

Grand Valley State University

Financial Report with Additional Information June 30, 2009

Grand Valley State University

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Independent Auditor's Report

To the Board of Trustees
Grand Valley State University

We have audited the accompanying basic financial statements of Grand Valley State University as of June 30, 2009 and 2008 and for the years then ended, as listed in the table of contents. These basic financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance that the statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Grand Valley State University at June 30, 2009 and 2008 and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2009 on our consideration of the University's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Trustees
Grand Valley State University

The management's discussion and analysis presented on pages 4 through 14 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

September 30, 2009

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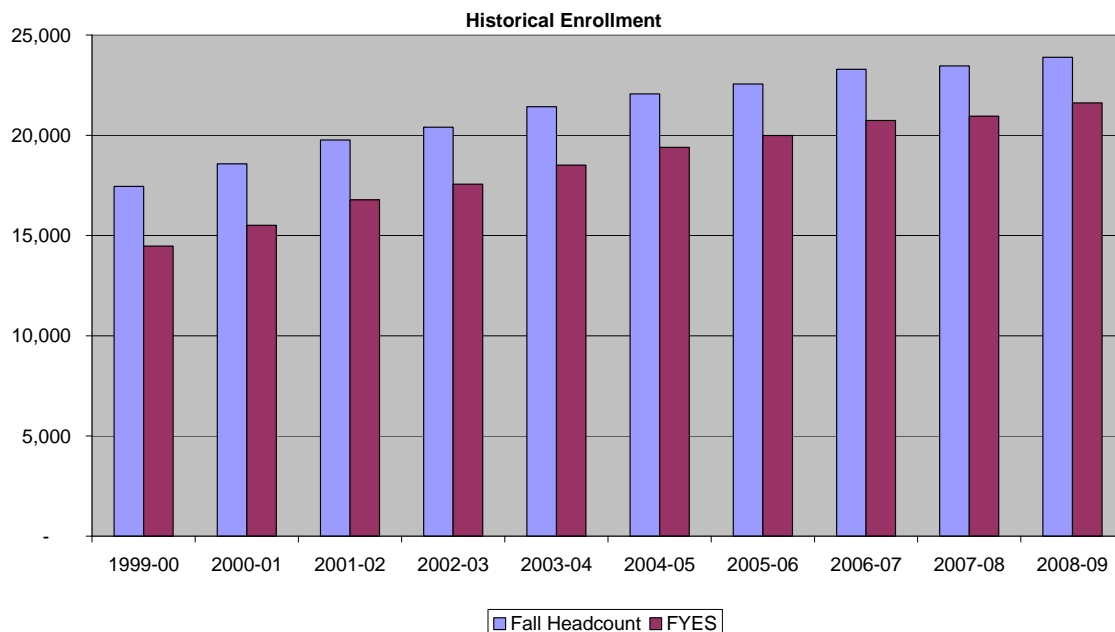
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Grand Valley State University

Management's Discussion and Analysis - Unaudited

Financial and Enrollment Highlights for the Year Ended June 30, 2009

- Enrollment increased by 3.16 percent based on FYES (fiscal year equated students). Headcount for the fall semester was 23,892 students.
- Operating revenue increased 11 percent as a result of increased enrollment combined with higher tuition and housing rates. The opening of the Glenn A. Niemeyer Learning and Living Center also increased the capacity for on-campus housing.
- State appropriations for operations decreased \$5.2 million from 2008. In 2008, the state appropriation included a deferred payment of \$5.9 million from the previous year (2007). If the deferred payment had been included in the previous year, there would have been a slight increase of \$0.7 million.
- In February 2009, the University issued \$50.1 million in long-term debt to fund the 2010 Living, Learning & Dining Expansion.
- The investment return on the endowment for 2009 was a 17.4 percent loss compared to a 2.5 percent loss in 2008.



Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

The purpose of the annual report is to provide readers with financial information about the activities and financial condition of the University. The report consists of three basic financial statements that provide information on the University as a whole: the statement of net assets, the statement of revenues, expenses, and changes in net assets, and the statement of cash flows. These reports begin on page 15 and should be read in conjunction with the notes to the financial statements. The following summary and management discussion of the results is intended to provide the readers with an overview of the financial statements.

The Statement of Net Assets

The statement of net assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. Net assets - the difference between assets and liabilities - are one way to measure the financial health of the University. Over the past two years, net assets have increased by 8.6 percent, from \$465 million to \$505 million.

	June 30		
	2009	2008	2007
	(in 000s)		
Current Assets			
Cash and short-term investments	\$ 79,360	\$ 54,508	\$ 34,028
Receivables	43,484	48,662	40,604
Inventory, prepaid expenses, and other	5,299	4,811	3,865
Total current assets	128,143	107,981	78,497
Noncurrent Assets			
Endowment investments	52,594	62,181	63,164
Other long-term investments	108,803	74,771	60,780
Long-term receivables	12,624	20,027	11,209
Capital assets - Net of depreciation	513,292	512,223	458,208
Other	3,649	3,901	3,284
Total assets	<u>\$ 819,105</u>	<u>\$ 781,084</u>	<u>\$ 675,142</u>
Current Liabilities			
Accounts payable and accrued liabilities	\$ 43,621	\$ 54,311	\$ 48,127
Deferred revenue	10,591	10,136	11,863
Long-term liabilities - Current portion	9,565	8,577	11,203
Total current liabilities	63,777	73,024	71,193
Noncurrent Liabilities - Long-term liabilities - Net of current portion	250,080	208,536	138,581
Total liabilities	<u>\$ 313,857</u>	<u>\$ 281,560</u>	<u>\$ 209,774</u>

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

	June 30		
	2009	2008	2007
	(in 000s)		
Net Assets			
Invested in physical properties	\$ 303,869	\$ 309,960	\$ 313,412
Restricted	81,153	88,628	63,062
Unrestricted	120,226	100,936	88,894
Total net assets	\$ 505,248	\$ 499,524	\$ 465,368

Cash and short-term investments include unrestricted funds, which are used for operating expenditures and are managed within the parameters of the University's investment policy, and restricted funds, which consist of bond proceeds that are used for capital projects. The balances in 2009 and 2008 were higher than the balance in 2007 primarily because each year included unspent bond proceeds (\$39.4 million in 2009 and \$25.0 million in 2008).

Current receivables include grants, state appropriations, pledges, student notes, and various operating receivables that are expected to be collected within a year. Accounts receivable remained consistent from 2007 to 2009. Current pledges receivable increased as long-term pledges from the "Shaping Our Future" campaign became current. State appropriation receivable decreased from 2008 to 2009 by \$4.9 million - including a slight increase for general operations, a slight decrease for capital appropriations, and a \$4.9 million decrease for charter schools (due to the State's payment method). State appropriation receivable increased from 2007 to 2008 by \$7.8 million for general operations (resuming the standard payment schedule) and \$0.5 million for charter schools, but decreased \$2.8 million for capital appropriations.

The University, with advice from the Investment Advisory Committee and outside consultants, continues to review the endowment investment strategy and allocations between fund managers. The overall investment return for the endowment was a loss of 17.4 percent in 2009, a loss of 2.5 percent in 2008, and a gain of 19.4 percent in 2007. Other long-term investments should be looked at in conjunction with cash and short-term investments. The combination of the two is the overall pool of unrestricted cash and investments. Aside from the restricted bond proceeds, the overall pool increased \$33.1 million from 2008 to 2009 and \$9.9 million from 2007 to 2008.

Long-term receivables include pledges and student notes. This asset decreased \$7.4 million from 2008 to 2009 and increased \$8.8 million from 2007 to 2008. Pledges receivable increased in 2008 due to the "Shaping Our Future" campaign and decreased in 2009 as pledges were collected or became current. Pledges are discounted to net present value for financial statement purposes. Increases in student notes receivable reflect a higher number of eligible students and increased tuition rates.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Capital assets (net of depreciation) have increased in 2009 with additions of \$25.8 million that were offset by depreciation of \$21.6 million. Several major projects were completed for the fall semester of 2009: Niemeyer Learning and Living Center, the Laker Turf Building, and additions to Kirkhof Center and Mackinac Hall. In 2009, construction began for the 2010 Living, Learning, & Dining project. This included the demolition of some existing apartment buildings. Capital assets increased in 2008 with additions of \$73.6 million that were offset by depreciation of \$19.0 million. Construction in progress for the summer of 2008 included the projects mentioned above. Capital asset changes are summarized in Note 3 to the financial statements.

Accounts payable and other current liabilities decreased \$10.7 million from 2008 to 2009 as a result of changes in the State's payment of charter school funds and a decrease of construction activity from 2008. Accounts payable and other current liabilities increased \$6.2 million from 2007 to 2008 as a result of the construction activity.

Deferred tuition revenue increased \$0.8 million from 2008 to 2009 as a result of higher tuition rates as well as a higher enrollment for the first six weeks of classes. Deferred tuition revenue decreased from 2007 to 2008 because a higher percentage of students took classes in the first six weeks as opposed to the second six weeks (of which five weeks were deferred at June 30, 2008.) Deferred grant revenue decreased slightly from 2007 to 2008 and from 2008 to 2009 as some grants closed out.

Current maturities in long-term debt increased slightly from 2008 to 2009. Current maturities in long-term debt decreased from 2007 to 2008 because the 2001A bonds are completely paid off - therefore reducing current maturities by \$2.4 million.

In September 2007, the University issued \$72.4 million in long-term debt to fund capital projects. In March 2008, the University also issued \$147.9 million of long-term debt to refinance several variable rate bonds and terminate one of the existing variables to fixed rate swaps. The loss on the extinguishment of this debt was recorded under nonoperating expenses.

In February 2009, the University issued \$50.1 million in long-term debt to fund the 2010 Living, Learning & Dining project. The University's bond rating continues to be A+, as rated by Standard & Poor's. No new long-term debt was issued in 2007. Therefore, the balance decreased according to the scheduled payments of principal. More detailed information about the University's long-term debt is presented in Note 4 to the financial statements.

Long-term liabilities also include the recognized portion of the liability for retiree medical benefits. While the University has internally set aside funds for this benefit, the Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires that the University recognize this portion of the total liability. As of July 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$7.9 million.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

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

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

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

	Year Ended June 30		
	2009	2008	2007
	(in 000s)		
Operating Revenues			
Student tuition and fees	\$ 204,572	\$ 178,361	\$ 159,897
Less scholarship allowance	(25,954)	(24,202)	(21,255)
Auxiliary	53,561	47,973	45,958
Less scholarship allowance	(5,993)	(4,676)	(4,538)
Grant and contracts	23,198	25,389	22,865
Other	11,733	11,471	11,426
Total operating revenues	261,117	234,316	214,353
Operating Expenses	321,700	302,595	283,252
Net Operating Loss	(60,583)	(68,279)	(68,899)
Nonoperating Revenues (Expense)			
State appropriations	64,021	69,278	56,713
Government grants	15,066	12,756	10,599
Gifts (including endowment and capital)	8,034	24,080	6,977
Capital appropriations and grants	604	2,785	10,243
Investment (loss) income - Net	(7,611)	3,548	15,862
Other loss and expense	(13,806)	(10,013)	(6,931)
Net nonoperating revenues	66,308	102,434	93,463
Net Increase in Net Assets	5,725	34,155	24,564
Net Assets - Beginning of year	499,523	465,368	440,804
Net Assets - End of year	<u>\$ 505,248</u>	<u>\$ 499,523</u>	<u>\$ 465,368</u>

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Revenue generated by tuition and fees increased by 15 percent in 2009 and 12 percent in 2008. The 2009 increase was caused by tuition rate increases of 13.2 percent for undergraduate and 13.3 percent for graduate and an enrollment increase of 3.16 percent of FYES. The 2008 increase was caused by tuition rate increases of 9.9 percent for undergraduate and 15.4 percent for graduate and an enrollment increase of 1.0 percent of FYES.

Scholarship allowances as a percent of tuition and fees have changed from 13.3 percent in 2007 to 13.6 percent in 2008 to 12.7 percent in 2009. In 2009, scholarship allowances increased 7 percent primarily due to an additional \$1.2 million of internally funded scholarships and an additional \$2.3 million in Pell grants. In 2008, scholarship allowances increased 14 percent primarily due to an additional \$2.9 million of internally funded scholarships and an additional \$2.1 million in Pell grants.

Auxiliary revenue consists of housing, parking, bookstores, vending, golf course, health center, and conference fees for external customers. Housing revenues for 2009 reflect a 4.7 percent increase in rates and an 8.4 percent decrease in occupancy. Housing revenues for 2008 reflect a 4.2 percent increase in rates and a 3.9 percent decrease in occupancy. Parking revenues and bookstore revenues have also increased with the growth of the University.

Grant and contracts revenue decreased from 2008 to 2009 reflecting the winding down of the federal WIRED grant. That decrease was partially offset by the increases in MEDC grants received by the SBTDC program. Grant and contracts revenue increased from 2007 to 2008 due to the federal WIRED grant and state grants from the 21st Century Jobs Fund.

Operating expenses increased by \$19.1 million in 2009 (\$19.3 million in 2008). Further analysis of this increase is provided beginning on page 11. Salaries, wages, and benefits represent the largest operating expense, while instruction is the largest functional category.

State appropriations decreased by \$5.2 million from 2008 to 2009. In 2008, the state appropriation included a deferred payment of \$5.9 million from the previous year (2007). If the deferred payment had been included in the previous year, there would have been a slight increase of \$0.7 million. Over the past three years, state appropriation per FYES changed from \$3,019 (including the deferred payment in 2007) to \$3,025 (excluding the deferred payment in 2008) to \$2,962 (in 2009) - an overall 1.8 percent decrease over three years.

Capital gifts and endowment gifts decreased in 2009 after increasing significantly in 2008 as a result of the comprehensive "Shaping Our Future" campaign. Over the past three years, the most significant gifts to the endowment were for the Frey Foundation Chair, the Coopersville Scholarship, and the Dorothy A. Johnson Center for Philanthropy.

Capital appropriations represent the State of Michigan's support for the construction of the Kennedy Hall of Engineering. In 2007 and 2008, the University recognized capital grants for the biodigester project and the Lake Michigan Center for the Annis Water Resources Institute.

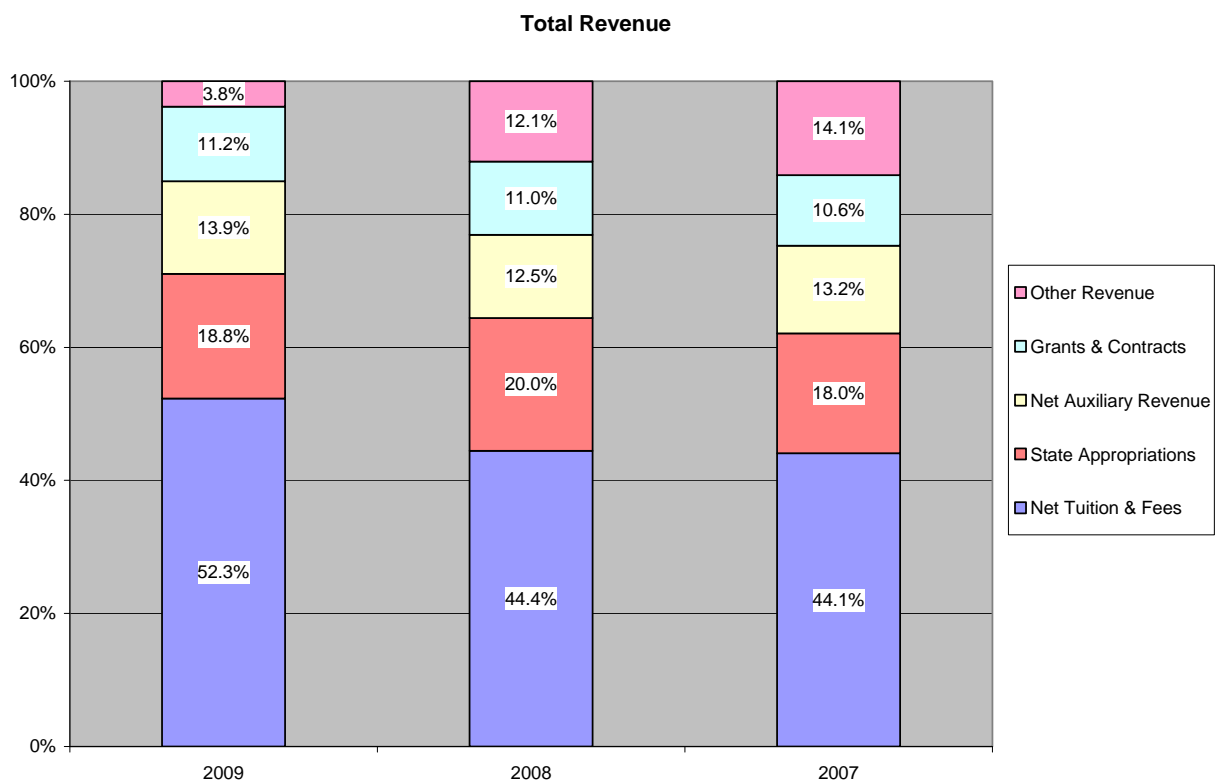
Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Net investment income consists of realized income (interest, dividends, and realized gains on the sale of investments), unrealized gains/losses, and investment expenses (primarily bank fees). Endowment investments resulted in a loss of 17.4 percent in 2009 - as compared to a loss of 2.5 percent in 2008 and a gain of 19.4 percent in 2007.

Other nonoperating expenses for 2009 include write-off for the demolition of some existing housing units. Other nonoperating expenses for 2008 include a loss on extinguishment of debt. This includes a swap termination fee of \$1.2 million and the write-off of unamortized bond issue costs and bond premiums of \$1.5 million.

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



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

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Operating Expenses by Functional Classification

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

	2009	2008	2007
		(in 000s)	
Instruction	\$ 117,769	\$ 110,007	\$ 105,674
Research	5,902	6,902	6,716
Public service	21,168	22,817	17,796
Academic support	27,613	25,306	22,002
Student services	22,393	21,477	20,589
Institutional support	24,850	23,494	21,769
Operation and maintenance of facilities	31,076	27,683	28,318
Depreciation	21,615	18,996	18,136
Scholarships and related expenses	11,474	11,335	9,139
Auxiliary activities	37,428	34,353	32,816
Other expenditures	412	225	297
Total	<u>\$ 321,700</u>	<u>\$ 302,595</u>	<u>\$ 283,252</u>

Instructional expense continued to grow with increases in faculty and student credit hours. The University was able to offer more sections and new courses. In 2009, a new degree program for a BA and BS in Women and Gender Studies was offered. There was one new degree program in 2008, the BA in Chinese studies, and one new degree program in 2007, the BA in art history.

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

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

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Academic support expenditures include grants administration, information technology, student advising, the library, academic resources, and administration expenses for the academic deans. The increase from 2008 to 2009 reflects continued growth of these services. The increase from 2007 to 2008 reflects initiatives in student advising to increase retention and additional library resources.

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

Institutional support expenditures include administration for the business operations, human resources, executive offices, marketing and communications, public safety, development, and alumni relations. The increase in 2009 reflects initiatives in development, marketing, and wellness.

The operation and maintenance of facilities increased in 2009. The increase reflects both operational costs (new positions, utilities, and maintenance costs related to new buildings) and non-capitalized costs of small projects and small equipment/furniture for major building projects. In 2008, operation and maintenance expenditures decreased with the completion of the biodigester plant. This decrease was partially offset by operational increases. In 2007, this also includes expenses for the biodigester grant, engineering equipment that fell below the capitalization threshold, and facility planning expenses.

Depreciation increased as the University completed construction projects and placed those buildings into use. Depreciation includes both academic and auxiliary buildings.

Scholarships and related expenses include work-study programs as well as the portion of financial aid that is not considered a scholarship allowance. Increases in both federal and University-funded awards (including the Bert Price minority scholarship) occurred in 2009 and 2008. To look at the overall picture for scholarships and financial aid, it is important to also consider the scholarship allowance that is recorded net of tuition revenue and auxiliary revenue.

Auxiliary activities include housing, parking, bookstores, vending, golf course, health center, and conference services. Debt service, depreciation, and repairs related to housing are included in the other categories of expense. Housing operations expanded in 2009 with the opening of the Glenn A. Niemeyer Learning and Living Center. No expansions or additions were made to auxiliary activities in 2008.

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.

	2009	2008	2007
	(in 000s)		
Salaries and benefits	\$ 188,048	\$ 175,003	\$ 162,535
Scholarships and awards	11,382	11,149	8,679
Utilities	7,801	7,398	7,794
Supplies and other	92,854	90,050	86,108
Depreciation	21,615	18,995	18,136
Total	<u>\$ 321,700</u>	<u>\$ 302,595</u>	<u>\$ 283,252</u>

Salaries and benefit expenses, which represent 58.4 percent of total operating expense, increased due to additional positions and annual pay increases throughout every functional category. Scholarships and awards represent financial aid expense less scholarship allowances and work-study wages. Utilities expense and depreciation increased with the completion and opening of new buildings. Supplies and other expenses increased along with the overall growth of the University.

The Statement of Cash Flows

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

	2009	2008	2007
	(in 000s)		
Net Cash (Used in) Provided by			
Operating activities	\$ (44,145)	\$ (45,832)	\$ (48,934)
Noncapital financing activities	85,998	83,546	80,724
Capital and related financing activities	13,880	(8,785)	(33,402)
Investing activities	(69,339)	(8,191)	10,134
Net (Decrease) Increase in Cash and Cash Equivalents	(13,606)	20,738	8,522
Cash and Cash Equivalents - Beginning of year	34,429	13,691	5,169
Cash and Cash Equivalents - End of year	<u>\$ 20,823</u>	<u>\$ 34,429</u>	<u>\$ 13,691</u>

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

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

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

Capital and related financing activities include the bond proceeds from the issuance of debt in September 2007 and the refinancing of existing debt in March and April 2008 and the issuance of additional debt in February 2009. Financing income is offset by capital expenditures and debt service payments.

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

Economic Factors that Will Affect the Future

The economic position of Grand Valley State University is closely tied to that of the State of Michigan. State tax revenues have remained low over the past few years and this has adversely impacted the State's ability to support higher education. The State has not yet passed the FY10 higher education appropriation budget.

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

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

Grand Valley State University

Statement of Net Assets

		June 30	
		2009	2008
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	\$	17,885,273	\$ 23,616,983
Restricted cash and cash equivalents (Note 2)		2,937,688	10,812,372
Short-term investments (Note 2)		22,048,585	5,898,398
Restricted short-term investments (Note 2)		36,488,343	14,180,000
Accounts receivable		8,064,758	9,083,992
State appropriation receivable		28,076,202	33,052,401
Pledges receivable		4,442,972	3,575,402
Inventories		2,387,608	2,347,616
Prepaid expenses and other		2,911,348	2,463,718
Student notes receivable - Current portion		2,900,000	2,950,000
Total current assets		128,142,777	107,980,882
Noncurrent Assets			
Endowment investments (Note 2)		52,594,294	62,180,566
Restricted long-term investments (Note 2)		11,384,089	-
Other long-term investments (Note 2)		97,419,204	74,771,460
Pledges receivable		4,000,440	12,041,403
Student notes receivable - Net of allowance of \$603,427 and \$484,481 in 2009 and 2008, respectively		8,623,008	7,985,126
Capital assets - Net (Note 3)		513,291,805	512,222,856
Other assets		3,649,348	3,901,450
Total noncurrent assets		690,962,188	673,102,861
Total assets	\$	819,104,965	\$ 781,083,743
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities	\$	43,620,457	\$ 54,310,970
Deferred revenue		10,591,054	10,136,124
Long-term liabilities - Current portion (Note 4)		9,564,594	8,576,726
Total current liabilities		63,776,105	73,023,820
Noncurrent Liabilities			
Deferred capital revenue		710,600	737,000
Long-term liabilities - Net of current portion (Note 4)		249,369,827	207,799,198
Total noncurrent liabilities		250,080,427	208,536,198
Total liabilities		313,856,532	281,560,018
Net Assets			
Invested in capital assets - Net of related debt		303,868,813	309,959,820
Restricted:			
Nonexpendable - Scholarships and academic support		32,630,813	29,477,954
Expendable:			
Scholarships and academic support		20,062,467	31,031,115
Capital projects		16,528,440	16,319,989
Loans		11,932,093	11,798,508
Unrestricted		120,225,807	100,936,339
Total net assets		505,248,433	499,523,725
Total liabilities and net assets	\$	819,104,965	\$ 781,083,743

Grand Valley State University

Statement of Revenues, Expenses, and Changes in Net Assets

	Year Ended June 30	
	2009	2008
Operating Revenues		
Student tuition and fees	\$ 204,572,437	\$ 178,360,749
Scholarship allowances	(25,954,278)	(24,202,282)
Net student tuition and fees	178,618,159	154,158,467
Government grants and contracts	21,003,894	22,618,381
Nongovernmental grants	2,194,382	2,770,800
Sales and services of educational activities	7,691,052	7,162,413
Auxiliary activities	53,561,302	47,973,412
Scholarship allowances	(5,993,185)	(4,676,216)
Net auxiliary activities	47,568,117	43,297,196
Other operating revenues	4,041,865	4,309,456
Total operating revenues	261,117,469	234,316,713
Operating Expenses - Education and general		
Instruction	117,769,040	110,007,345
Research	5,902,378	6,902,000
Public service	21,167,790	22,817,244
Academic support	27,613,057	25,305,498
Student services	22,392,531	21,477,446
Institutional support	24,849,761	23,494,165
Operation and maintenance - Plant	31,076,335	27,683,217
Depreciation expense	21,615,045	18,995,449
Scholarships and related expenses	11,473,835	11,334,679
Auxiliary activities	37,428,525	34,352,620
Loan administrative fees and collection costs	411,745	225,024
Total operating expenses	321,700,042	302,594,687
Operating Loss	(60,582,573)	(68,277,974)
Nonoperating Revenues (Expense)		
State appropriations	64,021,400	69,278,200
Government grants	15,065,977	12,756,054
Gifts	4,362,305	3,478,810
Investment (loss) income - Net of investment expense of approximately \$774,600 and \$447,400 in 2009 and 2008, respectively	(7,611,511)	3,547,954
Interest on capital asset - Related debt	(10,774,380)	(7,319,584)
Loss on extinguishment of debt	-	(2,754,985)
Net nonoperating revenues	65,063,791	78,986,449
Income - Before other revenues, expenses, gains, and losses	4,481,218	10,708,475
Other Revenues, Expenses, Gains, and Losses		
Capital appropriations	483,584	2,156,119
Capital grants and gifts	667,836	16,197,201
Other capital income	28,597	278,177
Additions to permanent endowments	3,095,787	5,031,855
Loss on disposal of assets	(3,032,314)	(216,230)
Total other revenues, expenses, gains, and losses	1,243,490	23,447,122
Increase in Net Assets	5,724,708	34,155,597
Net Assets - Beginning of year	499,523,725	465,368,128
Net Assets - End of year	\$ 505,248,433	\$ 499,523,725

Grand Valley State University

Statement of Cash Flows

	Year Ended June 30	
	2009	2008
Cash Flows from Operating Activities		
Tuition and fees	\$ 178,539,414	\$ 152,602,975
Grants and contracts	24,470,813	24,392,014
Payments to suppliers	(99,436,353)	(86,162,080)
Payments for utilities	(8,026,861)	(7,442,260)
Payments to employees	(141,103,257)	(131,209,765)
Payments for benefits	(45,701,609)	(41,709,037)
Payments for scholarships and fellowships	(11,473,835)	(11,149,211)
Loans issued to students	(30,583,672)	(23,961,746)
Collection of loans from students	29,995,790	24,301,834
Auxiliary enterprise charges:		
Residence halls	32,907,651	28,412,319
Bookstore	8,893,091	8,784,376
Other	5,818,435	5,736,253
Sales and service of educational activities	7,810,408	7,203,397
Other receipts	3,744,667	4,368,669
Net cash used in operating activities	(44,145,318)	(45,832,262)
Cash Flows from Noncapital Financing Activities		
State appropriations	63,906,146	61,449,600
Government grants	15,071,910	12,756,791
Gifts and grants for other than capital purposes	4,263,161	3,472,194
Private gifts for endowment purposes	3,095,787	5,031,855
Charitable annuities payments - Net	(269,411)	809,460
Federal direct loan receipts	120,687,836	95,148,719
Federal direct loan lending disbursements	(120,757,279)	(95,122,820)
Net cash provided by noncapital financing activities	85,998,150	83,545,799
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	50,070,000	220,260,000
Capital appropriations	687,033	4,943,241
Capital grants and gifts received	7,749,854	4,553,457
Other capital income	19,599	801,162
Proceeds from sale of capital assets	62,733	388,260
Purchases of capital assets and construction	(24,710,388)	(73,351,339)
Principal paid on capital debt	(8,310,129)	(154,317,125)
Interest paid on capital debt	(11,139,984)	(8,877,811)
Termination fees paid for early extinguishment of debt	-	(1,214,650)
Bond issue costs paid on new debt issues	(549,151)	(1,969,743)
Net cash provided by (used in) capital and related financing activities	13,879,567	(8,784,548)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	215,906,190	158,363,296
Interest on investments	4,472,309	7,686,769
Purchase of investments	(289,717,292)	(174,241,044)
Net cash used in investing activities	(69,338,793)	(8,190,979)
Net (Decrease) Increase in Cash and Cash Equivalents	(13,606,394)	20,738,010
Cash and Cash Equivalents - Beginning of year	34,429,355	13,691,345
Cash and Cash Equivalents - End of year	\$ 20,822,961	\$ 34,429,355

Grand Valley State University

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2009	2008
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (60,582,573)	\$ (68,277,974)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	21,615,045	18,995,449
Changes in assets and liabilities:		
Receivables - Net	452,507	(1,181,251)
Inventories	(39,992)	(304,272)
Other assets	(928,003)	(60,674)
Accounts payable and accrued liabilities	(4,812,732)	6,286,227
Deferred revenue	454,930	(1,451,700)
Deposits held for others	(304,500)	161,933
Net cash used in operating activities	<u>\$ (44,145,318)</u>	<u>\$ (45,832,262)</u>

Grand Valley State University

Statement of Fiduciary Net Assets Employee Benefit Plans

	June 30	
	2009	2008
Assets		
Cash and cash equivalents	\$ 719,272	\$ 223,087
Investments	<u>23,641,072</u>	<u>30,129,731</u>
Total cash and cash equivalents and investments	24,360,344	30,352,818
Accrued income	<u>270</u>	<u>306</u>
Net Assets - Held in trust for pension benefits	<u>\$ 24,360,614</u>	<u>\$ 30,353,124</u>

Grand Valley State University

Statement of Changes in Fiduciary Net Assets Employee Benefit Plans

	Year Ended June 30	
	2009	2008
Additions		
Investment income (loss):		
Interest and dividend income	\$ 743,739	\$ 2,041,339
Net depreciation in fair value of investments	(6,554,805)	(5,375,429)
(Loss) gain on sale of investments	(1,280,320)	1,028,225
Total investment loss	(7,091,386)	(2,305,865)
Employer contributions	2,314,000	2,399,367
Other income	118,518	54,574
Total additions - Net	(4,658,868)	148,076
Deductions		
Benefit payments	1,251,320	1,142,083
Administrative expense	82,322	94,255
Total deductions	1,333,642	1,236,338
Net Decrease	(5,992,510)	(1,088,262)
Net Assets Held in Trust for Pension Benefits		
Beginning of year	30,353,124	31,441,386
End of year	<u>\$ 24,360,614</u>	<u>\$ 30,353,124</u>

Grand Valley State University

Notes to Financial Statements June 30, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Accounts Receivable - Accounts receivable are stated at net invoice amounts. An allowance for bad debts is established on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed uncollectible are charged against bad debt expense in the period that determination is made. At June 30, 2009 and 2008, there was no allowance.

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

Pledges Receivable - The carrying amount of pledges receivable represents recorded promises to contribute, measured at fair value, net of estimated uncollectible promises. Pledges receivable are recorded at their net present value using a discount rate of 6 percent. Included in pledges receivable are an unamortized discount of \$882,980 and \$2,146,026 at June 30, 2009 and 2008, respectively, and an allowance of \$20,240 and \$55,932 at June 30, 2009 and 2008, respectively.

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

Deferred Tuition and Fee Revenues - Tuition and fee revenues received and related to the period after June 30 have been deferred.

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 Revenues - All revenues from programmatic sources are considered to be operating revenues. Included in nonoperating revenues are state appropriations, investment income, Pell grant revenues, 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 revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a university basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

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

During 2009 and 2008, the University distributed approximately \$120,688,000 and \$95,149,000, respectively, for direct lending through the U.S. Department of Education, which is not included as revenues and expenditures on the accompanying financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

Encumbrances - The University maintains an encumbrance system for tracking outstanding purchase orders and other commitments for materials or services not received during the year. Encumbrances totaled approximately \$43,575,000, which represents the estimated amount of expenses ultimately to result if unperformed contracts in progress at June 30, 2009 are completed. Approximately \$39,690,000 of the total is committed for capital projects, including \$30,531,000 for Living Center 2010 and \$6,327,000 for Learning Dining Center 2010.

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

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

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

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

The unrestricted net asset balance at June 30, 2008 includes \$8,617,104 of funds functioning as endowment, \$15,007,859 of capital projects in progress, \$12,104,147 of housing and auxiliary repair and maintenance funds, \$4,842,069 of debt service funds, \$19,731,206 for academic initiatives and technology, \$19,913,559 for future capital projects and debt service, \$19,445,964 for reserves for operations and cash flow, and \$1,274,431 of uncommitted funds.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements - In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for the University's 2010 fiscal year end. This statement requires capitalization of identifiable intangible assets in the statement of net assets and provides guidance for amortization of intangible assets unless they are considered to have an indefinite useful life. This statement also establishes specified conditions upon which internally generated intangible assets should be recognized and amortized, including internally generated computer software. The University is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for the University's 2010 fiscal year end. This statement requires derivative instruments (such as interest rate swap agreements) to be reported at fair value. In addition, for derivative instruments that qualify as effective hedges, changes in fair value will be reported as deferrals in the statement of net assets, while changes in the fair value of the derivative instruments that do not qualify as effective hedges including investment derivative instruments, will be reported as investment income. The University is currently evaluating the impact this standard will have on the financial statements when adopted.

Note 2 - Cash and Investments

The University has adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, for the years ended June 30, 2009 and 2008.

The operating portfolio is invested in accordance with University policy.

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

Note 2 - Cash and Investments (Continued)

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, 2009 and 2008, the carrying amount of the University's deposits was \$20,822,961 and \$34,429,355, respectively. Of that amount, \$1,008,684 and \$248,096, respectively, was insured. The remaining \$19,814,278 and \$34,181,259 at June 30, 2009 and 2008, respectively, was uninsured and uncollateralized. The University does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

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

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

The University has remaining commitments of \$2,748,375 in alternative asset investments. As of June 30, 2009 and 2008, the University had approximately \$15.3 million and \$16.9 million, respectively, invested in alternative asset investments.

Grand Valley State University

Notes to Financial Statements June 30, 2009 and 2008

Note 2 - Cash and Investments (Continued)

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

	2009	2008
Cash and cash equivalents	\$ 17,885,273	\$ 23,616,983
Restricted cash and cash equivalents	2,937,688	10,812,372
Short-term investments	22,048,585	5,898,398
Restricted short-term investments	36,488,343	14,180,000
Endowment investments	52,594,294	62,180,566
Restricted long-term investments	11,384,089	-
Other long-term investments	97,419,204	74,771,460
Total cash and investments	<u>\$ 240,757,476</u>	<u>\$ 191,459,779</u>

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

	2009	2008
Money markets	\$ 23,433,674	\$ 35,300,634
Certificates of deposit	1,995,788	14,180,000
Commercial paper	4,999,350	5,027,119
Fixed income securities	166,857,497	86,974,064
Equity security investments	28,054,800	32,684,741
Other	15,416,367	17,293,221
Total cash and investments	<u>\$ 240,757,476</u>	<u>\$ 191,459,779</u>

Grand Valley State University

Notes to Financial Statements June 30, 2009 and 2008

Note 2 - Cash and Investments (Continued)

As of June 30, 2009, the University had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 23,433,674	\$ 23,433,674	\$ -	\$ -	\$ -
Commercial paper	4,999,350	4,999,350	-	-	-
Certificates of deposit	1,995,788	1,995,788	-	-	-
Government securities*	106,562,008	7,341,174	38,048,271	28,678,183	32,494,380
U.S. Treasuries	2,062,340	-	-	-	2,062,340
Mutual bond funds	10,665,963	-	10,665,963	-	-
Mutual equity funds	14,589,779	-	-	-	14,589,779
Insured mortgage-backed securities	93,802	93,802	-	-	-
Government-backed securities	47,329,299	41,496,101	728,400	1,618,482	3,486,316
Mutual international equity funds	13,465,021	-	-	-	13,465,021
Real estate	377,850	-	-	-	377,850
Venture capital	4,238,365	-	-	4,238,365	-
Other investments	10,944,237	-	144,085	-	10,800,152
Total investments and maturities	<u>\$ 240,757,476</u>	<u>\$ 79,359,889</u>	<u>\$ 49,586,719</u>	<u>\$ 34,535,030</u>	<u>\$ 77,275,838</u>

* \$77,174,000 of the U.S. agency notes are callable.

As of June 30, 2008, 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	\$ 35,300,634	\$ 35,300,634	\$ -	\$ -	\$ -
Commercial paper	5,027,119	5,027,119	-	-	-
Certificates of deposit	14,180,000	14,180,000	-	-	-
Government securities*	72,260,853	-	50,714,266	21,546,587	-
U.S. Treasuries	1,465,785	-	-	-	1,465,785
Mutual bond funds	12,239,965	-	12,239,965	-	-
Mutual equity funds	15,686,531	-	-	-	15,686,531
Insured mortgage-backed securities	148,475	-	148,475	-	-
Government-backed securities	858,986	-	-	858,986	-
Mutual international equity funds	16,998,211	-	-	-	16,998,211
Real estate	231,855	-	-	-	231,855
Venture capital	2,648,078	-	-	-	2,648,078
Other investments	14,413,287	-	128,750	-	14,284,537
Total investments and maturities	<u>\$ 191,459,779</u>	<u>\$ 54,507,753</u>	<u>\$ 63,231,456</u>	<u>\$ 22,405,573</u>	<u>\$ 51,314,997</u>

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

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

Because the mutual bond funds as of June 30, 2009 and 2008 had a weighted average maturity of 30 months, it was presented as an investment with a maturity of less than five years.

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

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, or managed equity mutual funds. All investments in debt securities are at AAA per Standards & Poor's at June 30, 2009 and 2008.

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, 2009 and 2008

Note 2 - Cash and Investments (Continued)

The University held the following types of fixed income investments and credit ratings at June 30, 2009 and 2008:

	Investments	Non- investment		
2009	Grade	Grade	Not Rated	Total
Government securities	\$ 106,562,008	\$ -	\$ -	\$ 106,562,008
U.S. Treasuries	2,062,340	-	-	2,062,340
Mutual bond funds	10,665,963	-	-	10,665,963
Insured mortgage-backed securities	93,802	-	-	93,802
Government-backed securities	47,329,299	-	-	47,329,299
Certificates of deposit	1,995,788	-	-	1,995,788
Commercial paper	4,999,350	-	-	4,999,350
Investments by rating	<u>\$ 173,708,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,708,550</u>

	Investments	Non- investment		
2008	Grade	Grade	Not Rated	Total
Government securities	\$ 72,260,853	\$ -	\$ -	\$ 72,260,853
U.S. Treasuries	1,465,785	-	-	1,465,785
Mutual bond funds	12,239,965	-	-	12,239,965
Insured mortgage-backed securities	148,475	-	-	148,475
Government-backed securities	858,986	-	-	858,986
Certificates of deposit	14,180,000	-	-	14,180,000
Commercial paper	5,027,119	-	-	5,027,119
Investments by rating	<u>\$ 106,181,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,181,183</u>

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 uninsured, unregistered, and held by the University's agent in the University's name.

Note 2 - Cash and Investments (Continued)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. As of June 30, 2009, the University's combined cash, short-term investments, and long-term investments portfolio included 19.1 percent of its investments in Federal Home Loan Bank securities, 34.4 percent in Federal National Mortgage Association securities, and 16.6 percent in Federal Home Loan Mortgage Association securities. As of June 30, 2008, the University's combined cash, short-term investments, and long-term investments portfolio included 23.7 percent of its investments in Federal Home Loan Bank securities, 19.3 percent in Federal National Mortgage Association securities, and 16.9 percent in Federal Home Loan Mortgage Association securities.

Foreign Credit Risk - The University holds investments in some international mutual funds that invest in international equity funds. These funds are invested in various countries throughout the world and, therefore, expose the University to foreign credit risk. These international investments represent approximately 30 percent of the endowment portfolio at June 30, 2009 and 2008. Investments in these funds were approximately \$16,554,000 and \$19,122,000 for the years ended June 30, 2009 and 2008, respectively. The Euro, Japanese Yen, and British Pound represent approximately 63 percent and 52 percent of the foreign currency in which the international equity funds are invested at June 30, 2009 and 2008, respectively.

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

Grand Valley State University

Notes to Financial Statements June 30, 2009 and 2008

Note 3 - Capital Assets

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

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

Grand Valley State University

Notes to Financial Statements June 30, 2009 and 2008

Note 3 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 24,944,331	\$ 4,187,954	\$ -	\$ 29,132,285
Nondepreciable artwork and historical treasures	3,982,650	115,700	-	4,098,350
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	<u>21,487,847</u>	<u>28,161,104</u>	<u>-</u>	<u>49,648,951</u>
Total cost of nondepreciable capital assets	52,137,648	32,464,758	-	84,602,406
Land improvements and infrastructure	64,944,632	2,580,000	-	67,524,632
Buildings	411,731,822	31,032,438	546,053	442,218,207
Equipment	51,970,331	3,933,563	337,380	55,566,514
Library books	<u>29,323,154</u>	<u>3,624,529</u>	<u>287,595</u>	<u>32,660,088</u>
Total cost of depreciable capital assets	<u>557,969,939</u>	<u>41,170,530</u>	<u>1,171,028</u>	<u>597,969,441</u>
Total cost of capital assets	610,107,587	<u>\$ 73,635,288</u>	<u>\$ 1,171,028</u>	682,571,847
Less accumulated depreciation for:				
Land improvements and infrastructure	17,956,124	\$ 3,209,323	\$ -	21,165,447
Buildings	86,751,285	9,227,774	-	95,979,059
Equipment	31,142,659	3,868,575	257,704	34,753,530
Library books	<u>16,048,773</u>	<u>2,689,777</u>	<u>287,595</u>	<u>18,450,955</u>
Total accumulated depreciation	<u>151,898,841</u>	<u>\$ 18,995,449</u>	<u>\$ 545,299</u>	<u>170,348,991</u>
Capital assets - Net	<u>\$ 458,208,746</u>			<u>\$ 512,222,856</u>

The following estimated useful lives are used to compute depreciation:

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

Grand Valley State University

Notes to Financial Statements June 30, 2009 and 2008

Note 4 - Long-term Liabilities

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue and Refunding Bonds, Series 1994	\$ 1,155,000	\$ -	\$ 1,045,000	\$ 110,000	\$ 110,000
General Revenue and Refunding Bonds, Series 1997	3,600,000	-	530,000	3,070,000	555,000
General Revenue Bonds, Series 1998	11,630,000	-	525,000	11,105,000	1,000,000
General Revenue Bonds, Series 1999	1,550,000	-	460,000	1,090,000	255,000
General Revenue Bonds, Series 2000	7,615,000	-	1,220,000	6,395,000	1,280,000
General Revenue Variable Rate Demand Bonds, Series 2005	30,240,000	-	195,000	30,045,000	200,000
General Revenue Bonds, Series 2007A	10,865,000	-	-	10,865,000	-
General Revenue Refunding Bonds, Series 2008A	102,190,000	-	3,570,000	98,620,000	3,990,000
General Revenue Refunding Variable Rate Demand Bonds, Series 2008B	44,955,000	-	690,000	44,265,000	1,320,000
General Revenue Bonds, Series 2009	-	50,070,000	-	50,070,000	-
Total bonds payable	213,800,000	50,070,000	8,235,000	255,635,000	8,710,000
Net other postemployment benefits (see Note 5)	872,071	1,307,959	508,360	1,671,670	508,360
Charitable gift annuities payable	1,464,673	285,437	286,410	1,463,700	266,597
Note payable	239,180	-	75,129	164,051	79,637
Total	\$ 216,375,924	\$ 51,663,396	\$ 9,104,899	258,934,421	\$ 9,564,594
Due within one year				9,564,594	
Total long-term liabilities				\$ 249,369,827	

Grand Valley State University

Notes to Financial Statements June 30, 2009 and 2008

Note 4 - Long-term Liabilities (Continued)

The changes in long-term liabilities for the year ended June 30, 2008 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue and Refunding Bonds, Series 1994	\$ 2,141,251	\$ -	\$ 986,251	\$ 1,155,000	\$ 1,045,000
General Revenue and Refunding Bonds, Series 1997	4,105,000	-	505,000	3,600,000	530,000
General Revenue Bonds, Series 1998	12,080,000	-	450,000	11,630,000	525,000
General Revenue Bonds, Series 1999	1,995,000	-	445,000	1,550,000	460,000
General Revenue Bonds, Series 2000	9,770,000	-	2,155,000	7,615,000	1,220,000
General Revenue Bonds, Series 2001A	2,415,000	-	2,415,000	-	-
General Revenue Variable Rate Demand Bonds, Series 2001B	20,730,000	-	20,730,000	-	-
General Revenue Variable Rate Demand Bonds, Series 2002A	15,165,000	-	15,165,000	-	-
General Revenue Variable Rate Demand Bonds, Series 2003	26,295,000	-	26,295,000	-	-
General Revenue Variable Rate Demand Bonds, Series 2004	22,660,000	-	22,660,000	-	-
General Revenue Variable Rate Demand Bonds, Series 2005	30,430,000	-	190,000	30,240,000	195,000
General Revenue Bonds, Series 2007A	-	10,865,000	-	10,865,000	-
General Revenue Variable Rate Demand Bonds, Series 2007B	-	61,535,000	61,535,000	-	-
General Revenue Refunding Bonds, Series 2008A	-	102,190,000	-	102,190,000	3,570,000
General Revenue Refunding Variable Rate Demand Bonds, Series 2008B	-	45,670,000	715,000	44,955,000	690,000
Total bonds payable	147,786,251	220,260,000	154,246,251	213,800,000	8,235,000
Net other post-employment benefits (see Note 5)	-	-	-	872,071	-
Charitable gift annuities payable	924,029	907,808	367,164	1,464,673	266,597
Note payable	310,054	-	70,874	239,180	75,129
Total	\$ 149,020,334	\$ 221,167,808	\$ 154,684,289	216,375,924	\$ 8,576,726
Due within one year				8,576,726	
Total long-term liabilities				\$ 207,799,198	

The General Revenue Refunding Bonds, Series 1994, were issued in January 1994 by the board of trustees for the advance refunding of \$6,680,000 of Series 1988 bonds and \$1,130,000 of Series 1989 bonds. The advance refunding of the callable portions of the Series 1988 and Series 1989 bonds resulted in an in-substance defeasance. The interest rate on these bonds is 5.15 percent. The bonds mature in 2010.

Note 4 - Long-term Liabilities (Continued)

The General Revenue and Refunding Bonds, Series 1997, were issued in June 1997 by the board of trustees to provide funds for construction of residential facilities, an addition to an existing classroom and office building, and refunding a 5.85 percent bank note payable. The interest rate on these bonds is 5.00 percent. The bonds mature in 2014.

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

The General Revenue Bonds, Series 1999, were issued in July 1999 by the board of trustees for an advance bond refunding of \$1,775,000 of Series 1988 bonds and \$7,325,000 to fund a portion of the cost of constructing student housing in downtown Grand Rapids. The interest rates on these bonds range from 4.80 percent to 5.05 percent. The bonds mature in 2013.

The General Revenue Bonds, Series 2000, were issued in October 2000 by the board of trustees to fund new construction and remodeling on the Allendale Campus. The interest rates on these bonds range from 4.80 percent to 5.75 percent. The bonds mature in 2014.

The General Revenue Bonds, Series 2001A, were issued in July 2001 by the board of trustees to provide funds for classroom additions and an athletic facility addition on the Allendale Campus. The bonds matured in 2008.

The General Revenue Variable Rate Demand Bonds, Series 2001B, were issued in July 2001 by the board of trustees to fund the cost of constructing new student housing and an athletic facility addition on the Allendale Campus. The bonds were extinguished through refunding in 2008.

The General Revenue Variable Rate Demand Bonds, Series 2002A, were issued in October 2002 by the board of trustees to fund the purchase of land and construction of student housing in downtown Grand Rapids. The bonds were extinguished through refunding in 2008.

The General Revenue Variable Rate Demand Bonds, Series 2003, were issued in October 2003 by the board of trustees to fund the cost of new student housing on the Allendale Campus. The bonds were extinguished through refunding in 2008.

Note 4 - Long-term Liabilities (Continued)

The General Revenue Variable Rate Demand Bonds, Series 2004, were issued in August 2004 by the board of trustees to fund the cost of a parking ramp on the Pew Campus in Grand Rapids and the cost of a new academic building on the Allendale Campus. The bonds were extinguished through refunding in 2008.

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

At June 30, 2009, the Series 2005 bonds bear interest based on a weekly rate determined by the remarketing agent (2.80 percent and 1.54 percent at June 30, 2009 and 2008, respectively). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes that the bonds could potentially be converted to include a daily rate mode, a commercial paper rate mode, a term rate mode, an ARS rate mode, and a fixed rate mode. The bonds are subject to purchase on demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, upon seven days' notice and delivery to the remarketing agent. Liquidity for the payment of the purchase price of the bonds on any mandatory or optional tender will be provided by an irrevocable direct pay letter of credit.

The General Revenue Bonds, Series 2007A, and the General Revenue Variable Rate Demand Bonds, Series 2007B, were issued in September 2007 by the board of trustees to provide funds for construction of a residential living and learning center, construction of a movement science and indoor recreational facility, and additions to an academic building and student activity center, as well as a portion of the construction period interest expense. The interest rates on the Series 2007A bonds range from 4.00 percent to 5.00 percent. The Series 2007A bonds mature in 2021. The Series 2007B bonds were extinguished through refunding in 2008.

Grand Valley State University

Notes to Financial Statements June 30, 2009 and 2008

Note 4 - Long-term Liabilities (Continued)

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

At June 30, 2009 and 2008, the Series 2008B bonds bear interest based on a weekly rate determined by the remarketing agent (2.80 percent and 1.48 percent at June 30, 2009 and 2008, respectively). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes that the bonds could potentially be converted to include a daily rate mode, a commercial paper rate mode, a term rate mode, and a fixed rate mode. The bonds are subject to purchase on demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, upon seven days' notice and delivery to the remarketing agent. Liquidity for the payment of the purchase price of the bonds on any mandatory or optional tender will be provided by an irrevocable direct pay letter of credit.

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

Scheduled maturities of long-term liabilities are as follows:

Fiscal Year	Revenue Bonds	Annuities		Total	Interest
		Payable	Note Payable		
2010	\$ 8,710,000	\$ 266,597	\$ 79,637	\$ 9,056,234	\$ 11,357,865
2011	7,645,000	266,597	84,415	7,996,012	11,026,066
2012	9,010,000	266,597	-	9,276,597	10,679,050
2013	9,475,000	266,597	-	9,741,597	10,301,592
2014	9,980,000	266,597	-	10,246,597	9,881,313
2015-2019	56,205,000	130,715	-	56,335,715	42,286,895
2020-2024	48,395,000	-	-	48,395,000	30,782,857
2025-2029	55,600,000	-	-	55,600,000	19,496,885
2030-2034	48,705,000	-	-	48,705,000	5,957,163
2035	1,910,000	-	-	1,910,000	54,914
Total	<u>\$ 255,635,000</u>	<u>\$ 1,463,700</u>	<u>\$ 164,052</u>	<u>\$ 257,262,752</u>	<u>\$ 151,824,600</u>

Grand Valley State University

Notes to Financial Statements June 30, 2009 and 2008

Note 4 - Long-term Liabilities (Continued)

Defeased Debt

The University's General Revenue Bonds are secured by the unrestricted operating revenues of the University. When possible, the University defeases prior debt issuances to reduce its borrowing cost. The total amount of defeased bonds outstanding at June 30, 2009 and 2008 totaled \$28,275,000.

Loss on Extinguishment of Debt

In 2008, the University recognized a loss on extinguishment of debt as a result of 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. The loss on extinguishment of debt includes \$1,572,985 of bond issue costs and original issue discounts on the extinguished debt and \$1,182,000 of swap termination fees.

Interest Rate Swaps

The University is party to derivative financial instruments (interest rate swaps) that are not reported at fair value on the statement of net assets at June 30, 2009.

The objective of the swaps is to protect the University against the potential of rising interest rates by entering into three separate pay-fixed, receive-variable interest rate swaps at a cost less than what the University would have paid to issue fixed-rate debt.

The terms and fair values of the outstanding swaps as of June 30, 2009 are listed below. The notional amounts of the swaps match the principal amounts of the associated debt. The University's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled or anticipated reductions in the associated "bonds payable" category:

Associated Bond Issue	Outstanding Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date
Series 2008B (formerly series 2001B, 2002 and 2003)	\$ 16,325,000	9/24/2003	3.299%	70% of one-month LIBOR	\$ (971,000)	6/1/2019
Series 2005	\$ 30,045,000	3/3/2005	3.501%	The lesser of 70% of one-month LIBOR and the weighted average rate on the bonds	(2,447,000)	12/1/2025
Series 2008B (formerly Series 2007)	\$ 27,940,000	9/6/2007	3.691%	70% of one-month LIBOR	(3,378,000)	12/1/2031
					<u>\$ (6,796,000)</u>	

Note 4 - Long-term Liabilities (Continued)

At June 30, 2009, the variable rate portion of the swap being received by the University is less than the fixed rate being paid. As long as the variable rate portion of the swap being received by the University is less than the fixed rate being paid, the University will be in a negative position on the swap. However, the University believes that the variable rates it has received on the swap agreements will eventually exceed the fixed rate the University pays, and the swap will reduce its overall interest expense in the future.

The swaps expose the University to basis risk should the relationship between LIBOR (London Interbank Offered Rate) and the variable coupon rates (based on the Securities Industry and Financial Markets (SIFMA) Municipal Swap Index) converge, changing the synthetic fixed rate of the bonds. The difference between the LIBOR and variable rate as of June 30, 2009 for each swap agreement is as follows:

Associated Bond Issue	Floating Rate Under LIBOR	Variable Coupon Rate
Series 2008B (formerly series 2001B, 2002, and 2003)	0.218%	2.900%
Series 2005	0.218%	2.800%
Series 2008B (formerly Series 2007)	0.218%	2.900%

As of June 30, 2009, (1) the University's credit rating was A+ as assigned by Standard & Poors and (2) the University was not exposed to net credit risk related to the swaps.

The University or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would no longer carry a synthetic fixed interest rate. Also, if at termination a swap has a negative fair value, the University would be liable to the appropriate counterparty for a payment equal to the swap's fair value.

Grand Valley State University

Notes to Financial Statements June 30, 2009 and 2008

Note 4 - Long-term Liabilities (Continued)

Using rates as of June 30, 2009, debt service requirements of the variable rate debt issues associated with the swap agreements and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Variable Rate Bonds Associated with Swap Agreements				
Fiscal Year	Principal	Interest	Interest Rate Swaps - Net	Total
2010	\$ 1,520,000	\$ 2,170,071	\$ 2,508,599	\$ 6,198,670
2011	1,670,000	2,125,625	2,460,734	6,256,359
2012	1,735,000	2,077,186	2,408,597	6,220,783
2013	1,805,000	2,026,785	2,354,352	6,186,137
2014	2,180,000	1,969,335	2,292,031	6,441,366
2015-2019	23,240,000	8,067,883	9,455,320	40,763,203
2020-2024	18,865,000	4,772,360	5,690,245	29,327,605
2025-2029	14,380,000	2,275,331	2,723,338	19,378,669
2030-2032	8,915,000	374,013	504,860	9,793,873
Totals	<u>\$ 74,310,000</u>	<u>\$ 25,858,589</u>	<u>\$ 30,398,076</u>	<u>\$ 130,566,665</u>

In September 2009, the University entered into an interest rate swap agreement for \$50,070,000 of the General Revenue Bonds, Series 2009. In accordance with the agreement, the University will receive a fixed rate of 1.28 percent and pay a variable rate of the lesser of 70 percent of one-month LIBOR or 25 percent.

Note 5 - Retirement Plans

Defined Contribution Plans

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

Grand Valley State University

Notes to Financial Statements June 30, 2009 and 2008

Note 5 - Retirement Plans (Continued)

The total expense under this discretionary plan was approximately \$11,076,700 and \$10,178,400 for the years ended June 30, 2009 and 2008, respectively. Total payroll covered under this plan was approximately \$92,305,800 in 2009 and \$84,819,500 in 2008.

Maintenance, grounds, and service staff hired after October 8, 2004 and clerical, office, and technical staff hired on or after February 2, 2006 participate in a defined contribution plan with University contributions equal to 8 percent of wages. Participants become fully vested upon completion of two years of employment. Total expenses under this plan were approximately \$273,400 in 2009 and \$160,940 in 2008. Total payroll covered under this plan was approximately \$3,417,700 in 2009 and \$2,011,740 in 2008.

Defined Benefit Plans

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

Membership of each plan consisted of the following at July 1, 2008, the date of the latest actuarial valuation:

	Maintenance, Grounds, and Service Employees' Retirement Plan	Clerical, Office, and Technical Employees' Retirement Plan
Active and transferred plan members	116	387
Terminated plan members entitled to but not yet receiving benefits	9	41
Retired and beneficiaries receiving benefits	<u>45</u>	<u>86</u>
Total participants	<u>170</u>	<u>514</u>

The University's policy is to fund the current annual required contribution. The annual required contribution was determined as part of an actuarial valuation at July 1, 2008, using the aggregate actuarial cost method. This method does not identify or separately amortize unfunded actuarial liabilities. Significant assumptions include (a) a 7.5 percent investment rate of return, (b) projected salary increases of 3.5 percent per year, including step increases, and (c) no cost of living adjustment.

Grand Valley State University

Notes to Financial Statements June 30, 2009 and 2008

Note 5 - Retirement Plans (Continued)

Activity for the Maintenance, Grounds, and Service Employees' Retirement Fund and the Clerical, Office, and Technical Employees' Retirement Fund for the years ended June 30, 2009 and 2008 is as follows:

	Maintenance, Grounds, and Service Employees' Retirement Plan		Clerical, Office, and Technical Employees' Retirement Plan	
	Year Ended June 30		Year Ended June 30	
	2009	2008	2009	2008
Additions				
Investment income (loss):				
Interest and dividends	\$ 223,169	\$ 526,746	\$ 520,570	\$ 1,514,593
Net depreciation in fair value of investments	(1,728,897)	(1,475,885)	(4,825,908)	(3,899,544)
(Loss) gain on sale of investments	(343,118)	303,309	(937,202)	724,916
Total investment loss	(1,848,846)	(645,830)	(5,242,540)	(1,660,035)
Employer contributions	678,000	697,068	1,636,000	1,702,299
Other income	70,965	15,836	47,553	38,738
Total additions - Net	(1,099,881)	67,074	(3,558,987)	81,002
Deductions				
Benefit payments	449,878	432,591	801,442	709,492
Administrative expense	30,408	34,087	51,914	60,168
Total deductions	480,286	466,678	853,356	769,660
Net Decrease	(1,580,167)	(399,604)	(4,412,343)	(688,658)
Net Assets Held in Trust for Pension Benefits				
Beginning of year	8,113,464	8,513,068	22,239,660	22,928,318
End of year	\$ 6,533,297	\$ 8,113,464	\$ 17,827,317	\$ 22,239,660

Three-year trend information is as follows:

	Fiscal Year Ended June 30		
	2009	2008	2007
Annual pension cost	\$ 2,314,000	\$ 2,399,367	\$ 2,198,440
Percentage of annual pension cost contributed	100%	100%	100%
Net pension obligation	-	-	-

Grand Valley State University

Notes to Financial Statements June 30, 2009 and 2008

Note 5 - Retirement Plans (Continued)

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

Funded Status of Plan							UAAL as a
Actuarial	Actuarial	Actuarial	Unfunded	Funded	Covered		percentage
Valuation	Value of	Accrued	AAL (UAAL)	Ratio	Payroll		of Covered
Date	Assets	Liability (AAL)					Payroll
Maintenance, Grounds, and							
Service Employees'							
Retirement Plan							
7/1/2008	\$ 8,680,649	\$ 12,032,848	\$ (3,352,199)	72.1%	\$ 4,379,525		76.5%
7/1/2007	7,824,826	10,839,007	(3,014,181)	72.2%	4,928,839		61.2%
7/1/2006	6,576,549	10,065,352	(3,488,803)	65.3%	4,854,849		71.9%
Clerical, Office, and							
Technical Employees'							
Retirement Plan							
7/1/2008	\$ 23,648,718	\$ 29,282,091	\$ (5,633,373)	80.8%	\$ 12,332,912		45.7%
7/1/2007	21,037,946	27,656,029	(6,618,083)	76.1%	12,929,742		51.2%
7/1/2006	17,560,196	24,866,358	(7,306,162)	70.6%	12,382,784		59.0%

Other Postemployment Benefits

The University has a single employer defined benefit plan that provides certain healthcare benefits for retired faculty and staff. The plan covers 2,428 members as of June 30, 2009 and currently does not require active members to contribute to the plan.

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

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

Grand Valley State University

Notes to Financial Statements June 30, 2009 and 2008

Note 5 - Retirement Plans (Continued)

Annual OPEB Cost and Net OPEB Obligation - The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 15 years. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's OPEB obligation:

	2009	2008
Annual required obligation	\$ 1,341,348	\$ 1,218,532
Interest on net OPEB obligation	65,405	-
Adjustment to annual required contribution	(98,794)	-
Annual OPEB cost (expense)	1,307,959	1,218,532
Contributions made	508,361	346,461
Increase in net OPEB obligations	799,598	872,071
Net OPEB obligation - Beginning of year	872,071	-
Net OPEB obligation - End of year	\$ 1,671,669	\$ 872,071

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$7,928,780, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,928,780. An investment fund was established for purposes of pre-funding retiree benefits, with a market value of \$1,665,789 and \$871,484 at June 30, 2009 and 2008, respectively. However, because the funds are not irrevocable, these contributions do not constitute contributions for GASB 45 purposes. The covered payroll (annual payroll of active employees covered by the plan) was \$111,775,600 and \$103,032,500 for 2009 and 2008, respectively, and the ratio of all UAAL to covered payroll was 7.10 percent and 7.70 percent for 2009 and 2008, respectively.

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

Note 5 - Retirement Plans (Continued)

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

In the July 1, 2008 actuarial valuation, the projected unit cost actuarial method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses) based on the expected long-term investment returns on plan assets. The UAAL is being amortized as a projected unit credit level dollar, closed on a 15-year basis. The remaining amortization period at June 30, 2009 was 13 years. Benefits valued are fixed dollar amounts.

Note 6 - Commitments

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

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

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

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

Note 7 - Contingencies

The University is self-funded for coverage under portions of its hospital/medical benefits and for all unemployment compensation and workers' compensation. The University also offers two HMO plans to employees. Stop-loss coverage has been purchased by the University for the self-funded hospital/medical benefits and workers' compensation claims. The stop-loss insurance limits the claims for hospital/medical benefits to \$175,000 per individual, up to \$2 million in aggregate. Individual claims in excess of the \$2 million limit are funded by the University with an aggregate annual stop-loss of \$20.6 million and \$15.8 million in 2009 and 2008, respectively. The workers' compensation stop-loss insurance limits its liability for claims paid per individual to \$500,000 in 2009 and 2008. Liabilities for estimated claims retained by the University under self-insurance programs have been established.

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

The University is a participant in the Michigan Universities Self-Insurance Corporation (MUSIC). This organization provides insurance coverage for errors and omissions liability, comprehensive general liability, and all risk property insurance. In fiscal year 2009, there are 11 universities that participate in MUSIC. Each participating university is responsible for a first tier of losses up to a level that has been actuarially determined. MUSIC is financially responsible for a second tier of losses. For comprehensive general liability errors and omissions and all risk property insurance, MUSIC has purchased excess insurance coverage with commercial insurance carriers to cover a third tier of losses. However, in the event the insurance reserves established by MUSIC are insufficient to meet its second tier obligations, each of the participating universities share this obligation by agreements with MUSIC.

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

Note 7 - Contingencies (Continued)

Pursuant to State of Michigan Public Act 362 of 1993, the University has previously authorized 33 public school academies. All 33 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 \$117,914,825 and \$117,016,604 was appropriated by the State in 2009 and 2008, respectively, to be allocated to the public school academies, net of approximately a 3 percent administrative fee retained by the University. At June 30, 2009, \$16,367,546 was outstanding as a receivable from the State, of which \$14,958,653 will be subsequently forwarded to the public school academies. At June 30, 2008, \$21,255,550 was outstanding as a receivable from the State, of which \$19,732,036 was subsequently forwarded to the public school academies. This activity is treated as an agency transaction. Contracts with two public school academies ended on June 30, 2008. The University plans to authorize four additional academies during fiscal year 2010.

Note 9 - Subsequent Events

In August 2009, the University made an early retirement of \$635,000 of its Series 2005 General Revenue Variable Rate Demand Bonds and \$4,290,000 of its Series 2008B General Revenue Variable Rate Demand Bonds. Of this amount, \$1,520,000 was scheduled to be retired in the fiscal year ending June 30, 2010 and \$3,405,000 was scheduled to be retired in the fiscal years ending June 30, 2011 and 2012. An equal amount of the outstanding notional amounts of related interest rate swaps was also terminated at a cost of \$225,000.

Additional Information

To the Board of Trustees
Grand Valley State University

We have audited the basic financial statements of Grand Valley State University for the years ended June 30, 2009 and 2008. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Grand Valley State University. This information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

September 30, 2009

Grand Valley State University

Schedule of Endowment and Similar Funds June 30, 2009

	Balance	Gifts and	Investment	Distribution		Balance	Retained	Principal
	July 1, 2008	Additions	Income and	Beneficiary	Intra-fund	June 30, 2009	Investment	Balance
			Deductions	Funds	Distribution		Income	June 30, 2009
Endowment Funds								
Alumni Heritage Scholarship Fund	\$ 478,242	\$ 45,828	\$ (78,943)	\$ 22,373	\$ 19,100	\$ 441,854	\$ -	\$ 441,854
David G. and Mary L. Annis Scholarship	87,846	1,485	(14,390)	3,999	4,359	75,301	(1,638)	76,939
R.B. Annis Educational Foundation and Outreach Program Endowment	140,955	-	(22,986)	6,354	6,354	117,969	(7,751)	125,720
Joseph E. Appelt P.E. Engineering Scholarship Fund	45,797	50	(7,472)	2,066	-	36,309	417	35,892
APICS Scholarship Fund	40,256	-	(6,565)	1,815	-	31,876	26,776	5,100
Carl and Delores Arendsen Golf Scholarship	14,868	404	(1,571)	-	15,000	28,701	(1,703)	30,404
Bachmeier Disability Support Services Endowment	-	1,655	140	-	365	2,160	140	2,020
Baker-Hall Physics Fund	60,182	1,170	(9,815)	2,741	320	49,116	9,639	39,477
John T. Batchelder Political Science Scholarship	17,522	3,225	(2,522)	-	-	18,225	(2,430)	20,655
William C. Baum Endowment	78,139	-	(6,499)	-	-	71,640	8,869	62,771
Nancy H. Baum Endowment in Dance	39,568	1,850	(12,862)	3,572	1,468	26,452	-	26,452
Beckering Family Carillon Endowment	27,322	-	(6,932)	1,916	-	18,474	2,421	16,053
Fred A. Bell Business Scholarship Endowment	42,510	-	(4,487)	-	-	38,023	(465)	38,488
David Alan Bergsma Scholarship Fund	59,163	-	(9,648)	2,667	-	46,848	36,213	10,635
Hyman H. and Greta M. Berkowitz Scholarship Fund	443,981	216	(72,387)	20,019	219	352,010	87,101	264,909
Biology Field and Laboratory Enhancement Fund	96,560	725	(4,879)	-	200	92,606	278	92,328
The Biomedical/Health Science Fund	22,375	4,802	(15,839)	4,452	127	7,013	2,731	4,282
Darld and Joyce Black Physical Therapy Scholarship in Memory of Robert Klein	29,533	1,453	(3,689)	-	520	27,817	2,410	25,407
Edith I. Blodgett Endowed Music Scholarship Fund	61,904	332	(10,092)	2,800	212	49,556	16,443	33,113
Joan Boand Athletic Scholarship Fund	61,011	1,825	(9,994)	2,791	200	50,251	2,217	48,034
Ira Brad Memorial Scholarship	100,613	7,495	(16,874)	4,714	4,814	91,334	(5,893)	97,227
William J. and Margaret G. Branstrom Fund	121,535	-	(19,819)	5,478	-	96,238	47,651	48,587
The Donna K. Brooks Presidential Scholarship	317,229	730	(52,069)	-	662	266,552	7,308	259,244
The Brooks Family Minority Scholarship	311,442	-	(51,152)	-	-	260,290	8,280	252,010
Johnny C. Burton Memorial Scholarship	80,887	-	(13,191)	3,646	-	64,050	9,382	54,668
Greg Cadaret Baseball Fund	75,233	200	(12,256)	3,395	100	59,882	18,006	41,876
Ara Cary Lectureship Fund	53,111	100	(8,663)	2,398	100	42,250	2,120	40,130
Barry Castro Business Ethics Scholarship	79,819	2,802	(13,024)	3,682	5,640	71,555	(7,796)	79,351
Bernard and Camille Cebelak Scholarship Fund	262,498	35,130	(49,199)	-	87	248,516	(16,701)	265,217
Collegiate Entrepreneurs' Organization (CEO) Endowment	89,272	-	(14,558)	4,024	3,396	74,086	-	74,086
Robert L. Chamberlain Scholarship Fund	62,572	268	(10,208)	2,829	159	49,962	16,182	33,780
Hong Chen Memorial Endowment	27,024	-	(4,407)	1,218	-	21,399	228	21,171
Douglas K. and Ellen Chung Asian Social Work Graduate Scholarship	34,862	-	(5,685)	1,571	1,571	29,177	(1,515)	30,692
Helen Claytor Minority Scholarship	1,321,350	-	(215,478)	59,562	12	1,046,322	61,919	984,403
School of Communications Scholarship Fund	45,304	815	(7,393)	2,065	448	37,109	896	36,213

Grand Valley State University

Schedule of Endowment and Similar Funds (Continued) June 30, 2009

	Balance July 1, 2008	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2009	Retained Investment Income	Principal Balance June 30, 2009
Endowment Funds (Continued)								
Community Foundation for Muskegon County Interfaith Dialogue Fund	\$ 318,770	\$ (250)	\$ (52,312)	\$ -	\$ -	\$ 266,208	\$ (55,141)	\$ 321,349
Community Leadership Endowment	81,867	10,714	(12,900)	3,784	3,784	79,681	(6,801)	86,482
College of Education Family and Friends Scholarship Endowment	-	4,370	300	-	120	4,790	300	4,490
Computer Science and Information Systems Endowment	111,536	3,368	(18,176)	5,138	2,659	94,249	10,773	83,476
Cook Leadership Fellows of Hauenstein Center for Presidential Studies	-	100,000	(17,382)	-	-	82,618	(17,382)	100,000
The Coopersville Scholarship	942,613	3,695	(153,745)	42,552	42,607	792,618	(214,132)	1,006,750
The COT Association Scholarship Endowment Fund	107,995	2,252	(17,529)	4,928	1,658	89,448	1,380	88,068
David Daniels Memorial Scholarship	70,509	1,094	(11,492)	3,208	574	57,477	14,417	43,060
Gilbert R. and Patricia K. Davis Endowed Merit Scholarship	102,585	1,891	(16,658)	4,651	455	83,622	10,368	73,254
Greta and Arthur Delong Perpetual Scholarship Fund	82,209	175	(13,406)	3,709	-	65,269	11,704	53,565
Aaron M. DesRocher Memorial Chemistry Scholarship	30,066	1,200	(4,930)	1,374	1,374	26,336	(3,459)	29,795
Pamella and Daniel G. DeVos Musical Theater Scholarship	31,901	1,200	(5,151)	1,478	2,778	29,250	(5,150)	34,400
DeWitt Barrels Inc. Environmental Science and Natural Resources Scholarship	16,259	7,737	(3,867)	-	797	20,926	(3,475)	24,401
Mary Jane Dockeray Scholarship Fund	92,004	10	(15,002)	4,148	50	72,914	11,706	61,208
Scott M. Dykstra Oliver Products Company Engineering Scholarship	61,201	635	(10,009)	2,773	-	49,054	1,005	48,049
L.V. Eberhard Scholarship Fund	617,126	-	(100,637)	27,818	-	488,671	219,448	269,223
Eitzen Voice Scholarship	125,686	2,580	(20,439)	5,739	1,910	103,998	21,762	82,236
School of Engineering Fund	177,787	2,256	(29,028)	8,073	887	143,829	27,301	116,528
Enrichment Fund	621,322	6,900	(101,567)	28,153	-	498,502	205,678	292,824
Jean Enright Women and Gender Studies Scholarship	6,326	3,596	(1,309)	-	559	9,172	(1,140)	10,312
Faculty Teaching and Learning Center Endowment	2,441,233	-	(398,097)	110,044	110	1,933,202	17,821	1,915,381
Finance Department Endowment	91,323	1,785	(14,885)	4,169	1,325	75,379	2,718	72,661
First Generation Uran Schools Scholarship	-	5,300	413	-	335	6,048	413	5,635
Richard E. Flanders Scholarship Fund	146,322	1,049	(23,907)	6,620	96	116,940	29,562	87,378
Robert W. Fletcher Memorial Endowment	54,879	5,998	(8,788)	2,671	8,254	57,672	(4,652)	62,324
Football Alumni Endowment Fund	18,894	13,241	(4,813)	-	523	27,845	(4,965)	32,810
Frey Foundation Chair for Family Foundations and Philanthropy	1,486,805	-	(244,195)	-	-	1,242,610	(257,390)	1,500,000
The General Dynamics Land Systems Engineering Scholarship	43,449	-	(7,085)	1,959	-	34,405	2,405	32,000
Geology Development Fund	126,550	1,125	(20,670)	5,730	50	101,325	34,288	67,037
Geology Student Field Endowment	40,261	923	(6,583)	1,840	298	33,059	2,492	30,567
Norman Gibson Geology Field Study Scholarship	17,115	2,938	(2,992)	-	387	17,448	(3,893)	21,341
Charlotte A. Gierst and Salome C. Egeler Trust Fund	78,001	1,000	(12,895)	3,549	-	62,557	16,477	46,080
Richard Giles Memorial Scholarship Fund	387,220	1,320	(63,226)	17,492	293	308,115	145,874	162,241
John and Barbara Gracki Football Degree Completion Scholarship Fund	28,267	2,500	(4,517)	-	500	26,750	(6,250)	33,000
The Graduate Teacher Certification Scholarship	73,601	2,433	(12,035)	3,388	3,351	63,962	-	63,962

Grand Valley State University

Schedule of Endowment and Similar Funds (Continued) June 30, 2009

	Balance July 1, 2008	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2009	Retained Investment Income	Principal Balance June 30, 2009
Endowment Funds (Continued)								
Grand Valley Grand Forum Endowment	\$ 205,653	\$ 4,970	\$ (34,053)	\$ -	\$ 407	\$ 176,977	\$ 32,436	\$ 144,541
The Grand Valley Lanthorn Merit Scholarship	35,082	342	(5,714)	1,592	292	28,410	1,908	26,502
Grand Valley State University Athletic Fund	209,036	8,881	(33,404)	9,466	1,007	176,054	16,601	159,453
Grand Valley State University Fund	5,059,133	154,155	(816,875)	240,553	(190,336)	3,965,524	1,976,881	1,988,643
GVSU LGBT Scholarship Endowment	74,921	4,438	(12,091)	3,535	8,313	72,046	(1,659)	73,705
Women's Center Non-Traditional Student Scholarship	74,537	1,391	(12,100)	3,402	2,671	63,097	-	63,097
Hauenstein Center for Presidential Studies Endowment	345,963	237,516	(54,906)	-	753	529,326	4,977	524,349
Earl Harper Scholarship Fund	68,648	-	(11,195)	3,094	-	54,359	16,264	38,095
Center for Health Sciences Simulation Endowment	-	9,398	633	-	140	10,171	633	9,538
Joyce Hecht Distinguished Scholarship in Philanthropy	149,795	150	(24,414)	6,752	2,096	120,875	-	120,875
William Hegarty Endowment Fund	34,000	-	(5,544)	1,533	-	26,923	989	25,934
Arthur C. Hills Music Scholarship Fund	84,389	590	(13,735)	3,814	120	67,550	21,598	45,952
Hispanic Scholarship Fund	72,604	-	(11,839)	3,273	23	57,515	8,329	49,186
Dr. James D. Hoffman Scholarship	98,647	-	(16,087)	4,447	-	78,113	5,062	73,051
The Hilda C. Holder Endowed Scholarship for Women in Business Fund	41,074	-	(6,698)	1,852	1,852	34,376	(724)	35,100
Honors Program Enrichment	6,359	1,696	(1,039)	-	1,196	8,212	948	7,264
Hospitality and Tourism Management Department Endowment	50	1,961	95	-	-	2,106	95	2,011
J. C. Huizenga Business Scholarship	41,690	-	(6,799)	1,879	1,879	34,891	(5,109)	40,000
The Professor Paul A. Huizenga Biology Education Scholarship	93,133	6,005	(15,158)	4,290	4,795	84,485	(2,439)	86,924
W.G. Jackson Fund	237,871	291	(38,788)	10,730	144	188,788	33,947	154,841
Todd Jager Memorial Athletic Training Student Award	3,293	3,890	(191)	-	3,000	9,992	(220)	10,212
Michael and Susan Jandernoa Scholarship Endowment	-	41,667	2,468	-	-	44,135	2,468	41,667
The Dorothy A. Johnson Center for Philanthropy Library Endowment	628,831	100	(103,281)	-	100	525,750	19,849	505,901
The Dorothy A. Johnson Center for Philanthropy Operations Endowment	2,554,411	738,519	(386,024)	126,508	131,800	2,912,198	(38,330)	2,950,528
Jurries Family Scholarship	28,873	-	(4,742)	-	-	24,131	(869)	25,000
Sylvia and Richard Kaufman Interfaith Institute Endowment	196,248	65,444	(35,366)	-	1,430	227,756	(60,248)	288,004
Fred M. and Bernadine Keller Engineering Diversity Scholarship	54,315	-	(8,857)	2,448	2,448	45,458	(4,542)	50,000
Kurt F. Kimball Scholarship Endowment	-	30,498	2,791	-	-	33,289	2,791	30,498
Kirkhof College of Nursing Endowment	145,106	8,306	(23,465)	6,718	3,006	126,235	5,993	120,242
Don Klein Endowment	117,864	5,580	(19,462)	5,433	280	98,829	(5,075)	103,904
Joseph Spruit Engineering Scholarship	54,328	1,030	(8,766)	2,449	2,449	46,592	(5,438)	52,030
Walton Boston Koch Memorial Scholarship	38,070	165	(6,202)	1,721	156	30,468	9,470	20,998
The Albert S. and Ella D. Koeze Art Scholarship	18,966	-	(3,110)	-	90	15,946	2,724	13,222
A. Scott and Ruth P. Koeze Graduate Business Scholarship	34,157	-	(5,570)	1,540	1,540	28,587	(1,713)	30,300
Dirk Koning Film and Video Scholarship	34,764	1,915	(5,720)	1,629	1,259	30,589	310	30,279

Grand Valley State University

Schedule of Endowment and Similar Funds (Continued) June 30, 2009

	Balance July 1, 2008	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2009	Retained Investment Income	Principal Balance June 30, 2009
Endowment Funds (Continued)								
The Jack J. Korff Seidman College of Business Finance Scholarship	\$ 43,914	\$ 5,000	\$ (7,523)	\$ 2,105	\$ 2,105	\$ 41,391	\$ (3,719)	\$ 45,110
Lynne Kraemer Memorial Scholarship	42,958	60	(7,000)	1,936	-	34,082	16,228	17,854
The LGBT Resource Center	-	186	17	-	-	203	17	186
The Mike Lints Track and Field Equipment Endowment	41,367	1,290	(6,802)	1,895	1,422	35,382	-	35,382
Logie Fellowship Endowment	157,399	500	(25,704)	7,108	1,248	126,335	-	126,335
Loutit Foundation Fund	214,365	46	17,826	-	21,094	253,331	38,874	214,457
Arend D. and Nancy Lubbers Honors College Scholarship	805,245	1,473	(131,348)	36,327	66	639,109	25,182	613,927
McFadden Picciuca International Child Welfare Scholarship	7,869	1,401	(1,263)	-	838	8,845	(777)	9,622
Dr. Faite R-P. Mack and Dr. Thomas E. Jackson Scholarship Fund	79,643	49	(12,986)	3,592	48	63,162	12,587	50,575
Dr. Jean E. Martin Doctor of Nursing Practice Scholarship	-	25,422	2,987	-	25,000	53,409	2,987	50,422
Mathematics Endowment Fund	186,043	1,850	(30,606)	-	1,000	158,287	40,143	118,144
Russell G. Mawby Fellowship in Philanthropic Studies	51,735	25,000	(12,843)	-	-	63,892	(11,108)	75,000
Fred Meijer Diversity Scholarship	31,616	-	(5,193)	-	-	26,423	1,423	25,000
Frederik Meijer First Generation Honors College Student Scholarship Endowment	-	500,000	45,761	-	-	545,761	45,761	500,000
Frederik Meijer Lecture Series Endowment	-	300,000	27,456	-	-	327,456	27,456	300,000
Corky Meinecke Scholarship Endowment Fund	54,183	10,000	(7,921)	2,442	-	53,820	1,434	52,386
Memorial Garden Endowment	4,436	-	(729)	-	-	3,707	287	3,420
Paul C. and Florence Miller Mineral Collection Endowment	55,178	56	(9,000)	2,489	48	43,793	3,094	40,699
Paul C. Miller Scholarship Fund	180,980	-	(29,513)	8,158	-	143,309	42,986	100,323
Mithilesh & Jitendra Mishra Foreign Student/Faculty Scholarship Fund	32,736	-	(5,339)	1,476	-	25,921	3,002	22,919
Jacob B. Mol Family Scholarship Fund	89,080	-	(14,527)	4,015	-	70,538	21,575	48,963
Dr. Rodney J. Mulder Social Work Scholarship	69,768	1,539	(11,408)	3,202	1,315	58,012	403	57,609
Mullendore Legal Studies Criminal Justice Scholarship	140,463	13,921	(23,108)	6,881	20,773	145,168	(18,887)	164,055
Mark A. and Elizabeth C. Murray International Travel Fund	40,234	3,876	(6,247)	1,841	2,544	38,566	(4,111)	42,677
Nichols Sustainability Scholarship	20,039	10,466	(4,023)	-	100	26,582	(4,364)	30,946
Glenn A. and Betty J. Niemeyer History Scholarship Endowment	116,273	1,936	(18,975)	5,283	281	94,232	12,248	81,984
The Nedra J. Otis Art Scholarship	87,914	3,609	(14,061)	3,997	1,032	74,497	1,075	73,422
Arnold C. Ott Lectureship in Chemistry	757,130	2,605	(124,675)	-	-	635,060	119,115	515,945
Candace Ott Scholarship for Nursing	24,101	475	(3,967)	-	250	20,859	(4,181)	25,040
Barbara Padnos Scholarship Fund	1,270,234	563	(207,132)	57,278	558	1,006,945	3,514	1,003,431
Stuart and Barbara Padnos Chair in Art and Design	1,002	-	(165)	-	-	837	(163)	1,000
Esther R. Padnos Nursing Scholarship	114,559	-	(18,681)	5,164	5,164	95,878	(24,600)	120,478
Seymour and Esther Padnos Engineering Scholarship	635,292	75	(103,594)	28,637	7,964	511,100	-	511,100
Joan A. Panopoulos Scholarship	34,837	222	(5,661)	1,570	1,570	29,398	(7,891)	37,289
Pathways to Recovery Scholarship	8,781	504	(1,466)	-	96	7,915	(1,269)	9,184

Grand Valley State University

Schedule of Endowment and Similar Funds (Continued) June 30, 2009

	Balance July 1, 2008	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2009	Retained Investment Income	Principal Balance June 30, 2009
Endowment Funds (Continued)								
Eugene and Lillian Pawl Scholarship	\$ 686	\$ -	\$ (113)	\$ -	\$ -	\$ 573	\$ (27)	\$ 600
Peace and Justice Award	55,047	614	(8,973)	2,500	414	44,602	12,648	31,954
Ross W. Perry Bachelor of Science Scholarships	275,636	-	(44,949)	12,425	-	218,262	13,147	205,115
Physical Therapy Department Fund	53,806	2,220	(8,797)	2,502	1,827	46,554	4,876	41,678
William F. Pickard Fund	88,029	-	(14,355)	3,968	-	69,706	38,941	30,765
Plant Service Personnel Decendants Scholarship Fund	472,100	9,475	(76,726)	21,566	8,022	391,305	9,692	381,613
Positive Black Women Endowment Fund	53,532	1,016	(8,687)	2,438	642	44,065	436	43,629
Paul W. Potter and Margaret E. Potter Scholarship	30,082	100	(4,913)	1,359	1,359	25,269	(4,831)	30,100
The Judith S. Pratt Non-Traditional Nursing Scholarship	67,133	2,445	(10,977)	3,091	1,822	57,332	-	57,332
Berthold Price Scholarship Fund	166,228	-	(27,107)	7,493	-	131,628	34,993	96,635
Price Heneveld Engineering Scholarship	75,272	58,215	(8,906)	4,228	-	120,353	675	119,678
Margaret Proctor Communications Scholarship	27,766	1,004	(4,565)	-	577	24,782	2,325	22,457
Dr. George I. and Helen Z. Quimby Scholarship	29,694	500	(4,887)	-	100	25,407	(327)	25,734
Dr. George I. Quimby Memorial Anthropology Endowment	10,755	1,806	(1,725)	-	1,187	12,023	(616)	12,639
Reister Family Scholarship Endowment	96,704	1,325	(15,821)	4,387	100	77,921	83	77,838
Renaissance Church of God in Christ African American Academic Achievement Scholarship	4	50	3	-	-	57	3	54
Warren Reynolds Endowed Scholarship	22,798	56	(3,716)	1,029	54	18,163	2,806	15,357
John Salski Memorial Fund	41,385	-	(6,749)	1,866	-	32,770	2,245	30,525
Laura Sakoski Memorial Scholarship	4,461	2,471	(1,160)	-	-	5,772	(1,189)	6,961
The J. Patrick Sandro Education Scholarship	59,206	378	(9,668)	2,677	46	47,285	1,500	45,785
School of Public and Nonprofit Administration Endowment	34,525	4,080	(5,828)	1,665	904	32,016	2,956	29,060
Science Equipment Fund	2,169,899	400	(353,884)	97,822	-	1,718,593	744,402	974,191
The Ilene I. Schooley Biomedical Sciences Scholarship	35,969	35	(5,863)	1,622	1,632	30,151	(118)	30,269
Science Math Development Fund	77,640	200	(12,676)	3,505	-	61,659	30,259	31,400
Mary & Wilhelm Seeger Scholarship Fund	168,379	7,088	(27,948)	7,771	314	140,062	22,166	117,896
Seidman College of Business Commercial Real Estate Scholarship	4,956	-	(814)	-	-	4,142	(858)	5,000
Seidman College of Business Study Abroad Scholarship	28,486	1,574	(4,655)	-	2,100	27,505	1,726	25,779
Seidman College of Business Management Department Scholarship	3,404	527	(523)	-	130	3,538	28	3,510
Seidman Endowment Fund	1,385,792	3,128	(226,034)	62,568	2,143	1,102,461	437,708	664,753
Esther L. Seidman Chair in Management Fund	364,928	-	(59,511)	16,450	-	288,967	113,568	175,399
The Margaret Sellers Walker Distinguished Practitioner Lecture Series in Public and Nonprofit Administration	943	169	(155)	-	150	1,107	(212)	1,319
John J. and Marjorie E. Shepard Communications Scholarship	-	169,039	9,503	-	100	178,642	9,503	169,139
Marilyn & BP Sherwood Seidman College of Business Scholarship for Non-Traditional Students	36,537	5,000	(5,501)	1,647	-	34,389	2,468	31,921
Ryan Short Memorial Scholarship Fund	80,724	1,230	(13,123)	3,676	1,096	66,251	1,988	64,263
Ram and Usha Singh Social Work Scholarship	37,044	-	(6,040)	1,670	21	29,355	860	28,495

Grand Valley State University

Schedule of Endowment and Similar Funds (Continued) June 30, 2009

	Balance July 1, 2008	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2009	Retained Investment Income	Principal Balance June 30, 2009
Endowment Funds (Continued)								
Drs. Esther and Enrico Sobong Scholarship	\$ 38,306	\$ 755	\$ (6,369)	\$ 1,752	\$ 140	\$ 31,080	\$ -	\$ 31,080
Social Work Faculty Development Fund	35,993	-	(5,911)	-	-	30,082	7,922	22,160
The Social Work Minority Scholarship	43,408	-	(7,079)	1,957	4	34,376	943	33,433
Social Work Scholarship Fund	35,506	1,129	(5,816)	1,629	344	29,534	2,524	27,010
Spectrum Health Diversity Scholarship	87,871	-	(14,329)	3,961	3,961	73,542	(1,749)	75,291
Statistics Endowment Fund	39,039	1,306	(6,340)	1,793	1,053	33,265	-	33,265
Steelcase Inc. Seidman College of Business Diversity Scholarship	123,449	-	(20,131)	5,565	2,782	100,535	-	100,535
The Howard and Rose Stein Endowed Biology Scholarship	52,841	1,918	(8,763)	2,428	198	43,766	1,464	42,302
Joseph Stevens Freedom Fund	125,310	179	(20,430)	5,655	184	99,588	21,193	78,395
Esther Rehm Stotz Scholarship Fund	150,578	400	(24,567)	6,796	25	119,640	48,502	71,138
Tim Strickler Pre-Medical Scholarship	7,212	-	(1,185)	-	-	6,027	(73)	6,100
The Subar Family - Model Coverall Service Scholarship	40,028	1,000	(6,600)	1,829	-	32,599	1,239	31,360
Duke Tanaka Jr. Anatomy Scholarship	25,958	1,318	(4,019)	-	3,150	26,407	(2,661)	29,068
Tax Program Fund	137,859	300	(22,663)	-	-	115,496	49,743	65,753
The Telephone Pioneers of America, Great Lakes Chapter #90 Scholarship Fund	72,177	250	(11,789)	3,260	-	57,378	14,653	42,725
Edward Tremba Geology Scholarship Fund	81,525	573	(13,314)	3,690	198	65,292	20,628	44,664
A Trust for Science Education	169,809	833	(27,856)	-	501	143,287	20,514	122,773
University Library Fund	307,767	3,800	(50,032)	13,985	3,348	250,898	82,440	168,458
The Donald and Barbara Vanderjagt Mathematics and Athletic Scholarship	44,142	5,150	(6,888)	2,049	50	40,405	434	39,971
VanSteeland Arboretum Fund	131,391	498	(21,402)	5,940	590	105,137	40,759	64,378
Richard E. Veazey Graduate Academic Scholarship in Accounting	176,298	62,267	(38,127)	10,383	35,383	225,438	(47,599)	273,037
Kenneth Venderbush Endowment Fund	22,256	-	(3,655)	-	-	18,601	3,376	15,225
Volkhardt Family Scholarship	149,799	350	(24,433)	6,766	350	119,300	893	118,407
The Waddell/Treanor Native Plant Endowment	614,564	21,998	(98,924)	-	-	537,638	(104,378)	642,016
Florence Cowan Ward Scholarship for Nursing	158,682	-	(25,877)	7,153	1,712	127,364	-	127,364
Margaret F. Ward Art and Design Scholarship	32,315	50	(5,222)	1,469	2,249	27,923	(1,703)	29,626
Margaret Ward Music Scholarship	31,826	25	(5,188)	1,435	1,199	26,427	-	26,427
Margaret Ward Symphony and Art Programming Endowment Fund	-	43,391	2,849	-	-	46,240	2,849	43,391
The John D. Wardrop Leadership Fellow Endowment	-	2,350	196	-	-	2,546	196	2,350
WRI Equipment Fund	2,365,771	59	(385,796)	106,643	71	1,873,462	714,702	1,158,760
WGVU - Radio Program Endowment Fund	-	7,041	152	-	-	7,193	152	7,041
WGVU-TV Program Fund	69,868	(32,179)	(14,639)	1,665	2,279	23,664	-	23,664
WGVU-TV Scholarship Fund	404,018	349	(65,872)	18,218	48	320,325	115,239	205,086
Weldon Memorial Chemistry Fund	180,618	4,559	(29,401)	8,237	1,103	148,642	38,216	110,426
The Bonnie Wesorick Legacy Endowment	-	20,200	(1,131)	-	-	19,069	(1,131)	20,200

Grand Valley State University

Schedule of Endowment and Similar Funds (Continued) June 30, 2009

	Balance July 1, 2008	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2009	Retained Investment Income	Principal Balance June 30, 2009
Endowment Funds (Continued)								
West Side Service Projects Endowment	\$ 29,659	\$ -	\$ (4,846)	\$ 1,336	\$ 1,336	\$ 24,813	\$ (4,320)	\$ 29,133
Westerman Nursing Scholarship Fund	161,916	20	(26,403)	7,299	-	128,234	26,580	101,654
Shawn D. Wiersma Criminal Justice Memorial Scholarship	36,166	395	(5,899)	1,642	1,896	30,916	(732)	31,648
Holliday Wiley Psychology Scholarship for the Study of Pervasive Development Disorders	38,812	1,155	(6,335)	1,783	1,357	33,206	-	33,206
William James Fund	36,495	270	(5,960)	1,650	-	29,155	11,852	17,303
H. James and Carole Campbell Williams Business Scholarship	10,337	3,394	(1,560)	-	3,310	15,481	(1,576)	17,057
Shelia Williams Student Leadership Development Fund	137,807	1,386	(22,482)	6,247	611	111,075	42,159	68,916
Bill & Diana Wipperfurth Annis Water Resources Institute Student Research Scholarship	36,776	205	(5,991)	1,664	1,862	31,188	(2,126)	33,314
Thomas and Joyce Wisner Engineering Scholarship Endowment	148,681	150,000	(10,691)	-	-	287,990	(12,010)	300,000
Wisner Physical Therapy Scholarship	122,862	350	(20,041)	5,552	5,902	103,521	(4,304)	107,825
Women's Center Endowment	32,618	4,001	(5,365)	1,596	4,226	33,884	(3,241)	37,125
Robert H. and Barbara Wood Entrepreneur Scholarship	-	1,000	(71)	-	-	929	(71)	1,000
Doug and Linda Woods Athletic Training Scholarship Endowment	114,288	6,000	(19,492)	5,344	5,929	101,381	(381)	101,762
Wrestling Endowment	14,623	12,554	(3,024)	-	125	24,278	663	23,615
Writing Department Faculty Scholarship	21,750	1,571	(3,453)	1,037	2,645	21,476	-	21,476
Whitney Young Village Outreach Engineering Scholarship	128,749	-	15,337	3,000	-	141,086	41,086	100,000
William Zimmerman Memorial Scholarship	46,105	3,275	(7,589)	2,204	5,204	44,791	(276)	45,067
Felix V. & Gladys A. Zukaitis Athletic Trust	226,237	-	(36,894)	10,198	-	179,145	53,960	125,185
Felix V. & Gladys A. Zukaitis Scholarship Trust	216,546	300	(35,365)	9,771	-	171,710	45,709	126,001
Total endowment funds	43,279,513	3,156,507	(6,870,061)	1,665,695	338,658	38,238,922	5,608,108	32,630,814
Funds Functioning as Endowments								
Accounting Scholarship Fund	438,684	4,959	(71,757)	19,897	725	352,714	115,564	237,150
Alumni Scholarship Fund	818,306	5,183	(133,635)	37,012	739	653,581	173,639	479,942
Owen F. Bieber Scholarship Trust	659,226	-	(107,503)	29,716	-	522,007	208,477	313,530
Alexander Calder Honors Scholarship	48,601	125	(7,922)	2,193	2,193	40,804	(3,846)	44,650
Charles & Florence Irwin Scholarship Endowment Fund	225,437	3,821	(36,930)	10,261	741	182,808	29,857	152,951
Joe E. Reid Memorial Scholarship Fund	87,078	245	(14,206)	3,930	-	69,187	18,865	50,322
SPX Corporation Engineering Scholarship Fund	138,659	-	(22,612)	6,250	-	109,797	59,687	50,110
Robert C. Trotter Scholarship Fund	530,987	-	(86,591)	23,935	-	420,461	272,594	147,867
Angus Fund	1,563,161	310	(254,909)	70,472	238	1,238,328	386,564	851,764
R.B. Annis WRI Endowment	1,688,709	1,889	(275,459)	76,177	744	1,339,706	237,867	1,101,839

Grand Valley State University

Schedule of Endowment and Similar Funds (Continued) June 30, 2009

	Balance July 1, 2008	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2009	Retained Investment Income	Principal Balance June 30, 2009
Funds Functioning as Endowments (Continued)								
James R. Sebastian Endowed Chair in Engineering Cooperative Education and Educational Development	\$ 1,754,716	\$ -	\$ (286,150)	\$ 79,097	\$ -	\$ 1,389,469	\$ 848,147	\$ 541,322
Entrepreneurial Center Endowment	1,641,334	500	(267,661)	73,997	50	1,300,226	77,525	1,222,701
Science Religion Project	187,461	-	(30,570)	8,450	8,450	156,891	(4,446)	161,337
VanderMey Endowment	164,260	-	(26,787)	7,404	-	130,069	15,642	114,427
Grand Rapids Continuing Education	1,292,013	-	(212,202)	-	-	1,079,811	705,829	373,982
Leon W. Hall Trust Fund	781,573	-	(127,455)	35,231	-	618,887	284,475	334,412
Russel H. Kirkhof Fund	2,455,200	-	(400,381)	110,673	-	1,944,146	936,847	1,007,299
Seymour & Esther Padnos School of Engineering	2,496,457	470	(407,105)	112,548	404	1,977,678	467,502	1,510,176
Padnos Fund	1,657,460	-	(270,289)	74,713	-	1,312,458	312,433	1,000,025
Undistributed Income Fund	941,865	-	(154,334)	-	(352,942)	434,589	434,589	-
Charles C Saur Fund	44,450	1	(8,476)	-	-	35,975	(75,602)	111,577
Total funds functioning as endowments	19,615,637	17,503	(3,202,934)	781,956	(338,658)	15,309,592	5,502,209	9,807,383
Annuity Funds								
John T. and Shirley D. Batchelder Charitable Gift Annuity	52,159	-	(25,783)	-	-	26,376	7,553	18,823
John H. Batts, Sr and Nancy L. Batts Charitable Gift Annuity	372,440	-	(272,335)	-	-	100,105	(272,207)	372,312
George C. and Margaret T. Cope Charitable Gift Annuity	8,204	-	(4,333)	-	-	3,871	(4,212)	8,083
Dr. Gilbert R. and Patricia K. Davis Charitable Gift Annuities	38,753	-	(24,598)	-	-	14,155	(5,861)	20,016
Peter Merrick Turner Charitable Gift Annuity	11,575	-	(6,803)	-	-	4,772	(6,794)	11,566
Leslie Eitzen Charitable Gift Annuity	9,512	-	(4,280)	-	-	5,232	(1,862)	7,094
Ralph and Grace Hauenstein Charitable Gift Annuities	350,710	-	(210,805)	-	-	139,905	(323,074)	462,979
John and Janice Heerspink Charitable Gift Annuity	480	-	(1,646)	-	-	(1,166)	(2,801)	1,635
Harvey E. Lemmen Charitable Gift Annuities	5,631	60,000	(148,422)	-	-	(82,791)	(171,653)	88,862
Dr. Dorothy Merrill Charitable Gift Annuities	11,337	-	(9,742)	-	-	1,595	(15,374)	16,969
John F. and Mae D. Shipley Charitable Gift Annuity	4,479	-	(1,144)	-	-	3,335	(1,562)	4,897
John T. Tevebaugh Charitable Gift Annuity	7,823	-	(3,070)	-	-	4,753	378	4,375
Total annuity funds	873,103	60,000	(712,961)	-	-	220,142	(797,469)	1,017,611
Total endowment and similar funds	<u>\$ 63,768,253</u>	<u>\$ 3,234,010</u>	<u>\$ (10,785,956)</u>	<u>\$ 2,447,651</u>	<u>\$ -</u>	<u>\$ 53,768,656</u>	<u>\$ 10,312,848</u>	<u>\$ 43,455,808</u>

Grand Valley State University

Schedule of Net Assets by Fund June 30, 2009

	Current Funds										Consolidated Totals	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds	Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement Fund	2009	2008
Assets												
Current Assets												
Cash and cash equivalents	\$ 6,581,110	\$ 2,371,477	\$ (1,463,408)	\$ 6,061,350	\$ 13,550,529	\$ (173,010)	\$ -	\$ 5,124,745	\$ (497,388)	\$ (119,603)	\$ 17,885,273	\$ 23,616,983
Restricted cash and cash equivalents	-	-	-	-	-	-	2,638,381	299,307	-	-	2,937,688	10,812,372
Short-term investments	5,971,916	3,111,578	-	8,019,818	17,103,312	557,142	-	4,326,916	-	61,215	22,048,585	5,898,398
Restricted short-term investments	-	-	-	-	-	-	-	36,488,343	-	-	36,488,343	14,180,000
Accounts receivable	1,398,682	429,345	1,048,221	4,242,328	7,118,576	-	-	7,330	938,852	-	8,064,758	9,083,992
State appropriation receivable	11,640,154	-	-	-	11,640,154	-	-	68,502	16,367,546	-	28,076,202	33,052,401
Pledges receivable	-	10,250	-	4,452,962	4,463,212	-	-	-	-	-	4,463,212	3,631,334
Less allowance for uncollectible accounts	-	-	-	(20,240)	(20,240)	-	-	-	-	-	(20,240)	(55,932)
Net pledges receivable	-	10,250	-	4,432,722	4,442,972	-	-	-	-	-	4,442,972	3,575,402
Inventory	-	7,881	2,373,429	-	2,381,310	-	-	-	6,298	-	2,387,608	2,347,616
Prepaid expenses and other	1,736,984	792,551	34,766	17,994	2,582,295	176,062	-	152,979	-	12	2,911,348	2,463,718
Student notes receivable - Current portion	-	-	-	-	-	2,900,000	-	-	-	-	2,900,000	2,950,000
Total current assets	27,328,846	6,723,082	1,993,008	22,774,212	58,819,148	3,460,194	2,638,381	46,468,122	16,815,308	(58,376)	128,142,777	107,980,882
Noncurrent Assets												
Endowment investments	-	-	-	-	-	-	52,594,294	-	-	-	52,594,294	62,180,566
Other long-term investments	45,000	40,045,534	-	37,360	40,127,894	-	-	55,686,748	-	1,604,562	97,419,204	74,771,460
Restricted long-term investments	-	-	-	-	-	-	-	11,384,089	-	-	11,384,089	-
Pledges receivable	-	-	-	4,883,420	4,883,420	-	-	-	-	-	4,883,420	14,187,429
Less discount to present value	-	-	-	(882,980)	(882,980)	-	-	-	-	-	(882,980)	(2,146,026)
Net pledges receivable	-	-	-	4,000,440	4,000,440	-	-	-	-	-	4,000,440	12,041,403
Student notes receivable - Net	-	-	-	-	-	8,623,008	-	-	-	-	8,623,008	7,985,126
Capital assets - Net	-	-	-	-	-	-	-	513,291,805	-	-	513,291,805	512,222,856
Other assets	-	277,760	-	-	277,760	-	-	3,371,588	-	-	3,649,348	3,901,450
Total noncurrent assets	45,000	40,323,294	-	4,037,800	44,406,094	8,623,008	52,594,294	583,734,230	-	1,604,562	690,962,188	673,102,861
Total assets	<u>\$ 27,373,846</u>	<u>\$ 47,046,376</u>	<u>\$ 1,993,008</u>	<u>\$ 26,812,012</u>	<u>\$ 103,225,242</u>	<u>\$ 12,083,202</u>	<u>\$ 55,232,675</u>	<u>\$ 630,202,352</u>	<u>\$ 16,815,308</u>	<u>\$ 1,546,186</u>	<u>\$ 819,104,965</u>	<u>\$ 781,083,743</u>

Grand Valley State University

Schedule of Net Assets by Fund (Continued) June 30, 2009

	Current Funds					Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement Fund	Consolidated Totals	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds						2009	2008
Liabilities and Net Assets (Deficit)												
Current Liabilities												
Accounts payable	\$ 2,918,959	\$ 1,345,293	\$ 968,041	\$ 1,737,682	\$ 6,969,975	\$ 2,860	\$ 319	\$ 4,429,401	\$ 15,780,010	\$ -	\$ 27,182,565	\$ 38,159,046
Accrued payroll and other benefits	14,177,256	60,000	-	-	14,237,256	-	-	-	588,789	-	14,826,045	14,482,830
Accrued interest expense and other liabilities	-	-	-	-	-	-	-	1,165,338	446,509	-	1,611,847	1,669,094
Deferred revenue	7,091,610	74,793	282,819	3,115,432	10,564,654	-	-	26,400	-	-	10,591,054	10,136,124
Long-term liabilities - Current portion	-	-	-	-	-	-	266,597	8,789,637	-	508,360	9,564,594	8,576,726
Total current liabilities	24,187,825	1,480,086	1,250,860	4,853,114	31,771,885	2,860	266,916	14,410,776	16,815,308	508,360	63,776,105	73,023,820
Noncurrent Liabilities												
Deferred revenue - Net of current portion	-	-	-	-	-	-	-	710,600	-	-	710,600	737,000
Long-term liabilities - Net of current portion	-	-	-	-	-	-	1,197,103	247,009,415	-	1,163,309	249,369,827	207,799,198
Total liabilities	24,187,825	1,480,086	1,250,860	4,853,114	31,771,885	2,860	1,464,019	262,130,791	16,815,308	1,671,669	313,856,532	281,560,018
Net Assets (Deficit)												
Invested in capital assets - Net of related debt	-	-	-	-	-	-	-	303,868,813	-	-	303,868,813	309,959,820
Restricted:	-	-	-	-	-	-	-	-	-	-	-	-
Nonexpendable - Scholarships and academic support	-	-	-	-	-	-	-	-	-	-	-	-
Expendable:	-	-	-	-	-	-	-	-	-	-	-	-
Scholarships and academic support	-	-	-	5,530,563	5,530,563	-	14,531,904	-	-	-	20,062,467	31,031,115
Capital projects	-	-	-	16,428,335	16,428,335	-	100,105	-	-	-	16,528,440	16,319,989
Loans	-	-	-	-	-	11,932,093	-	-	-	-	11,932,093	11,798,508
Unrestricted	3,186,021	45,566,290	742,148	-	49,494,459	148,249	6,505,834	64,202,748	-	(125,483)	120,225,807	100,936,339
Total net assets	3,186,021	45,566,290	742,148	21,958,898	71,453,357	12,080,342	53,768,656	368,071,561	-	(125,483)	505,248,433	499,523,725
Total liabilities and net assets	<u>\$ 27,373,846</u>	<u>\$ 47,046,376</u>	<u>\$ 1,993,008</u>	<u>\$ 26,812,012</u>	<u>\$ 103,225,242</u>	<u>\$ 12,083,202</u>	<u>\$ 55,232,675</u>	<u>\$ 630,202,352</u>	<u>\$ 16,815,308</u>	<u>\$ 1,546,186</u>	<u>\$ 819,104,965</u>	<u>\$ 781,083,743</u>

Grand Valley State University

Schedule of Revenues, Expenses, and Changes in Net Assets (Deficit) by Fund Year Ended June 30, 2009

	Current Funds					Student Loan Fund	Endowment Fund	Plant Fund	Retirement Fund	Eliminations	Consolidated Totals	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds						2009	2008
Operating Revenues												
Student tuition and fees	\$ 204,178,273	\$ 394,164	\$ -	\$ -	\$ 204,572,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,572,437	\$ 178,360,749
Less scholarship allowances	-	-	-	-	-	-	-	-	-	(25,954,278)	(25,954,278)	(24,202,282)
Net student tuition and fees	204,178,273	394,164	-	-	204,572,437	-	-	-	-	(25,954,278)	178,618,159	154,158,467
Government grants and contracts:												
Federal	-	-	-	16,889,779	16,889,779	105,189	-	-	-	-	16,994,968	19,621,299
State	-	-	-	3,727,031	3,727,031	-	-	-	-	-	3,727,031	2,789,648
Local	-	22,817	-	259,078	281,895	-	-	-	-	-	281,895	207,434
Nongovernmental grants	-	147,477	-	2,046,905	2,194,382	-	-	-	-	-	2,194,382	2,770,800
Sales and services of educational activities	857,102	6,694,756	-	139,194	7,691,052	-	-	-	-	-	7,691,052	7,162,413
Auxiliary activities	-	-	53,561,302	-	53,561,302	-	-	-	-	-	53,561,302	47,973,412
Less scholarship allowances	-	-	-	-	-	-	-	-	-	(5,993,185)	(5,993,185)	(4,676,216)
Net auxiliary activities	-	-	53,561,302	-	53,561,302	-	-	-	-	(5,993,185)	47,568,117	43,297,196
Indirect cost recoveries	946,877	(4,502)	-	(942,375)	-	-	-	-	-	-	-	-
Other sources	1,051,638	2,248,526	-	397,707	3,697,871	340,350	3,644	-	-	-	4,041,865	4,309,456
Endowment income	226,670	552,621	-	1,668,360	2,447,651	-	(2,447,651)	-	-	-	-	-
Total operating revenues	207,260,560	10,055,859	53,561,302	24,185,679	295,063,400	445,539	(2,444,007)	-	-	(31,947,463)	261,117,469	234,316,713
Operating Expenses												
Instruction	115,498,202	(225,458)	-	2,496,296	117,769,040	-	-	-	-	-	117,769,040	110,007,345
Research	2,818,806	535,266	-	2,548,306	5,902,378	-	-	-	-	-	5,902,378	6,902,000
Public service	1,654,744	7,319,992	-	12,193,054	21,167,790	-	-	-	-	-	21,167,790	22,817,244
Academic support	24,630,621	832,585	-	2,149,851	27,613,057	-	-	-	-	-	27,613,057	25,305,498
Student services	21,185,802	1,077,415	-	129,314	22,392,531	-	-	-	-	-	22,392,531	21,477,446
Institutional support	25,393,018	(549,068)	-	5,811	24,849,761	-	-	-	-	-	24,849,761	23,494,165
Operation and maintenance - Plant	33,110,095	28,282	-	611,126	33,749,503	-	-	(2,673,168)	-	-	31,076,335	27,683,217
Depreciation expense	-	-	-	-	-	-	-	21,615,045	-	-	21,615,045	18,995,449
Scholarships and related expenses	22,528,075	2,332	-	20,890,891	43,421,298	-	-	-	-	(31,947,463)	11,473,835	11,334,679
Auxiliary activities	-	-	37,428,525	-	37,428,525	-	-	-	-	-	37,428,525	34,352,620
Loan administrative fees and collection costs	-	-	-	-	-	411,745	-	-	-	-	411,745	225,024
Total operating expenses	246,819,363	9,021,346	37,428,525	41,024,649	334,293,883	411,745	-	18,941,877	-	(31,947,463)	321,700,042	302,594,687
Operating Income (Loss)	(39,558,803)	1,034,513	16,132,777	(16,838,970)	(39,230,483)	33,794	(2,444,007)	(18,941,877)	-	-	(60,582,573)	(68,277,974)

Grand Valley State University

Schedule of Revenues, Expenses, and Changes in Net Assets (Deficit) by Fund (Continued) Year Ended June 30, 2009

	Current Funds					Student Loan Fund	Endowment Fund	Plant Fund	Retirement Fund	Eliminations	Consolidated Totals	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds						2009	2008
Nonoperating Revenues (Expense)												
State appropriations	\$ 64,021,400	\$ -	\$ -	\$ -	\$ 64,021,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,021,400	\$ 69,278,200
Government grants	-	-	-	15,065,977	15,065,977	-	-	-	-	-	15,065,977	12,756,054
Gifts	400,000	2,185,030	43,165	1,716,706	4,344,901	-	17,404	-	-	-	4,362,305	3,478,810
Investment income - Net of investment expense	1,258,080	1,850,173	(21,776)	(2,998)	3,083,479	17,316	(10,785,956)	199,339	(125,689)	-	(7,611,511)	3,547,954
Interest on capital asset - Related debt	-	-	-	-	-	-	-	(10,774,380)	-	-	(10,774,380)	(7,319,584)
Loss on extinguishment of debt	-	-	-	-	-	-	-	-	-	-	-	(2,754,985)
Net nonoperating revenues (expense)	65,679,480	4,035,203	21,389	16,779,685	86,515,757	17,316	(10,768,552)	(10,575,041)	(125,689)	-	65,063,791	78,986,449
Income (Loss) - Before other revenues, expenses, gains, and losses	26,120,677	5,069,716	16,154,166	(59,285)	47,285,274	51,110	(13,212,559)	(29,516,918)	(125,689)	-	4,481,218	10,708,475
Other Revenues, Expenses, Gains, and Losses												
Capital appropriations	-	-	-	-	-	-	-	483,584	-	-	483,584	2,156,119
Capital gifts	-	-	-	(817,258)	(817,258)	-	-	94,277	-	-	(722,981)	17,021,009
Add discount adjustment	-	-	-	1,298,738	1,298,738	-	-	-	-	-	1,298,738	(1,452,347)
Net capital gifts	-	-	-	481,480	481,480	-	-	94,277	-	-	575,757	15,568,662
Capital grants	-	-	-	92,079	92,079	-	-	-	-	-	92,079	628,539
Other capital income	-	-	-	-	-	-	-	28,597	-	-	28,597	278,177
Capital additions	(4,764,555)	(1,271,154)	-	(405,281)	(6,440,990)	-	-	6,440,990	-	-	-	-
Additions to permanent endowments	-	-	-	-	-	-	3,095,787	-	-	-	3,095,787	5,031,855
Gain (loss) on disposal of plant assets	1,149	27,645	137	-	28,931	-	-	(3,061,245)	-	-	(3,032,314)	(216,230)
Total other revenues, expenses, gains, and losses	(4,763,406)	(1,243,509)	137	168,278	(5,838,500)	-	3,095,787	3,986,203	-	-	1,243,490	23,447,122
Transfers Out (In)												
Mandatory transfers	5,932,659	16,686	14,866,471	(361,350)	20,454,466	(35,063)	(36,039)	(20,383,364)	-	-	-	-
Nonmandatory transfers	14,642,498	4,434,549	1,096,461	189,355	20,362,863	-	(81,136)	(20,281,727)	-	-	-	-
Total transfers	20,575,157	4,451,235	15,962,932	(171,995)	40,817,329	(35,063)	(117,175)	(40,665,091)	-	-	-	-
Increase (Decrease) in Net Assets	782,114	(625,028)	191,371	280,988	629,445	86,173	(9,999,597)	15,134,376	(125,689)	-	5,724,708	34,155,597
Net Assets - Beginning of year	2,403,907	46,191,318	550,777	21,677,909	70,823,911	11,994,170	63,768,253	352,937,185	206	-	499,523,725	465,368,128
Net Assets (Deficit) - End of year	<u>\$ 3,186,021</u>	<u>\$ 45,566,290</u>	<u>\$ 742,148</u>	<u>\$ 21,958,897</u>	<u>\$ 71,453,356</u>	<u>\$ 12,080,343</u>	<u>\$ 53,768,656</u>	<u>\$ 368,071,561</u>	<u>\$ (125,483)</u>	<u>\$ -</u>	<u>\$ 505,248,433</u>	<u>\$ 499,523,725</u>