

Audited Financial Statements

June 30, 2025

Saginaw Valley State University

Members of the Board of Control and Business Affairs Administration

As of June 30, 2025

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Saginaw Valley State University

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Saginaw Valley State University Management's Discussion and Analysis

The following provides a discussion and analysis of the financial performance of Saginaw Valley State University (SVSU or University). This discussion, the financial statements, and related footnotes have been prepared by and are the responsibility of management.

Using the Annual Report

The annual report consists of a series of financial statements, which have been prepared in accordance with the Governmental Accounting Standards Board (GASB) for the University and the Financial Accounting Standards Board (FASB) for the Saginaw Valley State University Foundation (Foundation). These financial statements focus on the financial condition and results of the operations of the University and its component unit, Saginaw Valley State University Foundation, and the cash flows of the University.

The fundamental objective of the University's financial statements is to provide an overview of the University's economic condition. The various statements and their primary purpose are discussed below.

- Statement of Net Position. This statement presents information on all University assets, deferred outflows, liabilities, deferred inflows and net position. It is prepared on an accrual basis - revenues and expenses are recognized when earned or incurred, respectively.
- Statement of Revenues, Expenses, and Change in Net Position. This statement presents a summary of revenues and expenses classified as either operating or nonoperating. The University's operating loss results from the classification of State appropriations, Pell grants, and gifts as nonoperating revenue. Also, this statement reflects a change in the University's net position based upon revenues in excess of expenses.
- Statement of Cash Flow. This statement classifies cash inflows and outflows into the following classifications: operating activities, noncapital financing activities, capital financing activities, and investing activities. This information is useful in assessing the University's ability to meet maturing financial obligations.

Reporting Entity

The University is considered a component unit of the State of Michigan because the Governor of the State of Michigan appoints its Board of Control. Accordingly, the University is included in the State's Annual Comprehensive Financial Report as a discretely presented component unit.

The financial statements report information about total University operations. In accordance with GASB standards, the Foundation is included in the financial statements of the University as a discretely presented component unit.

Financial Highlights

The University experienced sound financial performance as indicated by the following:

- Net position increased by 3.2% from June 30, 2024 to June 30, 2025; increased by 2.4% from June 30, 2023 to June 30, 2024; and 0.3% from June 30, 2022 to June 30, 2023.
- In fiscal year 2025, operating revenue increased 8.7% due to an increase in tuition and auxiliary enterprises. In fiscal year 2024, operating revenue increased 3.6% due to an increase in tuition, grants, and auxiliary enterprises. In fiscal year 2023, operating revenue increased 1.6% due to an increase in sales, grants, and auxiliary enterprises. This was offset by a decrease in tuition and fees as a result of enrollment declines.

Saginaw Valley State University
Management's Discussion and Analysis - Continued

Demand/economic factors underlying this level of performance were as follows:

- Applications increased by 21% from Fall 2023 to Fall 2024; increased by 5.2% from Fall 2022 to Fall 2023; and increased by 58.3% from Fall 2021 to Fall 2022 due primarily to the use of the Common App.
- Headcount decreased in Fall 2024 to 6,882 from Fall 2023 of 6,889 and Fall 2022 of 7,147. Credit hours increased to 179,400 in 2025 from 179,218 in 2024 and decreased from 182,924 in 2023.

Financial Statement Summaries

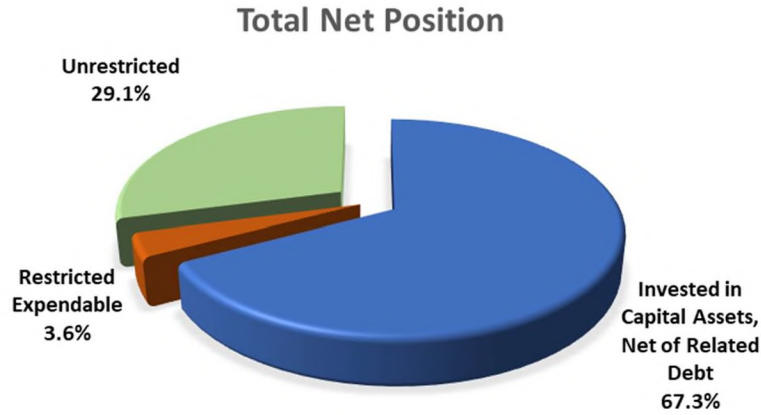
The net position of the University is summarized in the table below as of June 30:

	2025	2024	2023
	(in thousands of dollars)		
Assets			
Current Assets	\$ 99,137	\$ 113,646	\$ 71,318
Noncurrent Assets:			
Other	56,065	55,460	93,402
Capital	306,077	279,868	279,043
Total Assets	461,279	448,974	443,763
Deferred Outflows	2,540	2,782	3,023
Liabilities			
Current Liabilities	42,106	39,782	34,150
Noncurrent Liabilities	71,388	71,865	80,295
Total Liabilities	113,494	111,647	114,445
Deferred Inflows	906	1,414	1,438
Net Position			
Net Investment in Capital Assets	235,099	211,327	203,196
Restricted	12,511	12,215	10,906
Unrestricted	101,809	115,153	116,801
Total Net Position	\$ 349,419	\$ 338,695	\$ 330,903

The University's largest asset is its investment in capital assets, including land, land improvements and infrastructure, buildings, equipment, library acquisitions, construction in progress, works of fine art, and right-to-use assets. Capital assets represent 66.4% of the University's total assets. Notes and bonds payable, which includes unamortized bond premiums, totaled \$62.5 million at June 30, 2025. This represents 55.1% of the University's total liabilities.

Saginaw Valley State University
Management's Discussion and Analysis - Continued

A graphic illustration of the University's net position at June 30, 2025 by classification and restriction is as follows:



The University's net position consists of the net investment in capital assets, restricted net position, and unrestricted net position. Restricted net position represents assets whose use is restricted by a party independent of the University. This includes restrictions related to gifts and grants.

Unrestricted net position represents net position of the University that has not been restricted by parties independent of the University. This includes funds that the Board of Control and management have designated for specific purposes as well as amounts that have been contractually committed for goods and services that have not been received as of June 30, 2025.

The following summarizes the internal designations of the University's unrestricted net position at June 30:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	(in thousands of dollars)		
Capital Projects, Debt Service, and Repair Reserve	\$ 90,853	\$ 101,492	\$ 95,402
Auxiliary Enterprises			1,362
Designated for Departmental Use	10,956	13,464	16,282
Amount Obligated by Contractual Commitments		197	150
Undesignated			3,605
Total Unrestricted Net Position	<u><u>\$ 101,809</u></u>	<u><u>\$ 115,153</u></u>	<u><u>\$ 116,801</u></u>

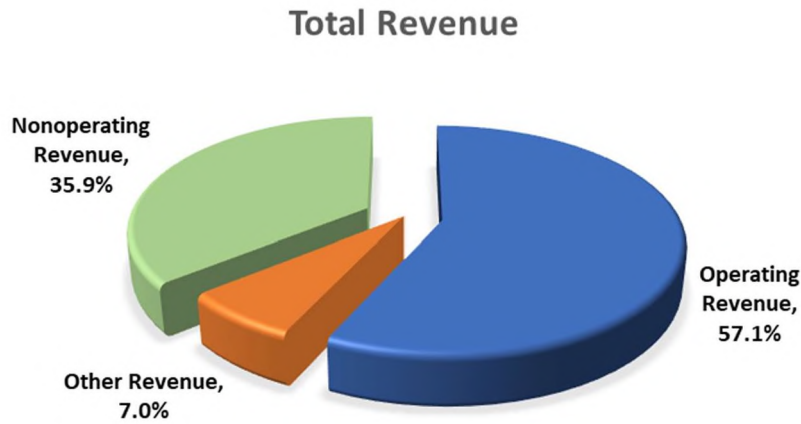
Saginaw Valley State University
Management's Discussion and Analysis - Continued

The following table summarizes the University's revenues, expenses, and change in net position for the fiscal years ended June 30:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	(in thousands of dollars)		
Operating Revenues			
Student Tuition and Fees, net	\$ 6 0,173	\$ 58,168	\$ 5 7,324
Federal Grants and Contracts	5,018	5,215	3,878
State and Local Grants and Contracts	1,801	2,291	2,266
Sales and Services of Educational Departments	5,200	4,856	5,338
Auxiliary Enterprises, net	24,600	18,188	17,144
Other Operating Revenues	<u>4,267</u>	<u>4,249</u>	<u>3,761</u>
Total Operating Revenues	101,059	92,967	89,711
Operating Expenses			
	<u>1 63,683</u>	<u>143,569</u>	<u>1 39,966</u>
Operating Loss	(62,624)	(50,602)	(50,255)
Nonoperating Revenues (Expenses)			
State Appropriations	34,731	33,997	32,275
Federal Pell Grant Program	15,493	11,886	10,711
Gifts	6,358	6,897	6,746
Investment Income (Expense), net	6,650	7,359	3,796
Interest Expense	(2,723)	(2,544)	(2,794)
Other Nonoperating Revenue	<u>3 65</u>	<u>301</u>	<u>3 54</u>
Net Nonoperating Revenues	<u>60,874</u>	<u>57,896</u>	<u>51,088</u>
Income Before Other Revenues	(1,750)	7,294	833
Other Revenues			
Capital Grants and Gifts	1 17	498	25
Capital Appropriations	<u>12,357</u>	<u>498</u>	<u>25</u>
Total Other Revenues	<u>12,474</u>	<u>498</u>	<u>25</u>
Change in Net Position	10,724	7,792	858
Net Position - Beginning of Year	<u>3 38,695</u>	<u>330,903</u>	<u>3 30,045</u>
Net Position - End of Year	<u><u>\$ 349,419</u></u>	<u><u>\$ 338,695</u></u>	<u><u>\$ 330,903</u></u>

Saginaw Valley State University
Management's Discussion and Analysis - Continued

A graphic illustration of each University revenue source for the fiscal year ended June 30, 2025 follows:



The following table summarizes the University's cash flows for the fiscal years ended June 30:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	(in thousands of dollars)		
Cash Provided (Used) By:			
Operating Activities	\$ (43,716)	\$ (33,432)	\$ (37,168)
Noncapital Financing Activities	54,526	51,381	49,239
Capital Financing Activities	(37,664)	(25,864)	(25,341)
Investing Activities	<u>3,920</u>	<u>43,944</u>	<u>(2,078)</u>
Net Change	(22,934)	36,029	(15,348)
Cash and Cash Equivalents - Beginning of Year	<u>86,075</u>	<u>50,046</u>	65,394
Cash and Cash Equivalents - End of Year	<u><u>\$ 63,141</u></u>	<u><u>\$ 86,075</u></u>	<u><u>\$ 50,046</u></u>

Saginaw Valley State University
Management's Discussion and Analysis - Continued

Operating Expenses

The University reports expenses on a functional basis. Operating expenses were \$163,683,534 in fiscal year 2025, an increase of 14% from the prior year. The following summarizes the University's operating expenses for the fiscal years ended June 30:

	2025	2024	2023
	(in thousands of dollars)		
Educational and General:			
Instruction	\$ 44,605	\$ 43,205	\$ 41,927
Research	985	1,378	1,655
Public Service	6,080	6,125	5,723
Academic Support	14,830	12,975	12,429
Student Services	11,554	11,080	10,315
Institutional Support	17,087	15,496	14,600
Operations and Maintenance of Plant	14,125	9,975	11,639
Depreciation	17,830	17,056	16,363
Student Aid	17,891	8,520	8,423
Auxiliary Enterprises	18,696	17,759	16,892
 Total Operating Expenses	 \$ 163,683	 \$ 143,569	 \$ 139,966

Capital Assets/Long-Term Debt

Capital Plan and Related Debt Financing

The University Board of Control has reviewed a long-term capital development and related financing plan. Expenditures for capital projects approximated \$33.4 million and \$19.1 million during fiscal years 2025 and 2024, respectively, and were funded with capital gifts and other available University resources.

University Rating

The University's most recent ratings through Moody's Investors Services, Inc. and Standard & Poor's Financial Services were 'A1' and 'A', respectively.

Factors or Conditions Impacting Future Periods

Financial and budget planning is directly related to and supportive of the University's mission and operational needs. The ability to plan effectively is influenced by an understanding of the following factors, which impact the University's finances:

- Enrollment
- State Economy
- Inflationary Pressures
- Competition
- Program Growth and Development
- New Initiatives
- Technology
- Productivity Improvements

Saginaw Valley State University
Management's Discussion and Analysis - Continued

Saginaw Valley State University Foundation

The Foundation is an independent corporation formed for the purpose of receiving funds predominantly for the benefit of the University. The Foundation pays the University a fee of up to one percent of the endowment annually towards the costs of University personnel operating the Foundation provided by the University. These costs are reflected as institutional support in the University's financial statements. The University received \$932,399 from the Foundation for the management of endowments during fiscal year 2025. The University received endowment distributions and unrestricted and restricted gifts of \$4,650,019 from the Foundation in fiscal 2025 and recognized \$1,833,988 of previously deferred gifts.

As of June 30, 2025, the Foundation had 368 endowments, of which none were below their gift value. At June 30, 2024, the Foundation had 365 endowments, of which none were below their gift value. The Foundation's spending policy is to distribute 4% annually. Distributions are based on the average market value for the preceding three calendar years as of December 31. The per unit amount is applied to the number of units of each endowment as of March 31. The distribution is paid the following fiscal year. The policy does not allow distribution if the individual endowment value is below historical gift value at each quarter end. As a result, some of the endowments did not distribute for one or more of the quarters during fiscal year 2025.

The net assets of the Foundation were as follows as of June 30:

	2025	2024	2023
	(in thousands of dollars)		
Without donor restrictions	\$ 13,314	\$ 12,179	\$ 11,267
With donor restrictions	111,078	99,282	90,694
	\$ 124,392	\$ 111,461	\$ 101,961

Report of Independent Auditors

Board of Control
Saginaw Valley State University

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of Saginaw Valley State University (University), a component unit of the State of Michigan, and Saginaw Valley State University Foundation (Foundation) a discretely presented component unit of the University, as of and for the years ended June 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Saginaw Valley State University and its discretely presented component unit, Saginaw Valley State University Foundation as of June 30, 2025 and 2024, and the respective changes in financial position and Saginaw Valley State University's cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Saginaw Valley State University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Saginaw Valley State University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Saginaw Valley State University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Saginaw Valley State University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary 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 audits of the 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025, on our consideration of Saginaw Valley State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the University's 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 the University's internal control over financial reporting and compliance.

Andrews Hooper Pavlik PLC

Saginaw, Michigan
December 4, 2025

Saginaw Valley State University
Statements of Net Position

	June 30,	
	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 61,784,444	\$ 82,906,634
Accounts receivable, net	11,396,200	4,518,917
State appropriations receivable - operations	6,314,794	6,162,632
State appropriations receivable - charter schools	18,281,353	17,349,812
Inventories and prepaid expenses	1,360,643	2,707,746
Total current assets	99,137,434	113,645,741
Noncurrent Assets		
Restricted cash and cash equivalents	1,357,001	3,168,989
Accounts receivable, net	560,438	872,853
Other long-term investments	54,147,912	51,418,482
Capital assets, net	306,076,657	279,868,234
Total noncurrent assets	362,142,008	335,328,558
Total assets	461,279,442	448,974,299
Deferred Outflows		
Refunding of debt	2,540,005	2,781,654
Total deferred outflows	2,540,005	2,781,654
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	11,473,337	9,049,274
Unearned revenues	4,359,761	4,750,209
Charter schools payable and deposits	17,674,252	17,553,538
Long-term liabilities - current portion	8,599,234	8,429,573
Total current liabilities	42,106,584	39,782,594
Noncurrent Liabilities		
Unearned revenues	1,774,281	3,685,721
Long-term liabilities, net of current portion	69,613,610	68,178,891
Total noncurrent liabilities	71,387,891	71,864,612
Total liabilities	113,494,475	111,647,206
Deferred Inflows		
Deferred inflow of resources	905,865	1,413,528
Total deferred inflows	905,865	1,413,528
Net Position		
Net investment in capital assets	235,099,544	211,326,571
Restricted	12,510,618	12,215,338
Unrestricted	101,808,945	115,153,310
Total net position	\$ 349,419,107	\$ 338,695,219

See notes to financial statements

Saginaw Valley State University Foundation
Statements of Financial Position

	June 30,	
	2025	2024
Assets		
Cash and cash equivalents	\$ 9,197,219	\$ 4,636,621
Accounts receivable, net	1,082,177	1,017,602
Contributions receivable, net	1,364,378	229,889
Investments	107,392,864	99,802,106
Cash value of life insurance	12,127	11,193
Beneficial interest trusts	6,398,099	5,907,188
Total assets	\$ 125,446,864	\$ 111,604,599
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 997,753	\$ 85,460
Charitable gift annuities payable	57,022	58,591
Total liabilities	1,054,775	144,051
Net assets		
Without donor restrictions	13,313,944	12,178,903
With donor restrictions	111,078,145	99,281,645
Total net assets	124,392,089	111,460,548
Total liabilities and net assets	\$ 125,446,864	\$ 111,604,599

Saginaw Valley State University
Statements of Revenues, Expenses, and Change in Net Position

	For the year ended June 30,	
	2025	2024
Revenues		
Operating revenues		
Student tuition and fees	\$ 92,808,768	\$ 87,676,159
Less: Scholarship allowances	(32,635,889)	(29,508,571)
	60,172,879	58,167,588
Federal grants and contracts	5,018,723	5,214,853
State and local grants and contracts	1,800,908	2,291,582
Sales and services of educational departments	5,199,902	4,855,970
Auxiliary enterprises	27,735,372	25,608,860
Less: Scholarship allowances	(3,135,520)	(7,420,720)
	24,599,852	18,188,140
Other operating revenues	4,267,377	4,248,978
	4,267,377	4,248,978
Total operating revenues	101,059,641	92,967,111
Expenses		
Operating expenses		
Educational and general		
Instruction	44,605,400	43,205,495
Research	984,670	1,378,021
Public service	6,080,233	6,125,395
Academic support	14,830,380	12,974,773
Student services	11,553,583	11,080,007
Institutional support	17,086,554	15,495,527
Operations and maintenance of plant	14,124,591	9,975,263
Depreciation and amortization	17,830,314	17,055,758
Student aid	17,891,462	8,519,888
Auxiliary enterprises	18,696,347	17,759,299
	18,696,347	17,759,299
Total operating expenses	163,683,534	143,569,425
Operating loss	(62,623,893)	(50,602,315)
Nonoperating Revenues (Expenses)		
State appropriations	34,731,400	33,997,700
Federal Pell Grant Program	15,492,628	11,885,705
Gifts	6,358,184	6,897,064
Investment income, net	6,649,559	7,359,065
Interest expense	(2,723,072)	(2,544,300)
Other nonoperating revenue	365,524	301,339
Net nonoperating revenues	60,874,223	57,896,573
Income (loss) before other revenues	(1,749,670)	7,294,258
Other Revenues		
Capital gifts	116,692	498,296
Capital appropriations	12,356,866	
Total other revenues	12,473,558	498,296
Change in net position	10,723,888	7,792,554
Net position - beginning of year	338,695,219	330,902,665
Net position - end of year	\$ 349,419,107	\$ 338,695,219

See notes to financial statements

Saginaw Valley State University Foundation
Statements of Activities and Change in Net Assets

	For the year ended June 30, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Gifts and contributions	\$ 95,496	\$ 4,787,079	\$ 4,882,575
Change in beneficial interest trusts		490,911	490,911
Change in cash value of life insurance		934	934
Investment income, net	1,379,675	11,765,959	13,145,634
Net assets released from restrictions	5,248,383	(5,248,383)	-
Total revenue, gains and other support	6,723,554	11,796,500	18,520,054
Expenses			
Program expenses:			
Disbursements to Saginaw Valley State University	4,650,019		4,650,019
Disbursements to student organizations	300		300
Supporting service expenses:			
Charitable gift annuity payments	2,495		2,495
Taxes and tax service	3,300		3,300
Fundraising	158,508		158,508
Management and general	773,891		773,891
Total expenses	5,588,513	-	5,588,513
Change in net assets	1,135,041	11,796,500	12,931,541
Net assets - beginning of year	12,178,903	99,281,645	111,460,548
Net assets - end of year	\$ 13,313,944	\$ 111,078,145	\$ 124,392,089

	For the year ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Gifts and contributions	\$ 83,100	\$ 4,188,715	\$ 4,271,815
Change in beneficial interest trusts		292,822	292,822
Change in cash value of life insurance		11,968	11,968
Investment income, net	1,227,551	10,808,076	12,035,627
Net assets released from restrictions	6,713,954	(6,713,954)	-
Total revenue, gains and other support	8,024,605	8,587,627	16,612,232
Expenses			
Program expenses:			
Disbursements to Saginaw Valley State University	6,039,656		6,039,656
Disbursements to student organizations	1,464		1,464
Supporting service expenses:			
Charitable gift annuity payments	37,773		37,773
Taxes and tax service	12,669		12,669
Fundraising	172,608		172,608
Management and general	848,280		848,280
Total expenses	7,112,450	-	7,112,450
Change in net assets	912,155	8,587,627	9,499,782
Net assets - beginning of year	11,266,748	90,694,018	101,960,766
Net assets - end of year	\$ 12,178,903	\$ 99,281,645	\$ 111,460,548

See notes to financial statements

Saginaw Valley State University
Statements of Cash Flow

	For the years ended June 30,	
	2025	2024
Cash Flows from Operating Activities		
Student tuition and fees	\$ 60,482,330	\$ 58,107,237
Grants and contracts	6,891,499	6,672,228
Payments to suppliers	(30,308,638)	(26,448,397)
Payments for utilities	(3,483,950)	(3,428,924)
Payments to employees	(67,483,063)	(64,120,914)
Payments for benefits	(23,727,428)	(22,780,416)
Payments for scholarships and fellowships	(17,663,305)	(8,265,352)
Auxiliary enterprises charges	24,097,991	20,300,287
Sales and services	3,211,065	2,282,530
Receipts for Charter Schools	96,977,792	91,304,985
Payments to Charter Schools	(96,977,792)	(91,304,985)
Other receipts	4,267,378	4,248,978
Net cash from operating activities	(43,716,121)	(33,432,743)
Cash Flows from Noncapital Financing Activities		
State appropriations	34,579,238	33,703,174
Federal Pell Grant Program	15,352,919	11,928,515
Federal Direct Lending receipts	28,372,791	29,912,335
Federal Direct Lending disbursements	(28,372,791)	(29,912,335)
Gifts	4,594,315	5,749,630
Net cash from noncapital financing activities	54,526,472	51,381,319
Cash Flows from Capital Financing Activities		
Capital appropriations	6,242,494	
Capital grants and gifts received	116,692	498,296
Principal paid on capital debt, leases and subscriptions	(9,005,335)	(8,047,869)
Interest paid on capital debt and related costs, leases and subscriptions	(3,042,095)	(2,863,324)
Purchase of capital assets, net of disposals	(32,333,115)	(15,735,885)
Other receipts - leases	356,701	285,000
Net cash from capital financing activities	(37,664,658)	(25,863,782)
Cash Flows from Investing Activities		
Investment income, net	6,649,559	7,359,065
Maturities (purchases) of investments, net	(2,729,430)	36,585,274
Net cash from investing activities	3,920,129	43,944,339
Net change in cash and cash equivalents	(22,934,178)	36,029,133
Cash and cash equivalents - beginning of year	86,075,623	50,046,490
Cash and cash equivalents - end of year	\$ 63,141,445	\$ 86,075,623
Noncash information		
Assets capitalized from subscription-based IT arrangements and leases	\$ 14,095,680	\$ 2,175,877

See notes to financial statements

Saginaw Valley State University
Statements of Cash Flow - Continued

	For the years ended June 30,	
	2025	2024
Summary of Cash and cash equivalents		
Cash and cash equivalents	\$ 6,178,444	\$ 8,290,634
Restricted cash and cash equivalents	1,357,001	3,168,989
	\$ 6,314,445	\$ 8,607,623
Reconciliation of operating loss to net cash from operating activities		
Operating loss	\$ (62,623,893)	\$ (50,602,315)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	1,783,314	1,705,758
Changes in assets and liabilities:		
Accounts receivable, net	(1,740,192)	(3,298,215)
Inventories and prepaid expenses	1,347,103	(1,384,364)
Accounts payable and accrued liabilities	1,779,261	3,181,200
Unearned revenues	(489,900)	2,056,660
Charter schools payable and deposits	1,207,14	1,736,704
Compensated absences	60,472	(327,171)
	\$ (43,716,121)	\$ (33,432,743)
Net cash from operating activities		

See notes to financial statements

Saginaw Valley State University
Notes to Financial Statements
June 30, 2025

Note A - Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared to incorporate all fund groups utilized internally by Saginaw Valley State University (University) and include Saginaw Valley State University Foundation (Foundation), a discretely presented component unit of the University. The University's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Foundation's financial information has been prepared on the accrual basis following accounting policies established by the Financial Accounting Standards Board (FASB).

Reporting Entity

The University's financial statements are presented discretely in the State of Michigan Annual Comprehensive Financial Report. Public universities with governing boards appointed by the Governor are considered component units of the State. Transactions with the State relate primarily to appropriations for operations and capital projects, appropriations for Charter Schools and grants from various state agencies.

The Foundation, a component unit of the University, is a not-for-profit corporation with a separate board of directors. Although the Foundation approves their own disbursements, their support is predominately for the objectives and purposes of the University.

Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been incurred.

The Foundation has applied the recognition principles of all applicable FASB codification sections. Certain disclosures conform more to the GASB presentation than what may be required by FASB.

Cash and Cash Equivalents

The University and its component unit define cash and cash equivalents as highly liquid, short-term investments that bear little or no market risk and are stated at fair value. Generally, these items have a maturity of three months or less when purchased except for certain certificates of deposit which may extend to longer periods if readily convertible to cash with no significant loss to principal.

Restricted cash and cash equivalents represent cash held related to private gifts to be used for scholarships. Both cash and cash equivalents and restricted cash and cash equivalents are included in cash and cash equivalents on the Statements of Cash Flow.

Accounts Receivable

Accounts receivable are stated at the outstanding principal balance adjusted for the allowance for doubtful accounts.

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note A - Significant Accounting Policies
(continued)

Accounts Receivable (continued)

The University determines the allowance for doubtful accounts based on an evaluation of accounts receivable, past and recent experience, current economic conditions, and other pertinent factors. The allowance for doubtful accounts is increased by the provision recorded net of revenue and reduced by the receipt of payment for items previously included in the allowance and delinquent receivables that have been charged off. The University considers receivables past due when they have not been paid within their contractual terms.

Inventories

Inventories are stated at lower of average cost or market.

Investments

Investments are reported at fair value. Investment income, net of related expenses, includes realized and unrealized gains and losses on investments, interest, and dividends.

Capital Assets

Capital assets are stated at cost or, when donated, at acquisition value at the date of gift. The University uses a \$5,000 threshold for capitalizing assets. Depreciation is computed using the straight-line method over the useful life of the property as follows:

<u>Classification</u>	<u>Life</u>
Land improvements and infrastructure	15 years
Buildings	20 - 50 years
Equipment	4 - 15 years
Library acquisitions	7 years

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. The cost of maintenance and repairs are expensed as incurred; significant renewals and improvements are capitalized.

Leases and Subscriptions

The University leases office space and buildings to external parties. Lease receivables and deferred inflows of resources are recorded based on the present value of expected receipts over the term of the respective leases. The University leases office space and office equipment from external parties. The University utilizes subscription-based IT arrangements (SBITAs) for various software licenses and remote hosting arrangements. Right-to-use assets and liabilities are recorded based on the present value of expected payments over the term of the respective leases, licenses or hosting arrangements. The expected payments and receipts are discounted using the interest rate charged on the contract, if available, or are otherwise discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. For contracts featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The University does not have any leases subject to a residual value guarantee. Right-to-use assets are amortized over the shorter of the contract term or the underlying assets useful life.

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note A - Significant Accounting Policies
(continued)

Compensated Absences

Compensated absence costs, including vacation, compensatory time, personal leave and sick leave, are accrued when earned by employees. Faculty accrue additional compensation for teaching credit hours in excess of the limit identified in the contract. A probability factor is utilized to estimate the support staff sick leave accrual.

Deferred Outflows and Deferred Inflows

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows, represents a consumption of net position that applies to a future period and as such, is not recognized as an outflow of resources (expense/expenditure) until that time. In addition to liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows, represents an acquisition of net position that applies to a future period and as such, is not recognized as an inflow of resources (revenue) until that time. Deferred outflows relate to refunding of debt and deferred inflows relate to refunding of debt in the amount of \$245,482 and lease transactions in the amount of \$660,383 as of June 30, 2025. Deferred inflows relate to refunding of debt in the amount of \$294,578 and lease transactions in the amount of \$1,118,950 as of June 30, 2024.

Revenue Recognition

Operating revenues of the University consist of tuition and fees, grants and contracts, sales and services, and auxiliary enterprises revenue. These revenues represent revenue earned from exchange transactions and are reported net of discounts and allowances. The University's nonoperating revenues include State appropriations, Federal Pell Grant Program, gifts, investment income, and capital grants and gifts. Direct lending is not reported as federal revenue and scholarship expenditures, but is treated as an agency transaction. When both restricted and unrestricted resources are available for expenses, the University applies the restricted and unrestricted resources at its discretion.

Funds are appropriated to the University for operations by the State of Michigan covering the State's fiscal year, October 1 through September 30. The sums appropriated are for the University's fiscal year ending June 30 and are generally paid in eleven monthly installments from October through August.

The Foundation recognizes a gift when the donor makes a pledge that is, in substance, unconditional. The Foundation uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises.

Bond Issuance Costs

Bond issuance costs are expensed when incurred.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note A - Significant Accounting Policies
(continued)

Change in Accounting Estimate – Scholarship Discount Method

Effective in fiscal year 2025, the University changed its accounting for scholarship discounts to better reflect the specific allocation of institutional aid. Previously, the University used the alternate method which estimated the portion of scholarships reducing tuition revenue. The University utilized a backward flow approach (or Method D) described in NACUBO's Advisory 2023-01, Public Institutions: Accounting for Reporting Financial Aid as a Discount. Under this method, the data is not examined on a student-by-student basis. Rather, it is aggregate at the University level. While the detail-by-student method would provide a more accurate estimate of the discount, the University believes the method used provides a reasonable estimate of the discount. This change in estimate had no impact on the University's overall net position. The change was applied prospectively and has no effect on prior-period financial statements.

Adoption of New Standards

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures, to provide users of government financial statements with essential information about risks related to vulnerabilities due to certain concentrations or constraints. As a result, an assessment will be required to determine whether a concentration or constraint makes the primary reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the vulnerability to the risk of a substantial impact. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2025. The adoption of this guidance by the University did not have a material impact on the financial statements.

In June 2022, the GASB issued Statement No. 101, Compensated Absences, which replaces GASB 16, Accounting for Compensated Absences to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2025. The adoption of this guidance by the University did not have a material impact on the financial statements.

Note B - Cash and Cash Equivalents and Investments-University

The University utilizes the "pooled cash" method of accounting for substantially all of its cash and cash equivalents in order to maximize investment return. The investment policy for pooled cash, approved by the Board of Control, divides cash for purposes of investment into three asset groups: short-term pool, intermediate-term pool, and long-term pool. The University did not have funds in the long-term pool during the fiscal years ended June 30, 2025 or 2024.

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note B - Cash and Cash Equivalents and Investments-University
(continued)

Credit Risk

The University's investment policy requires that investments shall be in marketable securities of the following types and with the noted credit ratings:

Short-term Pool

1. All investments must be convertible into cash at any time without any significant loss of principal.
2. Any instrument issued, guaranteed, or insured by the U.S. Government, agencies, or other full faith instruments of investment grade are permitted.
3. Commercial paper issued by domestic corporations rated both "P-1" and "A-1" by Moody's Investors Service, Inc. and by Standard & Poor's, respectively, may be included.
4. Also permitted are certificates of deposit, bankers acceptances, or other such irrevocable primary obligations from a list of approved banks.
5. Commingled funds and short-term cash reserve mutual funds may be used if they are in compliance with the above guidelines.

Intermediate-term Pool

1. Fixed-income investments may include U.S. and non-U.S. issues of Government and Agency obligations, marketable corporate bonds, mortgage or asset-backed bonds, and preferred stocks with sinking funds as deemed prudent by the investment managers.
2. Fixed-income investments shall be made primarily in those rated "BAA" (investment grade) or better by Moody's and "BBB" (investment grade) or better by Standard & Poor's with emphasis toward "A" or better issues. However, up to 20% of the fixed-income investments can be made in below investment grade debt (high yield).
3. Fixed-income investments may include U.S. and non-U.S. issues, including high yield, global fixed-income, and emerging market debt instruments.
4. Diversification must be maintained and, with the exception of securities guaranteed by the U.S. Government, the securities of a single issuer should not exceed 10% of the market value of the manager's portfolio responsibility.
5. No equity exposure is permitted within the intermediate-term pool.
6. The Investment Committee may also implement a laddered bond portfolio that is diversified by holdings and maturities that emphasizes higher quality. The intent of this structure would be to alleviate duration risk as the bonds would be held to maturity and then reinvested.

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note B - Cash and Cash Equivalents and Investments-University
(continued)

Interest Rate Risk

As a means of managing its exposure to fair value losses arising from increasing interest rates, the University's investment policy limits the average weighted maturity for a short-term portfolio to between one day and one year and the average weighted maturity for the intermediate-term portfolio to between one year and five years.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. The Investment Policy of the University requires diversification of the intermediate-term pool and securities of a single issuer should not exceed 10% of the market value of the portfolio manager's responsibility.

The chart below lists the percentage of the investments in the intermediate-term pool by credit rating:

<u>Rating % of Pool</u>	
AA+	32
AA	2
AA-	2
A+	15
A	20
A-	19
BBB+	7
BBB	3

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note B - Cash and Cash Equivalents and Investments-University
(continued)

Concentration of Credit Risk (continued)

The following table summarizes the components of the University's cash and cash equivalents and investments at June 30:

Investment Type	Fair Market Value	
	2025	2024
Short-term Pool:		
Deposits:		
Huntington National Bank	\$ -	\$ 249,615
PNC Bank	61,150,236	82,576,956
Investments:		
U.S. Government Money Market	1,945,820	3,200,873
Mutual Fund - Debt		25,795,154
Total short-term pool	63,096,056	111,822,598
Intermediate-term Pool:		
Investments:		
U.S. Federal Agencies	5,323,795	2,990,164
U.S. Government Obligations	11,061,181	5,553,616
Corporate Bonds	36,303,495	14,627,498
Municipal Obligations	186,835	769,050
Mortgage Backed Securities	1,272,606	1,234,110
Foreign Bonds and Notes		448,890
Total intermediate-term pool	54,147,912	25,623,328
Less Investments reported as "Cash and Cash Equivalents" on Statements of Net Position	(63,096,056)	(86,027,444)
Total Investments	\$ 54,147,912	\$ 51,418,482
As reported on the Statements of Net Position		
Noncurrent Investments	\$ 54,147,912	\$ 51,418,482
Total Investments	\$ 54,147,912	\$ 51,418,482
Investments Reported as Cash and Cash Equivalents	\$ 63,096,056	\$ 86,027,444
Cash	45,389	48,179
Total Cash and Cash Equivalents	\$ 63,141,445	\$ 86,075,623

The yield on all University deposits and investments was 4.92% for 2025 and 4.95% for 2024.

Foreign Currency Risk

The University had no foreign investments as of June 30, 2025 and had foreign investments included in the intermediate-term pool of approximately \$449,000 as of June 30, 2024.

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note B - Cash and Cash Equivalents and Investments-University
(continued)

Custodial Credit Risk

Deposits: Custodial credit risk is present if the deposits are not covered by depository insurance and are 1) uncollateralized; 2) collateralized with securities held by the pledging financial institution; or 3) collateralized with securities held by the pledging financial institution's trust department or agent in the University's name. Cash and cash equivalents, as reflected in the accounts of the financial institutions at June 30, 2025, were \$62,736,295. Of that balance, \$62,486,295 was uninsured and uncollateralized. Cash and cash equivalents, as reflected in the accounts of the financial institutions at June 30, 2024, were \$84,726,240. Of that balance, \$84,226,626 was uninsured and uncollateralized.

Investments: The University has engaged Comerica Bank to serve as custodian for the short-term and intermediate-term pools, other than the accounts with PNC Bank and Huntington National Bank included in the short-term pool. The custodian collects dividend and interest payments, redeems maturing securities, and affects receipt and delivery following purchases and sales. The custodian also performs regular accounting of all assets owned, purchased, or sold.

For an investment, custodial credit risk is the risk that, in the event of the 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. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The University has no custodial credit risk in its investments as of June 30, 2025 or 2024.

Note C - Investments-Foundation

The Foundation's Endowment Fund investments are administered in accordance with the Foundation investment policy, approved by the Foundation Board. The overall long-term objective of the policy is to grow the portfolio by the spending policy and administrative fee rate (5% total) plus the rate of inflation over a market cycle, generally 7-10 years. The Foundation's investment policy requires that fixed-income investments emphasize high-quality.

Concentration of Credit Risk

The Foundation recognizes that, over the long term, equity investments provide the best opportunity to achieve the objectives and goals of the Endowment Fund. However, a degree of diversification in other forms of investments is prudent. To accomplish the endowment investment objectives, investment managers are authorized to utilize portfolios of equity securities, fixed-income securities, alternative investments, and short-term investments (cash and cash equivalents). The total portfolio shall be maintained within the following ranges:

	<u>Minimum</u>	<u>Maximum</u>
Domestic Equities	20%	30%
International Equities	10%	20%
Global Equities	15%	25%
Alternative Investments	0%	25%
Fixed Income and Cash/Short-term Investments	10%	30%

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note C - Investments-Foundation
(continued)

Concentration of Credit Risk (continued)

The investments shall be reviewed quarterly to ensure the endowment assets are within these ranges.

The following table summarizes the components of the Foundation's investments at June 30:

Investment Type	Fair Market Value	
	2025	2024
Equities	\$ 36,244	\$ 47,047
Mutual Fund - Equities	32,781,587	28,538,615
Mutual Fund - International Equities	17,377,365	17,523,295
Mutual Fund - Global Equities	16,002,334	13,707,519
Mutual Fund - Debt	22,368,613	18,587,882
Alternative Investments	18,826,721	21,397,748
Cash and Cash Equivalents	5,829,318	3,189,224
	113,222,182	102,991,330
Less Investments included in "Cash and Cash Equivalents" on Statements of Financial Position	(5,829,318)	(3,189,224)
Total Investments	<u>\$ 107,392,864</u>	<u>\$ 99,802,106</u>

As of June 30, 2025, the Foundation's remaining capital commitment for alternative investments was \$3,169,609.

Investments in mutual fund – debt have the following quality of investments at June 30, 2025:

- Dodge & Cox Income Fund: 62.6% AAA; 3.7% AA; 9.0% A; 19.9% BBB; 2.5% BB; 2.3% B
- Vanguard Total Bond Market Index Adm: 72.0% AAA; 3.2% AA; 12.0% A; 12.8% BBB
- Diamond Hill Short Duration Bond I: 20.3% AAA; 20.5% AA; 14.6% A; 21.9% BBB; 6.9% BB; 3.9% B; 0.1% Below B; 11.8% Not Rated
- Vanguard Short-Term Investment Grade Adm: 10.2% AAA; 3.2% AA; 33.3% A; 52.0% BBB; 0.8% BB; 0.4% B; 0.1% Not Rated

Foreign Currency Risk

The Foundation's holdings in foreign investments were made in mutual funds as noted above. Alternative investments include offshore investments. The Foundation had no other foreign equities as of June 30, 2025 or 2024.

Custodial Credit Risk

The Foundation has engaged PNC Bank to serve as custodian of the endowment investments. The custodian maintains physical possession of securities owned by the Foundation, collects dividend and interest payments, redeems maturing securities, and affects receipt and delivery following purchases and sales. The custodian also performs regular accounting of all assets owned, purchased or sold. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note D - Accounts Receivable

The University's accounts receivable relate to several transactions including State appropriations, student tuition and fee billings, and auxiliary enterprise sales, such as food service and residence halls. In addition, receivables arise from grant awards, financial aid, leases and billings related to capital assets. The details of accounts receivable, excluding State appropriations, as of June 30 are listed below in the table:

	<u>2025</u>	<u>2024</u>
Current accounts receivable, net		
Tuition and fees	\$ 2,309,777	\$ 3,093,004
Auxiliary enterprises	1,066,484	1,244,403
Contracts and grants	7,960,215	1,912,417
Sales and services	1,024,393	127,935
Agency accounts	1,539,150	857,502
Leases	167,821	305,150
Less: Allowance for uncollectible accounts	<u>(2,671,640)</u>	<u>(3,021,494)</u>
Total current accounts receivable, net	11,396,200	4,518,917
Noncurrent accounts receivable, net		
Leases	<u>560,438</u>	<u>872,853</u>
Total noncurrent accounts receivable, net	<u>560,438</u>	<u>872,853</u>
Total accounts receivable, net	<u><u>\$ 11,956,638</u></u>	<u><u>\$ 5,391,770</u></u>

Based on Senate Bill 905, PA 273 of 1998, State appropriations are recorded principally on the accrual basis, when earned. As a result, the University recorded State appropriations receivable of \$6,314,794 at June 30, 2025 and \$6,162,632 at June 30, 2024. Charter school appropriations receivable were recorded at June 30, 2025 of \$18,281,353 and at June 30, 2024 of \$17,349,812. The University has recorded a corresponding amount due to the charter schools which is reported as charter schools payable and deposits.

The detail of the Foundation's contributions and accounts receivable as of June 30 are listed below in the table:

	<u>2025</u>	<u>2024</u>
Contributions receivable	\$ 1,559,586	\$ 383,483
Less: allowance for uncollectible pledges	(158,223)	(147,201)
Less: discount to reflect promise to give at fair value	<u>(36,985)</u>	<u>(6,393)</u>
	1,364,378	229,889
Other	<u>1,082,177</u>	<u>1,017,602</u>
Total receivables	<u><u>\$ 2,446,555</u></u>	<u><u>\$ 1,247,491</u></u>

As of June 30, 2025, approximately 96% of the Foundation's pledges receivable were from seven donors and at June 30, 2024, approximately 88% of the Foundation's pledges receivable were from six donors.

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note E - Capital Assets

The following table presents the changes in the various capital asset categories:

Asset Classification	Balance at June 30, 2024	Additions	Retirements and Reclassifications	Balance at June 30, 2025
Land	\$ 1,844,328	\$ -	\$ -	\$ 1,844,328
Land improvements and infrastructure	36,451,805			36,451,805
Buildings	430,681,693	2,321,038		433,002,731
Equipment	16,063,567	1,110,442	(52,755)	17,121,254
Library acquisitions	3,894,099			3,894,099
Construction in progress	2,738,677	29,970,374	(3,432,419)	29,276,632
Works of fine art	607,085			607,085
Leases	367,317	183,562	(147,500)	403,379
Subscription	3,748,453	13,912,118	(841,040)	16,819,531
Accumulated depreciation and amortization:				
Land improvements and infrastructure	(23,815,104)	(1,860,017)		(25,675,121)
Buildings	(181,070,142)	(11,361,124)		(192,431,266)
Equipment	(7,808,785)	(2,056,511)	26,377	(9,838,919)
Library acquisitions	(2,028,640)	(436,661)		(2,465,301)
Leases	(259,337)	(78,708)	147,500	(190,545)
Subscription	(1,546,782)	(2,037,293)	841,040	(2,743,035)
Total depreciation expense		(17,830,314)		
Total capital assets, net	<u>\$ 279,868,234</u>	<u>\$ 29,667,220</u>	<u>\$ (3,458,797)</u>	<u>\$ 306,076,657</u>

Note F - Leases and Subscriptions

As of June 30, 2025, the scheduled fiscal year maturities of lease and subscription liabilities and related interest expense are as follows:

	Lease Liability		Subscription Liability	
	Principal	Interest	Principal	Interest
2026	\$ 93,933	\$ 2,947	\$ 2,238,726	\$ 499,484
2027	40,641	4,566	1,678,700	406,464
2028	37,621	3,524	1,298,990	335,470
2029	39,781	2,429	1,237,428	274,837
2030	20,598	1,271	1,008,119	216,622
Total five years	232,574	14,737	7,461,963	1,732,877
2031-2035			3,467,534	343,127
Total	<u>\$ 232,574</u>	<u>\$ 14,737</u>	<u>\$ 10,929,497</u>	<u>\$ 2,076,005</u>

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note F - Leases and Subscriptions
(continued)

Lessee Arrangements

The amount of lease right-to-use assets by major classes of underlying assets as of June 30 are as follows:

	2025	2024
Building	\$ 183,562	\$ 147,500
Equipment	219,817	219,817
Total lease right-to-use assets	\$ 403,379	\$ 367,317

The University paid variable lease payments not previously included in the measurement of the related lease liabilities in the approximate amounts of \$160,600 during the year ended June 30, 2025 and June 30, 2024.

Lessor Arrangements

The University leases office space and buildings to external parties. The University recognized revenues related to lease agreements in the amount of \$351,438 for the year ended June 30, 2025 and \$301,339 for the year ended June 30, 2024.

The net deferred amount on lease transactions is reported on the Statements of Net Position as a deferred inflow at June 30, 2025 in the amount of \$660,383 and as of June 30, 2024 was \$1,118,950.

Note G - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent amounts due at June 30 for goods and services received prior to the end of the fiscal year. Listed below is a breakdown of those liabilities at June 30:

	2025	2024
Compensation and benefits	\$ 2,825,042	\$ 2,439,317
Supplies and construction related expenditures	8,648,295	6,609,957
Total accounts payable and accrued liabilities	\$ 11,473,337	\$ 9,049,274

Note H - Notes and Bonds Payable

The University issued General Revenue and Refunding Bonds, Series 2020A, in the amount of \$17,340,000 in April 2020. The proceeds were used to establish an irrevocable escrow fund to refund the outstanding balance on General Revenue and Refund Bond, Series 2010A. The refunded bonds were called for redemption on July 1, 2020. The refunding resulted in a deferred amount on refunding of \$502,935. The deferred amount on refunding is being amortized over the remaining life of the 2010A bonds and is reported as a deferred inflow.

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note H - Notes and Bonds Payable
(continued)

The University issued General Revenue and Refunding Bonds, Series 2016A, in the amount of \$62,280,000 in April 2016. A portion of the proceeds from the bonds were used to establish an irrevocable escrow fund to refund a portion of the remaining outstanding General Revenue and Refunding Bonds, Series 2007 (\$20,565,000), 2008 (\$24,875,000) and 2008B (\$10,245,000). The refunding resulted in a deferred amount on refunding of \$3,552,809. The deferred amount on refunding is being amortized over the remaining life of the oldest bonds and is reported as a deferred outflow. The remaining proceeds from the Series 2016A bonds were used, together with other available resources, to renovate Zahnow Library. The bonds were issued at a premium of \$8,712,909.

The University issued General Revenue and Refunding Bonds, Series 2015A, in the amount of \$18,525,000, in April 2015. The proceeds were used to retire the general revenue and refunding 2005 bonds. Since the 2005 bonds refunded a previous bond, the deferred amount on refunding from the 2005 bonds was carried forward to the new bonds. The deferred amount on refunding is being amortized over the remaining life of the old bonds and is reported as a deferred outflow.

The University issued General Revenue and Refunding Bonds, Series 2013A, in the amount of \$19,250,000, in June 2013. A portion of the proceeds from the bonds were used to establish an irrevocable escrow fund that refunded a portion of the remaining Series 2004 Bonds and the Series 2004B Bonds. The refunded bonds were called for redemption on July 1, 2014. The bonds were refunded in order to reduce the University's debt service. The refunding resulted in a deferred amount on refunding of \$434,768. The deferred amount on refunding is being amortized over the remaining life of the old bonds and is reported as a deferred outflow. The remaining proceeds from the Series 2013A bonds were used, together with other available resources, to renovate and expand the Ryder Center. The bonds were issued at a premium of \$2,618,113.

Notes and bonds payable outstanding as of June 30 consist of the following:

	<u>Interest Rates</u>	<u>Maturity</u>	<u>2025</u>	<u>2024</u>
General Revenue & Refunding Bonds, Series 2020A	2.167%	2026-2030	\$ 7,520,000	\$ 9,510,000
General Revenue & Refunding Bonds, Series 2016A	3.25% to 5.00%	2026-2038	39,685,000	41,880,000
General Revenue & Refunding Bonds, Series 2015A	2.79%	2026-2035	5,140,000	5,940,000
General Revenue & Refunding Bonds, Series 2013A	3.125% to 5.00%	2026-2034	3,975,000	5,725,000
Unamortized premiums			<u>6,174,460</u>	<u>6,686,036</u>
Total			<u>\$ 62,494,460</u>	<u>\$ 69,741,036</u>

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note H - Notes and Bonds Payable
(continued)

The principal and interest on the notes and bonds are payable only from certain general revenues. The following table summarizes debt service requirements:

Fiscal Year	All Other Debt		Direct Placement Debt		Total
	Principal	Interest	Principal	Interest	
2026	\$ 2,820,000	\$ 1,980,156	\$ 2,835,000	\$ 306,364	\$ 7,941,520
2027	2,950,000	1,848,718	2,900,000	239,821	7,938,539
2028	3,520,000	1,710,406	2,600,000	171,715	8,002,121
2029	4,800,000	1,534,406	1,550,000	112,258	7,996,664
2030	5,565,000	1,294,406	1,005,000	73,187	7,937,593
Total five years	19,655,000	8,368,092	10,890,000	903,345	39,816,437
2031-2035	16,585,000	3,150,968	1,770,000	150,664	21,656,632
2036-2038	7,420,000	426,044	-	-	7,846,044
Total	43,660,000	\$ 11,945,104	\$ 12,660,000	\$ 1,054,009	\$ 69,319,113
Unamortized premium		6,174,460			
		<u>\$ 49,834,460</u>			
Current portion of unamortized premium		<u>\$ 511,575</u>			

The net deferred amount on refunding from the Series 2016A, Series 2015A and Series 2013A bonds is reported on the Statements of Net Position as a deferred outflow at June 30, 2025 in the amount of \$2,540,005. The deferred outflow for Series 2016A, 2015A and Series 2013A at June 30, 2024 was \$2,781,654. The net deferred amount on refunding from the Series 2020A bonds is reported on the Statements of Net Position as a deferred inflow at June 30, 2025 in the amount of \$245,482 and as of June 30, 2024 was \$294,578.

The University has a \$300,000 letter of credit for the Wolverine Power Marketing Cooperative electricity contract at a per annum fee of 1.25%. In addition, amounts drawn against the letter of credit include interest at the bank prime rate plus one percent per annum. No amounts were drawn against the letter of credit at June 30, 2025 or 2024. The letter of credit is secured by general revenues.

Note I - Long-Term Liabilities

The information listed below shows the components of the University's long-term liabilities:

	Balance at June 30, 2024	Additions	Reductions	Balance at June 30, 2025	Current Portion
Notes and bonds payable:					
General revenue bonds	\$ 63,055,000	\$ -	\$ 6,735,000	\$ 56,320,000	\$ 5,655,000
Unamortized premiums	6,686,036		511,576	6,174,460	511,575
Total notes and bonds payable	69,741,036	-	7,246,576	62,494,460	6,166,575
Other long-term liabilities:					
Compensated absences	4,495,842	60,472	-	4,556,314	100,000
Leases and subscriptions	2,371,586	11,060,819	2,270,335	11,162,070	2,332,659
Total long-term liabilities	<u>\$ 76,608,464</u>	<u>\$ 11,121,291</u>	<u>\$ 9,516,911</u>	<u>\$ 78,212,844</u>	<u>\$ 8,599,234</u>

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note I - Long-Term Liabilities
(continued)

As of June 30, 2025 and 2024, employees had earned but not taken annual compensatory time, personal, and vacation leave of approximately \$3,727,000, and \$3,701,000, respectively. The University had a commitment for accumulated sick leave of approximately \$829,000 as of June 30, 2025 and \$795,000 as of June 30, 2024. The net change is reflected above as liabilities for compensated absences.

Note J - Unrestricted Net Position

The following summarizes the internal designations of the University's unrestricted net position at June 30:

	2025	2024
Capital projects, debt service, and repair reserves	\$ 90,852,591	\$ 101,492,427
Designated for departmental use	10,956,354	13,463,731
Amount obligated by contractual commitments		197,152
Total unrestricted net position	<u>\$ 101,808,945</u>	<u>\$ 115,153,310</u>

Note K - Commitments and Contingencies

The University is self-insured for health insurance for individual contracts up to \$200,000. The University purchases coverage for amounts exceeding \$200,000 for individual contracts. At June 30, 2025, the University has recorded a liability of approximately \$455,000 which includes approximately \$390,000 of incurred but not reported claims, and \$65,000 for claims invoiced but not paid as of June 30, 2025.

The costs to complete significant construction in progress at June 30, 2025 approximates \$36,862,000. The amount of funding required to complete construction in progress will come from institutional resources.

In prior fiscal years, the University entered into lease agreements with the State Building Authority (SBA) and State of Michigan for the Scott L. Carmona College of Business building, Wickes Hall renovations, the Science East and West Buildings, Zahnow Library, the Regional Education Center, Pioneer Hall renovations, and the Health and Human Services building. The projects were financed with SBA Revenue Bonds, State appropriations and University resources. The SBA bond issues are secured by a pledge of rentals to be received from the State of Michigan pursuant to lease agreements between the SBA, the State of Michigan, and the University. During the lease terms, the SBA will hold title to each of the facilities; the State of Michigan will make all annual lease payments to the SBA from general fund appropriations; and the University will pay all operating and maintenance costs of the facilities. At the expiration of each lease, the SBA has agreed to sell the facilities to the University for the sum of one dollar each. The cost and accumulated depreciation for these facilities is reflected in the accompanying Statements of Net Position.

In the normal course of its activities, the University is party to various legal 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 the financial condition of the University.

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note L - Support Organizations

The Foundation is an independent corporation formed for the purpose of receiving funds for the sole benefit of the University. The Internal Revenue Service has ruled that the Foundation is qualified under Section 501(c)(3) of the Internal Revenue Code (Code) and is, therefore, not subject to tax under present federal income tax laws, and also is not a private foundation within the meaning of Section 509(a)(3) of the Code. Foundation Board of Director membership includes the following individuals: members of the Saginaw Valley State University Board of Control as appointed by the Board of Control, certain officers of the University as set forth in the Foundation bylaws, and other community representatives elected by the Foundation Board.

The Foundation pays the University a fee of up to one percent of the endowment annually towards the costs of operating the Foundation which are provided by the University. The University received \$932,399 for the management of endowments during fiscal 2025 and \$1,020,888 during fiscal 2024. The University also received \$4,650,019 from the Foundation during fiscal 2025 and recognized \$1,833,988 of previously deferred gifts. The University received \$6,039,656 and recognized \$1,355,704 of previously deferred gifts during fiscal 2024. These amounts include endowment distributions and restricted and unrestricted gifts. Under the spending policy established by the Board, 4.0% of the average market value of endowment investments for the preceding three years as of December 31 prior to the beginning of the fiscal year has been authorized for expenditure. During 2009, the State of Michigan adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). According to UPMIFA, the Foundation may appropriate for spending as much of the endowment as the institution deems prudent for the uses, benefits, purposes, and duration for which the particular endowment fund was established, subject to the evaluation of several specific factors including general economic conditions and the fund's purpose. Although UPMIFA allows spending of the original gift, the Foundation's board policy does not allow for distribution if the individual endowment fund value is below historical gift value at the end of a quarter.

As of June 30, 2025, of the Foundation's 368 endowments, of which none were below their gift value. Of the Foundation's 365 endowments at June 30, 2024, none were below their gift value. However, there were endowments that did not distribute for one or more of the quarters during fiscal 2025 and 2024 as the market values were below gift values.

The Foundation classifies the original value of any gifts donated to a permanent endowment as net assets with donor restrictions and any subsequent investment returns, realized or unrealized, as with donor restrictions or without donor restrictions.

In accordance with GASB standards, the Foundation is included in the financial statements of the University as a discretely presented component unit.

Note M - Retirement Plan

The University has a defined contribution retirement program for all qualified employees. Qualified employees include nearly all full-time employees. University contributions are made to the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) and are based on a percentage of qualified employee payroll. Employees maintain individual annuity contracts with TIAA-CREF and are fully vested. TIAA-CREF is a defined contribution plan whereby the University generally contributes 12% of the employees' pay to the plan with no liability beyond that contribution. University contributions for the years ended June 30, 2025 and 2024 approximated \$7,116,000 and \$6,562,000 respectively, with annual covered payroll for participants of the plan approximating \$59,303,000 in 2025 and \$54,685,000 in 2024. The University has no liability for past service or post-employment benefit costs.

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note N - Liability and Property Insurance

The University is one of 11 Michigan universities participating in the Michigan Universities Self-Insurance Corporation (M.U.S.I.C.) which provides insurance coverage for educators legal liability, commercial general liability, property loss, automobile liability, and automobile physical damage coverage. M.U.S.I.C. provides coverage for claims in excess of agreed-upon deductibles.

Loss coverages, except for the automobile physical damage program, are structured on a three-layer basis with each member retaining a portion of its losses, M.U.S.I.C. covering the second layer, and commercial carriers covering the third. Automobile physical damage coverage is structured on a two-layer basis with no excess coverage from a commercial carrier. Commercial general liability and property coverage are provided on an occurrence basis. Educators legal liability coverage is provided on a claims-made basis. The payments made to M.U.S.I.C. and premiums to excess carriers reflect the claims experience of each university. Property insurance coverage is provided outside of the M.U.S.I.C. program

Note O - Fair Market Measurement

The following tables present information about the University and Foundations assets measured at fair value on a recurring basis at June 30, 2025 and 2024 and the valuation techniques used to determine fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the University or Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related assets.

In instances where 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 and Foundation's assessment of the significance of particular inputs to these fair values measurements require judgement and considers factors specific to each asset.

The University and Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. For the years ended June 30, 2025 and 2024, there were no transfers between levels of the fair value hierarchy.

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note O - Fair Market Measurement
(continued)

Assets measured at fair value on a recurring basis as of June 30, 2025 included the following:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
University				
U.S. Federal Agencies	\$ 5,323,795	\$ -	\$ -	\$ 5,323,795
U.S. Government Obligations	11,061,181			11,061,181
Corporate Bonds	36,303,495			36,303,495
Municipal Obligations	186,835			186,835
Mortgage Backed Securities	1,272,606			1,272,606
	<u>\$ 54,147,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,147,912</u>
Foundation				
Equities	\$ 36,244	\$ -	\$ -	\$ 36,244
Mutual Fund - Equities	32,781,587			32,781,587
Mutual Fund - Int'l Equities	17,377,365			17,377,365
Mutual Fund - Global Equities	16,002,334			16,002,334
Mutual Fund - Debt	22,368,613			22,368,613
Beneficial Interest Trusts	4,009,028	2,389,071		6,398,099
Contributions receivable			1,364,378	1,364,378
	<u>\$ 92,575,171</u>	<u>\$ 2,389,071</u>	<u>\$ 1,364,378</u>	<u>96,328,620</u>
Alternative Investments that calculate net asset value per share				<u>18,826,721</u>
				<u>\$ 115,155,341</u>

Assets measured at fair value on a recurring basis as of June 30, 2024 included the following:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
University				
U.S. Federal Agencies	\$ 2,990,164	\$ -	\$ -	\$ 2,990,164
U.S. Government Obligations	5,553,616			5,553,616
Corporate Bonds	14,627,498			14,627,498
Municipal Obligations	769,050			769,050
Mortgage Backed Securities	1,234,110			1,234,110
Mutual Fund - Debt	25,795,154			25,795,154
Foreign Bonds and Notes	448,890			448,890
	<u>\$ 51,418,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,418,482</u>
Foundation				
Equities	\$ 47,047	\$ -	\$ -	\$ 47,047
Mutual Fund - Equities	28,538,615			28,538,615
Mutual Fund - Int'l Equities	17,523,295			17,523,295
Mutual Fund - Global Equities	13,707,519			13,707,519
Mutual Fund - Debt	18,587,882			18,587,882
Beneficial Interest Trusts	3,808,519	2,098,669		5,907,188
Contributions receivable			229,889	229,889
	<u>\$ 82,212,877</u>	<u>\$ 2,098,669</u>	<u>\$ 229,889</u>	<u>84,541,435</u>
Alternative Investments that calculate net asset value per share				<u>21,397,748</u>
				<u>\$ 105,939,183</u>

Saginaw Valley State University
Notes to Financial Statements
(continued)

Note O - Fair Market Measurement
(continued)

U.S. Federal Agencies, U.S. Government Obligations, Corporate Bonds, Foreign Bonds and Notes, Municipal Obligations, Mortgage Backed Securities, Equities, Mutual Fund-Equities, Mutual Fund-International Equities, Mutual Fund-Global Equities, Mutual Fund-Debt and Beneficial Interest Trusts classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Beneficial Interest Trusts classified in Level 2 of the fair value hierarchy are valued based on the fair value of the investments adjusted for the annuity payment out, estimated earnings, and present value based on IRS mortality tables. Contributions receivable classified in Level 3 consist of contributions receivable balances discounted at the Foundation's borrowing rate each fiscal year end and adjusted for amounts not deemed collectible.

Note P - Expenditures by Natural Classification

The table below lists expenditures by natural classification by function for the fiscal year ending June 30, 2025:

Function	Salary & Wages	Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	Total
Instruction	\$ 31,682,635	\$ 10,841,960	\$ -	\$ 75,200	\$ 2,005,605	\$ -	\$ 44,605,400
Research	488,822	123,808		1,850	370,190		984,670
Public service	2,404,975	802,849		6,666	2,865,743		6,080,233
Academic support	7,233,341	2,432,510		92,800	5,071,729		14,830,380
Student services	5,318,470	2,089,258		65,425	4,080,430		11,553,583
Institutional support	9,153,405	3,353,347		55,374	4,524,428		17,086,554
Operations and maintenance of plant	5,129,058	2,350,453		2,341,951	4,303,129		14,124,591
Depreciation						17,830,314	17,830,314
Student aid	224,361		17,663,305		3,796		17,891,462
Auxiliary enterprises	6,149,156	1,878,279		1,044,412	9,624,500		18,696,347
Total	\$ 67,784,223	\$ 23,872,464	\$ 17,663,305	\$ 3,683,678	\$ 32,849,550	\$ 17,830,314	\$ 163,683,534

The table below lists expenditures by natural classification by function for the fiscal year ending June 30, 2024:

Function	Salary & Wages	Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	Total
Instruction	\$ 30,530,251	\$ 10,600,671	\$ -	\$ -	\$ 2,074,573	\$ -	\$ 43,205,495
Research	865,177	197,848			314,996		1,378,021
Public service	2,361,794	696,124			3,067,477		6,125,395
Academic support	6,727,826	2,247,240			3,999,707		12,974,773
Student services	5,117,011	1,992,018		19,944	3,951,034		11,080,007
Institutional support	7,777,759	2,855,475			4,862,293		15,495,527
Operations and maintenance of plant	4,385,165	2,138,452		2,342,085	1,109,561		9,975,263
Depreciation						17,055,758	17,055,758
Student aid	224,758		8,265,352		29,778		8,519,888
Auxiliary enterprises	6,227,471	1,877,559		1,066,895	8,587,374		17,759,299
Total	\$ 64,217,212	\$ 22,605,387	\$ 8,265,352	\$ 3,428,924	\$ 27,996,793	\$ 17,055,758	\$ 143,569,426