

GRAND VALLEY STATE UNIVERSITY
ANNUAL FINANCIAL REPORT 2018



Grand Valley State University

**Financial Report
with Additional Information
June 30, 2018**

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, and its pension trust funds as of and for the years ended June 30, 2018 and 2017 and the related notes to the financial statements, which collectively comprise Grand Valley State University's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Grand Valley University Foundation, a blended 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Valley State University and its pension trust funds as of June 30, 2018 and 2017 and the respective changes in its financial position and, where applicable, 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, 2017, the University adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Grand Valley State University

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the required supplemental information, 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 an opinion 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.

The other supplemental information 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 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 2, 2018 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 & Moreau, PLLC

November 2, 2018

Grand Valley State University

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As of June 30, 2018

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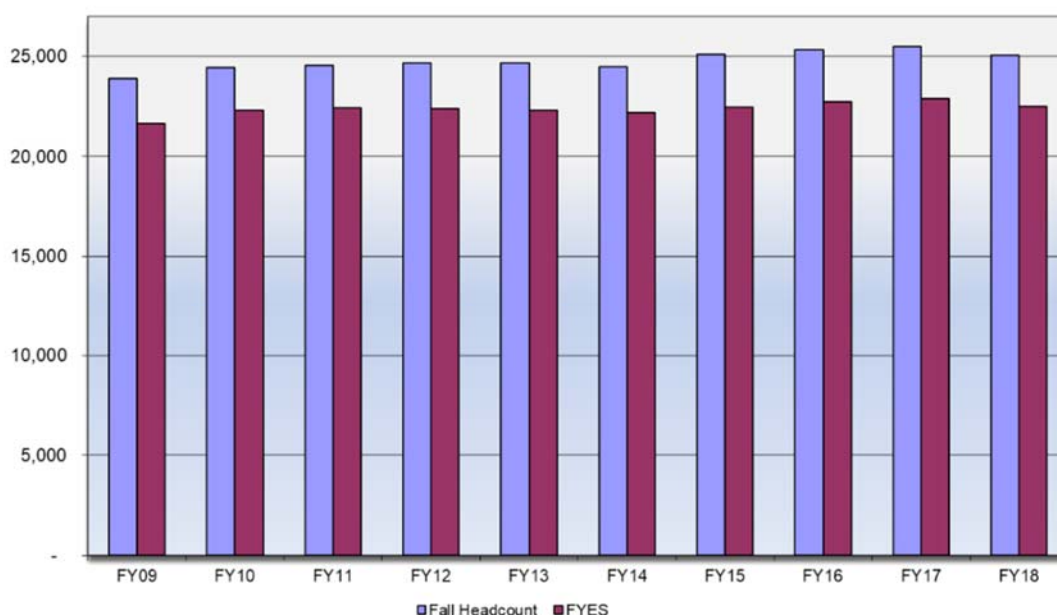
Grand Valley State University

Management's Discussion and Analysis - Unaudited

Financial and Enrollment Highlights for the Year Ended June 30, 2018

- Enrollment remained steady overall with FYES (fiscal year equated students) slightly decreasing from 22,871 to 22,490. Proportionally, fall semester headcount decreased from 25,460 to 25,049.
- Operating revenue increased by 1.1 percent or \$4.2 million. An increase of 2.7 percent in tuition revenue was substantially offset by higher scholarship allowances, as auxiliary and other operating revenue remained stable.
- State appropriations increased by 2.8 percent from 2017 to 2018.
- Endowment cash and investments climbed to \$129 million as a result of positive financial markets adding \$10.2 million of investment income and generous donor support of \$4.3 million in new gifts. The 2018 investment return of 8.6 percent reflected the performance of financial markets. In 2017, a double-digit return of 13.3 percent reflected a market rebound after a loss of 3.3 percent in 2016.
- The Laker Effect comprehensive campaign was launched in 2017 to raise funds for scholarships, enhance resources for student success, and invest in academic programs and facilities. Gifts increased significantly in 2017 and 2018 to support endowments and capital projects in downtown Grand Rapids.
- The University began construction of a new classroom building located adjacent to the Cook-DeVos Center for Health Sciences. Construction also started on a new parking structure on the Health Campus, which will be jointly owned with Spectrum Health Hospitals. Both projects are expected to be completed by 2021. In 2018, the Raleigh J. Finkelstein Hall opened to provide space for the healthcare curriculum. On the Allendale Campus, the Thomas J. and Marcia J. Haas Performing Arts Center addition opened in Fall 2018.

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 Grand Valley State University (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 statements begin on page 18 and should be read in conjunction with the notes to the financial statements. The following summary and management's discussion of the results are intended to provide the readers with an overview of the financial statements.

Effective for the year ended June 30, 2018, the University adopted Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires the University to recognize on the face of the financial statements its full net postemployment benefits other than pensions (OPEB) liability. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The University recorded an OPEB liability of \$19.3 million, which was offset by a \$10.0 million liability recognized in prior years, resulting in a \$9.3 million decrease to unrestricted net position.

Effective for the year ended June 30, 2017, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units*. The requirements of this statement enhance the comparability of financial statements among governments by clarifying the financial statement presentation requirements for certain component units. As a result, 38 Front Avenue, a component unit of the University, meets the requirements to be blended in the University's financial statements rather than discretely presented. Prior period balances have been restated accordingly.

The Statement of Net Position

The statement of net position includes all assets and liabilities using the accrual basis of accounting. Net position - assets and deferred outflows of resources offset by liabilities and deferred inflows of resources - is one way to measure the financial health of the University. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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. After the impact of GASB Statement No. 75, net position from 2016 to 2018 increased by 12.6 percent, from \$722.0 million to \$813.3 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		
	2018	2017	2016
	(in 000s)		
Current Assets			
Cash and short-term investments	\$ 89,998	\$ 76,484	\$ 75,158
Receivables	93,737	83,353	78,593
Inventory, prepaid expenses, and other	6,675	6,618	6,353
Total current assets	190,410	166,455	160,104
Noncurrent Assets			
Endowment cash and investments	128,978	118,251	103,477
Other long-term investments	147,081	146,782	144,810
Long-term receivables	30,594	27,601	30,936
Capital assets - Net of depreciation	752,937	728,269	710,985
Other	2,499	2,436	2,974
Total assets	1,252,499	1,189,794	1,153,286
Deferred Outflows of Resources			
Accumulated changes in the fair value of hedging derivative instruments	3,370	5,247	8,245
Refunding of bonds payable	10,923	11,814	12,841
Retirement-related deferrals	7,405	11,396	9,580
Total deferred outflows	21,698	28,457	30,666
Current Liabilities			
Accounts payable and accrued liabilities	96,242	91,634	84,308
Unearned revenue	14,960	13,249	20,911
Long-term liabilities - Current portion	15,976	15,029	15,787
Total current liabilities	127,178	119,912	121,006
Noncurrent Liabilities			
Unearned revenue - Net of current portion	4,501	4,994	5,487
Federal student loan payable	8,929	10,214	10,158
Long-term liabilities - Net of current portion	272,747	265,713	285,161
Derivative instruments	3,398	5,365	8,548
Net retirement liabilities	40,867	32,724	28,033
Total liabilities	457,620	438,922	458,393
Deferred Inflows of Resources - Retirement related deferrals	3,319	3,104	3,526
Net Position			
Net investment in capital assets	476,730	461,580	425,413
Restricted	161,038	140,657	124,560
Unrestricted	175,490	173,988	172,060
Total net position	<u>\$ 813,258</u>	<u>\$ 776,225</u>	<u>\$ 722,033</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.

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. There was an increase of \$13.8 million of cash and investments from 2017 to 2018 and \$3.3 million of cash and investments from 2016 to 2017. The statement of cash flows on page 20 explains the sources and uses of cash.

Current receivables, which include grants, state appropriations, capital appropriations, pledges, student notes, and various operating receivables that are expected to be collected within a year, increased by \$15.1 million from 2016 to 2018. This increase reflects growth of the charter school appropriation receivable and pledges receivable.

Other current assets consist mainly of inventories and prepaid expenses. These assets may fluctuate based on timing of inventory purchases and payments of vendor service agreements, although balances remained steady from 2016 to 2018.

Strong financial markets enhanced endowment investments between 2016 and 2018. Endowment investments generated a significant gain during this period. The University (along with its investment advisory committee and outside consultants) continues to closely monitor endowment investment strategy and asset allocations.

Long-term receivables, which include pledges, student notes, and a third-party notes receivable, remained stable from 2016 to 2018. Long-term pledges are discounted to net present value for financial statement purposes.

Capital assets increased by \$24.7 million from 2017 to 2018. The construction of the Raleigh J. Finkelstein Hall was completed and construction began on a classroom building and parking structure on the Health Campus. In addition, property was purchased for future expansion of the Padnos College of Engineering. In total, capital additions were \$52.3 million, offset by depreciation expense of \$27.6 million and disposals of mostly fully depreciated equipment and library books.

Capital assets increased by \$17.3 million from 2016 to 2017. The final phase of the student recreation center was opened in fall 2016. The performing arts center addition was finished and opened for the fall 2017 semester as the Thomas J. and Marcia J. Haas Performing Arts Center. Construction of the Raleigh J. Finkelstein Hall began in fall 2016. In total, capital additions were \$45.6 million, offset by depreciation expense of \$27.5 million and disposals of mostly fully depreciated assets.

Deferred outflows of resources are funds expended by the University that are applicable to a future accounting period. The University continues to carry deferred outflows related to the accumulated changes in the fair value of hedging derivative instruments. The balance declined by \$1.9 million from 2017 to 2018 and by \$3.0 million from 2016 to 2017 due to rising interest rates. More detailed information regarding these swaps is presented in Note 5 to the financial statements.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

With the issuance of bonds in September 2014, a deferred outflow was established for the refunding of bonds payable. In May 2016, the University issued advanced refunding bonds that also resulted in deferred outflows. These deferred outflows will be amortized over the life of the corresponding bonds, which are expected to generate significant savings on interest expense going forward. More detailed information regarding the debt transaction is presented in Note 4 to the financial statements.

Retirement-related deferred outflows and inflows now include activity related to the recognition of the OPEB liability under GASB Statement No. 75 in addition to the activity related to the recognition of net pension liability under GASB Statement No. 68. From 2017 to 2018, deferred outflows decreased by \$4.0 million, which was mostly attributable to amortization of changes in investment rate assumptions for the pension plans. Specifically, this pertains to the 2017 change in assumption that lowered the long-term investment rate to 6.5 percent and the amortization of the cumulative net shortfall between actual and expected investment earnings during 2015 and 2016. Deferred inflows increased from \$3.1 million to \$3.3 million primarily due to changes in assumptions used in the OPEB plan. Changes in assumptions for OPEB and pension plans are amortized over approximately 10 years. More detailed information regarding all retirement benefit plans is presented in Note 6 to the financial statements and in the required supplemental information beginning on page 68.

Accounts payable and accrued liabilities increased from 2016 to 2018 by \$11.9 million. The increase was due to the timing of payroll, payables for construction projects, and additional Charter Schools payables.

Unearned revenue includes receipts from tuition, grants, and contracts that pertain to a future fiscal year. In 2018, unearned revenue increased by \$1.7 million mainly due to tuition receipts from higher summer student enrollment. In 2017, unearned revenue returned to historical levels. In 2016, pledges of \$7.8 million were deferred, pending the approval of the related capital project.

Current maturities in long-term debt remained consistent from 2016 to 2018, reflecting the scheduled principal payments.

Noncurrent liabilities include unearned revenue, federal student loans payable, derivative instruments, net retirement liabilities, which pertain to both pension and OPEB plans, and the long-term portion of bonds payable.

Federal student loans payable decreased by \$1.3 million from 2017 to 2018 as a result of a principal payment to the US Department of Education in the first phase of elimination of the Perkins Loan program.

After payment of scheduled principal payments, there was a net increase of \$7.0 million in outstanding debt from 2017 to 2018. General revenue bonds of \$30.3 million were issued in fall 2017. The proceeds were used to pay off \$9.6 million of existing debt, and to fund \$23.0 million of project costs for the construction of the Raleigh J. Finkelstein Hall. From 2016 to 2017 long-term liabilities decreased by \$19.5 million due to principal payments. In 2017, the University received an A1 bond credit rating from Moody's Investors Service with a stable outlook and an A+ rating with a positive outlook from Standard & Poors. More detailed information about the University's long-term debt is presented in Note 4 to the financial statements.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

As discussed previously, GASB Statement No. 75 requires that the liability resulting from the University's sponsored OPEB plan be recognized on the University's financial statements. As of July 1, 2017, there was a change in accounting principle adjustment to unrestricted net position of \$9.2 million, which resulted from the initial recognition of the OPEB liability and related deferred outflows and inflows. At June 30, 2018, net retirement liabilities reflects the OPEB liability of \$19.3 million and the net pension liability of \$21.5 million. The net pension liability increased by \$2.1 million from 2016 to 2018 mainly due to changes in actuarial assumptions. In addition to the detailed information provided in Note 6 concerning these benefits, there is also a comprehensive analysis provided in the required supplemental information beginning on page 69.

The total net position of the University increased by \$91.2 million from 2016 to 2018. The increase reflects investments in infrastructure to house rapidly expanding programs particularly in the health sciences, engineering, and computer science as well as generous support from donors to endowments and the Laker Effect comprehensive campaign. 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		
	2018	2017	2016
	(in 000s)		
Operating Revenue			
Student tuition and fees	\$ 324,114	\$ 315,700	\$ 300,497
Less scholarship allowance	(56,887)	(52,923)	(51,230)
Auxiliary	73,036	72,517	68,923
Less scholarship allowance	(10,367)	(10,008)	(9,718)
Grants and contracts	22,898	23,163	24,961
Other	22,278	22,455	22,249
Total operating revenue	375,072	370,904	355,682
Operating Expenses	461,097	445,612	435,180
Net Operating Loss	(86,025)	(74,708)	(79,498)
Nonoperating Revenue (Expense)			
State appropriations	70,133	68,228	65,275
Government grants	30,690	27,376	28,795
Gifts (including endowment and capital)	26,023	21,734	11,818
Capital appropriations, grants, and other	1,015	3,590	7,972
Investment income - Net of fees	13,950	18,483	1,933
Other loss and expense	(9,514)	(10,511)	(9,563)
Net nonoperating revenue	132,297	128,900	106,230
Net Increase in Net Position	46,272	54,192	26,732
Net Position - Beginning of year	776,225	722,033	695,301
Adjustment for Change in Accounting Principle	(9,239)	-	-
Net Position - End of year	\$ 813,258	\$ 776,225	\$ 722,033

Revenue generated by tuition and fees increased by 2.7 percent in 2018 and 5.1 percent in 2017. In 2018, tuition rates increased approximately 4.0 percent annually, offset by a slight drop in enrollment. In 2017, tuition rates also increased approximately 4.0 percent annually and higher enrollment accounted for the remaining increase.

Scholarship allowances as a percentage of tuition and fees increased to 17.6 percent in 2018 as compared to 16.8 percent in 2017 and 17.0 percent in 2016. The University continues to provide significant levels of scholarship support to mitigate the financial impact of tuition rate increases. The method to calculate scholarship allowance is described in Note 1.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Auxiliary revenue consists of housing, dining, parking, bookstores, vending, golf course, health center, and conference fees from external customers. In 2018, auxiliary revenue remained steady. In 2017, auxiliary revenue increased 5.2 percent, or \$3.6 million, mainly due to opening of the new Hooker-Holton Learning Center, higher dining revenue, and increase in parking permits sold.

Grants and contracts revenue remained steady from 2017 to 2018, after a decrease of \$1.8 million from 2016 to 2017 due to completion of significant federal and local grants.

Operating expenses increased by \$15.5 million in 2018 and \$10.4 million in 2017. Further analysis of this increase is provided beginning on page 13. Salaries, wages, and benefits comprise the largest operating expense, while instruction is the largest functional category.

State appropriations increased by 2.8 percent or \$1.9 million from 2017 to 2018. State appropriations increased 4.5 percent, or \$2.95 million, from 2016 to 2017. The performance funding that the University receives as a percentage of its base funding was among the highest in 2018. Performance funding is based on state metrics.

Nonoperating government grants consisting of Pell awards increased by \$3.3 million from 2017 to 2018 mainly due to the return of year-round Pell award eligibility.

Gifts, including capital and endowment gifts, accelerated from 2016 to 2017 due to the launch of the Laker Effect comprehensive campaign, which generated \$9.1 million in capital gifts for the Raleigh J. Finkelstein Hall along with increases in endowment giving and new pledges for engineering and health science scholarships. From 2017 to 2018, giving continued to flourish with an increase of \$4.3 million mostly for capital projects.

Capital appropriations, grants, and other include awards and other capital income received for special purpose capital projects. In 2018, revenue declined with the conclusion of state funding for construction projects. In 2017, the State provided the remaining \$2.3 million to complete the P. Douglas Kindschi Hall of Science on the Allendale campus. In 2016, \$7.1 million was received for this purpose.

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 generated a gain of 8.6 percent in 2018, a 13.3 percent gain in 2017, which reflected a rebound from a 3.3 percent loss in 2016. Returns on operating investments dipped to .8 percent in 2018 from 1.3 percent in 2017 from the impact of rising interest rates on valuation of long-term fixed income investments. Returns remained steady from 2016 to 2017.

Other nonoperating expense, which includes interest expense, changes in the fair value of derivative instruments, and gains or losses from disposal of assets has remained consistent between 2016 and 2018.

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 and appropriations.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Operating Expenses by Functional Classification

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

	2018	2017	2016
	(in 000s)		
Instruction	\$ 170,635	\$ 164,223	\$ 158,741
Research	6,912	6,668	6,666
Public service	26,396	26,324	27,666
Academic support	47,589	45,880	44,797
Student services	31,371	30,807	29,717
Institutional support	39,808	39,514	37,715
Operation and maintenance of facilities	50,527	47,061	48,107
Depreciation	27,635	27,464	26,200
Scholarships and related expenses	16,390	14,083	14,212
Auxiliary activities	43,568	43,322	41,055
Other expenditures	266	266	304
Total	\$ 461,097	\$ 445,612	\$ 435,180

Instructional expenses increased by 3.9 from 2017 to 2018 and 3.5 percent from 2016 to 2017. Instructional expense increases in the health professions and computer science have outpaced the average increase. New programs added in 2018 include those at the masters level – data science analytics and 8 new emphases of Computer Science, those at the bachelors level – cardiovascular sonography and communication sciences and disorders, and a doctorate in audiology.

Research expenses include the continuing activities at the Annis Water Resources Institute, Johnson Center for Philanthropy and the Center for Scholarly and Creative Excellence (CSCE). Expenses increased by 3.7 percent from 2017 to 2018 due to expansion of the CSCE to support demands from sponsored activity and research compliance as well as general business operating increases. Expenses remained steady from 2016 to 2017.

Public service expenses include WGVSU public broadcasting, the Michigan Small Business Development Center (SBDC), and the Charter School Office administration. Expenses remained steady from 2017 to 2018, after declining by 4.9 percent from 2016 to 2017 as a result of reductions in local and state grants.

Academic support expenses include continuing education, information technology, student advising, the libraries, academic resources, and administration expenses for the academic deans. Expenses increased by 3.7 percent from 2017 to 2018 and 2.4 percent from 2016 to 2017. In 2018, there were technology upgrades to mitigate cybersecurity risks and library purchases to enhance certain collections. In 2017 and 2016, in addition to general business operating increases, the growing expenditures reflected the University's commitment to student advising and retention.

Student services expenses represent student life programming, admissions, records, registration, financial aid, and intercollegiate athletics. Expenses increased by 1.8 percent from 2017 to 2018, whereas there was an increase of 3.7 percent from 2016 to 2017, which resulted from higher student recruitment and athletic activity and championships.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Institutional support expenses include administration for the business operations, human resources, executive offices, marketing and communications, public safety, development, and alumni relations. Expenses remained steady from 2017 to 2018, after increasing by 4.8 percent from 2016 to 2017. This increase reflected general business increases and improvements to campus security.

Operation and maintenance of facilities increased by 7.4 percent from 2017 to 2018 after decreasing by 2.2 percent from 2016 to 2017. The increase in 2018 resulted from renovation of office space in Facility Services that did not reach the capitalization threshold as well as a major roof repair at the Fieldhouse. In 2016, there were one-time small furniture and equipment purchases needed to renovate and reconfigure existing facilities.

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 has significantly increased 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 to identify that the total amount of scholarships awarded increased by 2.5 percent between 2016 and 2017 and 8.6 percent between 2017 and 2018. The surge in 2018 reflects additional university funded awards of \$3.2 million and the expansion of the Pell award program of \$3.3 million.

	2018	2017	2016
	(in 000s)		
Scholarship allowance - Tuition	\$ 56,886	\$ 52,923	\$ 51,230
Scholarship allowance - Auxiliary	10,367	10,008	9,718
Scholarship and fellowship expense	<u>16,390</u>	<u>14,083</u>	<u>14,212</u>
Total	<u>\$ 83,643</u>	<u>\$ 77,014</u>	<u>\$ 75,160</u>

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. Auxiliary expenses remained steady from 2017 to 2018 after increasing by 5.5 percent from 2016 to 2017 due to the operating costs of the new Hooker-Holton Living Center and higher food costs as a result of higher dining sales.

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 function.

	2018	2017	2016
		(in 000s)	
Salaries and benefits	\$ 286,140	\$ 276,237	\$ 266,100
Scholarships and awards	16,275	14,275	13,963
Utilities	7,578	7,307	6,837
Supplies and other	123,469	120,329	122,080
Depreciation	27,635	27,464	26,200
Total	<u>\$ 461,097</u>	<u>\$ 445,612</u>	<u>\$ 435,180</u>

Salaries and benefit expenses, which represent 62.1 percent of total operating expenses in 2018, increased by 3.6 percent from 2017 to 2018 and 3.8 percent from 2016 to 2017. These increases mainly reflect the annual salary and benefit program, salary market adjustments, and growth in certain programs.

Scholarships and awards represent financial aid expense less scholarship allowances and work-study wages. In addition, this category includes awards for graduate assistants and corporate-sponsored programs. To obtain the overall financial aid picture, one must also consider the scholarship allowances.

Utilities increased by 3.7 percent from 2017 to 2018 due to higher number of heating days from colder winter temperatures, as well as added square footage from completed construction projects. Utilities increased by 6.9 percent from 2016 to 2017 mostly due to higher electricity prices and consumption with the installation of more campus lighting, opening of Hooker-Holton Living Center, and summer temperatures.

Supplies and other expenses increased by 2.6 percent from 2017 to 2018, mostly due to the renovating and reconfiguring of existing spaces at Allendale campus. From 2016 to 2017, expenses decreased by 1.4 percent.

Depreciation continues to rise as a result of the recent significant capital additions. Depreciation includes both academic and auxiliary buildings.

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.

	2018	2017	2016
	(in 000s)		
Net Cash (Used in) Provided by			
Operating activities	\$ (49,997)	\$ (38,809)	\$ (51,021)
Noncapital financing activities	109,102	106,227	103,399
Capital and related financing activities	(48,594)	(67,212)	(57,617)
Investing activities	7,551	(18,371)	(10,009)
Net Increase (Decrease) in Cash and Cash Equivalents	18,062	(18,165)	(15,248)
Cash and Cash Equivalents - Beginning of year	34,584	52,749	67,997
Cash and Cash Equivalents - End of year	\$ 52,646	\$ 34,584	\$ 52,749

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 2017 to 2018, net cash receipts from operating activities declined as a result of higher payments to suppliers due to remodeling and significant building repairs, higher personnel costs from new salary program and filling of open positions, and increase in student scholarships. From 2016 to 2017, net cash receipts increased due to higher tuition, housing and dining receipts attributable to higher enrollment, and the opening of the Hooker-Holton Learning and Living Center.

State appropriation is the primary source of noncapital financing. This source of revenue is categorized as nonoperating and accounts primarily for the higher level of receipts from 2016 to 2017. Other noncapital financing activity includes Pell grants, gifts, and grants for other than capital purposes. Pell grants increased from 2017 to 2018 due to the return to year-round student eligibility.

Capital and related financing activities include debt proceeds to finance capital construction. In 2018, the University issued bonds to fund a new classroom building and parking structure on the Health Campus, as well as pay off existing bonds. In 2016, the University issued bonds for an advanced refunding of existing bonds. Capital outlays in 2016 continued for the Recreation Center expansion and the Thomas J. Haas and Marcia J. Haas Performing Arts Center addition and renovation. During 2017 and 2018, the Raleigh J. Finkelstein Hall was erected in downtown Grand Rapids. In 2018, construction started of a classroom building and parking structure on the Health Campus.

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. In total, the University will receive \$72,056,600, a 2.7 percent funding increase in 2019, following a previous 2.7 percent increase in 2018, yet the University will continue to remain near the bottom in state funding per student.

With the number of high school graduates in Michigan shrinking, student enrollment will continue to remain a challenge. Enrollment is expected to remain steady for upcoming years based on the University's strategic plan for controlled growth and retention. In the fall, the University welcomed its second largest freshmen class in school history along with holding rank in the top three Michigan public universities for student retention. As a student-centered institution, the University emphasizes teaching, learning, and connecting in pursuing its mission of educating students to shape their lives, their professions, and their societies.

Grand Valley State University

Statement of Net Position

	June 30	
	2018	2017
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 50,420,268	\$ 34,063,043
Short-term investments (Note 2)	39,578,179	42,421,208
Accounts receivable - Net of allowance of \$604,565 and \$693,067 in 2018 and 2017, respectively	14,784,010	13,165,924
State appropriation receivable	65,150,379	61,652,481
Pledges receivable - Net	10,039,592	4,666,435
Inventories	1,845,237	2,108,803
Prepaid expenses and other	4,829,558	4,508,932
Student notes receivable - Current portion	3,762,621	3,867,730
Total current assets	190,409,844	166,454,556
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	2,226,111	521,150
Endowment investments (Note 2)	126,755,650	117,730,301
Notes receivable (Note 1)	15,752,074	16,317,780
Other long-term investments (Note 2)	147,076,765	146,781,698
Pledges receivable - Net	9,091,266	4,663,924
Student notes receivable - Net of allowance of \$267,423 and \$337,184 in 2018 and 2017, respectively	5,751,694	6,618,948
Capital assets - Net (Note 3)	752,936,691	728,269,293
Other assets	2,499,113	2,436,449
Total noncurrent assets	1,062,089,364	1,023,339,543
Total assets	1,252,499,208	1,189,794,099
Deferred Outflows of Resources		
Accumulated changes in the fair value of hedging derivative instruments (Note 5)	3,370,000	5,247,000
Refunding of bonds payable	10,922,467	11,814,068
Retirement benefit related deferrals (Note 6)	7,405,452	11,395,907
Total deferred outflows	21,697,919	28,456,975
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	96,241,687	91,634,305
Unearned revenue	14,959,993	13,248,711
Long-term liabilities - Current portion (Note 4)	15,976,156	15,029,106
Total current liabilities	127,177,836	119,912,122
Noncurrent liabilities:		
Unearned revenue - Net of current portion	4,501,195	4,994,153
Federal student loan payable	8,929,287	10,213,948
Long-term liabilities - Net of current portion (Note 4)	272,747,171	265,713,155
Derivative instruments (Note 5)	3,398,000	5,365,000
Other post-employment benefits (Note 6)	19,396,127	8,973,821
Net pension liability (Note 6)	21,470,794	23,750,183
Total noncurrent liabilities	330,442,574	319,010,260
Total liabilities	457,620,410	438,922,382
Deferred Inflows of Resources - Retirement benefit related deferrals (Note 6)	3,319,004	3,104,024
Net Position		
Net investment in capital assets	476,730,070	461,579,649
Restricted:		
Nonexpendable - Scholarships and academic support	70,896,632	65,551,049
Expendable:		
Scholarships and academic support	61,779,017	55,424,637
Capital projects	26,780,413	17,872,725
Loans	1,581,485	1,808,618
Unrestricted	175,490,096	173,987,990
Total net position	\$ 813,257,713	\$ 776,224,668

Grand Valley State University

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2018	2017
Operating Revenue		
Student tuition and fees	\$ 324,113,979	\$ 315,700,270
Scholarship allowances	(56,886,635)	(52,922,765)
Net student tuition and fees	267,227,344	262,777,505
Government grants and contracts	20,428,910	20,361,820
Nongovernmental grants	2,469,236	2,801,041
Sales and services of educational activities	15,397,777	15,164,132
Auxiliary activities	73,035,635	72,517,054
Scholarship allowances	(10,366,931)	(10,007,826)
Net auxiliary activities	62,668,704	62,509,228
Other operating revenue	6,880,236	7,290,660
Total operating revenue	375,072,207	370,904,386
Operating Expenses - Education and general		
Instruction	170,634,775	164,223,368
Research	6,912,462	6,668,395
Public service	26,395,883	26,323,896
Academic support	47,588,851	45,880,404
Student services	31,370,945	30,806,809
Institutional support	39,807,955	39,513,728
Operation and maintenance - Plant	50,527,148	47,060,639
Depreciation expense	27,635,277	27,464,035
Scholarships and related expenses	16,389,421	14,083,055
Auxiliary activities	43,567,767	43,321,576
Loan administrative fees and collection costs	266,444	266,382
Total operating expenses	461,096,928	445,612,287
Operating Loss	(86,024,721)	(74,707,901)
Nonoperating Revenue (Expense)		
State appropriations	70,133,300	68,227,900
Government grants	30,689,861	27,376,242
Gifts	6,796,529	7,488,362
Investment income:		
Interest, dividends, and gains on investments - Net of investment expense of \$1,275,291 and \$1,352,715 in 2018 and 2017, respectively	13,950,269	18,482,693
Change in fair value of derivatives	90,000	185,000
Interest on capital asset - Related debt	(9,787,247)	(9,990,952)
Gain (Loss) on disposal of assets	182,850	(704,518)
Net nonoperating revenue	112,055,562	111,064,727
Income - Before other revenues, expenses, gains, or losses	26,030,841	36,356,826
Other		
Capital appropriations	-	2,347,955
Capital grants and gifts	14,875,225	9,556,918
Other capital income	1,014,621	1,241,519
Additions to permanent endowments	4,351,693	4,689,151
Total other	20,241,539	17,835,543
Increase in Net Position	46,272,380	54,192,369
Net Position		
Beginning of year	776,224,668	722,032,299
Adjustment for change in accounting principle (Note 1)	(9,239,335)	-
Net position - Beginning of year, as restated	766,985,333	722,032,299
End of year	\$ 813,257,713	\$ 776,224,668

Grand Valley State University

Statement of Cash Flows

	Year Ended June 30	
	2018	2017
Cash Flows from Operating Activities		
Tuition and fees	\$ 268,677,599	\$ 262,537,381
Grants and contracts	23,808,940	22,444,851
Payments to suppliers	(122,336,049)	(115,821,161)
Payments for utilities	(7,522,317)	(7,652,855)
Payments to employees	(214,748,552)	(203,830,235)
Payments for benefits	(67,810,561)	(67,606,930)
Payments for scholarships and fellowships	(16,275,043)	(14,275,408)
Loans issued to students	(38,874,574)	(38,717,910)
Collection of loans from students	39,846,937	39,567,779
Auxiliary enterprise charges:		
Residence halls	45,136,293	45,372,828
Bookstore	9,406,691	9,707,287
Other	8,044,357	7,281,684
Sales and service of educational activities	16,571,513	15,787,381
Other receipts	6,078,162	6,396,538
Net cash used in operating activities	(49,996,604)	(38,808,770)
Cash Flows from Noncapital Financing Activities		
State appropriations	69,792,902	67,691,138
Government grants	30,167,264	27,487,023
Gifts and grants for other than capital purposes	7,352,153	6,192,864
Private gifts for endowment purposes	4,351,693	4,689,151
Charitable annuities payments - Net	(159,391)	161,005
Return of federal student Perkins loan principal	(1,284,661)	-
Federal direct loan receipts	162,335,031	163,000,173
Federal direct loan lending disbursements	(163,453,071)	(162,994,554)
Net cash provided by noncapital financing activities	109,101,920	106,226,800
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	32,882,294	-
Capital appropriations	-	2,673,098
Capital grants and gifts received	3,406,634	3,005,973
Other capital income	236,294	1,123,982
Proceeds from sale of capital assets	244,228	90,634
Purchases of capital assets and construction	(51,951,653)	(44,729,985)
Principal paid on capital debt	(22,900,000)	(18,460,000)
Interest paid on capital debt	(10,838,615)	(11,241,702)
Interest received from note receivable	326,356	326,367
Net cash used in capital and related financing activities	(48,594,462)	(67,211,633)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	34,633,969	20,397,561
Interest on investments	7,302,237	5,979,316
Purchase of investments	(34,384,874)	(44,748,409)
Net cash provided by (used in) investing activities	7,551,332	(18,371,532)
Net Increase (Decrease) in Cash and Cash Equivalents	18,062,186	(18,165,135)
Cash and Cash Equivalents - Beginning of year	34,584,193	52,749,328
Cash and Cash Equivalents - End of year	\$ 52,646,379	\$ 34,584,193

Grand Valley State University

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2018	2017
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and cash equivalents (Note 2)	\$ 50,420,268	\$ 34,063,043
Restricted cash and cash equivalents (Note 2)	2,226,111	521,150
Total cash and cash equivalents	\$ 52,646,379	\$ 34,584,193
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (86,024,721)	\$ (74,707,901)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	27,635,277	27,464,035
Changes in assets and liabilities:		
Receivables - Net	2,229,019	535,493
Inventories	263,566	456,528
Other assets	(354,691)	(632,371)
Accounts payable and accrued liabilities	4,700,757	8,108,519
Deferred revenue	1,402,777	(82,392)
Deposits held for others	151,412	49,319
Net cash used in operating activities	\$ (49,996,604)	\$ (38,808,770)

Grand Valley State University

Statement of Fiduciary Net Position Employee Benefit Plans

	June 30	
	2018	2017
Assets		
Money market funds	\$ 1,068,216	\$ 1,378,282
Domestic equities	33,646,960	31,492,242
International equities	8,359,292	7,728,311
Domestic bonds	17,875,835	15,833,692
International bonds	1,257,594	1,530,770
Alternative strategies	<u>4,450,895</u>	<u>3,624,905</u>
Total cash and cash equivalents and investments	66,658,792	61,588,202
Accrued income	<u>161,687</u>	<u>144,718</u>
Net Position - Held in trust for pension benefits	<u>\$ 66,820,479</u>	<u>\$ 61,732,920</u>

Grand Valley State University

Statement of Changes in Fiduciary Net Position Employee Benefit Plans

	Year Ended June 30	
	2018	2017
Additions		
Investment income:		
Interest and dividend income	\$ 1,785,694	\$ 1,518,543
Net appreciation (depreciation) in fair value of investments	<u>3,732,655</u>	<u>4,856,482</u>
Total investment income (loss)	5,518,349	6,375,025
Employer contributions	2,984,388	2,986,950
Other income	<u>428,437</u>	<u>421,689</u>
Total additions	8,931,174	9,783,664
Deductions		
Benefit payments	3,590,047	3,208,142
Administrative expense	<u>253,568</u>	<u>236,479</u>
Total deductions	<u>3,843,615</u>	<u>3,444,621</u>
Net Increase (Decrease)	5,087,559	6,339,043
Net Position Held in Trust for Pension Benefits		
Beginning of year	<u>61,732,920</u>	<u>55,393,877</u>
End of year	<u>\$ 66,820,479</u>	<u>\$ 61,732,920</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 discretely presented component unit. Transactions with the State relate primarily to appropriations for operations and capital improvements and grants from various state agencies.

The University has five 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, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*, which the University adopted on July 1, 2016. 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, 2018 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 the purpose of holding, administering, and further improving real property held by the University. In accordance with the provisions of GASB Statement No. 61, UPI is blended into the University's financial statements because the University has operational responsibility for UPI and services are provided entirely for the benefit of the University.

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 with the University.

Lafayette-Hastings, LLC is a Michigan limited liability company that was formed in 2011 for the purpose of real estate management on behalf of the University. In accordance with the provisions of GASB Statement No. 61, Lafayette-Hastings LLC is blended into the University's financial statements because the University has operational responsibility for Lafayette Hastings, LLC and services are provided entirely for the benefit of the University.

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

38 Front Avenue is a Michigan nonprofit corporation formed in 2011. It was formed for the purpose of advancing the expansion of the L. William Seidman College of Business into a new facility. The University has operational responsibility for it as it operates entirely on behalf of the University. Any outstanding debt will be repaid with resources generated by the University, including the \$16 million receivable from Grand Valley Investment Fund. For the blended statements, the \$9 million note between 38 Front Avenue and the University has been eliminated.

In accordance with GASB Statement No. 80, 38 Front Avenue is reported as a blended component unit because the University is the sole corporate member. Previously, 38 Front Avenue obtained an annual financial audit as required by its financing agreements and the June 30, 2017 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.		Grand Valley Research Corporation		Lafayette Hastings, LLC		38 Front Avenue	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Assets										
Current assets	\$ 276,572	\$ 311,507	\$ 162,506	\$ 156,842	\$ 67,679	\$ 151,264	\$ (614,555)	\$ (579,269)	\$ 835,636	\$ 655,609
Capital assets (net)	-	-	4,958	4,958	-	-	-	-	34,987,249	36,036,771
Other assets	1,837,587	1,666,575	-	-	892,688	667,342	-	-	7,146,525	6,335,725
Total assets	<u>\$ 2,114,159</u>	<u>\$ 1,978,082</u>	<u>\$ 167,464</u>	<u>\$ 161,800</u>	<u>\$ 960,367</u>	<u>\$ 818,606</u>	<u>\$ (614,555)</u>	<u>\$ (579,269)</u>	<u>\$ 42,969,410</u>	<u>\$ 43,028,105</u>
Liabilities										
Current liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,522	\$ 247,109	\$ 1,138,298	\$ 170,010
Noncurrent liabilities	-	-	-	-	110,406	182,189	-	-	30,487,441	31,455,220
Total liabilities	-	-	-	-	110,406	182,189	175,522	247,109	31,625,739	31,625,230
Net Position										
Net investment in capital assets	-	-	4,958	4,958	-	-	-	-	4,020,005	5,090,744
Restricted:										
Nonexpendable	1,371,114	1,274,923	-	-	-	-	-	-	-	-
Expendable	743,045	703,159	-	-	-	-	-	-	-	-
Unrestricted	-	-	162,506	156,842	849,961	636,417	(790,077)	(826,378)	7,323,666	6,312,131
Total net position	<u>2,114,159</u>	<u>1,978,082</u>	<u>167,464</u>	<u>161,800</u>	<u>849,961</u>	<u>636,417</u>	<u>(790,077)</u>	<u>(826,378)</u>	<u>11,343,671</u>	<u>11,402,875</u>
Total liabilities and net position	<u>\$ 2,114,159</u>	<u>\$ 1,978,082</u>	<u>\$ 167,464</u>	<u>\$ 161,800</u>	<u>\$ 960,367</u>	<u>\$ 818,606</u>	<u>\$ (614,555)</u>	<u>\$ (579,269)</u>	<u>\$ 42,969,410</u>	<u>\$ 43,028,105</u>

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

	Grand Valley University Foundation		University Properties, Inc.		Grand Valley Research Corporation		Lafayette Hastings, LLC		38 Front Avenue	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Operating Revenue										
Sales and services of educational activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,118	\$ -	\$ -	\$ -	\$ -
Auxiliary enterprises	-	-	88,033	93,136	-	-	-	-	-	-
Other	61,764	59,265	-	-	-	-	984,973	910,327	-	-
Total operating revenue	61,764	59,265	88,033	93,136	-	10,118	984,973	910,327	-	-
Operating Expense										
Personnel costs	36,362	36,956	-	-	-	-	-	-	-	-
Supplies and other	1,176,840	2,049,999	81,537	82,871	1,249	1,593	948,672	1,189,709	238,427	238,893
Depreciation	-	-	-	-	-	-	-	-	1,049,522	1,049,522
Total operating expense	1,213,202	2,086,955	81,537	82,871	1,249	1,593	948,672	1,189,709	1,287,949	1,288,415
Nonoperating Revenue (Expense)										
Gifts and additions to endowments	1,068,635	2,016,685	-	-	-	-	-	-	-	-
Grants	77,670	77,432	-	-	-	-	-	-	-	-
Investment income (loss)	141,210	195,536	-	-	214,794	(75,791)	-	-	(510,030)	(510,030)
Other	-	297,147	(832)	(1,242)	-	-	-	(104,750)	1,738,775	1,738,913
Total nonoperating revenue (expense)	1,287,515	2,586,800	(832)	(1,242)	214,794	(75,791)	-	(104,750)	1,228,745	1,228,883
Increase (Decrease) in Net Position	136,077	559,110	5,664	9,023	213,545	(67,266)	36,301	(384,132)	(59,204)	(59,532)
Net Position - Beginning of year	1,978,082	1,418,972	161,800	152,777	636,417	703,683	(826,378)	(442,246)	11,402,875	11,462,407
Net Position - End of year	<u>\$ 2,114,159</u>	<u>\$ 1,978,082</u>	<u>\$ 167,464</u>	<u>\$ 161,800</u>	<u>\$ 849,962</u>	<u>\$ 636,417</u>	<u>\$ (790,077)</u>	<u>\$ (826,378)</u>	<u>\$ 11,343,671</u>	<u>\$ 11,402,875</u>

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Condensed Statement of Cash Flows

	Grand Valley University Foundation		University Properties, Inc.		Grand Valley Research Corporation		Lafayette Hastings, LLC		38 Front Avenue	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Net cash provided by (used in) operating activities	\$ (78,881)	\$ 256,680	\$ 8,196	\$ 6,135	\$ 1,151	\$ (253)	\$ (45,405)	\$ (206,043)	\$ 224,416	\$ 31,656
Net cash (used in) provided by investing activities	(52,245)	(325,514)	-	-	-	7,189	6,381	(104,751)	-	-
Net cash provided by financing activities	96,191	130,031	-	-	-	-	-	-	-	-
Net (decrease) increase in cash and cash equivalents	(34,935)	61,197	8,196	6,135	1,151	6,936	(39,024)	(310,794)	224,416	31,656
Cash and Cash Equivalents - Beginning of year	311,507	250,310	147,386	141,251	60,015	53,079	(615,812)	(305,018)	531,287	499,631
Cash and Cash Equivalents - End of year	\$ 276,572	\$ 311,507	\$ 155,582	\$ 147,386	\$ 61,166	\$ 60,015	\$ (654,836)	\$ (615,812)	\$ 755,703	\$ 531,287

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

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

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

Investments - Investments are reported at fair value. Alternative investments are recorded at their most recent available valuation and updated for capital contributions and distributions. Alternative investments 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. 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 trade amounts deemed uncollectible are charged against bad debt expense in the period that determination is made. At June 30, 2018 and 2017, there was an allowance of \$604,565 and \$693,067, 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Pledges Receivable - The carrying amount of pledges receivable represents recorded promises to contribute, measured at fair value when received, net of estimated uncollectible promises. Pledges receivable are recorded at their net present value using a discount rate of 4.43 percent and 4.42 percent for the years ended June 30, 2018 and 2017, respectively. Included in pledges receivable are an unamortized discount of \$1,045,656 and \$639,063 at June 30, 2018 and 2017, respectively, and an allowance of \$47,874 and \$8,502 at June 30, 2018 and 2017, 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, 2018.

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, 2018. Since 38 Front Avenue is blended with the University, this note has been eliminated in the financial statements.

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 \$600,000 and \$363,000 at June 30, 2018 and 2017, 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Federal Financial Assistance Programs - The University participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, Federal Direct Lending, and Perkins Loans programs. Federal programs are audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and the compliance supplement.

During 2018 and 2017, the University distributed \$163,456,071 and \$162,994,554, 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 \$52,988,000 which represents the estimated amount of expenses ultimately to result if unperformed contracts in progress at June 30, 2018 are completed. Approximately \$44,570,000 of the total is committed for capital projects.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

The unrestricted net position balance at June 30, 2018 includes \$9,894,800 of funds functioning as endowment, \$3,009,974 of capital projects in progress, \$25,130,930 of housing and auxiliary repair and maintenance funds, \$31,844,676 of debt service funds, \$29,019,653 for academic initiatives and technology, \$50,165,592 for future capital projects and debt service, and \$26,424,471 for reserves for operations and cash flow.

The unrestricted net position balance at June 30, 2017 includes \$9,466,963 of funds functioning as endowment, \$13,820,776 of capital projects in progress, \$23,747,730 of housing and auxiliary repair and maintenance funds, \$27,486,769 of debt service funds, \$27,677,939 for academic initiatives and technology, \$41,369,421 for future capital projects and debt service, and \$30,418,392 for reserves for operations and cash flow.

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.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, unspent bond proceeds, components of debt structuring, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

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)

Pensions - For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the University defined benefit plans was calculated by a certified actuary. Contribution revenue is recorded as contributions are made by the University to the plan. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

Postemployment Benefits Other Than Pensions - For purposes of measuring the net other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the University defined benefit plan was calculated by a certified actuary. Contribution revenue is recorded as contributions are made by the University to the plan. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms.

Deferred Outflows of Resources - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The deferred outflows of resources relate to the net pension liability, other post retirement liabilities, and components of long-term obligations, including a debt refunding. See Notes 4 through 6 for more information.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources relate to the calculation of the net pension liability and other post retirement liabilities. See Note 6 for more information.

Adoption of New Standard - For the year ended June 30, 2018, the University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires governments providing postemployment benefits (OPEB) other than pensions to recognize their unfunded benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of these benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). In accordance with the statement, the University has reported an OPEB liability of \$19,377,472, which was offset by net deferred inflows of \$109,316 and a long-term liability of \$10,028,821 recognized in prior years. Therefore the decrease to net position as of July 1, 2017 was \$9,239,335 as a result of the change in accounting principle.

Note 1 - Summary of Significant Accounting Policies (Continued)

Reclassification- Certain 2017 amounts have been reclassified to conform to the 2018 presentation.

Note 2 - Cash and Investments

The operating portfolio is invested in accordance with University policy.

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

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

The board of trustees has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. Additionally, for endowment investments, the foremost objective is to maintain a spending rate that provides a proper balance between preservation of corpus and enhancement of the purchasing power of investment earnings. For the years ended June 30, 2018 and 2017, the endowed spending rate was 4.50 percent.

As of June 30, 2018, the University has remaining commitments of \$4,814,000 in alternative asset investments. As of June 30, 2018 and 2017, the University had approximately \$44.8 million and \$39.7 million, respectively, invested in alternative asset investments.

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 2 - Cash and Investments (Continued)

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

	2018	2017
Cash and cash equivalents	\$ 50,420,268	\$ 34,063,043
Short-term investments	39,578,179	42,421,208
Restricted cash and cash equivalents	2,226,111	521,150
Endowment investments	126,755,650	117,730,301
Other long-term investments	147,076,765	146,781,698
Total cash and investments	<u>\$ 366,056,973</u>	<u>\$ 341,517,400</u>

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

	2018	2017
Money markets	\$ 52,646,379	\$ 34,584,193
Time deposits	4,063,055	-
Equity security investments	83,148,644	74,805,777
Mutual bond funds	176,269,716	188,013,669
Other	49,929,179	44,113,761
Total cash and investments	<u>\$ 366,056,973</u>	<u>\$ 341,517,400</u>

As of June 30, 2018, the University had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 52,646,379	\$ 52,646,379	\$ -	\$ -	\$ -
Time deposits	4,063,055	4,063,055	-	-	-
Mutual bond funds	176,269,716	-	121,271,732	48,074,729	6,923,255
Mutual equity funds	47,714,010	-	9,257,671	-	38,456,339
Mutual international equity funds	27,339,217	-	1,604,098	-	25,735,119
Global equity funds	8,095,416	-	-	-	8,095,416
Real estate	3,096,835	-	-	-	3,096,835
Venture capital	8,483,218	-	-	-	8,483,218
Other investments	38,349,127	-	1,433,529	-	36,915,598
Total investments and maturities	<u>\$ 366,056,973</u>	<u>\$ 56,709,434</u>	<u>\$ 133,567,030</u>	<u>\$ 48,074,729</u>	<u>\$ 127,705,780</u>

As of June 30, 2017, 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	\$ 34,584,193	\$ 34,584,193	\$ -	\$ -	\$ -
Mutual bond funds	188,013,669	-	128,888,333	48,169,183	10,956,153
Mutual equity funds	45,836,574	-	8,449,007	-	37,387,567
Mutual international equity funds	28,969,203	-	1,625,236	-	27,343,967
Real estate	2,421,346	-	-	-	2,421,346
Venture capital	9,766,045	-	-	-	9,766,045
Other investments	31,926,370	-	1,327,945	-	30,598,425
Total investments and maturities	<u>\$ 341,517,400</u>	<u>\$ 34,584,193</u>	<u>\$ 140,290,521</u>	<u>\$ 48,169,183</u>	<u>\$ 118,473,503</u>

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 2 - Cash and Investments (Continued)

As of June 30, 2018, the University's fiduciary fund 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	\$ 1,068,216	\$ 1,068,216	\$ -	\$ -	\$ -
Fixed-income funds	19,133,429	3,939,496	9,544,963	4,342,099	1,306,871
Equities	42,006,252	-	-	-	42,006,252
Commodity funds	1,015,205	-	-	-	1,015,205
Real estate	1,940,057	-	-	-	1,940,057
Precious metals	1,364,831	-	-	-	1,364,831
Pooled investment funds	115,793	-	-	-	115,793
Common stock	15,009	-	-	-	15,009
Total investments and maturities	<u>\$ 66,658,792</u>	<u>\$ 5,007,712</u>	<u>\$ 9,544,963</u>	<u>\$ 4,342,099</u>	<u>\$ 47,764,018</u>

As of June 30, 2017, the University's fiduciary fund 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	\$ 1,378,282	\$ 1,378,282	\$ -	\$ -	\$ -
Fixed-income funds	17,364,462	3,920,414	8,243,293	3,726,181	1,474,574
Equities	39,216,482	-	-	-	39,216,482
Commodity funds	932,767	-	-	-	932,767
Real estate	1,546,829	-	-	-	1,546,829
Precious metals	1,033,029	-	-	-	1,033,029
Pooled investment funds	112,279	-	-	-	112,279
Common stock	4,072	-	-	-	4,072
Total investments and maturities	<u>\$ 61,588,202</u>	<u>\$ 5,298,696</u>	<u>\$ 8,243,293</u>	<u>\$ 3,726,181</u>	<u>\$ 44,320,032</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.

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, 2018 have average maturities between 0.2 years and 8.4 years and are presented as an investment with a maturity over one year. Mutual bond funds as of June 30, 2017 have average maturities between 0.8 years and 8.6 years. Market risks (including interest rate risk and liquidity risk) and credit risks are managed by board policies.

Note 2 - Cash and Investments (Continued)

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	10%-100%
One to five years	0%-90%
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, 2018 and 2017, the carrying amount of the University's deposits was \$52,646,379 and \$34,584,193, respectively. Cash balances in the bank were \$56,421,583 and \$38,399,619, respectively. Of the cash balances in the bank, \$1,264,769 and \$1,611,334, respectively, was insured.

The remaining cash balances in the bank of \$55,156,814 and \$36,788,285 at June 30, 2018 and 2017, 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.

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

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

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

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 2 - Cash and Investments (Continued)

The University held the following types of mutual fixed-income funds and credit ratings in pooled operating cash and investments at June 30, 2018 and 2017:

	Market Value 2018	Rating*	Market Value 2017	Rating*
PNC UltraShort	\$ 12,354,438	2 star	\$ 12,267,362	3 star
PIMCO Short Term Fund	15,184,615	5 star	15,153,846	5 star
Ridgeworth SEIX US Government SEC Ultra Short Bond	7,976,072	3 star	15,000,000	3 star
Vanguard Short Term Investment Grade	29,093,024	4 star	29,040,472	4 star
Doubleline Low Duration	24,506,903	4 star	24,802,761	4 star
Western Asset Intermediate	29,353,077	4 star	30,068,335	4 star
Loomis Sayles Multisector Full Discretion	3,091,406	4 star	3,217,969	4 star
JPMorgan Core Bond	19,586,405	3 star	19,589,354	4 star
Vanguard TIPS Inflation Protected Security	6,065,831	3 star	6,142,241	4 star
Franklin Templeton	4,038,973	4 star	4,095,660	3 star
Doubleline Total Return	15,523,304	5 star	15,513,774	5 star
Dodge & Cox Income Fund	530,671	5 star	413,145	4 star
Doubleline Flexible Income	380,325	4 star	210,825	4 star
iShares Barclays Intermediate Government	1,501,097	2 star	1,541,772	2 star
Goldman Sachs L/S Strategy	160,320	2 star	-	
Total	\$ 169,346,461		\$ 177,057,516	

* Star ratings obtained from Morningstar; AA+ obtained from S&P.

The University's fiduciary fund held the following types of mutual equity investments and credit ratings in pooled operating cash and investments at June 30, 2018 and 2017. The fiduciary fund had no holdings of mutual fixed-income funds.

	Market Value 2018	Rating*	Market Value 2017	Rating*
Dodge & Cox Stock Fund	\$ -	4 star	\$ 2,383,645	4 star
Harbor Capital Appreciation Fund	2,909,284	5 star	1,999,604	5 star
iShares Dow Jones Select Dividend Fund	-	4 star	1,379,462	4 star
Harding Loevner International Equity Fund	3,364,215	4 star	2,070,097	4 star
iShares Core S&P 500 Fund	6,878,676	4 star	7,101,487	4 star
iShares Core S&P Mid-Cap ETF	5,650,178	4 star	6,288,293	4 star
iShares Core S&P Small-Cap ETF	2,463,322	5 star	3,503,116	5 star
iShares Russell 1000 ETF	-	4 star	5,865,984	4 star
MFS Value Fund	3,515,812	4 star	-	
Primecap Odyssey Fund	2,685,153	5 star	-	
Dana Large Cap Equity Institutional Fund	3,912,638	3 star	-	
Principal Midcap Blend Fund	1,263,256	4 star	729,610	5 star
T Rowe Price US Small-Cap Growth Fund	1,319,718	4 star	-	
Victory Sycamore Established Value Fund	1,425,311	5 star	705,759	5 star
Wells Fargo FDS TR Special Small Cap Value Fund	1,623,612	5 star	-	
iShares MSCI EAFE Index Fund	2,215,795	3 star	-	
Seafarer Overseas Growth and Income Fund	822,263	3 star	-	
iShares Core MSCI Fund	992,491	3 star	-	
PIMCO Commodity Real Return Fund	1,015,205	3 star	932,768	2 star
SPDR Gold Trust ETF	1,364,831		1,033,029	
Vanguard REIT ETF	1,940,058	3 star	1,546,830	3 star
Vanguard Total Stock Market Fund	-	4 star	1,531,209	4 star
Vanguard FTSE Developed Markets ETF	-	4 star	2,963,553	4 star
Oppenheimer Developing Markets Fund	964,527	4 star	580,076	4 star
Vanguard FTSE Emerging Markets ETF	-	3 star	2,114,586	3 star
Total	\$ 46,326,345		\$ 42,729,108	

* Star ratings obtained from Morningstar; AA+ obtained from S&P.

Note 2 - Cash and Investments (Continued)

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

Foreign Credit Risk - The University holds investments in some international mutual funds that invest in international equity funds and debt. These funds are invested in various countries throughout the world and therefore expose the University to foreign credit risk. The international equity and debt investments represent approximately 19 percent and 18 percent of total cash and investments at June 30, 2018 and 2017, respectively. Investments in these funds were approximately \$69.8 million and \$60.3 million for the years ended June 30, 2018 and 2017, respectively.

Alternative Assets - The other investments and venture capital are comprised of investments in alternative assets.

Fair Value Measurements - The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The University's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 2 - Cash and Investments (Continued)

The University has the following recurring fair value measurements as of June 30, 2018:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	<u>Fair Value Measurements Using</u>			
	Balance at June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities - Mutual bond funds	\$ 176,269,716	\$ 176,269,716	\$ -	\$ -
Equity securities:				
Preferred stock	279,508	279,508	-	-
Money market funds	26,273,591	26,273,591	-	-
Mutual equity funds	16,506,612	16,506,612	-	-
Mutual international security funds	1,604,098	1,604,098	-	-
Mutual diversification funds	1,026,279	1,026,279	-	-
Mutual balanced fund	6,364,509	6,364,509	-	-
Real estate funds	407,250	407,250	-	-
Total equity securities	52,461,847	52,461,847	-	-
Land	452,900	-	-	452,900
Beneficial interest	1,830,090	-	-	1,830,090
Total investments by fair value level		<u>\$ 228,731,563</u>	<u>\$ -</u>	<u>\$ 2,282,990</u>
Investments Measured at Net Asset Value (NAV)				
Hedge funds	61,694,628			
Pooled investment funds	29,958,290			
Private equity funds	9,748,550			
Real estate funds	2,643,934			
Venture capital fund	251,404			
Total investments measured at NAV	104,296,806			
Total investments measured at fair value	<u>\$ 335,311,359</u>			
Investment Derivative Instruments - Interest				
rate swaps	<u>\$ (3,398,000)</u>		<u>\$ (3,398,000)</u>	

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 2 - Cash and Investments (Continued)

The University has the following recurring fair value measurements as of June 30, 2017:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using		
	Balance at June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities - Mutual bond funds	\$ 188,013,668	\$ 188,013,668	\$ -	\$ -
Equity securities:				
Preferred stock	78,233	78,233	-	-
Money market funds	9,569,090	9,569,090	-	-
Mutual equity funds	15,299,611	15,299,611	-	-
Mutual international security funds	9,802,482	9,802,482	-	-
Mutual diversification funds	911,795	911,795	-	-
Mutual balanced fund	5,706,195	5,706,195	-	-
Real estate funds	416,150	416,150	-	-
Total equity securities	41,783,556	41,783,556	-	-
Land	144,000	-	-	144,000
Guaranteed interest account	9,278	-	-	9,278
Beneficial interest	1,798,506	-	-	1,798,506
Total investments by fair value level		\$ 229,797,224	\$ -	\$ 1,951,784
Investments Measured at Net Asset Value (NAV)				
Hedge funds	58,716,556			
Pooled investment funds	14,891,096			
Private equity funds	8,280,055			
Real estate funds	2,277,346			
Venture capital fund	244,587			
Total investments measured at NAV	84,409,640			
Total investments measured at fair value	\$ 316,158,648			
Investment Derivative Instruments - Interest				
rate swaps	\$ (5,365,000)		\$ (5,365,000)	

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 2 - Cash and Investments (Continued)

The University's fiduciary funds have the following recurring fair value measurements as of June 30, 2018:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using		
	Balance at	Quoted Prices in	Significant Other	Significant
	June 30, 2018	Active Markets for	Observable Inputs	Unobservable
		Identical Assets	(Level 2)	Inputs
		(Level 1)		(Level 3)
Investments by Fair Value Level				
Equity securities:				
Money market mutual funds	\$ 1,056,962	\$ 1,056,962	\$ -	\$ -
Developed international equity funds	5,580,010	5,580,010	-	-
Emerging markets equity funds	2,779,281	2,779,281	-	-
Large-cap domestic equity funds	19,901,562	19,901,562	-	-
Real estate investment funds	1,940,058	1,940,058	-	-
Small- and mid-cap domestic equity funds	13,745,398	13,745,398	-	-
Commodity funds	2,380,036	2,380,036	-	-
Common stock	15,009	15,009	-	-
Total equity securities	47,398,316	47,398,316	-	-
Fixed-income securities:				
Domestic fixed-income funds	16,518,354	-	16,518,354	-
International fixed-income funds	1,257,594	-	1,257,594	-
Inflation indexed fixed-income funds	1,357,481	-	1,357,481	-
Total fixed-income securities	19,133,429	-	19,133,429	-
Total investments by fair value level		\$ 47,398,316	\$ 19,133,429	\$ -
Investments Measured at Net Asset Value (NAV) -				
Pooled investment funds	115,793			
Total investments measured at fair value	\$ 66,647,538			

Note 2 - Cash and Investments (Continued)

The University's fiduciary funds have the following recurring fair value measurements as of June 30, 2017:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using		
	Balance at June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity securities:				
Money market mutual funds	\$ 1,378,281	\$ 1,378,281	\$ -	\$ -
Developed international equity funds	5,033,650	5,033,650	-	-
Emerging markets equity funds	2,694,661	2,694,661	-	-
Large-cap domestic equity funds	20,261,393	20,261,393	-	-
Real estate investment funds	1,546,829	1,546,829	-	-
Small- and mid-cap domestic equity funds	11,226,778	11,226,778	-	-
Commodity funds	1,965,797	1,965,797	-	-
Common stock	4,072	4,072	-	-
Total equity securities	44,111,461	44,111,461	-	-
Fixed-income securities:				
Domestic fixed-income funds	14,615,717	-	14,615,717	-
International fixed-income funds	1,530,770	-	1,530,770	-
Inflation indexed fixed-income funds	1,217,975	-	1,217,975	-
Total fixed-income securities	17,364,462	-	17,364,462	-
Total investments by fair value level		\$ 44,111,461	\$ 17,364,462	\$ -
Investments Measured at Net Asset Value (NAV) -				
Pooled investment funds	112,279			
Total investments measured at fair value	\$ 61,588,202			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of fixed-income securities at June 30, 2018 and 2017 was determined primarily based on Level 2 inputs. The University estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates.

The fair value of land, the guaranteed interest account and the beneficial interest account held at Grand Rapids Community Foundation at June 30, 2018 and 2017 was determined primarily based on Level 3 inputs. The University estimates the fair value of these investments using the University's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Note 2 - Cash and Investments (Continued)

Investments in Entities that Calculate Net Asset Value per Share

The University holds shares or interests in investment companies whereby the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year-end, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

	June 30, 2018	June 30, 2017	June 30, 2018		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds (A)	\$ 61,694,628	\$ 58,716,556	\$ -	See (A) below	See (A) below
Pooled investment funds (B)	29,958,290	14,891,096	-	See (B) below	See (B) below
Private equity funds (C)	9,748,550	8,280,055	4,028,087	Not redeemable	N/A
Real estate funds (D)	2,643,934	2,277,346	785,710	Not redeemable	N/A
Venture capital fund (E)	251,404	244,587	-	Not redeemable	N/A
Total	<u>\$ 104,296,806</u>	<u>\$ 84,409,640</u>	<u>\$ 4,813,797</u>		

(A) This category includes investments in hedge funds that invest primarily in other hedge funds, limited partnerships, and investment companies. Management of these funds employs a variety of strategies and has the ability to shift investments based on market, economic, political, and government-driven events. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. These investments can be redeemed as follows, with the following restrictions:

- a. Nyes Ledge Capital Horizon Fund - Subclass A shares may be redeemed on the first December 31 that is at least one year after the date such shares were purchased and on each December 31 thereafter. Sub-Class B shares may be redeemed on the first December 31 that is at least two years after the date such shares were purchased, and every two years thereafter.
- b. Adage Capital Partners - Quarterly redemptions with 60 days' advance notice.
- c. Varde Investment Partners - Redeemable on anniversary date of admission to the fund with 90 days' advance written notice.
- d. Acadian EM II Fund - Daily redemptions with 30 days' advance notice.
- e. Babson Capital Management - Redeemable on last business day of calendar month with 30 days' advance written notice.
- f. Varadero Capital - Fund is not redeemable for the first three years it is held. After that, it is redeemable on the last calendar day of each calendar quarter with 90 days' prior written notice.
- g. Pelham Long/Short Fund - Fund is not redeemable for the first twelve months it is held. After that it is redeemable on a monthly basis with 180 days prior written notice.
- h. Davidson Kempner Institutional Partners - Quarterly redemptions with 65 days' advance notice.
- i. SRS Partners - Quarterly redemptions with 60 days' prior written notice.
- j. Indaba Capital Partners - Redeemable quarterly upon 90 days' notice, beginning on the last day of the quarter falling one year after the date of capital contribution.
- k. Nitorum Capital - Class B shares are subject to a three year soft lock-up. During the lock-up period, interests may be withdrawn on the last business day immediately preceding each one year anniversary of the date the investment was established with 60 days' notice, and subject to an early; withdrawal fee.

Note 2 - Cash and Investments (Continued)

- I. Hitchwood Capital Fund - Redeemable each calendar quarter with 75 days' advance notice.
 - m. Senator Global Offshore Fund - Redeemable at any calendar quarter-end upon at least 60 days' prior written notice. Shareholders may only redeem 25% of their shares at each redemption date.
- (B) This category includes investments in a common trust fund, commingled pool that invests in commodity-related and fixed-income investments. The fair values of the investments in this category have been estimated using the net asset value of the University's ownership interest in the fund. These investments can be redeemed as follows, with the following restrictions:
 - a. Sanderson International Value Fund - Redeemable on the first business day of each month, with 10 business days' advance notice.
 - b. Philadelphia Harvest - Redeemable monthly with 30 days' notice.
 - c. Doddington Emerging Markets Fund - Redeemable on the first business day of each month, with five business days' advance notice.
 - d. WMQS Global Equity Active Extension Fund - Redeemable monthly with 30 days' written notice.
 - e. Global Alpha EAFE - Redeemable monthly with 15 days' advance notice.
 - f. Hardman Johnston International Equity Fund - Redeemable on the first business day of each month with 30 days written notice.
- (C) This category includes several private equity funds that invest in early stage, high-growth private companies, growth equity financing, leverage buyouts, securities, and other obligations of distressed businesses and financially troubled companies. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation for the underlying assets of the funds. These investments are planned to be held for a various number of years depending on the individual fund contract.
- (D) This category includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of the University's ownership interest in partners' capital.
- (E) This category includes one venture capital fund that will invest in three to five companies, primarily from within the Michigan Accelerator Fund portfolio. The fair value of the investment in this class has been estimated using the net asset value of the University's ownership interest in partners' capital.

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 3 - Capital Assets

Capital asset activity for the University for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 63,857,809	\$ 5,771,358	\$ -	\$ 69,629,167
Nondepreciable artwork and historical treasures	6,257,395	39,313	-	6,296,708
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress	30,268,439	38,752,275	61,165,473	7,855,241
Total cost of nondepreciable capital assets	102,106,463	44,562,946	61,165,473	85,503,936
Land improvements and infrastructure	107,348,240	8,579,696	-	115,927,936
Buildings	735,692,656	55,450,741	138,885	791,004,512
Equipment	68,506,094	4,283,661	980,555	71,809,200
Library books	17,354,567	676,918	353,469	17,678,016
Total cost of depreciable capital assets	928,901,557	68,991,016	1,472,909	996,419,664
Total cost of capital assets	1,031,008,020	\$ 113,553,962	\$ 62,638,382	1,081,923,600
Less accumulated depreciation for:				
Land improvements and infrastructure	59,271,664	\$ 5,127,154	\$ -	64,398,818
Buildings	212,729,638	17,247,329	99,998	229,876,969
Equipment	52,948,434	3,401,643	933,628	55,416,449
Library books	13,825,763	809,629	353,469	14,281,923
Total accumulated depreciation	338,775,499	\$ 26,585,755	\$ 1,387,095	363,974,159
University capital assets - Net	\$ 692,232,521			\$ 717,949,441

38 Front Avenue Capital Assets	Beginning Balance	Additions	Reductions	Ending Balance
Land improvements and infrastructure	\$ 1,746,000	\$ -	\$ -	\$ 1,746,000
Buildings	38,488,857	-	-	38,488,857
Total cost of capital assets	40,234,857	\$ -	\$ -	40,234,857
Less accumulated depreciation for:				
Land improvements and infrastructure	349,200	\$ 87,300	\$ -	436,500
Buildings	3,848,885	962,222	-	4,811,107
Total accumulated depreciation	4,198,085	\$ 1,049,522	\$ -	5,247,607
38 Front Avenue Capital assets - Net	\$ 36,036,772			\$ 34,987,250

University and 38 Front Avenue Combined	Beginning Balance	Additions	Reductions	Ending Balance
Total cost of nondepreciable capital assets	\$ 102,106,463	\$ 44,562,946	\$ 61,165,473	\$ 85,503,936
Total cost of depreciable capital assets	969,136,414	68,991,016	1,472,909	1,036,654,521
Total cost of capital assets	1,071,242,877	113,553,962	62,638,382	1,122,158,457
Total accumulated depreciation	342,973,584	\$ 27,635,277	\$ 1,387,095	369,221,766
Total capital assets - Net	\$ 728,269,293			\$ 752,936,691

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 3 - Capital Assets (Continued)

Capital asset activity for the University for the year ended June 30, 2017 was as follows:

University Capital Assets	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 63,681,614	\$ 176,195	\$ -	\$ 63,857,809
Nondepreciable artwork and historical treasures	6,203,282	54,113	-	6,257,395
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress	45,157,687	40,445,091	55,334,339	30,268,439
Total cost of nondepreciable capital assets	116,765,403	40,675,399	55,334,339	102,106,463
Land improvements and infrastructure	101,796,459	5,551,781	-	107,348,240
Buildings	688,774,900	48,311,631	1,393,875	735,692,656
Equipment	64,459,418	5,838,776	1,792,100	68,506,094
Library books	16,820,209	595,438	61,080	17,354,567
Total cost of depreciable capital assets	871,850,986	60,297,626	3,247,055	928,901,557
Total cost of capital assets	988,616,389	\$ 100,973,025	\$ 58,581,394	1,031,008,020
Less accumulated depreciation for:				
Land improvements and infrastructure	54,298,385	\$ 4,973,279	\$ -	59,271,664
Buildings	196,435,057	16,905,697	611,116	212,729,638
Equipment	50,928,724	3,704,417	1,684,707	52,948,434
Library books	13,055,721	831,121	61,079	13,825,763
Total accumulated depreciation	314,717,887	\$ 26,414,514	\$ 2,356,902	338,775,499
University capital assets - Net	\$ 673,898,502			\$ 692,232,521

38 Front Avenue Capital Assets	Beginning Balance	Additions	Reductions	Ending Balance
Land improvements and infrastructure	\$ 1,746,000	\$ -	\$ -	\$ 1,746,000
Buildings	38,488,857	-	-	38,488,857
Total cost of capital assets	40,234,857	\$ -	\$ -	40,234,857
Less accumulated depreciation for:				
Land improvements and infrastructure	261,900	\$ 87,300	\$ -	349,200
Buildings	2,886,664	962,221	-	3,848,885
Total accumulated depreciation	3,148,564	\$ 1,049,521	\$ -	4,198,085
38 Front Avenue Capital assets - Net	\$ 37,086,293			\$ 36,036,772

University and 38 Front Avenue Combined	Beginning Balance	Additions	Reductions	Ending Balance
Total cost of nondepreciable capital assets	\$ 116,765,403	\$ 40,675,399	\$ 55,334,339	\$ 102,106,463
Total cost of depreciable capital assets	912,085,843	60,297,626	3,247,055	969,136,414
Total cost of capital assets	1,028,851,246	100,973,025	58,581,394	1,071,242,877
Total accumulated depreciation	317,866,451	\$ 27,464,035	\$ 2,356,902	342,973,584
Total capital assets - Net	\$ 710,984,795			\$ 728,269,293

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 3 - Capital Assets (Continued)

The following estimated useful lives are used to compute depreciation:

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

Note 4 - Long-term Liabilities

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

The changes in long-term liabilities for the year ended June 30, 2018 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue Bonds, Series 1998	\$ 1,510,000	\$ -	\$ 1,510,000	\$ -	\$ -
General Revenue Bonds, Series 2007A	5,930,000	-	5,930,000	-	-
General Revenue Refunding Bonds, Series 2008A	10,995,000	-	8,165,000	2,830,000	2,830,000
General Revenue Refunding Variable Rate Bonds, Series 2008B	31,635,000	-	1,815,000	29,820,000	1,880,000
General Revenue Bonds, Series 2011	10,685,000	-	2,490,000	8,195,000	2,615,000
General Revenue Refunding Bonds, Series 2013A	20,310,000	-	2,990,000	17,320,000	3,100,000
General Revenue Bonds, Series 2014A	32,120,000	-	-	32,120,000	350,000
General Revenue Refunding Bonds, Series 2014B	36,940,000	-	-	36,940,000	-
General Revenue Bonds, Series 2015A	27,430,000	-	-	27,430,000	980,000
General Revenue Refunding Bonds, Series 2016A	61,010,000	-	-	61,010,000	-
General Revenue Bonds, Series 2017	-	30,320,000	-	30,320,000	1,540,000
Total bonds payable	238,565,000	30,320,000	22,900,000	245,985,000	13,295,000
Unamortized bond premiums	17,271,889	2,562,294	1,519,371	18,314,812	1,241,700
Charitable gift annuities payable	949,568	50,363	160,203	839,728	160,203
Ground lease payable	294,804	-	3,017	291,787	3,154
Interest rate swap contract (see Note 5)	1,388,000	-	369,000	1,019,000	308,320
Total	258,469,261	\$ 32,932,657	\$ 24,951,591	266,450,327	15,008,377
38 Front QLICI loans payable (offset by note receivable)	22,273,000			22,273,000	967,779
Combined total	280,742,261			288,723,327	\$ 15,976,156
Due within one year	15,029,106			15,976,156	
Combined long-term liabilities	\$ 265,713,155			\$ 272,747,171	

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 4 - Long-term Liabilities (Continued)

The changes in long-term liabilities for the year ended June 30, 2017 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue Bonds, Series 1998	\$ 2,940,000	\$ -	\$ 1,430,000	\$ 1,510,000	\$ 1,510,000
General Revenue Bonds, Series 2007A	6,695,000	-	765,000	5,930,000	785,000
General Revenue Refunding Bonds, Series 2008A	14,360,000	-	3,365,000	10,995,000	3,660,000
General Revenue Refunding Variable Rate Bonds, Series 2008B	33,395,000	-	1,760,000	31,635,000	1,815,000
General Revenue Bonds, Series 2009	5,895,000	-	5,895,000	-	-
General Revenue Bonds, Series 2011	13,060,000	-	2,375,000	10,685,000	2,490,000
General Revenue Refunding Bonds, Series 2013A	23,180,000	-	2,870,000	20,310,000	2,990,000
General Revenue Bonds, Series 2014A	32,120,000	-	-	32,120,000	-
General Revenue Refunding Bonds, Series 2014B	36,940,000	-	-	36,940,000	-
General Revenue Bonds, Series 2015A	27,430,000	-	-	27,430,000	-
General Revenue Refunding Bonds, Series 2016A	61,010,000	-	-	61,010,000	-
Total bonds payable	257,025,000	-	18,460,000	238,565,000	13,250,000
Unamortized bond premiums	18,517,245	-	1,245,356	17,271,889	1,245,357
Charitable gift annuities payable	1,020,074	91,225	161,731	949,568	161,731
Ground lease payable	297,691	-	2,887	294,804	3,018
Interest rate swap contract (see Note 5)	1,815,000	-	427,000	1,388,000	369,000
Total	278,675,010	\$ 91,225	\$ 20,296,974	258,469,261	\$ 15,029,106
38 Front QLICI loans payable (offset by note receivable)	22,273,000			22,273,000	
Combined total	300,948,010			280,742,261	
Due within one year	16,451,975			15,029,106	
Combined long-term liabilities	\$ 284,496,035			\$ 265,713,155	

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 rate on Series 1998 bonds is 5.50 percent. The bonds matured in 2018.

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. In addition to the scheduled payment of \$785,000, \$5,145,000 of the bonds were defeased through a refunding in 2017. The defeased bonds will be held in trust until callable on December 1 of the years 2018 to 2020. The interest rates on the Series 2007A bonds range from 4.00 percent to 5.00 percent.

Note 4 - Long-term Liabilities (Continued)

The General Revenue Refunding Bonds, Series 2008A, and the General Revenue Refunding Variable Rate 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. In addition to the scheduled payments of \$3,090,000 in 2016 and \$3,660,000 in 2017, \$64,955,000 was defeased through a refunding in 2016 and \$4,505,000 was defeased through a refunding in 2017. The defeased bonds from 2016 were held in trust until callable on June 1, 2018 and the defeased bonds from 2017 were held in trust until callable on December 1, 2018. The interest rate on the Series 2008A bonds ranges from 4.13 percent to 5.00 percent. The Series 2008A bonds mature in 2019 and the Series 2008B bonds mature in 2032.

The Series 2008B bonds bear interest based on a weekly rate determined by the remarketing agent (1.50 percent and 0.89 percent at June 30, 2018 and 2017, respectively). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which 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. In addition to the scheduled payment of \$1,335,000, \$37,905,000 of the bonds were defeased through a refunding in 2014. The defeased bonds were held in trust until callable on December 1, 2016. The interest rates on the remaining bonds range from 3.875 percent to 5.00 percent. In addition to the scheduled payment of \$1,385,000, the bonds were extinguished through early redemption in 2017.

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 4.00 percent to 5.00 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.

Note 4 - Long-term Liabilities (Continued)

The Series 2013A bonds bear interest of 1.29 percent and 0.88 percent at June 30, 2017 and 2016, respectively, 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 to which the bonds could potentially be converted 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. This is a draw-down bond in which a portion was drawn during fiscal year 2014 and the remainder in fiscal year 2015.

The Series 2014A bonds bear interest of 1.26 percent and 0.85 percent at June 30, 2017 and 2016, respectively, 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 to which the bonds could potentially be converted 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 2040.

The General Revenue Refunding Bonds, Series 2014B, were issued in September 2014 by the board of trustees for the advance refunding of \$37,905,000 of Series 2009 bonds. The interest rates on these bonds range from 3.50 percent to 5.00 percent. The bonds mature in 2035. The advance refunding resulted in a deferred outflow of \$4,664,356, which is amortized over the life of the original debt.

The General Revenue Bonds, Series 2015A, were issued in June 2015 by the board of trustees to provide a portion of the funds needed to construct, furnish, and equip a student housing and academic building on the Allendale campus. The interest rates on these bonds range from 4.00 percent to 5.00 percent. The bonds mature in 2036.

The General Revenue Refunding Bonds, Series 2016A, were issued in May 2016 by the board of trustees for the advance refunding of \$64,955,000 of Series 2008A bonds. The interest rates on these bonds range from 3.00 percent to 5.00 percent. The bonds mature in 2034. The advance refunding resulted in a deferred outflow of \$6,806,169, which is amortized over the life of the original debt.

The General Revenue Bonds, Series 2017, were issued in December 2017 by the board of trustees to provide a portion of the funds needed to construct, furnish, and equip Raleigh J. Finkelstein Hall on the Health Campus. In addition, \$5,145,000 and \$4,505,000 will be used for the advance refunding of Series 2007A and Series 2008A bonds, respectively. The interest rates on the Series 2017 bonds range from 3.00 percent to 5.00 percent. The bonds mature in 2037. The advance refunding resulted in a deferred outflow of \$81,945, which is amortized over the life of the original debt.

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 4 - Long-term Liabilities (Continued)

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. The loans are partially offset with a note receivable from the Grand Valley Investment Fund (unrelated entity) to the University of \$16,317,780.

Scheduled maturities of long-term liabilities are as follows:

Fiscal Year	Revenue Bonds	Annuitiies	Total	Interest
		Payable		
2019	13,295,000	160,203	13,455,203	6,318,555
2020	13,260,000	160,203	13,420,203	5,812,510
2021	13,700,000	160,203	13,860,203	5,325,388
2022	11,960,000	160,203	12,120,203	4,890,054
2023	12,500,000	160,203	12,660,203	4,600,850
2024-2028	70,910,000	38,713	70,948,713	17,813,379
2029-2033	72,185,000	-	72,185,000	8,383,532
2034-2038	33,735,000	-	33,735,000	2,131,056
2039-2040	4,440,000	-	4,440,000	78,620
University maturities	<u>\$ 245,985,000</u>	<u>\$ 839,728</u>	<u>\$ 246,824,728</u>	<u>\$ 55,353,944</u>

Fiscal Year	QLICI Loans	Interest
	Payable	
2019	967,779	320,058
2020	827,730	308,047
2021	839,859	295,858
2022	852,164	283,492
2023	864,648	270,946
2024-2028	4,517,012	1,159,904
2029-2033	4,858,020	817,386
2034-2038	5,224,208	449,287
2039-2041	3,321,580	81,323
38 Front Avenue maturities	<u>\$ 22,273,000</u>	<u>\$ 3,986,301</u>

Fiscal Year	Revenue Bonds	QLICI Loans	Annuitiies	Total	Interest
		Payable	Payable		
2019	13,295,000	967,779	160,203	14,422,982	6,638,613
2020	13,260,000	827,730	160,203	14,247,933	6,120,557
2021	13,700,000	839,859	160,203	14,700,062	5,621,246
2022	11,960,000	852,164	160,203	12,972,367	5,173,546
2023	12,500,000	864,648	160,203	13,524,851	4,871,796
2024-2028	70,910,000	4,517,012	38,713	75,465,725	18,973,283
2029-2033	72,185,000	4,858,020	-	77,043,020	9,200,918
2034-2038	33,735,000	5,224,208	-	38,959,208	2,580,343
2039-2041	4,440,000	3,321,580	-	7,761,580	159,943
Combined maturities	<u>\$ 245,985,000</u>	<u>\$ 22,273,000</u>	<u>\$ 839,728</u>	<u>\$ 269,097,728</u>	<u>\$ 59,340,245</u>

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

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, 2018 and 2017. 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, 2018, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the 2018 financial statements are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2018		Notional
	Classification	Amount	Classification	Amount	
Hedging Derivatives					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow of resources	\$ 1,720,000	Asset	\$ 245,000	\$ 17,320,000
Pay-fixed interest rate swap	Deferred outflow of resources	<u>1,545,000</u>	Liability	<u>(3,615,000)</u>	27,940,000
	Total	<u>\$ 3,265,000</u>	Total	<u>(3,370,000)</u>	
Investment Derivative					
Pay-fixed interest rate swap	Change in fair value of derivative instruments	\$ 90,000	Liability	<u>(28,000)</u>	1,880,000
			Total	<u>\$ (3,398,000)</u>	

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2017, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the 2017 financial statements are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2017		Notional
	Classification	Amount	Classification	Amount	
Hedging Derivatives					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow of resources	\$ 635,000	Liability	\$ (87,000)	\$ 20,310,000
Pay-fixed interest rate swap	Deterred outflow of resources	<u>2,363,000</u>	Liability	<u>(5,160,000)</u>	27,940,000
	Total	<u>\$ 2,998,000</u>	Total	<u>\$ (5,247,000)</u>	
Investment Derivative					
Pay-fixed interest rate swap	Change in fair value of derivative instruments	\$ 185,000	Liability	<u>(118,000)</u>	3,695,000
			Total	<u>\$ (5,365,000)</u>	

Note 5 - Derivative Instruments (Continued)

As of the statement of net position 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	\$ 1,880,000	3.299% Fixed	70% of one-month LIBOR	6/1/2019	A3/BBB+
3/3/2005	Pay fixed, Receive variable	Cash flow hedge for Series 2013A bonds	17,320,000	3.501% Fixed	70% of one-month LIBOR	12/1/2025	A3/BBB+
9/6/2007	Pay fixed, Receive variable	Cash flow hedge for Series 2008B bonds	27,940,000	3.691% Fixed	70% of one-month LIBOR	12/1/2031	A3/BBB+

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.

In 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 Statement No. 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 (\$245,000) and \$87,000 at June 30, 2018 and 2017, respectively. The above-market amount, which equals \$1,019,000 and \$1,388,000 at June 30, 2018 and 2017, respectively, is considered a borrowing and is included in long-term debt as an interest rate swap contract.

The fair values of the interest rate swaps were calculated by an independent consultant as of June 30, 2018 and 2017. The fair values represent the future net settlement payments or receipts required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates.

The interest rate swaps are subject to the following risks:

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

Note 5 - Derivative Instruments (Continued)

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

The aggregate fair value of hedging derivative instruments in asset positions at June 30, 2018 was \$245,000 and \$0 at June 30, 2017. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. This maximum exposure is reduced by \$0 of collateral held and \$3,643,000 and \$5,365,000 at June 30, 2018 and 2017, respectively, 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 A3/BBB+ at June 30, 2018.

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, 2018 and 2017, the weighted average interest rate on the University's hedged variable-rate debt is 1.66 percent and 1.04 percent, respectively, while 70 percent of LIBOR is 1.46 percent and 0.86 percent, respectively.

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, 2018, aggregate debt service requirements of the University's debt (fixed rate and variable rate) and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 5 - Derivative Instruments (Continued)

Fiscal Year	Associated with Swap Agreements		Interest Rate	Total
	Principal	Interest	Swaps - Net	
2019	3,100,000	719,824	938,142	4,757,966
2020	3,225,000	658,348	873,531	4,756,879
2021	3,345,000	594,506	806,434	4,745,940
2022	4,285,000	524,321	724,932	5,534,253
2023	4,455,000	448,566	631,668	5,535,234
2024-2028	14,710,000	1,404,792	2,051,915	18,166,707
2029-2032	11,650,000	344,376	511,171	12,505,547
Total	<u>\$ 44,770,000</u>	<u>\$ 4,694,733</u>	<u>\$ 6,537,793</u>	<u>\$ 56,002,526</u>

Note 6 - Retirement Plans

Defined Contribution Plans

The executive, administrative, and professional staff and faculty are covered under a defined contribution retirement plan through TIAA-CREF (Teachers Insurance and Annuity Association of America - College Retirement Equities Fund) or Fidelity Investments. Employees may contribute an amount not to exceed the Internal Revenue Service's 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 \$17,723,700 and \$16,498,500 for the years ended June 30, 2018 and 2017, respectively. Total payroll covered under this plan was approximately \$144,334,200 in 2018 and \$137,961,700 in 2017.

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. The University will also match the employees' contribution up to an additional 2.0 percent of wages. Participants become fully vested upon completion of two years of employment. Total expenses under this plan were approximately \$1,256,200 in 2018 and \$1,102,100 in 2017. Total payroll covered under this plan was approximately \$14,045,600 in 2018 and \$12,107,200 in 2017.

Defined Benefit Plans

The University has two defined benefit retirement plans - the GVSU Professional Support Staff Employees' Retirement Plan and the GVSU Maintenance, Grounds, Service Employees' Retirement Plan.

Note 6 - Retirement Plans (Continued)

Plan Administration - Grand Valley State University (GVSU) administers the GVSU Professional Support Staff Employees' Retirement Plan (PSSE), a single-employer defined benefit pension plan that provides pensions for all professional support staff of the University hired before February 2, 2006, and the GVSU Maintenance, Grounds, Service Employees' Retirement Plan (MGSE), 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. The management of the plans 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. The financial statements of the plans are included in these financial statements as an employee benefit plan trust fund (a fiduciary fund).

At July 1, 2017 and 2016, retirement plan membership consisted of the following:

	Professional Support Staff Employees' Plan		Maintenance, Grounds, Service Employees' Plan	
	2017	2016	2017	2016
Inactive plan members receiving benefits	196	171	74	70
Inactive members entitled to, not yet receiving benefits	88	90	7	8
Active plan members	194	219	69	75
Total participants	478	480	150	153

Benefits Provided - The plans provide 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. The plan does not provide cost-of-living adjustments.

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. In addition, active members also contribute to the plan.

For the PSSE plan, the active members' contribution rate is 4.0 percent. The University's contribution rate of annual payroll was 19.2 percent and 20.9 percent for the years ended June 30, 2018 and 2017, respectively.

Note 6 - Retirement Plans (Continued)

For the MGSE plan, the active members' contribution rate is 4.25 percent. The University's contribution rate of annual payroll was 24.3 percent and 26.4 percent for the years ended June 30, 2018 and 2017, respectively.

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 for the plans as of June 30, 2018 and 2017:

Asset Class	Target Allocation	
	2018	2017
Domestic equities	57%	57%
International equities	15%	15%
Fixed income	20%	20%
Cash	0%	0%
Real estate	3%	3%
Commodities	5%	5%

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

Rate of Return - The annual money-weighted rate of return on retirement plan investments, net of retirement plan investment expense, was 9.7 percent and 12.8 percent for the years ended June 30, 2018 and 2017, respectively, for the PSSE plan. The annual money-weighted rate of return on retirement plan investments, net of retirement plan investment expense, was 9.6 percent and 12.8 percent for the years ended June 30, 2018 and 2017, respectively, for the MGSE plan. The money-weighted rate of return expresses investment performance, net of investment expense.

Note 6 - Retirement Plans (Continued)

Net Pension Liability of the University

The University's net pension liability was measured as of June 30, 2018 and 2017. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2017 and 2016, which used updated procedures to roll forward the estimated liability to June 30, 2018 and 2017, respectively.

Changes in the net pension liability for the PSSE plan during the measurement years are as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2016	\$ 53,545,759	\$ 40,773,712	\$ 12,772,047
Changes for the Year			
Service cost - Beginning of year	718,706	-	718,706
Interest on average adjusted total pension liability	3,918,820	-	3,918,820
Differences between expected and actual experience	197,571	-	197,571
Changes in assumptions	5,444,091	-	5,444,091
Benefits payments, including refunds of member contributions	(2,183,758)	-	(2,183,758)
Contributions - Employer	-	2,078,728	(2,078,728)
Contributions - Member	-	286,728	(286,728)
Net investment income	-	4,633,461	(4,633,461)
Administrative expenses	-	(186,466)	186,466
Benefit payments, including refunds of member contributions	-	(2,183,758)	2,183,758
Net Changes	<u>8,095,430</u>	<u>4,628,693</u>	<u>3,466,737</u>
Balance at June 30, 2017	<u>\$ 61,641,189</u>	<u>\$ 45,402,405</u>	<u>\$ 16,238,784</u>
Changes for the Year			
Service cost - Beginning of year	797,818	-	797,818
Interest on average adjusted total pension liability	3,976,774	-	3,976,774
Changes in benefit terms	-	-	-
Differences between expected and actual experience	209,400	-	209,400
Changes in assumptions	(312,926)	-	(312,926)
Benefits payments, including refunds of member contributions	(2,515,721)	-	(2,515,721)
Contributions - Employer	-	2,080,143	(2,080,143)
Contributions - Member	-	305,305	(305,305)
Net investment income	-	4,032,968	(4,032,968)
Administrative expenses	-	(200,506)	200,506
Benefit payments, including refunds of member contributions	-	(2,515,721)	2,515,721
Net Changes	<u>2,155,345</u>	<u>3,702,189</u>	<u>(1,546,844)</u>
Balance at June 30, 2018	<u>\$ 63,796,534</u>	<u>\$ 49,104,594</u>	<u>\$ 14,691,940</u>

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 6 - Retirement Plans (Continued)

The mortality improvement projection scale was updated from MP-2016 to MP-2017 since the prior measurement date. There were no changes in the benefit terms.

Changes in the net pension liability for the MGSE plan during the measurement years are as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2016	\$ 21,219,194	\$ 14,620,165	\$ 6,599,029
Changes for the Year			
Service cost - Beginning of year	284,832	-	284,832
Interest on average adjusted total pension liability	1,547,098	-	1,547,098
Differences between expected and actual experience	(50,039)	-	(50,039)
Changes in assumptions	1,865,214	-	1,865,214
Benefits payments, including refunds of member contributions	(1,024,385)	-	(1,024,385)
Contributions - Employer	-	908,222	(908,222)
Contributions - Member	-	134,960	(134,960)
Net investment income	-	1,741,566	(1,741,566)
Administrative expenses	-	(50,213)	50,213
Benefit payments, including refunds of member contributions	-	(1,024,385)	1,024,385
Net Changes	<u>2,622,720</u>	<u>1,710,150</u>	<u>912,570</u>
Balance at June 30, 2017	<u>\$ 23,841,914</u>	<u>\$ 16,330,315</u>	<u>\$ 7,511,599</u>
Changes for the Year			
Service cost - Beginning of year	318,061	-	318,061
Interest on average adjusted total pension liability	1,535,483	-	1,535,483
Changes in benefit terms	-	-	-
Differences between expected and actual experience	5,766	-	5,766
Changes in assumptions	(132,170)	-	(132,170)
Benefits payments, including refunds of member contributions	(1,074,315)	-	(1,074,315)
Contributions - Employer	-	904,245	(904,245)
Contributions - Member	-	123,132	(123,132)
Net investment income	-	1,485,570	(1,485,570)
Administrative expenses	-	(53,062)	53,062
Benefit payments, including refunds of member contributions	-	(1,074,315)	1,074,315
Net Changes	<u>652,825</u>	<u>1,385,570</u>	<u>(732,745)</u>
Balance at June 30, 2018	<u>\$ 24,494,739</u>	<u>\$ 17,715,885</u>	<u>\$ 6,778,854</u>

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 6 - Retirement Plans (Continued)

The mortality improvement projection scale was updated from MP-2016 to MP-2017 since the prior measurement date. There were no changes in the benefit terms.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2018 and 2017, the University recognized pension expense of \$3,695,165 and \$3,745,148, respectively, for the PPSE plan and \$1,314,692 and \$1,382,934, respectively, for the MSGE Plan.

At June 30, 2018, the University reported deferred outflows and inflows of resources related to pensions from the following sources:

	Professional Support Staff Employees' Plan		Maintenance, Grounds, Service Employees' Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 768,839	\$ -	\$ 245,529	\$ 216,687
Changes in assumptions	4,215,338	1,590,549	1,974,789	1,144,826
Net difference between projected and actual earnings on plan investments	-	145,172	-	120,436
Total	<u>\$ 4,984,177</u>	<u>\$ 1,735,721</u>	<u>\$ 2,220,318</u>	<u>\$ 1,481,949</u>

At June 30, 2017, the University reported deferred outflows and inflows of resources related to pensions from the following sources:

	Professional Support Staff Employees' Plan		Maintenance, Grounds, Service Employees' Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 746,161	\$ -	\$ 285,205	\$ 267,431
Changes in assumptions	5,778,154	1,579,009	2,656,328	1,257,584
Net difference between projected and actual earnings on plan investments	1,465,016	-	465,043	-
Total	<u>\$ 7,989,331</u>	<u>\$ 1,579,009</u>	<u>\$ 3,406,576</u>	<u>\$ 1,525,015</u>

Amounts reported as deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Amortization of Deferred Outflows/Inflows Years Ended June 30	PPSE Amount	MSGE Amount
2019	1,965,776	589,439
2020	1,548,103	381,093
2021	(374,962)	(236,718)
2022	(128,077)	(89,465)
2023	90,437	(3,995)
Thereafter	147,179	98,015

Note 6 - Retirement Plans (Continued)

Actuarial Assumptions - The total pension liability as of June 30, 2018 and 2017 for both plans was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively, using updated procedures and the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases including inflation	2.50%
Investment rate of return	6.5% as of both July 1, 2018 and 2017, respectively, net of pension plan investment expense

Based on Mortality Table RP-2014 with Projection Table MP-2017, as appropriate.

Discount Rate - The discount rate used to measure the total pension liability of the PPSE plan was 6.50 percent for years ended June 30, 2018 and 2017. The discount rate used to measure the total pension liability of the MSGE plan was 6.5 percent for the years ended June 30, 2018 and 2017. 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 is projected to be available to make all projected future benefit payments of active and inactive plan members.

The long-term expected rate of return on retirement plan investments for both plans was determined using a building-block model 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 as of June 30, 2018 and 2017 (see discussion of the retirement plans' investment policy) are summarized in the table below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equities	57%	7.10%
International equities	15%	6.90%
Fixed income	20%	4.92%
Cash	0%	0.00%
Real estate	3%	7.91%
Commodities	5%	4.01%

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 6 - Retirement Plans (Continued)

The sum of the target allocations times the long-term expected rates is 6.50 percent for years ended June 30, 2018 and 2017, respectively.

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 current discount rates, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate for each plan.

For the year ended June 30, 2018:

Plan	1% Decrease	Current Discount Rate	1% Increase
Professional Support Staff Employees' Plan	\$ 23,268,681	\$ 14,691,940	\$ 7,641,518
Maintenance, Grounds, Service Employees' Plan	\$ 9,576,091	\$ 6,778,854	\$ 4,404,575

For the year ended June 30, 2017:

Plan	1% Decrease	Current Discount Rate	1% Increase
Professional Support Staff Employees' Plan	\$ 24,702,169	\$ 16,238,784	\$ 9,292,898
Maintenance, Grounds, Service Employees' Plan	\$ 10,327,829	\$ 7,511,399	\$ 5,125,506

Other Postemployment Benefit Plan (OPEB)

The University has a single-employer defined benefit plan that provides certain healthcare benefits for retired faculty and staff. The plan covers 2,448 members, which includes 1,737 active members, 515 inactive members receiving benefits and 196 covered spouses of retirees as of July 1, 2017 and currently does not require active members to contribute to the plan. At January 1, 2014, the plan was closed to new participants. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Plan Description - The plan requirements are established and may be amended by the University's board of trustees. 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's policy is that the employer will fund the plan on a pay-as-you-go basis. An investment fund has been established for the purpose of prefunding retiree benefits, with a market value of \$15,078,781 and \$13,866,109 at June 30, 2018 and 2017, respectively. However, because the funds are not held in an irrevocable trust, these assets are excluded for GASB Statement No. 75 purposes.

Annual OPEB Cost and Net OPEB Obligation - For the year ended June 30, 2017 the University's OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter 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.

Funded Status and Funding Progress - As of July 1, 2017, the prior year actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$14,210,649, and the actuarial value of assets was \$0, resulting in an unfunded liability (UAAL) of \$14,210,649. An investment fund was established for the purpose of prefunding retiree benefits, with a market value of \$13,866,109 at June 30, 2017. However, because these funds are not irrevocable, these contributions do not constitute contribution for GASB Statement No. 45 purposes. The covered payroll (annual payroll of active employees covered by the plan) was \$134,888,100 for the year ended June 30, 2017 and the ratio of all UAAL to covered payroll was 10.54 percent. The required supplemental information includes the schedule of funding progress from 2009 to 2017.

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.

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, 2017 was five years. Benefits valued are fixed dollar amounts.

Note 6 - Retirement Plans (Continued)

Total OPEB Liability - The June 30, 2018 total OPEB liability was measured as of June 30, 2018 based on an actuarial valuation performed June 30, 2017 in compliance with GASB Statement No. 75. The July 1, 2017 OPEB liability was measured as of July 1, 2017 based on an actuarial valuation performed June 30, 2017 in compliance with GASB Statement No. 75. Changes in the total OPEB liability during the measurement year were as follows:

	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2017	\$ 19,377,472	\$ -	\$ 19,377,472
Changes for the Year			
Service cost - Beginning of year	725,755	-	725,755
Interest	612,140	-	612,140
Differences between expected and actual experience	(111,193)	-	(111,193)
Changes in assumptions	220,509	-	220,509
Benefits payments, including refunds of member contributions	(713,556)	(713,556)	-
Contributions - Employer	-	713,556	(713,556)
Net investment income	-	-	-
Net Changes	<u>733,655</u>	<u>-</u>	<u>733,655</u>
Balance at June 30, 2018	<u>\$ 20,111,127</u>	<u>\$ -</u>	<u>\$ 20,111,127</u>
Current	\$ 715,000		\$ 715,000
Noncurrent	<u>\$ 19,396,127</u>		<u>\$ 19,396,127</u>
	<u>\$ 20,111,127</u>		<u>\$ 20,111,127</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2018, the University recognized OPEB expense of \$1,347,588.

At June 30, 2018 the University reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 101,334
Changes in assumptions	<u>200,957</u>	<u>-</u>
Total	<u>\$ 200,957</u>	<u>\$ 101,334</u>

Note 6 - Retirement Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amortization of Deferred Outflows/Inflows Years Ended June 30	Amount Recognized
2019	\$ 9,693
2020	9,693
2021	9,693
2022	9,693
2023	9,693
Thereafter	51,158

Actuarial Assumptions - The total OPEB liability in the June 30, 2017 actuarial valuation was determined using an inflation assumption of 2.0 percent; assumed salary increases (including inflation) of 2.5 percent; an investment rate of 0% as assets held are not allowable for inclusion under GASB 75 requirements; a healthcare cost trend rate of 8.0 percent in 2018, decreasing .5 percent per year to an ultimate rate of 5.0 percent; and using the RP-2014 mortality tables with the MP-2017 improvement scale.

There were no changes in benefit terms during 2018.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.0 percent at June 30, 2018 and 3.1 percent at July 1, 2017. The impact of this change is presented as a change in assumption. Because the plan does not have an irrevocable OPEB trust, there are not assets projected to be sufficient to make projected future benefit payment to current plan members, and therefore the discount rate reflects the 20-year AA/Aa tax-exempt municipal bond rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the University, calculated using the discount rate of 3.0 percent, as well as what the University's total liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate 3.0%	1% Increase
Total OPEB Liability	\$ 27,200,477	\$ 20,111,127	\$ 15,781,501
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 27,200,477</u>	<u>\$ 20,111,127</u>	<u>\$ 15,781,501</u>

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 6 - Retirement Plans (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the University, calculated using the healthcare cost trend rate of 8.0 percent, as well as what the University's total liability would be if it were calculated using a healthcare cost trend that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Healthcare Trend Rate 8.0%	1% Increase
Total OPEB Liability	\$ 19,863,102	\$ 20,111,127	\$ 20,404,596
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 19,863,102</u>	<u>\$ 20,111,127</u>	<u>\$ 20,404,596</u>

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, and the P. Douglas Kindschi Hall of Science located on the Allendale campus. 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.

Previously, the University agreed to lease the Muskegon Innovation Hub from the City of Muskegon, Michigan at no cost through June 30, 2025. Ownership of the building will revert to the University at lease termination for \$1.

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 \$300,000 per individual in FY18 from \$275,000 in FY17, with no lifetime limit. The workers' compensation stop-loss insurance limits its liability for claims paid per individual to \$500,000 in 2018 and 2017. Current liabilities for estimated claims retained by the University under self-insurance programs have been established at \$3,159,884 and \$3,159,043 as of June 30, 2018 and 2017, respectively.

Grand Valley State University

Notes to Financial Statements June 30, 2018 and 2017

Note 8 - Contingencies (Continued)

	2018	2017	2016
Balance - Beginning of year	\$ 3,159,043	\$ 2,631,599	\$ 1,738,702
Claims incurred and changes in estimates	29,399,488	28,513,236	30,043,233
Claim payments	(29,398,647)	(27,985,792)	(29,150,336)
Balance - End of year	<u>\$ 3,159,884</u>	<u>\$ 3,159,043</u>	<u>\$ 2,631,599</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, 2020.

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 2018, there are 11 universities that participate in MUSIC. Each participating university is responsible for a first tier of losses up to a level that has been actuarially determined. MUSIC is financially responsible for a second tier of losses. For comprehensive general liability errors and omissions and all risk property insurance, MUSIC has purchased excess insurance coverage with commercial insurance carriers to cover a third tier of losses. However, in the event the insurance reserves established by MUSIC are insufficient to meet its second tier obligations, each of the participating universities share this obligation by agreements with MUSIC.

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

Pursuant to State of Michigan Public Act 362 of 1993, as amended, the University has previously authorized 70 public school academies. All 70 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 \$288,429,246 and \$271,240,363 was appropriated by the State in 2018 and 2017, respectively, to be allocated to the public school academies, net of approximately a 3 percent administrative fee retained by the University. At June 30, 2018, \$52,404,907 was outstanding as a receivable from the State, of which \$50,970,246 was subsequently forwarded to support the public school academies. At June 30, 2017, \$49,247,407 was outstanding as a receivable from the State, of which \$47,877,884 was subsequently forwarded to support the public school academies. This activity is treated as an agency transaction.

Note 8 - Contingencies (Continued)

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.

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

In October 2018, the University completed the unwinding of the New Markets Tax Credit program that was used to finance 38 Front Avenue, terminating an outstanding liability of \$22,273,000 and corresponding note receivable of \$16,317,780.

Note 10 - Upcoming Pronouncements

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The University is currently evaluating the impact of this standard, specifically related to holding assets for other organizations. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2018.

In June 2018, the Governmental Accounting Standards Board issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The University is currently evaluating the impact of this standard. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2021.

Note 10 - Upcoming Pronouncements (Continued)

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The new lease standard is expected to have a significant effect on the University's financial statements as a result of the leases for real property and equipment classified as operating leases. The effect of applying the new lease guidance on the financial statements has not yet been determined. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2021.

Required Supplemental Information

Grand Valley State University

Required Supplemental Information Professional Support Staff Employees' Retirement Plan Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability (TPL)					
Service cost - Beginning of year	\$ 797,818	\$ 718,706	\$ 785,499	\$ 869,998	\$ 884,731
Interest on average adjusted TPL	3,976,774	3,918,820	3,718,896	3,170,993	3,026,543
Difference between expected and actual experience	209,400	197,571	154,810	-	-
Changes in assumptions	(312,926)	5,444,091	(2,009,843)	3,014,969	-
Benefits payments, including refunds of member contributions	(2,515,721)	(2,183,758)	(1,987,377)	(1,683,752)	(1,554,355)
Net change in total pension liability	2,155,345	8,095,430	661,985	5,372,208	2,356,919
Total pension liability - Beginning of year	61,641,189	53,545,759	52,883,774	47,511,566	45,154,647
Total pension liability - End of year	\$ 63,796,534	\$ 61,641,189	\$ 53,545,759	\$ 52,883,774	\$ 47,511,566
Plan Fiduciary Net Position					
Contributions - Employer	\$ 2,080,143	\$ 2,078,728	\$ 1,600,653	\$ 1,645,094	\$ 1,681,351
Contributions - Member	305,305	286,728	304,178	280,975	161,147
Net investment income	4,032,968	4,633,461	(311,149)	610,806	6,959,448
Administrative expenses	(200,506)	(186,466)	(178,037)	-	(76,160)
Benefit payments, including refunds of member contributions	(2,515,721)	(2,183,758)	(1,987,377)	(1,683,752)	(1,554,355)
Net change in plan fiduciary net position	3,702,189	4,628,693	(571,732)	853,123	7,171,431
Plan fiduciary net position - Beginning of year	45,402,405	40,773,712	41,345,444	40,492,321	33,320,890
Plan fiduciary net position - End of year	\$ 49,104,594	\$ 45,402,405	\$ 40,773,712	\$ 41,345,444	\$ 40,492,321
Net pension liability - End of year	\$ 14,691,940	\$ 16,238,784	\$ 12,772,047	\$ 11,538,330	\$ 7,019,245
Plan fiduciary net position as a percentage of total pension liability	77.0%	73.7%	76.1%	78.2%	85.2%
Covered employee payroll	\$ 10,857,657	\$ 9,966,093	\$ 10,482,326	\$ 10,858,867	\$ 11,544,380
Net pension liability as a percentage of covered employee payroll	135.3%	162.9%	121.8%	106.3%	60.8%

Schedule of Investment Returns

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Annual money-weighted rate of return, net of investment expense	9.7%	12.8%	-1.9%	2.9%	20.2%

Grand Valley State University

Required Supplemental Information Professional Support Staff Employees' Retirement Plan Schedule of Employer Contributions

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution offset by employee contributions	\$ 1,913,108	\$ 2,101,207	\$ 1,816,300	\$ 1,504,978	\$ 1,741,333
Actual contributions by the University	2,080,143	2,078,728	1,600,653	1,645,094	1,681,352
Contribution deficiency (excess)	(167,035)	22,479	215,647	(140,116)	59,981
Covered employee payroll	10,857,657	9,966,093	10,482,326	10,858,867	11,544,380
Actual contributions as a percentage of covered employee payroll	19.2%	20.9%	15.3%	15.1%	14.6%

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	July 1, 2017
Actuarial Methods	
Actuarial cost method	Entry age normal
Amortization method	Level dollar amount, closed
Remaining amortization period	21 years, declining based on average future service
Asset valuation method	Four-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	6.5%/year
Funding	6.5%/year
Mortality	RP-2014 with Projection Table MP-2017
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.
Changes Since Prior Valuation	The mortality improvement projection scale was updated from MP-2016 to MP-2017. There were no changes to benefit terms during 2018.

Grand Valley State University

Required Supplemental Information Maintenance, Grounds, Service Employees' Retirement Plan Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

Maintenance, Grounds, Service Employees' Pension Plan

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability (TPL)					
Service cost - Beginning of year	\$ 318,061	\$ 284,832	\$ 360,568	\$ 373,413	\$ 400,689
Interest on average adjusted TPL	1,535,483	1,547,098	1,321,895	1,227,012	1,170,114
Differences between expected and actual experience	5,766	(50,039)	(305,849)	-	-
Changes in assumptions	(132,170)	1,865,214	(1,669,232)	2,280,678	-
Benefits payments, including refunds of member contributions	(1,074,315)	(1,024,385)	(1,065,199)	(778,615)	(644,712)
Net change in total pension liability	652,825	2,622,720	(1,357,817)	3,102,488	926,091
Total pension liability - Beginning of year	23,841,914	21,219,194	22,577,011	19,474,523	18,548,432
Total pension liability - End of year	\$ 24,494,739	\$ 23,841,914	\$ 21,219,194	\$ 22,577,011	\$ 19,474,523
Plan Fiduciary Net Position					
Contributions - Employer	\$ 904,245	\$ 908,222	\$ 580,156	\$ 611,534	\$ 617,498
Contributions - Member	123,132	134,960	137,686	165,723	181,075
Net investment income	1,485,370	1,741,566	(162,055)	289,491	2,564,971
Administrative expenses	(53,062)	(50,013)	(48,255)	(49,671)	(42,023)
Benefit payments, including refunds of member contributions	(1,074,315)	(1,024,385)	(1,065,199)	(778,615)	(644,712)
Other	-	-	-	(1,830)	1,062
Net change in plan fiduciary net position	1,385,370	1,710,350	(557,667)	236,632	2,677,871
Plan fiduciary net position - Beginning of year	16,330,515	14,620,165	15,177,832	14,941,200	12,263,329
Plan fiduciary net position - End of year	\$ 17,715,885	\$ 16,330,515	\$ 14,620,165	\$ 15,177,832	\$ 14,941,200
Net pension liability - End of year	\$ 6,778,854	\$ 7,511,399	\$ 6,559,029	\$ 7,399,179	\$ 4,533,323
Plan fiduciary net position as a percentage of total pension liability	72.33%	68.49%	68.90%	67.23%	76.72%
Covered employee payroll	\$ 3,716,780	\$ 3,435,936	\$ 3,534,057	\$ 3,721,412	\$ 4,181,815
Net pension liability as a percentage of covered employee payroll	182.39%	218.61%	185.59%	198.83%	108.41%

Schedule of Investment Returns

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Annual money-weighted rate of return, net of investment expense	9.6%	12.8%	-1.7%	2.9%	20.2%

Grand Valley State University

Required Supplemental Information Schedules Maintenance, Grounds, Service Employees' Retirement Plan Schedule of Employer Contributions

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution offset by employee contributions	\$ 867,707	\$ 905,259	\$ 812,813	\$ 618,150	\$ 612,391
Actual contributions by University	904,245	908,222	580,156	611,534	617,498
Contribution deficiency (excess)	(36,538)	(2,963)	232,657	6,616	(5,107)
Covered employee payroll	3,716,780	3,435,936	3,534,057	3,721,412	4,181,815
Actual contributions as a percentage of covered employee payroll	24.33%	26.43%	16.42%	16.43%	14.77%

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	July 1, 2017
Actuarial Methods	
Actuarial cost method	Entry age normal
Amortization method	Level dollar amount, closed
Remaining amortization period	21 years, declining based on average future service
Asset valuation method	Four-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	6.5%/year
Funding	6.5%/year
Mortality	RP-2014 with Projection Table MP-2017
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.
Changes Since Prior Valuation	The mortality improvement projection scale was updated from MP-2016 to MP-2017. There were no changes to benefit terms during 2018.

Grand Valley State University

Required Supplemental Information Other Postemployment Benefits

Prior to the implementation of GASB Statement No. 75, the schedule of funding progress for the OPEB plan was 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
7/1/2017	\$ -	\$ 14,210,649	\$ (14,210,649)	- %	\$ 134,888,100	10.5%
7/1/2015	-	12,178,970	(12,178,970)	- %	138,096,500	8.8%
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	-	9,475,238	(9,475,238)	- %	111,775,600	8.5%

Ratios and required supplemental information from the implementation of GASB 75:

Changes in Net OPEB Liability and Related Ratios

	June 30, 2018
<u>Total OPEB Liability</u>	
Service cost	\$ 725,755
Interest	612,140
Difference between expected and actual experience	(111,193)
Changes in assumptions	220,509
Benefits payments, including refunds of member contributions	<u>(713,556)</u>
Net change in total OPEB liability	733,655
Total OPEB liability - Beginning of year	<u>19,377,472</u>
Total OPEB liability - End of year	20,111,127
<u>Plan Fiduciary Net Position</u>	
Contributions/benefit payments made from general operating funds	713,556
Benefit payments, including refunds of member contributions	<u>(713,556)</u>
Net change in plan fiduciary net position	<u>-</u>
Net OPEB liability - End of year	<u>\$ 20,111,127</u>
Covered employee payroll	132,267,000
Net OPEB liability as a percentage of covered employee payroll	15.2%

Changes in benefit terms. There were no changes to benefit terms during 2018.

Changes in assumptions. Changes of assumptions and other inputs reflect the changes in the discount rate for each period. The following are the discount rates used to calculate the liability at the beginning of the period (2017) and end of the period (2018).

2018	3.0%
2017	3.1%

Other Supplemental Information

Grand Valley State University

Schedule of Changes in Fiduciary Net Position By Employee Retirement Plan

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, 2018, 2017, and 2016 is as follows:

	Maintenance, Grounds, and Service Employees' Retirement Plan			Professional Support Staff Employees' Retirement Plan		
	Year Ended June 30			Year Ended June 30		
	2018	2017	2016	2018	2017	2016
Additions						
Investment income (loss):						
Interest and dividends	\$ 472,142	\$ 397,486	\$ 468,646	\$ 1,313,552	\$ 1,121,057	\$ 1,295,765
Net (depreciation) appreciation in fair value of investments	(894,550)	10,937	(562,337)	(2,413,995)	190,376	(1,371,463)
Income (loss) on sale of investments	1,907,778	1,333,142	(70,648)	5,133,422	3,322,027	(242,777)
Total investment income (loss)	1,485,370	1,741,565	(164,339)	4,032,979	4,633,460	(318,475)
Employer contributions	904,245	908,222	580,156	2,080,143	2,078,728	1,600,653
Other income	123,132	134,961	139,970	305,305	286,728	311,504
Total additions - Net	2,512,747	2,784,748	555,787	6,418,427	6,998,916	1,593,682
Deductions						
Benefit payments	1,074,315	1,024,385	1,065,199	2,515,732	2,183,757	1,987,377
Administrative expense	53,062	50,013	48,255	200,506	186,466	178,037
Total deductions	1,127,377	1,074,398	1,113,454	2,716,238	2,370,223	2,165,414
Net Increase (Decrease)	1,385,370	1,710,350	(557,667)	3,702,189	4,628,693	(571,732)
Net Assets Held in Trust for Pension Benefits						
Beginning of year	16,330,515	14,620,165	15,177,832	45,402,405	40,773,712	41,345,444
End of year	<u>\$ 17,715,885</u>	<u>\$ 16,330,515</u>	<u>\$ 14,620,165</u>	<u>\$ 49,104,594</u>	<u>\$ 45,402,405</u>	<u>\$ 40,773,712</u>

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds								
School of Accounting Faculty Endowed Scholarship	\$ 64,767	\$ 5,716	\$ 5,535	\$ 2,829	\$ 4,440	\$ 77,629	\$ 10,534	\$ 67,095
Kathy A. Agard Endowed Fellowship in Community Philanthropy	141,582	-	11,747	5,879	-	147,450	38,486	108,964
Alayont Undergraduate Research Fellowship in Mathematics	56,300	5,000	4,852	2,489	5,000	68,663	7,663	61,000
John Allegrina Nontraditional Student Endowed Memorial Scholarship	18,864	120	1,589	-	120	20,693	6,692	14,001
Mathias J. Alten Endowment Fund	96,713	17,231	9,098	4,513	2,100	120,629	15,218	105,411
Alternative Breaks Endowment Fund	34,445	107	2,899	-	224	37,675	7,254	30,421
Alumni Association Presidents' Leadership Endowed Scholarship	54,229	8,043	4,907	2,449	240	64,970	6,747	58,223
Alumni Heritage Scholarship Fund	1,095,911	57,169	92,561	46,449	2,560	1,201,752	291,932	909,820
Eric A. Andres Live, Laugh, Love, Learn Scholarship	47,494	555	3,946	1,979	270	50,286	12,025	38,261
David G. and Mary L. Annis Education Scholarship	126,374	20	10,485	5,248	-	131,631	39,030	92,601
R.B. Annis Educational Foundation and Outreach Program Endowment	174,952	304	14,522	7,270	97	182,605	51,814	130,791
Anonymous Endowed Marketing Scholarship	7,520	18,644	1,171	-	-	27,335	2,051	25,284
Anonymous Endowed Math and Science Scholarship	34,427	40,114	3,997	-	-	78,538	8,424	70,114
Anonymous Endowed Scholarship 92119	23,559	5,266	2,137	-	4,986	35,948	4,482	31,466
Anonymous Endowed Scholarship 94981	223	15,470	576	-	15,470	31,739	600	31,139
Anonymous Honorary Endowment	1,583	5,546	387	-	5,372	12,888	431	12,457
APICS Scholarship Fund	45,857	-	3,805	1,904	-	47,758	42,508	5,250
Joseph E. Appelt P.E. Engineering Scholarship Fund	52,121	35	4,324	2,164	-	54,316	18,339	35,977
Aramark Pathway Endowed Scholarship	-	30,000	2,189	-	-	32,189	2,189	30,000
ARAMARK Student Excellence Endowed Scholarship	37,408	-	3,104	1,554	30	38,988	8,758	30,230
Carl and Delores Arendsen Golf Scholarship	49,127	120	4,079	2,043	108	51,391	13,759	37,632
AT&T Pioneers Michigan Chapter Scholarship	82,585	-	6,852	3,429	-	86,008	43,033	42,975
Bachmeier Disability Support Services Endowment	50,457	225	4,188	2,099	223	52,994	12,928	40,066
James D. Bachmeier Endowed Scholarship	33,796	-	2,803	1,404	100	35,295	5,095	30,200
Claudia Bajema Endowed Graduate Scholarship	45,696	3,433	3,845	1,937	360	51,397	6,215	45,182
Carl and Claudia Bajema Grand Rapids Urban Schools Endowed Scholarship	70,360	3,165	5,848	2,947	792	77,218	13,244	63,974
Charles and Susan Baker-Clark Endowed HTM Scholarship	138	562	18	-	295	1,013	26	987
Baker-Hall Physics Fund	121,196	13,000	10,289	5,235	1,160	140,410	40,420	99,990
Baldwin Foundation Scholarship Endowment Fund	68,968	10,000	6,098	3,067	-	81,999	11,999	70,000

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
John T. Batchelder Political Science Scholarship	\$ 46,377	\$ 280	\$ 3,853	\$ 1,930	\$ -	\$ 48,580	\$ 12,981	\$ 35,599
Nancy H. Baum Endowment in Dance	49,894	111	4,141	2,074	39	52,111	26,067	26,044
William C. Baum Endowment	108,858	1,250	9,079	4,546	-	114,641	34,825	79,816
Be the Change Endowed Scholarship	13,032	9,645	1,366	-	10,710	34,753	2,321	32,432
Beckering Family Carillon Endowment	34,702	80	2,884	1,443	-	36,223	12,553	23,670
Fred A. Bell Business Scholarship Endowment	48,931	75	4,060	2,033	-	51,033	19,087	31,946
David Alan Bergsma Scholarship Fund	67,167	-	5,573	2,789	-	69,951	59,316	10,635
Hyman H. & Greta M. Berkowitz Scholarship Fund	507,774	373	42,136	21,093	198	529,388	261,280	268,108
John and Claudia Berry Design Thinking Endowment	32,523	10	2,734	-	-	35,267	5,257	30,010
Biology Field and Laboratory Enhancement Fund	243,042	15,602	20,744	10,430	2,244	271,202	65,046	206,156
The Biomedical/Health Science Fund	51,315	2,369	4,300	2,166	870	56,688	16,929	39,759
Blinkhorn/Donk First Generation Scholars Endowed Scholarship	16,472	2,757	1,456	-	2,757	23,442	3,064	20,378
Archie A. Blood, Jr. '79, '83 Endowed PATHWAYS Scholarship	45,598	10,013	4,159	2,097	46	57,719	6,530	51,189
Lynn McNamara Blue '86 Endowed Scholarship	1,075,557	550	89,235	44,663	-	1,120,679	130,129	990,550
Blue Working Family Endowed Scholarship	-	624,224	14,743	-	-	638,967	14,743	624,224
Boand & Rowe Endowment for Advancement of Women in Sport & Physical Activity	57,619	1,411	4,805	2,425	1,147	62,557	8,067	54,490
Joan Boand Athletic Scholarship Fund	92,156	1,853	7,709	3,882	1,954	99,790	30,117	69,673
Clarke and Nancy Borgeson Science, Technology and Mathematics Endowed Scholarship	41,513	-	3,444	1,724	-	43,233	6,888	36,345
Walton Boston Koch Memorial Scholarship	46,701	180	3,879	1,946	380	49,194	24,932	24,262
Ira Brad Memorial Scholarship	203,699	5,750	17,116	8,581	550	218,534	52,455	166,079
William J. & Margaret G. Branstrom Fund	138,088	-	11,457	5,735	90	143,900	95,123	48,777
George and Georgia Breur Scholarship	18,211	-	1,531	-	-	19,742	9,742	10,000
Britnall Interprofessional Palliative and Hospice Care Endowed Scholarship	-	32,697	1,169	-	26,671	60,537	1,168	59,369
Brooks College Endowed Scholarship for Study Abroad	50,051	3,080	4,259	2,169	3,060	58,281	7,524	50,757
Brooks First Generation Diversity Endowed Scholarship**	373,354	255	30,986	15,509	-	389,086	136,656	252,430
The Donna K. Brooks Presidential Scholarship	384,234	-	31,879	15,955	-	400,158	139,085	261,073
Paul Brian and Margaret Susan Brooks Endowed Memorial Scholarship	51,197	63,000	6,615	3,404	-	117,408	9,375	108,033
Budden Family Pathway Endowed Scholarship**	21,525	15,000	2,373	-	30	38,928	3,898	35,030
Johnny C. Burton Memorial Scholarship**	91,829	600	7,641	3,825	-	96,245	40,977	55,268
Thomas A. & Cheryl L. '91, '98 Butcher Endowed Nontraditional Student Scholarship	63,377	14,204	5,371	2,816	3,413	83,549	7,255	76,294
Buzzitta Family Endowed Scholarship	76,252	-	6,326	3,166	-	79,412	9,395	70,017
Greg Cadaret Baseball Fund	101,808	1,638	8,487	4,273	1,842	109,502	48,966	60,536
Dr. Johnine and Dr. Orel Callahan Honors Senior Research Program Endowment	3,876	300	337	-	300	4,813	903	3,910

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
Campbell-Williams Business Scholarship	\$ 47,828	\$ 128	\$ 3,969	\$ 1,987	\$ 51	49,989	\$ 14,074	\$ 35,915
Ara Cary Lectureship Fund	62,786	-	5,209	2,607	-	65,388	23,268	42,120
Barry Castro Business Ethics Scholarship	118,335	665	9,831	4,928	428	124,331	32,913	91,418
Bernard & Camille Cebelak Scholarship Fund	406,532	-	33,729	16,881	-	423,380	123,120	300,260
Edith I. Blodgett Endowed Music Scholarship Fund	76,918	307	6,390	3,202	312	80,725	41,809	38,916
Center for Health Sciences Simulation Endowment	60,205	278	5,069	-	305	65,857	29,394	36,463
Endowment for the Center for Scholarly and Creative Excellence	525	-	44	-	20	589	249	340
Jeff ("Dr. J") Chamberlain Meijer Honors College Alumni Endowed Scholarship	-	5,547	22	-	3,181	8,750	22	8,728
Robert L. Chamberlain Scholarship Fund	77,067	931	6,424	3,226	825	82,021	41,486	40,535
Ruth Chamberlain Global Issues Scholarship Endowment	148,932	73,333	17,412	8,360	100	231,417	30,684	200,733
Frederick A. Chapman Endowed Memorial Public Relations Scholarship	29,424	2,139	2,495	-	917	34,975	8,586	26,389
Chemistry Support Fund	44,676	7,679	4,060	-	5,525	61,940	7,461	54,479
Ram Chattulani Endowed Memorial Scholarship	-	15,665	(24)	-	700	16,341	(24)	16,365
Hong Chen Memorial Endowment	30,678	-	2,545	1,274	-	31,949	10,778	21,171
Children's Enrichment Center Student Parent Scholarship	30,386	639	2,566	-	279	33,870	11,077	22,793
Kipp & Erin Chillag Endowed Scholarship	32,508	200	2,734	691	100	34,851	4,451	30,400
Douglas K. and Ellen Chung Asian Social Work Graduate Scholarship	42,037	-	3,488	1,746	-	43,779	13,087	30,692
CLAS Alumni Endowed Scholarship	5,521	178	466	-	19	6,184	985	5,199
CLAS Margin of Excellence for Science Endowment	208,197	3,840	17,392	8,724	1,249	221,954	21,364	200,590
Class of 1968 Endowed Scholarship	54,332	1,120	4,535	2,273	190	57,904	6,609	51,295
Helen Claytor Minority Scholarship	1,500,115	-	124,462	62,293	-	1,562,284	577,881	984,403
Tara E. Cleary Endowed Scholarship	12,829	4,880	1,158	-	4,445	23,312	2,229	21,083
Club Soccer Endowment Fund	3,554	2,505	368	-	-	6,427	672	5,755
College of Education Future Teacher Scholarship	126,931	5,790	10,612	5,381	5,538	143,490	22,208	121,282
College of Liberal Arts and Sciences Endowed Scholarship	73,551	7,393	6,090	3,115	5,329	89,248	11,325	77,923
Collegiate Entrepreneurs' Organization (CEO) Endowment	107,346	-	8,906	4,458	-	111,794	37,083	74,711
Colliers International Endowed Scholarship	35,469	605	2,965	1,485	-	37,554	5,849	31,705
School of Communications Emerging Technologies Endowment Fund	167	-	14	-	-	181	31	150
School of Communications Scholarship Fund	64,274	565	5,350	2,682	270	67,777	20,957	46,820
Community Foundation for Muskegon County Interfaith Dialogue Fund**	418,697	-	34,739	17,387	-	436,049	114,700	321,349

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
Computing and Information Systems Freshman Scholarship Fund	\$ 95,152	\$ 300	\$ 7,905	\$ 3,961	\$ 383	\$ 99,779	\$ 61,589	\$ 38,190
Computing and Information Systems Scholarship Fund	200,907	5,056	16,784	8,446	3,347	217,648	66,397	151,251
Cook Leadership Fellows of Hauenstein Center for Presidential Studies	1,408,872	2,400	116,948	58,548	430	1,470,102	425,296	1,044,806
The Coopersville Scholarship	1,513,615	1,670	125,609	62,873	115	1,578,136	307,145	1,270,991
David Daniels Memorial Scholarship	110,379	5,652	9,153	4,592	185	120,777	46,001	74,776
Gayle Davis First Generation Endowed Scholarship	116,461	5,896	9,982	-	17,522	149,861	13,658	136,203
Gilbert R. and Patricia K Davis Davis Theatre Endowed Scholarship: Remembering Shakespeare	54,370	1,514	4,567	2,288	-	58,163	6,231	51,932
Gilbert R. and Patricia K. Davis Endowed Merit English Scholarship	126,724	1,000	10,544	5,289	901	133,880	52,547	81,333
Gilbert R. and Patricia K. Davis Endowed Merit Humanities Scholarship	55,635	93	4,617	2,311	-	58,034	6,441	51,593
Greta & Arthur DeLong Perpetual Scholarship Fund	93,916	89	7,793	3,901	26	97,923	43,947	53,976
Kendal J. DenBleyker Endowed Scholarship	57,623	126	4,784	2,396	126	60,263	9,898	50,365
Aaron M. DesRocher Memorial Chemistry Scholarship	41,567	330	3,460	1,736	300	43,921	11,728	32,193
Dick and Betsy DeVos Leadership Fellow Endowment for the Hauenstein Center for Presidential Studies	167,671	1,000	13,949	6,983	-	175,637	73,627	102,010
Pamella and Daniel G. DeVos Musical Theater Scholarship	66,523	3,310	5,551	2,815	1,210	73,779	15,020	58,759
Marvin G. DeVries Endowed Scholarship	41,961	1,000	3,519	1,763	-	44,717	7,790	36,927
Robert and Edward DeVries Families Campus Ministry Fund	13,383	376	1,128	-	225	15,112	2,681	12,431
DeWitt Barrels Inc. Environmental Science and Natural Resources Scholarship	96,496	588	8,019	4,021	576	101,658	19,892	81,766
John R. DeYoung Leadership Fellow Endowment	36,357	-	3,017	1,510	-	37,864	7,864	30,000
Ann M. Dilley Jewelry/Metalsmithing Scholarship	35,511	142	2,986	-	631	39,270	7,175	32,095
Gregg K. Dimkoff Endowed Finance Scholarship	47,864	3,120	4,081	2,088	3,825	56,802	4,981	51,821
Mary Jane Dockeray Scholarship Fund	106,664	100	8,849	4,429	-	111,184	48,126	63,058
The Rev. Darld and Joyce Black Doctor of Physical Therapy Scholarship in Memory of Robert Klein	46,671	500	3,890	1,953	500	49,608	14,262	35,346
Henry H. and Juanita Dungey Endowed Scholarship in Memory of Henry W. Dungey '00	11,926	617	1,003	-	92	13,638	2,107	11,531
DV Alpha Scholarship Endowment	37,355	10,000	3,872	1,001	-	50,226	10,226	40,000
Scott M. Dykstra Oliver Products Company Engineering Scholarship	74,294	300	6,171	3,090	75	77,750	25,896	51,854
Elizabeth Ann Eccard Endowed Scholarship in Memory of Joseph and Dorothy Eccard**	1,544	-	130	-	-	1,674	174	1,500

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
Becky Eckstrom Environmental Studies Scholarship Endowment	\$ 125	\$ -	\$ 11	\$ -	\$ -	\$ 136	\$ 26	\$ 110
Economics Department Faculty Endowed Scholarship	41,803	1,922	3,488	1,771	1,410	46,852	8,844	38,008
Valerie P. Eggert Distinguished Scholarship in Philanthropy	43,376	-	3,599	1,801	-	45,174	13,359	31,815
Empowering Haiti Through Education Fund	52,124	3,353	4,383	2,225	2,157	59,792	9,177	50,615
Engineering Co-op Endowment Fund	7,802	1,789	733	-	830	11,154	1,461	9,693
School of Engineering Fund	272,425	624	22,626	11,326	43	284,392	106,774	177,618
English Faculty Endowed Scholarship for New Majors	9,496	4,628	925	-	3,488	18,537	2,163	16,374
Jean Enright Women and Gender Studies Scholarship	53,816	1,080	4,541	2,269	126	57,294	13,968	43,326
Carl Erickson and Mary O'Neill Pathway Endowed Scholarship	-	30,100	1,126	-	-	31,226	1,126	30,100
Faculty Teaching and Learning Center Endowment	2,772,438	-	230,023	115,126	-	2,887,335	971,204	1,916,131
Shelby Fazio '13 Memorial Endowed Scholarship	41,773	8,369	3,722	1,912	3,285	55,237	6,089	49,148
Dave Feenstra Sustainable Agriculture Project Internship Endowment	-	275	7	-	-	282	7	275
Douglas C. and Kimberly K. Fenbert Endowed Memorial Scholarship	14,568	7,304	1,730	-	5,425	29,027	3,221	25,806
Finance Department Endowment	124,527	600	10,347	5,187	663	130,950	42,627	88,323
Finance Department Faculty Endowed Scholarship	53,969	3,157	4,548	2,305	1,917	61,286	11,176	50,110
First Generation Urban Schools Scholarship	91,992	1,492	7,678	3,849	435	97,748	21,576	76,172
Richard E. Flanders Scholarship Fund	180,020	970	14,974	7,500	420	188,884	89,102	99,782
Barbara Flaschenriem Endowed Classics Scholarship	53,250	1,567	4,457	2,242	805	57,837	6,882	50,955
Robert W. Fletcher Memorial Endowment	192,053	3,827	16,074	8,086	3,642	207,510	40,522	166,988
Football Alumni Endowment Fund	238,158	18,287	20,818	10,417	4,095	270,941	58,214	212,727
Milton E. Ford LGBT Resource Center Endowment	54,439	5,456	4,720	-	4,981	69,596	13,558	56,038
Doug and Christen Fox Endowed Scholarship	33,696	5,000	3,159	1,555	-	40,300	5,300	35,000
Fraternity and Sorority Laker Leaders Scholarship	14,089	2,455	1,250	-	1,739	19,533	2,620	16,913
Frey Foundation Chair for Family Foundations and Philanthropy	1,871,444	-	155,270	77,712	-	1,949,002	448,412	1,500,590
Kenneth and Irene Fridsma Endowed Special Education Scholarship	42,270	5,120	3,689	1,909	5,084	54,254	4,508	49,746
FTCH Engineering Endowed Scholarship	34,350	-	2,850	1,426	-	35,774	5,774	30,000
FTCH Occupational Safety and Health Management Endowed Pathway Scholarship	32,523	-	2,698	1,351	-	33,870	3,870	30,000
The General Dynamics Land Systems Engineering Scholarship	49,326	-	4,092	2,048	-	51,370	19,370	32,000
Geology Development Fund	154,880	1,200	12,889	6,457	250	162,762	85,716	77,046
Geology Student Field Camp Endowment	71,993	1,094	6,011	3,019	805	76,884	23,267	53,617

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
Norman Gibson Geology Field Study Scholarship	\$ 112,222	\$ 8,694	\$ 9,439	\$ 4,763	\$ 800	\$ 126,392	\$ 20,391	\$ 106,001
Charlotte A. Gierst & Salome C. Egeler Trust Fund	90,954	-	7,546	3,777	-	94,723	47,513	47,210
Richard Giles Memorial Scholarship Fund	454,810	2,850	37,830	18,938	-	476,552	299,717	176,835
Eric Jon Gillette Memorial Scholarship	39,785	-	3,301	1,652	-	41,434	11,084	30,350
Global Studies Endowed Scholarship	6,826	4,648	730	-	3,055	15,259	1,244	14,015
James F. and Virginia L. Goode Global Programs Endowed Scholarship	-	15,650	1,093	-	15,550	32,293	1,093	31,200
George and Barbara Gordon Endowment for the Gordon Gallery	459,535	130	38,130	19,085	100	478,810	78,040	400,770
John and Barbara Gracki Football Degree Completion Scholarship Fund	94,227	105	7,818	3,913	13	98,250	16,477	81,773
The Graduate Teacher Certification Scholarship	106,171	2,344	8,860	4,447	981	113,909	34,313	79,596
A Grand Day at a Time Endowed Scholarship	3,573	4,469	336	-	3,126	11,504	467	11,037
Grand Valley Grand Forum Endowment	306,738	2,965	25,569	12,802	278	322,748	128,933	193,815
The Grand Valley Lanthorn Merit Scholarship	45,997	50	3,818	1,911	13	47,967	16,801	31,166
Grand Valley State University Athletic Fund	368,267	3,229	30,641	15,366	2,423	389,194	120,777	268,417
Grand Valley State University Fund	5,901,908	608,695	493,485	268,017	(575,495)	6,160,576	3,912,878	2,247,698
Grand Valley State University Symphony Orchestra Endowed Scholarship	23,110	384	1,952	-	384	25,830	7,710	18,120
GRCC Presidents' Endowed Scholarship for Transfer Students	30,871	-	2,595	-	-	33,466	3,466	30,000
Green Family First Generation College of Education Endowed Scholarship	-	30,000	(81)	-	-	29,919	(81)	30,000
GV in DC Endowed Scholarship	6,772	1,310	605	-	700	9,387	1,342	8,045
GVSU Founders Endowed Scholarship	43,869	-	3,640	1,822	-	45,687	3,887	41,800
GVSU Interprofessional Education Initiative Endowment Fund	17,070	760	1,434	-	510	19,774	5,834	13,940
GVSU LGBT Scholarship Endowment	166,900	1,805	13,895	6,975	1,646	177,271	45,051	132,220
GVU Foundation Community Leadership Endowment**	310,207	17,759	26,686	13,322	504	341,834	55,344	286,490
Tom and Marcia Haas & Family Laker Marching Band Scholarship	81,227	180	6,745	3,377	50	84,825	16,658	68,167
Thomas J. and Marcia J. Haas Endowment for the Performing Arts	-	103,250	(143)	-	200	103,307	(143)	103,450
Tom and Marcia Haas Power of 10 Endowed Scholarship	60,044	295	4,984	2,497	115	62,941	9,202	53,739
Rick K. Hamlin Endowed Memorial Scholarship**	46,640	3,240	3,867	1,940	-	51,807	6,882	44,925
Earl Harper Scholarship Fund**	78,040	440	6,480	3,245	120	81,835	43,080	38,755
Hauenstein Center for Presidential Studies Endowment	3,455,773	1,227,461	333,850	168,758	6,335	4,854,661	541,215	4,313,446
Brian Haskin Memorial Endowed Scholarship	35,326	1,251	2,964	1,505	1,687	39,723	4,068	35,655
Joyce Hecht Distinguished Scholarship in Philanthropy	175,176	5,100	14,726	7,379	100	187,723	60,208	127,515

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
Steve Hecht Memorial Endowed Scholarship	\$ -	\$ 6,730	\$ 49	\$ -	\$ 4,636	\$ 11,415	\$ 50	\$ 11,365
William Hegarty Endowment Fund	38,655	-	3,207	1,605	-	40,257	14,273	25,984
Price Heneveld Engineering Scholarship	210,439	-	17,460	8,739	-	219,160	68,842	150,318
Dr. James D. Hoffman Scholarship	111,991	-	9,291	4,650	-	116,632	43,581	73,051
The Hilda C. Holder Endowed Scholarship for Women in Business Fund	49,528	-	4,110	2,057	-	51,581	16,481	35,100
Honors Program Enrichment	43,095	-	3,575	1,790	95	44,975	14,836	30,139
Hosford Family Excellence in Academics and Athletics Endowed Scholarship	216,688	19,360	18,554	9,378	1,669	246,893	26,015	220,878
Hospitality and Tourism Management Department Endowment	64,896	958	5,418	2,725	1,214	69,761	16,825	52,936
Allen I. and Helen J. Hunting Research and Innovation Fund	2,336,633	-	165,888	89,045	-	2,413,476	163,476	2,250,000
Arthur C. Hills Music Scholarship Fund	105,561	250	8,763	4,388	50	110,236	56,045	54,191
J. C. Huizenga Business Scholarship	78,104	1,050	6,519	3,265	50	82,458	20,818	61,640
The Professor Paul A. Huizenga Biology Education Scholarship	200,128	12,510	16,768	8,436	2,500	223,470	51,093	172,377
Nathan M. Hurwitz Endowed Memorial Scholarship	56,953	2,200	4,770	2,406	1,445	62,962	8,342	54,620
Beatrice "Bea" A. Idema Nursing Endowed Scholarship	-	110,000	4,128	-	-	114,128	4,128	110,000
William "Bill" W. Idema Physics Endowed Scholarship	-	110,000	4,128	-	-	114,128	4,128	110,000
Inclusion and Equity Endowed Scholarship	-	1,522	(3)	-	-	1,519	(3)	1,522
Innovation Connection Endowment	448,088	-	37,177	18,607	-	466,658	46,511	420,147
W.G. Jackson Fund	276,102	290	22,923	11,474	143	287,984	127,800	160,184
Todd Jager Memorial Graduate Athletic Training Student Award	100,514	3,606	9,408	4,244	1,601	110,885	23,511	87,374
William James Fund	45,043	200	3,737	1,872	-	47,108	26,825	20,283
Michael and Susan Jandernoa Scholarship Endowment	258,319	-	21,432	10,727	-	269,024	67,983	201,041
Johnson Leadership Scholarship Endowment	46,280	-	3,840	1,922	-	48,198	10,278	37,920
Dorothy A. Johnson Philanthropy Innovation Fund	-	100,000	(144)	-	-	99,856	(144)	100,000
The Dorothy A. Johnson Center for Philanthropy Library Endowment	829,679	25	68,837	34,453	33	864,121	355,674	508,447
The Dorothy A. Johnson Center for Philanthropy Operations Endowment	5,114,920	52,141	428,079	214,023	2,256	5,383,373	1,605,835	3,777,538
Paul and Dianna Johnson STEM PATHWAY Endowed Scholarship	50,386	42	4,177	2,114	2,142	54,633	6,341	48,292
Jurries Family Scholarship	44,885	5,003	4,087	2,020	3	51,958	15,889	36,069
Justice and Society Endowed Scholarship	50,838	320	4,221	2,115	130	53,394	12,244	41,150
Dr. Sara Kane-Smart Endowed Scholarship in Honor of Children's Advocacy Center in Holland	29,001	3,150	2,549	-	3,750	38,450	5,316	33,134
Kaufman Family Endowed Scholarship Honoring L. William Seidman	38,061	-	3,158	1,581	-	39,638	4,638	35,000

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
Sylvia and Richard Kaufman Interfaith Institute Endowment	\$ 962,790	\$ 2,858	\$ 80,003	\$ 40,058	\$ 1,507	\$ 1,007,100	\$ 222,573	\$ 784,527
Frances Anne Kelleher Endowed Memorial Scholarship	42,979	240	3,568	1,791	387	45,383	4,494	40,889
Fred M. and Bernedine Keller Engineering Diversity Scholarship	68,514	-	5,684	2,845	-	71,353	19,603	51,750
Linn Maxwell Keller Professional Vocalist Experience Endowment	-	100,000	(144)	-	-	99,856	(144)	100,000
W.K. Kellogg Community Philanthropy Chair	1,733,166	10,000	144,384	72,239	-	1,815,311	305,311	1,510,000
Kurt F. Kimball Scholarship Endowment	59,276	600	4,940	2,475	100	62,441	23,013	39,428
P. Douglas and Barbara Kindschi Science Endowment	533,030	100,000	47,911	24,657	50,000	706,284	76,890	629,394
Dr. Wayne and Paula Kinzie Counseling Staff Professional Development Endowment	238,832	125	19,817	9,920	125	248,979	80,521	168,458
Kirkhof College of Nursing Alumni Scholarship	65,031	4,304	5,512	2,789	1,597	73,655	7,424	66,231
Kirkhof College of Nursing Endowment	283,936	6,633	23,778	11,958	4,143	306,532	83,963	222,569
Ray and Fran Kisor Graduate Engineering Fellowship	-	30,000	(43)	-	-	29,957	(43)	30,000
Dr. Donald J. Klein, Sr. Graduate Endowed Scholarship in Accounting	203,797	11,958	17,316	8,694	-	224,377	53,064	171,313
Knauf Family Endowed Pathway Scholarship	19,005	5,000	1,685	-	-	25,690	3,690	22,000
Professor Charles Knop Chemistry Scholarship	70,819	21,076	6,625	3,467	12,177	107,230	15,187	92,043
MaryBeth Koeze Art Scholarship	89,636	500	7,455	3,732	-	93,859	20,699	73,160
Koeze Business Ethics Initiative (KBEI) at the Seidman College of Business	218,236	-	18,106	9,062	-	227,280	26,576	200,704
The Albert S. and Ella D. Koeze Art Scholarship	80,037	301	6,648	3,329	57	83,714	28,565	55,149
A. Scott and Ruth P. Koeze Graduate Business Scholarship	45,722	45	3,793	1,899	50	47,711	13,416	34,295
MaryBeth Koeze Endowed Scholarship in memory of Dr. Thomas Henry Koeze	87,241	-	7,238	3,623	-	90,856	20,419	70,437
Dirk Koning Film and Video Scholarship	64,614	1,325	5,403	2,718	1,045	69,669	18,992	50,677
The Jack J. Korff Seidman College of Business Finance Scholarship	106,339	5,000	9,010	4,517	-	115,832	25,722	90,110
Lynne Kraemer Memorial Scholarship	49,047	-	4,069	2,037	-	51,079	33,085	17,994
Solima and Steven Kramer Endowed Memorial Scholarship	60,802	43,850	6,263	3,300	-	107,615	9,390	98,225
Kruizenga Interfaith Ambassador Endowment Fund	114,499	-	9,500	4,755	-	119,244	19,244	100,000
Kutsche Office of Local History Endowment	280,231	85,164	26,503	13,392	1,187	379,693	49,846	329,847
Esther L. Seidman Chair in Management Fund	414,294	-	34,373	17,204	-	431,463	256,064	175,399
L.V. Eberhard Scholarship Fund	711,769	-	59,054	29,556	-	741,267	461,723	279,544
Lake Michigan Writing Project Endowment	168,433	52,000	15,752	8,041	-	228,144	24,144	204,000
Laker Athletic Bands Endowment Fund	25,788	2,388	2,230	-	1,110	31,516	5,445	26,071

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
Laker Discovery Endowment Fund	\$ 28,541	\$ 1,835	\$ 2,464	\$ -	\$ 1,950	\$ 34,790	\$ 5,605	\$ 29,185
Richard H. Lefebvre Geology Field Education Fund	85,670	1,689	7,160	3,599	1,065	91,985	20,377	71,608
Teri Linn (Houghton) Marsh Endowed Memorial Nursing Scholarship	110,692	10,900	9,568	4,920	10,900	137,140	14,430	122,710
The Mike Lints Track and Field Equipment Endowment	127,022	14,397	11,000	5,593	4,941	151,767	28,100	123,667
Randall G. Litton Endowed Pre-Law Scholarship	1,663	348	146	-	265	2,422	343	2,079
Logie Fellowship Endowment	189,025	10	15,683	7,849	-	196,869	64,024	132,845
Loutit Foundation Fund	318,585	46	316,264	-	46	634,941	419,653	215,288
Bucky Love WGVU TV Music Program Endowment	43,825	50	3,636	1,820	-	45,691	5,641	40,050
Arend D. and Nancy Lubbers Honors College Scholarship	947,323	100,549	78,472	40,337	72	1,086,079	343,384	742,695
Don and Nancy Lubbers Opportunity Scholarship Endowment	-	35	-	-	-	35	-	35
Dr. Nancy K. Mack & Katherine Klemit Mack Endowed Memorial Scholarship	107,000	2,000	8,868	4,473	3,000	116,395	12,395	104,000
Mack-Jackson African American Teacher Scholarship	91,070	-	7,556	3,782	-	94,844	43,837	51,007
T.J. Maciak Give Life Endowed Scholarship	32,451	170	2,732	-	138	35,491	7,506	27,985
Marney (Houseman) MacAdam Endowed Voice Scholarship	43,979	4,850	3,741	1,907	2,500	53,163	4,253	48,910
Eric I. Maino Community Technology Award Endowment	47,179	1,954	3,988	1,999	-	51,122	12,688	38,434
Margaret Proctor School of Communications Scholarship	57,644	712	4,803	2,408	226	60,977	21,348	39,629
Jean E. Martin Doctor of Nursing Practice Scholarship	364,080	11,500	30,614	15,461	11,400	402,133	110,699	291,434
Mathematics Endowment Fund	275,778	3,785	22,992	11,541	2,480	293,494	135,664	157,830
Russell G. Mawby Fellowship in Philanthropic Studies	186,763	100	15,499	7,758	100	194,704	58,397	136,307
Debra McKee Memorial Endowed Scholarship	21,525	-	1,795	-	10,000	33,320	3,320	30,000
Theresa M. McKee, MS OTR, Occupational Therapy Endowed Scholarship	33,378	10	2,806	-	-	36,194	5,280	30,914
Reverend Dennis and E. Jean (Lackey) McMurray Academic Achievement Scholarship	241	-	20	-	-	261	137	124
Coach Jim Meerman Memorial Endowed Scholarship	56,094	7,815	4,658	2,342	58	66,283	6,398	59,885
Denise Meier Memorial Endowed Scholarship	18,857	14,186	2,065	-	607	35,715	2,648	33,067
Frederik Meijer Endowed Honors Chair in Entrepreneurship and Innovation	1,879,315	-	155,923	78,039	-	1,957,199	457,199	1,500,000
Frederik Meijer First Generation Honors College Student Scholarship Endowment	3,188,187	600	264,538	132,408	614	3,321,531	814,902	2,506,629
Frederik Meijer Honors College Service-Learning Endowment	13,262	126	1,123	-	696	15,207	3,029	12,178
Frederik Meijer Lecture Series Endowment	498,663	-	41,373	20,707	-	519,329	219,329	300,000
Frederik Meijer Opportunity Endowed Scholarship	606,468	-	50,318	25,184	-	631,602	106,602	525,000
Corky Meinecke Scholarship Endowment Fund	87,754	-	7,281	3,644	-	91,391	28,702	62,689

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
Memorial Garden Endowment	\$ 10,620	\$ -	\$ 893	\$ -	\$ -	\$ 11,513	\$ 5,349	\$ 6,164
Mercantile Bank of Michigan Upward Bound (TRIO) Program Endowment	55,742	465	4,642	2,330	571	59,090	12,982	46,108
H. Bart Merkle CSAL Endowment Fund	23,200	3,705	2,040	-	2,909	31,854	3,792	28,062
Michigan Office Solutions Endowed Seidman College of Business Scholarships	18,052	1,500	1,574	-	-	21,126	3,126	18,000
James B. Miller Endowed Engineering Scholarship	-	25,000	902	-	25,000	50,902	902	50,000
Paul C. and Florence Miller Mineral Collection Endowment	63,719	50	5,288	2,648	130	66,539	24,809	41,730
Paul C. Miller Scholarship Fund	205,461	-	17,047	8,532	-	213,976	113,653	100,323
Mithilesh & Jitendra Mishra Foreign Student/Faculty Scholarship Fund	37,163	-	3,083	1,543	-	38,703	15,784	22,919
Mnomen Native American Endowed Scholarship**	43,253	2,500	3,684	-	-	49,437	6,737	42,700
Modern Languages Endowed Study Abroad Scholarship	12,618	690	1,079	-	712	15,099	2,816	12,283
Jacob B. Mol Family Scholarship Fund	103,050	-	8,550	4,279	-	107,321	56,538	50,783
Movement Science Student Excellence Endowed Scholarship	15,051	227	1,265	-	165	16,708	5,721	10,987
James R. Moyer Endowed Scholarship	-	30,010	(81)	-	-	29,929	(81)	30,010
Rodney J. Mulder Social Work Scholarship	118,451	4,045	9,907	4,981	700	128,122	34,328	93,794
Mullendore Legal Studies Criminal Justice Scholarship	376,581	267	31,245	15,641	150	392,602	89,956	302,646
Mark A. and Elizabeth C. Murray International Travel Fund	132,874	1,783	11,082	5,562	1,133	141,310	28,205	113,105
Moriah Muscaro '15 Feature Twirler Endowed Scholarship	3,435	2,600	285	-	-	6,320	555	5,765
Benjamin Mutnick Endowed Hospitality and Tourism Management Scholarship	40,170	2,305	3,411	1,712	133	44,307	4,723	39,584
Nichols Sustainability Scholarship	43,793	300	3,645	1,825	-	45,913	11,339	34,574
Paul A. '72 & Janet M. (Nickless) '71 Royce Endowed PATHWAY Scholarship	33,775	-	2,803	1,403	-	35,175	4,855	30,320
Glenn A. and Betty J. Niemeyer History Scholarship Endowment	166,455	24,593	14,724	7,438	2,910	201,244	63,461	137,783
Norris, Perne & French Finance Pathway Endowed Scholarship	12,679	6,000	1,050	-	-	19,729	1,729	18,000
Dr. Roy and Patricia Olsson Jr. Health Professions Scholarship	33,937	34	2,816	1,410	48	35,425	9,061	26,364
Dr. Roy and Patricia Olsson Jr. Therapeutic Recreation Endowed Scholarship	4,636	2,589	454	-	2,536	10,215	764	9,451
Joel J. Orosz Endowed Fellowship in Philanthropy	127,719	150	10,602	5,308	150	133,313	29,792	103,521
Herta Oswalt WGVU Culinary Television Program Endowment	53,353	-	4,426	2,215	-	55,564	13,564	42,000

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
The Nedra J. Otis Art Scholarship	\$ 131,913	\$ 1,024	\$ 10,977	\$ 5,503	\$ 689	\$ 139,100	\$ 42,349	\$ 96,751
Candace Otte Scholarship for Nursing	36,661	-	3,041	1,522	-	38,180	12,527	25,653
Arnold C. Ott Lectureship in Chemistry	1,010,631	-	83,850	41,967	-	1,052,514	526,879	525,635
The Ott-Stiner Fellowship in Chemistry and Natural Sciences	103,686	2,369	8,677	4,358	1,030	111,404	15,906	95,498
Barbara Padnos Scholarship Fund	1,457,424	1,410	120,968	60,550	360	1,519,612	502,216	1,017,396
Padnos/Sarosik Endowed Professorship of Civil Discourse	297,595	-	24,691	12,358	-	309,928	59,515	250,413
Seymour and Esther Padnos Engineering Scholarship	761,090	-	63,147	31,605	-	792,632	254,757	537,875
Esther R. Padnos Nursing Scholarship	199,761	700	16,576	8,298	50	208,789	34,316	174,473
The Stuart and Barbara Padnos Distinguished Artist in Residence	1,770,651	-	146,907	73,527	-	1,844,031	342,776	1,501,255
Christos T. and Joan A. Panopoulos Physician Assistant Studies Scholarship	20,784	6,000	1,973	-	10	28,767	4,138	24,629
Joan A. Panopoulos Scholarship	50,078	-	4,155	2,080	75	52,228	10,108	42,120
LT James W. Parmelee Memorial Scholarship	44,475	-	3,690	1,847	-	46,318	11,118	35,200
Paton Family Entrepreneur Scholarship Endowment	46,842	14,283	4,137	2,134	-	63,128	11,595	51,533
Paton Family Entrepreneurial Fund	40,534	1,717	3,419	1,715	-	43,955	6,138	37,817
Eugene and Lillian Pawl Scholarship	34,874	100	2,893	1,448	-	36,419	5,909	30,510
Peace and Justice Activist Scholarship	71,764	144	5,958	2,984	144	75,026	36,018	39,008
Chuck Peterson '83 Memorial Film and Video Endowed Scholarship	34,598	160	2,881	1,443	140	36,336	4,905	31,431
Ross W. Perry Bachelor of Science Scholarships	313,533	-	26,014	13,020	-	326,527	120,812	205,715
McFadden Picciua International Child Welfare Scholarship	32,417	240	2,695	1,353	330	34,329	13,057	21,272
William F. Pickard Fund	100,104	-	8,306	4,157	-	104,253	73,338	30,915
Physical Therapy Department Fund	95,674	1,642	8,008	4,014	525	101,835	33,004	68,831
Physical Therapy Urban Schools Endowed Scholarship	24,287	3,022	2,181	-	2,125	31,615	4,816	26,799
Pioneer Class of 1967 Endowed Scholarship	66,034	48,478	5,739	3,315	-	116,936	11,937	104,999
Plant Service Personnel Decendants Scholarship Fund	774,086	8,372	64,418	32,349	8,409	822,936	259,719	563,217
PNC Early Childhood Education Scholarship Endowment	166,632	-	13,825	6,919	-	173,538	37,356	136,182
Positive Black Women Endowment Fund	85,487	1,815	7,133	3,592	1,648	92,491	25,526	66,965
Paul W. Potter and Margaret E. Potter Scholarship	63,413	-	5,262	2,634	30	66,071	14,941	51,130
The Judith S. Pratt Non-Traditional Nursing Scholarship	103,667	700	8,619	4,316	75	108,745	31,678	77,067
Berthold Price Scholarship Fund	188,715	-	15,657	7,836	-	196,536	99,901	96,635
Randy and Debra Price Endowed Scholarship	45,361	-	3,764	1,884	-	47,241	7,241	40,000
Professional Support Staff (PSS) Scholarship Endowment Fund	175,741	2,235	14,617	7,341	1,913	187,165	53,232	133,933
School of Public and Nonprofit Administration Endowment	111,803	7,929	9,432	4,745	713	125,132	28,138	96,994

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
Dr. George I. Quimby Memorial Anthropology Endowment	\$ 57,439	\$ 100	\$ 4,768	\$ 2,388	\$ 106	\$ 60,025	\$ 14,093	\$ 45,932
Dr. George I. and Helen Z. Quimby Scholarship	56,124	120	4,660	2,334	120	58,690	17,831	40,859
GVUF Lupe Ramos-Montigney "SI SE PUEDE" Legacy Endowed Scholarship**	134,103	40,444	12,140	6,161	1,133	181,659	18,377	163,282
Lupe Ramos-Montigny "SI SE PUEDE" Legacy Endowed Scholarship	82,460	-	6,841	3,424	-	85,877	36,691	49,186
Rauch Family Leadership Endowed Scholarship for Portage Schools	72,558	5,500	6,420	3,185	-	81,293	12,493	68,800
Recreation Leadership Endowed Scholarship	35,075	771	2,936	1,478	795	38,099	5,846	32,253
Redfield Financial Group Business and Baseball Endowed Scholarship	37,591	-	3,119	1,561	-	39,149	8,189	30,960
Regional Math and Science Center Endowment	213,415	225	17,714	8,870	340	222,824	92,691	130,133
Esther Rehm Stotz Scholarship Fund	171,983	-	14,269	7,142	-	179,110	107,572	71,538
John W. and Virginia M. Reifel Economics Scholarship	201,332	1,000	16,741	8,391	1,000	211,682	47,811	163,871
The George Jacob Reister and Juliana Knodel Reister Family Memorial Scholarship	119,781	732	9,967	4,990	42	125,532	39,707	85,825
Peter P. Renucci Family Medical Lab Sciences Scholarship Endowment	48,904	3,736	4,182	2,106	590	55,306	13,012	42,294
Peter P. and Patricia R. Renucci Medical Lab Sciences Scholarship Endowment	46,219	49	3,838	1,922	165	48,349	12,471	35,878
Warren Reynolds Endowed Scholarship	39,384	-	3,267	1,635	-	41,016	13,202	27,814
D. Scott & Susan Richardson Management Student-Athlete Endowed Scholarship	24,841	8,093	2,208	-	3,329	38,471	4,974	33,497
Rinvelt Family Endowment for Student Success	-	30,000	(81)	-	-	29,919	(81)	30,000
Rockford Construction Student Enterprise Endowment	59,534	-	4,939	2,472	-	62,001	12,001	50,000
Stephen C. Rowe Student Summer Scholars Fellowship	18,200	1,600	1,541	-	1,600	22,941	4,800	18,141
Rowing Alumni Endowment Fund	6,077	7,990	772	-	688	15,527	1,166	14,361
Robert and Linda '89 Rynbrandt Endowed Sociology Scholarship	98,654	10,048	8,548	4,400	10,076	122,926	10,848	112,078
Laura Sakoski Memorial Scholarship	37,105	1,641	3,144	1,579	354	40,665	10,769	29,896
John Salski Memorial Fund	48,038	550	4,003	2,005	-	50,586	18,511	32,075
The J. Patrick Sandro Education Scholarship	82,058	1,020	6,846	3,428	-	86,496	27,538	58,958

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
SCB Student Portfolio Endowment	\$ 316,118	\$ 11,775	\$ 43,207	\$ -	\$ -	\$ 371,100	\$ 83,989	\$ 287,111
The Schmidt/Workman Graduate Student Athlete Endowed Fellowship	-	76,468	1,766	-	50,025	128,259	1,766	126,493
The Ilene I. Schooley Biomedical Sciences Scholarship	43,626	-	3,620	1,812	-	45,434	14,995	30,439
William Schroeder Undergraduate Endowed Fellowship in Chemistry	42,452	433	3,539	1,777	517	45,164	11,497	33,667
Paul '81 and Pamela '80 Schweitzer Scholarship Endowment	23,434	4,500	1,956	-	-	29,890	3,890	26,000
Science Equipment Fund	2,492,992	864	206,861	103,537	-	2,597,180	1,596,800	1,000,380
Mary A. and Wilhelm W. Seeger Global Programs Scholarship	652	800	75	-	50	1,577	292	1,285
Mary & Wilhelm Seeger Scholarship Fund	300,506	7,534	25,192	12,676	5,100	325,656	106,244	219,412
Tim and Terry Selgo Student-Athlete Scholarship Endowment	93,884	9,643	8,015	4,075	2,060	109,527	11,830	97,697
Seidman College of Business Commercial Real Estate Scholarship	29,663	10,050	2,871	-	-	42,584	12,434	30,150
Seidman College of Business Management Department Scholarship	31,081	22,228	3,378	-	400	57,087	11,741	45,346
Seidman College of Business Study Abroad Scholarship	233,657	72,128	19,571	10,452	1,610	316,514	32,975	283,539
Seidman Endowment Fund	1,613,231	2,270	133,884	67,017	483	1,682,851	986,810	696,041
Seidman Enrichment Fund	750,147	-	62,238	31,150	-	781,235	458,711	322,524
John J. and Marjorie E. Shepard Communications Scholarship	270,080	120	22,411	11,218	120	281,513	111,114	170,399
Marilyn and Budge Sherwood Seidman College of Business Scholarship (GVUF)**	77,664	200	6,450	3,229	-	81,085	23,481	57,604
Ryan Short Memorial Scholarship Fund	116,519	852	9,687	4,861	990	123,187	37,945	85,242
M. Frederick Singer and Frederick S. Singer Memorial Veterans Endowed Scholarship	39,903	2,173	3,421	1,719	921	44,699	5,408	39,291
Ram and Usha Singh Social Work Scholarship	42,086	-	3,492	1,748	-	43,830	15,335	28,495
Small Family Endowed Scholarship	16,032	4,500	1,503	-	9,750	31,785	2,955	28,830
Hilary F. Snell Endowed Leadership Fellow	46,698	-	3,874	1,939	-	48,633	5,633	43,000
Drs. Esther and Enrico Sobong Scholarship	45,660	282	3,788	1,902	406	48,234	15,419	32,815
Social Work Faculty Development Fund	47,329	-	3,926	1,965	-	49,290	27,115	22,175
The Social Work Minority Scholarship	49,286	-	4,090	2,047	-	51,329	17,896	33,433
Social Work Scholarship Fund	54,357	1,159	4,521	2,281	1,511	59,267	18,921	40,346
Somers-DeMaria Endowed Scholarship	11,450	-	963	-	-	12,413	2,413	10,000
Spectrum Health Diversity Scholarship	105,956	-	8,791	4,400	-	110,347	35,056	75,291

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
Spectrum Industries, Inc. Endowed Scholarship	\$ 98,354	\$ 100	\$ 8,164	\$ 4,086	\$ -	\$ 102,532	\$ 15,932	\$ 86,600
Paul Springer Crew Scholarship	38,555	1,339	3,219	1,625	567	42,055	9,925	32,130
Joseph Spruit Engineering Scholarship	69,830	35	5,794	2,900	-	72,759	20,224	52,535
Statistics Endowment Fund	73,507	3,587	6,192	3,125	1,174	81,335	20,690	60,645
Steelcase Inc. Seidman College of Business Diversity Scholarship	144,501	-	11,989	6,000	-	150,490	49,955	100,535
George and Marianne Stein Endowed Memorial Scholarship	108,728	-	9,021	4,515	-	113,234	13,234	100,000
The Howard and Rose Stein Endowed Biology Scholarship	76,894	758	6,385	3,199	144	80,982	25,147	55,835
Joseph Stevens Freedom Fund	153,761	522	12,769	6,396	413	161,069	71,808	89,261
Les and Jackie (Ott) Stiner Fellowship in Historical and Humanistic Studies	3,044	26,850	1,030	-	-	30,924	1,324	29,600
Les and Jackie (Ott) Stiner Fellowship in Scientific Skeptical Reasoning and Logic	35,848	2,825	3,125	841	2,500	43,457	5,782	37,675
Office of Student Life Student Employee Endowed Scholarship	-	10,309	40	-	1,430	11,779	40	11,739
Student Sustainability Endowment Fund	29,128	1,000	2,444	-	2,115	34,687	10,174	24,513
Study and Practice of General Semantics Endowed Scholarship	-	50	-	-	-	50	-	50
The Subar Family - Model Coverall Service Scholarship	53,257	1,000	4,456	2,232	-	56,481	18,521	37,960
Duke Tanaka Jr. Anatomy Scholarship	49,153	90	4,081	2,044	155	51,435	13,879	37,556
Tax Program Fund	195,442	-	16,431	-	-	211,873	140,543	71,330
Pham Dinh Tham Memorial Endowed Scholarship**	2,026	397	179	-	978	3,580	313	3,267
Charles L Toot Endowed Memorial Golf Scholarship	64,557	1,050	5,388	2,706	750	69,039	10,520	58,519
TowerPinkster Endowed Engineering Scholarship	31,825	-	4,128	1,379	-	34,574	4,574	30,000
Edward Tremba Geology Scholarship Fund	107,826	2,353	9,031	4,527	339	115,022	55,195	59,827
Office of Undergraduate Research and Scholarship (OURS) Endowment	12,536	1,712	1,075	-	858	16,181	3,216	12,965
Kathleen Underwood Endowed S3 Fellowship for the Study of Social Issues of Inequality in History or Contemporary Society	7,531	1,836	651	-	692	10,710	1,496	9,214
University Library Fund	446,396	634	37,053	18,557	984	466,510	216,700	249,810
Stephanie Urbanawiz Physician Assistant Endowed Scholarship	40,044	5,210	3,687	1,821	30	47,150	6,257	40,893
David and Carol Van Andel Leadership Fellow Endowment for the Hauenstein Center for Presidential Studies	144,745	1,000	12,047	6,031	-	151,761	48,761	103,000
Dr. Eric L. Van Fleet Occupational Safety and Health Endowed Scholarship	6,833	2,864	643	-	1,742	12,082	1,228	10,854

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
The Donald and Barbara VanderJagt Mathematics and Athletic Scholarship	\$ 96,982	\$ 3,611	\$ 8,173	\$ 4,104	\$ 538	\$ 105,200	\$ 27,448	\$ 77,752
VanSteeland Campus Beautification Fund	165,331	25,000	13,681	7,118	520	197,414	94,566	102,848
Richard E. Veazey Graduate Academic Scholarship in Accounting	384,048	270	31,863	15,948	-	400,233	94,506	305,727
Kenneth Venderbush Endowment Fund	36,537	1,000	3,028	1,517	-	39,048	16,706	22,342
Philip Peter Versluis Criminal Justice Endowed Scholarship	-	110,000	4,128	-	-	114,128	4,128	110,000
Philip P. and E. Joyce Versluis Supply Chain Management Endowed Scholarship	120,523	-	10,000	5,005	-	125,518	15,518	110,000
Veteran's History Project Endowment	80,327	222	6,671	3,343	325	84,202	15,689	68,513
Leslie M. Eitzen Voice Endowed Scholarship	204,830	1,555	17,025	8,534	1,005	215,881	82,285	133,596
Volkhardt Family Scholarship	175,811	350	14,585	7,307	350	183,789	60,482	123,307
The Waddell/Treanor Native Plant Endowment	890,869	-	73,914	36,994	-	927,789	220,030	707,759
The Margaret Sellers Walker Distinguished Practitioner Lecture Series in Public and Nonprofit Administration	8,532	(9,548)	753	-	263	-	-	-
Florence Cowan Ward Scholarship for Nursing	200,012	3,050	16,697	8,363	-	211,396	64,829	146,567
Margaret F. Ward Art and Design Scholarship	41,241	30	3,423	1,714	90	43,070	12,470	30,600
Margaret Ward Music Scholarship	43,041	1,296	3,598	1,810	326	46,451	13,870	32,581
Margaret Ward WGVU Symphony and Art Programming Endowment Fund	67,108	-	5,568	2,787	-	69,889	25,695	44,194
The John D. Wardrop Leadership Fellow Endowment	49,037	80	4,070	2,038	30	51,179	15,464	35,715
Maribeth Wardrop Leaders in Philanthropy Scholarship	86,450	594	7,196	3,603	94	90,731	20,571	70,160
Shawn D. Wiersma Criminal Justice Memorial Scholarship	50,476	1,245	4,199	2,112	120	53,928	15,641	38,287
The Wisner Doctor of Physical Therapy Scholarship	154,400	475	12,813	6,421	350	161,617	48,332	113,285
Thomas and Joyce Wisner Engineering Scholarship Endowment	1,393,527	332	115,629	57,877	432	1,452,043	450,042	1,002,001
Weldon Memorial Chemistry Fund	246,400	1,542	20,485	10,264	542	258,705	117,955	140,750
Bonnie Wesorick Center for Health Care Transformation Endowment	1,100,434	10,277	91,606	45,903	2,717	1,159,131	370,835	788,296
West Shore AWARE Scholarship	77,555	-	6,435	3,221	-	80,769	20,644	60,125
West Side Challenge Scholar Endowed Scholarship	9,868	3,900	921	-	3,640	18,329	1,776	16,553
West Side Service Projects Endowment	37,668	95	3,126	1,565	53	39,377	9,855	29,522
Westerman Nursing Scholarship Fund	222,885	5,000	18,485	9,305	-	237,065	93,991	143,074
Samuel L. Westerman Endowed Seidman PATHWAY	50,265	15,114	4,153	2,238	-	67,294	6,880	60,414
WGVU - AM Radio Endowment	11,109	-	934	-	-	12,043	2,944	9,099

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Endowment Funds (Continued)								
WGVU - FM Radio Program Endowment Fund	\$ 91,403	\$ -	\$ 7,584	\$ 3,796	\$ 30	\$ 95,221	\$ 23,055	\$ 72,166
WGVU Engineering Student Co-op Endowment	3,182	-	268	-	-	3,450	2,350	1,100
WGVU LZ Michigan Scholarship Endowment	42,474	2,940	3,623	1,822	230	47,445	6,761	40,684
WGVU-TV Program Fund	229,344	560	19,044	9,538	454	239,864	43,182	196,682
WGVU-TV Scholarship Fund	460,711	355	38,235	19,138	-	480,163	273,397	206,766
Jonathan and Marcia White Honors College Endowed Scholarship	46,235	330	3,843	1,925	-	48,483	9,137	39,346
Gleaves Whitney Leadership Fellow Endowment at the Hauenstein Center for Presidential Studies	27,044	-	2,274	-	-	29,318	7,658	21,660
Holliday Willey Psychology Scholarship for the Study of Pervasive Development Disorders	64,279	758	5,354	2,689	805	68,507	19,476	49,031
Don Williams Sr. Dean Emeritus Multicultural Business Education (MBEC) Scholarship**	42,303	839	3,533	1,771	-	44,904	10,418	34,486
H. James Williams Endowed Scholarship	41,957	58	3,481	1,743	50	43,803	6,638	37,165
Shelia Williams Student Leadership Development Fund	172,447	1,271	14,333	7,181	96	180,966	99,113	81,853
Steven E. Williams Memorial Pathways to Recovery Endowed Scholarship	42,654	3,088	3,633	1,825	186	47,736	8,830	38,906
GVUF Richard A. Winn Michigan Lodging & Tourism Association Endowed Scholarship**	25,389	2,832	2,301	-	192	30,714	5,414	25,300
Bill & Diana Wipperfurth Annis Water Resources Institute Student Research Scholarship	50,642	250	4,220	2,111	-	53,001	14,253	38,748
Robert H. and Barbara Wood Entrepreneur Scholarship	1,893	45,812	1,878	-	-	49,583	2,771	46,812
Wolverine Worldwide Endowed Scholarship	34,350	-	2,850	1,426	-	35,774	5,774	30,000
Women's Center Endowment	142,932	1,809	11,909	5,991	2,589	153,248	30,756	122,492
Women's Center Non-Traditional Student Scholarship	108,839	522	9,042	4,532	490	114,361	34,351	80,010
Doug and Linda Woods Athletic Training Scholarship Endowment	221,468	1,059	18,383	9,205	218	231,923	61,352	170,571
Wrestling Endowment	83,611	3,805	7,105	-	33	94,554	44,623	49,931
WRI Equipment Fund	2,688,939	72	223,098	111,661	72	2,800,520	1,639,010	1,161,510
Writing Majors Scholarship	60,914	1,783	5,106	2,578	1,809	67,034	15,344	51,690
Michael F. Young '90, '94 Memorial Endowed Scholarship	43,224	3,444	3,626	1,825	271	48,740	6,834	41,906
Whitney Young Village Outreach Engineering	139,474	167	(6,718)	3,000	367	130,290	29,389	100,901
Georgette "Tete" Zainea Memorial Pathway Endowed Scholarship	3,501	7,696	455	-	-	11,652	680	10,972
William Zimmerman Memorial Scholarship	110,973	1,635	9,264	4,654	1,395	118,613	30,710	87,903
Felix V. & Gladys A. Zukaitis Athletic Trust	256,843	-	21,310	10,666	-	267,487	142,302	125,185
Felix V. & Gladys A. Zukaitis Scholarship Trust	246,205	-	20,427	10,224	-	256,408	130,387	126,021
Total endowment funds	93,766,349	5,348,689	8,187,427	3,857,998	(3,098)	103,441,369	32,541,396	70,899,973

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2018

	Balance June 30, 2017	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2018	Retained Investment Income	Principal Balance June 30, 2018
Funds Functioning as Endowments								
Accounting Scholarship Fund	\$ 595,116	\$ 29,680	\$ 49,989	\$ 25,076	\$ 490	650,199	\$ 302,333	347,866
Alumni Scholarship Fund	960,430	-	79,685	39,882	-	1,000,233	501,444	498,789
Owen F. Bieber Scholarship Trust	748,405	-	62,094	31,078	-	779,421	465,891	313,530
Alexander Calder Honors Scholarship	181,655	35	15,073	7,545	100	189,318	49,281	140,037
Charles & Florence Irwin Scholarship Endowment Fund	296,274	3,711	24,689	12,384	1,384	313,674	125,524	188,150
Joe E. Reid Memorial Scholarship Fund	103,735	375	8,614	4,313	-	108,411	53,544	54,867
SPX Corporation Engineering Scholarship Fund	157,418	-	13,061	6,537	-	163,942	113,832	50,110
Robert C. Trotter Scholarship Fund	602,818	-	50,014	25,032	-	627,800	479,933	147,867
Angus Fund	1,782,842	717	147,942	74,048	166	1,857,619	998,392	859,227
R.B. Annis WRI Endowment	2,129,294	9,254	176,955	88,589	798	2,227,712	922,020	1,305,692
James R. Sebastian Endowed Chair in Engineering	-	-	-	-	-	-	-	-
Cooperative Education and Educational Development	1,992,131	-	165,283	82,725	-	2,074,689	1,533,327	541,362
Charles C. Saur Fund	60,015	-	1,151	-	-	61,166	(50,411)	111,577
Richard M. and Helen DeVos Center for Entrepreneurship & Innovation Endowment	1,875,146	1,099	155,617	77,889	-	1,953,973	720,531	1,233,442
Science Religion Project	247,979	-	20,574	10,297	-	258,256	96,919	161,337
VanderMey Endowment	186,480	500	15,491	7,754	-	194,717	79,790	114,927
Grand Rapids Continuing Education	2,198,748	-	184,850	-	-	2,383,598	2,009,616	373,982
Leon W. Hall Trust Fund	887,301	-	73,618	36,846	-	924,073	589,661	334,412
Russel H. Kirkhof Fund	2,787,444	-	231,269	115,750	-	2,902,963	1,895,564	1,007,399
Seymour & Esther Padnos School of Engineering	2,840,644	150	235,687	117,964	160	2,958,677	1,443,865	1,514,812
Padnos Fund	1,881,677	-	156,119	78,138	-	1,959,658	959,633	1,000,025
Undistributed Income Fund	712,364	-	57,198	-	-	769,562	769,562	-
Total funds functioning as endowments	23,227,916	45,521	1,924,973	841,847	3,098	24,359,661	14,060,251	10,299,410
Annuity Funds								
John and Shirley Batchelder Charitable Gift Annuity	49,713	-	10,275	-	-	59,988	41,165	18,823
John and Nancy Batts Charitable Gift Annuity	265,015	-	50,827	-	-	315,842	(56,470)	372,312
Darld T and Joyce M Black Charitable Gift Annuity	11,580	-	1,619	-	-	13,199	6,647	6,552
Robert F and Jean A Blossfeld Charitable Gift Annuity	3,347	-	526	-	-	3,873	1,720	2,153
Dr. Gilbert R. and Patricia Davis Charitable Gift Annuities	31,967	-	8,059	-	-	40,026	40,026	-
John and Janice Heerspink Charitable Gift Annuity	(174)	-	630	-	-	456	(19,560)	20,016
Harvey E. Lemmen Charitable Gift Annuities	(81,215)	-	(30,676)	-	-	(111,891)	(111,891)	-
John F. and Mae D. Shipley Charitable Gift Annuity	2,823	-	(128)	-	-	2,695	1,060	1,635
Jacquelyn L and Lester L Stiner Charitable Gift Annuity	3,416	-	1,486	-	-	4,902	(83,960)	88,862
John T. Tevebaugh Charitable Gift Annuities	14,280	(23,353)	9,073	-	-	-	-	-
Peter Merrick Turner Charitable Gift Annuity	6,455	-	1,186	-	-	7,641	6,135	1,506
Total annuity funds	307,207	(23,353)	52,877	-	-	336,731	(175,128)	511,859
Total endowment and similar funds	<u>\$ 117,301,472</u>	<u>\$ 5,370,857</u>	<u>\$ 10,165,277</u>	<u>\$ 4,699,845</u>	<u>\$ -</u>	<u>\$ 128,137,761</u>	<u>\$ 46,426,519</u>	<u>\$ 81,711,242</u>

** Funds held by Grand Valley University Foundation

Grand Valley State University

Schedule of Net Position by Fund June 30, 2018

	Current Funds												Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds	Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement/Pension	Retirement/Health	Blended Components	2018	2017
Assets														
Current assets:														
Cash and cash equivalents	\$ 13,098,809	\$ 12,576,446	\$ (443,923)	\$ 1,603,248	\$ 26,834,580	\$ 1,191,030	\$ -	\$ 23,607,991	\$ (3,144,710)	\$ -	1,402,579	\$ 528,798	\$ 50,420,268	\$ 34,063,043
Short-term investments	9,716,443	9,237,547	-	1,191,303	20,145,293	894,467	-	17,481,682	-	-	1,056,737	-	39,578,179	42,421,208
Accounts receivable	1,042,904	983,314	1,177,657	6,808,561	9,812,436	-	-	1,459,105	3,465,675	-	-	46,794	14,784,010	13,165,924
State appropriation receivable	12,745,472	-	-	-	12,745,472	-	-	-	52,404,907	-	-	-	65,150,379	61,652,481
Pledges receivable	-	30,000	-	10,057,466	10,087,466	-	-	-	-	-	-	-	10,087,466	4,674,937
Less allowance for uncollectible accounts	-	-	-	(47,874)	(47,874)	-	-	-	-	-	-	-	(47,874)	(8,502)
Net pledges receivable	-	30,000	-	10,009,592	10,039,592	-	-	-	-	-	-	-	10,039,592	4,666,435
Inventory	-	63,047	1,775,827	-	1,838,874	-	-	-	-	-	-	6,363	1,845,237	2,108,803
Prepaid expenses and other	2,609,722	991,205	72,416	108,138	3,781,481	202,063	-	801,626	-	-	-	44,388	4,829,558	4,508,932
Student notes receivable - Current portion	681,821	-	-	-	681,821	3,080,800	-	-	-	-	-	-	3,762,621	3,867,730
Total current assets	39,895,171	23,881,559	2,581,977	19,520,842	85,879,549	5,368,360	-	43,350,404	52,725,872	-	2,459,316	626,343	190,409,844	166,454,556
Noncurrent assets:														
Restricted cash and cash equivalents	-	-	-	-	-	-	384,252	49	-	-	-	1,841,810	2,226,111	521,150
Endowment investments	-	-	-	-	-	-	126,755,650	-	-	-	-	-	126,755,650	117,730,301
Note receivable	-	-	-	-	-	-	-	24,934,294	-	-	-	(9,182,220)	15,752,074	16,317,780
Other long-term investments	20,119	45,264,299	-	85,442	45,369,860	-	-	85,763,435	-	-	15,078,782	864,688	147,076,765	146,781,698
Pledges receivable	-	-	-	10,136,922	10,136,922	-	-	-	-	-	-	-	10,136,922	5,302,987
Less discount to present value	-	-	-	(1,045,656)	(1,045,656)	-	-	-	-	-	-	-	(1,045,656)	(639,063)
Net pledges receivable	-	-	-	9,091,266	9,091,266	-	-	-	-	-	-	-	9,091,266	4,663,924
Student notes receivable - Net	-	-	-	-	-	5,751,694	-	-	-	-	-	-	5,751,694	6,618,948
Capital assets - Net	-	-	-	-	-	-	-	717,944,484	-	-	-	34,992,207	752,936,691	728,269,293
Other assets	336,250	288,086	-	15,319	639,655	-	-	1,392,698	-	-	-	466,760	2,499,113	2,436,449
Total noncurrent assets	356,369	45,552,385	-	9,192,027	55,100,781	5,751,694	127,139,902	830,034,960	-	-	15,078,782	28,983,245	1,062,089,364	1,023,339,543
Total assets	40,251,540	69,433,944	2,581,977	28,712,869	140,980,330	11,120,054	127,139,902	873,385,364	52,725,872	-	17,538,098	29,609,588	1,252,499,208	1,189,794,099
Deferred Outflows of Resources														
Accumulated changes in the fair value of hedging derivative instruments	-	-	-	-	-	-	-	3,370,000	-	-	-	-	3,370,000	5,247,000
Refunding of bonds payable	-	-	-	-	-	-	-	10,922,467	-	-	-	-	10,922,467	11,814,068
Retirement benefit related deferrals	-	-	-	-	-	-	-	-	-	7,204,495	200,957	-	7,405,452	11,395,907

Grand Valley State University

Schedule of Net Position by Fund (Continued) June 30, 2018

	Current Funds					Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement/ Pension	Retirement/ Health	Blended Components	Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds								2018	2017
Liabilities														
Current liabilities:														
Accounts payable	\$ 5,964,328	\$ 1,083,397	\$ 1,034,357	\$ 1,428,530	\$ 9,510,612	\$ 1,384	\$ -	\$ 9,440,883	\$ 51,088,786	\$ -	\$ 2,942	\$ 286,437	\$ 70,331,044	\$ 66,212,803
Accrued payroll and other benefits	22,422,709	110,000	-	-	22,532,709	-	-	-	717,605	-	715,000	-	23,965,314	22,292,393
Accrued interest expense and other liabilities	-	10,604	-	-	10,604	-	-	906,449	919,481	-	-	108,795	1,945,329	3,129,109
Unearned revenue	9,900,086	559,608	578,984	3,224,357	14,263,035	-	-	696,958	-	-	-	-	14,959,993	13,248,711
Long-term liabilities - Current portion	-	-	-	-	-	-	160,203	14,855,288	-	-	-	960,665	15,976,156	15,029,106
Total current liabilities	38,287,123	1,763,609	1,613,341	4,652,887	46,316,960	1,384	160,203	25,899,578	52,725,872	-	717,942	1,355,897	127,177,836	119,912,122
Noncurrent liabilities:														
Unearned revenue - Net of current portion	-	-	-	-	-	-	-	4,501,195	-	-	-	-	4,501,195	4,994,153
Federal student loan payable	-	-	-	-	-	8,929,287	-	-	-	-	-	-	8,929,287	10,213,948
Long-term liabilities - Net of current portion	-	-	-	-	-	-	679,525	257,437,967	-	-	-	14,629,679	272,747,171	265,713,155
Net retirement benefit liabilities	-	-	-	-	-	-	-	-	21,470,794	19,396,127	-	-	40,866,921	32,724,004
Derivative instruments	-	-	-	-	-	-	-	3,398,000	-	-	-	-	3,398,000	5,365,000
Total liabilities	38,287,123	1,763,609	1,613,341	4,652,887	46,316,960	8,930,671	839,728	291,236,740	52,725,872	21,470,794	20,114,069	15,985,576	457,620,410	438,922,382
Deferred Inflows - Retirement-related benefit deferrals	-	-	-	-	-	-	-	-	-	3,217,670	101,334	-	3,319,004	3,104,024
Net Position														
Invested in capital assets - Net of related debt	-	-	-	-	-	-	-	463,522,887	-	-	-	13,207,183	476,730,070	461,579,649
Restricted:														
Nonexpendable - Scholarships and academic support	-	-	-	-	-	-	69,525,518	-	-	-	-	1,371,114	70,896,632	65,551,049
Expendable:														
Scholarships and academic support	-	-	-	14,360,068	14,360,068	-	46,675,904	-	-	-	-	743,045	61,779,017	55,424,637
Capital projects	-	-	-	9,699,914	9,699,914	-	203,952	26,058,767	-	-	-	(9,182,220)	26,780,413	17,872,725
Loans	-	-	-	-	-	1,581,485	-	-	-	-	-	-	1,581,485	1,808,618
Unrestricted	1,964,417	67,670,335	968,636	-	70,603,388	607,898	9,894,800	106,859,437	-	(17,483,969)	(2,476,348)	7,484,890	175,490,096	173,987,990
Total net position	\$ 1,964,417	\$ 67,670,335	\$ 968,636	\$ 24,059,982	\$ 94,663,370	\$ 2,189,383	\$ 126,300,174	\$ 596,441,091	\$ -	\$ (17,483,969)	\$ (2,476,348)	\$ 13,624,012	\$ 813,267,713	\$ 776,224,668

Grand Valley State University

Schedule of Revenue, Expenses, and Changes in Net Position by Fund Year Ended June 30, 2018

	Current Funds					Student Loan Fund	Endowment Fund	Plant Fund	Retirement/Pension Fund	Retirement/Health Fund	Blended Components	Eliminations	Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds								2018	2017
Operating Revenue														
Student tuition and fees	\$ 323,238,508	\$ 875,471	\$ -	\$ -	\$ 324,113,979	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 324,113,979	\$ 315,700,270
Less scholarship allowances	-	-	-	-	-	-	-	-	-	-	-	(56,886,635)	(56,886,635)	(52,922,765)
Net student tuition and fees	323,238,508	875,471	-	-	324,113,979	-	-	-	-	-	-	(56,886,635)	267,227,344	262,777,505
Government grants and contracts:														
Federal	-	-	-	13,882,000	13,882,000	-	-	-	-	-	-	-	13,882,000	14,108,107
State	-	(9,300)	-	6,409,007	6,399,707	-	-	-	-	-	-	-	6,399,707	6,087,843
Local	-	127,641	-	19,562	147,203	-	-	-	-	-	-	-	147,203	165,870
Nongovernmental grants	-	930,090	-	1,539,146	2,469,236	-	-	-	-	-	-	-	2,469,236	2,801,041
Sales and services of educational activities	665,466	14,493,524	-	215,979	15,374,969	-	-	-	-	-	22,808	-	15,397,777	15,164,132
Auxiliary activities	-	-	72,997,602	-	72,997,602	-	-	-	-	-	38,033	-	73,035,635	72,517,054
Less scholarship allowances	-	-	-	-	-	-	-	-	-	-	-	(10,366,931)	(10,366,931)	(10,007,826)
Net auxiliary activities	-	-	72,997,602	-	72,997,602	-	-	-	-	-	38,033	(10,366,931)	62,668,704	62,509,228
Indirect cost recoveries	1,683,626	(11,096)	-	(1,672,530)	-	-	-	-	-	-	-	-	-	7,290,660
Other sources	2,039,562	3,491,778	-	139,728	5,671,068	224,195	-	-	-	-	984,973	-	6,880,236	8,089,404
Endowment income	245,210	439,038	-	3,966,595	4,650,843	-	(4,633,456)	-	-	-	(17,387)	-	-	(4,650,843)
Total operating revenue	327,872,372	20,337,146	72,997,602	24,499,487	445,706,607	224,195	(4,633,456)	-	-	-	1,028,427	(67,253,566)	375,072,207	370,904,386
Operating Expenses														
Instruction	166,239,392	1,524,639	-	2,870,744	170,634,775	-	-	-	-	-	-	-	170,634,775	164,223,368
Research	4,023,504	880,882	-	2,001,140	6,905,526	-	-	-	-	-	6,936	-	6,912,462	6,668,395
Public service	2,604,585	11,792,299	-	11,998,999	26,395,883	-	-	-	-	-	-	-	26,395,883	26,323,896
Academic support	42,577,066	1,279,210	-	3,732,575	47,588,851	-	-	-	-	-	-	-	47,588,851	45,880,404
Student services	29,618,958	1,410,139	-	341,848	31,370,945	-	-	-	-	-	-	-	31,370,945	30,808,809
Institutional support	40,058,812	(467,189)	-	5,870	39,597,493	-	-	-	-	9,693	200,769	-	39,807,955	39,513,728
Operation and maintenance - Plant	39,450,808	(287,444)	-	5,553,189	44,716,553	-	-	6,556,234	-	-	(745,639)	-	50,527,148	47,060,639
Depreciation expense	-	-	-	-	-	-	-	26,585,755	-	-	1,049,522	-	27,635,277	27,464,035
Scholarships and related expenses	47,201,795	86,624	-	36,258,350	83,546,769	-	-	-	-	-	96,218	(67,253,566)	16,389,421	14,083,055
Auxiliary activities	-	-	43,535,398	-	43,535,398	-	-	-	-	-	32,369	-	43,567,767	43,321,576
Transfer to (from) blended component	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan administrative fees and collection costs	-	-	-	-	-	266,444	-	-	-	-	-	-	266,444	266,382
Total operating expenses	371,774,920	16,219,160	43,535,398	62,762,715	494,292,193	266,444	-	33,141,989	-	9,693	640,175	(67,253,566)	461,096,928	445,612,287
Operating (Loss) Income	(43,902,548)	4,117,986	29,462,204	(38,263,228)	(48,585,586)	(42,249)	(4,633,456)	(33,141,989)	-	(9,693)	388,252	-	(86,024,721)	(74,707,901)

Grand Valley State University

Schedule of Revenue, Expenses, and Changes in Net Position by Fund (Continued) Year Ended June 30, 2018

	Current Funds													
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds	Student Loan Fund	Endowment Fund	Plant Fund	Retirement/Pension Fund	Retirement/Health Fund				
													Consolidated Total	
													2018	2017
Nonoperating Revenue (Expenses)														
State appropriations	\$ 70,133,300	\$ -	\$ -	\$ -	\$ 70,133,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,133,300	\$ 68,227,900
Government grants	-	-	-	30,689,861	30,689,861	-	-	-	-	-	-	-	30,689,861	27,376,242
Gifts	148,129	3,292,597	-	3,261,752	6,702,478	-	43,982	-	-	-	12,280	-	6,758,740	7,616,912
Add discount adjustment	-	-	-	37,789	37,789	-	-	-	-	-	-	-	37,789	(128,550)
Net gifts	148,129	3,292,597	-	3,299,541	6,740,267	-	43,982	-	-	-	12,280	-	6,796,529	7,488,362
Investment income:														
Interest, dividends, gains - Net of investment expense	1,409,931	(196,115)	-	648	1,214,464	44,026	10,024,074	1,239,638	-	1,251,172	178,895	-	13,950,269	18,482,693
Change in fair value of derivatives	-	-	-	-	-	-	-	90,000	-	-	-	-	90,000	185,000
Interest on capital asset - Related debt	-	-	-	-	-	-	-	(9,460,861)	-	-	(326,386)	-	(9,787,247)	(9,990,952)
Gain (loss) on disposal of capital assets	-	28,500	-	-	28,500	-	-	154,350	-	-	-	-	182,850	(704,518)
Net nonoperating revenue (expenses)	71,691,360	3,124,982	-	33,990,050	108,806,392	44,026	10,068,056	(7,976,873)	-	1,251,172	(137,211)	-	112,055,562	111,064,727
Income (Loss) - Before other revenue, expenses, gains, and losses	27,788,812	7,242,968	29,462,204	(4,273,178)	60,220,806	1,777	5,434,600	(41,118,862)	-	1,241,479	251,041	-	26,030,841	36,356,826
Other Revenue, Expenses, Gains, and Losses														
Capital gifts	-	-	-	14,312,635	14,312,635	-	-	1,046,344	-	-	-	-	15,358,979	9,528,335
Add discount adjustment	-	-	-	(483,754)	(483,754)	-	-	-	-	-	-	-	(483,754)	28,583
Net capital gifts	-	-	-	13,828,881	13,828,881	-	-	1,046,344	-	-	-	-	14,875,225	9,556,918
Capital appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-	2,347,955
Other capital income	-	-	-	-	-	-	-	1,030,622	-	-	(16,001)	-	1,014,621	1,241,519
Capital additions	(1,861,391)	(511,017)	(17,544)	(352,248)	(2,742,200)	-	-	2,742,200	-	-	-	-	-	-
Additions to permanent endowments	-	-	-	-	-	-	4,255,502	-	-	-	96,191	-	4,351,693	4,689,151
Total other revenue, expenses, gains, and losses	(1,861,391)	(511,017)	(17,544)	13,476,633	11,086,681	-	4,255,502	4,819,166	-	-	80,190	-	20,241,539	17,835,543
Transfers Out (In)														
Mandatory transfers	8,837,038	(141,299)	18,243,632	(117,852)	26,821,519	213,621	(57,201)	(26,977,939)	-	-	-	-	-	-
Nonmandatory transfers	16,456,080	1,612,703	11,154,202	(912,828)	28,310,157	-	(917,973)	(29,417,853)	2,025,669	-	-	-	-	-
Total transfers	25,293,118	1,471,404	29,397,834	(1,030,680)	55,131,676	213,621	(975,174)	(56,395,792)	2,025,669	-	-	-	-	-
Increase (Decrease) in Net Position	634,303	5,260,547	46,826	10,234,135	16,175,811	(211,844)	10,665,276	20,096,096	(2,025,669)	1,241,479	331,231	-	46,272,380	54,192,369
Net Position - Beginning of year	1,330,114	62,409,788	921,810	13,825,847	78,487,559	2,401,227	115,634,898	576,344,995	(15,458,300)	5,521,508	13,292,781	-	776,224,668	722,032,299
Adjustment for Change in Accounting Principle	-	-	-	-	-	-	-	-	-	(9,239,335)	-	-	(9,239,335)	-
Net Position - End of year	\$ 1,964,417	\$ 67,670,335	\$ 968,636	\$ 24,059,982	\$ 94,663,370	\$ 2,189,383	\$ 126,300,174	\$ 596,441,091	\$ (17,483,969)	\$ (2,476,348)	\$ 13,624,012	\$ -	\$ 813,257,713	\$ 776,224,668