

GRAND VALLEY STATE UNIVERSITY ANNUAL FINANCIAL REPORT 2017



Grand Valley State University

**Financial Report
with Additional Information
June 30, 2017**

Grand Valley State University

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Independent Auditor's Report

To the Board of Trustees
Grand Valley State University

Report on the Financial Statements

We have audited the accompanying financial statements of Grand Valley State University (the "University"), a component unit of the State of Michigan, and its pension trust funds as of and for the years ended June 30, 2017 and 2016 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of 38 Front Avenue and Grand Valley University Foundation, blended component units, were not audited under *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Valley State University and its pension trust funds as of June 30, 2017 and 2016 and the respective changes in its financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Grand Valley State University

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, effective July 1, 2016, the University adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*. 38 Front Avenue is now presented as a blended component unit; in the prior year it was discretely presented. 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, schedule of changes in the net pension liability and related ratios, investment returns, 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 opinions on the financial statements that collectively comprise Grand Valley State University's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 3, 2017 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 3, 2017

As of June 30, 2017

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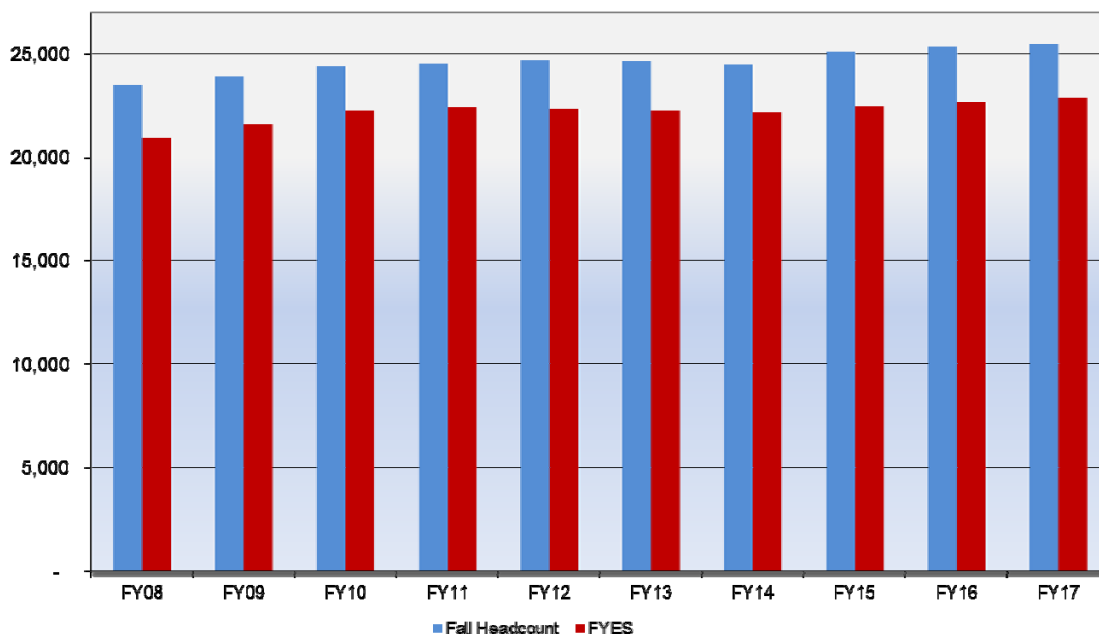
Grand Valley State University

Management's Discussion and Analysis - Unaudited

Financial and Enrollment Highlights for the Year Ended June 30, 2017

- Enrollment increased based on FYES (fiscal year equated students) from 22,705 to 22,871. Fall Semester headcount increased from 25,325 to 25,460.
- Operating revenue increased by 4.3 percent. Increases in tuition revenue, housing, and dining revenue were partially offset by higher scholarship allowances, resulting in a net increase of \$15.2 million.
- State appropriations increased by 4.5 percent, as a result of \$2.95 million of performance funding.
- Endowment cash and investments climbed to \$118.2 million as a result of strong financial markets adding \$13.9 million of investment income and generous donor support of \$4.6 million in new gifts. The 2017 investment return of 13.3 percent reflected a market rebound from the 2016 loss of 3.3 percent and the 2015 return of 1.6 percent.
- The Laker Effect comprehensive campaign was launched to raise funds for scholarships, enhance resources for student success, and invest in academic programs and facilities. Gifts increased by \$9.9 million in 2017, primarily for the Raleigh J. Finkelstein Hall.
- Construction started on the Raleigh J. Finkelstein Hall, an 84,000 square foot facility that is needed to meet space demands of the growing healthcare curriculum. On the Allendale Campus, the Thomas J. and Marcia J. Haas Performing Arts Center addition neared completion while the Hooker-Holton Learning and Living Center opened in Fall 2016.

Historical Enrollment



Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

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

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

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*. GASB 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.

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 and deferred inflows of resources - is one way to measure the financial health of the University. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values. Investments are stated at fair value, and capital assets are stated at historical cost less an allowance for depreciation. Net position from 2015 to 2017 has increased by 11.6 percent, from \$695.3 million to \$776.2 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		
	2017	2016	2015
	(in 000s)		
Current Assets			
Cash and short-term investments	\$ 76,484	\$ 75,158	\$ 53,209
Receivables	83,353	78,593	76,738
Inventory, prepaid expenses, and other	6,618	6,353	6,410
Total current assets	166,455	160,104	136,357
Noncurrent Assets			
Restricted cash	-	-	27,912
Endowment cash and investments	118,251	103,477	103,864
Other long-term investments	146,782	144,810	141,958
Long-term receivables	27,601	30,936	27,042
Capital assets - Net of depreciation	728,269	710,985	686,327
Other	2,436	2,974	2,299
Total assets	1,189,794	1,153,286	1,125,759
Deferred Outflows of Resources			
Accumulated changes in the fair value of hedging derivative instruments	5,247	8,245	6,020
Refunding of bonds payable	11,814	12,841	4,442
Pension-related deferrals	11,396	9,580	6,968
Total deferred outflows	28,457	30,666	17,430
Current Liabilities			
Accounts payable and accrued liabilities	90,579	83,643	78,328
Unearned revenue	13,249	20,911	12,374
Long-term liabilities - Current portion	16,084	16,452	14,573
Total current liabilities	119,912	121,006	105,275
Noncurrent Liabilities			
Unearned revenue - Net of current portion	4,994	5,487	5,980
Federal student loan payable	10,214	10,158	10,220
Long-term liabilities - Net of current portion	274,687	293,823	301,013
Derivative instruments	5,365	8,548	6,462
Net pension liability	23,750	19,371	18,938
Total liabilities	438,922	458,393	447,888
Deferred Inflows of Resources - Pension related deferrals	3,104	3,526	-
Net Position			
Net investment in capital assets	461,580	425,413	405,375
Restricted	140,657	124,560	133,494
Unrestricted	173,988	172,060	156,432
Total net position	\$ 776,225	\$ 722,033	\$ 695,301

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 buildings on the Allendale campus. It is classified as a noncurrent asset due to the nature of these projects and was fully expended during 2016 with the completion of the Hooker-Holton Learning and Living Center.

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 \$3.3 million of cash and investments between 2016 and 2017 and \$24.8 million of cash and investments between 2015 and 2016. The statement of cash flows on page 20 explains the sources and uses of cash.

Current receivables, which include grants, state appropriations, capital appropriations, pledges, student notes, and various operating receivables that are expected to be collected within a year, increased by \$6.6 million between 2015 and 2017. This increase reflects growth of the charter school appropriation receivable and pledges receivable.

Other current assets consist mainly of inventories and prepaid expenses. These assets may fluctuate based on timing of inventory purchases and payments of vendor service agreements, although balances remained steady between 2015 and 2017.

Fluctuating financial markets impacted endowment investments from 2015 to 2017. Endowment investments generated a gain of 13.3 percent after a loss of 3.3 percent in 2016 and a gain of 1.6 percent in 2015. The University (along with its investment advisory committee and outside consultants) continues to closely monitor endowment investment strategy and asset allocations.

Long-term receivables, which include pledges, student notes, and a third-party notes receivable, remained stable between 2015 and 2017. Long-term pledges are discounted to net present value for financial statement purposes.

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

Capital assets increased by \$24.7 million between 2015 and 2016 as a result of several construction projects on the Allendale campus. The Hooker-Holton Learning and Living Center was ready for students starting in fall 2016. Phase 1 of the student recreation center was also completed in August 2016. Phase 2 of the student recreation center and the addition to the performing arts center were also under construction. These additions, totaling \$51.8 million, were offset by depreciation expense of \$26.2 million as well as disposals.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

The L. William Seidman Center building constructed by 38 Front Avenue is now included in the University's capital assets and prior year balances are restated accordingly. Further detail regarding capital asset activity for both the University and 38 Front Avenue is presented in Note 3 on pages 44-46.

Deferred outflows of resources are funds expended by the University that are applicable to a future accounting period. The University continues to carry deferred outflows related to the accumulated changes in the fair value of hedging derivative instruments. The balance declined by \$3.0 million from 2016 to 2017 after increasing by \$2.2 million from 2015 to 2016 due to market value fluctuations. 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 for the loss on refunding of bonds payable. In May 2016, the University issued advanced refunding bonds that resulted in deferred outflows of \$6.8 million. These deferred outflows will be amortized over the life of the corresponding bonds, which are expected to generate savings on interest expense going forward. More detailed information regarding the debt transaction is presented in Note 4 to the financial statements.

In 2015, deferred outflows related to pensions of \$7.0 million resulted from the implementation of GASB Statement No. 68. In 2016, deferred outflows increased by \$2.6 million due to a shortfall between actual to projected investment earnings to be amortized over five years. In 2017, a change in assumption regarding the long-term investment rate of return will be amortized over three remaining years. This increase was substantially offset by higher investment earnings than projected and amortization of prior year adjustments. Deferred inflows of \$3.1 million and \$3.5 million in 2017 and 2016, respectively, were primarily a result of changes in assumptions used in the plans and amortized over approximately 10 years. More detailed information regarding the defined benefit pension plans is presented in Note 6 to the financial statements and in the required supplemental information beginning on page 67.

Accounts payable and accrued liabilities increased between 2015 and 2017 by \$12.3 million. The increase was due to the timing of payroll, payables for construction projects, and the additional Charter Schools payables.

Unearned revenue includes receipts from tuition, grants, and contracts that pertain to a future fiscal year. In 2017, the unearned revenue balance returned to historical levels after \$7.8 million in pledges were offset by deferred revenue in 2016 since the related capital project had not yet been approved by the board.

Current maturities in long-term debt increased by \$1.5 million between 2015 and 2017 based on the scheduled principal payments.

Noncurrent liabilities include unearned revenue, federal student loans payable, derivative instruments, net pension liability, and the long-term portion of bonds payable.

Long-term liabilities decreased by \$26.3 million between 2015 and 2017 due to principal payments made.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

In 2016, 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, including the \$22.3 million received in financing to construct the L. William Seidman Center, which is offset by a \$16.3 million note receivable. 38 Front Avenue is now blended with University reporting.

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, 2017, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$14.2 million. Further information regarding the plan and funding status is detailed in Note 6.

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. Net pension liability has increased by \$4.8 million between 2015 and 2017 mainly due to changes in actuarial assumptions.

The total net position of the University increased by \$80.9 million between 2015 and 2017. The increase reflects investments in infrastructure to support a growing student body as well as generous support from donors to endowments and the Laker Effect comprehensive campaign. Further detail regarding the designation by the University of unrestricted net position for certain purposes is summarized in Note 1 to the financial statements.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

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

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

	Year Ended June 30		
	2017	2016	2015
	(in 000s)		
Operating Revenue			
Student tuition and fees	\$ 315,700	\$ 300,497	\$ 287,040
Less scholarship allowance	(52,923)	(51,230)	(48,375)
Auxiliary	72,517	68,923	67,210
Less scholarship allowance	(10,008)	(9,718)	(9,885)
Grants and contracts	23,163	24,961	24,491
Other	22,455	22,249	21,705
Total operating revenue	370,904	355,682	342,186
Operating Expenses	445,612	435,180	417,065
Net Operating Loss	(74,708)	(79,498)	(74,879)
Nonoperating Revenue (Expense)			
State appropriations	68,228	65,275	63,200
Government grants	27,376	28,795	29,219
Gifts (including endowment and capital)	21,734	11,818	8,580
Capital appropriations, grants, and other	3,590	7,972	18,995
Investment income - Net of fees	18,483	1,933	3,635
Other loss and expense	(10,511)	(9,563)	(11,340)
Net nonoperating revenue	128,900	106,230	112,289
Net Increase in Net Position	54,192	26,732	37,410
Net Position - Beginning of year	722,033	695,301	667,840
Adjustment for Change in Accounting Principle	-	-	(9,949)
Net Position - End of year	\$ 776,225	\$ 722,033	\$ 695,301

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Revenue generated by tuition and fees increased by 5.1 percent in 2017 and 4.7 percent in 2016. Tuition rates increased approximately 4 percent annually and higher enrollment accounted for the remaining increase.

Scholarship allowances as a percentage of tuition and fees remained relatively steady at 16.8 percent in 2017 compared to 17.0 percent in 2016 and 16.9 percent in 2015. The University continues to provide significant levels of scholarship support to mitigate the financial impact of tuition rate increases. The method to calculate scholarship allowance is described in Note 1.

Auxiliary revenue consists of housing, dining, parking, bookstores, vending, golf course, health center, and conference fees from external customers. In 2017, auxiliary revenue increased 5.2 percent, or \$3.6 million, mainly due to opening of the new Hooker-Holton Learning Center, higher dining revenue, and increase in parking permits. In 2016, auxiliary revenue increased by 2.5 percent.

Grants and contracts revenue decreased by \$1.8 million between 2016 and 2017 due to completion of significant federal and local grants, after remaining steady between 2015 and 2016.

Operating expenses increased by \$10.4 million in 2017 and \$18.1 million in 2016. Further analysis of this increase is provided beginning on page 13. Salaries, wages, and benefits comprise the largest operating expense, while instruction is the largest functional category.

State appropriations increased by 4.5 percent, or \$2.95 million, between 2016 and 2017. State appropriations increased by 3.3 percent, or \$2.1 million, between 2015 and 2016. The performance funding that University receives as a percentage of its base funding was the highest compared to other state universities for both periods. Performance funding is based on state metrics.

Nonoperating government grants consisting of Pell awards have been on a slight decline between 2015 and 2017 due to lower student eligibility.

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

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 the Allendale Campus. This was followed by \$7.1 million in 2016 and \$2.3 million in 2017 with completion.

Grand Valley State University

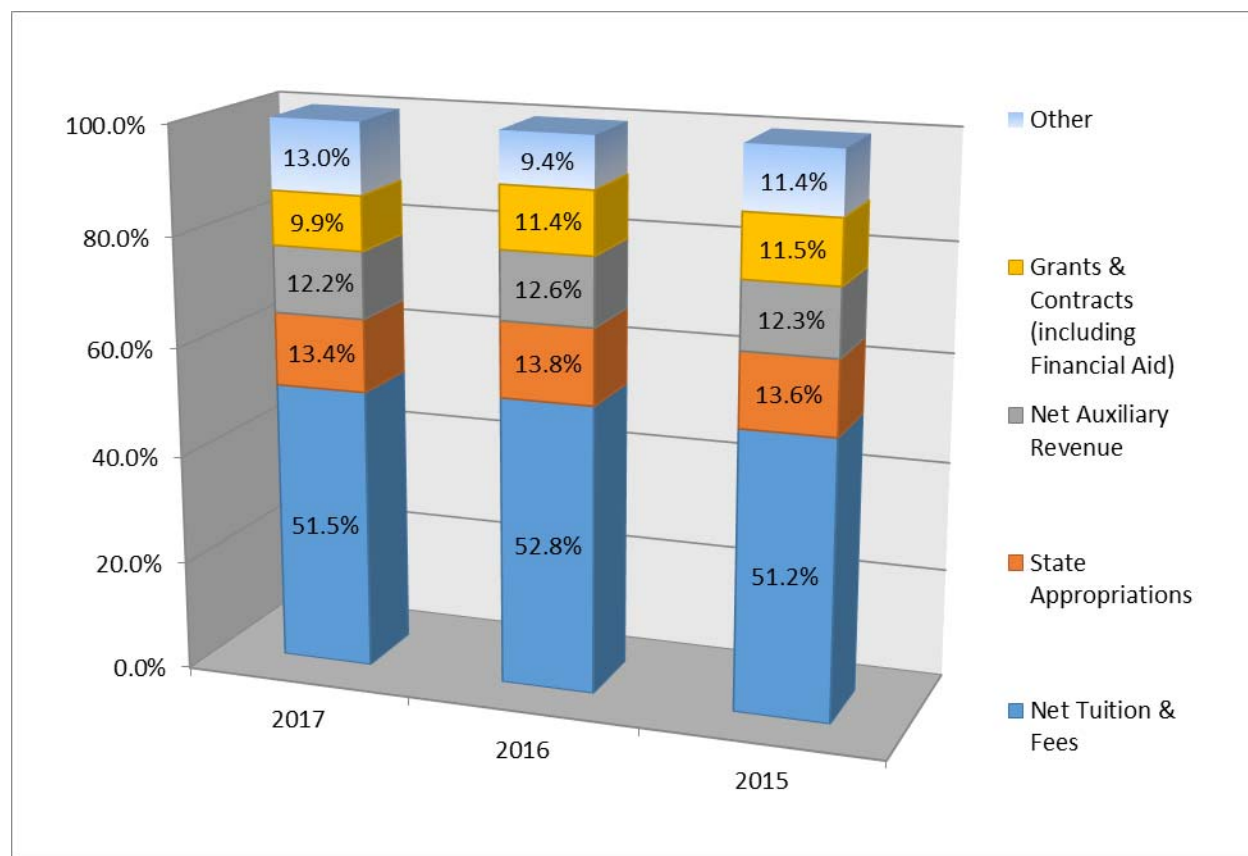
Management's Discussion and Analysis - Unaudited (Continued)

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 jumped to a 13.3 percent gain in 2017 following a 3.3 percent loss in 2016 and a 1.6 percent gain in 2015. Returns on operating investments remained steady.

Other nonoperating expense, which includes interest expense, changes in the fair value of derivative instruments, and gains or losses from disposal of assets has remained consistent between 2015 and 2017.

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

Total Revenue



Tuition and fees (net) make the largest contribution to the total revenue of the University. State appropriation is a distant second and is designated to cover financial aid, debt service, utilities, and capital repairs. Grants and contracts include both financial aid grants and grants for restricted purposes such as research and public service. Auxiliary activities are considered self-supporting enterprises. Other revenue includes investment income, gifts, additions to endowment, and capital grants and appropriations.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Operating Expenses by Functional Classification

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

	2017	2016	2015
		(in 000s)	
Instruction	\$ 164,223	\$ 158,741	\$ 151,146
Research	6,668	6,666	6,991
Public service	26,324	27,666	27,201
Academic support	45,880	44,797	42,699
Student services	30,807	29,717	28,193
Institutional support	39,514	37,715	35,353
Operation and maintenance of facilities	47,061	48,107	45,060
Depreciation	27,464	26,200	25,042
Scholarships and related expenses	14,083	14,212	14,766
Auxiliary activities	43,322	41,055	40,328
Other expenditures	266	304	286
Total	<u>\$ 445,612</u>	<u>\$ 435,180</u>	<u>\$ 417,065</u>

Instructional expenses increased by 3.5 percent between 2016 and 2017 and by 5.0 percent between 2015 and 2016. Instructional expense increases in the health professions have outpaced the average increase. New programs added recently include those of masters level - medical dosimetry, clinical dietetics, and applied linguistics, and those of bachelors level - health information management and global studies and social impact.

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 remained steady between 2015 and 2017.

Public service expenditures include WGVU public broadcasting, the Michigan Small Business Development Center (SBDC), and the Charter School Office administration. Expenditures declined by 4.9 percent from 2016 to 2017 as a result of reductions in local and state grants. Expenditures remained steady from 2015 to 2016.

Academic support expenditures include continuing education, information technology, student advising, the libraries, academic resources, and administration expenses for the academic deans. Expenditures increased by 2.4 percent from 2016 to 2017 and by 4.9 percent between 2015 and 2016. In addition to general business operating increases, the growing expenditures reflect the University's commitment to student advising and retention.

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 increased by 3.7 percent from 2016 to 2017 and increased by 5.4 percent from 2015 to 2016. 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 increased 4.8 percent from 2016 to 2017, reflecting general business increases and improvements to campus security. The 6.7 percent increase from 2015 to 2016 reflected overall operating increases as well as initiatives in the Inclusion and Equity division.

Operation and maintenance of facilities decreased by 2.2 percent between 2016 and 2017, after an increase of 6.7 percent between 2015 and 2016. The rise in 2016 is attributable to one-time furniture and equipment purchases needed to renovate and reconfigure existing facilities that did not reach the capitalization threshold.

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 2.9 percent between 2015 and 2016 and 2.5 percent between 2016 and 2017.

	2017	2016	2015
		(in 000s)	
Scholarship allowance - Tuition	\$ 52,923	\$ 51,230	\$ 48,375
Scholarship allowance - Auxiliary	10,008	9,718	9,885
Scholarship and fellowship expense	<u>14,083</u>	<u>14,212</u>	<u>14,766</u>
Total	<u>\$ 77,014</u>	<u>\$ 75,160</u>	<u>\$ 73,026</u>

Auxiliary activities include housing, dining, parking, bookstores, vending, golf course, health center, and conference services. Debt service, depreciation, and repairs related to housing are included in the other categories of expense. Auxiliary expenditures increased by 5.5 percent from 2016 to 2017 due to the operating costs of the new Hooker-Holton Living Center and higher food costs as a result of higher dining sales. From 2015 to 2016, auxiliary expenditures increased by 1.8 percent reflecting normal business operating increase.

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Operating Expenses by Natural Classification

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

	2017	2016	2015
		(in 000s)	
Salaries and benefits	\$ 276,237	\$ 266,100	\$ 254,908
Scholarships and awards	14,275	13,963	14,286
Utilities	7,307	6,837	7,223
Supplies and other	120,329	122,080	115,606
Depreciation	27,464	26,200	25,042
Total	<u>\$ 445,612</u>	<u>\$ 435,180</u>	<u>\$ 417,065</u>

Salaries and benefit expenses, which represent 62.0 percent of total operating expenses in 2017, increased by 3.8 percent from 2016 to 2017 and by 4.4 percent between 2015 and 2016. These increases mainly reflect the annual salary and benefit program, salary market adjustments, and growth in certain programs.

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

Utilities increased by 6.9 percent from 2016 to 2017 mostly due to higher electricity prices and consumption with the installation of more campus lighting, opening of Hooker-Holton Living Center, and summer temperatures. Utilities declined by 5.3 percent between 2015 and 2016. These expense reductions are a result of fluctuating weather (impacting the number of heating and cooling days, lower gas prices, and conservation). Offsetting these savings is the increasing square footage served due to additional buildings beginning operations.

Supplies and other expenses increased between 2015 and 2016, mostly due to the renovating and reconfiguring of existing spaces and the noncapitalized portion of major construction projects. From 2016 to 2017 these expenses decreased slightly.

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

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

The Statement of Cash Flows

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	(in 000s)		
Net Cash (Used in) Provided by			
Operating activities	\$ (38,809)	\$ (51,021)	\$ (47,836)
Noncapital financing activities	106,227	103,399	99,567
Capital and related financing activities	(67,212)	(57,617)	(9,100)
Investing activities	<u>(18,371)</u>	<u>(10,009)</u>	<u>(13,612)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(18,165)	(15,248)	29,019
Cash and Cash Equivalents - Beginning of year	<u>52,749</u>	<u>67,997</u>	<u>38,978</u>
Cash and Cash Equivalents - End of year	<u>\$ 34,584</u>	<u>\$ 52,749</u>	<u>\$ 67,997</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 2015 to 2016, net cash used in operating activities remained steady whereas cash receipts increased between 2016 and 2017 due to higher tuition, housing and dining receipts attributable to higher enrollment, and the opening of the Hooker-Holton Learning and Living Center.

State appropriation is the primary source of noncapital financing. This source of revenue is categorized as nonoperating and accounts primarily for the higher level of receipts between 2015 and 2017. Other noncapital financing activity includes Pell grants, gifts, and grants for other than capital purposes.

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 2016, the University issued bonds for an advanced refunding of existing bonds. Capital appropriations for the P. Douglas Kindschi Hall of Science were received primarily in 2015 and 2016. Capital outlays in 2016 continued for the Recreation Center expansion and the Thomas J. Haas and Marcia J. Haas Performing Arts Center addition and renovation. In 2017, construction began of the Raleigh J. Finkelstein Hall.

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

Grand Valley State University

Management's Discussion and Analysis - Unaudited (Continued)

Economic Factors that Will Affect the Future

The economic position of the University is closely tied to that of the State of Michigan. The State of Michigan continues to include a performance component to its funding allocations, which includes number of degree completions, level of graduation rates, and operational efficiencies. In total, the University will receive \$70,100,100, or a 2.7 percent funding increase in 2018, following the 4.5 percent increase in 2017, 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 the University ranks as one of the 100 largest in the nation. In addition, the University achieved 3rd place in the "Top Public Regional University in the Midwest" by *US News & World Report*. 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	
	2017	2016
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 34,063,043	\$ 51,663,289
Short-term investments (Note 2)	42,421,208	23,494,869
Accounts receivable - Net of allowance of \$693,067 and \$681,558 in 2017 and 2016, respectively	13,165,924	12,687,446
State appropriation receivable	61,652,481	59,510,643
Pledges receivable - Net	4,666,435	2,378,756
Inventories	2,108,803	2,565,331
Prepaid expenses and other	4,508,932	3,787,878
Student notes receivable - Current portion	3,867,730	4,016,220
Total current assets	166,454,556	160,104,432
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	521,150	1,086,039
Endowment investments (Note 2)	117,730,301	102,390,958
Notes receivable (Note 1)	16,317,780	16,317,780
Other long-term investments (Note 2)	146,781,698	144,809,667
Pledges receivable - Net	4,663,924	7,297,514
Student notes receivable - Net of allowance of \$337,184 and \$395,380 in 2017 and 2016, respectively	6,618,948	7,320,327
Capital assets - Net (Note 3)	728,269,293	710,984,795
Other assets	2,436,449	2,973,985
Total noncurrent assets	1,023,339,543	993,181,065
Total assets	1,189,794,099	1,153,285,497
Deferred Outflows of Resources		
Accumulated changes in the fair value of hedging derivative instruments (Note 5)	5,247,000	8,245,000
Refunding of bonds payable (Note 4)	11,814,068	12,841,300
Pension-related deferrals (Note 6)	11,395,907	9,579,878
Total deferred outflows	28,456,975	30,666,178
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	90,579,305	83,643,062
Unearned revenue	13,248,711	20,910,764
Long-term liabilities - Current portion (Note 4)	16,084,106	16,451,975
Total current liabilities	119,912,122	121,005,801
Noncurrent liabilities:		
Unearned revenue - Net of current portion	4,994,153	5,487,111
Federal student loan payable	10,213,948	10,158,446
Long-term liabilities - Net of current portion (Note 4)	274,686,976	293,822,972
Derivative instruments (Note 5)	5,365,000	8,548,000
Net pension liability (Note 6)	23,750,183	19,371,076
Total noncurrent liabilities	319,010,260	337,387,605
Total liabilities	438,922,382	458,393,406
Deferred Inflows of Resources - Pension-related deferrals (Note 6)	3,104,024	3,525,970
Net Position		
Net investment in capital assets	461,579,649	425,412,662
Restricted:		
Nonexpendable - Scholarships and academic support	65,551,049	60,309,386
Expendable:		
Scholarships and academic support	55,424,637	44,738,733
Capital projects	17,872,725	17,715,724
Loans	1,808,618	1,795,889
Unrestricted	173,987,990	172,059,905
Total net position	\$ 776,224,668	\$ 722,032,299

Grand Valley State University

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2017	2016
Operating Revenue		
Student tuition and fees	\$ 315,700,270	\$ 300,496,733
Scholarship allowances	(52,922,765)	(51,229,971)
Net student tuition and fees	262,777,505	249,266,762
Government grants and contracts	20,361,820	22,643,718
Nongovernmental grants	2,801,041	2,317,573
Sales and services of educational activities	15,164,132	14,626,699
Auxiliary activities	72,517,054	68,922,946
Scholarship allowances	(10,007,826)	(9,717,849)
Net auxiliary activities	62,509,228	59,205,097
Other operating revenue	7,290,660	7,621,756
Total operating revenue	370,904,386	355,681,605
Operating Expenses - Education and general		
Instruction	164,223,368	158,741,420
Research	6,668,395	6,666,237
Public service	26,323,896	27,666,058
Academic support	45,880,404	44,796,813
Student services	30,806,809	29,717,300
Institutional support	39,513,728	37,714,965
Operation and maintenance - Plant	47,060,639	48,106,665
Depreciation expense	27,464,035	26,200,182
Scholarships and related expenses	14,083,055	14,211,559
Auxiliary activities	43,321,576	41,054,962
Loan administrative fees and collection costs	266,382	303,578
Total operating expenses	445,612,287	435,179,739
Operating Loss	(74,707,901)	(79,498,134)
Nonoperating Revenue (Expense)		
State appropriations	68,227,900	65,275,700
Government grants	27,376,242	28,795,393
Gifts	7,488,362	6,553,430
Investment income:		
Interest, dividends, and gains on investments - Net of investment expense of \$1,352,715 and \$1,066,450 in 2017 and 2016, respectively	18,482,693	1,933,132
Change in fair value of derivatives	185,000	139,000
Interest on capital asset - Related debt	(9,990,952)	(8,978,424)
Loss on disposal of assets	(704,518)	(725,270)
Net nonoperating revenue	111,064,727	92,992,961
Income - Before other revenues, expenses, gains, or losses	36,356,826	13,494,827
Other		
Capital appropriations	2,347,955	7,114,541
Capital grants and gifts	9,556,918	860,255
Other capital income	1,241,519	857,215
Additions to permanent endowments	4,689,151	4,404,704
Total other	17,835,543	13,236,715
Increase in Net Position	54,192,369	26,731,542
Net Position		
Beginning of year	722,032,299	695,300,757
End of year	<u>\$ 776,224,668</u>	<u>\$ 722,032,299</u>

Grand Valley State University

Statement of Cash Flows

	Year Ended June 30	
	2017	2016
Cash Flows from Operating Activities		
Tuition and fees	\$ 262,537,381	\$ 250,064,132
Grants and contracts	22,444,851	22,814,533
Payments to suppliers	(115,821,161)	(122,140,257)
Payments for utilities	(7,652,855)	(8,024,472)
Payments to employees	(203,830,235)	(196,014,880)
Payments for benefits	(67,606,930)	(65,888,039)
Payments for scholarships and fellowships	(14,275,408)	(13,963,531)
Loans issued to students	(38,717,910)	(36,273,120)
Collection of loans from students	39,567,779	36,850,470
Auxiliary enterprise charges:		
Residence halls	45,372,828	43,011,797
Bookstore	9,707,287	9,478,989
Other	7,281,684	6,784,501
Sales and service of educational activities	15,787,381	14,768,376
Other receipts	6,396,538	7,510,459
Net cash used in operating activities	(38,808,770)	(51,021,042)
Cash Flows from Noncapital Financing Activities		
State appropriations	67,691,138	64,886,664
Government grants	27,487,023	28,404,358
Gifts and grants for other than capital purposes	6,192,864	6,351,081
Private gifts for endowment purposes	4,689,151	4,404,704
Charitable annuities payments - Net	161,005	(296,826)
Federal direct loan receipts	163,000,173	160,294,944
Federal direct loan lending disbursements	(162,994,554)	(160,646,391)
Net cash provided by noncapital financing activities	106,226,800	103,398,534
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	-	64,275,910
Capital appropriations	2,673,098	13,498,779
Capital grants and gifts received	3,005,973	2,339,622
Other capital income	1,123,982	661,557
Proceeds from sale of capital assets	90,634	90,264
Purchases of capital assets and construction	(44,729,985)	(49,864,183)
Principal paid on capital debt	(18,460,000)	(78,210,000)
Interest paid on capital debt	(11,241,702)	(10,734,938)
Interest received from note receivable	326,367	326,353
Net cash used in capital and related financing activities	(67,211,633)	(57,616,636)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	20,397,561	14,310,884
Interest on investments	5,979,316	4,842,791
Purchase of investments	(44,748,409)	(29,162,135)
Net cash used in investing activities	(18,371,532)	(10,008,460)
Net Decrease in Cash and Cash Equivalents	(18,165,135)	(15,247,604)
Cash and Cash Equivalents - Beginning of year	52,749,328	67,996,932
Cash and Cash Equivalents - End of year	\$ 34,584,193	\$ 52,749,328

Grand Valley State University

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2017	2016
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and cash equivalents (Note 2)	\$ 34,063,043	\$ 51,663,289
Restricted cash and cash equivalents (Note 2)	521,150	1,086,039
Total cash and cash equivalents	\$ 34,584,193	\$ 52,749,328
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (74,707,901)	\$ (79,498,134)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	27,464,035	26,200,182
Changes in assets and liabilities:		
Receivables - Net	535,493	(2,807,624)
Inventories	456,528	239,069
Other assets	(632,371)	(1,228,882)
Accounts payable and accrued liabilities	8,108,519	5,164,597
Deferred revenue	(82,392)	930,890
Deposits held for others	49,319	(21,140)
Net cash used in operating activities	\$ (38,808,770)	\$ (51,021,042)

Grand Valley State University

Statement of Fiduciary Net Position Employee Benefit Plans

	June 30	
	2017	2016
Assets		
Money market funds	\$ 1,378,282	\$ 804,581
Domestic equities	31,492,242	27,080,422
International equities	7,728,311	6,432,231
Domestic bonds	15,833,692	15,244,278
International bonds	1,530,770	1,787,567
Alternative strategies	<u>3,624,905</u>	<u>3,903,018</u>
Total cash and cash equivalents and investments	61,588,202	55,252,097
Accrued income	<u>144,718</u>	<u>141,780</u>
Net Position - Held in trust for pension benefits	<u>\$ 61,732,920</u>	<u>\$ 55,393,877</u>

Grand Valley State University

Statement of Changes in Fiduciary Net Position Employee Benefit Plans

	Year Ended June 30	
	2017	2016
Additions		
Investment income:		
Interest and dividend income	\$ 1,518,543	\$ 1,764,411
Net appreciation (depreciation) in fair value of investments	<u>4,856,482</u>	<u>(2,247,225)</u>
Total investment income (loss)	6,375,025	(482,814)
Employer contributions	2,986,950	2,180,809
Other income	<u>421,689</u>	<u>451,474</u>
Total additions	9,783,664	2,149,469
Deductions		
Benefit payments	3,208,142	3,052,576
Administrative expense	<u>236,479</u>	<u>226,292</u>
Total deductions	<u>3,444,621</u>	<u>3,278,868</u>
Net Increase (Decrease)	6,339,043	(1,129,399)
Net Position Held in Trust for Pension Benefits		
Beginning of year	<u>55,393,877</u>	<u>56,523,276</u>
End of year	<u>\$ 61,732,920</u>	<u>\$ 55,393,877</u>

Note 1 - Summary of Significant Accounting Policies

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

The University has five affiliated organizations that were evaluated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, which the University adopted on July 1, 2011, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*, which the University adopted on July 1, 2016. Each organization is described below, with additional information provided regarding the impact to the University's financial statements and accompanying condensed financial statements.

Grand Valley University Foundation (GVUF) is a Michigan nonprofit corporation established to solicit, collect, receive, and administer funds to advance the mission and goals of the University. In accordance with the provisions of GASB Statement No. 61, GVUF is blended into the University's financial statements because the University has operational responsibility for GVUF and GVUF provides services entirely for the benefit of the University. GVUF obtains an annual financial audit as required by the Michigan Department of Attorney General. The June 30, 2017 audited financial statements for GVUF are located at the University's Business and Finance Office.

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

Grand Valley Research Corporation (GVRC) is a Michigan nonprofit corporation established for educational and scientific purposes to provide support solely to the University. In accordance with the provisions of GASB Statement No. 61, GVRC is considered to be a component unit of the University and the blending method is the appropriate method for inclusion in the University's financial statements because a financial benefit and burden relationship exists with the University.

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

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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

In accordance with GASB Statement No. 80, 38 Front Avenue is reported as a blended component unit because the University is the sole corporate member. 38 Front Avenue obtains an annual financial audit as required by its financing agreements and the June 30, 2017 report can be accessed at the University's business and finance office.

Financial statements for each entity blended in the University's financial reporting follow, with restatement of Grand Valley Research Corporation for prior year adjustments:

Condensed Statement of Net Position

	Grand Valley University Foundation		University Properties, Inc.		Grand Valley Research Corporation		Lafayette Hastings, LLC		38 Front Avenue	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Assets										
Current assets	\$ 311,507	\$ 250,310	\$ 156,842	\$ 150,295	\$ 151,264	\$ 80,641	\$ (579,269)	\$ (276,742)	\$ 655,609	\$ 595,764
Capital assets (net)	-	-	4,958	4,958	-	-	-	-	36,036,771	37,086,293
Other assets	1,666,575	1,168,662	-	-	667,342	624,592	-	-	6,335,725	5,407,138
Total assets	<u>\$ 1,978,082</u>	<u>\$ 1,418,972</u>	<u>\$ 161,800</u>	<u>\$ 155,253</u>	<u>\$ 818,606</u>	<u>\$ 705,233</u>	<u>\$ (579,269)</u>	<u>\$ (276,742)</u>	<u>\$ 43,028,105</u>	<u>\$ 43,089,195</u>
Liabilities										
Current liabilities	\$ -	\$ -	\$ -	\$ 2,476	\$ -	\$ 1,550	\$ 247,109	\$ 165,504	\$ 170,010	\$ 171,568
Noncurrent liabilities	-	-	-	-	182,189	-	-	-	31,455,220	31,455,220
Total liabilities	-	-	-	2,476	182,189	1,550	247,109	165,504	31,625,230	31,626,788
Net Position										
Net investment in capital assets	-	-	4,958	4,958	-	-	-	-	5,090,744	6,161,483
Restricted:										
Nonexpendable	1,274,923	981,338	-	-	-	-	-	-	-	-
Expendable	703,159	437,634	-	-	-	-	-	-	-	-
Unrestricted	-	-	156,842	147,819	636,417	703,683	(826,378)	(442,246)	6,312,131	5,300,924
Total net position	<u>1,978,082</u>	<u>1,418,972</u>	<u>161,800</u>	<u>152,777</u>	<u>636,417</u>	<u>703,683</u>	<u>(826,378)</u>	<u>(442,246)</u>	<u>11,402,875</u>	<u>11,462,407</u>
Total liabilities and net position	<u>\$ 1,978,082</u>	<u>\$ 1,418,972</u>	<u>\$ 161,800</u>	<u>\$ 155,253</u>	<u>\$ 818,606</u>	<u>\$ 705,233</u>	<u>\$ (579,269)</u>	<u>\$ (276,742)</u>	<u>\$ 43,028,105</u>	<u>\$ 43,089,195</u>

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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

	Grand Valley University Foundation		University Properties, Inc.		Grand Valley Research Corporation		Lafayette Hastings, LLC		38 Front Avenue	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Operating Revenue										
Sales and services of educational activities	\$ -	\$ -	\$ -	\$ -	\$ 10,118	\$ 3,379	\$ -	\$ -	\$ -	\$ -
Auxiliary enterprises	-	-	93,136	94,988	-	-	-	-	-	-
Other	59,265	31,705	-	-	-	-	910,327	873,111	-	-
Total operating revenue	59,265	31,705	93,136	94,988	10,118	3,379	910,327	873,111	-	-
Operating Expense										
Personnel costs	36,956	41,255	-	-	-	-	-	-	-	-
Supplies and other	2,049,999	1,170,932	82,871	74,810	1,593	1,595	1,189,709	967,764	238,893	238,002
Depreciation	-	-	-	-	-	-	-	-	1,049,522	1,049,522
Total operating expense	2,086,955	1,212,187	82,871	74,810	1,593	1,595	1,189,709	967,764	1,288,415	1,287,524
Nonoperating Revenue (Expense)										
Gifts and additions to endowments	2,016,685	1,446,928	-	-	-	-	-	-	-	-
Grants	77,432	74,466	-	-	-	-	-	-	-	-
Investment income (loss)	195,536	(14,962)	-	-	(75,791)	-	-	-	(510,030)	(510,030)
Other	297,147	(229,621)	(1,242)	(3,035)	-	-	(104,750)	(292,603)	1,738,913	1,739,048
Total nonoperating revenue (expense)	2,586,800	1,276,811	(1,242)	(3,035)	(75,791)	-	(104,750)	(292,603)	1,228,883	1,229,018
Increase (Decrease) in Net Position	559,110	96,329	9,023	17,143	(67,266)	1,784	(384,132)	(387,256)	(59,532)	(58,506)
Net Position - Beginning of year	<u>1,418,972</u>	<u>1,322,643</u>	<u>152,777</u>	<u>135,634</u>	<u>703,683</u>	<u>701,899</u>	<u>(442,246)</u>	<u>(54,990)</u>	<u>11,462,407</u>	<u>11,520,913</u>
Net Position - End of year	\$ 1,978,082	\$ 1,418,972	\$ 161,800	\$ 152,777	\$ 636,417	\$ 703,683	\$ (826,378)	\$ (442,246)	\$ 11,402,875	\$ 11,462,407

Condensed Statement of Cash Flows

	Grand Valley University Foundation		University Properties, Inc.		Grand Valley Research Corporation		Lafayette Hastings, LLC		38 Front Avenue	
	2017	2016	2017	2016	2016	2016	2017	2016	2017	2016
Net cash provided by (used in) operating activities	\$ 386,711	\$ 120,193	\$ 6,135	\$ 21,952	\$ (253)	\$ -	\$ (206,043)	\$ (130,293)	\$ 31,656	\$ 28,571
Net cash (used in) provided by investing activities	(325,514)	129,807	-	-	7,189	(153,336)	(104,751)	(292,603)	-	-
Net increase (decrease) in cash and cash equivalents	61,197	250,000	6,135	21,952	6,936	(153,336)	(310,794)	(422,896)	31,656	28,571
Cash and Cash Equivalents - Beginning of year	<u>250,310</u>	<u>310</u>	<u>141,251</u>	<u>119,299</u>	<u>53,079</u>	<u>206,415</u>	<u>(305,018)</u>	<u>117,878</u>	<u>499,631</u>	<u>471,060</u>
Cash and Cash Equivalents - End of year	\$ 311,507	\$ 250,310	\$ 147,386	\$ 141,251	\$ 60,015	\$ 53,079	\$ (615,812)	\$ (305,018)	\$ 531,287	\$ 499,631

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Investments - Investments are reported at fair value. Alternative investments are recorded at their most recent available valuation and updated for capital contributions and distributions. Alternative investments consist of investments that seek absolute-based return in hedge markets, investments in the private equity class investing in various ventures, or investments in a pool of assets invested in the following subclasses: global natural resources, commodities, global real estate, and global inflation-linked bonds. The net realized and unrealized appreciation (depreciation) in market value of investments is included in the accompanying statement of revenue, expenses, and changes in net position. Gains, losses, and investment income are reported as increases or decreases in unrestricted net position unless their use is restricted by explicit donor stipulations or law.

Accounts Receivable - Accounts receivable are stated at net invoice amounts. An allowance for bad debts is established on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All trade amounts deemed uncollectible are charged against bad debt expense in the period that determination is made. At June 30, 2017 and 2016, there was an allowance of \$693,067 and \$681,558, respectively.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Pledges Receivable - The carrying amount of pledges receivable represents recorded promises to contribute, measured at fair value when received, net of estimated uncollectible promises. Pledges receivable are recorded at their net present value using a discount rate of 4.42 percent and 4.44 percent for the years ended June 30, 2017 and 2016, respectively. Included in pledges receivable are an unamortized discount of \$639,063 and \$777,248 at June 30, 2017 and 2016, respectively, and an allowance of \$8,502 and \$4,720 at June 30, 2017 and 2016, 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, 2017.

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, 2017. Since 38 Front Avenue is blended with the University, this note has been eliminated in the financial statements.

Physical Properties - Capital assets with a unit cost of over \$5,000 and all library books are recorded at cost at the date of acquisition or, if donated, at fair market value at the date of donation. Infrastructure assets are included in the financial statements and are depreciated. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. Net capitalized interest included in construction in progress totaled approximately \$363,000 and \$1,291,000 at June 30, 2017 and 2016, respectively. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activity facilities.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

During 2017 and 2016, the University distributed \$162,994,554 and \$160,646,391, 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 \$43,250,400, which represents the estimated amount of expenses ultimately to result if unperformed contracts in progress at June 30, 2017 are completed. Approximately \$36,501,100 of the total is committed for capital projects.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

The unrestricted net position balance at June 30, 2016 includes \$8,662,964 of funds functioning as endowment, \$30,717,952 of capital projects in progress, \$19,668,496 of housing and auxiliary repair and maintenance funds, \$28,108,841 of debt service funds, \$28,305,957 for academic initiatives and technology, \$28,108,296 for future capital projects and debt service, and \$28,487,399 for reserves for operations and cash flow.

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows of Resources - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The deferred outflows of resources relate to the net pension liability 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. The deferred inflows of resources relate to the calculation of the net pension liability. See Note 6 for more information.

Adoption of New Standard - For the year ended June 30, 2017, the University implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*, which enhances the comparability of financial statements among governments by clarifying the financial statement presentation requirements for certain component units. As a result of implementation of this standard, 38 Front Avenue has been blended into the University's financial statements for the years ending June 30, 2017 and 2016; in prior years it was discretely presented.

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.

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, 2017 and 2016, the endowed spending rate was 4.50 percent.

As of June 30, 2017, the University has remaining commitments of \$6,461,000 in alternative asset investments. As of June 30, 2017 and 2016, the University had approximately \$39.7 million and \$33.1 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:

	2017	2016
Cash and cash equivalents	\$ 34,063,043	\$ 51,663,289
Short-term investments	42,421,208	23,494,869
Restricted cash and cash equivalents	521,150	1,086,039
Endowment investments	117,730,301	102,390,958
Other long-term investments	146,781,698	144,809,667
Total cash and investments	<u>\$ 341,517,400</u>	<u>\$ 323,444,822</u>

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 2 - Cash and Investments (Continued)

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

	2017	2016
Money markets	\$ 34,584,193	\$ 52,749,328
Time deposits	-	1,012,666
Fixed-income securities	-	10,284,016
Equity security investments	74,805,777	62,398,655
Mutual bond funds	188,013,669	161,635,537
Other	44,113,761	35,364,620
Total cash and investments	<u>\$ 341,517,400</u>	<u>\$ 323,444,822</u>

As of June 30, 2017, the University had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 34,584,193	\$ 34,584,193	\$ -	\$ -	\$ -
Mutual bond funds	188,013,669	-	128,888,333	48,169,183	10,956,153
Mutual equity funds	45,836,574	-	8,449,007	-	37,387,567
Mutual international equity funds	28,969,203	-	1,625,236	-	27,343,967
Real estate	2,421,346	-	-	-	2,421,346
Venture capital	9,766,045	-	-	-	9,766,045
Other investments	31,926,370	-	1,327,945	-	30,598,425
Total investments and maturities	<u>\$ 341,517,400</u>	<u>\$ 34,584,193</u>	<u>\$ 140,290,521</u>	<u>\$ 48,169,183</u>	<u>\$ 118,473,503</u>

As of June 30, 2016, the University had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 52,749,328	\$ 52,749,328	\$ -	\$ -	\$ -
Time deposits	1,012,666	1,012,666	-	-	-
Mutual bond funds	161,635,537	-	99,052,412	47,660,250	14,922,875
Mutual equity funds	37,258,230	-	7,052,911	-	30,205,319
Mutual international equity funds	25,140,425	-	1,315,297	-	23,825,128
U.S. governmental agencies	10,284,016	10,284,016	-	-	-
Real estate	2,103,929	-	-	-	2,103,929
Venture capital	8,909,955	-	-	-	8,909,955
Other investments	24,350,736	-	1,215,410	-	23,135,326
Total investments and maturities	<u>\$ 323,444,822</u>	<u>\$ 64,046,010</u>	<u>\$ 108,636,030</u>	<u>\$ 47,660,250</u>	<u>\$ 103,102,532</u>

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 2 - Cash and Investments (Continued)

As of June 30, 2017, the University's fiduciary fund had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 1,378,282	\$ 1,378,282	\$ -	\$ -	\$ -
Fixed-income funds	17,364,462	3,920,414	8,243,293	3,726,181	1,474,574
Equities	39,216,482	-	-	-	39,216,482
Commodity funds	932,767	-	-	-	932,767
Real estate	1,546,829	-	-	-	1,546,829
Precious metals	1,033,029	-	-	-	1,033,029
Pooled investment funds	112,279	-	-	-	112,279
Common stock	4,072	-	-	-	4,072
Total investments and maturities	<u>\$ 61,588,202</u>	<u>\$ 5,298,696</u>	<u>\$ 8,243,293</u>	<u>\$ 3,726,181</u>	<u>\$ 44,320,032</u>

As of June 30, 2016, the University's fiduciary fund had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 804,581	\$ 804,581	\$ -	\$ -	\$ -
Fixed-income funds	17,031,845	2,212,290	9,493,075	3,650,497	1,675,983
Equities	33,512,653	-	-	-	33,512,653
Commodity funds	2,104,558	-	-	-	2,104,558
Real estate	1,729,682	-	-	-	1,729,682
Pooled investment funds	68,778	-	-	-	68,778
Total investments and maturities	<u>\$ 55,252,097</u>	<u>\$ 3,016,871</u>	<u>\$ 9,493,075</u>	<u>\$ 3,650,497</u>	<u>\$ 39,091,654</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, 2017 have average maturities between 0.8 years and 8.6 years and are presented as an investment with a maturity over one year. Mutual bond funds as of June 30, 2016 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, 2017 and 2016, the carrying amount of the University's deposits was \$34,584,193 and \$52,749,328, respectively. Cash balances in the bank were \$38,399,619 and \$59,698,614, respectively. Of the cash balances in the bank, \$1,611,334 and \$1,575,872, respectively, was insured.

The remaining cash balances in the bank of \$36,788,285 and \$58,122,741 at June 30, 2017 and 2016, respectively, were uninsured and uncollateralized. The University does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

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

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

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

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 2 - Cash and Investments (Continued)

The University held the following types of mutual fixed-income funds and credit ratings in pooled operating cash and investments at June 30, 2017 and 2016:

	Market Value 2017	Rating*	Market Value 2016	Rating*
PNC UltraShort	\$ 12,267,362	3 star	\$ 12,198,187	3 star
PIMCO Short Term Fund	15,153,846	5 star	-	
Ridgeworth SEIX US Government SEC Ultra Short Bond	15,000,000	3 star	-	
Vanguard Short Term Investment Grade	29,040,472	4 star	28,664,590	4 star
Doubleline Low Duration	24,802,761	4 star	24,778,107	4 star
Western Asset Intermediate	30,068,335	4 star	30,921,142	3 star
Loomis Sayles Multisector Full Discretion	3,217,969	4 star	3,065,625	4 star
JPMorgan Core Bond	19,589,354	4 star	19,515,789	4 star
Vanguard TIPS Inflation Protected Security	6,142,241	4 star	6,424,373	4 star
Franklin Templeton	4,095,660	3 star	3,741,364	3 star
Doubleline Total Return	15,513,774	5 star	15,656,339	5 star
PIMCO Low Duration	-		190,397	4 star
Dodge & Cox Income Fund	413,145	4 star	343,001	4 star
iShares Core Total	-		476,361	3 star
Vanguard Intermediate Term	-		475,578	5 star
Doubleline Flexible income	210,825	4 star	261,809	4 star
iShares Barclays Intermediate Government	1,541,772	2 star	-	
U.S. government agencies	-		10,284,016	AA+
Total	<u>\$ 177,057,516</u>		<u>\$ 156,996,678</u>	

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

The University's fiduciary fund held the following types of mutual equity investments and credit ratings in pooled operating cash and investments at June 30, 2017 and 2016. The fiduciary fund had no holdings of mutual fixed-income funds:

	Market Value 2017	Rating*	Market Value 2016	Rating*
Dodge & Cox Stock Fund	\$ 2,383,645	4 star	\$ 1,715,351	3 star
Harbor Capital Appreciation Fund	1,999,604	5 star	1,569,055	4 star
iShares Dow Jones Select Dividend Fund	1,379,462	4 star	-	
Harding Loevner International Equity Fund	2,070,097	4 star	-	
iShares Core S&P 500 Fund	7,101,487	4 star	-	
iShares Core S&P Mid-Cap ETF	6,288,293	4 star	-	
iShares Core S&P Small-Cap ETF	3,503,116	5 star	-	
iShares Russell 1000 ETF	5,865,984	4 star	6,012,822	4 star
Principal Midcap Blend Fund	729,610	5 star	-	
Victory Sycamore Established Value Fund	705,759	5 star	-	
Energy Select SPDR ETF	-		700,825	5 star
Vanguard Mid Cap ETF	-		6,571,676	4 star
Vanguard Small Cap ETF	-		2,930,637	4 star
Dodge & Cox International Stock Fund	-		634,122	3 star
Harbor International Fund	-		1,237,423	3 star
PIMCO Commodity Real Return Fund	932,768	2 star	997,566	3 star
SPDR Gold Trust ETF	1,033,029		1,106,992	
Vanguard REIT ETF	1,546,830	3 star	1,647,932	4 star
Vanguard Dividend Appreciation Fund	-		1,845,382	4 star
Vanguard Total Stock Market Fund	1,531,209	4 star	2,312,335	4 star
Vanguard FTSE Developed Markets ETF	2,963,553	4 star	2,536,090	4 star
Oppenheimer Developing Markets Fund	580,076	4 star	475,760	3 star
Vanguard FTSE Emerging Markets ETF	2,114,586	3 star	2,268,640	3 star
Total	<u>\$ 42,729,108</u>		<u>\$ 34,562,608</u>	

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

Note 2 - Cash and Investments (Continued)

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

Foreign Credit Risk - The University holds investments in some international mutual funds that invest in international equity funds and debt. These funds are invested in various countries throughout the world and therefore expose the University to foreign credit risk. The international equity and debt investments represent approximately 18 percent and 14 percent of total cash and investments at June 30, 2017 and 2016, respectively. Investments in these funds were approximately \$60.3 million and \$45.4 million for the years ended June 30, 2017 and 2016, respectively.

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

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

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

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 2 - Cash and Investments (Continued)

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 2 - Cash and Investments (Continued)

The University has the following recurring fair value measurements as of June 30, 2016:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Fair Value Measurements Using			
	Balance at	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	June 30, 2016			
Investments by Fair Value Level				
Debt securities - Mutual bond funds	\$ 157,716,240	\$ 157,716,240	\$ -	\$ -
Equity securities:				
Preferred stock	78,233	78,233	-	-
Money market funds	21,976,336	21,976,336	-	-
Mutual equity funds	9,784,045	9,784,045	-	-
Mutual international security funds	12,492,487	12,492,487	-	-
Mutual diversification funds	852,060	852,060	-	-
Mutual opportunistic fund	30,838	30,838	-	-
Mutual balanced fund	4,961,062	4,961,062	-	-
Real estate funds	332,513	332,513	-	-
Total equity securities	50,507,574	50,507,574	-	-
U.S. Governmental agencies	10,284,016	-	10,284,016	-
Land	124,000	-	-	124,000
Guaranteed Interest Account	17,061	-	-	17,061
Total investments by fair value level		\$ 208,223,814	\$ 10,284,016	\$ 141,061
Investments Measured at Net Asset Value (NAV)				
Hedge funds	53,327,301			
Pooled investment funds	10,058,385			
Private equity funds	7,223,709			
Real estate funds	1,979,929			
Venture capital fund	75,000			
Total investments measured at NAV	72,664,324			
Total investments measured at fair value	\$ 291,313,215			
Investment Derivative Instruments - Interest				
rate swaps	\$ (8,548,000)		\$ (8,548,000)	

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 2 - Cash and Investments (Continued)

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 2 - Cash and Investments (Continued)

The University's fiduciary funds have the following recurring fair value measurements as of June 30, 2016:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using		
		Quoted Prices in		
		Active Markets	Significant Other	Significant
		for Identical	Observable	Unobservable
	Balance at	Assets	Inputs	Inputs
	June 30, 2016	(Level 1)	(Level 2)	(Level 3)
Investments by Fair Value Level				
Equity securities:				
Money market mutual funds	\$ 804,581	\$ 804,581	\$ -	\$ -
Developed international equity funds	4,521,025	4,521,025	-	-
Emerging markets equity funds	1,911,206	1,911,206	-	-
Large-cap domestic equity funds	16,877,198	16,877,198	-	-
Real estate investment funds	1,729,682	1,729,682	-	-
Small and mid cap domestic equity funds	10,203,224	10,203,224	-	-
Commodity funds	2,104,558	2,104,558	-	-
Total equity securities	38,151,474	38,151,474	-	-
Fixed-income securities:				
Domestic fixed-income funds	14,431,070	-	14,431,070	-
International fixed-income funds	1,787,567	-	1,787,567	-
Inflation indexed fixed-income funds	813,208	-	813,208	-
Total fixed-income securities	17,031,845	-	17,031,845	-
Total investments by fair value level		\$ 38,151,474	\$ 17,031,845	\$ -
Investments Measured at the Net Asset Value (NAV) -				
Pooled investment funds	68,778			
Total investments measured at fair value	\$ 55,252,097			

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

The fair value of U.S. governmental agencies and fixed-income securities at June 30, 2017 and 2016 was determined primarily based on Level 2 inputs. The University estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The fair value of land, the guaranteed interest account and the beneficial interest account held at Grand Rapids Community Foundation at June 30, 2017 and 2016 was determined primarily based on Level 3 inputs. The University estimates the fair value of these investments using the University's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Note 2 - Cash and Investments (Continued)

Investments in Entities that Calculate Net Asset Value per Share

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

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

	June 30, 2017	June 30, 2016	June 30, 2017		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds (A)	\$ 58,716,556	\$ 53,327,301	\$ -	See (A) below	See (A) below
Pooled investment funds (B)	14,891,096	10,058,385	-	See (B) below	See (B) below
Private equity funds (C)	8,280,055	7,223,709	5,188,840	Not redeemable	N/A
Real estate funds (D)	2,277,346	1,979,929	1,271,832	Not redeemable	N/A
Venture capital fund (E)	244,587	75,000	250,000	Not redeemable	N/A
Total	\$ 84,409,640	\$ 72,664,324	\$ 6,710,672		

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

- a. Nyes Ledge Capital Offshore Fund - Subclass A shares may be redeemed on the first December 31 that is at least one year after the date such shares were purchased and on each December 31 thereafter. Sub-Class B shares may be redeemed on the first December 31 that is at least two years after the date such shares were purchased, and every two years thereafter.
- b. Nyes Ledge Capital Horizon Fund - Subclass A shares may be redeemed on the first December 31 that is at least one year after the date such shares were purchased and on each December 31 thereafter. Sub-Class B shares may be redeemed on the first December 31 that is at least two years after the date such shares were purchased, and every two years thereafter.
- c. Adage Capital Partners - Quarterly redemptions with 60 days' advance notice.
- d. Varde Investment Partners - Redeemable on anniversary date of admission to the fund with 90 days' advance written notice.
- e. Brandywine Global Bond Manager - Redeemable without restrictions. The fund was liquidated in January 2017.
- f. Acadian EM II Fund - Daily redemptions with 30 days' advance notice.
- g. Babson Capital Management - Redeemable on last business day of calendar month with 30 days' advance written notice.
- h. Varadero Capital - Fund is not redeemable for the first three years it is held. After that, it is redeemable on the last calendar day of each calendar quarter with 90 days' prior written notice.

Note 2 - Cash and Investments (Continued)

- (B) This category includes investments in a common trust fund, commingled pool that invests in commodity-related and fixed-income investments. The fair values of the investments in this category have been estimated using the net asset value of the University's ownership interest in the fund. These investments can be redeemed as follows, with the following restrictions:
- a. Wellington Real Asset Fund - Monthly redemptions with no advance notice required. Fund was liquidated in November 2015.
 - b. Sanderson International Value Fund - Redeemable on the first business day of each month, with 10 business days' advance notice.
 - c. Lombard International, formerly Philadelphia Harvest Fund - Monthly redemptions with 30 days' advance notice.
 - d. Doddington Emerging Markets Fund - Redeemable on the first business day of each month, with five business days' advance notice.
- (C) This category includes several private equity funds that invest in early stage, high-growth private companies, growth equity financing, leverage buyouts, securities, and other obligations of distressed businesses and financially troubled companies. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation for the underlying assets of the funds. These investments are planned to be held for a various number of years depending on the individual fund contract.
- (D) This category includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of the University's ownership interest in partners' capital.
- (E) This category includes one venture capital fund that will invest in three to five companies, primarily from within the Michigan Accelerator Fund portfolio. The fair value of the investment in this class has been estimated using the net asset value of the University's ownership interest in partners' capital.

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 3 - Capital Assets

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

University Capital Assets	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 63,681,614	\$ 176,195	\$ -	\$ 63,857,809
Nondepreciable artwork and historical treasures	6,203,282	54,113	-	6,257,395
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	45,157,687	(14,889,248)	-	30,268,439
Total cost of nondepreciable capital assets	116,765,403	(14,658,940)	-	102,106,463
Land improvements and infrastructure	101,796,459	5,551,781	-	107,348,240
Buildings	688,774,900	48,311,631	1,393,875	735,692,656
Equipment	64,459,418	5,838,776	1,792,100	68,506,094
Library books	16,820,209	595,438	61,080	17,354,567
Total cost of depreciable capital assets	871,850,986	60,297,626	3,247,055	928,901,557
Total cost of capital assets	988,616,389	\$ 45,638,686	\$ 3,247,055	1,031,008,020
Less accumulated depreciation for:				
Land improvements and infrastructure	54,298,385	\$ 4,973,279	\$ -	59,271,664
Buildings	196,435,057	16,905,697	611,116	212,729,638
Equipment	50,928,724	3,704,417	1,684,707	52,948,434
Library books	13,055,721	831,121	61,079	13,825,763
Total accumulated depreciation	314,717,887	\$ 26,414,514	\$ 2,356,902	338,775,499
University capital assets - Net	\$ 673,898,502			\$ 692,232,521

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

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 3 - Capital Assets (Continued)

University and 38 Front Avenue Combined	Beginning Balance	Additions	Reductions	Ending Balance
Total cost of nondepreciable capital assets	\$ 116,765,403	\$ (14,658,940)	\$ -	\$ 102,106,463
Total cost of depreciable capital assets	<u>912,085,843</u>	<u>60,297,626</u>	<u>3,247,055</u>	<u>969,136,414</u>
Total cost of capital assets	1,028,851,246	45,638,686	3,247,055	1,071,242,877
Total accumulated depreciation	<u>317,866,451</u>	<u>\$ 27,464,035</u>	<u>\$ 2,356,902</u>	<u>342,973,584</u>
Total capital assets - Net	<u>\$ 710,984,795</u>			<u>\$ 728,269,293</u>

Capital asset activity for the University for the year ended June 30, 2016 was as follows:

University Capital Assets	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 63,681,614	\$ -	\$ -	\$ 63,681,614
Nondepreciable artwork and historical treasures	6,004,359	198,923	-	6,203,282
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	<u>47,969,649</u>	<u>(2,811,962)</u>	<u>-</u>	<u>45,157,687</u>
Total cost of nondepreciable capital assets	119,378,442	(2,613,039)	-	116,765,403
Land improvements and infrastructure	99,599,067	2,886,658	689,266	101,796,459
Buildings	644,739,421	45,759,587	1,724,108	688,774,900
Equipment	60,524,613	4,835,095	900,290	64,459,418
Library books	<u>16,132,520</u>	<u>918,013</u>	<u>230,324</u>	<u>16,820,209</u>
Total cost of depreciable capital assets	<u>820,995,621</u>	<u>54,399,353</u>	<u>3,543,988</u>	<u>871,850,986</u>
Total cost of capital assets	940,374,063	<u>\$ 51,786,314</u>	<u>\$ 3,543,988</u>	988,616,389
Less accumulated depreciation for:				
Land improvements and infrastructure	49,959,804	\$ 4,745,981	\$ 407,400	54,298,385
Buildings	182,170,703	15,781,569	1,517,215	196,435,057
Equipment	47,644,748	3,744,376	460,400	50,928,724
Library books	<u>12,407,311</u>	<u>878,734</u>	<u>230,324</u>	<u>13,055,721</u>
Total accumulated depreciation	<u>292,182,566</u>	<u>\$ 25,150,660</u>	<u>\$ 2,615,339</u>	<u>314,717,887</u>
University capital assets - Net	<u>\$ 648,191,497</u>			<u>\$ 673,898,502</u>

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 3 - Capital Assets (Continued)

38 Front Avenue Capital Assets	Beginning Balance	Additions	Reductions	Ending Balance
Land improvements and infrastructure	\$ 1,746,000	\$ -	\$ -	\$ 1,746,000
Buildings	38,488,857	-	-	38,488,857
Total cost of capital assets	40,234,857	<u>\$ -</u>	<u>\$ -</u>	40,234,857
Less accumulated depreciation for:				
Land improvements and infrastructure	174,600	\$ 87,300	\$ -	261,900
Buildings	1,924,442	962,222	-	2,886,664
Total accumulated depreciation	2,099,042	<u>\$ 1,049,522</u>	<u>\$ -</u>	3,148,564
38 Front Avenue capital assets - Net	<u>\$ 38,135,815</u>			<u>\$ 37,086,293</u>

University and 38 Front Avenue Combined	Beginning Balance	Additions	Reductions	Ending Balance
Total cost of nondepreciable capital assets	\$ 119,378,442	\$ (2,613,039)	\$ -	\$ 116,765,403
Total cost of depreciable capital assets	861,230,478	54,399,353	3,543,988	912,085,843
Total cost of capital assets	980,608,920	<u>\$ 51,786,314</u>	<u>\$ 3,543,988</u>	1,028,851,246
Total accumulated depreciation	294,281,608	<u>\$ 26,200,182</u>	<u>\$ 2,615,339</u>	317,866,451
Total capital assets - Net	<u>\$ 686,327,312</u>			<u>\$ 710,984,795</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, 2017 and 2016

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, 2017 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue Bonds, Series 1998	\$ 2,940,000	\$ -	\$ 1,430,000	\$ 1,510,000	\$ 1,510,000
General Revenue Bonds, Series 2007A	6,695,000	-	765,000	5,930,000	785,000
General Revenue Refunding Bonds, Series 2008A	14,360,000	-	3,365,000	10,995,000	3,660,000
General Revenue Refunding Variable Rate Bonds, Series 2008B	33,395,000	-	1,760,000	31,635,000	1,815,000
General Revenue Bonds, Series 2009	5,895,000	-	5,895,000	-	-
General Revenue Bonds, Series 2011	13,060,000	-	2,375,000	10,685,000	2,490,000
General Revenue Refunding Bonds, Series 2013A	23,180,000	-	2,870,000	20,310,000	2,990,000
General Revenue Bonds, Series 2014A	32,120,000	-	-	32,120,000	-
General Revenue Refunding Bonds, Series 2014B	36,940,000	-	-	36,940,000	-
General Revenue Bonds, Series 2015A	27,430,000	-	-	27,430,000	-
General Revenue Refunding Bonds, Series 2016A	61,010,000	-	-	61,010,000	-
Total bonds payable	257,025,000	-	18,460,000	238,565,000	13,250,000
Unamortized bond premiums	18,517,245	-	1,245,356	17,271,889	1,245,357
Net other postemployment benefits (see Note 6)	9,326,937	1,755,204	1,053,320	10,028,821	1,055,000
Charitable gift annuities payable	1,020,074	91,225	161,731	949,568	161,731
Ground lease payable	297,691	-	2,887	294,804	3,018
Interest rate swap contract (see Note 5)	1,815,000	-	427,000	1,388,000	369,000
Total	288,001,947	\$ 1,846,429	\$ 21,350,294	268,498,082	\$ 16,084,106
Due within one year	16,451,975			16,084,106	
University long-term liabilities	271,549,972			252,413,976	
38 Front QLICI loans payable (offset by note receivable)	22,273,000			22,273,000	
Combined long-term liabilities	\$ 293,822,972			\$ 274,686,976	

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 4 - Long-term Liabilities (Continued)

The changes in long-term liabilities for the year ended June 30, 2016 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue Bonds, Series 1998	\$ 4,295,000	\$ -	\$ 1,355,000	\$ 2,940,000	\$ 1,430,000
General Revenue Bonds, Series 2007A	7,440,000	-	745,000	6,695,000	765,000
General Revenue Refunding Bonds, Series 2008A	82,405,000	-	68,045,000	14,360,000	3,365,000
General Revenue Refunding Variable Rate Bonds, Series 2008B	35,095,000	-	1,700,000	33,395,000	1,760,000
General Revenue Bonds, Series 2009	7,230,000	-	1,335,000	5,895,000	1,385,000
General Revenue Bonds, Series 2011	15,320,000	-	2,260,000	13,060,000	2,375,000
General Revenue Refunding Bonds, Series 2013A	25,950,000	-	2,770,000	23,180,000	2,870,000
General Revenue Bonds, Series 2014A	32,120,000	-	-	32,120,000	-
General Revenue Refunding Bonds, Series 2014B	36,940,000	-	-	36,940,000	-
General Revenue Bonds, Series 2015A	27,430,000	-	-	27,430,000	-
General Revenue Refunding Bonds, Series 2016A	-	61,010,000	-	61,010,000	-
Total bonds payable	274,225,000	61,010,000	78,210,000	257,025,000	13,950,000
Unamortized bond premiums	9,365,416	9,849,967	698,138	18,517,245	1,245,357
Net other postemployment benefits (see Note 6)	8,413,707	1,574,504	661,274	9,326,937	665,000
Charitable gift annuities payable	1,308,704	(75,316)	213,314	1,020,074	161,731
Ground lease payable	-	300,000	2,309	297,691	2,887
Interest rate swap contract (see Note 5)	2,299,000	-	484,000	1,815,000	427,000
Total	295,611,827	\$ 72,659,155	\$ 80,269,035	288,001,947	\$ 16,451,975
Due within one year	14,579,122			16,451,975	
University long-term liabilities	281,032,705			271,549,972	
38 Front QLICI loans payable (offset by note receivable)	22,273,000			22,273,000	
Combined long-term liabilities	\$ 303,305,705			\$ 293,822,972	

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.

Note 4 - Long-term Liabilities (Continued)

The General Revenue Refunding Bonds, Series 2008A, and the General Revenue Refunding Variable Rate Bonds, Series 2008B, were issued in April 2008 by the board of trustees for the refunding and extinguishment of \$20,730,000 of Series 2001B bonds, \$14,775,000 of Series 2002A bonds, \$25,445,000 of Series 2003 bonds, \$22,660,000 of Series 2004 bonds, and \$61,535,000 of Series 2007B bonds and to provide funds for the termination of a prior swap agreement. In addition to the scheduled payment of \$3,090,000, \$64,955,000 were defeased through a refunding in 2016. The defeased bonds are held in trust until callable on June 1, 2018. The interest rate on the Series 2008A bonds ranges from 4.13 percent to 5.00 percent. The Series 2008A bonds mature in 2020 and the Series 2008B bonds mature in 2032.

The Series 2008B bonds bear interest based on a weekly rate determined by the remarketing agent (0.89 percent and 0.40 percent at June 30, 2017 and 2016, respectively). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which the bonds could potentially be converted to include a daily-rate mode, a commercial paper-rate mode, a term-rate mode, and a fixed-rate mode. The bonds are subject to purchase on demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, upon seven days' notice and delivery to the remarketing agent. Liquidity for the payment of the purchase price of the bonds on any mandatory or optional tender will be provided by an irrevocable direct pay letter of credit.

The General Revenue Bonds, Series 2009, were issued in February 2009 by the board of trustees to provide funds for construction of a residential living center and a dining facility with academic space. In addition to the scheduled payment of \$1,335,000, \$37,905,000 of the bonds were defeased through a refunding in 2014. The defeased bonds were held in trust until callable on December 1, 2016. The interest rates on the remaining bonds range from 3.875 percent to 5.00 percent. In addition to the scheduled payment of \$1,385,000, the bonds were extinguished through early redemption in 2017.

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

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

Note 4 - Long-term Liabilities (Continued)

The Series 2013A bonds bear interest of 1.29 percent and 0.88 percent at June 30, 2017 and 2016, respectively, based on a reset rate calculated as a factor of LIBOR plus an applicable spread. The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which the bonds could potentially be converted include a daily-rate mode, a weekly-rate mode, a term-rate mode, a bank-rate mode, and a fixed-rate mode. The bonds mature in 2025.

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

The Series 2014A bonds bear interest of 1.26 percent and 0.85 percent at June 30, 2017 and 2016, respectively, based on a reset rate calculated as a factor of LIBOR plus an applicable spread. The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which the bonds could potentially be converted include a daily-rate mode, a weekly-rate mode, a term-rate mode, a bank-rate mode, and a fixed-rate mode. The bonds mature in 2040.

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

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

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

QLICI loans payable of \$22,273,000 were issued in 2012 to provide partial funding for construction for the L. William Seidman Center as required by New Market Tax Credits. The interest rate on these loans ranges from 1.43 percent to 1.50 percent. The loans mature in 2041. The loans are partially offset with a note receivable from the Grand Valley Investment Fund (unrelated entity) to the University of \$16,317,780.

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 4 - Long-term Liabilities (Continued)

Scheduled maturities of long-term liabilities are as follows:

Fiscal Year	Revenue Bonds	Annuities Payable	Total	Interest
2018	\$ 13,250,000	\$ 161,731	\$ 13,411,731	\$ 8,243,504
2019	13,385,000	161,731	13,546,731	7,729,372
2020	13,550,000	161,731	13,711,731	7,267,099
2021	13,795,000	161,731	13,956,731	6,747,619
2022	11,130,000	161,731	11,291,731	6,222,580
2023-2027	63,865,000	140,913	64,005,913	24,919,769
2028-2032	68,520,000	-	68,520,000	11,958,125
2033-2037	34,525,000	-	34,525,000	2,215,506
2038-2040	6,545,000	-	6,545,000	118,549
University maturities	<u>\$ 238,565,000</u>	<u>\$ 949,568</u>	<u>\$ 239,514,568</u>	<u>\$ 75,422,123</u>

Fiscal Year	QLICI Loans Payable	Interest
2018	\$ -	\$ 326,389
2019	967,779	320,058
2020	827,730	308,047
2021	839,859	295,858
2022	852,164	283,492
2023-2027	4,451,789	1,225,542
2028-2032	4,787,875	887,789
2033-2037	5,148,767	525,102
2038-2041	4,397,037	140,413
38 Front Avenue maturities	<u>\$ 22,273,000</u>	<u>\$ 4,312,690</u>

Fiscal Year	Revenue Bonds	QLICI Loans Payable	Annuities Payable	Total	Interest
2018	\$ 13,250,000	\$ -	\$ 161,731	\$ 13,411,731	\$ 8,569,893
2019	13,385,000	967,779	161,731	14,514,510	8,049,430
2020	13,550,000	827,730	161,731	14,539,461	7,575,146
2021	13,795,000	839,859	161,731	14,796,590	7,043,477
2022	11,130,000	852,164	161,731	12,143,895	6,506,072
2023-2027	63,865,000	4,451,789	140,913	68,457,702	26,145,311
2028-2032	68,520,000	4,787,875	-	73,307,875	12,845,914
2033-2037	34,525,000	5,148,767	-	39,673,767	2,740,608
2038-2041	6,545,000	4,397,037	-	10,942,037	258,962
Combined maturities	<u>\$ 238,565,000</u>	<u>\$ 22,273,000</u>	<u>\$ 949,568</u>	<u>\$ 261,787,568</u>	<u>\$ 79,734,813</u>

Note 5 - Derivative Instruments

The University is party to derivative financial instruments (interest rate swaps) that are reported at fair value on the statement of net position at June 30, 2017 and 2016. 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, 2017, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the 2017 financial statements are as follows:

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

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2016, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the 2016 financial statements are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2016		Notional
	Classification	Amount	Classification	Amount	
Hedging Derivatives					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow of resources	\$ (487,000)	Liability	\$ (722,000)	\$ 23,180,000
Pay-fixed interest rate swap	Deferred outflow of resources	<u>(1,738,000)</u>	Liability	<u>(7,523,000)</u>	27,940,000
	Total	<u><u>\$ (2,225,000)</u></u>	Total	(8,245,000)	
Investment Derivative -					
Pay-fixed interest rate swap	Change in fair value of derivative instruments	\$ 139,000	Liability	<u>(303,000)</u>	5,455,000
			Total	\$ (8,548,000)	

Note 5 - Derivative Instruments (Continued)

As of the statement of net position date, the swap agreements can be summarized as follows:

Effective Date	Type	Objective	Notional Amount	Pay Terms	Receive Terms	Maturity Date	Counterparty Credit Rating
9/24/2003	Pay fixed, Receive variable	Cash flow hedge for Series 2008B bonds	\$ 3,695,000	3.299% Fixed	70% of one-month LIBOR	6/1/2019	A3/BBB+
3/3/2005	Pay fixed, Receive variable	Cash flow hedge for Series 20013A	20,310,000	3.501% Fixed	70% of one-month LIBOR	12/1/2025	A3/BBB+
9/6/2007	Pay fixed, Receive variable	Cash flow hedge for Series 2008B bonds	27,940,000	3.691% Fixed	70% of one-month LIBOR	12/1/2031	A3/BBB+

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

In 2014, one of the University's hedging relationships was designated into a new relationship due to a refunding of the original debt. In accordance with GASB Statement No. 53, this swap is now considered a hybrid instrument consisting of a financing element and an embedded derivative. The at-market amount of the swap at the time of the new hedging relationship is designated as a hedging instrument with a current mark-to-market value of \$87,000 and \$722,000 at June 30, 2017 and 2016, respectively. The above-market amount, which equals \$1,388,000 and \$1,815,000 at June 30, 2017 and 2016, respectively, is considered a borrowing and is included in long-term debt as an interest rate swap contract with an offsetting deferred outflow.

The fair values of the interest rate swaps were calculated by an independent consultant as of June 30, 2017 and 2016. 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, 2017 and 2016 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 \$5,365,000 and \$8,548,000 at June 30, 2017 and 2016, respectively, of liabilities included in netting arrangements with those counterparties, resulting in a net exposure to credit risk of \$0.

All of the contracts are held with one counterparty. That counterparty is rated A3/BBB+ at June 30, 2017.

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, 2017 and 2016, the weighted average interest rate on the University's hedged variable-rate debt is 1.04 percent and 0.60 percent, respectively, while 70 percent of LIBOR is 0.86 percent and 0.33 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, 2017, 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, 2017 and 2016

Note 5 - Derivative Instruments (Continued)

Fiscal Year	<u>Associated with Swap Agreements</u>		Interest Rate	Total
	Principal	Interest	Swaps - Net	
2018	\$ 2,990,000	\$ 487,398	\$ 1,281,943	\$ 4,759,341
2019	3,100,000	448,145	1,201,261	4,749,406
2020	3,225,000	407,366	1,117,443	4,749,809
2021	3,345,000	365,018	1,030,399	4,740,417
2022	4,285,000	319,713	925,339	5,530,052
2023-2027	17,030,000	997,072	3,056,374	21,083,446
2028-2032	14,275,000	317,808	1,011,253	15,604,061
Total	<u>\$ 48,250,000</u>	<u>\$ 3,342,520</u>	<u>\$ 9,624,012</u>	<u>\$ 61,216,532</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 \$16,498,500 and \$15,714,250 for the years ended June 30, 2017 and 2016, respectively. Total payroll covered under this plan was approximately \$137,961,700 in 2017 and \$131,171,800 in 2016.

Maintenance, grounds, and service staff hired after October 8, 2004 and professional support staff hired on or after February 2, 2006 participate in a defined contribution plan with university contributions equal to 8 percent of wages. The University will also match the employees' contribution up to an additional 2.0 percent of wages. Participants become fully vested upon completion of two years of employment. Total expenses under this plan were approximately \$1,102,100 in 2017 and \$926,850 in 2016. Total payroll covered under this plan was approximately \$12,107,200 in 2017 and \$11,085,800 in 2016.

Defined Benefit Plans

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

Note 6 - Retirement Plans (Continued)

Plan Administration - Grand Valley State University (GVSU) administers the GVSU Professional Support Staff Employees' Retirement Plan (PSSE), a single-employer defined benefit pension plan that provides pensions for all professional support staff of the University hired before February 2, 2006, and the GVSU Maintenance, Grounds, Service Employees' Retirement Plan (MGSE), a single-employer defined benefit pension plan that provides pensions for all permanent full-time maintenance, grounds, and service employees of the University hired before October 9, 2004. The management of the plans is vested in the treasurer of the board. Benefit terms have been established by contractual agreements between the University and the various employee union representation; amendments are subject to the same process. The financial statements of the plans are included in these financial statements as an employee benefit plan trust fund (a fiduciary fund).

At July 1, 2016 and 2015, retirement plan membership consisted of the following:

	Professional Support Staff Employees' Plan		Maintenance, Grounds, Service Employees' Plan	
	2016	2015	2016	2015
Inactive plan members receiving benefits	171	156	70	65
Inactive members entitled to, not yet receiving benefits	90	93	8	6
Active plan members	219	235	75	84
Total participants	480	484	153	155

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

Contributions - Article 9, Section 24 of the Regulations of the State of Michigan constitution requires the financial benefits arising on account of service rendered each year be funded during that year. The University retains an actuary to determine the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. In addition, active members also contribute to the plan.

For the PSSE plan, the active members' contribution rate is 3.0 percent. The University's contribution rate of annual payroll was 20.9 percent and 15.3 percent for the years ended June 30, 2017 and 2016, respectively.

Note 6 - Retirement Plans (Continued)

For the MGSE plan, the active members' contribution rate is 4.25 percent. The University's contribution rate of annual payroll was 26.4 percent and 16.4 percent for the years ended June 30, 2017 and 2016, respectively.

Investments

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

The following was the asset allocation policy for the plans as of June 30, 2017 and 2016:

Asset Class	Target Allocation	
	2017	2016
Domestic equities	57%	57%
International equities	15%	15%
Fixed income	20%	20%
Cash	0%	0%
Real estate	3%	3%
Commodities	5%	5%

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

Rate of Return - The annual money-weighted rate of return on retirement plan investments, net of retirement plan investment expense, was 12.8 percent and -1.9 percent for the years ended June 30, 2017 and 2016, respectively, for the PSSE plan. The annual money-weighted rate of return on retirement plan investments, net of retirement plan investment expense, was 12.8 percent and -1.7 percent for the years ended June 30, 2017 and 2016, respectively, for the MGSE plan. The money-weighted rate of return expresses investment performance, net of investment expense.

Note 6 - Retirement Plans (Continued)

Net Pension Liability of the University

The University's net pension liability was measured as of June 30, 2017 and 2016. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2016 and 2015, which used updated procedures to roll forward the estimated liability to June 30, 2017 and 2016, respectively.

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

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2015	\$ 52,883,774	\$ 41,345,444	\$ 11,538,330
Changes for the Year			
Service cost - Beginning of year	785,499	-	785,499
Interest on average adjusted TPL	3,718,896	-	3,718,896
Differences between expected and actual experience	154,810	-	154,810
Changes in assumptions	(2,009,843)	-	(2,009,843)
Benefits payments, including refunds of member contributions	(1,987,377)	-	(1,987,377)
Contributions - Employer	-	1,600,653	(1,600,653)
Contributions - Member	-	304,178	(304,178)
Net investment income	-	(311,149)	311,149
Administrative expenses	-	(178,037)	178,037
Benefit payments, including refunds of member contributions	-	(1,987,377)	1,987,377
Net Changes	<u>661,985</u>	<u>(571,732)</u>	<u>1,233,717</u>
Balance at June 30, 2016	53,545,759	40,773,712	12,772,047
Changes for the Year			
Service cost - Beginning of year	718,706	-	718,706
Interest on average adjusted TPL	3,918,820	-	3,918,820
Differences between expected and actual experience	197,571	-	197,571
Changes in assumptions	5,444,091	-	5,444,091
Benefits payments, including refunds of member contributions	(2,183,758)	-	(2,183,758)
Contributions - Employer	-	2,078,728	(2,078,728)
Contributions - Member	-	286,728	(286,728)
Net investment income	-	4,633,461	(4,633,461)
Administrative expenses	-	(186,466)	186,466
Benefit payments, including refunds of member contributions	-	(2,183,758)	2,183,758
Net Changes	<u>8,095,430</u>	<u>4,628,693</u>	<u>3,466,737</u>
Balance at June 30, 2017	<u>\$ 61,641,189</u>	<u>\$ 45,402,405</u>	<u>\$ 16,238,784</u>

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Notes to Financial Statements June 30, 2017 and 2016

Note 6 - Retirement Plans (Continued)

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

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2015	\$ 22,577,011	\$ 15,177,832	\$ 7,399,179
Changes for the Year			
Service cost - Beginning of year	360,568	-	360,568
Interest on average adjusted TPL	1,321,895	-	1,321,895
Differences between expected and actual experience	(305,849)	-	(305,849)
Changes in assumptions	(1,669,232)	-	(1,669,232)
Benefits payments, including refunds of member contributions	(1,065,199)	-	(1,065,199)
Contributions - Employer	-	580,156	(580,156)
Contributions - Member	-	137,686	(137,686)
Net investment income	-	(162,055)	162,055
Administrative expenses	-	(48,255)	48,255
Benefit payments, including refunds of member contributions	-	(1,065,199)	1,065,199
Net Changes	<u>(1,357,817)</u>	<u>(557,667)</u>	<u>(800,150)</u>
Balance at June 30, 2016	21,219,194	14,620,165	6,599,029
Changes for the Year			
Service cost - Beginning of year	284,832	-	284,832
Interest on average adjusted TPL	1,547,098	-	1,547,098
Differences between expected and actual experience	(50,039)	-	(50,039)
Changes in assumptions	1,865,214	-	1,865,214
Benefits payments, including refunds of member contributions	(1,024,385)	-	(1,024,385)
Contributions - Employer	-	908,222	(908,222)
Contributions - Member	-	134,960	(134,960)
Net investment income	-	1,741,566	(1,741,566)
Administrative expenses	-	(50,013)	50,013
Benefit payments, including refunds of member contributions	-	(1,024,385)	1,024,385
Net Changes	<u>2,622,720</u>	<u>1,710,350</u>	<u>912,370</u>
Balance at June 30, 2017	<u>\$ 23,841,914</u>	<u>\$ 16,330,515</u>	<u>\$ 7,511,399</u>

Note 6 - Retirement Plans (Continued)

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

For the years ended June 30, 2017 and 2016, the University recognized pension expense of \$3,745,148 and \$2,620,763, respectively, for the PPSE plan and \$1,382,934 and \$908,088, respectively, for the MSGE Plan.

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

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

At June 30, 2016, the University reported deferred outflows and inflows of resources related to pensions from the following sources:

	Professional Support Staff Employees' Plan		Maintenance, Grounds, Service Employees' Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 677,785	\$ -	\$ 328,941	\$ 268,136
Changes in assumptions	1,896,879	1,794,426	1,472,653	1,463,408
Net difference between projected and actual earnings on plan investments	3,829,767	-	1,373,853	-
Total	<u>\$ 6,404,431</u>	<u>\$ 1,794,426</u>	<u>\$ 3,175,447</u>	<u>\$ 1,731,544</u>

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

Amortization of Deferred Outflows/Inflows Years Ended June 30	PPSE Amount	MSGE Amount
2018	\$ 2,212,732	\$ 712,306
2019	2,212,730	712,307
2020	1,795,057	503,961
2021	(138,250)	(137,038)
2022	90,437	(3,995)
Thereafter	237,616	94,020

Note 6 - Retirement Plans (Continued)

Actuarial Assumptions - The total pension liability as of June 30, 2017 and 2016 for both plans was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively, using updated procedures and the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases including inflation	2.50%
Investment rate of return	6.5% and 7.37% as of July 1, 2017 and 2016, respectively, net of pension plan investment

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

Discount Rate - The discount rate used to measure the total pension liability of the PPSE plan at June 30, 2017 was 6.50 percent, whereas the prior rate used at June 30, 2016 was 7.37 percent. The discount rate used to measure the total pension liability of the MSGE plan at June 30, 2017 was 6.50 percent, whereas the prior rate used at June 30, 2016 was 7.37 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 is projected to be available to make all projected future benefit payments of active and inactive plan members.

The long-term expected rate of return on retirement plan investments for both plans was determined using a building-block model in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2017 and 2016 (see discussion of the retirement plans' investment policy) are summarized in the table below:

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

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 6 - Retirement Plans (Continued)

The sum of the target allocations times the long-term expected rates is 6.50 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 current discount rates, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate for each plan.

For the year ended June 30, 2017:

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

For the year ended June 30, 2016:

Plan	1% Decrease	Current Discount Rate	1% Increase
Professional Support Staff			
Employees' Plan	\$ 19,953,801	\$ 12,772,047	\$ 6,857,495
Maintenance, Grounds,			
Service Employees' Plan	\$ 9,067,819	\$ 6,599,029	\$ 4,502,899

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 2,448 members as of July 1, 2017 and currently does not require active members to contribute to the plan. At January 1, 2014, the plan was closed to new participants.

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, 2017, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$14,210,649, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,210,649. An investment fund was established for the purpose of prefunding retiree benefits, with a market value of \$13,866,109 and \$11,941,304 at June 30, 2017 and 2016, 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 \$134,888,100 and \$138,096,500 for 2017 and 2016, respectively, and the ratio of all UAAL to covered payroll was 10.54 percent and 8.82 percent for 2017 and 2016, 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 in 2015. The UAAL is being amortized as a projected unit credit level dollar, closed on a 15-year basis. The remaining amortization period at June 30, 2017 was five years. Benefits valued are fixed dollar amounts.

Grand Valley State University

Notes to Financial Statements June 30, 2017 and 2016

Note 7 - Commitments

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

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, 2017, the base rent is \$138,597 per year.

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

Note 8 - Contingencies

The University is self funded for coverage under portions of its hospital/medical benefits and for all unemployment compensation and workers' compensation. The University also offers one HMO plan to employees. Stop-loss coverage has been purchased by the University for the self-funded hospital/medical benefits and workers' compensation claims. The stop-loss insurance limits the claims for hospital/medical benefits to \$275,000 per individual, with no lifetime limit. The workers' compensation stop-loss insurance limits its liability for claims paid per individual to \$500,000 in 2017 and 2016. Current liabilities for estimated claims retained by the University under self-insurance programs have been established at \$3,159,043 and \$2,631,599 as of June 30, 2017 and 2016, respectively.

	2017	2016	2015
Balance - Beginning of year	\$ 2,631,599	\$ 1,738,702	\$ 1,662,493
Claims incurred and changes in estimates	28,513,236	30,043,233	29,611,203
Claim payments	(27,985,792)	(29,150,336)	(29,534,994)
Balance - End of year	<u>\$ 3,159,043</u>	<u>\$ 2,631,599</u>	<u>\$ 1,738,702</u>

Note 8 - Contingencies (Continued)

To secure payment for a utility agreement, the University requested a \$450,000 letter of credit during August 2007, which has been extended through March 31, 2020.

The University is a participant in the Michigan Universities Self-Insurance Corporation (MUSIC). This organization provides insurance coverage for errors and omissions liability, comprehensive general liability, and all risk property insurance. In fiscal year 2017, 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 69 public school academies. All 69 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 \$271,240,363 and \$260,824,364 was appropriated by the State in 2017 and 2016, respectively, to be allocated to the public school academies, net of approximately a 3 percent administrative fee retained by the University. At June 30, 2017, \$49,247,407 was outstanding as a receivable from the State, of which \$47,877,884 was subsequently forwarded to support the public school academies. At June 30, 2016, \$47,317,187 was outstanding as a receivable from the State, of which \$45,990,899 will be 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.

Note 8 - Contingencies (Continued)

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

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

Note 9 - Subsequent Events

In July 2017, the University purchased a facility near its downtown Grand Rapids campus for \$6.5 million that will become the Padnos College of Engineering and Computing's Design and Innovation Center.

Note 10 - Upcoming Pronouncements

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, 2018.

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

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, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability (TPL)				
Service cost - Beginning of year	\$ 718,706	\$ 785,499	\$ 869,998	\$ 884,731
Interest on average adjusted TPL	3,918,820	3,718,896	3,170,993	3,026,543
Difference between expected and actual experience	197,571	154,810	-	-
Changes in assumptions	5,444,091	(2,009,843)	3,014,969	-
Benefits payments, including refunds of member contributions	<u>(2,183,758)</u>	<u>(1,987,377)</u>	<u>(1,683,752)</u>	<u>(1,554,355)</u>
Net change in total pension liability	8,095,430	661,985	5,372,208	2,356,919
Total pension liability - Beginning of year	<u>53,545,759</u>	<u>52,883,774</u>	<u>47,511,566</u>	<u>45,154,647</u>
Total pension liability - End of year	<u>\$ 61,641,189</u>	<u>\$ 53,545,759</u>	<u>\$ 52,883,774</u>	<u>\$ 47,511,566</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 2,078,728	\$ 1,600,653	\$ 1,645,094	\$ 1,681,351
Contributions - Member	286,728	304,178	280,975	161,147
Net investment income	4,633,461	(311,149)	610,806	6,959,448
Administrative expenses	(186,466)	(178,037)	-	(77,694)
Benefit payments, including refunds of member contributions	(2,183,758)	(1,987,377)	(1,683,752)	(1,554,355)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,534</u>
Net change in plan fiduciary net position	4,628,693	(571,732)	853,123	7,171,431
Plan fiduciary net position - Beginning of year	<u>40,773,712</u>	<u>41,345,444</u>	<u>40,492,321</u>	<u>33,320,890</u>
Plan fiduciary net position - End of year	<u>\$ 45,402,405</u>	<u>\$ 40,773,712</u>	<u>\$ 41,345,444</u>	<u>\$ 40,492,321</u>
Net pension liability - End of year	<u>\$ 16,238,784</u>	<u>\$ 12,772,047</u>	<u>\$ 11,538,330</u>	<u>\$ 7,019,245</u>
Plan fiduciary net position as a percentage of total pension liability	73.7%	76.1%	78.2%	85.2%
Covered employee payroll	\$ 9,966,093	\$ 10,482,326	\$ 10,858,867	\$ 11,544,380
Net pension liability as a percentage of covered employee payroll	162.9%	121.8%	106.3%	60.8%

Schedule of Investment Returns

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

Grand Valley State University

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

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

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	July 1, 2016
Actuarial Methods	
Actuarial cost method	Entry age normal
Amortization method	Level dollar amount, closed
Remaining amortization period	22 years, declining based on average future service
Asset valuation method	Four-year moving market value average recognizing 25% of gains and losses per year
Actuarial Assumptions	
Retirement age	65 with 10 years of vesting service
Salary increases	2.50%/year
Investment rate of return:	
Total pension liability	6.5%/year
Funding	6.5%/year
Mortality	RP-2014 with Projection Table MP-2014
Data Collection	
Date and form of data	All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit.
Changes Since Prior Valuation	Interest rate of return for funding was lowered from 7.0 percent to 6.5 percent and interest rate of return for total pension liability was lowered from 7.37 percent to 6.5 percent.

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

Schedule of Investment Returns

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

Grand Valley State University

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

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

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	July 1, 2016
Actuarial Methods	
Actuarial cost method	Entry age normal
Amortization method	Level dollar amount, closed
Remaining amortization period	22 years, declining based on average future service
Asset valuation method	Four-year moving market value average recognizing 25% of gains and losses per year
Actuarial Assumptions	
Retirement age	65 with 10 years of vesting service
Salary increases	2.50%/year
Investment rate of return:	
Total pension liability	6.5%/year
Funding	6.5%/year
Mortality	RP-2014 with Projection Table MP-2014
Data Collection	
Date and form of data	All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit.
Changes Since Prior Valuation	Interest rate of return for funding was lowered from 7.0 percent to 6.5 percent and interest rate of return for total pension liability was lowered from 7.37 percent to 6.5 percent.

Grand Valley State University

Required Supplemental Information Other Postemployment 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
7/1/2017	\$ -	\$ 14,210,649	\$ (14,210,649)	- %	\$ 134,888,100	10.5%
7/1/2015	-	12,178,970	(12,178,970)	- %	138,096,500	8.8%
7/1/2013	-	12,196,088	(12,196,088)	- %	138,717,600	8.8%
7/1/2011	-	10,451,148	(10,451,148)	- %	124,441,600	8.4%
7/1/2009	-	9,475,238	(9,475,238)	- %	111,775,600	8.5%

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, 2017, 2016, and 2015 is as follows:

	Maintenance, Grounds, and Service Employees' Retirement Plan			Professional Support Staff Employees' Retirement Plan		
	Year Ended June 30			Year Ended June 30		
	2017	2016	2015	2017	2016	2015
Additions						
Investment income (loss):						
Interest and dividends	\$ 397,486	\$ 468,646	\$ 391,296	\$ 1,121,057	\$ 1,295,765	\$ 1,073,038
Net appreciation (depreciation) in fair value of investments	10,937	(562,337)	(978,002)	190,376	(1,371,463)	(3,000,720)
Income (loss) on sale of investments	1,333,142	(70,648)	876,197	3,322,027	(242,777)	2,709,105
Total investment income (loss)	1,741,565	(164,339)	289,491	4,633,460	(318,475)	781,423
Employer contributions	908,222	580,156	611,534	2,078,728	1,600,653	1,645,094
Other income	134,961	139,970	163,893	286,728	311,504	270,470
Total additions - Net	2,784,748	555,787	1,064,918	6,998,916	1,593,682	2,696,987
Deductions						
Benefit payments	1,024,385	1,065,199	778,615	2,183,757	1,987,377	1,683,752
Administrative expense	50,013	48,255	49,671	186,466	178,037	160,112
Total deductions	1,074,398	1,113,454	828,286	2,370,223	2,165,414	1,843,864
Net Increase (Decrease)	1,710,350	(557,667)	236,632	4,628,693	(571,732)	853,123
Net Assets Held in Trust for Pension Benefits						
Beginning of year	14,620,165	15,177,832	14,941,200	40,773,712	41,345,444	40,492,321
End of year	<u>\$ 16,330,515</u>	<u>\$ 14,620,165</u>	<u>\$ 15,177,832</u>	<u>\$ 45,402,405</u>	<u>\$ 40,773,712</u>	<u>\$ 41,345,444</u>

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds								
School of Accounting Faculty Endowed Scholarship	\$ 50,897	\$ 4,628	\$ 7,423	\$ 2,421	\$ 4,240	\$ 64,767	\$ 7,828	\$ 56,939
Kathy A. Agard Endowed Fellowship in Community Philanthropy	130,222	-	17,216	5,856	-	141,582	32,618	108,964
Alayont Undergraduate Research Fellowship in Mathematics	35,306	7,500	5,994	-	7,500	56,300	5,300	51,000
John Allegrina Nontraditional Student Endowed Memorial Scholarship	16,382	120	2,242	-	120	18,864	5,103	13,761
Mathias J. Alten Endowment Fund	67,903	18,348	11,184	3,622	2,900	96,713	10,633	86,080
Alternative Breaks Endowment Fund	30,245	89	4,110	-	1	34,445	4,355	30,090
Alumni Association Presidents' Leadership Endowed Scholarship	39,305	10,660	6,034	1,970	200	54,229	4,289	49,940
Alumni Heritage Scholarship Fund	950,647	55,669	130,308	43,778	3,065	1,095,911	245,820	850,091
Eric A. Andres Live, Laugh, Love, Learn Scholarship	42,578	812	5,715	1,932	321	47,494	10,058	37,436
David G. and Mary L. Annis Education Scholarship	114,238	2,000	15,272	5,181	45	126,374	33,793	92,581
R.B. Annis Educational Foundation and Outreach Program Endowment	160,235	485	21,222	7,210	220	174,952	44,562	130,390
Anonymous Endowed Marketing Scholarship	4,964	1,740	816	-	-	7,520	880	6,640
Anonymous Endowed Math and Science Scholarship	30,313	-	4,114	-	-	34,427	4,427	30,000
Anonymous Endowed Pre-Law Scholarship	932	290	170	-	271	1,663	197	1,466
Anonymous Endowed Scholarship 92119	9,717	4,231	2,260	-	7,351	23,559	2,345	21,214
Anonymous Endowed Scholarship 94981	196	-	27	-	-	223	23	200
Anonymous Honorary Endowment	-	1,538	45	-	-	1,583	45	1,538
Anonymous Scholarship	-	112,785	3,676	-	-	116,461	3,676	112,785
APICS Scholarship Fund	42,178	-	5,576	1,897	-	45,857	40,607	5,250
Joseph E. Appelt P.E. Engineering Scholarship Fund	47,939	-	6,338	2,156	-	52,121	16,179	35,942
ARAMARK Student Excellence Endowed Scholarship	34,406	-	4,549	1,547	-	37,408	7,208	30,200
Carl and Delores Arendsen Golf Scholarship	44,326	161	5,928	2,004	716	49,127	11,723	37,404
AT&T Pioneers Michigan Chapter Scholarship	75,959	-	10,042	3,416	-	82,585	39,610	42,975
Bachmeier Disability Support Services Endowment	44,138	663	6,031	2,022	1,647	50,457	10,839	39,618
James D. Bachmeier Endowed Scholarship	-	30,100	3,696	-	-	33,796	3,696	30,100
Claudia Bajema Endowed Graduate Scholarship	28,688	10,221	4,866	-	1,921	45,696	4,307	41,389
Carl and Claudia Bajema Grand Rapids Urban Schools Endowed Scholarship	60,250	2,550	8,327	2,780	2,013	70,360	10,342	60,018
Charles and Susan Baker-Clark Endowed HTM Scholarship	-	130	8	-	-	138	8	130
Baker-Hall Physics Fund	98,656	11,855	14,065	4,645	1,265	121,196	35,366	85,830
Baldwin Foundation Scholarship Endowment Fund	53,675	10,000	7,926	2,633	-	68,968	8,968	60,000

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
John T. Batchelder Political Science Scholarship	\$ 42,276	\$ 389	\$ 5,619	\$ 1,907	\$ -	\$ 46,377	\$ 11,058	\$ 35,319
Nancy H. Baum Endowment in Dance	45,755	46	6,061	2,060	92	49,894	24,000	25,894
William C. Baum Endowment	98,743	1,412	13,168	4,465	-	108,858	30,292	78,566
Be the Change Endowed Scholarship	-	8,166	956	-	3,910	13,032	956	12,076
Beckering Family Carillon Endowment	31,903	15	4,219	1,435	-	34,702	11,112	23,590
Fred A. Bell Business Scholarship Endowment	45,005	-	5,950	2,024	-	48,931	17,060	31,871
David Alan Bergsma Scholarship Fund	61,778	-	8,167	2,778	-	67,167	56,532	10,635
Hyman H. & Greta M. Berkowitz Scholarship Fund	466,855	158	61,731	20,995	25	507,774	240,236	267,538
John and Claudia Berry Design Thinking Endowment	-	30,000	2,523	-	-	32,523	2,523	30,000
Biology Field and Laboratory Enhancement Fund	209,897	13,419	28,905	9,738	559	243,042	54,732	188,310
The Biomedical/Health Science Fund	42,922	3,782	6,002	1,995	604	51,315	14,794	36,521
Blinkhorn/Donk First Generation Scholars Endowed Scholarship	9,049	2,819	1,672	-	2,932	16,472	1,608	14,864
Archie A. Blood, Jr. '79, '83 Endowed PATHWAYS Scholarship	20,470	20,743	4,365	-	20	45,598	4,468	41,130
Boand & Rowe Endowment for Advancement of Women in Sport & Physical Activity	44,138	6,425	6,534	2,120	2,642	57,619	5,687	51,932
Joan Boand Athletic Scholarship Fund	83,224	1,335	11,122	3,765	240	92,156	26,292	65,864
Clarke and Nancy Borgeson Science, Technology and Mathematics Endowed Scholarship	34,780	1,956	4,777	-	-	41,513	5,168	36,345
Walton Boston Koch Memorial Scholarship	42,412	380	5,641	1,912	180	46,701	22,999	23,702
Ira Brad Memorial Scholarship	182,231	5,250	24,527	8,309	-	203,699	43,920	159,779
William J. & Margaret G. Branstrom Fund	127,008	-	16,791	5,711	-	138,088	89,401	48,687
George and Georgia Breur Scholarship	16,035	-	2,176	-	-	18,211	8,211	10,000
Brooks College Endowed Scholarship for Study Abroad	42,594	1,913	5,902	1,968	1,610	50,051	5,434	44,617
Brooks First Generation Diversity Endowed Scholarship**	343,322	75	45,398	15,441	-	373,354	121,179	252,175
The Donna K. Brooks Presidential Scholarship	353,395	9	46,721	15,891	-	384,234	123,161	261,073
Paul Brian and Margaret Susan Brooks Endowed Memorial Scholarship	47,089	-	6,225	2,117	-	51,197	6,164	45,033
Budden Family Pathway Endowed Scholarship**	-	20,000	1,525	-	-	21,525	1,525	20,000
Johnny C. Burton Memorial Scholarship**	84,461	-	11,166	3,798	-	91,829	37,161	54,668
Thomas A. & Cheryl L. '91, '98 Butcher Endowed Nontraditional Student Scholarship	43,563	13,385	6,794	2,112	1,747	63,377	4,700	58,677
Buzzitta Family Endowed Scholarship	50,943	19,965	7,854	2,510	-	76,252	6,235	70,017
Greg Cadaret Baseball Fund	89,558	2,342	12,169	4,090	1,829	101,808	44,751	57,057
Dr. Johnine and Dr. Orel Callahan Honors Senior Research Program Endowment	2,533	500	418	-	425	3,876	566	3,310

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
Campbell-Williams Business Scholarship	\$ 43,174	\$ 571	\$ 5,749	\$ 1,946	\$ 280	\$ 47,828	\$ 12,092	\$ 35,736
Ara Cary Lectureship Fund	57,748	-	7,635	2,597	-	62,786	20,666	42,120
Barry Castro Business Ethics Scholarship	107,679	760	14,328	4,860	428	118,335	28,010	90,325
Bernard & Camille Cebelak Scholarship Fund	373,912	-	49,434	16,814	-	406,532	106,272	300,260
Edith I. Blodgett Endowed Music Scholarship Fund	69,411	1,152	9,280	3,137	212	76,918	38,621	38,297
Center for Health Sciences Simulation Endowment	50,795	1,725	7,090	-	595	60,205	24,325	35,880
Endowment for the Center for Scholarly and Creative Excellence	443	20	62	-	-	525	205	320
Robert L. Chamberlain Scholarship Fund	69,635	678	9,305	3,151	600	77,067	38,288	38,779
Ruth Chamberlain Global Issues Scholarship Endowment	129,031	8,100	17,729	5,978	50	148,932	21,632	127,300
Frederick A. Chapman Endowed Memorial Public Relations Scholarship	23,941	2,033	3,400	-	50	29,424	6,091	23,333
Chemistry Support Fund	-	41,275	3,401	-	-	44,676	3,401	41,275
Hong Chen Memorial Endowment	28,217	-	3,730	1,269	-	30,678	9,507	21,171
Children's Enrichment Center Student Parent Scholarship	26,035	256	3,594	-	501	30,386	8,510	21,876
Kipp & Erin Chillag Endowed Scholarship	-	15,100	2,408	-	15,000	32,508	2,408	30,100
Douglas K. and Ellen Chung Asian Social Work Graduate Scholarship	38,664	-	5,112	1,739	-	42,037	11,345	30,692
CLAS Alumni Endowed Scholarship	3,024	1,953	494	-	50	5,521	518	5,003
CLAS Margin of Excellence for Science Endowment	183,218	6,881	24,886	8,370	1,582	208,197	12,696	195,501
Class of 1968 Endowed Scholarship	49,320	545	6,577	2,230	120	54,332	4,347	49,985
Helen Claytor Minority Scholarsip	1,379,749	-	182,411	62,045	-	1,500,115	515,712	984,403
Tara E. Cleary Endowed Scholarship	2,658	4,555	1,054	-	4,562	12,829	1,072	11,757
Club Soccer Endowment Fund	705	2,550	299	-	-	3,554	304	3,250
College of Education Future Teacher Scholarship	101,777	7,639	14,561	4,770	7,724	126,931	16,977	109,954
College of Liberal Arts and Sciences Endowed Scholarship	49,471	10,795	7,615	-	5,670	73,551	8,351	65,200
Collegiate Entrepreneurs' Organization (CEO) Endowment	98,733	-	13,053	4,440	-	107,346	32,635	74,711
Colliers International Endowed Scholarship	32,038	600	4,285	1,454	-	35,469	4,369	31,100
School of Communications Emerging Technologies Endowment Fund	76	50	16	-	25	167	17	150
School of Communications Scholarship Fund	58,506	340	7,783	2,640	285	64,274	18,289	45,985
Community Foundation for Muskegon County Interfaith Dialogue Fund**	385,101	-	50,913	17,317	-	418,697	97,348	321,349
Computing and Information Systems Scholarship Fund	171,692	11,527	23,358	7,799	2,129	200,907	58,059	142,848

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
Cook Leadership Fellows of Hauenstein Center for Presidential Studies	\$ 1,294,556	\$ 1,183	\$ 171,245	\$ 58,232	\$ 120	\$ 1,408,872	\$ 366,896	\$ 1,041,976
The Coopersville Scholarship	1,391,150	920	184,004	62,579	120	1,513,615	244,409	1,269,206
David Daniels Memorial Scholarship	94,740	6,555	12,845	4,296	535	110,379	41,440	68,939
Gilbert R. and Patricia K. Davis Davis Theatre Endowed Scholarship: Remembering Shakespeare	50,008	-	6,611	2,249	-	54,370	3,952	50,418
Gilbert R. and Patricia K. Davis Endowed Merit English Scholarship	115,284	675	15,344	5,204	625	126,724	47,293	79,431
Gilbert R. and Patricia K. Davis Endowed Merit Humanities Scholarship	-	26,500	4,135	-	25,000	55,635	4,135	51,500
Greta & Arthur Delong Perpetual Scholarship Fund	86,380	-	11,420	3,884	-	93,916	40,056	53,860
Kendal J. DenBleyker Endowed Scholarship	52,915	88	7,000	2,380	-	57,623	7,510	50,113
Aaron M. DesRocher Memorial Chemistry Scholarship	37,643	603	5,026	1,705	-	41,567	10,004	31,563
Dick and Betsy DeVos Leadership Fellow Endowment for the Hauenstein Center for Presidential Studies	153,242	1,000	20,342	6,913	-	167,671	66,661	101,010
Pamella and Daniel G. DeVos Musical Theater Scholarship	58,353	1,620	7,950	2,670	1,270	66,523	12,284	54,239
Marvin G. DeVries Endowed Scholarship	37,614	1,000	5,049	1,702	-	41,961	6,034	35,927
Robert and Edward DeVries Families Campus Ministry Fund	11,148	447	1,563	-	225	13,383	1,553	11,830
DeWitt Barrels Inc. Environmental Science and Natural Resources Scholarship	81,997	6,211	11,408	3,829	709	96,496	15,894	80,602
John R. DeYoung Leadership Fellow Endowment	33,440	-	4,421	1,504	-	36,357	6,357	30,000
Ann M. Dilley Jewelry/Metalsmithing Scholarship	30,543	608	4,203	-	157	35,511	4,189	31,322
Gregg K. Dimkoff Endowed Finance Scholarship	39,714	4,075	5,614	1,864	325	47,864	2,988	44,876
Mary Jane Dockeray Scholarship Fund	98,106	-	12,970	4,412	-	106,664	43,706	62,958
The Rev. Darld and Joyce Black Doctor of Physical Therapy Scholarship in Memory of Robert Klein	40,309	2,180	5,548	1,866	500	46,671	12,325	34,346
Henry H. and Juanita Dungey Endowed Scholarship in Memory of Henry W. Dungey '00	10,175	261	1,408	-	82	11,926	1,104	10,822
DV Alpha Scholarship Endowment	23,002	10,000	4,353	-	-	37,355	7,355	30,000
Scott M. Dykstra Oliver Products Company Engineering Scholarship	67,401	930	8,989	3,051	25	74,294	22,815	51,479
Elizabeth Ann Eccard Endowed Scholarship in Memory of Joseph and Dorothy Eccard**	-	1,500	44	-	-	1,544	44	1,500

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
Becky Eckstrom Environmental Studies Scholarship Endowment	\$ 110	\$ -	\$ 15	\$ -	\$ -	\$ 125	\$ 15	\$ 110
Economics Department Faculty Endowed Scholarship	36,263	1,816	4,928	1,649	445	41,803	7,127	34,676
Valerie P. Eggert Distinguished Scholarship in Philanthropy	39,817	80	5,271	1,792	-	43,376	11,561	31,815
Empowering Haiti Through Education Fund	44,132	1,950	6,136	2,037	1,943	52,124	7,019	45,105
Engineering Co-op Endowment Fund	3,204	3,106	703	-	789	7,802	728	7,074
Engineering/Computing & Information Systems Scholarship	86,376	533	11,515	3,901	629	95,152	57,645	37,507
School of Engineering Fund	233,185	17,603	31,524	10,542	655	272,425	95,474	176,951
English Faculty Endowed Scholarship for New Majors	6,768	812	1,051	-	865	9,496	1,238	8,258
Jean Enright Women and Gender Studies Scholarship	47,711	1,527	6,500	2,195	273	53,816	11,696	42,120
Faculty Teaching and Learning Center Endowment	2,549,250	750	337,089	114,651	-	2,772,438	856,307	1,916,131
Shelby Fazio '13 Memorial Endowed Scholarship	25,662	9,584	4,441	-	2,086	41,773	4,279	37,494
Douglas C. and Kimberly K. Fenbert Endowed Memorial Scholarship	6,576	3,378	1,414	-	3,200	14,568	1,490	13,078
Finance Department Endowment	112,614	925	15,045	5,094	1,037	124,527	37,467	87,060
Finance Department Faculty Endowed Scholarship	46,440	1,650	6,400	2,136	1,615	53,969	8,933	45,036
First Generation Urban Schools Scholarship	82,642	1,258	11,083	3,743	752	91,992	17,747	74,245
Richard E. Flanders Scholarship Fund	164,280	1,170	21,810	7,405	165	180,020	81,628	98,392
Barbara Flaschenriem Endowed Classics Scholarship	46,272	2,116	6,346	2,129	645	53,250	4,667	48,583
Robert W. Fletcher Memorial Endowment	170,399	3,527	23,023	7,758	2,862	192,053	32,534	159,519
Football Alumni Endowment Fund	199,860	14,653	27,871	9,244	5,018	238,158	47,813	190,345
Milton E. Ford LGBT Resource Center Endowment	40,276	5,898	6,064	-	2,201	54,439	8,838	45,601
Doug and Christen Fox Endowed Scholarship	20,124	10,000	3,572	-	-	33,696	3,696	30,000
Fraternity and Sorority Laker Leaders Scholarship	6,461	5,379	1,382	-	867	14,089	1,370	12,719
Frey Foundation Chair for Family Foundations and Philanthropy	1,721,283	-	227,564	77,403	-	1,871,444	370,854	1,500,590
Kenneth and Irene Fridsma Endowed Special Education Scholarship	33,641	2,664	4,882	1,599	2,682	42,270	2,727	39,543
FTC&H Engineering Endowed Scholarship	30,245	-	4,105	-	-	34,350	4,350	30,000
FTCH Occupational Safety and Health Management Endowed Pathway Scholarship	-	30,000	2,523	-	-	32,523	2,523	30,000
The General Dynamics Land Systems Engineering Scholarship	45,368	-	5,998	2,040	-	49,326	17,326	32,000
Geology Development Fund	141,174	1,219	18,756	6,369	100	154,880	79,284	75,596
Geology Student Field Camp Endowment	65,177	760	8,700	2,949	305	71,993	20,275	51,718

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
Norman Gibson Geology Field Study Scholarship	\$ 91,460	\$ 11,447	\$ 12,932	\$ 4,277	\$ 660	\$ 112,222	\$ 15,715	\$ 96,507
Charlotte A. Gierst & Salome C. Egeler Trust Fund	83,656	-	11,060	3,762	-	90,954	43,744	47,210
Richard Giles Memorial Scholarship Fund	415,706	2,675	55,181	18,752	-	454,810	280,825	173,985
Eric Jon Gillette Memorial Scholarship	36,592	-	4,838	1,645	-	39,785	9,435	30,350
Global Studies Endowed Scholarship	-	5,886	514	-	426	6,826	514	6,312
George and Barbara Gordon Endowment for the Gordon Gallery	422,568	100	55,869	19,002	-	459,535	58,995	400,540
John and Barbara Gracki Football Degree Completion Scholarship Fund	69,803	19	10,536	3,329	17,198	94,227	12,572	81,655
The Graduate Teacher Certification Scholarship	96,463	864	12,838	4,352	358	106,171	29,900	76,271
A Grand Day at a Time Endowed Scholarship	-	3,425	131	-	17	3,573	131	3,442
Grand Valley Grand Forum Endowment	279,666	1,985	37,186	12,627	528	306,738	116,166	190,572
The Grand Valley Lanthorn Merit Scholarship	42,269	25	5,591	1,901	13	45,997	14,894	31,103
Grand Valley State University Athletic Fund	334,402	2,412	44,531	15,093	2,015	368,267	105,502	262,765
Grand Valley State University Fund	5,427,239	456,646	737,576	264,907	(454,646)	5,901,908	3,687,410	2,214,498
Grand Valley State University Symphony Orchestra Endowed Scholarship	17,731	2,415	2,574	-	390	23,110	5,758	17,352
GRCC Presidents' Endowed Scholarship for Transfer Students	-	30,000	871	-	-	30,871	871	30,000
GV in DC Endowed Scholarship	4,570	775	727	-	700	6,772	737	6,035
GVSU Founders Endowed Scholarship	39,861	500	5,311	1,803	-	43,869	2,069	41,800
GVSU Interprofessional Education Initiative Endowment Fund	14,063	510	1,987	-	510	17,070	4,400	12,670
GVSU LGBT Scholarship Endowment	148,711	2,540	20,044	6,759	2,364	166,900	38,131	128,769
GVU Foundation Community Leadership Endowment**	266,394	19,003	36,602	12,296	504	310,207	41,980	268,227
Tom and Marcia Haas & Family Laker Marching Band Scholarship	73,121	1,475	9,799	3,318	150	81,227	13,290	67,937
Tom and Marcia Haas Power of 10 Endowed Scholarship	37,667	7,427	6,400	-	8,550	60,044	6,715	53,329
Rick K. Hamlin Endowed Memorial Scholarship**	39,627	3,395	5,356	1,788	50	46,640	4,955	41,685
Earl Harper Scholarship Fund**	71,684	100	9,479	3,223	-	78,040	39,845	38,195
Hauenstein Center for Presidential Studies Endowment	3,041,048	134,757	414,462	140,044	5,550	3,455,773	376,124	3,079,649
Brian Haskin Memorial Endowed Scholarship	-	16,781	2,609	-	15,936	35,326	2,609	32,717
Joyce Hecht Distinguished Scholarship in Philanthropy	160,928	200	21,287	7,239	-	175,176	52,861	122,315

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
William Hegarty Endowment Fund	\$ 35,554	\$ -	\$ 4,700	\$ 1,599	\$ -	\$ 38,655	\$ 12,671	\$ 25,984
Price Heneveld Engineering Scholarship	193,554	-	25,589	8,704	-	210,439	60,121	150,318
Dr. James D. Hoffman Scholarship	103,005	-	13,618	4,632	-	111,991	38,940	73,051
The Hilda C. Holder Endowed Scholarship for Women in Business Fund	45,554	-	6,023	2,049	-	49,528	14,428	35,100
Honors Program Enrichment	39,067	295	5,214	1,766	285	43,095	13,051	30,044
Hosford Family Excellence in Academics and Athletics Endowed Scholarship	165,724	29,046	25,061	8,222	5,079	216,688	16,839	199,849
Hospitality and Tourism Management Department Endowment	56,541	2,240	7,723	2,588	980	64,896	14,132	50,764
Allen I. and Helen J. Hunting Research and Innovation Fund	-	2,250,000	86,633	-	-	2,336,633	86,633	2,250,000
Arthur C. Hills Music Scholarship Fund	96,443	418	12,809	4,349	240	105,561	51,670	53,891
J. C. Huizenga Business Scholarship	70,763	1,100	9,447	3,206	-	78,104	17,564	60,540
The Professor Paul A. Huizenga Biology Education Scholarship	168,057	14,628	23,178	7,735	2,000	200,128	42,761	157,367
Nathan M. Hurwitz Endowed Memorial Scholarship	48,235	2,915	6,697	2,234	1,340	56,953	5,978	50,975
Innovation Connection Endowment	412,134	-	54,487	18,533	-	448,088	27,941	420,147
W.G. Jackson Fund	252,283	1,628	33,420	11,349	120	276,102	116,351	159,751
Todd Jager Memorial Graduate Athletic Training Student Award	87,234	6,287	10,816	3,948	125	100,514	18,348	82,166
William James Fund	41,232	200	5,467	1,856	-	45,043	24,960	20,083
Michael and Susan Jandernoa Scholarship Endowment	237,592	-	31,411	10,684	-	258,319	57,278	201,041
Johnson Leadership Scholarship Endowment	40,686	1,870	5,548	1,874	50	46,280	8,360	37,920
The Dorothy A. Johnson Center for Philanthropy Library Endowment	762,994	52	100,882	34,312	63	829,679	321,290	508,389
The Dorothy A. Johnson Center for Philanthropy Operations Endowment	4,681,444	22,874	619,847	210,588	1,343	5,114,920	1,391,779	3,723,141
Paul and Dianna Johnson STEM PATHWAY Endowed Scholarship	39,565	2,142	5,661	1,833	4,851	50,386	4,278	46,108
Jurries Family Scholarship	40,293	1,008	5,411	1,834	7	44,885	13,822	31,063
Justice and Society Endowed Scholarship	46,695	-	6,178	2,100	65	50,838	10,138	40,700
Dr. Sara Kane-Smart Endowed Scholarship in Honor of Children's Advocacy Center in Holland	11,472	7,400	2,729	-	7,400	29,001	2,767	26,234
Kaufman Family Endowed Scholarship Honoring L. William Seidman	35,000	-	4,635	1,574	-	38,061	3,061	35,000

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Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
Sylvia and Richard Kaufman Interfaith Institute Endowment	\$ 830,567	\$ 54,723	\$ 114,332	\$ 38,085	\$ 1,253	\$ 962,790	\$ 182,628	\$ 780,162
Fred M. and Bernedine Keller Engineering Diversity Scholarship	63,092	(75)	8,332	2,835	-	68,514	16,764	51,750
Frances Anne Kelleher Endowed Memorial Scholarship	38,977	252	5,210	1,760	300	42,979	2,717	40,262
W.K. Kellogg Community Philanthropy Chair	1,594,100	-	210,750	71,684	-	1,733,166	233,166	1,500,000
Kurt F. Kimball Scholarship Endowment	53,649	600	7,149	2,422	300	59,276	20,548	38,728
P. Douglas and Barbara Kindschi Science Endowment	350,187	100,000	57,843	-	25,000	533,030	53,636	479,394
Dr. Wayne and Paula Kinzie Counseling Staff Professional Development Endowment	218,616	1,075	28,983	9,842	-	238,832	70,624	168,208
Kirkhof College of Nursing Alumni Scholarship	41,620	12,270	6,942	2,156	6,355	65,031	4,701	60,330
Kirkhof College of Nursing Endowment	254,890	4,816	34,222	11,577	1,585	283,936	72,142	211,794
Dr. Donald J. Klein, Sr. Graduate Endowed Scholarship in Accounting	183,211	3,359	24,533	8,306	1,000	203,797	44,442	159,355
Knauf Family Endowed Pathway Scholarship	10,070	7,000	1,935	-	-	19,005	2,005	17,000
Professor Charles Knop Chemistry Scholarship	57,585	5,441	8,153	2,695	2,335	70,819	12,029	58,790
MaryBeth Koeze Art Scholarship	81,944	500	10,894	3,702	-	89,636	16,976	72,660
Koeze Business Ethics Initiative (KBEI) at the Seidman College of Business	200,704	-	26,558	9,026	-	218,236	17,532	200,704
The Albert S. and Ella D. Koeze Art Scholarship	73,497	121	9,725	3,306	-	80,037	25,246	54,791
A. Scott and Ruth P. Koeze Graduate Business Scholarship	42,034	20	5,558	1,890	-	45,722	11,522	34,200
MaryBeth Koeze Endowed Scholarship in memory of Dr. Thomas Henry Koeze	80,241	-	10,608	3,608	-	87,241	16,804	70,437
Dirk Koning Film and Video Scholarship	57,798	980	7,772	2,626	690	64,614	16,307	48,307
The Jack J. Korff Seidman College of Business Finance Scholarship	92,927	5,000	12,700	4,288	-	106,339	21,229	85,110
Lynne Kraemer Memorial Scholarship	45,112	-	5,964	2,029	-	49,047	31,053	17,994
Solina and Steven Kramer Endowed Memorial Scholarship	35,555	18,850	6,397	-	-	60,802	6,427	54,375
Kruizenga Interfaith Ambassador Endowment Fund	100,816	-	13,683	-	-	114,499	14,499	100,000
Kutsche Office of Local History Endowment	241,780	15,997	33,190	11,164	428	280,231	36,736	243,495
Esther L. Seidman Chair in Management Fund	381,052	-	50,377	17,135	-	414,294	238,895	175,399
L.V. Eberhard Scholarship Fund	654,605	54	86,547	29,437	-	711,769	432,225	279,544
Lake Michigan Writing Project Endowment	152,959	2,000	20,374	6,900	-	168,433	16,433	152,000
Laker Athletic Bands Endowment Fund	20,743	1,073	2,972	-	1,000	25,788	3,215	22,573

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Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
Laker Discovery Endowment Fund	\$ 20,188	\$ 2,600	\$ 3,153	\$ -	\$ 2,600	\$ 28,541	\$ 3,141	\$ 25,400
Richard H. Lefebvre Geology Field Education Fund	75,176	2,335	10,225	3,441	1,375	85,670	16,816	68,854
Teri Linn (Houghton) Marsh Endowed Memorial Nursing Scholarship	89,959	6,000	12,847	4,234	6,120	110,692	9,782	100,910
The Mike Lints Track and Field Equipment Endowment	99,725	12,973	14,583	4,792	4,533	127,022	22,695	104,327
Logie Fellowship Endowment	173,858	-	22,985	7,818	-	189,025	56,190	132,835
Loutit Foundation Fund	277,634	46	40,859	-	46	318,585	103,390	215,195
Bucky Love WGVU TV Music Program Endowment	40,309	-	5,329	1,813	-	43,825	3,825	40,000
Arend D. and Nancy Lubbers Honors College Scholarship	870,632	600	115,156	39,162	97	947,323	305,249	642,074
Dr. Nancy K. Mack & Katherine Klemmit Mack Endowed Memorial Scholarship	92,514	3,000	12,713	4,227	3,000	107,000	8,000	99,000
Mack-Jackson African American Teacher Scholarship	83,763	-	11,074	3,767	-	91,070	40,063	51,007
T.J. Maciak Give Life Endowed Scholarship	24,102	4,314	3,685	-	350	32,451	4,774	27,677
Marney (Houseman) MacAdam Endowed Voice Scholarship	34,226	4,301	4,974	1,622	2,100	43,979	2,419	41,560
Eric I. Maino Community Technology Award Endowment	41,059	2,392	5,627	1,899	-	47,179	10,699	36,480
Margaret Proctor School of Communications Scholarship	51,833	746	6,949	2,351	467	57,644	18,953	38,691
Jean E. Martin Doctor of Nursing Practice Scholarship	314,911	10,255	43,257	14,498	10,155	364,080	95,546	268,534
Mathematics Endowment Fund	248,138	3,730	33,238	11,246	1,918	275,778	124,213	151,565
Russell G. Mawby Fellowship in Philanthropic Studies	171,777	-	22,710	7,724	-	186,763	50,656	136,107
Debra McKee Memorial Endowed Scholarship	-	20,000	1,525	-	-	21,525	1,525	20,000
Theresa M. McKee, MS OTR, Occupational Therapy Endowed Scholarship	-	30,904	2,474	-	-	33,378	2,474	30,904
Reverend Dennis and E. Jean (Lackey) McMurray Academic Achievement Scholarship	212	-	29	-	-	241	117	124
Lynn McNamara Blue '86 Endowed Scholarship	493,999	500,000	81,558	-	-	1,075,557	85,557	990,000
Coach Jim Meerman Memorial Endowed Scholarship	45,976	5,290	6,435	2,121	514	56,094	4,082	52,012
Denise Meier Memorial Endowed Scholarship	-	18,274	583	-	-	18,857	583	18,274
Frederik Meijer Endowed Honors Chair in Entrepreneurship and Innovation	1,728,522	-	228,521	77,728	-	1,879,315	379,315	1,500,000
Frederik Meijer First Generation Honors College Student Scholarship Endowment	2,931,190	624	387,617	131,829	585	3,188,187	682,772	2,505,415
Frederik Meijer Honors College Service-Learning Endowment	9,296	1,168	1,455	-	1,343	13,262	1,906	11,356
Frederik Meijer Lecture Series Endowment	458,652	-	60,636	20,625	-	498,663	198,663	300,000
Frederik Meijer Opportunity Endowed Scholarship	557,806	-	73,745	25,083	-	606,468	81,468	525,000
Corky Meinecke Scholarship Endowment Fund	80,347	375	10,653	3,621	-	87,754	25,065	62,689

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
Memorial Garden Endowment	\$ 9,244	\$ 112	\$ 1,264	\$ -	\$ -	\$ 10,620	\$ 4,456	\$ 6,164
Mercantile Bank of Michigan Upward Bound (TRIO) Program Endowment	51,107	151	6,765	2,299	18	55,742	10,670	45,072
H. Bart Merkle CSAL Endowment Fund	1,912	16,898	1,738	-	2,652	23,200	1,752	21,448
Michigan Office Solutions Endowed Seidman College of Business Scholarships	10,386	6,000	1,666	-	-	18,052	1,552	16,500
Paul C. and Florence Miller Mineral Collection Endowment	58,316	240	7,730	2,627	60	63,719	22,169	41,550
Paul C. Miller Scholarship Fund	188,975	-	24,984	8,498	-	205,461	105,138	100,323
Mithilesh & Jitendra Mishra Foreign Student/Faculty Scholarship Fund	34,181	-	4,519	1,537	-	37,163	14,244	22,919
Mnomen Native American Endowed Scholarship**	-	20,200	3,053	-	20,000	43,253	3,053	40,200
Modern Languages Endowed Study Abroad Scholarship	9,198	1,012	1,406	-	1,002	12,618	1,737	10,881
Jacob B. Mol Family Scholarship Fund	94,282	-	12,503	4,245	510	103,050	52,267	50,783
Movement Science Student Excellence Endowed Scholarship	12,913	265	1,773	-	100	15,051	4,456	10,595
Rodney J. Mulder Social Work Scholarship	103,153	5,164	14,035	4,693	792	118,451	29,402	89,049
Mullendore Legal Studies Criminal Justice Scholarship	345,889	302	45,761	15,559	188	376,581	74,352	302,229
Mark A. and Elizabeth C. Murray International Travel Fund	117,494	3,220	15,871	5,344	1,633	132,874	22,684	110,190
Moriah Muscaro '15 Feature Twirler Endowed Scholarship	1,796	1,315	354	71	41	3,435	270	3,165
Benjamin Mutnick Endowed Hospitality and Tourism Management Scholarship	34,833	1,913	4,721	1,585	288	40,170	3,024	37,146
Nichols Sustainability Scholarship	39,751	533	5,299	1,798	8	43,793	9,519	34,274
Paul A. '72 & Janet M. (Nickless) '71 Royce Endowed PATHWAY Scholarship	29,597	-	4,028	-	150	33,775	3,455	30,320
Glenn A. and Betty J. Niemeyer History Scholarship Endowment	145,777	4,930	19,767	6,644	2,625	166,455	56,175	110,280
Norris, Perne & French Finance Pathway Endowed Scholarship	-	12,000	679	-	-	12,679	679	12,000
Dr. Roy and Patricia Olsson Jr. Health Professions Scholarship	31,110	(461)	4,136	1,401	553	33,937	7,655	26,282
Dr. Roy and Patricia Olsson Jr. Therapeutic Recreation Endowed Scholarship	-	2,796	310	-	1,530	4,636	310	4,326
Joel J. Orosz Endowed Fellowship in Philanthropy	117,251	100	15,519	5,276	125	127,719	24,498	103,221
Herta Oswald WGVU Culinary Television Program Endowment	49,072	-	6,488	2,207	-	53,353	11,353	42,000

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
The Nedra J. Otis Art Scholarship	\$ 119,246	\$ 1,289	\$ 15,927	\$ 5,390	\$ 841	\$ 131,913	\$ 36,875	\$ 95,038
Candace Otte Scholarship for Nursing	33,719	-	4,458	1,516	-	36,661	11,008	25,653
Arnold C. Ott Lectureship in Chemistry	928,917	638	122,861	41,785	-	1,010,631	484,996	525,635
The Ott-Stiner Fellowship in Chemistry and Natural Sciences	90,673	3,911	12,369	4,161	894	103,686	11,587	92,099
Barbara Padnos Scholarship Fund	1,338,173	1,771	177,098	60,216	598	1,457,424	441,798	1,015,626
Padnos/Sarosik Endowed Professorship of Civil Discourse	273,675	-	36,185	12,307	42	297,595	47,182	250,413
Seymour and Esther Padnos Engineering Scholarship	699,909	-	92,541	31,475	115	761,090	223,215	537,875
Stuart and Barbara Padnos Chair in Art and Design	1,628,577	-	215,308	73,234	-	1,770,651	269,396	1,501,255
Christos T. and Joan A. Panopoulos Physician Assistant Studies Scholarship	12,192	6,219	2,192	-	181	20,784	2,165	18,619
Joan A. Panopoulos Scholarship	45,988	75	6,084	2,069	-	50,078	8,033	42,045
LT James W. Parmelee Memorial Scholarship	40,907	-	5,408	1,840	-	44,475	9,275	35,200
Paton Family Entrepreneur Scholarship Endowment	35,829	7,500	5,207	1,694	-	46,842	9,592	37,250
Paton Family Entrepreneurial Fund	30,468	5,300	4,466	-	300	40,534	4,434	36,100
Eugene and Lillian Pawl Scholarship	16,384	11,500	3,460	-	3,530	34,874	4,464	30,410
Peace and Justice Activist Scholarship	65,691	144	8,710	2,958	177	71,764	33,044	38,720
Chuck Peterson '83 Memorial Film and Video Endowed Scholarship	25,228	3,765	3,875	-	1,730	34,598	3,467	31,131
Ross W. Perry Bachelor of Science Scholarships	288,376	-	38,125	12,968	-	313,533	107,818	205,715
McFadden Picciuca International Child Welfare Scholarship	24,298	2,240	3,672	-	2,207	32,417	11,715	20,702
William F. Pickard Fund	92,072	-	12,172	4,140	-	100,104	69,189	30,915
Physical Therapy Department Fund	86,116	1,450	11,538	3,905	475	95,674	29,010	66,664
Physical Therapy Urban Schools Endowed Scholarship	19,373	533	2,786	-	1,595	24,287	2,634	21,653
Pioneer Class of 1967 Endowed Scholarship	48,996	12,195	7,137	2,294	-	66,034	9,513	56,521
Plant Service Personnel Decendants Scholarship Fund	694,036	9,185	93,165	31,465	9,165	774,086	227,651	546,435
PNC Early Childhood Education Scholarship Endowment	153,262	-	20,262	6,892	-	166,632	30,450	136,182
Paul W. Potter and Margaret E. Potter Scholarship	58,325	-	7,711	2,623	-	63,413	12,313	51,100
Positive Black Women Endowment Fund	75,213	2,280	10,213	3,433	1,214	85,487	21,985	63,502
The Judith S. Pratt Non-Traditional Nursing Scholarship	93,633	925	12,525	4,241	825	103,667	27,375	76,292
Berthold Price Scholarship Fund	173,573	-	22,947	7,805	-	188,715	92,080	96,635
Randy and Debra Price Endowed Scholarship	20,163	20,000	5,198	-	-	45,361	5,361	40,000
Professional Support Staff (PSS) Scholarship Endowment Fund	157,838	1,959	21,163	7,151	1,932	175,741	45,956	129,785
School of Public and Nonprofit Administration Endowment	90,792	9,939	13,001	4,302	2,373	111,803	23,451	88,352

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
Dr. George I. Quimby Memorial Anthropology Endowment	\$ 52,080	\$ 572	\$ 6,948	\$ 2,356	\$ 195	\$ 57,439	\$ 11,713	\$ 45,726
Dr. George I. and Helen Z. Quimby Scholarship	51,386	120	6,812	2,314	120	56,124	15,505	40,619
Esther R. Padnos Nursing Scholarship	182,120	1,150	24,205	8,214	500	199,761	26,038	173,723
GVUF Lupe Ramos-Montigny "SI SE PUEDE" Legacy Endowed Scholarship**	82,220	39,442	14,348	2,469	562	134,103	12,398	121,705
Lupe Ramos-Montigny "SI SE PUEDE" Legacy Endowed Scholarship	75,844	-	10,027	3,411	-	82,460	33,274	49,186
Rauch Family Leadership Endowed Scholarship for Portage Schools	66,736	-	8,823	3,001	-	72,558	9,258	63,300
Recreation Leadership Endowed Scholarship	30,353	501	4,156	-	65	35,075	4,389	30,686
Redfield Financial Group Business and Baseball Endowed Scholarship	34,087	500	4,548	1,544	-	37,591	6,631	30,960
Regional Math and Science Center Endowment	195,704	310	25,921	8,810	290	213,415	83,847	129,568
Esther Rehm Stotz Scholarship Fund	158,183	-	20,913	7,113	-	171,983	100,445	71,538
John W. and Virginia M. Reifel Economics Scholarship	183,222	1,000	24,382	8,272	1,000	201,332	39,461	161,871
The George Jacob Reister and Juliana Knodel Reister Family Memorial Scholarship	109,134	862	14,510	4,925	200	119,781	34,729	85,052
Peter P. Renucci Family Medical Lab Sciences Scholarship Endowment	41,788	278	5,583	1,890	460	46,219	10,555	35,664
Peter P. and Patricia R. Renucci Medical Lab Sciences Scholarship Endowment	43,918	449	5,893	1,991	635	48,904	10,936	37,968
Warren Reynolds Endowed Scholarship	33,805	2,479	4,675	1,575	-	39,384	11,570	27,814
D. Scott & Susan Richardson Management Student-Athlete Endowed Scholarship	15,554	2,944	2,662	-	3,681	24,841	2,766	22,075
Rockford Construction Student Enterprise Endowment	52,420	-	7,114	-	-	59,534	9,534	50,000
Stephen C. Rowe Student Summer Scholars Fellowship	13,397	1,900	2,033	-	870	18,200	3,259	14,941
Rowing Alumni Endowment Fund	-	5,683	394	-	-	6,077	394	5,683
Robert and Linda '89 Rynbrandt Endowed Sociology Scholarship	70,770	10,258	11,000	3,519	10,145	98,654	6,700	91,954
Laura Sakoski Memorial Scholarship	32,147	1,907	4,411	1,485	125	37,105	9,204	27,901
John Salski Memorial Fund	43,939	250	5,830	1,981	-	48,038	16,513	31,525
The J. Patrick Sandro Education Scholarship	74,498	1,000	9,932	3,372	-	82,058	24,120	57,938

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
SCB Student Portfolio Endowment	\$ 273,074	\$ 6,058	\$ 36,986	\$ -	\$ -	\$ 316,118	\$ 40,782	\$ 275,336
Paul '81 and Pamela '80 Schweitzer Scholarship								
Endowment	13,838	7,500	2,096	-	-	23,434	1,934	21,500
The Ilene I. Schooley Biomedical Sciences Scholarship	40,125	-	5,305	1,804	-	43,626	13,187	30,439
William Schroeder Undergraduate Endowed Fellowship in Chemistry	38,541	392	5,134	1,740	125	42,452	9,735	32,717
Science Equipment Fund	2,292,268	706	303,107	103,089	-	2,492,992	1,493,476	999,516
Mary & Wilhelm Seeger Scholarship Fund	260,727	10,745	35,829	12,035	5,240	300,506	93,728	206,778
Mary A. and Wilhelm W. Seeger Global Programs Scholarship	-	435	217	-	-	652	217	435
Tim and Terry Selgo Student-Athlete Scholarship								
Endowment	66,547	11,125	10,484	3,328	9,056	93,884	7,891	85,993
Seidman College of Business Commercial Real Estate Scholarship	26,023	100	3,540	-	-	29,663	9,563	20,100
Seidman College of Business Management Department Scholarship	24,819	2,000	3,562	-	700	31,081	8,363	22,718
Seidman College of Business Study Abroad Scholarship	193,783	19,981	27,125	8,996	1,764	233,657	23,857	209,800
Seidman Endowment Fund	1,480,075	2,990	195,925	66,604	845	1,613,231	919,943	693,288
Seidman Enrichment Fund	689,957	-	91,216	31,026	-	750,147	427,623	322,524
John J. and Marjorie E. Shepard Communications Scholarship	248,155	120	32,828	11,163	140	270,080	99,921	170,159
Marilyn and Budge Sherwood Seidman College of Business Scholarship (GVUF)**	71,335	100	9,439	3,210	-	77,664	20,260	57,404
Ryan Short Memorial Scholarship Fund	104,529	1,325	14,029	4,739	1,375	116,519	33,118	83,401
Frederick S. Singer Memorial Veteran's Endowed Scholarship	33,846	2,056	4,697	1,560	864	39,903	3,705	36,198
Ram and Usha Singh Social Work Scholarship	38,709	-	5,118	1,741	-	42,086	13,591	28,495
Hilary F. Snell Endowed Leadership Fellow	2,016	41,000	3,682	-	-	46,698	3,698	43,000
Small Family Endowed Scholarship	6,772	5,250	1,510	-	2,500	16,032	1,452	14,580
Drs. Esther and Enrico Sobong Scholarship	41,564	401	5,513	1,870	52	45,660	13,532	32,128
Social Work Faculty Development Fund	43,532	-	5,755	1,958	-	47,329	25,154	22,175
The Social Work Minority Scholarship	45,331	-	5,993	2,038	-	49,286	15,853	33,433
Social Work Scholarship Fund	47,471	1,307	6,463	2,167	1,283	54,357	16,681	37,676
Somers-DeMaria Endowed Scholarship	10,082	-	1,368	-	-	11,450	1,450	10,000
Spectrum Health Diversity Scholarship	97,454	-	12,884	4,382	-	105,956	30,665	75,291

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
Spectrum Industries, Inc. Endowed Scholarship	\$ 86,601	\$ -	\$ 11,753	\$ -	\$ -	\$ 98,354	\$ 11,854	\$ 86,500
Paul Springer Crew Scholarship	33,041	2,005	4,535	1,517	491	38,555	8,331	30,224
Joseph Spruit Engineering Scholarship	64,227	-	8,491	2,888	-	69,830	17,330	52,500
Statistics Endowment Fund	66,149	915	8,859	2,994	578	73,507	17,623	55,884
Steelcase Inc. Seidman College of Business Diversity Scholarship	132,907	-	17,571	5,977	-	144,501	43,966	100,535
George and Marianne Stein Endowed Memorial Scholarship	100,000	-	13,225	4,497	-	108,728	8,728	100,000
The Howard and Rose Stein Endowed Biology Scholarship	68,286	2,323	9,200	3,107	192	76,894	21,961	54,933
Joseph Stevens Freedom Fund	139,822	843	18,618	6,314	792	153,761	65,435	88,326
Les and Jackie (Ott) Stiner Fellowship in Historical and Humanistic Studies	2,064	650	330	-	-	3,044	294	2,750
Les and Jackie (Ott) Stiner Fellowship in Scientific Skeptical Reasoning and Logic	12,473	20,000	3,375	-	-	35,848	3,498	32,350
Student Sustainability Endowment Fund	22,618	2,125	3,270	-	1,115	29,128	7,730	21,398
The Subar Family - Model Coverall Service Scholarship	48,984	-	6,476	2,203	-	53,257	16,297	36,960
Duke Tanaka Jr. Anatomy Scholarship	43,830	705	5,906	1,994	706	49,153	11,842	37,311
Tax Program Fund	171,611	250	23,331	-	250	195,442	124,112	71,330
Pham Dinh Tham Memorial Endowed Scholarship**	-	1,892	134	-	-	2,026	134	1,892
Charles L. Toot Endowed Memorial Golf Scholarship	47,842	6,050	7,259	2,344	5,750	64,557	7,839	56,718
TowerPinkster Endowed Engineering Scholarship	30,534	-	2,664	1,373	-	31,825	1,825	30,000
Edward Tremba Geology Scholarship Fund	96,583	2,417	12,974	4,393	245	107,826	50,692	57,134
Office of Undergraduate Research and Scholarship (OURS) Endowment	9,578	771	1,418	-	769	12,536	2,141	10,395
Kathleen Underwood Endowed S3 Fellowship for the Study of Social Issues of Inequality in History or Contemporary Society	5,883	522	853	-	273	7,531	845	6,686
University Library Fund	396,416	6,242	53,598	18,059	8,199	446,396	198,204	248,192
Stephanie Urbanawiz Physician Assistant Endowed Scholarship	28,616	6,245	4,615	-	568	40,044	4,391	35,653
David and Carol Van Andel Leadership Fellow Endowment for the Hauenstein Center for Presidential Studies	133,131	-	17,601	5,987	-	144,745	42,745	102,000
Dr. Eric L. Van Fleet Occupational Safety and Health Endowed Scholarship	1,443	2,707	575	-	2,108	6,833	585	6,248

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
The Donald and Barbara VanderJagt Mathematics and Athletic Scholarship	\$ 84,876	\$ 4,041	\$ 11,598	\$ 3,908	\$ 375	\$ 96,982	\$ 23,379	\$ 73,603
VanSteelend Campus Beautification Fund	150,815	571	20,015	6,792	722	165,331	88,003	77,328
Richard E. Veazey Graduate Academic Scholarship in Accounting	353,184	50	46,697	15,883	-	384,048	78,591	305,457
Kenneth Venderbush Endowment Fund	33,605	-	4,443	1,511	-	36,537	15,195	21,342
P. and J. Versluis Endowed Scholarship	110,853	-	14,655	4,985	-	120,523	10,523	110,000
Veteran's History Project Endowment	63,387	10,331	9,194	2,969	384	80,327	12,361	67,966
Eitzen Voice Scholarship	185,651	1,705	24,760	8,391	1,105	204,830	73,794	131,036
Volkhardt Family Scholarship	161,020	350	21,343	7,252	350	175,811	53,204	122,607
The Waddell/Treanor Native Plant Endowment	818,375	1,052	108,255	36,813	-	890,869	183,110	707,759
The Margaret Sellers Walker Distinguished Practitioner Lecture Series in Public and Nonprofit Administration	6,935	294	990	-	313	8,532	2,576	5,956
Margaret F. Ward Art and Design Scholarship	37,778	-	5,006	1,700	157	41,241	10,761	30,480
Margaret Ward Music Scholarship	38,981	336	5,199	1,761	286	43,041	12,082	30,959
Florence Cowan Ward Scholarship for Nursing	180,032	4,003	24,173	8,196	-	200,012	56,495	143,517
Margaret Ward WGVU Symphony and Art Programming Endowment Fund	61,723	-	8,160	2,775	-	67,108	22,914	44,194
The John D. Wardrop Leadership Fellow Endowment	44,901	90	5,954	2,023	115	49,037	13,432	35,605
Maribeth Wardrop Leaders in Philanthropy Scholarship	78,057	880	10,441	3,532	604	86,450	16,978	69,472
Shawn D. Wiersma Criminal Justice Memorial Scholarship	45,271	1,065	6,072	2,052	120	50,476	13,554	36,922
The Wisner Doctor of Physical Therapy Scholarship	141,327	350	18,740	6,367	350	154,400	41,940	112,460
Thomas and Joyce Wisner Engineering Scholarship Endowment	1,281,131	348	169,417	57,617	248	1,393,527	392,290	1,001,237
Weldon Memorial Chemistry Fund	224,681	1,601	29,866	10,140	392	246,400	107,735	138,665
Bonnie Wesorick Center for Health Care Transformation Endowment	1,006,506	4,222	133,512	45,350	1,544	1,100,434	325,131	775,303
West Shore AWARE Scholarship	71,332	-	9,431	3,208	-	77,555	17,430	60,125
West Side Challenge Scholar Endowed Scholarship	2,300	3,705	833	-	3,030	9,868	855	9,013
West Side Service Projects Endowment	34,527	59	4,574	1,554	62	37,668	8,294	29,374
Westerman Nursing Scholarship Fund	199,908	5,000	26,824	9,047	200	222,885	84,811	138,074
Samuel L. Westerman Endowed Seidman PATHWAY Scholarship	30,044	15,000	5,221	-	-	50,265	4,965	45,300
WGVU - AM Radio Endowment	8,223	1,589	1,297	-	-	11,109	2,010	9,099

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Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Endowment Funds (Continued)								
WGVU - FM Radio Program Endowment Fund	\$ 76,919	\$ 7,273	\$ 10,961	\$ 3,750	\$ -	\$ 91,403	\$ 19,267	\$ 72,136
WGVU Engineering Student Co-op Endowment	2,802	-	380	-	-	3,182	2,082	1,100
WGVU LZ Michigan Scholarship Endowment	37,420	1,340	5,079	1,705	340	42,474	4,960	37,514
WGVU-TV Program Fund	164,830	46,660	26,908	9,279	225	229,344	33,675	195,669
WGVU-TV Scholarship Fund	423,678	53	56,018	19,053	15	460,711	254,300	206,411
Jonathan and Marcia White Honors College Endowed Scholarship	41,613	770	5,597	1,895	150	46,235	7,219	39,016
Gleaves Whitney Leadership Fellow Endowment at the Hauenstein Center for Presidential Studies	23,215	-	3,199	-	630	27,044	5,384	21,660
Holliday Willey Psychology Scholarship for the Study of Pervasive Development Disorders	57,160	967	7,715	2,600	1,037	64,279	16,812	47,467
Don Williams Sr. Dean Emeritus Multicultural Business Education (MBEC) Scholarship**	37,838	1,096	5,092	1,723	-	42,303	8,656	33,647
H. James Williams Endowed Scholarship	38,444	150	5,094	1,731	-	41,957	4,900	37,057
Shelia Williams Student Leadership Development Fund	157,354	1,200	20,890	7,093	96	172,447	91,961	80,486
Steven E. Williams Memorial Pathways to Recovery Endowed Scholarship	35,542	3,554	5,002	1,673	229	42,654	7,021	35,633
GVUF Richard A. Winn Michigan Lodging & Tourism Association Endowed Scholarship**	20,289	1,952	2,988	-	160	25,389	3,113	22,276
Bill & Diana Wipperfurth Annis Water Resources Institute Student Research Scholarship	45,089	1,520	6,077	2,044	-	50,642	12,144	38,498
Robert H. and Barbara Wood Entrepreneur Scholarship	1,667	-	226	-	-	1,893	893	1,000
Wolverine Worldwide Endowed Scholarship	30,245	-	4,105	-	-	34,350	4,350	30,000
Women's Center Endowment	122,003	6,869	16,977	5,673	2,756	142,932	24,838	118,094
Women's Center Non-Traditional Student Scholarship	98,974	552	13,174	4,466	605	108,839	29,841	78,998
Doug and Linda Woods Athletic Training Scholarship Endowment	186,719	17,770	25,300	8,431	110	221,468	52,175	169,293
Wrestling Endowment	73,472	92	9,984	-	63	83,611	37,518	46,093
WRI Equipment Fund	2,472,842	227	326,953	111,205	122	2,688,939	1,527,573	1,161,366
Writing Majors Scholarship	52,824	1,647	7,239	2,425	1,629	60,914	12,816	48,098
Michael F. Young '90, '94 Memorial Endowed Scholarship	31,202	3,807	4,836	-	3,379	43,224	5,033	38,191
Whitney Young Village Outreach Engineering	144,582	283	(2,399)	3,000	8	139,474	39,107	100,367
Georgette "Tete" Zainea Memorial Pathway Endowed Scholarship	-	3,276	225	-	-	3,501	225	3,276
William Zimmerman Memorial Scholarship	99,049	1,775	13,339	4,505	1,315	110,973	26,100	84,873
Felix V. & Gladys A. Zukaitis Athletic Trust	236,234	-	31,232	10,623	-	256,843	131,658	125,185
Felix V. & Gladys A. Zukaitis Scholarship Trust	226,450	-	29,938	10,183	-	246,205	120,184	126,021
Total endowment funds	81,042,777	5,243,167	11,015,284	3,533,373	(1,506)	93,766,349	28,215,300	65,551,049

Grand Valley State University

Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2017

	Balance June 30, 2016	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2017	Retained Investment Income	Principal Balance June 30, 2017
Funds Functioning as Endowments								
Accounting Scholarship Fund	\$ 529,671	\$ 18,307	\$ 71,215	\$ 24,082	\$ 5	\$ 595,116	\$ 277,420	\$ 317,696
Alumni Scholarship Fund	883,155	61	116,777	39,717	154	960,430	461,641	498,789
Owen F. Bieber Scholarship Trust	688,354	-	91,005	30,954	-	748,405	434,875	313,530
Alexander Calder Honors Scholarship	166,850	125	22,076	7,506	110	181,655	41,753	139,902
Charles & Florence Irwin Scholarship Endowment Fund	269,834	2,247	35,898	12,183	478	296,274	113,219	183,055
Joe E. Reid Memorial Scholarship Fund	95,138	280	12,600	4,283	-	103,735	49,243	54,492
SPX Corporation Engineering Scholarship Fund	144,787	-	19,142	6,511	-	157,418	107,308	50,110
Robert C. Trotter Scholarship Fund	554,449	-	73,301	24,932	-	602,818	454,951	147,867
Angus Fund	1,638,977	666	216,750	73,717	166	1,782,842	924,498	858,344
R.B. Annis WRI Endowment	1,916,965	41,897	256,976	87,131	587	2,129,294	833,654	1,295,640
James R. Sebastian Endowed Chair in Engineering Cooperative Education and Educational Development	1,832,286	-	242,239	82,394	-	1,992,131	1,450,769	541,362
Charles C. Saur Fund	58,983	-	1,032	-	-	60,015	(51,562)	111,577
Richard M. and Helen DeVos Center for Entrepreneurship & Innovation Endowment	1,722,587	2,144	227,911	77,502	6	1,875,146	642,803	1,232,343
Science Religion Project	228,081	-	30,154	10,256	-	247,979	86,642	161,337
VanderMey Endowment	171,517	-	22,676	7,713	-	186,480	72,053	114,427
Grand Rapids Continuing Education	1,935,997	-	262,751	-	-	2,198,748	1,824,766	373,982
Leon W. Hall Trust Fund	816,106	-	107,894	36,699	-	887,301	552,889	334,412
Russel H. Kirkhof Fund	2,563,784	-	338,948	115,288	-	2,787,444	1,780,045	1,007,399
Seymour & Esther Padnos School of Engineering	2,612,691	25	345,416	117,488	-	2,840,644	1,326,142	1,514,502
Padnos Fund	1,730,695	-	228,808	77,826	-	1,881,677	881,652	1,000,025
Undistributed Income Fund	616,174	-	96,190	-	-	712,364	712,364	-
Total funds functioning as endowments	21,177,081	65,752	2,819,759	836,182	1,506	23,227,916	12,977,125	10,250,791
Annuity Funds								
John and Shirley Batchelder Charitable Gift Annuity	37,285	-	12,428	-	-	49,713	30,890	18,823
John and Nancy Batts Charitable Gift Annuity	197,765	-	67,250	-	-	265,015	(107,297)	372,312
Darld T and Joyce M Black Charitable Gift Annuity	9,479	-	2,101	-	-	11,580	5,028	6,552
Robert F and Jean A Blossfeld Charitable Gift Annuity	2,674	-	673	-	-	3,347	1,194	2,153
Dr. Gilbert R. and Patricia Davis Charitable Gift Annuities	22,169	-	9,798	-	-	31,967	31,967	-
John and Janice Heerspink Charitable Gift Annuity	(832)	-	658	-	-	(174)	(20,190)	20,016
Harvey E. Lemmen Charitable Gift Annuities	(52,993)	-	(28,222)	-	-	(81,215)	(81,215)	-
John F. and Mae D. Shipley Charitable Gift Annuity	2,370	-	453	-	-	2,823	1,188	1,635
Jacquelyn L and Lester L Stiner Charitable Gift Annuity	1,757	-	1,659	-	-	3,416	(85,446)	88,862
John T. Tevebaugh Charitable Gift Annuities	12,507	-	1,773	-	-	14,280	9,383	4,897
Peter Merrick Turner Charitable Gift Annuity	4,884	-	1,571	-	-	6,455	4,949	1,506
Total annuity funds	237,065	-	70,142	-	-	307,207	(209,549)	516,756
Total endowment and similar funds	<u>\$ 102,456,923</u>	<u>\$ 5,308,919</u>	<u>\$ 13,905,185</u>	<u>\$ 4,369,555</u>	<u>\$ -</u>	<u>\$ 117,301,472</u>	<u>\$ 40,982,876</u>	<u>\$ 76,318,596</u>

** Funds held by Grand Valley University Foundation

Grand Valley State University

Schedule of Net Position by Fund June 30, 2017

	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	2017	2016
Assets														
Current assets:														
Cash and cash equivalents	\$ 10,093,537	\$ 10,690,857	\$ (1,103,481)	\$ 610,795	\$ 20,291,708	\$ 1,380,463	\$ -	\$ 12,847,468	\$ (1,717,255)	\$ -	886,701	\$ 373,958	\$ 34,063,043	\$ 51,663,289
Short-term investments	8,967,844	9,540,530	-	547,234	19,055,608	1,221,731	-	21,346,350	-	-	797,519	-	42,421,208	23,494,869
Accounts receivable	1,209,743	1,038,364	1,378,579	7,351,722	10,978,408	-	-	225,000	1,862,724	-	-	99,792	13,165,924	12,687,446
State appropriation receivable	12,405,074	-	-	-	12,405,074	-	-	-	49,247,407	-	-	-	61,652,481	59,510,643
Pledges receivable	-	-	-	4,674,937	4,674,937	-	-	-	-	-	-	-	4,674,937	2,383,446
Less allowance for uncollectible accounts	-	-	-	(8,502)	(8,502)	-	-	-	-	-	-	-	(8,502)	(4,690)
Net pledges receivable	-	-	-	4,666,435	4,666,435	-	-	-	-	-	-	-	4,666,435	2,378,756
Inventory	-	163,371	1,936,233	-	2,099,604	-	-	-	-	-	-	9,199	2,108,803	2,565,331
Prepaid expenses and other	2,276,077	1,040,564	45,769	136,749	3,499,159	212,622	-	712,759	-	-	-	84,392	4,508,932	3,787,678
Student notes receivable - Current portion	684,930	-	-	-	684,930	3,182,800	-	-	-	-	-	-	3,867,730	4,016,220
Total current assets	35,637,205	22,473,686	2,257,100	13,312,935	73,680,926	5,997,616	-	35,131,577	49,392,876	-	1,684,220	567,341	166,454,556	160,104,432
Noncurrent assets:														
Restricted cash and cash equivalents	-	-	-	-	-	-	(1,145,835)	-	-	-	-	1,666,985	521,150	1,086,039
Endowment investments	-	-	-	-	-	-	117,730,301	-	-	-	-	-	117,730,301	102,390,958
Note receivable	-	-	-	-	-	-	-	25,500,000	-	-	-	(9,182,220)	16,317,780	16,317,780
Other long-term investments	91,636	40,794,523	-	75,860	40,962,019	-	-	91,286,228	-	-	13,866,109	667,342	146,781,698	144,800,667
Pledges receivable	-	-	-	5,302,987	5,302,987	-	-	-	-	-	-	-	5,302,987	8,074,761
Less discount to present value	-	-	-	(639,063)	(639,063)	-	-	-	-	-	-	-	(639,063)	(777,247)
Net pledges receivable	-	-	-	4,663,924	4,663,924	-	-	-	-	-	-	-	4,663,924	7,297,514
Student notes receivable - Net	-	-	-	-	-	6,618,948	-	-	-	-	-	-	6,618,948	7,320,327
Capital assets - Net	-	-	-	-	-	-	-	692,227,563	-	-	-	36,041,730	728,269,293	710,984,795
Other assets	-	285,376	-	30,638	316,014	-	-	1,632,459	-	-	-	487,976	2,436,448	2,973,985
Total noncurrent assets	91,636	41,079,899	-	4,770,422	45,941,957	6,618,948	116,584,466	810,646,250	-	-	13,866,109	29,681,813	1,023,339,543	993,181,065
Total assets	35,728,841	63,553,585	2,257,100	18,083,357	119,622,883	12,616,564	116,584,466	845,777,827	49,392,876	-	15,550,329	30,249,154	1,189,794,099	1,153,285,497
Deferred Outflows of Resources														
Accumulated changes in the fair value of hedging derivative instruments	-	-	-	-	-	-	-	5,247,000	-	-	-	-	5,247,000	8,245,000
Refunding of bonds payable	-	-	-	-	-	-	-	11,814,068	-	-	-	-	11,814,068	12,841,300
Pension related deferrals	-	-	-	-	-	-	-	-	-	11,395,907	-	-	11,395,907	9,579,878

Grand Valley State University

Schedule of Net Position by Fund (Continued) June 30, 2017

	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		
	2017	2016												
Liabilities														
Current liabilities:														
Accounts payable	\$ 4,046,467	\$ 596,830	\$ 821,437	\$ 1,154,380	\$ 6,619,114	\$ 1,389	\$ -	\$ 11,242,131	\$ 47,920,871	\$ -	\$ -	\$ 429,298	\$ 66,212,803	\$ 61,138,531
Accrued payroll and other benefits	21,487,457	101,000	-	-	21,588,457	-	-	-	703,936	-	-	-	22,292,393	20,529,413
Accrued interest expense and other liabilities	172,000	-	-	-	172,000	-	-	1,025,245	768,069	-	-	108,795	2,074,109	1,975,118
Unearned revenue	8,692,803	445,967	513,853	3,103,130	12,755,753	-	-	492,958	-	-	-	-	13,248,711	20,910,764
Long-term liabilities - Current portion	-	-	-	-	-	-	161,731	14,874,348	-	-	1,055,000	(6,973)	16,084,106	16,451,975
Total current liabilities	34,398,727	1,143,797	1,335,290	4,257,510	41,135,324	1,389	161,731	27,634,682	49,392,876	-	1,055,000	531,120	119,912,122	121,005,801
Noncurrent liabilities:														
Unearned revenue - Net of current portion	-	-	-	-	-	-	-	4,994,153	-	-	-	-	4,994,153	5,487,111
Federal student loan payable	-	-	-	-	-	10,213,948	-	-	-	-	-	-	10,213,948	10,158,446
Long-term liabilities - Net of current portion	-	-	-	-	-	-	787,837	248,500,066	-	-	8,973,821	16,425,252	274,686,976	293,822,972
Net pension liability	-	-	-	-	-	-	-	-	-	23,750,183	-	-	23,750,183	19,371,076
Derivative instruments	-	-	-	-	-	-	-	5,365,000	-	-	-	-	5,365,000	8,548,000
Total liabilities	34,398,727	1,143,797	1,335,290	4,257,510	41,135,324	10,215,337	949,568	286,493,901	49,392,876	23,750,183	10,028,821	16,956,372	438,922,382	458,393,406
Deferred Inflows - Pension-related deferrals														
	-	-	-	-	-	-	-	-	-	3,104,024	-	-	3,104,024	3,525,970
Net Position														
Invested in capital assets - Net of related debt	-	-	-	-	-	-	-	447,301,727	-	-	-	14,277,922	461,579,649	425,412,662
Restricted:														
Nonexpendable - Scholarships and academic support	-	-	-	-	-	-	64,276,126	-	-	-	-	1,274,923	65,551,049	60,309,386
Expendable:														
Scholarships and academic support	-	-	-	13,013,469	13,013,469	-	41,708,009	-	-	-	-	703,159	55,424,637	44,738,733
Capital projects	-	-	-	812,378	812,378	-	183,800	26,058,767	-	-	-	(9,182,220)	17,872,725	17,715,724
Loans	-	-	-	-	-	1,808,618	-	-	-	-	-	-	1,808,618	1,795,889
Unrestricted	1,330,114	62,409,788	921,810	-	64,661,712	592,609	9,466,963	102,984,500	-	(15,458,300)	5,521,508	6,218,998	173,987,990	172,059,905
Total net position	\$ 1,330,114	\$ 62,409,788	\$ 921,810	\$ 13,825,847	\$ 78,487,559	\$ 2,401,227	\$ 115,634,898	\$ 576,344,994	\$ -	\$ (15,458,300)	\$ 5,521,508	\$ 13,292,782	\$ 776,224,668	\$ 722,032,299

Grand Valley State University

Schedule of Revenue, Expenses, and Changes in Net Position by Fund Year Ended June 30, 2017

	Current Funds					Student Loan Fund	Endowment Fund	Plant Fund	Retirement/Pension Fund	Retirement/Health Fund	Blended Components	Eliminations	Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds								2017	2016
Operating Revenue														
Student tuition and fees	\$ 315,049,089	\$ 651,181	\$ -	\$ -	\$ 315,700,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 315,700,270	\$ 300,496,733
Less scholarship allowances	-	-	-	-	-	-	-	-	-	-	-	(52,922,765)	(52,922,765)	(51,229,971)
Net student tuition and fees	315,049,089	651,181	-	-	315,700,270	-	-	-	-	-	-	(52,922,765)	262,777,505	249,266,762
Government grants and contracts:														
Federal	-	-	-	14,108,107	14,108,107	-	-	-	-	-	-	-	14,108,107	14,930,902
State	-	(9,000)	-	6,096,843	6,087,843	-	-	-	-	-	-	-	6,087,843	6,803,551
Local	-	153,490	-	12,380	165,870	-	-	-	-	-	-	-	165,870	909,265
Nongovernmental grants	-	943,921	-	1,857,120	2,801,041	-	-	-	-	-	-	-	2,801,041	2,317,573
Sales and services of educational activities	819,491	14,036,233	-	308,408	15,164,132	-	-	-	-	-	-	-	15,164,132	14,626,699
Auxiliary activities	-	-	72,473,918	-	72,473,918	-	-	-	-	-	43,136	-	72,517,054	68,922,946
Less scholarship allowances	-	-	-	-	-	-	-	-	-	-	-	(10,007,826)	(10,007,826)	(9,717,849)
Net auxiliary activities	-	-	72,473,918	-	72,473,918	-	-	-	-	-	43,136	(10,007,826)	62,509,228	59,205,097
Indirect cost recoveries	1,576,652	(22,926)	-	(1,553,726)	-	-	-	-	-	-	-	-	-	-
Other sources	2,048,896	3,837,969	-	176,927	6,063,792	292,951	-	-	-	-	933,917	-	7,290,660	7,621,756
Endowment income	245,388	433,671	-	3,646,548	4,325,607	-	(4,308,290)	-	-	-	(17,317)	-	-	-
Total operating revenue	319,739,516	20,024,539	72,473,918	24,652,607	436,890,580	292,951	(4,308,290)	-	-	-	959,736	(62,930,591)	370,904,386	355,681,605
Operating Expenses														
Instruction	160,298,696	1,066,476	-	2,858,196	164,223,368	-	-	-	-	-	-	-	164,223,368	158,741,420
Research	3,646,350	899,845	-	2,114,568	6,660,763	-	-	-	-	-	7,632	-	6,668,395	6,666,237
Public service	2,616,563	11,463,747	-	12,243,586	26,323,896	-	-	-	-	-	-	-	26,323,896	27,666,058
Academic support	39,798,224	1,959,493	-	4,122,687	45,880,404	-	-	-	-	-	-	-	45,880,404	44,796,813
Student services	28,522,228	2,162,812	-	121,769	30,806,809	-	-	-	-	-	-	-	30,806,809	29,717,300
Institutional support	39,124,376	147,391	-	26,940	39,298,707	-	-	-	-	-	215,021	-	39,513,728	37,714,965
Operation and maintenance - Plant	45,542,200	837,852	-	9,343,789	55,723,841	-	-	(8,234,926)	-	-	(428,276)	-	47,060,639	48,106,665
Depreciation expense	-	-	-	-	-	-	-	26,414,514	-	-	1,049,521	-	27,464,035	26,200,182
Scholarships and related expenses	44,033,211	173,937	-	32,767,948	76,975,096	-	-	-	-	-	38,550	(62,930,591)	14,083,055	14,211,559
Auxiliary activities	-	-	43,287,463	-	43,287,463	-	-	-	-	-	34,113	-	43,321,576	41,054,962
Transfer to (from) blended component	-	-	-	63,537	63,537	-	233,610	(104,750)	-	-	(192,397)	-	-	-
Loan administrative fees and collection costs	-	-	-	-	-	266,382	-	-	-	-	-	-	266,382	303,578
Total operating expenses	363,581,848	18,711,553	43,287,463	63,663,020	489,243,884	266,382	233,610	18,074,838	-	-	724,164	(62,930,591)	445,612,287	435,179,739
Operating (Loss) Income	(43,842,332)	1,312,986	29,186,455	(39,010,413)	(52,353,304)	26,569	(4,541,900)	(18,074,838)	-	-	235,572	-	(74,707,901)	(79,498,134)

Grand Valley State University

Schedule of Revenue, Expenses, and Changes in Net Position by Fund (Continued) Year Ended June 30, 2017

	Current Funds					Student Loan Fund	Endowment Fund	Plant Fund	Retirement/Pension Fund	Retirement/Health Fund	Blended Components	Eliminations	Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds								2017	2016
Nonoperating Revenue (Expenses)														
State appropriations	\$ 68,227,900	\$ -	\$ -	\$ -	\$ 68,227,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,227,900	\$ 65,275,700
Government grants	-	-	-	27,376,242	27,376,242	-	-	-	-	-	-	-	27,376,242	28,795,393
Gifts	300,017	3,400,511	61	3,846,717	7,547,306	-	64,356	-	-	-	5,250	-	7,616,912	6,553,430
Add discount adjustment	-	-	-	(128,550)	(128,550)	-	-	-	-	-	-	-	(128,550)	-
Net gifts	300,017	3,400,511	61	3,718,167	7,418,756	-	64,356	-	-	-	5,250	-	7,488,362	6,553,430
Investment income:														
Interest, dividends, gains - Net of investment expense	1,403,424	771,156	-	8,708	2,183,288	27,797	13,709,648	1,031,469	-	1,599,080	(68,589)	-	18,482,693	1,933,132
Change in fair value of derivatives	-	-	-	-	-	-	-	185,000	-	-	-	-	185,000	139,000
Interest on capital asset - Related debt	-	-	-	-	-	-	-	(9,664,566)	-	-	(326,386)	-	(9,990,952)	(8,978,424)
Gain (loss) on disposal of capital assets	29,861	2,300	-	-	32,161	-	-	(736,679)	-	-	-	-	(704,518)	(725,270)
Net nonoperating revenue (expenses)	69,961,202	4,173,967	61	31,103,117	105,238,347	27,797	13,774,004	(9,184,776)	-	1,599,080	(389,725)	-	111,064,727	92,992,961
Income (Loss) - Before other revenue, expenses, gains, and losses	26,118,870	5,486,953	29,186,516	(7,907,296)	52,885,043	54,366	9,232,104	(27,259,614)	-	1,599,080	(154,153)	-	36,356,826	13,494,827
Other Revenue, Expenses, Gains, and Losses														
Capital gifts	-	-	-	9,077,634	9,077,634	-	-	450,701	-	-	-	-	9,528,335	855,459
Add discount adjustment	-	-	-	28,583	28,583	-	-	-	-	-	-	-	28,583	4,796
Net capital gifts	-	-	-	9,106,217	9,106,217	-	-	450,701	-	-	-	-	9,556,918	860,255
Capital appropriations	-	-	-	-	-	-	-	2,347,955	-	-	-	-	2,347,955	7,114,541
Other capital income	64,167	-	-	-	64,167	-	-	1,116,888	-	-	60,464	-	1,241,519	857,215
Capital additions	(2,729,806)	(396,814)	(6,858)	(227,242)	(3,360,720)	-	-	3,360,720	-	-	-	-	-	-
Additions to permanent endowments	-	-	-	-	-	-	4,559,120	-	-	-	130,031	-	4,689,151	4,404,704
Total other revenue, expenses, gains, and losses	(2,665,639)	(396,814)	(6,858)	8,878,975	5,809,664	-	4,559,120	7,276,264	-	-	190,495	-	17,835,543	13,236,715
Transfers Out (In)														
Mandatory transfers	8,464,758	61,354	19,046,316	(109,618)	27,462,810	-	(15,522)	(27,447,288)	-	-	-	-	-	-
Nonmandatory transfers	14,380,760	3,579,963	10,231,515	(901,524)	27,290,714	-	(539,890)	(28,891,956)	2,141,132	-	-	-	-	-
Total transfers	22,845,518	3,641,317	29,277,831	(1,011,142)	54,753,524	-	(555,412)	(56,339,244)	2,141,132	-	-	-	-	-
Increase (Decrease) in Net Position	607,713	1,448,822	(98,173)	1,962,821	3,941,183	54,366	14,346,636	36,355,894	(2,141,132)	1,599,080	36,342	-	54,192,369	26,731,542
Net Position - Beginning of year	722,401	60,960,966	1,019,983	11,843,026	74,546,376	2,346,861	101,288,262	539,989,100	(13,317,168)	3,922,428	13,256,440	-	722,032,299	695,300,757
Net Position - End of year	<u>\$ 1,330,114</u>	<u>\$ 62,409,788</u>	<u>\$ 921,810</u>	<u>\$ 13,825,847</u>	<u>\$ 78,487,559</u>	<u>\$ 2,401,227</u>	<u>\$ 115,634,898</u>	<u>\$ 576,344,994</u>	<u>\$ (15,458,300)</u>	<u>\$ 5,521,508</u>	<u>\$ 13,292,782</u>	<u>\$ -</u>	<u>\$ 776,224,668</u>	<u>\$ 722,032,299</u>

Grand Valley State University

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FIELD	VALUES
Company Name (Headings)	Grand Valley State University
Company Name (Text)	Grand Valley State University
D/B/A	d/b/a
Year End	June 30, 2017
Prior Year	June 30, 2016
2 Year Prior	June 30, 2015
Opinion Date	Opinion Date
Comparative Date	June 30, 2017 and 2016
A2004	2017
A2003	2016
A2002	2015
A2001	2014
A2004 and 2003	2017 and 2016