Fund	373,512	-	61,447	16,004	-	418,955	243,556	175,399
The Margaret Sellers Walker Distinguished Practitioner Lecture Series in Public and Nonprofit Administration	4,320	422	778	-	141	5,661	1,645	4,016
John J. and Marjorie E. Shepard Communications Scholarship	242,863	80	39,956	10,406	-	272,493	102,924	169,569
Marilyn & BP Sherwood Seidman College of Business Scholarship for Non-Traditional Students	60,480	5,200	10,115	2,594	-	73,201	21,067	52,134
Ryan Short Memorial Scholarship Fund	95,377	1,083	15,844	4,116	1,195	109,383	33,929	75,454
Frederick S. Singer Memorial Veteran's Endowed Scholarship	16,860	569	3,565	-	13,328	34,322	3,762	30,560
Ram and Usha Singh Social Work Scholarship	37,944	-	6,242	1,626	-	42,560	14,065	28,495
Anonymous Endowed Scholarship 137894	-	3,000	305	-	3,000	6,305	305	6,000
Drs. Esther and Enrico Sobong Scholarship	40,187	46	6,613	1,722	-	45,124	13,998	31,126
Social Work Faculty Development Fund	42,671	-	7,019	1,828	-	47,862	25,687	22,175
The Social Work Minority Scholarship	44,434	-	7,310	1,904	-	49,840	16,407	33,433
Social Work Scholarship Fund	43,176	253	7,132	1,855	183	48,889	16,925	31,964
Spectrum Health Diversity Scholarship	95,526	-	15,715	4,093	-	107,148	31,857	75,291
Paul Springer Crew Scholarship	15,929	2,675	2,777	-	188	21,569	5,452	16,117
Statistics Endowment Fund	58,828	1,182	9,845	2,553	1,112	68,414	18,135	50,279
Steelcase Inc. Seidman College of Business Diversity Scholarship	130,278	-	21,432	5,582	-	146,128	45,593	100,535
The Howard and Rose Stein Endowed Biology Scholarship	63,148	1,269	10,515	2,729	144	72,347	22,579	49,768
George and Marianne Stein Endowed Memorial Scholarship	-	50,000	5,400	-	-	55,400	5,400	50,000
Joseph Stevens Freedom Fund	132,375	796	21,851	5,685	250	149,587	66,874	82,713
Esther Rehm Stotz Scholarship Fund	154,841	25	25,476	6,635	-	173,707	102,369	71,338
The Subar Family - Model Coverall Service Scholarship	45,624	1,000	7,556	1,965	-	52,215	16,755	35,460

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2014

	Balance June 30, 2013	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2014	Retained Investment Income	Principal Balance June 30, 2014
Endowment Funds (Continued)								
Student Sustainability Endowment Fund	\$ 15,141	\$ 356	\$ 2,557	\$ -	\$ -	\$ 18,054	\$ 4,650	\$ 13,404
Duke Tanaka Jr. Anatomy Scholarship	39,628	590	6,574	1,708	-	45,084	12,136	32,948
Tax Program Fund	152,920	350	25,180	6,557	-	171,893	102,413	69,480
AT&T Pioneers Michigan Chapter Scholarship	74,456	-	12,249	3,190	-	83,515	40,540	42,975
Charles L Toot Endowed Memorial Golf Scholarship	18,446	2,581	3,463	-	2,000	26,490	5,099	21,391
Edward Tremba Geology Scholarship Fund	90,795	1,300	15,066	3,915	1	103,247	51,590	51,657
Office of Undergraduate Research and Scholarship (OURS) Endowment	3,273	1,256	642	-	521	5,692	826	4,866
University Library Fund	342,814	10,319	57,360	14,865	3,653	399,281	200,307	198,974
David and Carol Van Andel Leadership Fellow Endowment for the Hauenstein Center for Presidential Studies	128,620	-	21,159	5,511	-	144,268	44,268	100,000
The Donald and Barbara Vanderjagt Mathematics and Athletic Scholarship	72,913	3,000	12,340	3,193	-	85,060	23,648	61,412
VanSteeland Campus Beautification Fund	143,162	942	23,627	6,146	442	162,027	89,590	72,437
Richard E. Veazey Graduate Academic Scholarship in Accounting	345,942	150	56,918	14,824	-	388,186	82,904	305,282
Kenneth Venderbush Endowment Fund	30,589	1,250	5,166	1,337	-	35,668	15,493	20,175
P. and J. Versluis Endowed Scholarship	-	110,000	11,880	-	-	121,880	11,880	110,000
Veteran's History Project Endowment	46,498	861	7,744	2,011	28	53,120	12,177	40,943
Volkhardt Family Scholarship	156,179	350	25,730	6,699	-	175,560	55,053	120,507
The Waddell/Treanor Native Plant Endowment	801,760	150	131,921	34,358	150	899,623	193,066	706,557
Anonymous Endowed Math and Science Scholarship	-	10,000	508	-	-	10,508	508	10,000
Florence Cowan Ward Scholarship for Nursing	166,770	7,690	27,940	7,218	-	195,182	58,368	136,814
Margaret F. Ward Art and Design Scholarship	36,795	-	6,054	1,577	-	41,272	11,196	30,076
Margaret Ward Music Scholarship	36,267	443	6,027	1,566	410	41,581	12,465	29,116
Margaret Ward WGVU Symphony and Art Programming Endowment Fund	59,770	-	9,833	2,561	-	67,042	23,651	43,391
The John D. Wardrop Leadership Fellow Endowment	41,500	1,190	6,945	1,801	50	47,884	13,939	33,945
Maribeth Wardrop Leaders in Philanthropy Scholarship	72,787	896	12,056	3,132	433	83,040	17,680	65,360
WGVU Engineering Student Co-op Endowment	2,421	-	407	-	-	2,828	1,728	1,100
WRI Equipment Fund	2,423,120	202	398,655	103,831	192	2,718,338	1,557,774	1,160,564
WGVU - FM Radio Program Endowment Fund	62,328	4,116	10,638	2,742	896	75,236	19,375	55,861
WGVU-TV Program Fund	103,559	11,127	17,871	4,582	1,505	129,480	30,601	98,879
WGVU LZ Michigan Scholarship Endowment	14,294	16,960	4,346	-	1,275	36,875	4,987	31,888
WGVU-TV Scholarship Fund	414,566	278	68,230	17,769	24	465,329	259,467	205,862
Weldon Memorial Chemistry Fund	214,160	1,607	35,371	9,201	444	242,381	110,164	132,217
Bonnie Wesorick Center for Health Care Transformation Endowment	772,609	107,067	141,053	-	6,761	1,027,490	292,017	735,473
West Side Service Projects Endowment	33,729	10	5,549	1,445	-	37,843	8,700	29,143
West Shore AWARE Scholarship	69,806	125	11,488	2,991	-	78,428	18,303	60,125
Westerman Nursing Scholarship Fund	176,427	10,600	29,550	7,663	-	208,914	86,340	122,574

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2014

	Balance June 30, 2013	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2014	Retained Investment Income	Principal Balance June 30, 2014
Endowment Funds (Continued)								
Jonathan and Marcia White Honors College Endowed Scholarship	\$ 37,714	\$ 525	\$ 6,266	\$ 1,628	\$ 325	\$ 43,202	\$ 7,506	\$ 35,696
Gleaves Whitney Leadership Fellow Endowment at the Hauenstein Center for Presidential Studies	9,057	2,220	1,824	-	2,160	15,261	2,421	12,840
Shawn D. Wiersma Criminal Justice Memorial Scholarship	42,637	329	7,044	1,832	220	48,398	13,950	34,448
Holliday Willey Psychology Scholarship for the Study of Pervasive Development Disorders	51,839	625	8,614	2,238	600	59,440	17,202	42,238
William James Fund	39,642	200	6,548	1,704	100	44,786	25,428	19,358
Don Williams Sr. Dean Emeritus Multicultural Business Education (MBEC) Scholarship	36,386	238	6,015	1,565	-	41,074	9,036	32,038
H. James Williams Endowed Scholarship	27,106	5,684	5,336	-	3,674	41,800	5,347	36,453
Campbell-Williams Business Scholarship	40,968	85	6,750	1,757	70	46,116	12,500	33,616
Steven E. Williams Memorial to Recovery Endowed Scholarship	13,072	3,971	2,336	-	-	19,379	5,630	13,749
Bill & Diana Wipperfurth Annis Water Resources Institute Student Research Scholarship	42,901	125	7,075	1,842	125	48,384	12,573	35,811
Thomas and Joyce Wisner Engineering Scholarship Endowment	1,116,998	100,000	190,882	-	-	1,407,880	407,880	1,000,000
The Wisner Doctor of Physical Therapy Scholarship	136,613	480	22,518	5,862	-	153,749	43,539	110,210
Robert H. and Barbara Wood Entrepreneur Scholarship	1,440	-	242	-	-	1,682	682	1,000
Doug and Linda Woods Athletic Training Scholarship Endowment	165,445	1,533	27,402	7,125	810	188,065	53,429	134,636
Wrestling Endowment	61,083	780	10,305	-	-	72,168	28,208	43,960
Writing Majors Scholarship	43,023	1,549	7,320	1,891	1,928	51,929	12,962	38,967
Whitney Young Village Outreach Engineering Scholarship	158,051	-	(11,669)	3,000	-	143,382	43,382	100,000
William Zimmerman Memorial Scholarship	87,185	2,205	14,566	3,779	18	100,195	26,672	73,523
Shelia Williams Student Leadership Development Fund	150,290	1,159	24,857	6,464	646	170,488	93,739	76,749
Women's Center Endowment	99,634	3,803	16,890	4,364	3,504	119,467	25,051	94,416
Felix V. & Gladys A. Zukaitis Athletic Trust	231,560	-	38,094	9,922	-	259,732	134,547	125,185
Felix V. & Gladys A. Zukaitis Scholarship Trust	221,970	-	36,516	9,511	-	248,975	122,954	126,021
Total endowment funds	67,369,927	4,272,264	11,422,683	2,754,528	(21,125)	80,289,221	27,990,357	52,298,864
Funds Functioning as Endowments								
Accounting Scholarship Fund	486,319	9,851	81,063	21,044	300	556,489	281,616	274,873
Alumni Scholarship Fund	864,578	196	142,259	37,051	196	970,178	472,388	497,790
Owen F. Bieber Scholarship Trust	674,734	-	111,001	28,911	-	756,824	443,294	313,530
Alexander Calder Honors Scholarship	162,621	385	26,766	6,968	23	182,827	43,755	139,072
Charles & Florence Irwin Scholarship Endowment Fund	253,389	2,072	41,896	10,896	697	287,158	115,961	171,197
Joe E. Reid Memorial Scholarship Fund	91,037	1,900	15,061	3,912	-	104,086	50,364	53,722
SPX Corporation Engineering Scholarship Fund	141,922	-	23,348	6,081	-	159,189	109,079	50,110

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2014

	Balance June 30, 2013	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2014	Retained Investment Income	Principal Balance June 30, 2014
Funds Functioning as Endowments (Continued)								
Robert C. Trotter Scholarship Fund	\$ 543,478	\$ -	\$ 89,408	\$ 23,287	\$ -	\$ 609,599	\$ 461,732	\$ 147,867
Angus Fund	1,604,044	726	263,964	68,746	166	1,800,154	944,406	855,748
R.B. Annis WRI Endowment	1,740,381	6,651	286,992	74,701	1,097	1,960,420	842,863	1,117,557
James R. Sebastian Endowed Chair in Engineering Cooperative Education and Educational Development	1,795,995	40	295,462	76,955	-	2,014,542	1,473,180	541,362
Richard M. and Helen DeVos Center for Entrepreneurship & Innovation Endowment	1,684,534	2,213	277,237	72,201	50	1,891,833	663,659	1,228,174
Science Religion Project	223,567	-	36,779	9,579	-	250,767	89,430	161,337
VanderMey Endowment	168,124	-	27,658	7,204	-	188,578	74,151	114,427
Grand Rapids Continuing Education	1,672,677	-	281,298	-	-	1,953,975	1,579,993	373,982
Leon W. Hall Trust Fund	799,958	-	131,602	34,277	-	897,283	562,871	334,412
Russel H. Kirkhof Fund	2,512,959	-	413,408	107,675	-	2,818,692	1,811,393	1,007,299
Seymour & Esther Padnos School of Engineering	2,560,913	34	421,302	109,731	-	2,872,518	1,358,095	1,514,423
Padnos Fund	1,696,451	-	279,083	72,689	-	1,902,845	902,820	1,000,025
Charles C. Saur Fund	57,849	-	(29)	-	-	57,820	(53,757)	111,577
Undistributed Income Fund	522,555	-	87,239	-	18,596	628,390	628,390	-
Total funds functioning as endowments	20,258,085	24,068	3,332,797	771,908	21,125	22,864,167	12,855,683	10,008,484
Annuity Funds								
John and Shirley Batchelder Charitable Gift Annuity	47,137	-	16,383	-	-	63,520	44,697	18,823
John and Nancy Batts Charitable Gift Annuity	242,625	-	124,620	-	-	367,245	(5,067)	372,312
Darld T and Joyce M Black Charitable Gift Annuity	10,222	-	2,906	-	-	13,128	6,576	6,552
Robert F and Jean A Blossfeld Charitable Gift Annuity	3,027	-	938	-	-	3,965	1,812	2,153
George C and Margaret T Cope Charitable Gift Annuity	7,660	-	942	-	-	8,602	519	8,083
Dr. Gilbert R. and Patricia Davis Charitable Gift Annuities	31,392	-	14,046	-	-	45,438	25,422	20,016
Ralph and Grace Hauenstein Charitable Gift Annuities	(56,591)	-	(65,185)	-	-	(121,776)	(584,755)	462,979
John and Janice Heerspink Charitable Gift Annuity	209	-	931	-	-	1,140	(495)	1,635
Harvey E. Lemmen Charitable Gift Annuities	64,872	60,000	14,110	-	-	138,982	50,120	88,862
John F. and Mae D. Shipley Charitable Gift Annuity	4,140	-	699	-	-	4,839	(58)	4,897
Jacquelyn L and Lester L Stiner Charitable Gift Annuity	2,651	-	2,259	-	-	4,910	3,404	1,506
John T. Tevebaugh Charitable Gift Annuities	14,259	-	2,959	-	-	17,218	7,278	9,940
Peter Merrick Turner Charitable Gift Annuity	8,010	-	2,856	-	-	10,866	(700)	11,566
Total annuity funds	379,613	60,000	118,464	-	-	558,077	(451,247)	1,009,324
Total endowment and similar funds	\$ 88,007,625	\$ 4,356,332	\$ 14,873,944	\$ 3,526,436	\$ -	\$ 103,711,465	\$ 40,394,793	\$ 63,316,672

Grand Valley State University

Schedule of Net Position by Fund June 30, 2014

	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							2014	2013
Assets													
Current assets:													
Cash and cash equivalents	\$ 11,024,863	\$ 12,620,425	\$ (1,328,616)	\$ (1,324,083)	\$ 20,992,589	\$ (401,981)	\$ -	\$ 13,822,075	\$ (1,163,929)	\$ 77,830	\$ 437,124	\$ 33,763,708	\$ 42,646,491
Short term investments	7,386,924	8,888,742	-	-	16,275,666	63,169	-	9,699,973	-	54,619	-	26,093,427	24,071,468
Accounts receivable	979,201	791,555	969,899	6,472,705	9,213,360	-	-	175,000	1,329,963	-	19,970	10,738,293	11,016,704
State appropriation receivable	10,513,366	-	-	-	10,513,366	-	-	-	42,871,672	-	-	53,385,038	44,388,521
Pledges receivable	-	-	-	4,209,996	4,209,996	-	-	-	-	-	-	4,209,996	7,067,878
Less allowance for uncollectible accounts	-	-	-	(9,311)	(9,311)	-	-	-	-	-	-	(9,311)	(11,575)
Net pledges receivable	-	-	-	4,200,685	4,200,685	-	-	-	-	-	-	4,200,685	7,056,303
Inventory	-	133,830	2,210,603	-	2,344,433	-	-	-	-	-	8,121	2,352,554	2,379,894
Prepaid expenses and other	1,287,222	796,857	84,712	37,600	2,206,391	239,962	-	379,839	-	-	-	2,826,192	3,272,911
Student notes receivable - Current portion	-	-	-	-	-	3,700,000	-	-	-	-	-	3,700,000	3,700,000
Total current assets	31,191,576	23,231,409	1,936,598	9,386,907	65,746,490	3,601,150	-	24,076,887	43,037,706	132,449	465,215	137,059,897	138,532,292
Noncurrent assets:													
Restricted cash and cash equivalents	-	-	-	-	-	-	3,543,595	2,021	-	-	1,217,428	4,763,044	1,731,667
Endowment investments	-	-	-	-	-	-	100,076,069	-	-	-	-	100,076,069	87,526,932
Note receivable	-	-	-	-	-	-	-	25,500,000	-	-	78,750	25,578,750	25,500,000
Other long-term investments	41,552	50,031,630	-	63,067	50,136,249	-	-	54,597,763	-	10,460,491	266,188	115,460,691	109,678,336
Pledges receivable	8,333	-	-	3,852,967	3,861,300	-	-	-	-	-	-	3,861,300	7,912,515
Less discount to present value	-	-	-	(658,775)	(658,775)	-	-	-	-	-	-	(658,775)	(1,015,301)
Net pledges receivable	8,333	-	-	3,194,192	3,202,525	-	-	-	-	-	-	3,202,525	6,897,214
Student notes receivable - Net	-	-	-	-	-	8,807,808	-	-	-	-	-	8,807,808	8,263,591
Capital assets - Net	-	-	-	-	-	-	-	631,079,184	-	-	4,958	631,084,142	579,933,896
Other assets	-	265,019	-	-	265,019	-	-	1,815,729	-	-	3,544	2,084,292	2,196,971
Total noncurrent assets	49,885	50,296,649	-	3,257,259	53,603,793	8,807,808	103,619,664	712,994,697	-	10,460,491	1,570,868	891,057,321	821,728,607
Total assets	31,241,461	73,528,058	1,936,598	12,644,166	119,350,283	12,408,958	103,619,664	737,071,584	43,037,706	10,592,940	2,036,083	1,028,117,218	960,260,899
Deferred Outflows -													
Deferred outflow of resources - Derivatives	-	-	-	-	-	-	-	5,518,000	-	-	-	5,518,000	8,958,000

Grand Valley State University

Schedule of Net Position by Fund (Continued) Year Ended June 30, 2014

	General	Designated	Auxiliary	Expendable	Total	Loan	Endowment	Plant	Agency	Retirement	Blended	Consolidated Total	
	Fund	Fund	Activities	Restricted	Current	Fund	Fund	Fund	Fund	Fund	Components	2014	2013
Liabilities													
Current liabilities:													
Accounts payable	\$ 3,976,398	\$ 743,217	\$ 831,481	\$ 880,244	\$ 6,431,340	\$ 4,002	\$ -	\$ 10,142,435	\$ 41,687,236	\$ -	\$ 70,627	\$ 58,335,640	\$ 47,456,747
Accrued payroll and other benefits	17,135,285	101,000	-	-	17,236,285	-	-	-	739,000	-	-	17,975,285	19,612,871
Accrued interest expense and other liabilities	-	-	-	-	-	-	-	1,295,548	611,470	-	(57,820)	1,849,198	1,796,305
Unearned revenue	7,946,596	1,120,855	275,992	2,627,072	11,970,515	-	-	332,947	-	-	96,237	12,399,699	11,508,935
Long-term liabilities - Current portion	-	-	-	-	-	-	264,902	12,916,084	-	510,000	-	13,690,986	11,015,855
Total current liabilities	29,058,279	1,965,072	1,107,473	3,507,316	35,638,140	4,002	264,902	24,687,014	43,037,706	510,000	109,044	104,250,808	91,390,713
Noncurrent liabilities:													
Unearned revenue - Net of current portion	-	-	-	-	-	-	-	4,447,053	-	-	-	4,447,053	605,000
Federal student loan payable	-	-	-	-	-	10,257,484	-	-	-	-	-	10,257,484	10,103,187
Long-term liabilities - Net of current portion	1,604,029	-	-	-	1,604,029	-	860,725	243,312,294	-	6,476,428	-	252,253,476	239,919,783
Derivative instruments	-	-	-	-	-	-	-	6,166,000	-	-	-	6,166,000	9,868,000
Total liabilities	30,662,308	1,965,072	1,107,473	3,507,316	37,242,169	10,261,486	1,125,627	278,612,361	43,037,706	6,986,428	109,044	377,374,821	351,886,683
Net Position													
Invested in capital assets - Net of related debt	-	-	-	-	-	-	-	378,445,288	-	-	4,958	378,450,246	339,917,423
Restricted:													
Nonexpendable - Scholarships and academic support	-	-	-	-	-	-	51,262,416	-	-	-	1,036,448	52,298,864	48,029,129
Expendable:													
Scholarships and academic support	-	-	-	7,859,080	7,859,080	-	41,232,419	-	-	-	181,290	49,272,789	38,101,735
Capital projects	-	-	-	1,277,770	1,277,770	-	506,227	26,039,155	-	-	-	27,823,152	19,767,672
Loans	-	-	-	-	-	1,661,066	-	-	-	-	-	1,661,066	1,635,737
Unrestricted	579,153	71,562,986	829,125	-	72,971,264	486,406	9,492,975	59,492,780	-	3,606,512	704,343	146,754,280	169,880,520
Total net position	\$ 579,153	\$ 71,562,986	\$ 829,125	\$ 9,136,850	\$ 82,108,114	\$ 2,147,472	\$ 102,494,037	\$ 463,977,223	\$ -	\$ 3,606,512	\$ 1,927,039	\$ 656,260,397	\$ 617,332,216

Grand Valley State University

Schedule of Revenue, Expenses, and Changes in Net Position by Fund Year Ended June 30, 2014

	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							2014	2013
Operating Revenue													
Student tuition and fees	\$ 271,862,553	\$ 530,348	\$ -	\$ -	\$ 272,392,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 272,392,901	\$ 262,202,321
Less scholarship allowances	-	-	-	-	-	-	-	-	-	-	-	(45,203,110)	(43,612,866)
Net student tuition and fees	271,862,553	530,348	-	-	272,392,901	-	-	-	-	-	-	227,189,791	218,589,455
Government grants and contracts:													
Federal	-	-	-	14,760,076	14,760,076	-	-	-	-	-	-	14,760,076	16,299,384
State	-	-	-	5,844,160	5,844,160	-	-	-	-	-	-	5,844,160	6,093,650
Local	-	95,513	-	691,626	787,139	-	-	-	-	-	-	787,139	379,917
Nongovernmental grants	-	251,594	-	661,696	913,290	-	-	-	-	-	-	913,290	1,249,694
Sales and services of educational activities	744,192	12,235,594	-	133,364	13,113,150	-	-	-	-	597,137	-	13,710,287	11,974,874
Auxiliary activities	-	-	64,186,673	-	64,186,673	-	-	-	-	40,780	-	64,227,453	62,119,480
Less scholarship allowances	-	-	-	-	-	-	-	-	-	-	(9,099,081)	(9,099,081)	(8,831,338)
Net auxiliary activities	-	-	64,186,673	-	64,186,673	-	-	-	-	40,780	(9,099,081)	55,128,372	53,288,142
Indirect cost recoveries	1,326,877	(4,383)	-	(1,322,494)	-	-	-	-	-	-	-	-	-
Other sources	1,697,826	3,961,487	-	244,818	5,904,131	355,900	-	-	-	-	-	6,260,031	5,588,740
Endowment income	223,083	510,585	-	2,792,768	3,526,436	-	(3,503,509)	-	-	(22,927)	-	-	-
Total operating revenue	275,854,531	17,580,738	64,186,673	23,806,014	381,427,956	355,900	(3,503,509)	-	-	614,990	(54,302,191)	324,593,146	313,463,856
Operating Expenses													
Instruction	143,281,318	(289,206)	-	2,530,256	145,522,368	-	-	-	-	-	-	145,522,368	141,615,304
Research	3,367,066	1,801,799	-	2,681,909	7,850,774	-	-	-	-	1,634	-	7,852,408	7,981,058
Public service	2,217,580	10,618,172	-	12,158,011	24,993,763	-	-	-	-	-	-	24,993,763	25,872,406
Academic support	36,257,572	1,296,103	-	3,027,756	40,581,431	-	-	-	-	-	-	40,581,431	39,321,862
Student services	26,000,233	1,801,054	-	135,532	27,936,819	-	-	-	-	-	-	27,936,819	26,354,101
Institutional support	34,205,773	324,145	-	12,065	34,541,983	-	-	-	-	-	-	34,541,983	33,208,693
Operation and maintenance - Plant	55,556,493	343,635	-	135,286	56,035,414	-	-	(15,554,275)	-	409,799	-	40,890,938	34,785,626
Depreciation expense	-	-	-	-	-	-	-	23,215,097	-	24,065	-	23,239,162	21,753,108
Scholarships and related expenses	36,238,226	100,737	-	34,597,725	70,936,688	-	-	-	-	-	(54,302,191)	16,634,497	17,791,695
Auxiliary activities	-	-	39,681,673	-	39,681,673	-	-	-	-	31,290	-	39,712,963	39,216,119
Transfer to (from) blended component	-	-	-	-	-	-	-	(4,312,052)	-	4,312,052	-	-	-
Loan administrative fees and collection costs	-	-	-	-	-	268,594	-	-	-	-	-	268,594	220,109
Total operating expenses	337,124,261	15,996,439	39,681,673	55,278,540	448,080,913	268,594	-	3,348,770	-	4,778,840	(54,302,191)	402,174,926	388,120,081
Operating (loss) income	(61,269,730)	1,584,299	24,505,000	(31,472,526)	(66,652,957)	87,306	(3,503,509)	(3,348,770)	-	(4,163,850)	-	(77,581,780)	(74,656,225)

Grand Valley State University

Schedule of Revenue, Expenses, and Changes in Net Position by Fund (Continued) Year Ended June 30, 2014

	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		
	2014	2013											
Nonoperating Revenue (Expenses)													
State appropriations	\$ 57,823,500	\$ -	\$ -	\$ -	\$ 57,823,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,823,500	\$ 55,436,000
Government grants	-	-	-	29,577,544	29,577,544	-	-	-	-	-	-	29,577,544	29,483,773
Gifts	462,789	3,073,827	352	2,199,304	5,736,272	-	7,819	-	-	15,930	-	5,760,021	4,846,937
Investment income:													
Interest, dividends, gains (losses) - Net of investment expense	877,231	3,249,403	-	11,231	4,137,865	1,459	14,762,430	797,334	1,671,644	111,119	-	21,481,851	13,554,418
Change in fair value of derivatives	-	-	-	-	-	-	-	262,000	-	-	-	262,000	409,000
Interest on capital asset - Related debt	-	1,390	-	-	1,390	-	-	(10,989,992)	-	-	-	(10,988,602)	(11,720,725)
Gain on disposal of capital assets	6,702	18,548	2,000	10,209	37,459	-	-	9,575	-	-	-	47,034	147,637
Net nonoperating revenue (expenses)	59,170,222	6,343,168	2,352	31,798,288	97,314,030	1,459	14,770,249	(9,921,083)	1,671,644	127,049	-	103,963,348	92,157,040
(Loss) Income - Before other revenue, expenses, gains, and losses	(2,099,508)	7,927,467	24,507,352	325,762	30,661,073	88,765	11,266,740	(13,269,853)	1,671,644	(4,036,801)	-	26,381,568	17,500,815
Other Revenue, Expenses, Gains, and Losses													
Capital gifts	-	-	-	267,015	267,015	-	-	735,219	-	-	-	1,002,234	2,831,676
Add discount adjustment	-	-	-	358,790	358,790	-	-	-	-	-	-	358,790	215,604
Net capital gifts	-	-	-	625,805	625,805	-	-	735,219	-	-	-	1,361,024	3,047,280
Capital grants	-	-	-	250,000	250,000	-	-	-	-	-	-	250,000	464,243
Other capital income	-	-	-	36,333	36,333	-	-	222,707	-	-	-	259,040	271,310
Capital additions	(2,061,061)	(172,387)	(18,505)	(71,199)	(2,323,152)	-	-	2,323,152	-	-	-	-	-
Additions to permanent endowments	-	-	-	-	-	-	3,406,563	-	-	601,802	-	4,008,365	6,892,621
Capital contributions from (to) 38 Front Avenue	-	-	-	-	-	-	-	6,668,184	-	-	-	6,668,184	(13,107,828)
Total other revenue, expenses, gains, and losses	(2,061,061)	(172,387)	(18,505)	840,939	(1,411,014)	-	3,406,563	9,949,262	-	601,802	-	12,546,613	(2,432,374)
Transfers Out (In)													
Mandatory transfers	6,517,149	57,483	18,079,819	33,070	24,687,521	-	-	(24,687,521)	-	-	-	-	-
Nonmandatory transfers	(10,226,579)	2,054,533	6,822,050	(412,876)	(1,762,872)	-	(324,218)	2,087,090	-	-	-	-	-
Total transfers	(3,709,430)	2,112,016	24,901,869	(379,806)	22,924,649	-	(324,218)	(22,600,431)	-	-	-	-	-
(Decrease) Increase in Net Position	(451,139)	5,643,064	(413,022)	1,546,507	6,325,410	88,765	14,997,521	19,279,840	1,671,644	(3,434,999)	-	38,928,181	15,068,441
Net Position - Beginning of year	1,030,292	65,919,922	1,242,147	7,590,343	75,782,704	2,058,707	87,496,516	444,697,383	1,934,868	5,362,038	-	617,332,216	602,263,775
Net Position - End of year	\$ 579,153	\$ 71,562,986	\$ 829,125	\$ 9,136,850	\$ 82,108,114	\$ 2,147,472	\$ 102,494,037	\$ 463,977,223	\$ 3,606,512	\$ 1,927,039	\$ -	\$ 656,260,397	\$ 617,332,216