



ANNUAL FINANCIAL REPORT 2015



Grand Valley State University

**Financial Report
with Additional Information
June 30, 2015**

Grand Valley State University

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Independent Auditor's Report

To the Board of Trustees
Grand Valley State University

Report on the Financial Statements

We have audited the accompanying financial statements of Grand Valley State University (the "University"), a component unit of the State of Michigan, its discretely presented component unit, and its pension trust funds as of and for the years ended June 30, 2015 and 2014 and the related notes to the financial statements, which collectively comprise Grand Valley State University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Trustees
Grand Valley State University

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Valley State University, its discretely presented component unit, and its pension trust funds as of June 30, 2015 and 2014 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I to the financial statements, effective July 1, 2014, the University adopted new accounting guidance under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 is an amendment to Statement No. 27. In accordance with Statement No. 68, the University is now recognizing its unfunded pension benefit obligation as a liability on the statement of net position for the first time. This statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Other Information

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

To the Board of Trustees
Grand Valley State University

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2015 on our consideration of Grand Valley State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Valley State University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 6, 2015

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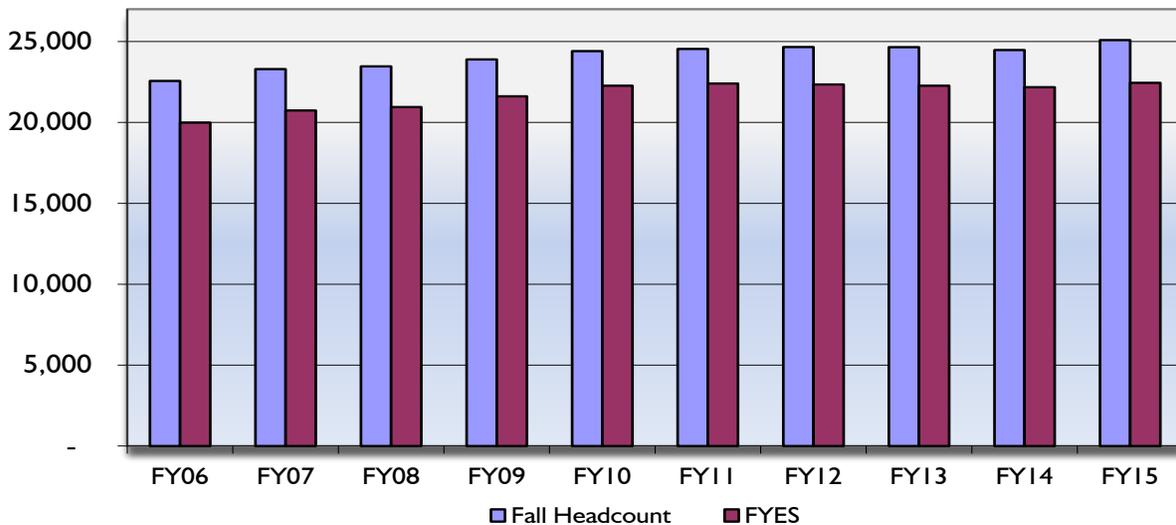
Grand Valley State University

Management's Discussion and Analysis - Unaudited

Financial and Enrollment Highlights for the Year Ended June 30, 2015

- Enrollment increased by 2.5 percent based on headcount - 25,094 students in Fall 2014 semester compared to 24,477 in 2013. Both headcount and freshmen class size set University records, raising FYES (fiscal year equated students) to a record 22,446.
- Operating revenue increased by 5.4 percent. Increases in tuition revenue, grants and contracts, housing, and dining revenue were partially offset by higher scholarship allowances, resulting in a net increase of \$17.6 million.
- State appropriations increased by 9.3 percent, or \$5.4 million, which included performance funding of \$3.68 million.
- Endowment cash and investments climbed to a record high of \$105.9 million due to generous donor support of \$2.4 million in new gifts. The 2015 return of 1.6 percent reflected slowing financial markets, after two years of double-digit investment returns, 16.8 percent and 13.1 percent in 2014 and 2013, respectively.
- The University began construction of new housing and academic building and an expansion of the recreation center on Allendale campus. These projects are expected to be completed in August 2016. Construction was completed on schedule for Laker Marketplace and the P. Douglas Kindschi Hall of Science.

Historical Enrollment



Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

The purpose of the annual report is to provide readers with financial information about the activities and financial condition of the University. The report consists of three basic financial statements that provide information on the University as a whole: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. These statements begin on page 18 and should be read in conjunction with the notes to the financial statements. The following summary and management's discussion of the results are intended to provide the readers with an overview of the financial statements.

Effective for the year ended June 30, 2015, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The University recorded a net pension liability of \$11.5 million at July 1, 2014, which was offset by a \$1.6 million liability recognized in prior years resulting in a \$9.9 million decrease to unrestricted net position.

The Statement of Net Position

The statement of net position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. Net position - assets and deferred outflows of resources offset by liabilities - is one way to measure the financial health of the University. Assets, deferred outflows of resources, and liabilities are generally measured using current values. Investments are stated at fair value, and capital assets are stated at historical cost less an allowance for depreciation. After the impact of GASB Statement No. 68, net position from 2013 to 2015 has increased by 10.8 percent from \$617.3 million to \$683.8 million.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

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

	June 30		
	2015	2014	2013
	(in 000s)		
Current Assets			
Cash and short-term investments	\$ 52,738	\$ 59,857	\$ 66,718
Receivables	76,738	72,024	66,161
Inventory, prepaid expenses, and other	6,375	5,179	5,653
Total current assets	135,851	137,060	138,532
Noncurrent Assets			
Restricted cash	27,912	4,763	-
Endowment cash and investments	103,864	100,076	89,254
Other long-term investments	141,958	115,460	109,679
Long-term receivables	36,225	37,590	40,660
Capital assets - Net of depreciation	648,192	631,084	579,934
Other	1,746	2,086	2,202
Total assets	1,095,748	1,028,117	960,261
Deferred Outflows - Deferred outflows of resources			
Derivatives	6,020	5,518	8,958
Loss on refunding of bonds payable	4,442	-	-
Pension related deferrals	6,968	-	-
Total deferred outflows	17,430	5,518	8,958
Current Liabilities			
Accounts payable and accrued liabilities	78,220	78,160	68,866
Unearned revenue	12,374	12,400	11,509
Long-term liabilities - Current portion	14,579	13,691	11,016
Total current liabilities	105,173	104,251	91,391
Noncurrent Liabilities			
Unearned revenue - Net of current portion	5,980	4,447	605
Federal student loan payable	10,220	10,258	10,103
Long-term liabilities - Net of current portion	282,625	252,253	239,920
Derivative instruments	6,462	6,166	9,868
Net pension liability	18,938	-	-
Total liabilities	429,398	377,375	351,887
Net Position			
Net investment in capital assets	395,746	378,450	339,917
Restricted	133,494	131,056	107,535
Unrestricted	154,540	146,754	169,880
Total net position	<u>\$ 683,780</u>	<u>\$ 656,260</u>	<u>\$ 617,332</u>

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Cash and short-term investments include unrestricted funds which are used for operating expenditures and are managed within the parameters of the University's investment policy. Restricted cash consists of bond proceeds to construct housing and academic building on the Allendale campus and is classified as noncurrent assets due to the nature of these projects.

Current receivables, which include grants, state appropriations, capital appropriations, pledges, student notes, and various operating receivables that are expected to be collected within a year, increased by \$10.6 million between 2013 and 2015. Current pledges receivable mainly reflect payments expected from the "Shaping Our Future" and the L. William Seidman Center capital campaigns, as collections drove the decline from \$7.0 million outstanding in 2013 to \$1.6 million in 2015. This \$5.4 million decrease was offset by an increase in state appropriation receivable for charter schools and capital support for the P. Douglas Kindschi Hall of Science, which added \$10.4 million and \$6.7 million, respectively. The charter school appropriation receivable increased due to the opening of new schools, predominantly in the Detroit metropolitan area.

In 2015, financial markets slowed compared to 2014, when the S&P 500 recorded new highs and global markets performed strongly. Endowment investments generated a 1.6 percent return in 2015 compared to a 16.8 percent return in 2014 and a 13.1 percent return in 2013. The University (along with its investment advisory committee and outside consultants) continues to closely monitor endowment investment strategy and asset allocations.

Other long-term investments should be looked at in conjunction with cash and short-term investments. This combination of funds comprises the overall pool of cash and investments. There was an increase of \$19.3 million of cash and investments between 2014 and 2015, after remaining steady between 2013 and 2014. The statement of cash flows on page 20 explains the sources and uses of cash.

Other current assets consist mainly of inventories and prepaid expenses. These assets fluctuate based on timing of inventory purchases and payments of vendor service agreements.

Long-term receivables, which include pledges, student notes, and a third-party notes receivable, declined by \$4.4 million between 2013 and 2015. The decrease was mainly due to a drop in pledge receivables as a result of donor payment schedules. Long-term pledges are discounted to net present value for financial statement purposes.

Net capital assets increased by \$17.1 million between 2014 and 2015 as a result of several construction projects on Allendale campus. Laker Marketplace opened in the spring. The most expansive project, the construction of the science laboratory building, opened for fall semester as the P. Douglas Kindschi Hall of Science. Construction began in the spring for new housing and academic building and an addition to the recreation center. These additions, totaling \$38.9 million, were offset by depreciation expense of \$21.8 million.

Net capital assets increased by \$51.2 million between 2013 and 2014 due to the ongoing construction of the science laboratory building and Laker Marketplace, land purchases for future campus expansion and significant renovations to James H. Zumberge Hall, AuSable Hall, and Kleiner Dining Commons. These additions, totaling \$74.4 million, were offset by depreciation expense of \$23.2 million.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

The L. William Seidman Center is capitalized on the 38 Front Avenue's statement of net assets. Further detail regarding capital asset activity for both the University and 38 Front Avenue is presented in Note 3 on pages 36-37.

Deferred outflows of resources are funds expended by the University that are applicable to a future accounting period. The University continues to carry deferred outflows related to derivatives. Between 2014 and 2015, this balance remained steady after a decline of \$3.4 million occurred between 2013 and 2014, mainly from a revaluation of the hybrid nature of one swap, which contained an embedded borrowing component. The balance is chiefly offset by derivative instruments, reflected in noncurrent liabilities. More detailed information regarding these swaps is presented in Note 5 to the financial statements.

With the issuance of bonds in September 2014, a deferred outflow was established from the portion of debt that continues to be held in escrow. This balance will be amortized over the life of the bonds. More detailed information regarding the debt transaction is presented in Note 4 to the financial statements.

Deferred outflows, related to pensions, of \$7.0 million resulted from the implementation of GASB Statement No. 68. This balance includes \$3.8 million resulting from changes in actuarial assumptions due to use of new mortality table (RP 2014) and \$1.0 million from differences between actual and expected experience. These balances will be amortized over approximately 10 years. The remaining \$2.2 million resulted from the shortfall between actual to projected investment earnings, which will be amortized over five years. More detailed information regarding the defined benefit pension plans is presented in Note 6 to the financial statements.

Accounts payable and accrued liabilities remained consistent between 2014 and 2015 after increasing by \$9.3 million between 2013 and 2014. The increase was due to \$3.8 million of new construction payables and \$5.8 million of higher payables to public school academies. Six new public school academies were opened at the start of 2014.

Unearned revenue includes receipts from tuition, grants, and contracts that pertain to a future fiscal year, and remained steady between 2013 and 2015.

Current maturities in long-term debt increased by \$3.5 million between 2013 and 2015. The increase includes \$2.2 million that is attributable to principal payments on the 2013 bond issue.

Noncurrent liabilities include unearned revenue, federal student loan payable, derivative instruments, net pension liability, and the long-term portion of bonds payable. Unearned revenue increased by \$5.3 million between 2013 and 2015 mainly due to upfront capital investments from the University's food vendor in a new contract arrangement.

Long-term liabilities increased by \$30.3 million between 2014 and 2015 due to the issuance of bonds for the new housing and classroom building construction. There was an increase of \$12.3 million between 2013 and 2014 due to debt financing of the Laker Marketplace and a portion of the P. Douglas Kindschi Hall of Science, offset by principal retirement from current debt payments.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

In 2015, the University received an A1 bond credit rating from Moody's Investors Service, and its A+ rating from Standard & Poors remained unchanged. More detailed information about the University's long-term debt is presented in Note 4 to the financial statements. Financing activity to construct the L. William Seidman Center is covered in the 38 Front Avenue financial reporting included in Note 4 to the financial statements.

Long-term liabilities also include the recognized portion of the liability for retiree medical benefits, as required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$12.2 million, which included an assumption change to utilize the MP-2014 headcount weighted mortality table as published by the Society of Actuaries. Further information regarding the plan and funding status is detailed in Note 6.

As discussed previously, GASB Statement No. 68 requires that the net pension liability for the University's sponsored defined benefit retirement plans be recognized on the University's financial statements. In accordance with the statement, the University has reported a change in accounting principle adjustment to unrestricted net position of \$9,948,539, which is the net of the net pension liability and related deferred outflows as of July 1, 2014. In addition to the detailed information provided in Note 6 concerning each defined benefit plan, there is a comprehensive analysis provided in the required supplemental information beginning on page 62.

The total net position of the University increased by \$66.4 million between 2013 and 2015 mostly due to the investments in infrastructure on Allendale campus to support a growing student body as well as generous support from donors to endowments, and a combined endowment investment income return of 18.4 percent over the past two years. Further detail regarding the designation by the University of unrestricted net position for certain purposes is summarized in Note 1 to the financial statements.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

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

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

	Year Ended June 30		
	2015	2014	2013
	(in 000s)		
Operating Revenue			
Student tuition and fees	\$ 287,040	\$ 272,393	\$ 262,202
Less scholarship allowance	(48,375)	(45,203)	(43,613)
Auxiliary	67,210	64,228	62,119
Less scholarship allowance	(9,885)	(9,099)	(8,831)
Grants and contracts	24,491	22,304	24,023
Other	21,705	19,970	17,564
Total operating revenue	342,186	324,593	313,464
Operating Expenses	417,456	402,175	388,120
Net Operating Loss	(75,270)	(77,582)	(74,656)
Nonoperating Revenue (Expense)			
State appropriations	63,200	57,824	55,436
Government grants	29,219	29,578	29,484
Gifts (including endowment and capital)	8,580	11,129	14,787
Capital appropriations, grants, and other	18,934	509	735
Investment income - Net of fees	3,818	21,482	13,554
Other loss and expense	(11,012)	(4,012)	(24,272)
Net nonoperating revenue	112,739	116,510	89,724
Net Increase in Net Position	37,469	38,928	15,068
Net Position - Beginning of year	656,260	617,332	602,264
Adjustment for Change in Accounting Principle	(9,949)	-	-
Net Position - End of year	\$ 683,780	\$ 656,260	\$ 617,332

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Revenue generated by tuition and fees increased by 5.4 percent in 2015 and 3.9 percent in 2014. In 2015, the tuition rate increase averaged 3.0 percent and higher enrollment accounted for the remaining 2.4 percent increase. Between 2013 and 2014, the growth was mostly due to tuition rate increases.

Scholarship allowances as a percentage of tuition and fees slightly increased to 16.9 percent in 2015, after remaining at 16.6 percent in 2013 and 2014. The University continues to increase levels of scholarship support to mitigate the financial impact of tuition rate increases.

Auxiliary revenue consists of housing, dining, parking, bookstores, vending, golf course, health center, and conference fees from external customers. In 2015, auxiliary revenue increased by \$3.0 million, of which housing and dining revenue added \$1.75 million, with higher bookstore sales and parking accounting for the remaining increase. The increase in dining revenue of \$1 million was mostly due to a 3.8 percent increase in meal plan participation. The slight increase in housing revenue was due to a combined 1.5 percent rate increase and uptick in occupancy. In 2014, housing and dining increased by \$2.1 million, a result of an average 1.0 percent increase in housing rates and a 5.0 percent increase in meal plan participation, whereas housing occupancy remained unchanged from 2013 levels.

Grants and contracts revenue increased by \$2.2 million between 2014 and 2015, mainly due to expanding grants and contracts awarded by the Michigan Economic Development Corporation (MEDC). Between 2013 and 2014, there was a decline of \$1.7 million mainly due to the expiration of a few large federal grants.

Operating expenses increased by \$15.3 million in 2015 and \$14.1 million in 2014. Further analysis of this increase is provided beginning on page 14. Salaries, wages, and benefits comprise the largest operating expense, while instruction is the largest functional category.

State appropriations increased by 9.3 percent or \$5.4 million between 2014 and 2015. For the second consecutive year, the University was awarded the highest percentage of one-time performance funding totaling \$3.68 million by the State for its achievements of state metrics, which include number of degrees completed, level of graduation rates, and operational efficiencies. Between 2013 and 2014, the University received a 4.3 percent or \$2.4 million increase. Appropriation per FYES as calculated by the State was \$2,835 in 2015. However, the University still received the lowest level of funding per student from the State.

Nonoperating government grants consisting of Pell awards remained steady between 2013 and 2015.

Gifts, including capital and endowment gifts, declined from \$14.8 million in 2013 to \$8.6 million in 2015 mainly due to capital giving as the Shaping our Future, L. William Seidman Center, and Annis Water Resources Laboratory campaigns were completed.

Capital appropriations, grants, and other include awards and other capital income received for special purpose capital projects. In 2015, the State provided \$18.4 million to construct the P. Douglas Kindschi Hall of Science on Allendale Campus.

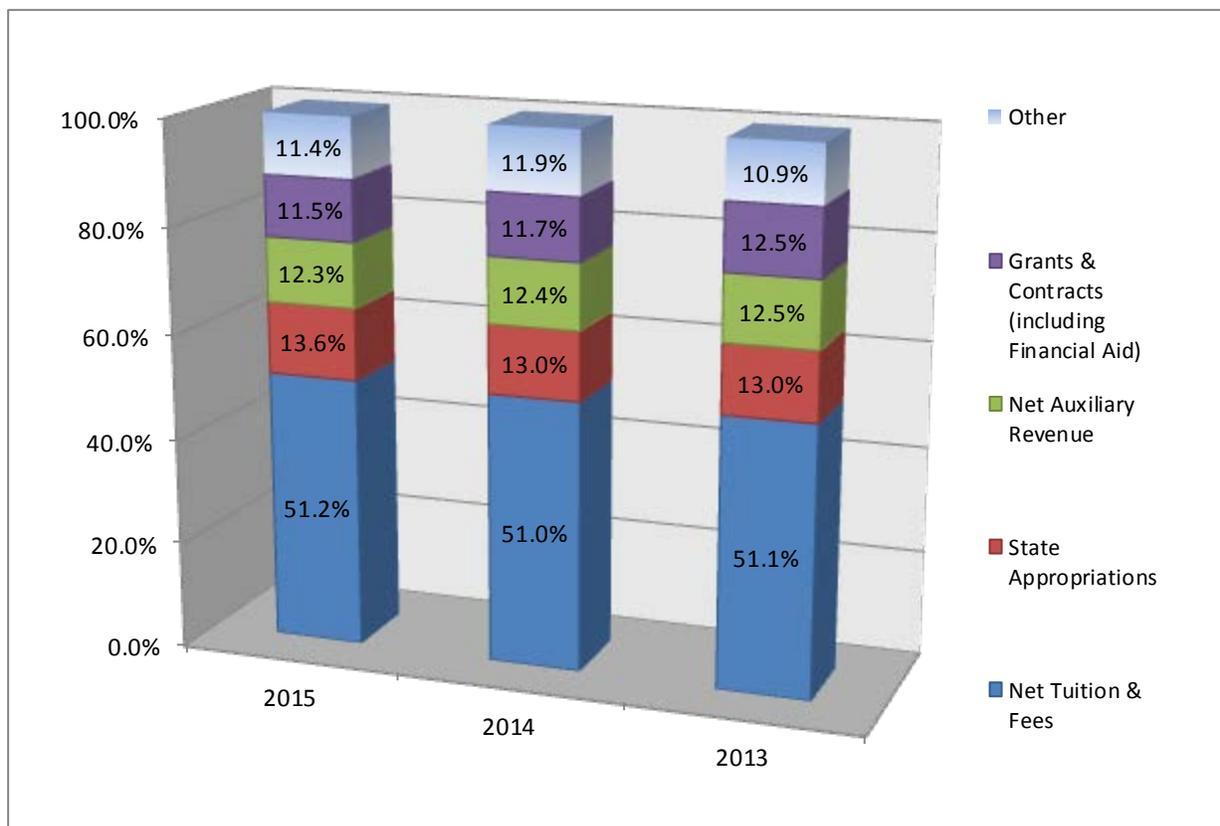
Grand Valley State University

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). Returns on endowment investments fell to 1.6 percent in 2015 after gains of 16.8 percent and 13.1 percent in 2014 and 2013, respectively. Returns on operating investments remained steady. Other nonoperating expense includes interest expense, changes in the fair value of derivative instruments, gains or losses from disposal of assets, and transfers between the University and 38 Front Avenue. Expenses returned to standard levels in 2015, after the University received reimbursement of \$7.2 million from the brownfield credits in 2014. In 2013, the University provided \$13.1 million of support for the construction of the L. William Seidman Center.

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

Total Revenue



Tuition and fees (net) make the largest contribution to the total revenue of the University. State appropriation is a distant second and is designated to cover financial aid, debt service, utilities, and capital repairs. Grants and contracts include both financial aid grants and grants for restricted purposes such as research and public service. Auxiliary activities are considered self-supporting enterprises. Other revenue includes investment income, gifts, additions to endowment, and capital grants and appropriations. Other revenue remained consistent with 2014 as the significant declines in investment returns were offset by the increase in capital appropriations to construct the P. Douglas Kindschi Hall of Science.

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.

	2015	2014	2013
	(in 000s)		
Instruction	\$ 151,146	\$ 145,522	\$ 141,615
Research	6,991	7,852	7,981
Public service	27,201	24,994	25,873
Academic support	42,699	40,581	39,322
Student services	28,193	27,937	26,354
Institutional support	35,197	34,542	33,209
Operation and maintenance of facilities	46,678	40,891	34,785
Depreciation	23,971	23,239	21,753
Scholarships and related expenses	14,766	16,635	17,792
Auxiliary activities	40,328	39,713	39,216
Other expenditures	286	269	220
Total	<u>\$ 417,456</u>	<u>\$ 402,175</u>	<u>\$ 388,120</u>

Instructional expenses increased by 3.9 percent between 2014 and 2015 and 2.8 percent between 2013 and 2014. New programs added over this period include those of masters level - medical dosimetry, clinical dietetics, and applied linguistics, and a bachelors in health information management.

Research expenditures include the continuing activities at the Annis Water Resources Institute as well as the Johnson Center for Philanthropy and the Center for Scholarly and Creative Excellence. Expenses declined by 11.0 percent between 2014 and 2015, after remaining steady between 2013 and 2014. The decline was mainly due to expiring federal grants, including several NSF- and EPA-funded projects as well as the completion of the Johnson Center's Community Research project.

Public service expenditures include WGVSU public broadcasting, the Michigan Small Business Development Center (SBDC), and the Charter School Office administration. Expenditures rebounded from 2014 as a result of increases in SBDC business accelerator and tech awards, enhancements to charter school operations, and the management of a national chemistry conference in 2015. Expenditures decreased by 3.4 percent between 2013 and 2014 chiefly from expiring grants projects, including those sponsored by the Kellogg Foundation and the U.S. Department of Justice Project Safe Neighborhood.

Academic support expenditures include continuing education, information technology, student advising, the libraries, academic resources, and administration expenses for the academic deans. Expenditures increased by 5.2 percent between 2014 and 2015 and rose 3.2 percent between 2013 and 2014. In addition to general business operating increases, the higher expenditures reflect the University's commitment to student advising and retention. In 2015, the University's retention rate was 71 percent, the third highest in the state.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Student services expenditures represent student life programming, admissions, records, registration, financial aid, and intercollegiate athletics. Expenses remained steady after increasing by 6.0 percent between 2013 and 2014. This increase resulted from higher student recruitment and athletic activity and championships.

Institutional support expenditures include administration for the business operations, human resources, executive offices, marketing and communications, public safety, development, and alumni relations. Expenses remained steady after increasing by 4.0 percent between 2013 and 2014. This increase reflected the opening of new facilities and new software purchases to improve efficiencies.

Operation and maintenance of facilities increased by 14.1 percent between 2014 and 2015. The University continued to reconfigure existing facilities such as Kirkhof Center and Padnos Hall to prepare for changing use. In addition, there were significant housing and parking upgrades. Between 2013 and 2014, there was a 17.6 percent increase due to the following: noncapitalized housing, parking, and office space upgrades, full-year impact of the Seidman ground lease with 38 Front Avenue, and higher level of utility and maintenance costs with the full-year operations of the L. William Seidman Center and the Mary Pew Idema Library Learning and Information Commons.

Depreciation includes both academic and auxiliary buildings.

Scholarships and related expenses include work-study programs as well as the portion of financial aid that is not considered a scholarship allowance. To mitigate the impact of tuition increases on enrollment, the University continues to increase need-based scholarships. To look at the overall picture for scholarships and financial aid, it is important to also consider the scholarship allowance that is recorded net of tuition revenue and auxiliary revenue to identify that the total amount of scholarships awarded increased by 3.0 percent, from \$70.9 million in 2014 to \$73.0 million in 2015.

Auxiliary activities include housing, dining, parking, bookstores, vending, golf course, health center, and conference services. Debt service, depreciation, and repairs related to housing are included in the other categories of expense. Between 2013 and 2015, auxiliary expenditures remained steady.

Operating Expenses by Natural Classification

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

	2015	2014	2013
	(in 000s)		
Salaries and benefits	\$ 254,908	\$ 246,565	\$ 239,985
Scholarships and awards	14,286	15,805	17,167
Utilities	7,223	7,776	7,102
Supplies and other	117,068	108,790	102,113
Depreciation	23,971	23,239	21,753
Total	<u>\$ 417,456</u>	<u>\$ 402,175</u>	<u>\$ 388,120</u>

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Salaries and benefit expenses, which represent 61.1 percent of total operating expenses in 2015, increased by 3.4 percent between 2014 and 2015 and 2.7 percent between 2013 and 2014. These increases mainly reflect the annual salary and benefit program and salary market adjustments.

Scholarships and awards represent financial aid expense less scholarship allowances and work-study wages. To obtain the overall financial aid picture, one must also consider the scholarship allowances.

Utilities declined by 7.1 percent between 2014 and 2015 due to a combination of lower number of heating and cooling days, lower natural gas prices, and water conservation. There was an increase of 9.5 percent between 2013 and 2014, which reflects the full-year operation of the new buildings on Allendale and Grand Rapids campuses, as well as a harsh winter.

Supplies and other expenses increased between 2013 and 2015 mostly due to a reconfiguring of existing space for new occupants, which occurred in Kirkhof Center, Padnos Hall, Lake Michigan Hall, DeVos Center, and Eberhard Center. Parking and housing also received upgrades during this period.

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

The Statement of Cash Flows

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

	2015	2014	2013
	(in 000s)		
Net Cash (Used in) Provided by			
Operating activities	\$ (49,358)	\$ (51,294)	\$ (52,429)
Noncapital financing activities	99,567	96,242	95,056
Capital and related financing activities	(7,598)	(51,672)	(77,351)
Investing activities	<u>(13,612)</u>	<u>873</u>	<u>26,195</u>
Net Increase (Decrease) in Cash and Cash Equivalents	28,999	(5,851)	(8,529)
Cash and Cash Equivalents - Beginning of year	<u>38,527</u>	<u>44,378</u>	<u>52,907</u>
Cash and Cash Equivalents - End of year	<u>\$ 67,526</u>	<u>\$ 38,527</u>	<u>\$ 44,378</u>

The primary cash receipts from operating activities consist of tuition and housing revenue. Cash outlays include payment of wages, benefits, supplies, utilities, and scholarships. From 2013 to 2015, net cash used in operating activities remained steady.

State appropriation is the primary source of noncapital financing. This source of revenue is categorized as nonoperating and accounts primarily for the higher level of receipts between 2013 and 2015. Other noncapital financing activity includes Pell grants, gifts, and grants for other than capital purposes.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Capital and related financing activities include debt proceeds to finance capital construction. In 2015, the University issued bonds to fund a new housing project, as well as refinance a prior debt issue. In 2014, bonds were issued to fund a portion of the construction of the P. Douglas Kindschi Hall of Science, Laker Marketplace, and AuSable Hall addition. In 2013, the University issued bonds for the purpose of refinancing a prior debt issue. In addition, receipts from pledge payments partially offset capital expenditures. Capital outlays declined between 2014 and 2015 with the near completion of the P. Douglas Kindschi Hall of Science and opening of Laker Marketplace.

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

Economic Factors that Will Affect the Future

The economic position of the University is closely tied to that of the State of Michigan. The State of Michigan continues to include a performance component to its funding allocations, which includes number of degree completions, level of graduation rates, and operational efficiencies. For the third consecutive year, the University received the highest increase in performance funding due to its achievements in these areas. In total, the University will receive \$65,035,200 or a 3.0 percent funding increase in 2016, following the 9.3 percent increase in 2015. Yet the University will continue to remain near bottom in state funding per student.

Enrollment is expected to remain steady for upcoming years based on the University's strategic plan for controlled growth. As a student-centered institution, the University emphasizes teaching, learning, and connecting in pursuing its mission of educating students to shape their lives, their professions, and their societies.

Grand Valley State University

Statement of Net Position

	June 30	
	2015	2014
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 39,614,078	\$ 33,763,708
Short-term investments (Note 2)	13,123,705	26,093,427
Accounts receivable - Net of allowance of \$553,758 and \$755,293 in 2015 and 2014, respectively	8,621,476	10,738,293
State appropriation receivable	62,870,949	53,385,038
Pledges receivable - Net	1,645,643	4,200,685
Inventories	2,804,400	2,352,554
Prepaid expenses and other	3,570,950	2,826,192
Student notes receivable - Current portion	3,600,000	3,700,000
Total current assets	135,851,201	137,059,897
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	27,911,794	4,763,044
Endowment investments (Note 2)	103,864,825	100,076,069
Notes receivable (Note 1)	25,500,000	25,578,750
Other long-term investments (Note 2)	141,958,412	115,460,691
Pledges receivable - Net	2,410,545	3,202,525
Student notes receivable - Net of allowance of \$371,026 and \$453,779 in 2015 and 2014, respectively	8,313,897	8,807,808
Capital assets - Net (Note 3)	648,191,497	631,084,142
Other assets	1,745,456	2,084,292
Total noncurrent assets	959,896,426	891,057,321
Total assets	1,095,747,627	1,028,117,218
Deferred Outflows of Resources		
Derivatives (Note 5)	6,020,000	5,518,000
Loss on refunding of bonds payable (Note 4)	4,442,243	-
Pension related deferrals (Note 6)	6,968,383	-
Total deferred outflows	17,430,626	5,518,000
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	78,220,323	78,160,123
Unearned revenue	12,374,240	12,399,699
Long-term liabilities - Current portion (Note 4)	14,579,122	13,690,986
Total current liabilities	105,173,685	104,250,808
Noncurrent liabilities:		
Unearned revenue - Net of current portion	5,980,069	4,447,053
Federal student loan payable	10,219,932	10,257,484
Long-term liabilities - Net of current portion (Note 4)	282,625,214	252,253,476
Derivative instruments (Note 5)	6,462,000	6,166,000
Net pension liability (Note 6)	18,937,509	-
Total noncurrent liabilities	324,224,724	273,124,013
Total liabilities	429,398,409	377,374,821
Net Position		
Net investment in capital assets	395,745,766	378,450,246
Restricted:		
Nonexpendable - Scholarships and academic support	55,453,520	52,298,864
Expendable:		
Scholarships and academic support	48,573,767	49,272,789
Capital projects	27,739,243	27,823,152
Loans	1,727,309	1,661,066
Unrestricted	154,540,239	146,754,280
Total net position	\$ 683,779,844	\$ 656,260,397
Total liabilities and net position	\$ 1,113,178,253	\$ 1,033,635,218

Grand Valley State University

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2015	2014
Operating Revenue		
Student tuition and fees	\$ 287,039,733	\$ 272,392,901
Scholarship allowances	(48,375,412)	(45,203,110)
Net student tuition and fees	238,664,321	227,189,791
Government grants and contracts	22,580,853	21,391,375
Nongovernmental grants	1,909,588	913,290
Sales and services of educational activities	15,004,839	13,710,287
Auxiliary activities	67,210,403	64,227,453
Scholarship allowances	(9,884,876)	(9,099,081)
Net auxiliary activities	57,325,527	55,128,372
Other operating revenue	6,700,476	6,260,031
Total operating revenue	342,185,604	324,593,146
Operating Expenses - Education and general		
Instruction	151,145,579	145,522,368
Research	6,991,086	7,852,408
Public service	27,201,376	24,993,763
Academic support	42,698,950	40,581,431
Student services	28,193,655	27,936,819
Institutional support	35,197,132	34,541,983
Operation and maintenance - Plant	46,678,380	40,890,938
Depreciation expense	23,971,364	23,239,162
Scholarships and related expenses	14,765,608	16,634,497
Auxiliary activities	40,327,710	39,712,963
Loan administrative fees and collection costs	285,722	268,594
Total operating expenses	417,456,562	402,174,926
Operating Loss	(75,270,958)	(77,581,780)
Nonoperating Revenue (Expense)		
State appropriations	63,200,000	57,823,500
Government grants	29,219,454	29,577,544
Gifts	5,992,840	5,760,021
Investment income:		
Interest, dividends, and gains (loss) on investments - Net of investment expense of \$1,264,390 and \$1,154,578 in 2015 and 2014, respectively	3,818,423	21,481,851
Change in fair value of derivatives	206,000	262,000
Interest on capital asset - Related debt	(9,884,448)	(10,988,602)
(Loss) gain on disposal of assets	(1,334,573)	47,034
Net nonoperating revenue	91,217,696	103,963,348
Income - Before other revenues, expenses, gains, or losses	15,946,738	26,381,568
Other		
Capital appropriations	18,406,140	-
Capital grants and gifts	232,627	1,611,024
Other capital income	528,430	259,040
Additions to permanent endowments	2,354,051	4,008,365
Capital contributions from 38 Front Avenue	-	6,668,184
Total other	21,521,248	12,546,613
Increase in Net Position	37,467,986	38,928,181
Net Position		
Beginning of year	656,260,397	617,332,216
Adjustment for change in accounting principle (Note 1)	(9,948,539)	-
Net position - Beginning of year, as restated	646,311,858	617,332,216
End of year	\$ 683,779,844	\$ 656,260,397

Grand Valley State University

Statement of Cash Flows

	Year Ended June 30	
	2015	2014
Cash Flows from Operating Activities		
Tuition and fees	\$ 238,800,294	\$ 226,765,165
Grants and contracts	26,528,198	20,825,810
Payments to suppliers	(120,378,562)	(103,708,766)
Payments for utilities	(7,223,465)	(7,776,019)
Payments to employees	(188,790,861)	(183,869,470)
Payments for benefits	(63,736,779)	(62,947,211)
Payments for scholarships and fellowships	(14,285,994)	(15,804,805)
Loans issued to students	(34,282,963)	(33,474,648)
Collection of loans from students	34,876,874	32,930,431
Auxiliary enterprise charges:		
Residence halls	42,619,257	41,097,903
Bookstore	8,836,569	8,329,045
Other	6,076,058	5,708,740
Sales and service of educational activities	14,772,982	13,687,253
Other receipts	6,830,297	6,942,538
Net cash used in operating activities	(49,358,095)	(51,294,034)
Cash Flows from Noncapital Financing Activities		
State appropriations	62,234,090	57,389,411
Government grants	29,249,862	29,973,686
Gifts and grants for other than capital purposes	5,773,626	5,537,626
Private gifts for endowment purposes	2,354,051	4,008,365
Charitable annuities payments - Net	(264,901)	(264,903)
Federal direct loan receipts	161,955,572	161,293,142
Federal direct loan lending disbursements	(161,734,776)	(161,695,133)
Net cash provided by noncapital financing activities	99,567,524	96,242,194
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	76,875,840	23,110,000
Capital appropriations	11,696,759	-
Capital grants and gifts received	3,510,499	7,426,112
Other capital income	2,110,957	4,274,611
Proceeds from sale of capital assets	78,188	66,163
Capital contributions from 38 Front Avenue	992,376	7,663,033
Purchases of capital assets and construction	(42,253,289)	(73,413,217)
Principal paid on capital debt	(50,555,000)	(10,045,000)
Interest paid on capital debt	(10,563,792)	(11,263,618)
Interest received from note receivable	510,000	510,000
Net cash used in capital and related financing activities	(7,597,462)	(51,671,916)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	27,831,142	13,574,660
Interest on investments	5,131,073	5,716,170
Purchase of investments	(46,575,062)	(18,418,480)
Net cash (used in) provided by investing activities	(13,612,847)	872,350
Net Increase (Decrease) in Cash and Cash Equivalents	28,999,120	(5,851,406)
Cash and Cash Equivalents - Beginning of year	38,526,752	44,378,158
Cash and Cash Equivalents - End of year	\$ 67,525,872	\$ 38,526,752

Grand Valley State University

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2015	2014
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and cash equivalents (Note 2)	\$ 39,614,078	\$ 33,763,708
Restricted cash and cash equivalents (Note 2)	27,911,794	4,763,044
Total cash and cash equivalents	\$ 67,525,872	\$ 38,526,752
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (75,270,958)	\$ (77,581,780)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	23,971,364	23,239,162
Changes in assets and liabilities:		
Receivables - Net	2,421,972	(105,660)
Inventories	(451,846)	27,340
Other assets	(470,767)	360,205
Accounts payable and accrued liabilities	240,411	2,230,433
Deferred revenue	(63,260)	506,498
Deposits held for others	264,989	29,768
Net cash used in operating activities	\$ (49,358,095)	\$ (51,294,034)

Grand Valley State University

Discretely Presented Component Unit 38 Front Avenue

Statement of Net Assets	June 30	
	2015	2014
Assets		
Current assets	\$ 471,060	\$ 450,846
Contribution receivable	1,891,279	1,897,846
Prepaid expenses	96,133	96,133
Capital assets - Net	38,135,815	39,185,336
Other assets	2,551,856	1,574,128
Total assets	<u>\$ 43,146,143</u>	<u>\$ 43,204,289</u>
Liabilities		
Current liabilities	\$ 170,010	\$ 170,010
Notes payable - QLICI (Note 4)	22,273,000	22,273,000
Notes payable - University (Note 4)	9,182,220	9,182,220
Total liabilities	31,625,230	31,625,230
Net Assets		
Unrestricted	9,629,635	9,681,213
Temporarily restricted	1,891,278	1,897,846
Total net assets	<u>11,520,913</u>	<u>11,579,059</u>
Total liabilities and net assets (Note 4)	<u>\$ 43,146,143</u>	<u>\$ 43,204,289</u>
Statement of Activities and Changes in Net Assets	Year Ended June 30	
	2015	2014
Revenue		
Capital contributions from the University	\$ -	\$ 531,816
Other contributions	1,739,183	1,739,313
Other capital income	-	7,200,000
Total revenue	1,739,183	9,471,129
Expenses		
General and administrative	237,778	636,218
Depreciation	1,049,521	1,049,521
Interest	510,030	510,030
Distribution to University	-	7,200,000
Total expenses	<u>1,797,329</u>	<u>9,395,769</u>
(Decrease) Increase in Net Assets	(58,146)	75,360
Net Assets - Beginning of year	<u>11,579,059</u>	<u>11,503,699</u>
Net Assets - End of year	<u>\$ 11,520,913</u>	<u>\$ 11,579,059</u>

Grand Valley State University

Statement of Fiduciary Net Position Employee Benefit Plans

	June 30	
	2015	2014
Assets		
Money market funds	\$ 686,311	\$ 701,886
Domestic equities	28,371,395	35,194,132
International equities	8,186,182	11,125,678
Domestic bonds	14,808,673	4,167,878
International bonds	1,447,203	979,078
Alternative assets	2,883,105	3,206,152
	<u>56,382,869</u>	<u>55,374,804</u>
Total cash and cash equivalents and investments	56,382,869	55,374,804
Accrued income	<u>140,407</u>	<u>58,717</u>
Net Position - Held in trust for pension benefits	<u>\$ 56,523,276</u>	<u>\$ 55,433,521</u>

Grand Valley State University

Statement of Changes in Fiduciary Net Position Employee Benefit Plans

	Year Ended June 30	
	2015	2014
Additions		
Investment income:		
Interest and dividend income	\$ 1,464,334	\$ 1,099,723
Net (depreciation) appreciation in fair value of investments	<u>(393,420)</u>	<u>8,424,696</u>
Total investment income	1,070,914	9,524,419
Employer contributions	2,256,628	2,298,849
Other income	<u>434,363</u>	<u>344,818</u>
Total additions	3,761,905	12,168,086
Deductions		
Benefit payments	2,462,367	2,199,067
Administrative expense	<u>209,783</u>	<u>119,717</u>
Total deductions	<u>2,672,150</u>	<u>2,318,784</u>
Net Increase	1,089,755	9,849,302
Net Position Held in Trust for Pension Benefits		
Beginning of year	<u>55,433,521</u>	<u>45,584,219</u>
End of year	<u>\$ 56,523,276</u>	<u>\$ 55,433,521</u>

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note 1 - Summary of Significant Accounting Policies

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

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

Grand Valley University Foundation (GVUF) is a Michigan nonprofit corporation established to solicit, collect, receive, and administer funds to advance the mission and goals of the University. In accordance with the provisions of GASB Statement No. 61, GVUF is blended into the University's financial statements because the University has operational responsibility for GVUF and GVUF provides services entirely for the benefit of the University. GVUF obtains an annual financial audit as required by the Michigan Department of Attorney General. The June 30, 2015 audited financial statements for GVUF are located at the University's Business and Finance Office.

University Properties, Inc. (UPI) is a Michigan nonprofit corporation established for the purpose of holding, administering, and further improving real property held by the University. In accordance with the provisions of GASB Statement No. 61, UPI is blended into the University's financial statements because the University has operational responsibility for UPI and services are provided entirely for the benefit of the University.

Grand Valley Research Corporation (GVRC) is a Michigan nonprofit corporation established for educational and scientific purposes to provide support solely to the University. In accordance with the provisions of GASB Statement No. 61, GVRC is considered to be a component unit of the University and the blending method is the appropriate method for inclusion in the University's financial statements because a financial benefit and burden relationship exists between the University and GVRC. In April 2013, GVRC became the sole member owner of Lafayette-Hastings LLC, a Michigan limited liability company that was formed in 2011 for the purpose of real estate management on behalf of the University. In September 2014, GVRC transferred its membership to the University. Both entities are blended into the University's financial statements.

38 Front Avenue is a Michigan nonprofit corporation formed in 2011. It was formed for the purpose of advancing the expansion of the L. Seidman College of Business into a new facility. The University has operational responsibility for it as it operates entirely on behalf of the University. Any outstanding debt will be repaid with resources generated by the University.

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note I - Summary of Significant Accounting Policies (Continued)

In accordance with GASB Statement No. 61, 38 Front Avenue is reported as a discrete component unit. 38 Front Avenue obtains an annual financial audit as required by its financing agreements and the June 30, 2015 report can be accessed at the University's business and finance office.

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

Condensed Statement of Net Position

	Grand Valley University Foundation		University Properties, Inc.		Grand Valley Research	Lafayette Hastings, LLC	Grand Valley Research and Lafayette Hastings, LLC
	2015	2014	2015	2014	2015	2015	2014
Assets							
Current assets	\$ 310	\$ 310	\$ 130,117	\$ 110,378	\$ 232,478	\$ 156,949	\$ 491,098
Capital assets (net)	-	-	4,958	4,958	-	-	-
Other assets	1,322,333	1,217,428	559	3,544	469,421	-	266,189
Total assets	<u>\$ 1,322,643</u>	<u>\$ 1,217,738</u>	<u>\$ 135,634</u>	<u>\$ 118,880</u>	<u>\$ 701,899</u>	<u>\$ 156,949</u>	<u>\$ 757,287</u>
Liabilities -							
Current liabilities	\$ -	\$ -	\$ -	\$ 143	\$ -	\$ 211,939	\$ 166,721
Net Position							
Net investment in capital assets	-	-	4,958	4,958	-	-	-
Restricted:							
Nonexpendable	1,124,163	1,036,448	-	-	-	-	-
Expendable	198,480	181,290	-	-	-	-	-
Unrestricted	-	-	130,676	113,779	701,899	(54,990)	590,566
Total net position	<u>1,322,643</u>	<u>1,217,738</u>	<u>135,634</u>	<u>118,737</u>	<u>701,899</u>	<u>(54,990)</u>	<u>590,566</u>
Total liabilities and net position	<u>\$ 1,322,643</u>	<u>\$ 1,217,738</u>	<u>\$ 135,634</u>	<u>\$ 118,880</u>	<u>\$ 701,899</u>	<u>\$ 156,949</u>	<u>\$ 757,287</u>

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

	Grand Valley University Foundation		University Properties, Inc.		Grand Valley Research	Lafayette Hastings, LLC	Grand Valley Research and Lafayette Hastings, LLC
	2015	2014	2015	2014	2015	2015	2014
Operating Revenue							
Sales and services of educational activities	\$ -	\$ -	\$ -	\$ -	\$ 153,583	\$ 569,000	\$ 597,137
Auxiliary enterprises	-	-	80,624	70,781	-	-	-
Other	22,491	31,670	-	-	-	-	-
Total operating revenue	<u>22,491</u>	<u>31,670</u>	<u>80,624</u>	<u>70,781</u>	<u>153,583</u>	<u>569,000</u>	<u>597,137</u>
Operating Expense							
Personnel costs	39,725	1,061	-	-	-	-	-
Supplies and other	549,612	976,479	63,727	59,608	255,063	788,364	411,432
Depreciation	-	-	-	-	-	-	24,065
Total operating expense	<u>589,337</u>	<u>977,540</u>	<u>63,727</u>	<u>59,608</u>	<u>255,063</u>	<u>788,364</u>	<u>435,497</u>
Nonoperating Revenue (Expense)							
Gifts and additions to endowments	572,676	1,540,675	-	-	-	-	-
Investment income (loss)	26,706	111,514	-	-	2,186	-	(394)
Other	72,369	-	-	(1,683)	210,627	164,374	(4,312,052)
Total nonoperating revenue (expense)	<u>671,751</u>	<u>1,652,189</u>	<u>-</u>	<u>(1,683)</u>	<u>212,813</u>	<u>164,374</u>	<u>(4,312,446)</u>
Increase (Decrease) in Net Position	<u>104,905</u>	<u>706,319</u>	<u>16,897</u>	<u>9,490</u>	<u>111,333</u>	<u>(54,990)</u>	<u>(4,150,806)</u>
Net Position - Beginning of year	<u>1,217,738</u>	<u>511,419</u>	<u>118,737</u>	<u>109,247</u>	<u>590,566</u>	<u>-</u>	<u>4,741,372</u>
Net Position - End of year	<u>\$ 1,322,643</u>	<u>\$ 1,217,738</u>	<u>\$ 135,634</u>	<u>\$ 118,737</u>	<u>\$ 701,899</u>	<u>\$ (54,990)</u>	<u>\$ 590,566</u>

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note I - Summary of Significant Accounting Policies (Continued)

Condensed Statement of Cash Flows

	Grand Valley University Foundation		University Properties, Inc.		Grand Valley	Lafayette	Grand Valley
					Research	Hastings, LLC	Research and Lafayette Hastings, LLC
	2015	2014	2015	2014	2015	2015	2014
Net cash provided by (used in) operating activities	\$ 84,565	\$ 600,788	\$ 17,042	\$ 10,107	\$ (21,588)	\$ (46,496)	\$ 289,244
Net cash used in investing activities	(84,565)	(600,788)	-	-	(164,374)	164,374	-
Net increase (decrease) in cash and cash equivalents	-	-	17,042	10,107	(185,962)	117,878	289,244
Cash and Cash Equivalents - Beginning of year	310	310	102,257	92,150	392,377	-	103,133
Cash and Cash Equivalents - End of year	\$ 310	\$ 310	\$ 119,299	\$ 102,257	\$ 206,415	\$ 117,878	\$ 392,377

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

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

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

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

Accounts Receivable - Accounts receivable are stated at net invoice amounts. An allowance for bad debts is established on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed uncollectible are charged against bad debt expense in the period that determination is made. At June 30, 2015 and 2014, there was an allowance of \$553,758 and \$755,293, respectively.

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

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Pledges Receivable - The carrying amount of pledges receivable represents recorded promises to contribute, measured at fair value, net of estimated uncollectible promises. Pledges receivable are recorded at their net present value using a discount rate of 4.72 percent for the years ended June 30, 2015 and 2014. Included in pledges receivable are an unamortized discount of \$545,755 and \$658,775 at June 30, 2015 and 2014, respectively, and an allowance of \$6,638 and \$9,311 at June 30, 2015 and 2014, respectively.

Note Receivable - During the year ended June 30, 2012, a leveraged loan of \$16,317,780 was provided to Grand Valley Investment Fund, an unrelated entity, for the purpose of financing the construction of the L. William Seidman Center. Interest accrues at 2 percent per annum. In 2019, the payment schedule shifts from interest-only payments to addition of principal, with annual receipts due of \$892,062. The note will be retired in 2041. The note is reviewed annually and is considered fully collectible at June 30, 2015.

During the year ended June 30, 2013, a loan of \$9,182,220 was provided by the University to 38 Front Avenue for the purpose of financing the construction of the L. William Seidman Center. Interest accrues at 2 percent per annum. In 2020, the payment schedule shifts from interest-only payments to also including principal, with annual receipts due of \$501,974. The note will be retired in 2042. The note is reviewed annually and is considered fully collectible at June 30, 2015.

Physical Properties - Capital assets with a unit cost of over \$5,000 and all library books are recorded at cost at the date of acquisition or, if donated, at fair market value at the date of donation. Infrastructure assets are included in the financial statements and are depreciated. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. Net capitalized interest included in construction in progress totaled approximately \$169,041 and \$33,200 at June 30, 2015 and 2014, respectively. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activity facilities.

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

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

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

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

Note I - Summary of Significant Accounting Policies (Continued)

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

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

Federal Financial Assistance Programs - The University participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, Federal Direct Lending, and Perkins Loans programs. Federal programs are audited in accordance with 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 2015 and 2014, the University distributed \$161,734,776 and \$161,695,133, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures on the accompanying financial statements.

Encumbrances - The University maintains an encumbrance system for tracking outstanding purchase orders and other commitments for materials or services not received during the year. Encumbrances totaled approximately \$52,108,500, which represents the estimated amount of expenses ultimately to result if unperformed contracts in progress at June 30, 2015 are completed. Approximately \$41,330,800 of the total is committed for capital projects.

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

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

Note I - Summary of Significant Accounting Policies (Continued)

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

The unrestricted net position balance at June 30, 2015 includes \$9,301,420 of funds functioning as endowment, \$14,369,800 of capital projects in progress, \$16,678,079 of housing and auxiliary repair and maintenance funds, \$23,845,952 of debt service funds, \$28,939,695 for academic initiatives and technology, \$42,419,374 for future capital projects and debt service, and \$18,985,919 for reserves for operations and cash flow.

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Deferred Inflows of Resources - In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. There were no deferred inflows of resources as of June 30, 2015 and 2014.

Adoption of New Standard - The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB Statement No. 71 is a clarification to GASB Statement No. 68 requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The statements also enhance accountability and transparency through revised note disclosures and required supplemental information (RSI). In accordance with the statement, the University has reported a net pension liability of \$11,552,568, which was offset by a long-term liability of \$1,604,029 recognized in prior years. Therefore, the decrease to unrestricted net position as of July 1, 2014 was \$9,948,539 as a result of the change in accounting principle.

Note 2 - Cash and Investments

The operating portfolio is invested in accordance with University policy.

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

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note 2 - Cash and Investments (Continued)

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

The board of trustees has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. Additionally, for endowment investments, the foremost objective is to maintain a spending rate that provides a proper balance between preservation of corpus and enhancement of the purchasing power of investment earnings. For the years ended June 30, 2015 and 2014, the endowed spending rate was 4.75 percent.

As of June 30, 2015, the University has remaining commitments of \$6,989,690 in alternative asset investments. As of June 30, 2015 and 2014, the University had approximately \$32.2 million and \$29.5 million, respectively, invested in alternative asset investments.

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

	2015	2014
Cash and cash equivalents	\$ 39,614,078	\$ 33,763,708
Short-term investments	13,123,705	26,093,427
Restricted cash and cash equivalents	27,911,794	4,763,044
Endowment investments	103,864,825	100,076,069
Other long-term investments	<u>141,958,412</u>	<u>115,460,691</u>
Total cash and investments	<u>\$ 326,472,814</u>	<u>\$ 280,156,939</u>

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

	2015	2014
Money markets	\$ 67,525,872	\$ 38,526,752
Time deposits	1,008,123	1,004,184
Fixed-income securities	-	12,993,240
Equity security investments	64,760,222	63,900,962
Mutual bond funds	159,001,201	132,373,350
Other	<u>34,177,396</u>	<u>31,358,451</u>
Total cash and investments	<u>\$ 326,472,814</u>	<u>\$ 280,156,939</u>

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note 2 - Cash and Investments (Continued)

As of June 30, 2015, 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	\$ 67,525,872	\$ 67,525,872	\$ -	\$ -	\$ -
Time deposits	1,008,123	1,008,123	-	-	-
Mutual bond funds	159,001,201	-	97,477,925	46,150,967	15,372,309
Mutual equity funds	36,798,772	-	7,367,632	-	29,431,140
Mutual international equity funds	27,961,450	-	1,420,229	-	26,541,221
Real estate	1,812,376	-	-	-	1,812,376
Venture capital	7,834,699	-	-	-	7,834,699
Other investments	24,530,321	-	1,120,224	-	23,410,097
Total investments and maturities	<u>\$ 326,472,814</u>	<u>\$ 68,533,995</u>	<u>\$ 107,386,010</u>	<u>\$ 46,150,967</u>	<u>\$ 104,401,842</u>

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

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

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

Investments are presented above based on the segmented time distribution maturity. Mutual equity funds are considered to be long-term funds and therefore are presented as investments with a maturity over one year, whereas the mutual bond funds as of June 30, 2015 have average maturities between 2.2 years and 8.8 years and are presented as an investment with a maturity over one year. Mutual bond funds as of June 30, 2014 have average maturities between 0.9 years and 8.6 years. Market risks (including interest rate risk and liquidity risk) and credit risks are managed by board policies.

Note 2 - Cash and Investments (Continued)

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

Less than one year	10%-100%
One to five years	0%-90%
More than five years	0%-30%

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be available or returned. The University does not have a deposit policy for custodial credit risk. At June 30, 2015 and 2014, the carrying amount of the University's deposits was \$67,525,872 and \$38,526,752, respectively. Of the cash balances in the bank, \$1,524,290 and \$1,509,378, respectively, was insured.

The remaining cash balances in the bank of \$69,149,284 and \$39,460,798 at June 30, 2015 and 2014, respectively, were uninsured and uncollateralized. The University does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

38 Front Avenue maintains cash balances at one bank and as part of the University's pooled operating cash and investments. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2015 and 2014, the Company had uninsured deposits totaling \$221,000 and \$200,846, respectively.

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

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

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

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note 2 - Cash and Investments (Continued)

The University held the following types of fixed-income investments and credit ratings at June 30, 2015 and 2014:

	Market Value 2015	Rating*	Market Value 2014	Rating*
PNC UltraShort	\$ 12,115,581	3 star	\$ 12,096,003	3 star
Vanguard Short Term Investment Grade	27,764,631	4 star	12,771,551	4 star
Doubleline Low Duration	24,950,690	4 star	-	
Western Asset Intermediate	30,425,964	3 star	30,591,023	3 star
Loomis Sayles Multisector Full Discretion	3,210,938	4 star	3,639,844	5 star
JPMorgan Core Bond	14,943,394	4 star	14,597,152	4 star
Ridgeworth Seix Floating Rate High Income	7,138,852	4 star	7,011,723	2 star
Vanguard TIPS Inflation Protected Security	6,189,263	4 star	6,394,984	4 star
Franklin Templeton	3,837,024	3 star	4,382,640	5 star
Doubleline Total Return	10,831,496	5 star	10,483,686	5 star
PIMCO Low Duration	192,902	4 star	14,956,823	4 star
Dodge & Cox Income Fund	1,172,878	4 star	263,083	4 star
iShares Core Total	460,140	3 star	344,610	3 star
Oppenheimer International	96,981	4 star	53,915	3 star
Vanguard Intermediate Term	298,158	4 star	-	
PIMCO Total Return	-		206,543	3 star
U.S. government agencies	-		12,993,240	AA+
Total	<u>\$ 143,628,892</u>		<u>\$ 130,786,820</u>	

* Star ratings obtained from Morningstar, AA+ and A2 ratings obtained from S&P.

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

Foreign Credit Risk - The University holds investments in some international mutual funds that invest in international equity funds and debt. These funds are invested in various countries throughout the world and therefore expose the University to foreign credit risk. The international equity and debt investments represent approximately 15 percent and 18 percent of total cash and investments at June 30, 2015 and 2014, respectively. Investments in these funds were approximately \$49.4 million and \$51.8 million for the years ended June 30, 2015 and 2014, 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, 2015 and 2014

Note 3 - Capital Assets

Capital asset activity for the University for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 62,110,551	\$ 4,306,731	\$ 2,735,668	\$ 63,681,614
Nondepreciable artwork and historical treasures	5,869,167	135,192	-	6,004,359
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	<u>36,228,319</u>	<u>11,741,330</u>	<u>-</u>	<u>47,969,649</u>
Total cost of nondepreciable capital assets	105,930,857	16,183,253	2,735,668	119,378,442
Land improvements and infrastructure	97,591,930	2,007,137	-	99,599,067
Buildings	622,012,114	24,000,879	1,273,572	644,739,421
Equipment	60,187,520	1,556,993	1,219,900	60,524,613
Library books	<u>15,748,140</u>	<u>817,217</u>	<u>432,837</u>	<u>16,132,520</u>
Total cost of depreciable capital assets	<u>795,539,704</u>	<u>28,382,226</u>	<u>2,926,309</u>	<u>820,995,621</u>
Total cost of capital assets	901,470,561	<u>\$ 44,565,479</u>	<u>\$ 5,661,977</u>	940,374,063
Less accumulated depreciation for:				
Land improvements and infrastructure	45,198,118	\$ 4,761,686	\$ -	49,959,804
Buildings	168,206,810	14,589,871	625,978	182,170,703
Equipment	45,020,941	3,740,209	1,116,402	47,644,748
Library books	<u>11,960,550</u>	<u>879,598</u>	<u>432,837</u>	<u>12,407,311</u>
Total accumulated depreciation	<u>270,386,419</u>	<u>\$ 23,971,364</u>	<u>\$ 2,175,217</u>	<u>292,182,566</u>
Capital assets - Net	<u>\$ 631,084,142</u>			<u>\$ 648,191,497</u>

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note 3 - Capital Assets (Continued)

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

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

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note 3 - Capital Assets (Continued)

Capital asset activity for 38 Front Avenue for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land improvements and infrastructure	\$ 1,746,000	\$ -	\$ -	\$ 1,746,000
Buildings	38,488,857	-	-	38,488,857
Total cost of capital assets	40,234,857	<u>\$ -</u>	<u>\$ -</u>	40,234,857
Less accumulated depreciation for:				
Land improvements and infrastructure	87,300	\$ 87,300	\$ -	174,600
Buildings	962,221	962,221	-	1,924,442
Total accumulated depreciation	1,049,521	<u>\$ 1,049,521</u>	<u>\$ -</u>	2,099,042
Capital assets - Net	<u>\$ 39,185,336</u>			<u>\$ 38,135,815</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance
Land improvements and infrastructure	\$ 1,746,000	\$ -	\$ -	\$ 1,746,000
Buildings	38,211,775	277,082	-	38,488,857
Total cost of capital assets	39,957,775	<u>\$ 277,082</u>	<u>\$ -</u>	40,234,857
Less accumulated depreciation for:				
Land improvements and infrastructure	-	\$ 87,300	\$ -	87,300
Buildings	-	962,221	-	962,221
Total accumulated depreciation	-	<u>\$ 1,049,521</u>	<u>\$ -</u>	1,049,521
Capital assets - Net	<u>\$ 39,957,775</u>			<u>\$ 39,185,336</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, 2015 and 2014

Note 4 - Long-term Liabilities

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

The changes in long-term liabilities for the year ended June 30, 2015 are as shown below:

	Beginning Balance	Additions	Reductions	GASB 68 Reclassification	Ending Balance	Due Within One Year
General Revenue Bonds, Series 1998	\$ 5,580,000	\$ -	\$ 1,285,000	\$ -	\$ 4,295,000	\$ 1,355,000
General Revenue Bonds, Series 2007A	8,165,000	-	725,000	-	7,440,000	745,000
General Revenue Refunding Bonds, Series 2008A	85,245,000	-	2,840,000	-	82,405,000	3,090,000
General Revenue Refunding Variable Rate Demand Bonds, Series 2008B	36,770,000	-	1,675,000	-	35,095,000	1,700,000
General Revenue Bonds, Series 2009	46,425,000	-	39,195,000	-	7,230,000	1,335,000
General Revenue Bonds, Series 2011	17,475,000	-	2,155,000	-	15,320,000	2,260,000
General Revenue Refunding Bonds, Series 2013A	28,630,000	-	2,680,000	-	25,950,000	2,770,000
General Revenue Bonds, Series 2014A	23,110,000	9,010,000	-	-	32,120,000	-
General Revenue Refunding Bonds, Series 2014B	-	36,940,000	-	-	36,940,000	-
General Revenue Bonds, Series 2015A	-	27,430,000	-	-	27,430,000	-
Total bonds payable	251,400,000	73,380,000	50,555,000	-	274,225,000	13,255,000
Unamortized bond premiums	1,929,245	7,938,083	501,912	-	9,365,416	637,520
Net other postemployment benefits (see Note 6)	6,986,428	1,841,914	414,635	-	8,413,707	415,000
Defined benefit retirement payable	1,604,029	-	-	1,604,029	-	-
Charitable gift annuities payable	1,125,627	447,979	264,902	-	1,308,704	264,902
Ground lease payable to 38 Front	1,897,847	-	6,568	-	1,891,279	6,700
Building lease payable to 38 Front	1,001,286	998,944	-	-	2,000,230	-
Interest rate swap contract (see Note 5)	2,837,000	-	538,000	-	2,299,000	484,000
Deferred charge refunding (see Note 5)	(2,837,000)	-	(538,000)	-	(2,299,000)	(484,000)
Total	265,944,462	\$ 84,606,920	\$ 51,743,017	\$ 1,604,029	297,204,336	\$ 14,579,122
Due within one year	13,690,986				14,579,122	
Total long-term liabilities	\$ 252,253,476				\$ 282,625,214	

The changes in long-term liability for 38 Front Avenue for the year ended June 30, 2015 are as follows:

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

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note 4 - Long-term Liabilities (Continued)

The changes in long-term liabilities for the year ended June 30, 2014 are as shown below:

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

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

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

Note 4 - Long-term Liabilities (Continued)

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

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

The General Revenue Refunding Bonds, Series 2008A, and the General Revenue Refunding Variable Rate Demand Bonds, Series 2008B, were issued in April 2008 by the board of trustees for the refunding and extinguishment of \$20,730,000 of Series 2001B bonds, \$14,775,000 of Series 2002A bonds, \$25,445,000 of Series 2003 bonds, \$22,660,000 of Series 2004 bonds, and \$61,535,000 of Series 2007B bonds and to provide funds for the termination of a prior swap agreement. The interest rate on the Series 2008A bonds ranges from 4.13 percent to 5.00 percent. The Series 2008A bonds mature in 2034 and the Series 2008B bonds mature in 2032.

At June 30, 2015 and 2014, the Series 2008B bonds bear interest based on a weekly rate determined by the remarketing agent (0.07 percent and 0.05 percent at June 30, 2015 and 2014, respectively). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which the bonds could potentially be converted to include a daily rate mode, a commercial paper rate mode, a term rate mode, and a fixed rate mode. The bonds are subject to purchase on demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, upon seven days' notice and delivery to the remarketing agent. Liquidity for the payment of the purchase price of the bonds on any mandatory or optional tender will be provided by an irrevocable direct pay letter of credit.

The General Revenue Bonds, Series 2009, were issued in February 2009 by the board of trustees to provide funds for construction of a residential living center and a dining facility with academic space. In addition to the scheduled payment of \$1,335,000, \$37,905,000 of the bonds were defeased through a refunding in 2014. The defeased bonds are held in trust until callable on December 1, 2016. The interest rates on the remaining bonds range from 3.875 percent to 5.00 percent. The remaining bonds mature in 2020.

Note 4 - Long-term Liabilities (Continued)

The General Revenue Bonds, Series 2011, were issued in May 2011 by the board of trustees to provide a portion of the funds needed to construct, furnish, and equip the Mary Idema Pew Library Learning and Information Commons. The interest rates on these bonds range from 4.00 percent to 5.00 percent. The bonds mature in 2021.

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

At June 30, 2015 and 2014, the Series 2013A bonds bear interest of 0.68 percent and 0.66 percent, respectively, based on a reset rate calculated as a factor of LIBOR plus an applicable spread. The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which the bonds could potentially be converted include a daily rate mode, a weekly rate mode, a term rate mode, a bank rate mode, and a fixed rate mode. The bonds mature in 2025.

The General Revenue Bonds, Series 2014A, were issued in February 2014 by the board of trustees to provide a portion of the funds needed to construct, furnish, and equip a classroom and laboratory building on the Allendale Campus and a building for the relocation of the University's bookstore and printing activities, as well as an addition to Au Sable Hall. This is a draw-down bond in which a portion was drawn during fiscal year 2014 and the remainder in fiscal year 2015.

At June 30, 2015 and 2014, the Series 2014A bonds bear interest of 0.65 percent and 0.63 percent, respectively, based on a reset rate calculated as a factor of LIBOR plus an applicable spread. The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which the bonds could potentially be converted include a daily-rate mode, a weekly-rate mode, a term-rate mode, a bank-rate mode, and a fixed-rate mode. The bonds mature in 2040.

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

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

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note 4 - Long-term Liabilities (Continued)

Scheduled maturities of long-term liabilities are as follows:

Fiscal Year	Revenue Bonds	Annuities Payable	Total	Interest
2016	\$ 13,255,000	\$ 264,902	\$ 13,519,902	\$ 8,999,930
2017	13,950,000	264,902	14,214,902	8,628,836
2018	14,690,000	264,902	14,954,902	8,133,488
2019	14,885,000	264,902	15,149,902	7,597,632
2020	15,120,000	249,096	15,369,096	7,107,949
2021-2025	62,445,000	-	62,445,000	28,963,384
2026-2030	71,370,000	-	71,370,000	17,674,117
2031-2035	55,760,000	-	55,760,000	5,096,833
2036-2040	12,750,000	-	12,750,000	214,379
Total	<u>\$ 274,225,000</u>	<u>\$ 1,308,704</u>	<u>\$ 275,533,704</u>	<u>\$ 92,416,548</u>

38 Front Avenue Loans Payable

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

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

The scheduled maturities of the 38 Front Avenue loans payable are as follows:

Fiscal Year	Loans Payable	Interest
2016	\$ -	\$ 510,033
2017	-	510,033
2018	152,000	509,260
2019	815,779	503,702
2020	1,146,060	491,691
2021-2025	6,013,888	2,173,947
2026-2030	6,516,210	1,670,005
2031-2035	7,060,916	1,123,557
2036-2040	7,652,577	530,022
2041-2042	2,097,790	40,218
Total	<u>\$ 31,455,220</u>	<u>\$ 8,062,468</u>

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note 5 - Derivative Instruments

The University is party to derivative financial instruments (interest rate swaps) that are reported at fair value on the statement of net position at June 30, 2015 and 2014. The fair value is calculated by the counterparty to the transactions and approximates the termination value of the interest rate swaps.

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2015, classified by type and the change in fair value of such derivative instruments for the year ended as reported in the 2015 financial statements, are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2015		Notional
	Classification	Amount	Classification	Amount	
Hedging Derivatives					
Cash flow hedges:					
Pay fixed-interest rate swap	Deferred outflow of resources/Interest rate swap contract	\$ (105,000)	Liability	\$ (235,000)	\$ 25,950,000
Pay fixed interest rate swap	Deferred outflow of resources	<u>(397,000)</u>	Liability	<u>(5,785,000)</u>	27,940,000
	Total	(502,000)	Total	(6,020,000)	
Investment Derivative -					
Pay fixed-interest rate swap	Change in fair value of derivative instruments	206,000	Liability	<u>(442,000)</u>	7,155,000
			Total	<u>\$ (6,462,000)</u>	

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

Type	Changes in Fair Value		Fair Value at June 30, 2014		Notional
	Classification	Amount	Classification	Amount	
Hedging Derivatives					
Cash flow hedges:					
Pay fixed-interest rate swap	Deferred outflow of resources/Interest rate swap contract	\$ 3,400,000	Liability	\$ (130,000)	\$ 28,630,000
Pay fixed-interest rate swap	Deferred outflow of resources	<u>40,000</u>	Liability	<u>(5,388,000)</u>	27,940,000
	Total	3,440,000	Total	(5,518,000)	
Investment Derivative -					
Pay fixed-interest rate swap	Change in fair value of derivative instruments	262,000	Liability	<u>(648,000)</u>	8,840,000
			Total	<u>\$ (6,166,000)</u>	

Note 5 - Derivative Instruments (Continued)

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

Effective Date	Type	Objective	Notional Amount	Pay Terms	Receive Terms	Maturity Date	Counterparty Credit Rating
9/24/2003	Pay fixed, Receive variable	Cash flow hedge for Series 2008B bonds	\$ 7,155,000	3.299% Fixed	70% of one-month LIBOR	6/1/2019	A3/A-
3/3/2005	Pay fixed, Receive variable	Cash flow hedge for Series 20013A bonds	25,950,000	3.501% Fixed	70% of one-month LIBOR	12/1/2025	A3/A-
9/6/2007	Pay fixed, Receive variable	Cash flow hedge for Series 2008B bonds	27,940,000	3.691% Fixed	70% of one-month LIBOR	12/1/2031	A3/A-

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

In fiscal year 2014, one of the University’s hedging relationships was designated into a new relationship due to a refunding of the original debt. In accordance with GASB Statement No. 53, this swap is now considered a hybrid instrument consisting of a financing element and an embedded derivative. The at-market amount of the swap at the time of the new hedging relationship is designated as a hedging instrument with a current mark-to-market value of \$235,000 and \$130,000 at June 30, 2015 and 2014, respectively. The above-market amount, which equals \$2,837,000 and \$2,299,000 at June 30, 2015 and 2014, respectively, is considered a borrowing and included in long-term debt as an interest rate swap contract and is offset by deferred charge on refunding.

The fair values of the interest rate swaps were calculated by an independent consultant as of June 30, 2015 and 2014. The fair values represent the future net settlement payments or receipts required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates.

The interest rate swaps are subject to the following risks:

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

Note 5 - Derivative Instruments (Continued)

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

The aggregate fair value of hedging derivative instruments in asset positions at June 30, 2015 and 2014 was \$0. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. This maximum exposure is reduced by \$0 of collateral held and \$8,761,000 and \$9,003,000 at June 30, 2015 and 2014, respectively, of liabilities included in netting arrangements with those counterparties, resulting in a net exposure to credit risk of \$0.

All of the contracts are held with one counterparty. That counterparty is rated A3/A- at June 30, 2015.

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

Basis Risk - The University is exposed to basis risk on its LIBOR-based interest rate swaps due to variable-rate payments received by the University on these instruments based on a rate or index other than interest rates the University pays on its variable-rate debt, which is remarketed every seven days. As of June 30, 2015 and 2014, the weighted average interest rate on the University's hedged variable-rate debt is .33 percent and .32 percent, respectively, while 70 percent of LIBOR is .13 percent and .11 percent, respectively.

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

Hedging Derivative Instrument Payments and Hedged Debt

As of June 30, 2015, aggregate debt service requirements of the University's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note 5 - Derivative Instruments (Continued)

Fiscal Year	<u>Associated with Swap Agreements</u>		Interest Rate	Total
	Principal	Interest	Swaps - Net	
2016	\$ 2,770,000	\$ 176,587	\$ 1,398,343	\$ 4,344,930
2017	2,870,000	165,589	1,720,049	4,755,638
2018	2,990,000	145,634	1,620,958	4,756,592
2019	3,100,000	124,904	1,518,017	4,742,921
2020	3,225,000	103,368	1,411,075	4,739,443
2021-2025	18,825,000	241,897	5,120,813	24,187,710
2026-2030	14,045,000	46,808	2,263,502	16,355,310
2031-2032	6,065,000	3,946	200,734	6,269,680
Total	<u>\$ 53,890,000</u>	<u>\$ 1,008,733</u>	<u>\$ 15,253,491</u>	<u>\$ 70,152,224</u>

Note 6 - Retirement Plans

Defined Contribution Plans

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

The total expense under this discretionary plan was approximately \$15,239,800 and \$14,481,400 for the years ended June 30, 2015 and 2014, respectively. Total payroll covered under this plan was approximately \$127,166,000 in 2015 and \$120,895,700 in 2014.

Maintenance, grounds, and service staff hired after October 8, 2004 and professional support staff hired on or after February 2, 2006 participate in a defined contribution plan with University contributions equal to 8 percent of wages. Effective January 1, 2015, the University will also match the employees' contribution up to an additional 1.0 percent of wages. Participants become fully vested upon completion of two years of employment. Total expenses under this plan were approximately \$769,600 in 2015 and \$678,500 in 2014. Total payroll covered under this plan was approximately \$9,619,600 in 2015 and \$8,481,100 in 2014.

Note 6 - Retirement Plans (Continued)

Defined Benefit Plans

GVSU Professional Support Staff Employees' Retirement Plan Description

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

At July 1, 2014, retirement plan membership consisted of the following:

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

Benefits provided. The plan provides retirement and death benefits. Retirement benefits for plan members are calculated as 1.9 percent of the member's calendar year salary for the highest five years out of the last 10 years multiplied by the member's years of service. Plan members with 10 years of continuous service are eligible to retire at age 65, or with reduced benefits, as early as age 55. Death benefits are equal to the present value of accrued benefits. A plan member who leaves the University with less than 10 years of continuous service may withdraw his or her contributions. The plan does not provide cost of living adjustments.

Contributions. Article 9, Section 24 of the Regulations of the State of Michigan constitution requires the financial benefits arising on account of service rendered each year be funded during that year. The University retains an actuary to determine the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. In addition, active members also contribute to the plan. Beginning January 1, 2015, the active member's contribution rate changed from 2.0 percent to 3.0 percent. The University's contribution rate of annual payroll was 15.1 percent and 14.6 percent for the year ended June 30, 2015 and 2014, respectively.

Note 6 - Retirement Plans (Continued)

Investments

Investment policy. The retirement plan's policy in regard to the allocation of invested assets is established and may be amended by the treasurer of the board in consultation with the GVSU Pension Plans Investment Committee. It is the policy of the treasurer of the board to pursue an investment strategy that is long term and primarily equity-based. The retirement plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the asset allocation policy as of June 30, 2015:

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

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

Rate of return. The annual money-weighted rate of return on retirement plan investments, net of retirement plan investment expense, was 2.9 percent and 20.2 percent for the years ended June 30, 2015 and 2014, respectively. The money-weighted rate of return expresses investment performance, net of investment expense.

Note 6 - Retirement Plans (Continued)

Net Pension Liability of the University

The University's net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which used update procedures to roll forward the estimated liability to June 30, 2015.

Changes in the net pension liability during the measurement year were as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2014	\$ 47,511,566	\$ 40,492,321	\$ 7,019,245
Changes for the Year			
Service cost - Beginning of year	869,998	-	869,998
Interest on average adjusted TPL	3,170,993	-	3,170,993
Changes in assumptions	3,014,969	-	3,014,969
Benefits payments, including refunds of member contributions	(1,683,752)	-	(1,683,752)
Contributions - Employer	-	1,645,094	(1,645,094)
Contributions - Member	-	280,975	(280,975)
Net investment income	-	610,806	(610,806)
Benefit payments, including refunds of member contributions	-	(1,683,752)	1,683,752
Net Changes	<u>5,372,208</u>	<u>853,123</u>	<u>4,519,085</u>
Balance at June 30, 2015	<u>\$ 52,883,774</u>	<u>\$ 41,345,444</u>	<u>\$ 11,538,330</u>

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

For the years ended June 30, 2015 and 2014, the University recognized pension expense of \$1,767,781 and \$1,681,352, respectively. At June 30, 2015, the University reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 603,627
Changes in assumptions	2,122,081
Net difference between projected and actual earnings on plan investments	<u>1,670,690</u>
Total	<u>\$ 4,396,398</u>

Note 6 - Retirement Plans (Continued)

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

Years Ended June 30	Amount
2016	\$ 706,934
2017	706,934
2018	706,934
2019	706,934
2020	289,261

Actuarial assumptions. The actuarial valuation as of July 1, 2014 was prepared by updating procedures and including the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases including inflation	2.50%
Investment rate of return	7.06%, net of pension plan investment expense

Mortality rates were updated to the Mortality Table RP-2014 with Projection Table MP-2014 from the 1983 Group Annuity Mortality Table for Males or Females, as appropriate

Discount rate. The discount rate used to measure the total pension liability at June 30, 2015 was 6.80 percent, whereas the prior rate used at June 30, 2014 was 6.82 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that University contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the retirement plan's fiduciary net position was not projected to be available to make all projected future benefit payments of active and inactive plan members. Therefore, the discount rate incorporates a municipal bond rate of 3.05 percent. The source of that bond rate was the AA Rated 20 year bond rate as published by FMS Bonds, Inc. The long-term expected rate of return from plan investments was applied to projected benefit payments from 2015 through 2074 and the municipal bond rate was applied to the remaining periods.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of June 30, 2015, the measurement date, for each major asset class are summarized in the table on the following page.

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note 6 - Retirement Plans (Continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equities	57%	7.89%
International equities	15%	8.73%
Fixed income	20%	4.33%
Cash	0%	0.50%
Real estate	3%	7.98%
Commodities	5%	2.91%

The sum of the target allocations times the long-term expected rates is 7.06 percent.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability (NPL) of the University, calculated using the discount rate of 6.80 percent, as well as what the University's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80 percent) or one percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Net pension liability	\$ 18,688,641	\$ 11,538,330	\$ 5,596,792

GVSU Maintenance, Grounds, Service Employees' Retirement Plan Description

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

At July 1, 2014, retirement plan membership consisted of the following:

Inactive plan members receiving benefits	61
Inactive members entitled to, not yet receiving benefits	5
Active plan members	92
Total participants	158

Note 6 - Retirement Plans (Continued)

Benefits provided. The plan provides retirement and death benefits. Retirement benefits for plan members are calculated as 1.9 percent of the member's calendar year salary for the highest five years out of the last 10 years multiplied by the member's years of service. Plan members with 10 years of continuous service are eligible to retire at age 65, or with reduced benefits, as early as age 55. Death benefits are equal to the present value of accrued benefits. A plan member who leaves the University with less than 10 years of continuous service may withdraw his or her contributions. The plan does not provide cost of living adjustments.

Contributions. Article 9, Section 24 of the Regulations of the State of Michigan Constitution requires the financial benefits arising on account of service rendered each year be funded during that year. The University retains an independent actuary to determine the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. In addition, active members also contribute to the plan. Beginning May 1, 2015, the active member's contribution rate changed to 4.10 percent from 4.25 percent. The University's contribution rate of annual payroll was 16.4 percent and 14.8 percent for the years ended June 30, 2015 and 2014, respectively.

Investments

Investment policy. The retirement plan's policy in regard to the allocation of invested assets is established and may be amended by the treasurer of the board in consultation with the GVSU Pension Plans Investment Committee. It is the policy of the treasurer of the board to pursue an investment strategy that is long term and primarily equity-based. The retirement plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the asset allocation policy as of June 30, 2015:

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

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

Rate of return. The annual money-weighted rate of return on retirement plan investments, net of retirement plan investment expense, was 2.9 percent and 20.2 percent for the years ended June 30, 2015 and June 30, 2014, respectively. The money-weighted rate of return expresses investment performance, net of investment expense.

Note 6 - Retirement Plans (Continued)

Net Pension Liability

The University's net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which used update procedures to roll forward the estimated liability to June 30, 2015.

Changes in the net pension liability during the measurement year were as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2014	\$ 19,474,523	\$ 14,941,200	\$ 4,533,323
Changes for the Year			
Service cost - Beginning of year	373,413	-	373,413
Interest on average adjusted TPL	1,227,012	-	1,227,012
Changes in assumptions	2,280,678	-	2,280,678
Benefits payments, including refunds of member contributions	(778,615)	-	(778,615)
Contributions - Employer	-	611,534	(611,534)
Contributions - Member	-	165,723	(165,723)
Net investment income	-	237,990	(237,990)
Benefit payments, including refunds of member contributions	-	(778,615)	778,615
Net Changes	<u>3,102,488</u>	<u>236,632</u>	<u>2,865,856</u>
Balance at June 30, 2015	<u>\$ 22,577,011</u>	<u>\$ 15,177,832</u>	<u>\$ 7,399,179</u>

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

For the years ended June 30, 2015 and 2014, the University recognized pension expense of \$905,405 and \$617,498, respectively. At June 30, 2015, the University reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 372,677
Changes in assumptions	1,668,459
Net difference between projected and actual earnings on plan investments	<u>530,849</u>
Total	<u>\$ 2,571,985</u>

Note 6 - Retirement Plans (Continued)

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

<u>Amortization of Deferred Outflows</u>	<u>Amount</u>
2016	\$ 372,254
2017	372,254
2018	372,254
2019	372,255
2020	239,542
Thereafter	843,426

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2014, using updating procedures and the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases including inflation	2.50%
Investment rate of return	7.06%, net of pension plan investment expense

Mortality rates were updated to the Mortality Table RP-2014 with Projection Table MP-2014 from the 1983 Group Annuity Mortality Table for Males or Females, as appropriate.

Discount rate. The discount rate used to measure the total pension liability was 5.90 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that University contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The discount rate declined from 6.42 percent at June 30, 2014 mainly as a result of use of the new mortality tables. Based on those assumptions, the retirement plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the discount rate incorporates a municipal bond rate of 3.05 percent. The source of that bond rate was the AA Rated 20-year bond rate as published by FMS Bonds, Inc. The long-term expected rate of return from plan investments was applied to projected benefit payments from 2015 through 2050 and the municipal bond rate was applied to the remaining periods.

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation as of June 30, 2015 (see the discussion of the retirement plan's investment policy) are summarized in the table on the next page.

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note 6 - Retirement Plans (Continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equities	57%	7.89%
International equities	15%	8.73%
Fixed income	20%	4.33%
Cash	0%	0.00%
Real estate	3%	7.98%
Commodities	5%	2.91%

The sum of the target allocations times the long-term expected rates is 7.06 percent.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability (NPL) of the University, calculated using the discount rate of 5.90 percent, as well as what the University's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.90 percent) or one percentage point higher (6.90 percent) than the current rate:

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
Net pension liability	\$ 10,309,746	\$ 7,399,179	\$ 4,954,212

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 2,471 members as of July 1, 2015 and currently does not require active members to contribute to the plan. At January 1, 2014, the plan was closed to new participants.

Plan Description - Substantially all of the University's employees hired prior to January 1, 2014 may become eligible for certain healthcare benefits if they reach retirement age while working for the University, are vested in a University-sponsored retirement plan, and their years of University service and age total a minimum of 75.

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

Note 6 - Retirement Plans (Continued)

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

Funded Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$12,178,970, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,178,970. An investment fund was established for the purpose of prefunding retiree benefits, with a market value of \$12,052,353 and \$10,460,491 at June 30, 2015 and 2014, respectively. However, because the funds are not irrevocable, these contributions do not constitute contributions for GASB Statement No. 45 purposes. The covered payroll (annual payroll of active employees covered by the plan) was \$142,719,060 and \$145,002,900 for 2015 and 2014, respectively, and the ratio of all UAAL to covered payroll was 8.53 percent and 8.41 percent for 2015 and 2014, respectively.

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

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

In the July 1, 2015 actuarial valuation, the projected unit cost actuarial method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses) based on the expected long-term investment returns on plan assets. There was a change in assumptions to update the mortality to the RP-2014 table. 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, 2015 was seven years. Benefits valued are fixed dollar amounts.

Grand Valley State University

Notes to Financial Statements June 30, 2015 and 2014

Note 7 - Commitments

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

Beginning on January 1, 2011, the University leased lab space to a private company for a five-year term. The tenant has the option of extending the lease for five additional periods of five years each. At June 30, 2015, the base rent is \$136,135 per year.

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

The University has agreed to lease office space from Bicycle Factory, LLC, beginning in the fiscal year ended June 30, 2009 for 90 months. As of June 30, 2015, the University has \$113,143 as a put deposit. In the event the lessor elects to sell individual units (floors) therein, the University has the ability to purchase it for \$3.47 million.

Note 8 - Contingencies

The University is self-funded for coverage under portions of its hospital/medical benefits and for all unemployment compensation and workers' compensation. The University also offers one HMO plan to employees. Stop-loss coverage has been purchased by the University for the self-funded hospital/medical benefits and workers' compensation claims. The stop-loss insurance limits the claims for hospital/medical benefits to \$250,000 per individual, with no lifetime limit. The workers' compensation stop-loss insurance limits its liability for claims paid per individual to \$500,000 in 2015 and 2014. Current liabilities for estimated claims retained by the University under self-insurance programs have been established at \$1,738,702 and \$1,662,493 as of June 30, 2015 and 2014, respectively.

	2015	2014
Balance - Beginning of year	\$ 1,662,493	\$ 2,130,760
Claims incurred and changes in estimates	29,611,203	27,813,816
Claim payments	(29,534,994)	(28,282,083)
Balance - End of year	<u>\$ 1,738,702</u>	<u>\$ 1,662,493</u>

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

Note 8 - Contingencies (Continued)

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 2015, there are 11 universities that participate in MUSIC. Each participating university is responsible for a first tier of losses up to a level that has been actuarially determined. MUSIC is financially responsible for a second tier of losses. For comprehensive general liability errors and omissions and all risk property insurance, MUSIC has purchased excess insurance coverage with commercial insurance carriers to cover a third tier of losses. However, in the event the insurance reserves established by MUSIC are insufficient to meet its second tier obligations, each of the participating universities share this obligation by agreements with MUSIC.

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

Pursuant to State of Michigan Public Act 362 of 1993, as amended, the University has previously authorized 71 public school academies. All 71 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 \$246,497,213 and \$234,925,984 was appropriated by the State in 2015 and 2014, respectively, to be allocated to the public school academies, net of approximately a 3 percent administrative fee retained by the University. At June 30, 2015, \$44,682,292 was outstanding as a receivable from the State, of which \$43,437,255 will be subsequently forwarded to support the public school academies. At June 30, 2014, \$42,871,672 was outstanding as a receivable from the State, of which \$41,677,380 was subsequently forwarded to support the public school academies. This activity is treated as an agency transaction.

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

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

Note 8 - Contingencies (Continued)

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

Note 9 - Upcoming Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. The statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The University is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2015.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the University to recognize on the face of the financial statements its full net OPEB liability. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The University is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2017.

Required Supplemental Information

Grand Valley State University

Required Supplemental Information Professional Support Staff Employees' Retirement Plan

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

	June 30, 2015	June 30, 2014
Total Pension Liability (TPL)		
Service cost - Beginning of year	\$ 869,998	\$ 884,731
Interest on average adjusted TPL	3,170,993	3,026,543
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes in assumptions	3,014,969	-
Benefits payments, including refunds of member contributions	(1,683,752)	(1,554,355)
Net change in total pension liability	5,372,208	2,356,919
Total pension liability - Beginning of year	47,511,566	45,154,647
Total pension liability - End of year	\$ 52,883,774	\$ 47,511,566
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,645,094	\$ 1,681,351
Contributions - Member	280,975	161,147
Net investment income	781,423	6,959,448
Administrative expenses	(160,112)	(77,694)
Benefit payments, including refunds of member contributions	(1,683,752)	(1,554,355)
Other	(10,505)	1,534
Net change in plan fiduciary net position	853,123	7,171,431
Plan fiduciary net position - Beginning of year	40,492,321	33,320,890
Plan fiduciary net position - End of year	\$ 41,345,444	\$ 40,492,321
Net pension liability - End of year	\$ 11,538,330	\$ 7,019,245
Plan fiduciary net position as a percentage of total pension liability	78.2%	85.2%
Covered employee payroll	\$ 10,858,867	\$ 11,544,380
Net pension liability as a percentage of covered employee payroll	106.3%	60.8%

Schedule of Investment Returns

	June 30, 2015	June 30, 2014
Annual money-weighted rate of return, net of investment expense	2.9%	20.2%

Grand Valley State University

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

	June 30, 2015	June 30, 2014
Actuarially determined contribution offset by employee contributions	\$ 1,482,594	\$ 1,741,333
Actual contributions by University	\$ 1,645,094	\$ 1,681,352
Contribution deficiency (excess)	\$ (162,500)	\$ 59,981
Covered employee payroll	\$ 10,858,868	\$ 11,544,380
Actual contributions as a percentage of covered employee payroll	15.1%	14.6%

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	July 1, 2014
Actuarial Methods	
Actuarial cost method	Entry age normal
Amortization method	Level dollar amount, closed
Remaining amortization period	26 years, declining based on average future service
Asset valuation method	Four-year moving market value average recognizing 25% of gains and losses per year
Actuarial Assumptions	
Retirement age	65 with 10 years of vesting service
Salary increases	2.50%/year
Investment rate of return:	
Total pension liability	7.06%/year
Funding	7.00%/year
Mortality	RP-2014 with Projection Table MP-2014
Data Collection	
Date and form of data	All personnel and asset data was prepared by the plan sponsor or representative and was generally relied upon as being correct and complete without audit
Changes Since Prior Valuation	
	The nonelective employee contribution rate increased from to 3.00% effective January 2015.
	Change in mortality table from 1983 GAM to RP-2014.

Grand Valley State University

Required Supplemental Information

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

	June 30, 2015	June 30, 2014
Total Pension Liability (TPL)		
Service cost - Beginning of year	\$ 373,413	\$ 400,689
Interest on average adjusted TPL	1,227,012	1,170,114
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes in assumptions	2,280,678	-
Benefits payments, including refunds of member contributions	(778,615)	(644,712)
Net change in total pension liability	3,102,488	926,091
Total pension liability - Beginning of year	19,474,523	18,548,432
Total pension liability - End of year	<u>\$ 22,577,011</u>	<u>\$ 19,474,523</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 611,534	\$ 617,498
Contributions - Member	165,723	181,075
Net investment income	289,491	2,564,971
Administrative expenses	(49,671)	(42,023)
Benefit payments, including refunds of member contributions	(778,615)	(644,712)
Other	(1,830)	1,062
Net change in plan fiduciary net position	236,632	2,677,871
Plan fiduciary net position - Beginning of year	14,941,200	12,263,329
Plan fiduciary net position - End of year	<u>\$ 15,177,832</u>	<u>\$ 14,941,200</u>
Net pension liability - End of year	<u>\$ 7,399,179</u>	<u>\$ 4,533,323</u>
Plan fiduciary net position as a percentage of total pension liability	67.2%	76.72%
Covered employee payroll	\$ 3,721,412	\$ 4,181,815
Net pension liability as a percentage of covered employee payroll	198.83%	108.41%

Schedule of Investment Returns

	June 30, 2015	June 30, 2014
Annual money-weighted rate of return, net of investment expense	2.9%	20.2%

Grand Valley State University

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

	June 30, 2015	June 30, 2014
Actuarially determined contribution offset by employee contributions	\$ 618,150	\$ 612,391
Actual contributions by University	\$ 611,534	\$ 617,498
Contribution deficiency (excess)	\$ (6,616)	\$ (5,107)
Covered employee payroll	\$ 3,721,412	\$ 4,181,815
Actual contributions as a percentage of covered employee payroll	16.43%	14.77%

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	July 1, 2014
Actuarial Methods	
Actuarial cost method	Entry age normal
Amortization method	Level dollar amount, closed
Remaining amortization period	26 years, declining based on average future service
Asset valuation method	Four-year moving market value average recognizing 25% of gains and losses per year
Actuarial Assumptions	
Retirement age	65 with 10 years of vesting service
Salary increases	2.50%/year
Investment rate of return:	
Total pension liability	7.06%/year
Funding	7.00%/year
Mortality	RP-2014 with Projection Table MP-2014
Data Collection	
Date and form of data	All personnel and asset data was prepared by the plan sponsor or representative and was generally relied upon as being correct and complete without audit
Changes Since Prior Valuation	
	The nonelective employee contribution rate decreased from 4.25% to 4.10%
	Change in mortality table from 1983 GAM to RP-2014.

Grand Valley State University

Required Supplemental Information Other Post Employment Benefits

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

Funded Status of Plan							
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
7/1/2015	\$ -	\$ 12,178,970	\$ (12,178,970)	- %	\$ 151,365,900	8.0%	
7/1/2013	-	12,196,088	(12,196,088)	- %	138,717,600	8.8%	
7/1/2011	-	10,451,148	(10,451,148)	- %	124,441,600	8.4%	
7/1/2009	-	9,475,238	(9,475,238)	- %	111,775,600	8.5%	

Other Supplemental Information

Grand Valley State University

Schedule of Changes in Fiduciary Net Position By Employee Retirement Plan

Activity for the Maintenance, Grounds, and Service Employees' Retirement Plan and the Professional Support Staff Employees' Retirement Plan, formerly the Clerical, Office, and Technical Employees' Retirement Plan, for the years ended June 30, 2015 and 2014 is as follows:

	Maintenance, Grounds, and Service Employees' Retirement Plan		Professional Support Staff Employees' Retirement Plan	
	Year Ended June 30		Year Ended June 30	
	2015	2014	2015	2014
Additions				
Investment income (loss):				
Interest and dividends	\$ 391,296	\$ 296,008	\$ 1,073,038	\$ 803,714
Net (depreciation) appreciation in fair value of investments	(978,002)	1,302,631	(3,000,720)	3,450,849
Income on sale of investments	876,197	966,332	2,709,105	2,704,885
Total investment income	289,491	2,564,971	781,423	6,959,448
Employer contributions	611,534	617,498	1,645,094	1,681,351
Other income	163,893	182,137	270,470	162,681
Total additions - Net	1,064,918	3,364,606	2,696,987	8,803,480
Deductions				
Benefit payments	778,615	644,712	1,683,752	1,554,355
Administrative expense	49,671	42,023	160,112	77,694
Total deductions	828,286	686,735	1,843,864	1,632,049
Net Increase	236,632	2,677,871	853,123	7,171,431
Net Assets Held in Trust for Pension Benefits				
Beginning of year	14,941,200	12,263,329	40,492,321	33,320,890
End of year	\$ 15,177,832	\$ 14,941,200	\$ 41,345,444	\$ 40,492,321

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Endowment Funds								
School of Accounting Faculty Endowed Scholarship	\$ 37,570	\$ 5,830	\$ 810	\$ 1,676	\$ 4,360	\$ 46,894	\$ 6,198	\$ 40,696
Kathy A. Agard Endowed Fellowship in Community Philanthropy	142,667	150	2,929	5,919	50	139,877	31,213	108,664
Alayont Undergraduate Research Fellowship in Mathematics	-	18,000	190	-	13,000	31,190	190	31,000
John Allegrina Nontraditional Student Endowed Memorial Scholarship	15,121	304	314	-	201	15,940	3,325	12,615
Mathias J. Alten Endowment Fund	45,340	10,468	1,056	2,195	2,245	56,914	7,932	48,982
Alumni Heritage Scholarship Fund	929,355	49,914	19,373	39,404	2,674	961,912	228,537	733,375
WGVU - AM Radio Endowment	4,969	1,589	110	-	-	6,668	908	5,760
Eric A. Andres Live, Laugh, Love, Learn Scholarship	44,559	498	919	1,855	211	44,332	9,431	34,901
David G. and Mary L. Annis Education Scholarship	120,567	2,188	2,498	5,068	25	120,210	32,251	87,959
R.B. Annis Educational Foundation and Outreach Program Endowment	174,032	660	3,581	7,234	460	171,499	42,739	128,760
Anonymous Endowed Graduate Fellowship	-	2,410	10	-	-	2,420	10	2,410
Anonymous Endowed Scholarship 94981	-	100	2	-	100	202	2	200
Anonymous Margin of Excellence for Science Endowment	-	152,172	(1,359)	-	25,000	175,813	(1,359)	177,172
Joseph E. Appelt P.E. Engineering Scholarship Fund	52,708	-	1,082	2,186	-	51,604	15,662	35,942
APICS Scholarship Fund	46,296	25	951	1,921	25	45,376	40,151	5,225
Carl and Delores Arendsen Golf Scholarship	46,666	641	967	1,953	391	46,712	11,117	35,595
ARAMARK Student Excellence Endowed Scholarship	37,607	-	772	1,560	-	36,819	6,819	30,000
Bachmeier Disability Support Services Endowment	39,660	2,503	841	1,705	1,758	43,057	9,933	33,124
Carl and Claudia Bajema Grand Rapids Urban Schools Endowed Scholarship	53,976	3,229	1,165	2,337	3,004	59,037	9,004	50,033
Baker-Hall Physics Fund	90,364	6,118	1,927	3,880	908	95,437	32,773	62,664
Baldwin Foundation Scholarship Endowment Fund	37,957	10,000	896	1,788	-	47,065	7,065	40,000
John T. Batchelder Political Science Scholarship	45,141	255	928	1,876	-	44,448	10,518	33,930
William C. Baum Endowment	104,333	2,175	2,166	4,370	-	104,304	29,005	75,299
Nancy H. Baum Endowment in Dance	49,687	250	1,023	2,066	20	48,914	23,474	25,440
Beckering Family Carillon Endowment	34,959	75	719	1,452	-	34,301	10,766	23,535
Fred A. Bell Business Scholarship Endowment	49,195	85	1,011	2,042	15	48,264	16,563	31,701
David Alan Bergsma Scholarship Fund	67,923	-	1,395	2,817	-	66,501	55,866	10,635

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Endowment Funds (Continued)								
Hyman H. & Greta M. Berkowitz Scholarship Fund	\$ 513,003	\$ 135	\$ 10,533	\$ 21,277	\$ 6	\$ 502,400	\$ 235,180	\$ 267,220
Biology Field and Laboratory Enhancement Fund	201,804	12,733	4,238	8,518	594	210,851	50,607	160,244
The Biomedical/Health Science Fund	44,621	1,642	924	1,873	150	45,464	14,020	31,444
The Rev. Darld and Joyce Black Doctor of Physical Therapy Scholarship in Memory of Robert Klein	41,949	525	872	1,758	625	42,213	11,647	30,566
Blinkhorn/Donk First Generation Scholars Endowed Scholarship	-	2,340	17	-	980	3,337	17	3,320
Edith I. Blodgett Endowed Music Scholarship Fund	75,426	212	1,551	3,134	212	74,267	37,759	36,508
Archie A. Blood, Jr. '79, '83 Endowed PATHWAYS Scholarship	10,347	5,094	165	-	-	15,606	470	15,136
Joan Boand Athletic Scholarship Fund	84,956	1,825	1,770	3,571	1,145	86,125	25,066	61,059
Boand & Rowe Endowment for Advancement of Women in Sport & Physical Activity	28,286	7,060	664	-	3,181	39,191	4,118	35,073
Clarke and Nancy Borgeson Science, Technology, and Mathematics Endowed Scholarship	6,451	6,194	199	-	-	12,844	531	12,313
Ira Brad Memorial Scholarship	184,243	5,950	3,855	7,773	450	186,725	41,146	145,579
William J. & Margaret G. Branstrom Fund	139,641	-	2,867	5,791	-	136,717	88,030	48,687
George and Georgia Breur Scholarship	16,184	-	335	-	-	16,519	6,519	10,000
Brooks College Endowed Scholarship for Study Abroad	20,159	6,327	500	-	6,580	33,566	2,464	31,102
The Donna K. Brooks Presidential Scholarship	388,206	120	7,972	16,102	-	380,196	119,332	260,864
Paul Brian and Margaret Susan Brooks Endowed Memorial Scholarship	46,593	3,320	974	1,976	-	48,911	5,538	43,373
The Brooks Family Minority Scholarship	377,418	-	7,749	15,653	-	369,514	117,464	252,050
Johnny C. Burton Memorial Scholarship	92,862	-	1,907	3,851	-	90,918	36,250	54,668
Thomas A. & Cheryl L. '91, '98 Butcher Endowed Nontraditional Student Scholarship	8,944	16,200	298	-	3,650	29,092	742	28,350
Greg Cadaret Baseball Fund	92,434	1,734	1,925	3,885	1,525	93,733	43,357	50,376
Dr. Johnine and Dr. Orel Callahan Honors Senior Research Program Endowment	1,325	300	33	-	300	1,958	198	1,760
Carlton Radiologic and Imaging Sciences Undergraduate Scholarship	7,941	-	165	-	-	8,106	2,506	5,600
Ara Cary Lectureship Fund	62,649	400	1,284	2,599	-	61,734	20,014	41,720
Barry Castro Business Ethics Scholarship	114,852	940	2,369	4,787	740	114,114	26,649	87,465
Bernard & Camille Cebelak Scholarship Fund	411,105	-	8,441	17,050	-	402,496	102,236	300,260

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Endowment Funds (Continued)								
Endowment for the Center for Scholarly and Creative Excellence	\$ 447	\$ -	\$ 9	\$ -	\$ -	\$ 456	\$ 156	\$ 300
Collegiate Entrepreneurs' Organization (CEO) Endowment	108,554	-	2,229	4,502	-	106,281	31,570	74,711
Robert L. Chamberlain Scholarship Fund	74,120	765	1,524	3,088	350	73,671	37,373	36,298
Ruth Chamberlain Global Issues Scholarship Endowment	129,125	6,000	2,722	5,484	50	132,413	19,313	113,100
Frederick A. Chapman Endowed Memorial Public Relations Scholarship	23,200	300	484	-	-	23,984	3,384	20,600
Hong Chen Memorial Endowment	31,024	-	637	1,287	-	30,374	9,203	21,171
Children's Enrichment Center Student Parent Scholarship	22,774	981	483	-	1,085	25,323	5,656	19,667
Douglas K. and Ellen Chung Asian Social Work Graduate Scholarship	42,510	-	873	1,763	-	41,620	10,928	30,692
CLAS Margin of Excellence for Science Endowment	-	127,981	222	-	-	128,203	222	127,981
Class of 1968 Endowed Scholarship	34,699	8,995	756	-	120	44,570	2,870	41,700
Helen Claytor Minority Scholarship	1,516,992	-	31,146	62,913	-	1,485,225	500,822	984,403
College of Liberal Arts and Sciences Endowed Scholarship	21,909	10,435	510	-	5,458	38,312	1,799	36,513
Colliers International Endowed Scholarship	19,006	14,400	546	-	-	33,952	3,952	30,000
School of Communications Scholarship Fund	61,345	735	1,267	2,561	470	61,256	17,512	43,744
Community Foundation for Muskegon County Interfaith Dialogue Fund*	423,407	-	8,693	17,560	-	414,540	93,191	321,349
GVU Foundation Community Leadership Endowment*	231,036	29,158	4,794	9,889	1,278	256,377	35,842	220,535
College of Education Future Teacher Scholarship	77,595	8,333	1,670	3,416	8,347	92,529	13,877	78,652
Computing and Information Systems Scholarship Fund	169,383	3,359	3,514	7,095	1,534	170,695	54,723	115,972
Cook Leadership Fellows of Hauenstein Center for Presidential Studies	1,417,222	1,662	29,122	58,825	2,262	1,391,443	352,710	1,038,733
The Coopersville Scholarship	1,274,517	250,870	29,095	58,214	170	1,496,438	229,262	1,267,176
Professional Support Staff (PSS) Scholarship Endowment Fund	163,618	2,542	3,389	6,851	2,415	165,113	43,722	121,391
David Daniels Memorial Scholarship	93,813	7,348	1,990	4,085	743	99,809	39,985	59,824
Gilbert R. and Patricia K. Davis Endowed Merit Scholarship for Part/full-time Junior and Senior English Majors	124,248	750	2,553	5,167	375	122,759	45,878	76,881
Gilbert R. and Patricia K. Davis Davis Theatre Endowed Scholarship: Remembering Shakespeare	-	25,204	178	-	-	25,382	178	25,204
Greta & Arthur Delong Perpetual Scholarship Fund	94,972	-	1,950	3,939	-	92,983	39,123	53,860

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Endowment Funds (Continued)								
Kendal J. DenBleyker Endowed Scholarship	\$ 58,153	\$ 25	\$ 1,194	\$ 2,412	\$ -	\$ 56,960	\$ 6,935	\$ 50,025
Aaron M. DesRocher Memorial Chemistry Scholarship	40,749	400	841	1,698	-	40,292	9,552	30,740
Dick and Betsy DeVos Leadership Fellow Endowment for the Hauenstein Center for Presidential Studies	168,485	-	3,459	6,987	-	164,957	64,947	100,010
Pamella and Daniel G. DeVos Musical Theater Scholarship	59,041	1,210	1,227	2,481	1,200	60,197	11,307	48,890
Robert and Edward DeVries Families Campus Ministry Fund	894	10,092	90	-	-	11,076	312	10,764
Marvin G. DeVries Endowed Scholarship	35,510	1,500	751	1,506	1,557	37,812	5,385	32,427
DeWitt Barrels Inc. Environmental Science and Natural Resources Scholarship	76,034	6,108	1,627	3,338	638	81,069	14,111	66,958
John R. DeYoung Leadership Fellow Endowment	25,427	4,000	569	-	-	29,996	5,996	24,000
Ann M. Dille Jewelry/Metalsmithing Scholarship	-	10,100	116	-	-	10,216	116	10,100
Gregg K. Dimkoff Endowed Finance Scholarship	-	29,350	204	-	3,575	33,129	204	32,925
Mary Jane Dockeray Scholarship Fund	107,814	50	2,214	4,472	-	105,606	42,648	62,958
DV Alpha Scholarship Endowment	18,451	5,000	246	-	-	23,697	3,697	20,000
Henry H. and Juanita Dungey Endowed Scholarship in Memory of Henry W. Dungey '00	-	8,542	(65)	-	-	8,477	(65)	8,542
Scott M. Dykstra Oliver Products Company Engineering Scholarship	73,768	150	1,516	3,063	-	72,371	22,017	50,354
L.V. Eberhard Scholarship Fund	708,568	-	14,548	29,386	-	693,730	424,432	269,298
Becky Eckstrom Environmental Studies Scholarship Endowment	35	27	1	-	48	111	3	108
Economics Department Faculty Endowed Scholarship	26,835	3,224	586	-	2,574	33,219	6,245	26,974
Valerie P. Eggert Distinguished Scholarship in Philanthropy	43,677	100	898	1,815	-	42,860	11,125	31,735
Eitzen Voice Scholarship	196,419	2,073	4,070	8,221	3,043	197,384	71,468	125,916
Empowering Haiti Through Education Fund	28,810	4,357	641	-	3,818	37,626	5,724	31,902
English Faculty Endowed Scholarship for New Majors	2,701	837	65	-	701	4,304	299	4,005
School of Engineering Fund	231,212	4,869	4,799	9,679	1,621	232,822	91,129	141,693
Jean Enright Women and Gender Studies Scholarship	42,201	3,488	908	1,845	1,723	46,475	10,794	35,681
Faculty Teaching and Learning Center Endowment	2,802,822	-	57,547	116,240	-	2,744,129	828,748	1,915,381
Shelby Fazio '13 Memorial Endowed Scholarship	-	10,217	17	-	-	10,234	17	10,217
Finance Department Endowment	120,334	800	2,478	5,010	600	119,202	36,004	83,198
Finance Department Faculty Endowed Scholarship	42,356	2,968	917	1,845	2,868	47,264	8,054	39,210
First Generation Urban Schools Scholarship	82,204	2,718	1,724	3,495	3,014	86,165	16,553	69,612
Richard E. Flanders Scholarship Fund	176,591	1,325	3,644	7,357	620	174,823	79,651	95,172
Barbara Flaschenriem Endowed Classics Scholarship	42,876	4,780	935	1,889	1,170	47,872	3,862	44,010

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Endowment Funds (Continued)								
Robert W. Fletcher Memorial Endowment	\$ 152,731	\$ 6,969	\$ 3,168	\$ 6,464	\$ 6,535	\$ 162,939	\$ 29,640	\$ 133,299
Football Alumni Endowment Fund	174,493	14,897	3,664	7,462	3,540	189,132	42,780	146,352
Milton E. Ford LGBT Resource Center Endowment	16,062	11,664	481	-	6,571	34,778	3,769	31,009
Fraternity and Sorority Laker Leaders Scholarship	-	489	(5)	-	-	484	(5)	489
Frey Foundation Chair for Family Foundations and Philanthropy	1,892,056	100	38,846	78,468	34	1,852,568	352,278	1,500,290
Kenneth and Irene Fridsma Endowed Special Education Scholarship	-	15,000	280	-	15,000	30,280	280	30,000
The General Dynamics Land Systems Engineering Scholarship	49,881	-	1,024	2,069	-	48,836	16,836	32,000
Geology Development Fund	152,558	1,200	3,144	6,349	100	150,653	77,601	73,052
Geology Student Field Camp Endowment	67,832	1,792	1,419	2,862	983	69,164	19,453	49,711
Norman Gibson Geology Field Study Scholarship	78,627	11,187	1,637	3,383	800	88,868	13,346	75,522
Charlotte A. Gierst & Salome C. Egeler Trust Fund	91,793	45	1,886	3,809	105	90,020	42,840	47,180
Richard Giles Memorial Scholarship Fund	451,488	2,800	9,296	18,778	-	444,806	275,996	168,810
Eric Jon Gillette Memorial Scholarship	39,976	-	821	1,658	-	39,139	9,039	30,100
George and Barbara Gordon Endowment for the Gordon Gallery	358,723	50,200	7,726	15,426	100	401,323	50,883	350,440
John and Barbara Gracki Football Degree Completion Scholarship Fund	55,647	1,050	1,161	2,340	1,000	56,518	9,468	47,050
The Graduate Teacher Certification Scholarship	103,616	782	2,141	4,321	864	103,082	28,742	74,340
Grand Valley Grand Forum Endowment	298,690	4,465	6,177	12,465	458	297,325	112,764	184,561
GV in DC Endowed Scholarship	-	910	(4)	-	-	906	(4)	910
The Grand Valley Lanthorn Merit Scholarship	45,525	375	941	1,900	375	45,316	14,426	30,890
Grand Valley State University Athletic Fund	346,254	13,859	7,155	14,558	3,020	355,730	101,480	254,250
GVSU Founders Endowed Scholarship	-	2,950	9	-	-	2,959	9	2,950
Grand Valley State University Fund	5,940,427	433,024	139,785	265,765	(433,024)	5,814,447	3,629,037	2,185,410
GVSU Interprofessional Education Initiative Endowment Fund	10,483	1,281	226	-	204	12,194	2,755	9,439
GVSU LGBT Scholarship Endowment	154,177	2,364	3,195	6,460	2,423	155,699	35,952	119,747
Grand Valley State University Symphony Orchestra Endowed Scholarship	13,955	1,868	311	-	490	16,624	3,665	12,959
Women's Center Non-Traditional Student Scholarship	104,478	1,871	2,163	4,367	806	104,951	28,602	76,349
Tom and Marcia Haas & Family Laker Marching Band Scholarship	69,970	810	1,474	2,971	4,125	73,408	12,047	61,361

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Endowment Funds (Continued)								
Rick K. Hamlin Endowed Memorial Scholarship	\$ 23,539	\$ 10,020	\$ 604	\$ -	\$ -	\$ 34,163	\$ 4,043	\$ 30,120
Earl Harper Scholarship Fund	78,813	-	1,618	3,268	-	77,163	39,068	38,095
Hauenstein Center for Presidential Studies Endowment	1,808,738	40,343	37,466	75,803	2,904	1,813,648	302,142	1,511,506
Center for Health Sciences Simulation Endowment	44,867	2,425	913	-	264	48,469	18,628	29,841
Joyce Hecht Distinguished Scholarship in Philanthropy	176,506	100	3,625	7,322	-	172,909	51,094	121,815
William Hegarty Endowment Fund	39,090	-	803	1,621	-	38,272	12,288	25,984
Arthur C. Hills Music Scholarship Fund	104,677	447	2,154	4,355	243	103,166	50,546	52,620
Hispanic Scholarship Fund	83,387	-	1,712	3,458	-	81,641	32,455	49,186
Dr. James D. Hoffman Scholarship	113,251	-	2,325	4,697	-	110,879	37,828	73,051
The Hilda C. Holder Endowed Scholarship for Women in Business Fund	50,086	-	1,028	2,077	-	49,037	13,937	35,100
Honors Program Enrichment	41,425	364	860	1,738	1,008	41,919	12,580	29,339
Hosford Family Excellence in Academics and Athletics Endowed Scholarship	78,410	37,677	2,046	-	12,490	130,623	4,733	125,890
Hospitality and Tourism Management Department Endowment	56,357	1,890	1,176	2,379	1,057	58,101	13,147	44,954
J. C. Huizenga Business Scholarship	74,864	1,300	1,553	3,138	200	74,779	16,639	58,140
The Professor Paul A. Huizenga Biology Education Scholarship	165,210	7,500	3,437	7,000	2,000	171,147	39,483	131,664
Innovation Connection Endowment	-	420,147	4,435	-	-	424,582	4,435	420,147
W.G. Jackson Fund	276,509	259	5,679	11,472	123	271,098	113,537	157,561
Nathan M. Hurwitz Endowed Memorial Scholarship	38,514	6,190	863	1,738	1,275	45,104	4,769	40,335
Todd Jager Memorial Graduate Athletic Training Student Award	88,300	3,717	1,786	3,670	-	90,133	17,929	72,204
Michael and Susan Jandernoa Scholarship Endowment	261,226	-	5,363	10,834	-	255,755	54,714	201,041
The Dorothy A. Johnson Center for Philanthropy Library Endowment	837,139	503	17,194	34,729	34	820,141	312,964	507,177
The Dorothy A. Johnson Center for Philanthropy Operations Endowment	5,062,905	51,335	104,479	211,564	808	5,007,963	1,340,315	3,667,648
Johnson Leadership Scholarship Endowment	39,625	-	814	1,643	-	38,796	7,796	31,000
Jurries Family Scholarship	44,293	2	910	1,837	2	43,370	13,325	30,045
Justice and Society Endowed Scholarship	50,736	100	1,042	2,105	25	49,798	9,603	40,195
Dr. Sara Kane-Smart Endowed Scholarship in Honor of Children's Advocacy Center in Holland	-	1,013	19	-	1,000	2,032	19	2,013
Sylvia and Richard Kaufman Interfaith Institute Endowment	827,728	8,759	17,057	34,533	1,434	820,445	168,640	651,805

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Endowment Funds (Continued)								
Kaufman Family Endowed Scholarship Honoring L. William Seidman	\$ 36,062	\$ -	\$ 747	\$ -	\$ -	\$ 36,809	\$ 1,809	\$ 35,000
Frances Anne Kelleher Endowed Memorial Scholarship	-	31,730	392	-	6,722	38,844	392	38,452
Fred M. and Bernedine Keller Engineering Diversity Scholarship	68,804	100	1,416	2,860	375	67,835	16,085	51,750
W.K. Kellogg Community Philanthropy Chair	1,752,665	-	35,985	72,687	-	1,715,963	215,963	1,500,000
Kurt F. Kimball Scholarship Endowment	56,190	1,470	1,163	2,352	220	56,691	19,853	36,838
Joseph Spruit Engineering Scholarship	70,615	-	1,450	2,928	-	69,137	16,637	52,500
Dr. Wayne and Paula Kinzie Counseling Staff Professional Development Endowment	218,632	-	4,538	-	1,000	224,170	58,037	166,133
Kirkhof College of Nursing Alumni Scholarship	-	9,350	(29)	-	-	9,321	(29)	9,350
Kirkhof College of Nursing Endowment	252,445	12,813	5,343	10,786	8,602	268,417	68,598	199,819
Dr. Donald J. Klein, Sr. Graduate Endowed Scholarship in Accounting	177,411	12,725	3,789	7,634	1,000	187,291	41,555	145,736
Professor Charles Knop Chemistry Scholarship	49,585	3,994	1,070	2,169	2,837	55,317	10,560	44,757
Walton Boston Koch Memorial Scholarship	45,666	315	943	1,904	310	45,330	22,493	22,837
The Albert S. and Ella D. Koeze Art Scholarship	80,624	100	1,657	3,346	-	79,035	24,440	54,595
A. Scott and Ruth P. Koeze Graduate Business Scholarship	46,214	-	949	1,916	-	45,247	11,067	34,180
MaryBeth Koeze Art Scholarship	88,483	-	1,817	3,670	-	86,630	15,943	70,687
MaryBeth Koeze Endowed Scholarship in Memory of Dr. Thomas Henry Koeze	88,223	-	1,811	3,659	-	86,375	15,938	70,437
Koeze Business Ethics Initiative (KBEI) at the Seidman College of Business	206,794	-	4,286	-	-	211,080	10,376	200,704
Dirk Koning Film and Video Scholarship	58,717	1,419	1,221	2,468	836	59,725	15,416	44,309
The Jack J. Korff Seidman College of Business Finance Scholarship	91,641	5,000	1,940	3,907	-	94,674	19,564	75,110
Lynne Kraemer Memorial Scholarship	49,599	-	1,018	2,057	-	48,560	30,566	17,994
Solina and Steven Kramer Endowed Memorial Scholarship	-	12,500	(6)	-	25	12,519	(6)	12,525
Kutsche Office of Local History Endowment	242,719	2,820	5,016	10,144	767	241,178	32,022	209,156
Lake Michigan Writing Project Endowment	115,550	25,000	2,120	4,792	-	137,878	12,878	125,000
Laker Discovery Endowment Fund, formerly Anonymous Endowed Scholarship 137894	6,305	6,825	250	-	6,100	19,480	555	18,925
Richard H. Lefebvre Geology Field Education Fund	75,049	2,967	1,554	3,172	658	77,056	15,604	61,452
The Mike Lints Track and Field Equipment Endowment	88,682	8,374	1,879	3,820	1,365	96,480	19,813	76,667
Anonymous Endowed Pre-Law Scholarship	440	42	9	-	94	585	43	542

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Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Endowment Funds (Continued)								
Logie Fellowship Endowment	\$ 190,830	\$ 100	\$ 3,919	\$ 7,915	\$ -	\$ 186,934	\$ 54,299	\$ 132,635
Loutit Foundation Fund	286,441	46	(21,354)	-	46	265,179	50,168	215,011
Bucky Love WGVS TV Music Program Endowment	44,319	-	910	1,838	-	43,391	3,391	40,000
Arend D. and Nancy Lubbers Honors College Scholarship	929,787	402	19,094	38,568	125	910,840	293,756	617,084
Marney (Houseman) MacAdam Endowed Voice Scholarship	-	24,292	(217)	-	667	24,742	(217)	24,959
McFadden Picciuca International Child Welfare Scholarship	22,611	668	481	-	818	24,578	8,762	15,816
T.J. Maciak Give Life Endowed Scholarship	11,189	1,578	266	-	2,705	15,738	1,509	14,229
Mack-Jackson African American Teacher Scholarship	92,051	12	1,890	3,818	12	90,147	39,158	50,989
Dr. Nancy K. Mack & Katherine Klemmit Mack Endowed Memorial Scholarship	15,455	30,000	638	-	15,000	61,093	1,093	60,000
Eric I. Maino Community Technology Award Endowment	44,688	450	918	1,859	-	44,197	10,109	34,088
Teri Linn (Houghton) Marsh Endowed Memorial Nursing Scholarship	73,112	3,680	1,559	3,144	3,050	78,257	6,802	71,455
Jean E. Martin Doctor of Nursing Practice Scholarship	302,454	10,360	6,403	12,875	10,260	316,602	89,374	227,228
Mathematics Endowment Fund	262,932	2,870	5,434	10,975	1,720	261,981	120,862	141,119
Regional Math and Science Center Endowment	214,153	241	4,403	8,892	406	210,311	81,673	128,638
Russell G. Mawby Fellowship in Philanthropic Studies	188,456	100	3,868	7,816	-	184,608	48,801	135,807
Coach Jim Meerman Memorial Endowed Scholarship	-	21,817	122	-	-	21,939	122	21,817
GVUF Fred Meijer Diversity Scholarship*	47,814	-	991	-	-	48,805	23,805	25,000
Frederik Meijer Endowed Honors Chair in Entrepreneurship and Innovation	1,900,457	-	39,020	78,817	-	1,860,660	360,660	1,500,000
Frederik Meijer First Generation Honors College Student Scholarship Endowment	3,220,298	531	66,126	133,569	537	3,153,923	650,973	2,502,950
Frederik Meijer Honors College Service-Learning Endowment	5,570	769	109	-	-	6,448	629	5,819
Frederik Meijer Lecture Series Endowment	504,273	-	10,354	20,913	-	493,714	193,714	300,000
GVUF Meijer Scholarship*	515,171	-	10,677	-	-	525,848	25,848	500,000
Corky Meinecke Scholarship Endowment Fund	79,641	8,175	1,557	3,309	50	86,114	24,175	61,939
Memorial Garden Endowment	6,954	1,498	145	-	-	8,597	3,439	5,158
Mercantile Bank of Michigan Upward Bound (TRiO) Program Endowment	48,762	163	1,012	-	-	49,937	9,774	40,163
Paul C. and Florence Miller Mineral Collection Endowment	63,800	75	1,311	2,648	75	62,613	21,513	41,100
Paul C. Miller Scholarship Fund	207,773	-	4,266	8,617	-	203,422	103,099	100,323

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Endowment Funds (Continued)								
Mithilesh & Jitendra Mishra Foreign Student/Faculty Scholarship Fund	\$ 37,581	\$ -	\$ 772	\$ 1,559	\$ -	\$ 36,794	\$ 13,875	\$ 22,919
Modern Languages Endowed Study Abroad Scholarship	4,788	968	111	-	914	6,781	511	6,270
Jacob B. Mol Family Scholarship Fund	102,268	400	2,098	4,245	100	100,621	51,158	49,463
Movement Science Student Excellence Endowed Scholarship	12,889	58	268	-	83	13,298	3,073	10,225
Rodney J. Mulder Social Work Scholarship	102,185	2,608	2,127	4,290	650	103,280	27,393	75,887
Mullendore Legal Studies Criminal Justice Scholarship	327,909	12,600	6,969	14,004	12,610	346,084	69,682	276,402
Mark A. and Elizabeth C. Murray International Travel Fund	113,029	11,032	2,446	4,937	2,056	123,626	20,974	102,652
Moriah Muscaro '15 Feature Twirler Endowed Scholarship	-	500	(5)	-	-	495	(5)	500
Benjamin Mutnick Endowed Hospitality and Tourism Management Scholarship	7,641	18,013	272	-	353	26,279	579	25,700
Dick Nelson Memorial Sports Broadcasting Scholarship	-	7,980	(39)	-	-	7,941	(39)	7,980
Nichols Sustainability Scholarship	42,975	319	886	1,789	-	42,391	9,031	33,360
Glenn A. and Betty J. Niemeyer History Scholarship Endowment	151,378	2,570	3,150	6,355	2,430	153,173	53,958	99,215
Dr. Roy and Patricia Olsson Jr. Health Professions Scholarship	23,045	2,115	503	-	2,115	27,778	5,725	22,053
Joel J. Orosz Endowed Fellowship in Philanthropy	127,717	300	2,622	5,300	120	125,459	23,188	102,271
Herta Oswalt WGVU Culinary Television Program Endowment	53,953	-	1,108	2,237	-	52,824	10,824	42,000
The Nedra J. Otis Art Scholarship	127,601	738	2,630	5,313	757	126,413	35,330	91,083
Arnold C. Ott Lectureship in Chemistry	1,018,217	1,400	20,922	42,258	14	998,295	474,823	523,472
Candace Otte Scholarship for Nursing	37,072	-	761	1,537	-	36,296	10,643	25,653
The Ott-Stiner Fellowship in Chemistry and Natural Sciences	61,919	15,369	1,457	2,938	3,613	79,420	9,138	70,282
Barbara Padnos Scholarship Fund	1,468,190	901	30,158	60,915	834	1,439,168	427,131	1,012,037
Esther R. Padnos Nursing Scholarship	168,616	30,500	3,680	7,323	-	195,473	23,925	171,548
Seymour and Esther Padnos Engineering Scholarship	743,670	25,010	15,448	31,112	-	753,016	215,631	537,385
Stuart and Barbara Padnos Chair in Art and Design	1,790,571	-	36,763	74,259	-	1,753,075	251,820	1,501,255
Padnos/Sarosik Endowed Professorship of Civil Discourse	300,577	130	6,173	12,469	16	294,427	44,216	250,211
Christos and Joan Panopoulos Physician Assistant Studies Scholarship	-	6,000	42	-	-	6,042	42	6,000
Joan A. Panopoulos Scholarship	49,614	400	1,026	2,071	320	49,289	7,519	41,770
LT James W. Parmelee Memorial Scholarship	44,427	550	918	1,860	-	44,035	8,835	35,200

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Endowment Funds (Continued)								
Paton Family Entrepreneurial Fund	\$ -	\$ 10,100	\$ (102)	\$ -	\$ -	\$ 9,998	\$ (102)	\$ 10,100
Paton Family Entrepreneur Scholarship Endowment	38,530	750	799	1,619	-	38,460	8,810	29,650
Eugene and Lillian Pawl Scholarship	4,207	4,125	132	-	1,500	9,964	1,239	8,725
Peace and Justice Activist Scholarship	70,840	513	1,458	2,948	250	70,113	32,275	37,838
Ross W. Perry Bachelor of Science Scholarships	316,857	-	6,507	13,143	200	310,421	104,706	205,715
Physical Therapy Department Fund	89,887	1,345	1,845	3,763	1,138	90,452	27,803	62,649
Physical Therapy Urban Schools Endowed Scholarship	-	8,417	44	-	-	8,461	44	8,417
William F. Pickard Fund	101,230	-	2,078	4,198	-	99,110	68,195	30,915
Pioneer Class of 1967 Endowed Scholarship	44,404	3,270	951	-	-	48,625	8,144	40,481
Plant Service Personnel Descendants Scholarship Fund	719,397	10,443	14,900	30,120	10,661	725,281	217,703	507,578
PNC Early Childhood Education Scholarship Endowment	168,506	-	3,460	6,988	-	164,978	28,796	136,182
Positive Black Women Endowment Fund	76,251	1,298	1,580	3,195	1,104	77,038	20,707	56,331
Paul W. Potter and Margaret E. Potter Scholarship	64,126	-	1,317	2,659	-	62,784	11,684	51,100
The Judith S. Pratt Non-Traditional Nursing Scholarship	96,014	1,950	1,994	4,030	1,370	97,298	26,041	71,257
Berthold Price Scholarship Fund	190,838	-	3,918	7,914	-	186,842	90,207	96,635
Price Heneveld Engineering Scholarship	212,808	-	4,369	8,826	-	208,351	58,033	150,318
Margaret Proctor School of Communications Scholarship	54,317	833	1,126	2,273	460	54,463	18,233	36,230
Orguloso de Ser 'Proud to Be' Scholarship Endowment	216	371	6	-	21	614	12	602
Dr. George I. and Helen Z. Quimby Scholarship	44,438	3,055	952	1,914	525	47,056	14,387	32,669
Dr. George I. Quimby Memorial Anthropology Endowment	44,787	3,100	959	1,930	600	47,516	10,535	36,981
Rauch Family Leadership Endowed Scholarship for Portage Schools	53,684	-	1,102	2,226	-	52,560	7,260	45,300
Recreation Leadership Endowed Scholarship	-	114	(1)	-	-	113	(1)	114
Redfield Financial Group Business and Baseball Endowed Scholarship	37,478	-	769	1,554	-	36,693	6,233	30,460
John W. and Virginia M. Reifel Economics Scholarship	180,910	6,766	3,838	7,716	6,574	190,372	36,907	153,465
Reister Family Scholarship Endowment	117,320	1,194	2,417	4,890	25	116,066	33,423	82,643
Reverend Dennis and E. Jean (Lackey) McMurray Academic Achievement Scholarship	214	-	4	-	-	218	94	124
Peter P. and Patricia R. Renucci Medical Lab Sciences Scholarship Endowment	45,840	519	947	1,914	522	45,914	10,309	35,605
Peter P. Renucci Family Medical Lab Sciences Scholarship Endowment	43,788	480	905	1,830	555	43,898	9,990	33,908

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Endowment Funds (Continued)								
Warren Reynolds Endowed Scholarship	\$ 32,173	\$ 3,151	\$ 663	\$ 1,368	\$ 54	\$ 34,673	\$ 10,940	\$ 23,733
Rockford Construction Student Enterprise Endowment	33,035	-	685	-	-	33,720	3,720	30,000
Stephen C. Rowe Student Summer Scholars Fellowship	10,871	490	236	-	1,172	12,769	1,598	11,171
Paul A. '72 & Janet M. (Nickless) '71 Royce Endowed PATHWAY Scholarship	10,303	20,000	12	-	-	30,315	315	30,000
Robert and Linda '89 Rynbrandt Endowed Sociology Scholarship	-	25,529	464	-	25,000	50,993	464	50,529
Laura Sakoski Memorial Scholarship	31,982	1,788	674	1,391	-	33,053	8,637	24,416
John Salski Memorial Fund	47,511	250	978	1,976	-	46,763	15,988	30,775
The J. Patrick Sandro Education Scholarship	79,781	1,000	1,650	3,330	-	79,101	23,183	55,918
School of Public and Nonprofit Administration Endowment	77,753	6,997	1,667	3,372	3,068	86,113	20,957	65,156
The Ilene I. Schooley Biomedical Sciences Scholarship	44,116	-	906	1,830	-	43,192	12,753	30,439
William Schroeder Undergraduate Endowed Fellowship in Chemistry	41,261	50	850	1,716	300	40,745	9,245	31,500
Paul '81 and Pamela '80 Schweitzer Scholarship Endowment	-	6,000	(61)	-	-	5,939	(61)	6,000
Science Equipment Fund	2,518,536	605	51,716	104,462	50	2,466,445	1,468,635	997,810
Engineering/Computing & Information Systems Scholarship	93,090	452	1,920	3,878	580	92,164	56,577	35,587
Mary & Wilhelm Seeger Scholarship Fund	256,006	10,553	5,378	10,871	5,719	266,785	88,945	177,840
Seidman College of Business Commercial Real Estate Scholarship	23,291	3,000	518	-	-	26,809	6,809	20,000
Seidman College of Business Study Abroad Scholarship	115,660	30,597	2,755	5,619	26,570	169,963	18,065	151,898
Seidman College of Business Management Department Scholarship	16,864	2,707	376	-	1,379	21,326	5,410	15,916
Seidman Endowment Fund	1,624,053	1,359	33,361	67,385	513	1,591,901	903,685	688,216
Seidman Enrichment Fund	758,283	300	15,572	31,454	-	742,701	420,177	322,524
Esther L. Seidman Chair in Management Fund	418,955	-	8,602	17,375	-	410,182	234,783	175,399
The Margaret Sellers Walker Distinguished Practitioner Lecture Series in Public and Nonprofit Administration	5,661	297	122	-	284	6,364	1,767	4,597
John J. and Marjorie E. Shepard Communications Scholarship	272,493	100	5,596	11,304	90	266,975	97,216	169,759
Marilyn and Budge Sherwood Seidman College of Business Scholarship (GVUF)*	73,201	5,125	1,454	3,038	20	76,762	19,483	57,279
Ryan Short Memorial Scholarship Fund	109,383	1,193	2,256	4,564	1,018	109,286	31,621	77,665

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Endowment Funds (Continued)								
Frederick S. Singer Memorial Veteran's Endowed Scholarship	\$ 34,322	\$ 634	\$ 711	\$ 1,438	\$ 439	\$ 34,668	\$ 3,035	\$ 31,633
Ram and Usha Singh Social Work Scholarship	42,560	-	874	1,765	-	41,669	13,174	28,495
Small Family Endowed Scholarship	-	2,410	6	-	710	3,126	6	3,120
Drs. Esther and Enrico Sobong Scholarship	45,124	214	929	1,876	106	44,497	13,051	31,446
Social Work Faculty Development Fund	47,862	-	983	1,985	-	46,860	24,685	22,175
The Social Work Minority Scholarship	49,840	-	1,023	2,067	-	48,796	15,363	33,433
Social Work Scholarship Fund	48,889	883	1,009	2,043	436	49,174	15,891	33,283
Spectrum Health Diversity Scholarship	107,148	-	2,200	4,444	-	104,904	29,613	75,291
Spectrum Industries, Inc. Endowed Scholarship	-	40,000	465	-	-	40,465	465	40,000
Paul Springer Crew Scholarship	21,569	1,770	463	-	-	23,802	5,915	17,887
Statistics Endowment Fund	68,414	1,174	1,419	2,868	962	69,101	16,686	52,415
Steelcase Inc. Seidman College of Business Diversity Scholarship	146,128	-	3,000	6,060	-	143,068	42,533	100,535
The Howard and Rose Stein Endowed Biology Scholarship	72,347	1,344	1,491	3,026	194	72,350	21,044	51,306
George and Marianne Stein Endowed Memorial Scholarship	55,400	50,000	1,676	-	-	107,076	7,076	100,000
Joseph Stevens Freedom Fund	149,587	1,770	3,086	6,239	646	148,850	63,721	85,129
Les and Jackie (Ott) Stiner Fellowship in Historical and Humanistic Studies	-	1,700	16	-	-	1,716	16	1,700
Esther Rehm Stotz Scholarship Fund	173,707	50	3,567	7,206	50	170,168	98,730	71,438
The Subar Family - Model Coverall Service Scholarship	52,215	-	1,072	2,166	-	51,121	15,661	35,460
SCB Student Portfolio Endowment	-	166,250	1,129	-	-	167,379	1,129	166,250
Student Sustainability Endowment Fund	18,054	1,016	391	-	1,060	20,521	5,041	15,480
Duke Tanaka Jr. Anatomy Scholarship	45,084	1,389	915	1,874	100	45,614	11,177	34,437
Tax Program Fund	171,893	1,350	3,551	-	-	176,794	105,964	70,830
AT&T Pioneers Michigan Chapter Scholarship	83,515	-	1,715	3,464	-	81,766	38,791	42,975
Charles L. Toot Endowed Memorial Golf Scholarship	26,490	6,560	654	-	5,167	38,871	5,753	33,118
Edward Tremba Geology Scholarship Fund	103,247	1,315	2,132	4,309	100	102,485	49,413	53,072
Office of Undergraduate Research and Scholarship (OURS) Endowment	5,692	961	137	-	1,731	8,521	963	7,558
Kathleen Underwood Endowed S3 Fellowship for the Study of Social Issues of Inequality in History or Contemporary Society	-	1,071	(7)	-	-	1,064	(7)	1,071

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Endowment Funds (Continued)								
University Library Fund	\$ 399,281	\$ 8,943	\$ 8,299	\$ 16,789	\$ 8,105	\$ 407,839	\$ 191,817	\$ 216,022
Stephanie Urbanawiz Physician Assistant Endowed Scholarship	-	11,536	10	-	-	11,546	10	11,536
David and Carol Van Andel Leadership Fellow Endowment for the Hauenstein Center for Presidential Studies	144,268	1,000	2,974	6,005	-	142,237	41,237	101,000
The Donald and Barbara Vanderjagt Mathematics and Athletic Scholarship	85,060	2,150	1,770	3,578	-	85,402	21,840	63,562
VanSteeland Campus Beautification Fund	162,027	918	3,331	6,737	942	160,481	86,184	74,297
Richard E. Veazey Graduate Academic Scholarship in Accounting	388,186	100	7,971	16,101	-	380,156	74,774	305,382
Kenneth Venderbush Endowment Fund	35,668	-	732	1,479	-	34,921	14,746	20,175
P. and J. Versluis Endowed Scholarship	121,880	-	2,502	5,055	-	119,327	9,327	110,000
Veteran's History Project Endowment	53,120	12,832	1,242	2,480	385	65,099	10,939	54,160
Volkhardt Family Scholarship	175,560	350	3,611	7,292	350	172,579	51,372	121,207
The Waddell/Treanor Native Plant Endowment	899,623	50	18,472	37,312	50	880,883	174,226	706,657
Anonymous Endowed Math and Science Scholarship	10,508	10,000	334	-	-	20,842	842	20,000
Florence Cowan Ward Scholarship for Nursing	195,182	2,100	4,030	8,160	-	193,152	54,238	138,914
Margaret F. Ward Art and Design Scholarship	41,272	90	848	1,713	-	40,497	10,331	30,166
Margaret Ward Music Scholarship	41,581	326	858	1,734	343	41,374	11,589	29,785
Margaret Ward WGVU Symphony and Art Programming Endowment Fund	67,042	-	1,376	2,780	-	65,638	22,247	43,391
The John D. Wardrop Leadership Fellow Endowment	47,884	595	993	2,010	690	48,152	12,922	35,230
Maribeth Wardrop Leaders in Philanthropy Scholarship	83,040	801	1,705	3,454	351	82,443	15,931	66,512
WGVU Engineering Student Co-op Endowment	2,828	-	59	-	-	2,887	1,787	1,100
WRI Equipment Fund	2,718,338	97	55,814	112,739	142	2,661,652	1,500,849	1,160,803
WGVU - FM Radio Program Endowment Fund	75,236	5,108	1,565	3,196	-	78,713	17,744	60,969
WGVU-TV Program Fund	129,480	27,438	2,802	5,810	712	154,622	27,593	127,029
WGVU LZ Michigan Scholarship Endowment	36,875	417	762	1,541	328	36,841	4,208	32,633
WGVU-TV Scholarship Fund	465,329	209	9,556	19,303	24	455,815	249,720	206,095
Weldon Memorial Chemistry Fund	242,381	1,878	4,992	10,091	459	239,619	105,065	134,554
Bonnie Wesorick Center for Health Care Transformation Endowment	1,027,490	22,652	21,572	-	6,518	1,078,232	313,589	764,643
West Side Service Projects Endowment	37,843	3	777	1,569	10	37,064	7,908	29,156
West Shore AWARE Scholarship	78,428	-	1,610	3,253	-	76,785	16,660	60,125

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Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Endowment Funds (Continued)								
Samuel L. Westerman Endowed Seidman PATHWAY Scholarship	\$ -	\$ 15,000	\$ 106	\$ -	\$ -	\$ 15,106	\$ 106	\$ 15,000
Westerman Nursing Scholarship Fund	208,914	5,000	4,326	8,719	100	209,621	81,947	127,674
Jonathan and Marcia White Honors College Endowed Scholarship	43,202	325	894	1,803	450	43,068	6,597	36,471
Gleaves Whitney Leadership Fellow Endowment at the Hauenstein Center for Presidential Studies	15,261	2,160	342	-	2,160	19,923	2,763	17,160
Shawn D. Wiersma Criminal Justice Memorial Scholarship	48,398	190	996	2,012	230	47,802	12,934	34,868
Holliday Willey Psychology Scholarship for the Study of Pervasive Development Disorders	59,440	750	1,227	2,482	600	59,535	15,947	43,588
William James Fund	44,786	300	923	1,864	-	44,145	24,487	19,658
Don Williams Sr. Dean Emeritus Multicultural Business Education (MBEC) Scholarship	41,074	300	847	1,711	100	40,610	8,172	32,438
H. James Williams Endowed Scholarship	41,800	150	860	1,737	204	41,277	4,470	36,807
Campbell-Williams Business Scholarship	46,116	196	949	1,917	144	45,488	11,532	33,956
Steven E. Williams Memorial Pathways to Recovery Endowed Scholarship	19,379	13,450	541	-	976	34,346	6,171	28,175
Bill & Diana Wipperfurth Annis Water Resources Institute Student Research Scholarship	48,384	875	993	2,018	125	48,359	11,548	36,811
Thomas and Joyce Wisner Engineering Scholarship Endowment	1,407,880	140	28,906	58,389	20	1,378,557	378,397	1,000,160
The Wisner Doctor of Physical Therapy Scholarship	153,749	400	3,164	6,389	350	151,274	40,314	110,960
Robert H. and Barbara Wood Entrepreneur Scholarship	1,682	-	35	-	-	1,717	717	1,000
Doug and Linda Woods Athletic Training Scholarship Endowment	188,065	13,772	3,948	7,951	736	198,570	49,426	149,144
Wrestling Endowment	72,168	1,001	1,504	-	27	74,700	29,712	44,988
Writing Majors Scholarship	51,929	1,448	1,088	2,195	1,374	53,644	11,855	41,789
Whitney Young Village Outreach Engineering Scholarship	143,382	38	3,562	3,000	-	143,982	43,944	100,038
William Zimmerman Memorial Scholarship	100,195	2,465	2,095	4,223	1,600	102,132	24,544	77,588
Shelia Williams Student Leadership Development Fund	170,488	1,115	3,516	7,100	771	168,790	90,155	78,635
Women's Center Endowment	119,467	4,390	2,495	5,059	3,704	124,997	22,487	102,510
Felix V. & Gladys A. Zukaitis Athletic Trust	259,732	-	5,333	10,772	-	254,293	129,108	125,185
Felix V. & Gladys A. Zukaitis Scholarship Trust	248,975	-	5,112	10,326	-	243,761	117,740	126,021
Total endowment funds	80,289,221	3,157,798	1,660,144	3,219,012	(3,142)	81,885,009	26,431,489	55,453,520

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Funds Functioning as Endowments								
Accounting Scholarship Fund	\$ 556,489	\$ 11,220	\$ 11,546	\$ 23,323	\$ 400	\$ 556,332	\$ 269,839	\$ 286,493
Alumni Scholarship Fund	970,178	196	19,922	40,241	196	950,251	452,069	498,182
Owen F. Bieber Scholarship Trust	756,824	-	15,539	31,387	-	740,976	427,446	313,530
Alexander Calder Honors Scholarship	182,827	20	3,756	7,586	385	179,402	39,925	139,477
Charles & Florence Irwin Scholarship Endowment Fund	287,158	4,912	5,926	11,989	887	286,894	109,898	176,996
Joe E. Reid Memorial Scholarship Fund	104,086	220	2,138	4,320	-	102,124	48,182	53,942
SPX Corporation Engineering Scholarship Fund	159,189	-	3,268	6,602	-	155,855	105,745	50,110
Robert C. Trotter Scholarship Fund	609,599	-	12,516	25,281	-	596,834	448,967	147,867
Angus Fund	1,800,154	766	36,967	74,672	166	1,763,381	906,701	856,680
R.B. Annis WRI Endowment	1,960,420	12,820	40,396	81,578	1,037	1,933,095	801,681	1,131,414
James R. Sebastian Endowed Chair in Engineering Cooperative Education and Educational Development	2,014,542	-	41,362	83,548	-	1,972,356	1,430,994	541,362
Richard M. and Helen DeVos Center for Entrepreneurship & Innovation Endowment	1,891,833	1,244	38,834	78,463	50	1,853,498	624,030	1,229,468
Science Religion Project	250,767	-	5,149	10,400	-	245,516	84,179	161,337
VanderMey Endowment	188,578	-	3,872	7,821	-	184,629	70,202	114,427
Grand Rapids Continuing Education	1,953,975	-	40,495	-	-	1,994,470	1,620,488	373,982
Leon W. Hall Trust Fund	897,283	-	18,423	37,212	-	878,494	544,082	334,412
Russel H. Kirkhof Fund	2,818,692	-	57,873	116,898	-	2,759,667	1,752,368	1,007,299
Seymour & Esther Padnos School of Engineering	2,872,518	15	58,978	119,131	21	2,812,401	1,297,942	1,514,459
Padnos Fund	1,902,845	-	39,069	78,915	-	1,862,999	862,974	1,000,025
Charles C. Saur Fund	57,820	-	344	-	-	58,164	(53,413)	111,577
Undistributed Income Fund	628,390	-	12,398	-	-	640,788	640,788	-
Total funds functioning as endowments	22,864,167	31,413	468,771	839,367	3,142	22,528,126	12,485,087	10,043,039

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2015

	Balance June 30, 2014	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2015	Retained Investment Income	Principal Balance June 30, 2015
Annuitiy Funds								
John and Shirley Batchelder Charitable Gift Annuity	\$ 63,520	\$ -	\$ (19,697)	\$ -	\$ -	\$ 43,823	\$ 25,000	\$ 18,823
John and Nancy Batts Charitable Gift Annuity	367,245	-	(98,493)	-	-	268,752	(103,560)	372,312
Darld T. and Joyce M. Black Charitable Gift Annuity	13,128	-	(2,441)	-	-	10,687	4,135	6,552
Robert F. and Jean A. Blossfeld Charitable Gift Annuity	3,965	-	(896)	-	-	3,069	916	2,153
George C. and Margaret T. Cope Charitable Gift Annuity	8,602	-	(1,803)	-	-	6,799	(1,284)	8,083
Dr. Gilbert R. and Patricia Davis Charitable Gift Annuities	45,438	-	(17,252)	-	-	28,186	8,170	20,016
Ralph and Grace Hauenstein Charitable Gift Annuities	(121,776)	-	(141,676)	-	-	(263,452)	(726,431)	462,979
John and Janice Heerspink Charitable Gift Annuity	1,140	-	(1,572)	-	-	(432)	(2,067)	1,635
Harvey E. Lemmen Charitable Gift Annuities	138,982	-	(120,720)	-	-	18,262	(70,600)	88,862
John F. and Mae D. Shipley Charitable Gift Annuity	4,839	-	(1,677)	-	-	3,162	(1,735)	4,897
Jacquelyn L. and Lester L. Stiner Charitable Gift Annuity	4,910	-	(2,343)	-	-	2,567	1,061	1,506
John T. Tevebaugh Charitable Gift Annuities	17,218	-	(2,847)	-	-	14,371	4,431	9,940
Peter Merrick Turner Charitable Gift Annuity	10,866	-	(4,171)	-	-	6,695	(4,871)	11,566
Total annuity funds	558,077	-	(415,588)	-	-	142,489	(866,835)	1,009,324
Total endowment and similar funds	\$ 103,711,465	\$ 3,189,211	\$ 1,713,327	\$ 4,058,379	\$ -	\$ 104,555,624	\$ 38,049,741	\$ 66,505,883

* Funds held by Grand Valley University Foundation

Grand Valley State University

Schedule of Net Position by Fund Year Ended June 30, 2015

Assets	Current Funds												Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds	Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement/Pension	Retirement/Health	Blended Components	2015	2014
Current assets:														
Cash and cash equivalents	\$ 12,071,971	\$ 11,349,753	\$ (1,527,232)	\$ 4,200,501	\$ 26,094,993	\$ 652,684	\$ -	\$ 13,386,055	\$ (1,193,361)	\$ -	\$ 287,969	\$ 385,738	\$ 39,614,078	\$ 33,763,708
Short-term investments	3,757,135	3,549,927	-	1,324,599	8,631,661	204,342	-	4,197,405	-	-	90,297	-	13,123,705	26,093,427
Accounts receivable	865,408	750,708	1,105,627	4,635,338	7,357,081	-	-	3,000	1,222,324	-	-	39,071	8,621,476	10,738,293
State appropriation receivable	11,479,276	-	-	-	11,479,276	-	-	6,709,381	44,682,292	-	-	-	62,870,949	53,385,038
Pledges receivable	8,333	-	-	1,643,949	1,652,282	-	-	-	-	-	-	-	1,652,282	4,209,996
Less allowance for uncollectible accounts	-	-	-	(6,639)	(6,639)	-	-	-	-	-	-	-	(6,639)	(9,311)
Net pledges receivable	8,333	-	-	1,637,310	1,645,643	-	-	-	-	-	-	-	1,645,643	4,200,685
Inventory	-	89,784	2,703,798	-	2,793,582	-	-	-	-	-	-	10,818	2,804,400	2,352,554
Prepaid expenses and other	2,085,008	573,107	26,345	61,878	2,746,338	215,194	-	609,418	-	-	-	-	3,570,950	2,826,192
Student notes receivable - Current portion	527,200	-	-	-	527,200	3,072,800	-	-	-	-	-	-	3,600,000	3,700,000
Total current assets	30,794,331	16,313,279	2,308,538	11,859,626	61,275,774	4,145,020	-	24,905,259	44,711,255	-	378,266	435,627	135,851,201	137,059,897
Noncurrent assets:														
Restricted cash and cash equivalents	-	-	-	-	-	-	677,171	25,912,290	-	-	-	1,322,333	27,911,794	4,763,044
Endowment investments	-	-	-	-	-	-	103,864,825	-	-	-	-	-	103,864,825	100,076,069
Note receivable	-	-	-	-	-	-	-	25,500,000	-	-	-	-	25,500,000	25,578,750
Other long-term investments	76,790	59,243,367	-	67,595	59,387,752	-	-	70,048,885	-	-	12,052,353	469,422	141,958,412	115,460,691
Pledges receivable	-	-	-	2,956,300	2,956,300	-	-	-	-	-	-	-	2,956,300	3,861,300
Less discount to present value	-	-	-	(545,755)	(545,755)	-	-	-	-	-	-	-	(545,755)	(658,775)
Net pledges receivable	-	-	-	2,410,545	2,410,545	-	-	-	-	-	-	-	2,410,545	3,202,525
Student notes receivable - Net	-	-	-	-	-	8,313,897	-	-	-	-	-	-	8,313,897	8,807,808
Capital assets - Net	-	-	-	-	-	-	-	648,186,539	-	-	-	4,958	648,191,497	631,084,142
Other assets	-	273,248	-	-	273,248	-	-	1,445,587	-	-	-	26,621	1,745,456	2,084,292
Total noncurrent assets	76,790	59,516,615	-	2,478,140	62,071,545	8,313,897	104,541,996	771,093,301	-	-	12,052,353	1,823,334	959,896,426	891,057,321
Total assets	30,871,121	75,829,894	2,308,538	14,337,766	123,347,319	12,458,917	104,541,996	795,998,560	44,711,255	-	12,430,619	2,258,961	1,095,747,627	1,028,117,218
Deferred Outflows of Resources														
Derivatives	-	-	-	-	-	-	-	6,020,000	-	-	-	-	6,020,000	5,518,000
Loss on refunding of bonds payable	-	-	-	-	-	-	-	4,442,243	-	-	-	-	4,442,243	-
Pension related deferrals	-	-	-	-	-	-	-	-	-	6,968,383	-	-	6,968,383	-

Grand Valley State University

Schedule of Net Position by Fund (Continued) Year Ended June 30, 2015

	Current Funds											Consolidated Total		
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds	Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement/Pension	Retirement/Health	Blended Components	2015	2014
Liabilities														
Current liabilities:														
Accounts payable	\$ 3,948,512	\$ 419,043	\$ 1,025,789	\$ 939,548	\$ 6,332,892	\$ 137	\$ -	\$ 7,742,475	\$ 43,475,519	\$ -	\$ -	\$ 211,939	\$ 57,762,962	\$ 58,335,640
Accrued payroll and other benefits	17,938,564	102,000	-	-	18,040,564	-	-	-	495,847	-	-	-	18,536,411	17,975,285
Accrued interest expense and other liabilities	-	-	-	-	-	-	-	1,181,061	739,889	-	-	-	1,920,950	1,849,198
Unearned revenue	7,905,343	688,823	368,120	2,944,970	11,907,256	-	-	466,984	-	-	-	-	12,374,240	12,399,699
Long-term liabilities - Current portion	-	-	-	-	-	-	264,902	13,899,220	-	-	415,000	-	14,579,122	13,690,986
Total current liabilities	29,792,419	1,209,866	1,393,909	3,884,518	36,280,712	137	264,902	23,289,740	44,711,255	-	415,000	211,939	105,173,685	104,250,808
Noncurrent liabilities:														
Unearned revenue - Net of current portion	-	-	-	-	-	-	-	5,980,069	-	-	-	-	5,980,069	4,447,053
Federal student loan payable	-	-	-	-	-	10,219,932	-	-	-	-	-	-	10,219,932	10,257,484
Long-term liabilities - Net of current portion	-	-	-	-	-	-	1,043,802	273,582,705	-	-	7,998,707	-	282,625,214	252,253,476
Net pension liability	-	-	-	-	-	-	-	-	18,937,509	-	-	-	18,937,509	-
Derivative instruments	-	-	-	-	-	-	-	6,462,000	-	-	-	-	6,462,000	6,166,000
Total liabilities	29,792,419	1,209,866	1,393,909	3,884,518	36,280,712	10,220,069	1,308,704	309,314,514	44,711,255	18,937,509	8,413,707	211,939	429,398,409	377,374,821
Net Position														
Invested in capital assets - Net of related debt	-	-	-	-	-	-	-	395,740,808	-	-	-	4,958	395,745,766	378,450,246
Restricted:														
Nonexpendable - Scholarships and academic support	-	-	-	-	-	-	54,329,357	-	-	-	-	1,124,163	55,453,520	52,298,864
Expendable:														
Scholarships and academic support	-	-	-	9,059,786	9,059,786	-	39,315,501	-	-	-	-	198,480	48,573,767	49,272,789
Capital projects	-	-	-	1,393,462	1,393,462	-	287,014	26,058,767	-	-	-	-	27,739,243	27,823,152
Loans	-	-	-	-	-	1,727,309	-	-	-	-	-	-	1,727,309	1,661,066
Unrestricted	1,078,702	74,620,028	914,629	-	76,613,359	511,539	9,301,420	75,346,714	-	(11,969,126)	4,016,912	719,421	154,540,239	146,754,280
Total net position	\$ 1,078,702	\$ 74,620,028	\$ 914,629	\$ 10,453,248	\$ 87,066,607	\$ 2,238,848	\$ 103,233,292	\$ 497,146,289	\$ -	\$ (11,969,126)	\$ 4,016,912	\$ 2,047,022	\$ 683,779,844	\$ 656,260,397

Grand Valley State University

Schedule of Revenue, Expenses, and Changes in Net Position by Fund Year Ended June 30, 2015

	Current Funds											Consolidated Total		
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds	Student Loan Fund	Endowment Fund	Plant Fund	Retirement/Pension Fund	Retirement/Health Fund	Blended Components	Eliminations	2015	2014
Operating Revenue														
Student tuition and fees	\$ 286,353,824	\$ 685,909	\$ -	\$ -	\$ 287,039,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 287,039,733	\$ 272,392,901
Less scholarship allowances	-	-	-	-	-	-	-	-	-	-	-	(48,375,412)	(48,375,412)	(45,203,110)
Net student tuition and fees	286,353,824	685,909	-	-	287,039,733	-	-	-	-	-	-	(48,375,412)	238,664,321	227,189,791
Government grants and contracts:														
Federal	-	-	-	14,656,318	14,656,318	-	-	-	-	-	-	-	14,656,318	14,760,076
State	-	-	-	6,923,276	6,923,276	-	-	-	-	-	-	-	6,923,276	5,844,160
Local	-	100,853	-	900,406	1,001,259	-	-	-	-	-	-	-	1,001,259	787,139
Nongovernmental grants	-	539,815	-	1,369,773	1,909,588	-	-	-	-	-	-	-	1,909,588	913,290
Sales and services of educational activities	911,553	13,174,845	-	195,858	14,282,256	-	-	-	-	722,583	-	-	15,004,839	13,710,287
Auxiliary activities	-	-	67,159,779	-	67,159,779	-	-	-	-	-	50,624	-	67,210,403	64,227,453
Less scholarship allowances	-	-	-	-	-	-	-	-	-	-	-	(9,884,876)	(9,884,876)	(9,099,081)
Net auxiliary activities	-	-	67,159,779	-	67,159,779	-	-	-	-	50,624	(9,884,876)	-	57,325,527	55,128,372
Indirect cost recoveries	1,515,039	(59,213)	-	(1,455,826)	-	-	-	-	-	-	-	-	-	-
Other sources	1,865,618	4,264,276	-	244,458	6,374,352	326,124	-	-	-	-	-	-	6,700,476	6,260,031
Endowment income	246,107	541,122	-	3,271,150	4,058,379	-	(4,028,628)	-	-	-	(29,751)	-	-	-
Total operating revenue	290,892,141	19,247,607	67,159,779	26,105,413	403,404,940	326,124	(4,028,628)	-	-	743,456	(58,260,288)	342,185,604	324,593,146	
Operating Expenses														
Instruction	148,141,477	298,187	-	2,705,915	151,145,579	-	-	-	-	-	-	-	151,145,579	145,522,368
Research	3,487,354	1,074,957	-	2,369,074	6,931,385	-	-	-	-	59,701	-	-	6,991,086	7,852,408
Public service	2,215,450	11,590,524	-	13,395,402	27,201,376	-	-	-	-	-	-	-	27,201,376	24,993,763
Academic support	38,649,243	730,644	-	3,319,063	42,698,950	-	-	-	-	-	-	-	42,698,950	40,581,431
Student services	26,607,475	1,422,338	-	163,842	28,193,655	-	-	-	-	-	-	-	28,193,655	27,936,819
Institutional support	35,370,022	(195,005)	-	22,115	35,197,132	-	-	-	-	-	-	-	35,197,132	34,541,983
Operation and maintenance - Plant	39,517,446	307,583	-	161,976	39,987,005	-	-	5,649,488	-	-	1,041,887	-	46,678,380	40,890,938
Depreciation expense	-	-	-	-	-	-	-	23,971,364	-	-	-	-	23,971,364	23,239,162
Scholarships and related expenses	38,108,160	209,536	-	34,708,200	73,025,896	-	-	-	-	-	-	(58,260,288)	14,765,608	16,634,497
Auxiliary activities	-	-	40,293,983	-	40,293,983	-	-	-	-	-	33,727	-	40,327,710	39,712,963
Transfer to (from) blended component	-	375,000	-	-	375,000	-	72,368	-	-	-	(447,368)	-	-	-
Loan administrative fees and collection costs	-	-	-	-	-	285,722	-	-	-	-	-	-	285,722	268,594
Total operating expenses	332,096,627	15,813,764	40,293,983	56,845,587	445,049,961	285,722	72,368	29,620,852	-	687,947	(58,260,288)	417,456,562	402,174,926	
Operating (Loss) Income	(41,204,486)	3,433,843	26,865,796	(30,740,174)	(41,645,021)	40,402	(4,100,996)	(29,620,852)	-	55,509	-	(75,270,958)	(77,581,780)	

Grand Valley State University

Schedule of Revenue, Expenses, and Changes in Net Position by Fund (Continued) Year Ended June 30, 2015

	Current Funds										Consolidated Total			
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds	Student Loan Fund	Endowment Fund	Plant Fund	Retirement/Pension Fund	Retirement/Health Fund	Blended Components	Eliminations	2015	2014
Nonoperating Revenue (Expenses)														
State appropriations	\$ 63,200,000	\$ -	\$ -	\$ -	\$ 63,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,200,000	\$ 57,823,500
Government grants	-	-	-	29,219,454	29,219,454	-	-	-	-	-	-	-	29,219,454	29,577,544
Gifts	337,724	3,038,569	575	2,559,558	5,936,426	25,000	31,414	-	-	-	-	-	5,992,840	5,760,021
Investment income:														
Interest, dividends, gains (losses) - Net of investment expense	1,076,325	(260,419)	-	4,529	820,435	2,087	1,686,621	869,988	-	410,400	28,892	-	3,818,423	21,481,851
Change in fair value of derivatives	-	-	-	-	-	-	-	206,000	-	-	-	-	206,000	262,000
Interest on capital asset - Related debt	-	-	-	-	-	-	-	(9,884,448)	-	-	-	-	(9,884,448)	(10,988,602)
Gain (loss) on disposal of capital assets	7,500	-	-	144	7,644	-	-	(1,342,217)	-	-	-	-	(1,334,573)	47,034
Net nonoperating revenue (expenses)	64,621,549	2,778,150	575	31,783,685	99,183,959	27,087	1,718,035	(10,150,677)	-	410,400	28,892	-	91,217,696	103,963,348
Income (Loss) - Before other revenue, expenses, gains, and losses	23,417,063	6,211,993	26,866,371	1,043,511	57,538,938	67,489	(2,382,961)	(39,771,529)	-	410,400	84,401	-	15,946,738	26,381,568
Other Revenue, Expenses, Gains, and Losses														
Capital gifts	-	-	-	47,785	47,785	-	-	69,150	-	-	-	-	116,935	1,002,234
Add discount adjustment	-	-	-	115,692	115,692	-	-	-	-	-	-	-	115,692	358,790
Net capital gifts	-	-	-	163,477	163,477	-	-	69,150	-	-	-	-	232,627	1,361,024
Capital appropriations	-	-	-	-	-	-	-	18,406,140	-	-	-	-	18,406,140	-
Capital grants	-	-	-	-	-	-	-	-	-	-	-	-	-	250,000
Other capital income	-	-	-	-	-	-	-	528,430	-	-	-	-	528,430	259,040
Capital additions	(1,908,725)	21,608	-	(85,635)	(1,972,752)	-	-	1,972,752	-	-	-	-	-	-
Additions to permanent endowments	-	-	-	-	-	-	2,318,469	-	-	-	35,582	-	2,354,051	4,008,365
Capital contributions from 38 Front Avenue	-	-	-	-	-	-	-	-	-	-	-	-	-	6,668,184
Total other revenue, expenses, gains, and losses	(1,908,725)	21,608	-	77,842	(1,809,275)	-	2,318,469	20,976,472	-	-	35,582	-	21,521,248	12,546,613
Transfers Out (In)														
Mandatory transfers	7,676,175	16,847	18,597,035	324,397	26,614,454	(23,887)	(420,197)	(26,170,370)	-	-	-	-	-	-
Nonmandatory transfers	13,332,614	3,159,712	8,183,832	(519,442)	24,156,716	-	(383,550)	(25,793,753)	2,020,587	-	-	-	-	-
Total transfers	21,008,789	3,176,559	26,780,867	(195,045)	50,771,170	(23,887)	(803,747)	(51,964,123)	2,020,587	-	-	-	-	-
Increase (Decrease) in Net Position	499,549	3,057,042	85,504	1,316,398	4,958,493	91,376	739,255	33,169,066	(2,020,587)	410,400	119,983	-	37,467,986	38,928,181
Net Position - Beginning of year	579,153	71,562,986	829,125	9,136,850	82,108,114	2,147,472	102,494,037	463,977,223	-	3,606,512	1,927,039	-	656,260,397	617,332,216
Adjustment for Change in Accounting Principle	-	-	-	-	-	-	-	-	(9,948,539)	-	-	-	(9,948,539)	-
Net Position - End of year	\$ 1,078,702	\$ 74,620,028	\$ 914,629	\$ 10,453,248	\$ 87,066,607	\$ 2,238,848	\$ 103,233,292	\$ 497,146,289	\$ (11,969,126)	\$ 4,016,912	\$ 2,047,022	\$ -	\$ 683,779,844	\$ 656,260,397

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
Grand Valley State University

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Grand Valley State University (the "University"), a component unity of the State of Michigan, its discretely presented component unit, and its pension trust funds as of and for the year ended June 30, 2015 and the related notes to the financial statements, and have issued our report thereon dated November 6, 2015. The financial statements of 38 Front Avenue were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grand Valley State University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and the Board of Trustees
Grand Valley State University

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grand Valley State University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Morse, PLLC

November 6, 2015