Audited Financial Statements

June 30, 2026

Saginaw Valley State University

Members of the Board of Control and Business Affairs Administration

As of June 30, 2026

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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.

Overview of the Financial Statements

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 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.

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 noncapital subsidies. 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.

Financial Summary

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

	2026	2025	2024
		(in thousands of dollars)	
Assets			
Current Assets	$101,756	$ 99,137	$113,646
Noncurrent Assets:			
Other	56,554	56,065	55,460
Capital	313,134	306,077	279,868
Total Assets	471,444	461,279	448,974
Deferred Outflows	2,298	2,540	2,782
Liabilities			
Current Liabilities	42,729	42,106	39,782
Noncurrent Liabilities	79,104	71,388	71,865
Total Liabilities	121,833	113,494	111,647
Deferred Inflows	4,321	906	1,414
Net Position			
Net Investment in Capital Assets	233,935	235,099	211,327
Restricted	15,122	12,511	12,215
Unrestricted	98,531	101,809	115,153
Total Net Position	$347,588	$349,419	$338,695

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

	2026	2025	2024
		(in thousands of dollars)	
Operating Revenues			
Student Tuition and Fees, net	$ 60,153	$ 60,173	$ 58,168
Federal Pell Grant Program	14,785	15,493	11,886
Federal Grants and Contracts	3,620	5,018	5,215
State and Local Grants and Contracts	1,078	1,801	2,291
Sales and Services of Educational Departments	4,337	5,200	4,856
Auxiliary Enterprises, net	26,420	24,600	18,188
Other Operating Revenues	4,434	4,267	4,249
Total Operating Revenues	114,827	116,552	104,853
Operating Expenses	167,752	163,683	143,569
Operating Loss	(52,925)	(47,131)	(38,716)
Noncapital Subsidies			
State Appropriations	35,415	34,731	33,997
Gifts	7,329	6,358	6,897
Total Noncapital Subsidies	42,744	41,089	40,894
Operating Loss and Noncapital Subsidies	(10,181)	(6,042)	2,178
Nonoperating Revenues (Expenses)			
Investment Income, net	3,924	6,650	7,359
Interest Expense	(2,392)	(2,723)	(2,544)
Other Nonoperating Revenue	202	365	301
Net Nonoperating Revenues	1,734	4,292	5,116
Income (Loss) Before Other Revenues	(8,447)	(1,750)	7,294
Other Revenues			
Capital Grants and Gifts	118	117	498
Capital Appropriations	6,498	12,357	
Total Other Revenues	6,616	12,474	498
Change in Net Position	(1,831)	10,724	7,792
Net Position - Beginning of Year	349,419	338,695	330,903
Net Position - End of Year	$347,588	$349,419	$338,695

The University reports expenses on a functional basis. Operating expenses were $167,752,632 in fiscal year 2026, an increase of 2.5% from the prior year. The following summarizes the University's operating expenses for the fiscal years ended June 30:

	2026	2025	2024
		(in thousands of dollars)	
Educational and General:			
Instruction	$ 44,592	$ 44,605	$ 43,205
Research	1,228	985	1,378
Public Service	4,819	6,080	6,125
Academic Support	14,227	14,830	12,975
Student Services	10,575	11,554	11,080
Institutional Support	20,101	17,087	15,496
Operations and Maintenance of Plant	15,326	14,125	9,975
Depreciation	18,868	17,830	17,056
Student Aid	16,465	17,891	8,520
Auxiliary Enterprises	21,551	18,696	17,759
Total Operating Expenses	$167,752	$163,683	$143,569

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

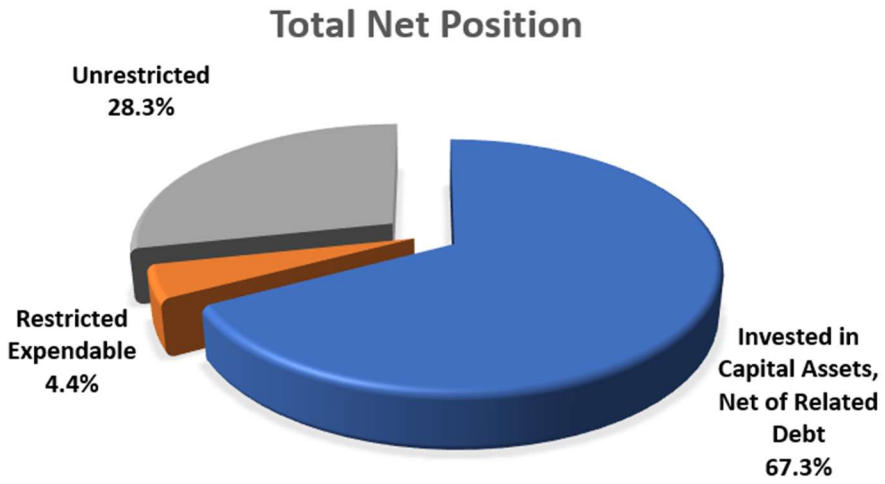
	2026	2025	2024
		(in thousands of dollars)	
Cash Provided (Used) By:			
Operating Activities	$(37,587)	$ (28,363)	$(21,504)
Noncapital Financing Activities	41,592	39,173	39,453
Capital Financing Activities	(4,356)	(37,664)	(25,864)
Investing Activities	2,853	3,920	43,944
Net Change	2,502	(22,934)	36,029
Cash and Cash Equivalents - Beginning of Year	63,141	86,075	50,046
Cash and Cash Equivalents - End of Year	$ 65,643	$ 63,141	$ 86,075

Detailed Analysis

Analysis of the University's Net Position

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, including 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, including funds that the Board of Control and management have designated for specific purposes.

A graphic illustration of the University's net position at June 30, 2026 by classification and restriction is as follows:



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

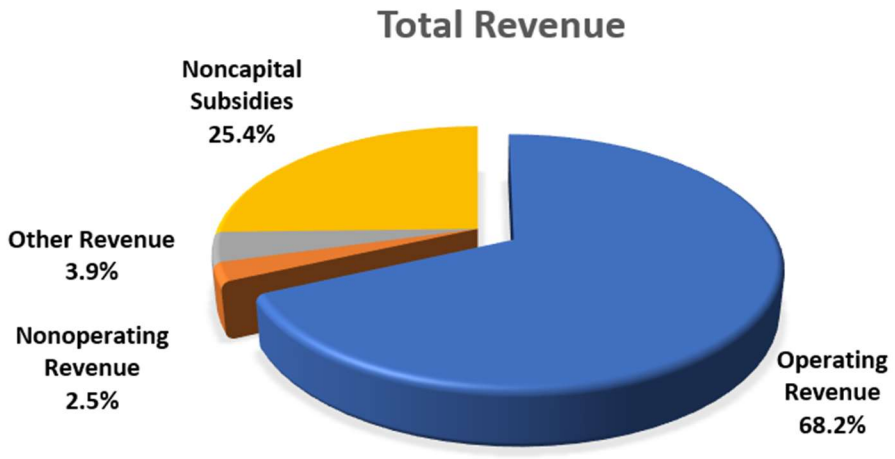
	2026	2025	2024
		(in thousands of dollars)	
Capital Projects, Debt Service, and Repair Reserve	$ 90,181	$ 90,853	$101,492
Designated for Departmental Use	8,350	10,956	13,464
Amount Obligated by Contractual Commitments			197
Total Unrestricted Net Position	$ 98,531	$101,809	$115,153

Analysis of the University's Changes in Net Position

The University experienced financial performance net position changes as indicated by the following:

- Decreased by 0.5% from June 30, 2025 to June 30, 2026
- Increased by 3.2% from June 30, 2024 to June 30, 2025
- Increased by 2.4% from June 30, 2023 to June 30, 2024
- In fiscal year 2026, operating revenue decreased 1.5% compared to fiscal year 2025. An increase in net auxiliary revenue was offset by decreases in grants and sales and services of educational departments with net tuition revenue remaining relatively consistent. Net auxiliary revenue increased due to a weighted average housing rate increase of 2.4% and 1.8% increase in occupancy. The decrease in sales and services of educational departments is due to discontinuing various program fees. The net tuition revenue consistency was driven by the strategic use of scholarships and grants to recruit, retain, and moderate the switch to block tuition. In fiscal year 2025, operating revenue increased 11.2% due to an increase in Federal Pell Grant Program, tuition, and auxiliary enterprises.
- The University implemented a block tuition model for undergraduate students starting in fall 2025. Students taking 12 to 18 credits per semester pay a flat tuition rate. Students are charged a per credit fee for credits below 12 and in excess of 18 during fall and winter terms. The model is designed to encourage more credit hours and resulted in an increase of 1.8% while headcount remained virtually unchanged from fiscal year 2025 to fiscal year 2026. The tuition rate change had no material impact on student tuition and fees.
- Applications changes for the prior three years:
    - Decreased by 12.5% from Fall 2024 to Fall 2025
    - Increased by 21% from Fall 2023 to Fall 2024
    - Increased by 5.2% from Fall 2022 to Fall 2023
- Headcount increased in Fall 2025 to 6,906 from Fall 2024 of 6,882.
- Credit hours increased to 182,734 in 2026 from 179,400 in 2025 and 179,218 in 2024.

A graphic illustration of each University revenue source for the fiscal year ended June 30, 2026 follows:



- Net nonoperating revenue decreased 59.6% in fiscal year 2026 related to net investment income. The decrease is due to relatively stable performance in the investment portfolio throughout the year and a decreased average balance in money market accounts.

- Other revenues fluctuated from $0.5 million in fiscal year 2024 to $12.5 million in fiscal year 2025 to $6.6 million in fiscal year 2026. The change is due to funding received from the State of Michigan for a capital project to renovate Brown Hall. The majority of the funds were spent in fiscal year 2025.

- Total operating expenses increased 2.5% in fiscal year 2026 compared to an increase of 14.0% in fiscal year 2025 and 2.6% in fiscal year 2024. The increase in operating expenses is due to strategic spending for deferred maintenance of facilities and the multi-year project to implement the Workday enterprise resource planning software, much of which is reflected in the Institutional Support category. The increase in fiscal year 2025 was also driven by an increase in scholarships and fellowships due to changes in student eligibility and overall funding for programs.

Significant Capital Asset and Long-term Financing Activity

The University Board of Control has reviewed a long-term capital development and related financing plan. Expenditures for capital projects approximated $34.7 million and $33.4 million during fiscal years 2026 and 2025, respectively, and were funded with debt issuance, capital gifts, and other available University resources.

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. Significant increases in capital assets included several building and equipment improvements for Ryder Center, parking expansion for housing units and network upgrades. Significant increases in construction in progress included several projects for renovation or construction of housing units.

Notes and bonds payable, which include unamortized bond premiums, totaled $71.7 million at June 30, 2026. Notes and bonds payable represent 58.8% of the University's total liabilities.

The University issued General Revenue and Refunding Bonds, Series 2026A in the amount of $43.7 million in June 2026. A portion of the proceeds of the bond was used to refund a portion of the General Revenue and Refunding Bonds, Series 2016A. The remaining proceeds of $18 million will be used together with other available resources to complete the construction of new housing units. Unexpended bond proceeds were approximately $6.5 million at June 30, 2026.

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

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 $862,868 from the Foundation for the management of endowments during fiscal year 2026. The University received endowment distributions and unrestricted and restricted gifts of $6,179,719 from the Foundation in fiscal 2026 and recognized $1,833,988 of previously deferred gifts.

As of June 30, 2026, the Foundation had 367 endowments, of which eight were below their gift value. At June 30, 2025, the Foundation had 368 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 as of March 31.

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

	2026	2025	2024
		(in thousands of dollars)	
Without donor restrictions	$ 14,890	$ 13,314	$ 12,179
With donor restrictions	122,305	111,078	99,282
	$137,195	$124,392	$111,461

Currently Known Facts, Decisions, or Conditions

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 the following factors that may have an impact on the University's financial position:

- State appropriations for fiscal year 2027 will essentially remain at the fiscal year 2026 levels.
- Tuition rates for resident undergraduates will increase approximately 4.4% for fiscal year 2027.
- The University has entered a partnership with St. Clair County Community College to expand higher education access to residents throughout the Thumb and Southeast Michigan.
- The University is in the development phase of constructing the Greater Michigan Health Professions School as part of the Medical Diamond project in the City of Saginaw.
- The University maintains collective bargaining agreements with three union groups including faculty, support staff, and University police. The faculty contract was continued on June 30, 2026 and is awaiting a new contract to be negotiated. The support staff contract expires on June 30, 2027.

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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, 2026 and 2025 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, 2026 and 2025, 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 Standard*s 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 September 17, 2026, 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
September 17, 2026

Saginaw Valley State University
Statements of Net Position

	June 30, 2026	June 30, 2025
Assets		
Current Assets		
Cash and cash equivalents	$ 65,208,071	$ 61,784,444
Accounts receivable, net	5,065,128	11,396,200
State appropriations receivable - operations	6,439,086	6,314,794
State appropriations receivable - charter schools	20,396,869	18,281,353
Inventories and prepaid expenses	4,646,584	1,360,643
Total current assets	101,755,738	99,137,434
Noncurrent Assets		
Restricted cash and cash equivalents	435,412	1,357,001
Accounts receivable, net	899,712	560,438
Other long-term investments	55,219,342	54,147,912
Capital assets, net	313,133,607	306,076,657
Total noncurrent assets	369,688,073	362,142,008
Total assets	471,443,811	461,279,442
Deferred Outflows		
Refunding of debt	2,298,356	2,540,005
Total deferred outflows	2,298,356	2,540,005
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	10,003,818	11,473,337
Unearned revenues	4,971,756	4,359,761
Charter schools payable and deposits	20,144,733	17,674,252
Long-term liabilities - current portion	7,608,991	8,599,234
Total current liabilities	42,729,298	42,106,584
Noncurrent Liabilities		
Unearned revenues	337,828	1,774,281
Long-term liabilities, net of current portion	78,766,226	69,613,610
Total noncurrent liabilities	79,104,054	71,387,891
Total liabilities	121,833,352	113,494,475
Deferred Inflows		
Deferred inflow of resources	4,320,647	905,865
Total deferred inflows	4,320,647	905,865
Net Position		
Net investment in capital assets	233,934,891	235,099,544
Restricted	15,122,575	12,510,618
Unrestricted	98,530,702	101,808,945
Total net position	$ 347,588,168	$ 349,419,107

See notes to financial statements

Saginaw Valley State University Foundation
Statements of Financial Position

	June 30, 2026	June 30, 2025
Assets		
Cash and cash equivalents	$ 8,869,643	$ 9,197,219
Accounts receivable, net	226,831	1,082,177
Contributions receivable, net	1,749,363	1,364,378
Investments	119,077,380	107,392,864
Cash value of life insurance	24,055	12,127
Beneficial interest trusts	7,437,584	6,398,099
Total assets	$ 137,384,856	$ 125,446,864
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 134,286	$ 997,753
Charitable gift annuities payable	55,580	57,022
Total liabilities	189,866	1,054,775
Net assets		
Without donor restrictions	14,890,249	13,313,944
With donor restrictions	122,304,741	111,078,145
Total net assets	137,194,990	124,392,089
Total liabilities and net assets	$ 137,384,856	$ 125,446,864

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

	For the years ended June 30, 2026	2025
Revenues		
Operating revenues		
Student tuition and fees	$ 98,078,964	$ 92,808,768
Less: Scholarship allowances	(37,925,577)	(32,635,889)
	60,153,387	60,172,879
Federal Pell Grant Program	14,784,588	15,492,628
Federal grants and contracts	3,620,269	5,018,723
State and local grants and contracts	1,078,214	1,800,908
Sales and services of educational departments	4,336,586	5,199,902
Auxiliary enterprises	29,785,892	27,735,372
Less: Scholarship allowances	(3,366,124)	(3,135,520)
	26,419,768	24,599,852
Other operating revenues	4,433,532	4,267,377
Total operating revenues	114,826,344	116,552,269
Expenses		
Operating expenses		
Educational and general		
Instruction	44,592,393	44,605,400
Research	1,228,316	984,670
Public service	4,819,664	6,080,233
Academic support	14,227,409	14,830,380
Student services	10,574,820	11,553,583
Institutional support	20,100,928	17,086,554
Operations and maintenance of plant	15,325,843	14,124,591
Depreciation and amortization	18,867,766	17,830,314
Student aid	16,464,620	17,891,462
Auxiliary enterprises	21,550,873	18,696,347
Total operating expenses	167,752,632	163,683,534
Operating loss	(52,926,288)	(47,131,265)
Noncapital Subsidies		
State appropriations	35,415,000	34,731,400
Gifts	7,329,556	6,358,184
Total noncapital subsidies	42,744,556	41,089,584
Operating loss and noncapital subsidies	(10,181,732)	(6,041,681)
Nonoperating Revenues (Expenses)		
Investment income, net	3,924,318	6,649,559
Interest expense	(2,391,995)	(2,723,072)
Other nonoperating revenue	201,978	365,524
Net nonoperating revenues	1,734,301	4,292,011
Loss before other revenues	(8,447,431)	(1,749,670)
Capital gifts	118,195	116,692
Capital appropriations	6,498,297	12,356,866
Total capital items	6,616,492	12,473,558
Change in net position	(1,830,939)	10,723,888
Net position - beginning of year	349,419,107	338,695,219
Net position - end of year	$ 347,588,168	$ 349,419,107

See notes to financial statements

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

	For the year ended June 30, 2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Gifts and contributions	$ 84,885	$ 3,259,391	$ 3,344,276
Change in beneficial interest trusts		1,039,485	1,039,485
Change in cash value of life insurance		11,928	11,928
Investment income, net	1,780,287	13,679,376	15,459,663
Net assets released from restrictions	6,763,584	(6,763,584)	-
Total revenue, gains, and other support	8,628,756	11,226,596	19,855,352
Expenses			
Program expenses:			
Disbursements to Saginaw Valley State University	6,179,719		6,179,719
Disbursements to student organizations	500		500
Supporting service expenses:			
Charitable gift annuity payments	2,622		2,622
Taxes and tax service	4,200		4,200
Fundraising	146,688		146,688
Management and general	718,722		718,722
Total expenses	7,052,451	-	7,052,451
Change in net assets	1,576,305	11,226,596	12,802,901
Net assets - beginning of year	13,313,944	111,078,145	124,392,089
Net assets - end of year	$ 14,890,249	$ 122,304,741	$ 137,194,990

	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

See notes to financial statements

Saginaw Valley State University
Statements of Cash Flow

	For the years ended June 30, 2026	2025
Cash Flows from Operating Activities		
Student tuition and fees	$ 59,748,351	$ 60,482,330
Grants and contracts	3,891,994	6,891,499
Payments to suppliers	(40,078,850)	(30,308,638)
Payments for utilities	(4,091,097)	(3,483,950)
Payments to employees	(69,459,008)	(67,483,063)
Payments for benefits	(23,358,589)	(23,727,428)
Payments for scholarships and fellowships	(16,220,002)	(17,663,305)
Auxiliary enterprises charges	29,596,012	24,097,991
Sales and services	2,970,394	3,211,065
Federal Pell Grant Program	14,979,775	15,352,919
Receipts for Charter Schools	111,485,227	96,977,792
Payments to Charter Schools	(111,485,227)	(96,977,792)
Other receipts	4,433,533	4,267,378
Net cash from operating activities	(37,587,487)	(28,363,202)
Cash Flows from Noncapital Financing Activities		
State appropriations	35,290,708	34,579,238
Federal Direct Lending receipts	26,808,890	28,372,791
Federal Direct Lending disbursements	(26,808,890)	(28,372,791)
Gifts	6,301,969	4,594,315
Net cash from noncapital financing activities	41,592,677	39,173,553
Cash Flows from Capital Financing Activities		
Proceeds from capital debt	43,680,000	
Proceeds from capital debt premium	2,945,936	
Capital appropriations	12,612,669	6,242,494
Capital grants and gifts received	118,195	116,692
Principal paid on capital debt, leases and subscriptions	(36,496,163)	(9,005,335)
Interest paid on capital debt and related costs, leases and subscriptions	(2,744,214)	(3,042,095)
Purchase of capital assets, net of disposals	(24,672,759)	(32,333,115)
Other receipts - leases	200,296	356,701
Net cash from capital financing activities	(4,356,040)	(37,664,658)
Cash Flows from Investing Activities		
Investment income, net	3,924,318	6,649,559
Maturities (purchases) of investments, net	(1,071,430)	(2,729,430)
Net cash from investing activities	2,852,888	3,920,129
Net change in cash and cash equivalents	2,502,038	(22,934,178)
Cash and cash equivalents - beginning of year	63,141,445	86,075,623
Cash and cash equivalents - end of year	$ 65,643,483	$ 63,141,445
Noncash information		
Assets capitalized from subscription-based IT arrangements and leases	$ 1,447,333	$ 14,095,680

See notes to financial statements

Saginaw Valley State University
Statements of Cash Flow - Continued

	For the years ended June 30, 2026	2025
Summary of Cash and cash equivalents		
Cash and cash equivalents	$ 65,208,071	$ 61,784,444
Restricted cash and cash equivalents	435,412	1,357,001
	$ 65,643,483	$ 63,141,445
Reconciliation of operating loss to net cash from operating activities		
Operating loss	$ (52,926,288)	$ (47,131,265)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	18,867,766	17,830,314
Changes in assets and liabilities:		
Accounts receivable, net	(1,773,899)	(1,879,901)
Inventories and prepaid expenses	(3,285,941)	1,347,103
Accounts payable and accrued liabilities	(1,274,141)	1,779,261
Unearned revenues	97,131	(489,900)
Charter schools payable and deposits	2,470,481	120,714
Compensated absences	237,404	60,472
Net cash from operating activities	$ (37,587,487)	$ (28,363,202)

See notes to financial statements

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.

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:

Classification	Life
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.

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 $3,303,752 and lease transactions in the amount of $1,016,895 as of June 30, 2026. 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.

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 noncapital subsidies include State appropriations, Federal Pell Grant Program, and gifts. The University's nonoperating revenues include 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.

Note A - Significant Accounting Policies (continued)

Adoption of New Standards

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, with the objective to improve key components of the financial reporting model. The improvements are designed to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and to address certain application issues identified by GASB. GASB 103 establishes new accounting and reporting requirements or modifies existing requirements related to Management's Discussion and Analysis (MD&A), unusual or infrequent items, and presentation of the Statements of Revenues, Expenses, and Change in Net Position. The adoption of this guidance by the University required certain items to be shown as noncapital subsidies rather than nonoperating revenue and Federal Pell Grant Program revenue was reclassified from nonoperating revenue to operating revenue. There was no impact on the beginning net position.

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, 2026 or 2025.

Credit Risk

The University's investment policy requires that investments 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.

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

Credit Risk (continued)

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.

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:

Rating	% of Pool
AA+	33
AA	2
AA-	2
A+	5
A	23
A-	28
BBB+	7

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, 2026:

		Investment Maturities (in Years)	
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**
Short-term Pool:			
Deposits:			
PNC Bank	$ 63,685,354	$ 63,685,354	$ -
Investments:			
U.S. Government Money Market	1,913,651	1,913,651	
Total short-term pool	65,599,005	65,599,005	-
Intermediate-term Pool:			
Investments:			
U.S. Federal Agencies	5,974,827	1,640,941	4,333,886
U.S. Government Obligations	10,996,571	2,404,440	8,592,131
Corporate Bonds	36,587,530	7,551,137	29,036,393
Municipal Obligations	375,525	375,525	
Mortgage Backed Securities	1,284,889	596,586	688,303
Total intermediate-term pool	55,219,342	12,568,629	42,650,713
Less Investments reported as "Cash and Cash Equivalents" on Statements of Net Position	(65,599,005)	(65,599,005)	
Total Investments	$ 55,219,342	$ 12,568,629	$ 42,650,713
As reported on the Statements of Net Position			
Noncurrent Investments	$ 55,219,342	$ 12,568,629	$ 42,650,713
Total Investments	$ 55,219,342	$ 12,568,629	$ 42,650,713
Investments Reported as Cash and Cash Equivalents	$ 65,599,005	$ 65,599,005	$ -
Cash	44,478	44,478	
Total Cash and Cash Equivalents	$ 65,643,483	$ 65,643,483	$ -

Cash and cash equivalents included approximately $6,452,000 of unexpended General Revenue and Refunding Bonds, Series 2026A proceeds.

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, 2025:

Investment Type	Fair Value	Investment Maturities (in Years) Less Than 1	1 - 5
Short-term Pool:			
Deposits:			
PNC Bank	$ 61,150,236	$ 61,150,236	$ -
Investments:			
U.S. Government Money Market	1,945,820	1,945,820	
Total short-term pool	63,096,056	63,096,056	-
Intermediate-term Pool:			
Investments:			
U.S. Federal Agencies	5,323,795	1,037,119	4,286,676
U.S. Government Obligations	11,061,181	3,214,724	7,846,457
Corporate Bonds	36,303,495	5,425,772	30,877,723
Municipal Obligations	186,835	186,835	
Mortgage Backed Securities	1,272,606		1,272,606
Total intermediate-term pool	54,147,912	9,864,450	44,283,462
Less Investments reported as "Cash and Cash Equivalents" on Statements of Net Position	(63,096,056)	(63,096,056)	
Total Investments	$ 54,147,912	$ 9,864,450	$ 44,283,462
As reported on the Statements of Net Position			
Noncurrent Investments	$ 54,147,912	$ 9,864,450	$ 44,283,462
Total Investments	$ 54,147,912	$ 9,864,450	$ 44,283,462
Investments Reported as Cash and Cash Equivalents	$ 63,096,056	$ 63,096,056	$ -
Cash	45,389	45,389	
Total Cash and Cash Equivalents	$ 63,141,445	$ 63,141,445	$ -

The yield on all University deposits and investments was 3.38% for 2026 and 4.92% for 2025.

Foreign Currency Risk

The University had no foreign investments as of June 30, 2026 or 2025.

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, 2026, were $66,253,775. Of that balance, $66,003,775 was uninsured and uncollateralized. 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.

Investments: The University has engaged PNC Bank to serve as custodian for the short-term and intermediate-term pools. 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, 2026 or 2025.

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:

	Minimum	Maximum
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%

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	
	2026	2025
Equities	$ 103,553	$ 36,244
Mutual Fund - Equities	37,608,648	32,781,587
Mutual Fund - International Equities	18,494,642	17,377,365
Mutual Fund - Global Equities	17,403,026	16,002,334
Mutual Fund - Debt	24,751,222	22,368,613
Alternative Investments	20,716,289	18,826,721
Cash and Cash Equivalents	3,242,913	5,829,318
	122,320,293	113,222,182
Less Investments included in "Cash and Cash Equivalents" on Statements of Financial Position	(3,242,913)	(5,829,318)
Total Investments	$ 119,077,380	$ 107,392,864

As of June 30, 2026, the Foundation's remaining capital commitment for alternative investments was $4,607,491.

Investments in mutual fund – debt have the following quality of investments at June 30, 2026:

- Dodge & Cox Income Fund: 59.9% AAA; 7.3% AA; 9.9% A; 18.5% BBB; 3.6% BB; 0.8% B
- Vanguard Total Bond Market Index Adm: 3.1% AAA; 72.6% AA; 12.0% A; 12.3% BBB
- Diamond Hill Short Duration Bond I: 21.0% AAA; 27.5% AA; 17.1% A; 15.7% BBB; 5.7% BB; 2.9% B; 0.2% Below B; 9.9% Not Rated
- Vanguard Short-Term Investment Grade Adm: 2.3% AAA; 13.8% AA; 34.3% A; 46.8% BBB; 2.1% BB; 0.7% B

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, 2026 or 2025.

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.

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:

	2026	2025
Current accounts receivable, net		
Tuition and fees	$ 3,434,237	$ 2,309,777
Auxiliary enterprises	953,898	1,066,484
Contracts and grants	2,376,834	7,960,215
Sales and services	227,237	1,024,393
Agency accounts	1,123,201	1,539,150
Leases	186,741	167,821
Less: Allowance for uncollectible accounts	(3,237,020)	(2,671,640)
Total current accounts receivable, net	5,065,128	11,396,200
Noncurrent accounts receivable, net		
Leases	899,712	560,438
Total noncurrent accounts receivable, net	899,712	560,438
Total accounts receivable, net	$ 5,964,840	$ 11,956,638

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 $6,439,086 at June 30, 2026 and $6,314,794 at June 30, 2025. Charter school appropriations receivable were recorded at June 30, 2026 of $20,396,869 and at June 30, 2025 of $18,281,353. 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:

	2026	2025
Contributions receivable	$2,288,625	$1,559,586
Less: allowance for uncollectible pledges	(145,934)	(158,223)
Less: discount to reflect promise to give at fair value	(393,328)	(36,985)
	1,749,363	1,364,378
Other	226,831	1,082,177
Total receivables	$1,976,194	$2,446,555

As of June 30, 2026, approximately 91% of the Foundation's pledges receivable were from six donors and at June 30, 2025, approximately 96% of the Foundation's pledges receivable were from seven donors.

Note E - Capital Assets

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

Asset Classification	Balance at June 30, 2025	Additions	Retirements and Reclassifications	Balance at June 30, 2026
Land	$ 1,844,328	$ -	$ -	$ 1,844,328
Land improvements and infrastructure	36,451,805	938,353		37,390,158
Buildings	433,002,731	2,317,009	23,980	435,343,720
Equipment	17,121,254	3,812,351	15,930	20,949,535
Library acquisitions	3,894,099			3,894,099
Construction in progress	29,276,632	27,609,283	(10,239,523)	46,646,392
Works of fine art	607,085			607,085
Leases	403,379			403,379
Subscription	16,819,531	1,447,333	(1,573,742)	16,693,122
Accumulated depreciation and amortization:				
Land improvements and infrastructure	(25,675,121)	(1,748,446)		(27,423,567)
Buildings	(192,431,266)	(11,270,731)		(203,701,997)
Equipment	(9,838,919)	(2,275,398)		(12,114,317)
Library acquisitions	(2,465,301)	(381,926)		(2,847,227)
Leases	(190,545)	(80,676)		(271,221)
Subscription	(2,743,035)	(3,110,589)	1,573,742	(4,279,882)
Total depreciation expense		(18,867,766)		
Total capital assets, net	$ 306,076,657	$ 17,256,563	$ (10,199,613)	$ 313,133,607

Note F - Leases and Subscriptions

As of June 30, 2026, 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
2027	$ 40,641	$ 3,524	$ 2,011,147	$ 445,495
2028	37,621	2,429	1,670,891	361,429
2029	39,781	1,271	1,432,592	288,481
2030	20,598	181	1,177,437	222,942
2031			1,079,354	167,829
Total five years	138,641	7,405	7,371,421	1,486,176
2032-2033			2,388,179	175,299
Total	$ 138,641	$ 7,405	$ 9,759,600	$ 1,661,475

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:

	2026	2025
Building	$183,562	$183,562
Equipment	219,817	219,817
Total lease right-to-use assets	$403,379	$403,379

The University paid variable lease payments not previously included in the measurement of the related lease liabilities in the approximate amounts of $71,400 during the year ended June 30, 2026 and $160,600 during the year ended June 30, 2025.

Lessor Arrangements

The University leases office space and buildings to external parties. The University recognized revenues related to lease agreements in the amount of $201,978 for the year ended June 30, 2026 and $351,438 for the year ended June 30, 2025.

The net deferred amount on lease transactions is reported on the Statements of Net Position as a deferred inflow at June 30, 2026 in the amount of $1,016,895 and as of June 30, 2025 was $660,383.

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:

	2026	2025
Compensation and benefits	$ 2,972,913	$ 2,825,042
Supplies and construction related expenditures	7,030,905	8,648,295
Total accounts payable and accrued liabilities	$10,003,818	$11,473,337

Note H - Notes and Bonds Payable

The University issued General Revenue and Refunding Bonds, Series 2026A in the amount of $43,680,000 in June 2026. The bonds were issued at a premium of $2,945,936 and incurred $451,452 in issuance and closing costs. 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 2016A. The refunding will result in an economic gain of $5,727,000. The refunding resulted in a deferred amount on refunding of $3,107,367. The deferred amount on refunding is being amortized over the remaining life of the old bonds and is reported as a deferred inflow. The remaining proceeds of $18,000,000 will be used together with other available resources, to construct new student housing facilities.

Note H - Notes and Bonds Payable (continued)

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.

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 Series 2016A bonds were partially refunded with the Series 2026A bonds previously discussed.

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:

	Interest Rates	Maturity	2026	2025
General Revenue & Refunding Bonds, Series 2026A	5.00% to 5.25%	2027-2056	$43,680,000	$ -
General Revenue & Refunding Bonds, Series 2020A	2.167%	2027-2030	5,505,000	7,520,000
General Revenue & Refunding Bonds, Series 2016A	3.25% to 3.50%	2034-2038	9,245,000	39,685,000
General Revenue & Refunding Bonds, Series 2015A	2.79%	2027-2035	4,320,000	5,140,000
General Revenue & Refunding Bonds, Series 2013A	3.25% to 5.00%	2027-2034	3,465,000	3,975,000
Unamortized premiums			5,468,258	6,174,460
Total			$71,683,258	$62,494,460

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:

	All Other Debt		Direct Placement Debt		
	Principal	Interest	Principal	Interest	Total
Fiscal Year					
2027	$ 2,340,000	$ 2,472,446	$ 2,900,000	$ 239,821	$ 7,952,267
2028	2,750,000	2,235,375	2,600,000	171,715	7,757,090
2029	4,000,000	2,097,875	1,550,000	112,258	7,760,133
2030	4,785,000	1,897,875	1,005,000	73,187	7,761,062
2031	5,710,000	1,665,438	335,000	49,384	7,759,822
Total five years	19,585,000	10,369,009	8,390,000	646,365	38,990,374
2032-2036	14,865,000	6,526,562	1,435,000	101,280	22,927,842
2037-2041	9,190,000	4,160,075			13,350,075
2042-2046	3,215,000	3,026,363			6,241,363
2047-2051	4,165,000	2,087,927			6,252,927
2052-2056	5,370,000	874,652			6,244,652
Total	56,390,000	$27,044,588	$ 9,825,000	$ 747,645	$ 94,007,233
Unamortized premium	5,468,258				
	$61,858,258				
Current portion of unamortized premium	$ 217,203				

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, 2026 in the amount of $2,298,356. The deferred outflow for Series 2016A, 2015A and Series 2013A at June 30, 2025 was $2,540,005. The net deferred amount on refunding from the Series 2026A and Series 2020A bonds is reported on the Statements of Net Position as a deferred inflow at June 30, 2026 in the amount of $3,303,752 and as of June 30, 2025 was $245,482.

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, 2026 or 2025. 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, 2025	Additions	Reductions	Balance at June 30, 2026	Current Portion
Notes and bonds payable:					
General revenue bonds	$ 56,320,000	$43,680,000	$33,785,000	$ 66,215,000	$5,240,000
Unamortized premiums	6,174,460	2,945,936	3,652,138	5,468,258	217,203
Total notes and bonds payable	62,494,460	46,625,936	37,437,138	71,683,258	5,457,203
Other long-term liabilities:					
Compensated absences	4,556,314	237,404		4,793,718	100,000
Leases and subscriptions	11,162,070	1,447,333	2,711,162	9,898,241	2,051,788
Total long-term liabilities	$ 78,212,844	$48,310,673	$40,148,300	$ 86,375,217	$7,608,991

As of June 30, 2026 and 2025, employees had earned but not taken annual compensatory time, personal, and vacation leave of approximately $3,969,000, and $3,727,000, respectively. The University had a commitment for accumulated sick leave of approximately $825,000 as of June 30, 2026 and $829,000 as of June 30, 2025. 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:

	2026	2025
Capital projects, debt service, and repair reserves	$ 90,180,753	$ 90,852,591
Designated for departmental use	8,349,949	10,956,354
Total unrestricted net position	$ 98,530,702	$ 101,808,945

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, 2026, the University has recorded a liability of approximately $392,000 which includes approximately $261,000 of incurred but not reported claims, and $131,000 for claims invoiced but not paid as of June 30, 2026.

The costs to complete significant construction in progress at June 30, 2026 approximates $24,277,000. The amount of funding required to complete construction in progress will come from debt proceeds and 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.

Note K - Commitments and Contingencies (continued)

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.

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 $862,868 for the management of endowments during fiscal 2026 and $932,399 during fiscal 2025. The University also received $6,179,719 from the Foundation during fiscal 2026 and recognized $1,321,589 of previously deferred gifts. The University received $4,650,019 and recognized $1,833,988 of previously deferred gifts during fiscal 2025. 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, 2026, of the Foundation's 367 endowments, eight were below their gift value. Of the Foundation's 368 endowments at June 30, 2025, none were below their gift value. However, there were endowments that did not distribute during fiscal 2026 and 2025 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, 2026 and 2025 approximated $7,091,000 and $7,116,000 respectively, with annual covered payroll for participants of the plan approximating $59,088,000 in 2026 and $59,303,000 in 2025. The University has no liability for past service or post-employment benefit costs.

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. 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, 2026 and 2025 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, 2026 and 2025, there were no transfers between levels of the fair value hierarchy.

Note O - Fair Market Measurement (continued)

Assets measured at fair value on a recurring basis as of June 30, 2026 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, 2026
University				
U.S. Federal Agencies	$ 5,974,827	$ -	$ -	$ 5,974,827
U.S. Government Obligations	10,996,571			10,996,571
Corporate Bonds	36,587,530			36,587,530
Municipal Obligations	375,525			375,525
Mortgage Backed Securities	1,284,889			1,284,889
	$ 55,219,342	$ -	$ -	$ 55,219,342
Foundation				
Equities	$ 103,553	$ -	$ -	$ 103,553
Mutual Fund - Equities	37,608,648			37,608,648
Mutual Fund - International Equities	18,494,642			18,494,642
Mutual Fund - Global Equities	17,403,026			17,403,026
Mutual Fund - Debt	24,751,222			24,751,222
Beneficial Interest Trusts	4,443,994	2,993,590		7,437,584
Contributions receivable			1,749,363	1,749,363
	$ 102,805,085	$ 2,993,590	$ 1,749,363	107,548,038
Alternative Investments that calculate net asset value per share				20,716,289
				$ 128,264,327

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
	$ 54,147,912	$ -	$ -	$ 54,147,912
Foundation				
Equities	$ 36,248	$ -	$ -	$ 36,248
Mutual Fund - Equities	32,781,587			32,781,587
Mutual Fund - International 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
	$ 92,575,175	$ 2,389,071	$ 1,364,378	96,328,624
Alternative Investments that calculate net asset value per share				18,826,721
				$ 115,155,345

Note O - Fair Market Measurement (continued)

U.S. Federal Agencies, U.S. Government Obligations, Corporate Bonds, 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, 2026:

Function	Salary & Wages	Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	Total
Instruction	$ 31,942,136	$ 10,638,004	$ -	$ 20	$ 2,012,233	$ -	$ 44,592,393
Research	652,600	180,760			394,956		1,228,316
Public service	2,130,319	694,758		110	1,994,477		4,819,664
Academic support	7,140,798	2,310,783		89,203	4,686,625		14,227,409
Student services	5,617,566	2,064,950		26,941	2,865,363		10,574,820
Institutional support	9,633,101	3,276,484			7,191,343		20,100,928
Operations and maintenance of plant	5,435,556	2,313,179		2,782,531	4,794,577		15,325,843
Depreciation						18,867,766	18,867,766
Student aid	228,034		16,220,002		16,584		16,464,620
Auxiliary enterprises	6,848,315	2,095,529		1,192,292	11,414,737		21,550,873
Total	$ 69,628,425	$ 23,574,447	$ 16,220,002	$ 4,091,097	$ 35,370,895	$ 18,867,766	$ 167,752,632

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