

A photograph of a classroom setting. In the foreground, a young man with short dark hair and a beard, wearing a grey hoodie over a blue t-shirt, is looking intently at a laptop screen. He is sitting at a desk. To his left, a woman with long brown hair is partially visible, wearing a teal shirt. To his right, a woman with long blonde hair and glasses is also looking towards the laptop. In the background, other students are visible, some looking at their own laptops. The overall atmosphere is one of focused learning.

NORTHERN MICHIGAN UNIVERSITY

ANNUAL REPORT

2012-2013

Northern



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“We need to rethink how things are done in order to increase recruitment, retention and revenue, and deliver the best possible student experience and the highest levels of academic excellence. We must renew commitments to each other, students and their families and the community to position NMU graduates to be exemplary global citizens and outstanding leaders. And we must reconnect with alumni, friends and benefactors to help them understand how they help to move NMU's mission forward for everyone's benefit.” —NMU President David Haynes

NMU AT A GLANCE



The University

Established 1899

Public university

360-acre campus

David Haynes, 14th president

Employees: 1,133

180 degree options -

diplomas through master's

Second most affordable tuition
in Michigan (since 2000)

Average financial aid package: \$11,171 -
from all sources
(grants, scholarships, loans)

Students receiving financial aid: 85%

13 intercollegiate teams

U.S. Olympic training site on campus



Our Students

Enrollment: 9,100

Graduate students: 700

Out-of-state students: 19%

Male/Female: 47%/53%

Minorities: 8%

International: 1%

GPA incoming freshmen: 3.13

ACT average: 22.5

Admittance rate: 67.8%

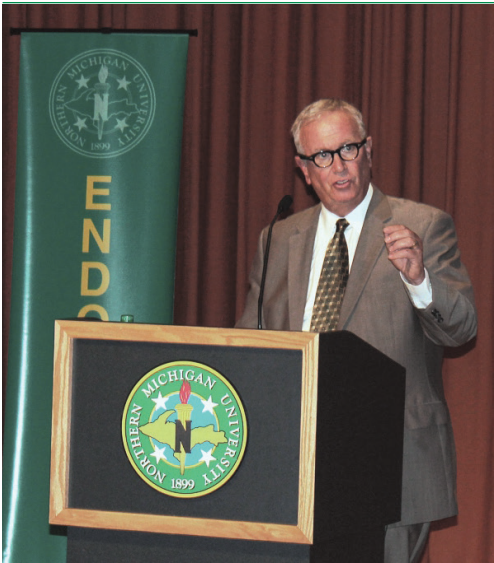
Most popular majors (in order):

- art and design
- nursing
- criminal justice
- elementary education
- construction management

65,000+ alumni

Rethink
Renew
Reconnect

PRESIDENT'S OUTLOOK



Dear Friends,

I have had the honor to serve as Northern Michigan University's president for the past year—the first alumnus president in university history. I am incredibly proud of this institution, which I believe provides a world-class education and learning experience at an amazingly affordable price. Northern continues to be ranked as one of the best universities in the Midwest. Simply put, NMU is a smart investment for students and their parents.

But it would be unwise for our university community to rest on our past and current laurels. In today's ever-changing and complex global marketplace, we must prepare students to take leadership positions in their careers and communities. With that in mind, during 2012-13, I challenged the NMU campus community to "rethink, renew, reconnect," especially in four areas: attaining excellence, enhancing the student experience, growing our enrollment and growing our endowment. In this annual report you will see a wide variety of examples of our work and

accomplishments of the past year regarding what on campus is now called "the 4 E's."

As part of the "rethink, renew, reconnect" effort, the university examined its organizational structure, academic programs and liberal studies programs, and policies and procedures. We also refocused our recruitment and retention efforts to address new possibilities related to growing enrollment. For instance, through our intensified retention work we were able to increase the return rate of a group of at-risk freshmen by 7.4 percent. In recruiting, we put new emphasis on growing veteran, international and graduate studies student numbers. The responses to the many changes of the past year have been extremely positive and we expect to see measurable changes more fully realized in 2013-14 as a result.

Looking ahead to the upcoming year, we are preparing to celebrate two major events: the completion of construction on our new academic building (see photo below) and the completion of The Campaign for Northern Michigan University. Our new Jamrich Hall is scheduled to be operational for the start of the fall 2014 semester. When done, it will replace the current Jamrich Hall, where more than 40 percent of all Northern classes are held. In our capital campaign, the NMU Foundation has raised more than 90 percent of the \$25 million goal. The new initiatives coming out of this campaign demonstrate Northern's creativity, innovative attitude and nationally recognized scholarly and community service endeavors.

I invite anyone interested in learning more about Northern Michigan University to visit our campus, explore our website, sign up for our Community Connection electronic newsletter (send request to NMUPres@nmu.edu) or follow my posts on Twitter at www.twitter.com/davidshaynes.

Thank you for your continued support of NMU.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. S. Haynes'.

David S. Haynes
Northern Michigan University President



Michigan universities' performance metrics

Top 20 percent of national peer universities

- ▶ Total degree completions

Above national median of peer schools

- ▶ Six year graduation rate
- ▶ Institutional support as percentage of core expenditures

The above two measures also show improvement over three years.

Source: Michigan House and Senate Fiscal Agencies

Recent recognition for quality

- Northern's teacher education program is ranked second highest in Michigan by Department of Education scores.
- Our online graduate programs in education are ranked by *U.S. News and World Report* as among the top 50 in the nation.
- Master's programs in nursing are ranked among the top 20 percent in the nation by *U.S. News and World Report*.
- The College of Business is one of only 5 percent of schools in the world to earn accreditation from the AACSB and successfully attained maintenance of accreditation in April 2013.

Training for Michigan's most in-demand jobs



NMU has programs to train students for

43 of the 50 fastest growing occupations in the state. And for **9 of the top 10 jobs** with the highest projected annual job openings:

Registered Nurses

Computer Service Representatives

Accountants and Auditors

Elementary School Teachers

Licensed Practical and Licensed Vocational Nurses

Industrial Engineers

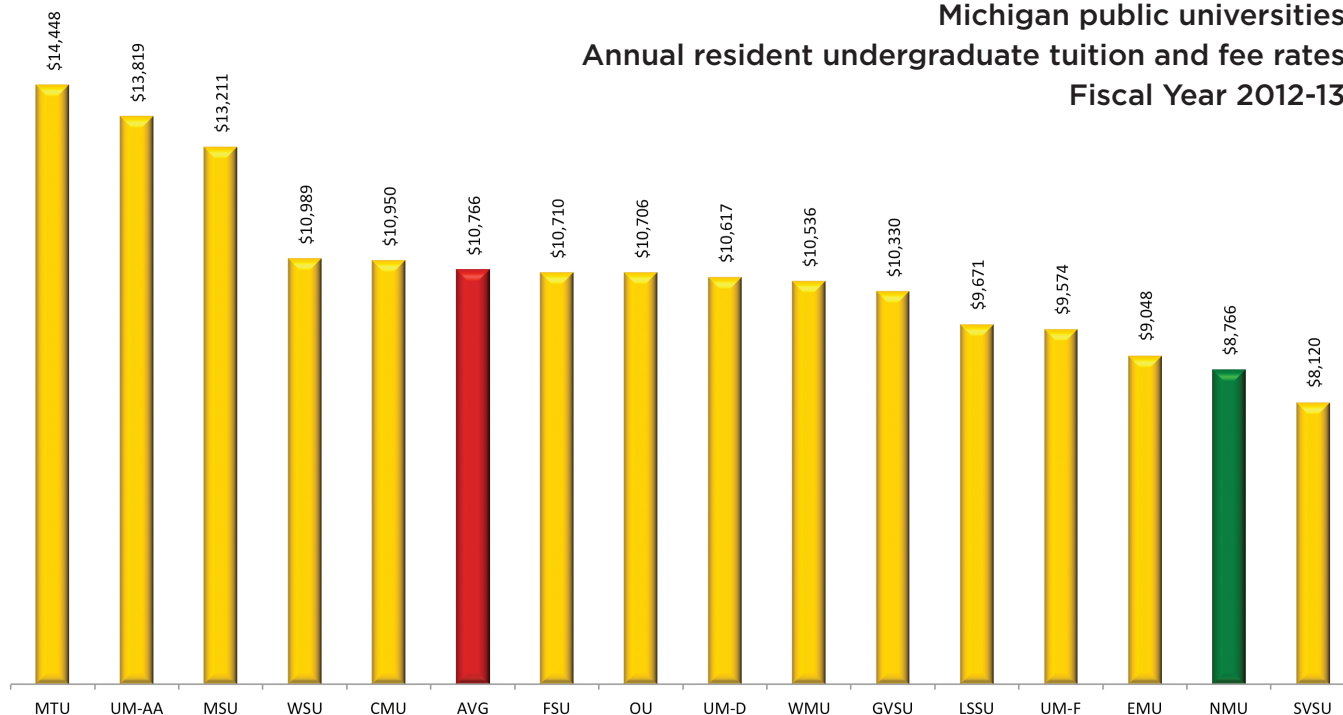
Computer Systems Analysts

Human Resources, Training and Labor Relations Specialists

Network Systems and Data Communication Analysts

Source: "Michigan's Hot 50: Michigan's High-Demand High-Wage Careers Job Outlook through 2018," Michigan Bureau of Labor Market Information & Strategic Initiatives

Michigan public universities Annual resident undergraduate tuition and fee rates Fiscal Year 2012-13



Source: State of Michigan HEIDI database

“We will recognize and embrace the powerful connections between education, enterprise and entrepreneurship by promoting financial literacy and by helping the region and the nation to create and fill jobs.”

Excellence



ABOVE AND BEYOND WITH NASA

Matthew Menze spent the fall of his junior year at NMU as an intern at the National Aeronautics and Space Administration's Ames Intelligent Robotics Group in Mountain View, Calif.

Menze's mission at NASA was contributing to a team effort of laying the groundwork for a novel concept that may lead to a more nimble form of robots and exploratory vehicles, by incorporating tensegrity design principles. "It wasn't until I had this opportunity that I truly understood the positive impact space research and exploration has had on social and technological advancement," he said, adding that working at NASA was like "stepping a few years into the future."

FROM SPACE TO STEM

Northern Michigan University senior elementary education major Kristen Bustrak, pictured here at center right, participates in an exercise led by NASA's Director of the Expedition Earth and Beyond Program. Thirty undergraduate students from universities across the country spent one week at NASA's Johnson Space Center in Houston learning how to integrate NASA's work into lessons on science, engineering, technology and math.



NMU elementary education major Kristen Bustrak of Brule, Wis., along with Alanna Hamel of Champion, were two of 30 education undergraduates from across the country who spent one week this summer at NASA's Johnson Space Center in Houston at the highly competitive Pre-Service Teacher Institute. There, NASA professionals—including astronauts and rocket scientists—showed the country's newest teachers-to-be how to integrate NASA's work in space into lessons on science, technology, engineering and math.

"It's very important from such a young age to feel confident in STEM and be interested in STEM and feel, 'Hey, I can do this,'" Bustrak said. "There's way too many students all around the world that feel, 'Oh I

can't do that, it's too hard for me.' When you start at a young age, it instills confidence from the get go."

"The astronauts and the actual rocket scientists that I met were all so passionate about questioning and learning and discovering."

Bustrak is taking NASA's teaching style back to the classroom with her as a student teacher at a bilingual school in Green Bay.

"I'll be leading my students in discovering by asking questions, not just telling them information but asking them questions," she said. "'What do you think this is, why do you think this happens?' That's just an excellent way to learn, and as a teacher I want to teach science that way."



NORTHERN RESEARCH


Ice ages over the past few million years caused glaciers to expand and sea levels to drop, intermittently exposing a section of sea floor between eastern Russia and northwest Alaska that became the Bering Land Bridge. This served as a migration route for humans, animals and plants. It had a significant impact on the biology of North America.

NMU biology professor Kurt Galbreath has received a \$225,000 National Science Foundation grant to fund his role in a collaborative study on patterns of biological diversity established over the course of these climatic changes. He and two NMU students completed field work in Canada's Yukon and Northwest Territories last summer. They were joined by Eric Hoberg, chief curator at the U.S. National Parasite Collection.

Future studies with colleagues from other institutions are planned for Siberia, the Great Lakes region and elsewhere in Canada. The overall goals are to explore how mammals, parasites and plants are distributed across the North American landscape and the historical processes that assembled these ecological communities.



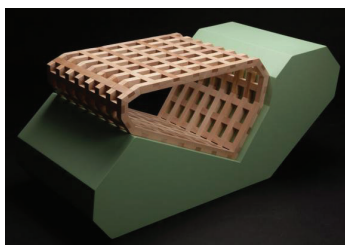
A new online NMU Foundation Scholarship application process developed by a collaboration of NMU departments was named an excellent model of efficiency by *University Business Magazine*. A web application matches students' profiles to scholarship selection criteria and allows students to track the status of their application. Processing time was reduced by 88 percent and the number of applications submitted has increased by 36 percent.



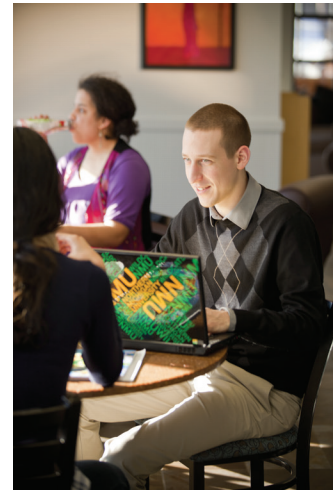
Making a name for themselves



Junior Mackenzie Myers was awarded first place for a work of original fiction at the 2013 Sigma Tau Delta International Convention in Portland, Ore. A writing major from Alanson, she won a \$600 prize out of 116 fiction submissions for "The Law of Motion," dealing with issues of karma, relationships and stereotypes.



Senior Brendan Solinsky was one of only 12 students nationwide selected to exhibit their work at the International Contemporary Furniture Fair (ICFF) in New York City. He is a furniture design major from Tucson, Ariz. His exhibit piece, "Table Chair," is designed for a small space and can serve as either a table or a chair.



Graduate student Brian Price '12 BS was elected 2013-14 national president for the Public Relations Student Society of America, a group of 11,000 members. The Negaunee native will preside over all national committee meetings, supervise the PRSSA national conference and advise national committee members on policies and procedures.

A Wildcat athletic team that set the bar high in 2012-13 was women's swimming and diving:

- Heidi Voigt earned the 2012-13 Great Lakes Intercollegiate Athletic Conference (GLIAC) Coach of the Year.
- The team finished 3rd at the 2013 GLIAC Championships and 20th at the NCAA Championships.
- Students named All-American were Molly Kearney (diving), Madisen Sechena (breaststroke/IM), Gaby Alzaga (backstroke) and Crystal Bennet (butterfly).

“We must rethink where and how to reach out to potential students. This includes forging new opportunities to increase the international student population and helping veterans fulfill the promise of the G.I. Bill.”

Enrollment

DEGREES FOR VETERANS

NMU has been nationally recognized for the past four years by *G.I. Jobs* magazine as a “military-friendly institution.” The designation honors the top 20 percent of colleges, universities and trade schools “that are doing the most to embrace America’s service members and veterans as students.”

Northern recently expanded its veteran student support efforts with two additional benefits: creating a tuition scholarship for non-resident veterans and awarding life experience credit in NMU’s leadership program, Superior Edge.

The new NMU Veterans Scholarship guarantees in-state tuition for all eligible U.S. military veterans, and covers any tuition costs beyond NMU’s in-state rate that are not addressed by veteran’s benefits and NMU’s participation in the federal Yellow Ribbon program.

“As a veteran myself, I’m

pleased that Northern can offer financial assistance as a way to thank men and women of all military branches for their unselfish commitment and valuable service to our country,” said NMU President David Haynes, who was a member of the U.S. Air Force from 1965-69. Northern had already offered in-state tuition to active duty, National Guard and Reserve personnel and their dependents. *G.I. Jobs* also cited the university for its ROTC program and its membership in the Servicemembers Opportunity Colleges consortium.

The university also assists veterans by providing a special section of the Admissions website, having a staff member in both the Admissions and Financial Aid Offices who serves



as the primary contact for prospective and current veteran students, offering one-on-one academic advisement, and waiving late fees when veteran benefits have been delayed. Veterans can receive a waiver for the required HP 200: Health Promotions course, as well as some credits for their military experience that correlate to courses offered in the Military Science Department, which can be used toward a military science minor or as electives.



PERSEVERANCE TO SUCCEED

After serving in Iraq as a bridge engineer with the Army Reserve, Liz Mathie graduated from NMU with a bachelor’s degree in the management of health and fitness. Today she manages Anytime Fitness in Traverse City, is the president of the Warrior Relief Fund, which supports Marquette County Veterans and their families, and was chosen as one of 25 people in the nation to partake in the Fitness Rebellion Project.



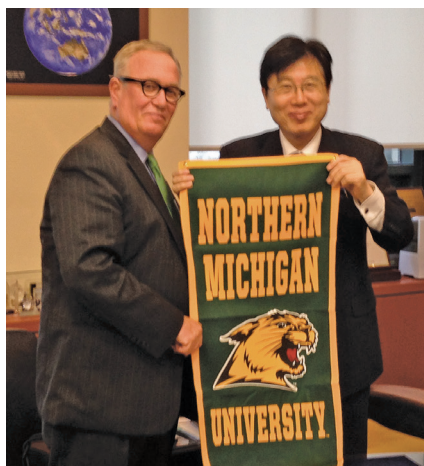
REFRESHING STRATEGIES

NMU is working with both a nationwide higher education recruiting consultant and marketing agency to effectively increase enrollment and define a new brand strategy in order for NMU to better position itself in the competitive higher education marketplace.

On the enrollment side, Northern has been implementing recommendations to defer the application fee; enhance personalization in communicating with prospective students; expand campus visit programs; and revamp scholarships to better attract top students to NMU.

Efforts are also under way to improve the allocation of institutional financial aid, using a model that looks beyond financial need and builds in a benefit for higher-achieving students. Students with both a high level of need and high academic ability could receive additional funding.

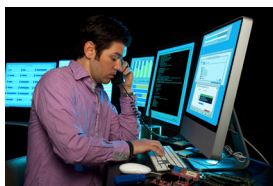
Key marketing strategies and branding concepts are being developed and designed, allowing NMU to target promising new recruitment areas and demographics with a fresh brand promise and stimulating design. Roll out is scheduled for fall 2014.



Faculty, staff, alumni, students and friends of NMU took part in a game theory exercise to identify the top six countries that the university should target for recruiting international students, and articulate effective recruitment and marketing strategies. The session was conducted by alumnus Ron St. Martin, who has held positions with the National Security Council, U.S. Defense Secretary and Northrop Grumman. He is currently a senior consultant for Science Applications International Corporation (SAIC). The targeted countries are South Korea, Vietnam, China, Canada, India and United Arab Emirates.



Reaching beyond campus



▶ Northern has entered into a one-year agreement with Macomb Community College to offer a loss prevention management program at MCC's main campus in Warren. Programs are also being planned for the Grand Rapids area. Graduate courses in public management and English have been offered on the campus of Lake Superior State University in Sault Ste. Marie, Mich. Off-campus programs will help NMU achieve its new enrollment goal of 2 percent growth in each of the next three years.



▶ The university is also expanding offerings to K-12 students in the region. One example is a college-level pre-calculus class taught by an NMU professor at Westwood High School in Ishpeming. Students earn college credit while exploring advanced mathematics concepts.



▶ NMU's Continuing Education Department is working with Cloud Peak Mining to offer training and skill testing to mine workers in the company's operations in the state of Wyoming. Northern has long partnered with regional employers, such as Cliffs Natural Resources, to meet staffing, training and testing needs on site and in specialized facilities in NMU's Jacobetti Complex.

NMU has expanded overseas partnerships through signed memoranda of understandings with two South Korean institutions and through discussions to offer courses and programs in United Arab Emirate locations.

“It is critical to the vitality of the university to retain current students and continue to recruit the best and the brightest. The full continuum of the campus experience must meet the highest standards.”

Experience



ENGAGED CAMPUS OF THE YEAR

Northern Michigan University received the 2013 Engaged Campus of the Year Award from Michigan Campus Compact. The award was presented at the Giving and Volunteering Celebration at the state capitol, where Gov. Rick Snyder spoke about the strengths of Michigan communities and citizens' willingness to give of their time to help one another.

Northern's two student leadership and community involvement programs also earned honors.

In addition, NMU's Superior Edge program was chosen as a silver award winner by the Student Affairs Administrators in Higher Education. It received the honor in the category of careers, academic support, service learning and community service.

"It is truly an honor to be recognized nationally as one of the most innovative, creative, effective student development programs in the country," said Rachel Harris of NMU's Center for Student Enrichment and Superior Edge program. "Northern Michigan University has established itself as an institution that encourages student engagement in and out of the classroom. Many of our students' life-changing involvements deepen their learning and prepare them to contribute in a global society. We are developing educated, community-centered leaders."

NMU's Student Leader Fellowship Program (SLFP) was selected as the 2012-13 bronze award winner by the group for the student union, student activities, Greek life and leadership category.

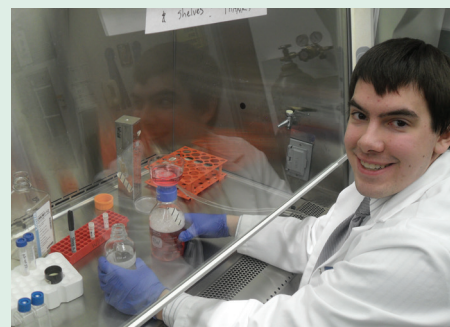
In addition, the SLFP was also selected as the 2012-13 Dalton Institute's Best Practices Award winner. The Dalton Institute on College Student Values is part of Florida State University; the award honors the best in character education.

And that's not all... The SLFP and the community of Marquette were selected as joint finalists for the 2012 Michigan Campus Compact Campus-Community Partnership Award.

NMU student leader Nicholas Cook received an Outstanding Community Impact Award from Michigan Campus Compact. He is one of six recipients statewide.

Cook, who graduated in December 2012 with a physiology-biology emphasis major, worked in the Upper Michigan Brain Tumor Center as a freshman fellow and throughout his undergraduate career. He founded Students for the Upper Michigan Brain Tumor Center, organized four Alex's Lemonade Stand fund raisers for cancer research, was president of Mortar Board, participated in the Student Leader Fellowship Program and completed all four edges of the Superior Edge program.

"I have always believed in the concept of cheerful service," Cook said.



Student impact



“When I have been in interviews for jobs or Ph.D. programs I am often asked to speak about what experience I’ve had in a variety of fields. Many of them come back to Superior Edge activities. Diversity definitely has helped me stand out as a candidate in these situations, because most people haven’t gone to Africa or spent a month studying abroad, immersed in another culture like I have. I definitely feel like I’ve made a difference in the world.”

—Kristin Denryter
Biology graduate student
and Superior Edge participant

President Haynes facilitated a “U.P. Road Tour” in 2012-13 that brought an NMU presence to several cities in the Upper Peninsula. Faculty members, students, coaches, athletes, and administrators visited various high schools, businesses and health-care facilities. They also met with members of economic development and Chamber of Commerce organizations. In the evening, Northern hosted a reception for area alumni and community and business leaders. The goal was to learn of the organizations’ economic development, training, technology and educational needs now and in the future, and what role NMU can play in meeting those needs.



EXPLORING THE WORLD OF MOLECULAR DIAGNOSTICS

Clinical Sciences hosted a series of molecular diagnostics workshops for the first time on campus. More than 30 high school educators and clinical laboratory professionals from across the Upper Peninsula participated in the interactive sessions, which highlighted the basics of DNA, the history of Polymerase Chain Reaction and the advances in molecular techniques that have been made in clinical disease diagnosis. Sixteen NMU students majoring in clinical laboratory science attended a workshop

to get a hands-on introduction to molecular diagnostics and learn about career options in clinical laboratory medicine. Currently there are an estimated 40,000 unfilled laboratory jobs in the United States.

NMU is the only university that offers five National Accrediting Agency for Clinical Laboratory Sciences accredited programs in the United States. It is one of three universities nationwide that offers both diagnostic molecular science and cytogenetics programs.



ACTIVE LEARNING

Active learning classrooms are becoming the new norm at NMU. The university is also blazing a path for other institutions, with its Active Learning Catalysts Teaching Commons receiving the 2013 Innovative Use of MERLOT Award at the Sloan-C/MERLOT Emerging Technologies for Online Learning symposium in Las Vegas. MERLOT stands for Multimedia Educational Resource for Learning and Online Teaching.

“We are coming to the end of my second year using our new active learning classroom and I have been thinking of how much my different courses taught in the room have varied. My marine biology course is focused on a textbook used to power a ‘flipped’ design, while the ecological animal physiology course doesn’t even have a text. Marine biology also heavily uses the Internet and video resources to bring the ocean to the upper Midwest. All these classes have heavily shifted away from lecture and toward in-class activities. The students seem to appreciate the variability, as we are doing different things every day.” — Biology professor Alec Lindsay

“We will continue to build a dynamic, competitive portfolio of financial resources, not only to help ease the financial burdens of our students and families, but also attract more outstanding faculty and high-achieving students.”

Endowment



CONCUSSION EXPERT SUPPORTS ATHLETICS

A leader in the field of neuropsychology and the study of sports concussion, who has worked with the Detroit Red Wings, the NFL and U.S. Olympic teams, is giving back to his alma mater to support undergraduate athletes and graduate research.

Dr. Mark R. Lovell and his wife, Eileen, have established the Robert and Roberta Lovell Athletic Scholarship in honor

of Dr. Lovell's parents. This \$25,000 endowment will provide scholarship support to qualifying students participating in varsity athletics.

Lovell is chairman and CEO of ImPACT Applications Inc. ImPACT offers the first, most-widely used and most scientifically validated computerized concussion evaluation system. For a number of years, the company has donated its concussion software to NMU for use with its athletes.

This year, ImPACT also made a gift of \$50,000 to fund currently enrolled master's-level students in research opportunities within the Health, Physical Education and Recreation Department.

Lovell was granted the honorary degree of doctor of science at NMU's spring commencement in 2011, where he delivered the keynote speech. He is a lifetime member of the Northern Michigan University Alumni Association and received the NMU Distinguished Alumni Award in 2003. He earned his bachelor's degree in psychology from Northern in 1977.



“At Northern, the faculty members were a constant source of support and mentoring and developed close working relationships with the students. I understand that this is a philosophy that has continued to this day and it is one thing that makes Northern special and unique.”

—Dr. Mark Lovell, neuropsychologist

Through a bequest from NMU alumnus Waino Wahtera, NMU has constructed a multi-use pavilion on campus, providing a gathering place for approximately 200 people, and a pleasant outdoor area for student study. Wahtera spent 23 years with Eastman Kodak as a chemist and later worked as an environmental engineer for the city of Rochester, N.Y.

Waino's brother, Kauko Wahtera, also an NMU alumnus, retired in 1975 as head of NMU's Department of Industry and Technology. Friends, colleagues and family established a scholarship in memory of Dr. Wahtera, as well as a scholarship in memory of Dr. Wahtera's wife, Myrle, a 1932 graduate. Recently, family members donated additional funds to both scholarships.



A ground breaking ceremony was held May 2 for the new John X. Jamrich Hall. The facility will meet LEED certification standards set by the U.S. Green Building Council and replace the existing Jamrich Hall, where more than 40 percent of university classes are held.

The new building will house active-learning and state-of-the-art classrooms, an evolutionary robotics laboratory, archeology laboratory and five academic department offices. Located in the heart of campus, it will feature three levels that look out onto Lake Superior. It will also include a clock tower, lecture halls, more 25-40 seat classrooms than the current building, and plenty of student lounge/study areas.

Donors will have many opportunities to support the innovative learning environments in the new building. It is scheduled to open in fall 2014.



FACULTY COUPLE KEEPS ON GIVING



Art and design professor emeritus Diane Kordich and history professor Russell Magnaghi epitomize the valuable role faculty and staff play in Northern's comprehensive fund-raising efforts. The couple has contributed a series of financial gifts over the years that fulfill the needs of students and research in different departments.

Their most recent and substantial gift went to the Upper Michigan Brain Tumor Center, which combines the clinical expertise of Marquette General Hospital with research conducted in an NMU lab staffed by NMU students and faculty.

"I was so impressed by the research they are doing, sometimes

even as freshmen," Kordich said. "It is very important work—that has practical implications for brain tumor patients." She asked center director Robert Winn to put together a list of the UMBTC's most needed equipment and the costs. The couple ultimately decided to fund everything on the list.

They also doubled the endowment they originally established for the Grace H. Magnaghi Visiting Research Grant, which supports research at the Central Upper Peninsula and NMU Archives, and provided financial assistance to the Hospitality Management program and Recreational Services to purchase equipment and supplies.

NMU Foundation scholarships



ATHLETICS	HONORS	GRAD STUDIES	STUDY ABROAD
15 Scholarships 300 Students	25 Scholarships 200 Students	5 Scholarships 647 Students	22 Scholarships 200 Students
Tuition and Fees:		Housing:	Total:
MI Resident \$8,709			\$17,113
Non-Resident \$13,605		+ \$8,404	= \$22,009

80% → of our students rely on some sort of financial aid.

40% → Hold down a job while taking classes. Many are the first in their families to attend college.

65% → of our 2010 graduates left NMU burdened by an average of over \$18,000.

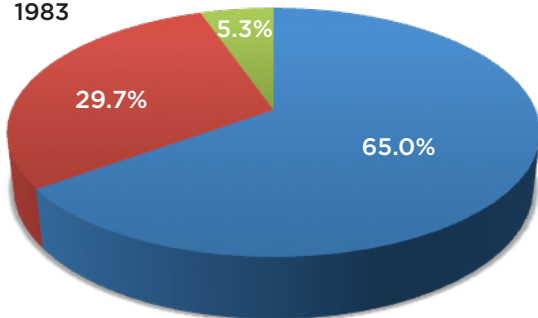
Financial Profile

2012 - 2013

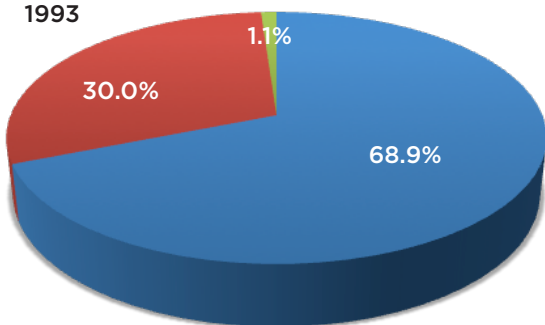
TOTAL GENERAL FUND RESOURCES HISTORY

(Source: Actual General Fund
Revenues. State of Michigan
HEIDI Database)

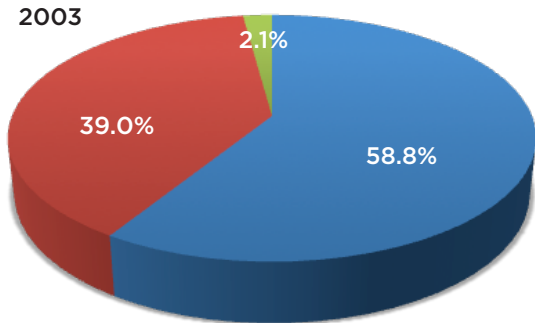
1983



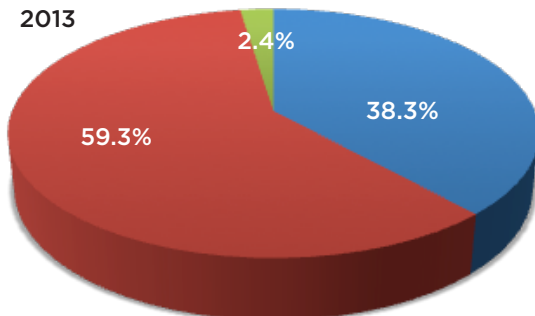
1993



2003



2013



■ State appropriation ■ Tuition and fees
■ Other revenue

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

Net position for the year ended June 30, 2013 of \$231.7 million increased by \$4.7 million from the prior year of \$227.0 million, as restated, and included recognition of \$40.8 million in State appropriation revenue

Operating revenues for the year ended June 30, 2013 of \$102.0 million decreased by \$0.2 million from the prior year. Student tuition and fees totaling \$61.8 million is the largest component of operating revenue and increased by \$0.7 million over the prior year. All other operating revenues of \$40.2 million netted to a \$1.0 million decrease. Nonoperating revenues totaling \$58.9 million increased by \$2.7 million from the prior year. The largest components of this increase were a \$2.5 million increase in State appropriations, a \$0.8 million increase in investment income, and a \$0.6 million decrease in all other nonoperating revenues.

Operating revenues for the year ended June 30, 2012 of \$102.3 million increased by \$5.0 million from the prior year. Student tuition and fees totaling \$61.1 million is the largest component of operating revenue and increased by \$5.1 million over the prior year. Residential life total-

ing \$19.3 million increased by \$1.7 million and all other operating revenues of \$21.9 million decreased by \$1.8 million. Nonoperating revenues totaling \$56.2 million decreased by \$10.7 million from the prior year. The largest components of this decrease were an \$8.1 million decrease in State appropriations and State fiscal stabilization funds and a \$1.9 million decrease in investment income.

Operating and nonoperating expenses of \$155.5 million for the year ended June 30, 2013 decreased by \$0.7 million from the prior year total of \$156.2 million, as restated. Operating expenses increased by \$0.1 million and nonoperating expenses decreased by \$0.8 million as the result of one time bond issuance costs in the prior year of \$0.4 million and interest on capital debt decreasing by \$0.4 million. A full year of interest payments totaling \$0.8 million for the 2012 bond issue began in the current year with \$0.5 million being capitalized as part of construction. On a functional basis, instructional expenses increased \$0.8 million, operations and maintenance of plant decreased \$1.5 million, institutional support increased \$0.4 million, student aid decreased \$0.7 million, academic

support increased \$0.4 million, residential life increased \$0.4 million, and other costs decreased by \$0.5 million. The decrease in operations and maintenance was mainly attributable to the completion of Phase II of performance contracting to upgrade energy management and control systems and is offset by the startup of the security and fire alarm system replacement.

Operating and nonoperating expenses of \$156.2 million for the year

ended June 30, 2012, as restated, decreased by \$0.9 million from the prior year total of \$157.1 million. In adopting GASB 65 to write off bond issue costs, other than bond insurance, and adjusting operations and maintenance expense for a correction to the capital cost of a roof, Northern Michigan University recognized an additional \$1.1 million in operating and nonoperating expenses. On a functional basis, instructional expenses increased \$0.3

million, public service decreased by \$0.9 million, operations and maintenance, as restated, increased by \$0.4 million, interest on capital assets related debt decreased \$0.2 million, student aid decreased \$1.1 million, depreciation expense decreased by \$0.2 million, residential life increased \$1.2 million, and other costs decreased \$0.4 million.

Condensed Statements of Net Position

	June 30		
	2013	2012 Restated	2011 Restated
Assets			
Current assets	\$31,379,227	\$47,867,891	\$66,898,399
Noncurrent assets			
Capital	231,919,717	227,100,610	223,637,005
Other	99,731,121	89,067,894	57,971,656
Total noncurrent assets	<u>331,650,838</u>	<u>316,168,504</u>	<u>281,608,661</u>
Total assets	363,030,065	364,036,395	348,507,060
 Deferred outflows of resources			
Deferred charge on refunding	<u>3,768,043</u>	<u>4,008,998</u>	<u>4,249,951</u>
Total deferred outflows of resources	3,768,043	4,008,998	4,249,951
 Liabilities			
Current liabilities	25,403,301	26,711,174	22,695,966
Noncurrent liabilities	<u>109,677,443</u>	<u>114,289,671</u>	<u>99,902,100</u>
Total liabilities	135,080,744	141,000,845	122,598,066
 Net position			
Net investment in capital assets	129,606,895	120,777,966	128,103,562
Restricted			
Nonexpendable	811,171	741,644	783,998
Expendable	7,190,005	15,910,010	4,197,186
Unrestricted	<u>94,109,293</u>	<u>89,614,928</u>	<u>91,529,323</u>
Total net position	<u>\$231,717,364</u>	<u>\$227,044,548</u>	<u>\$224,614,069</u>

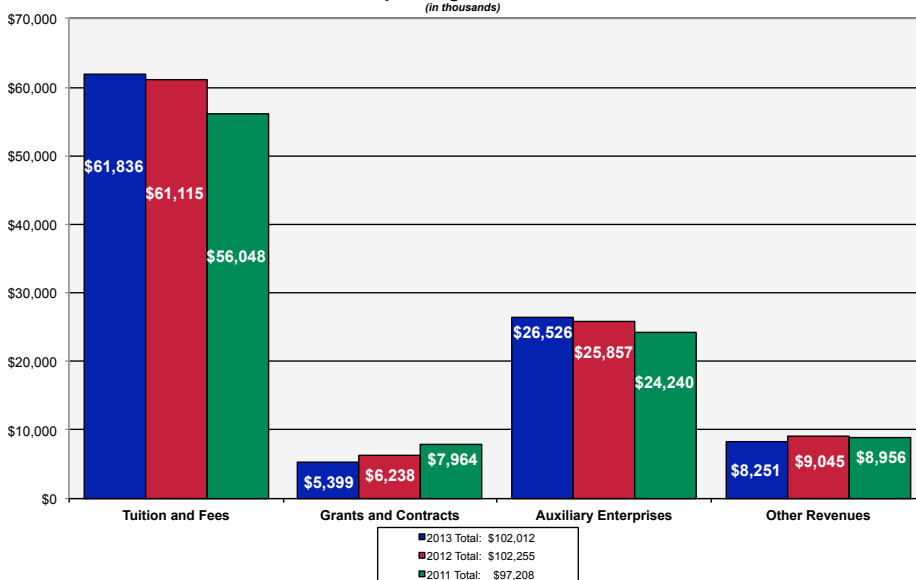
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Condensed Financial Information

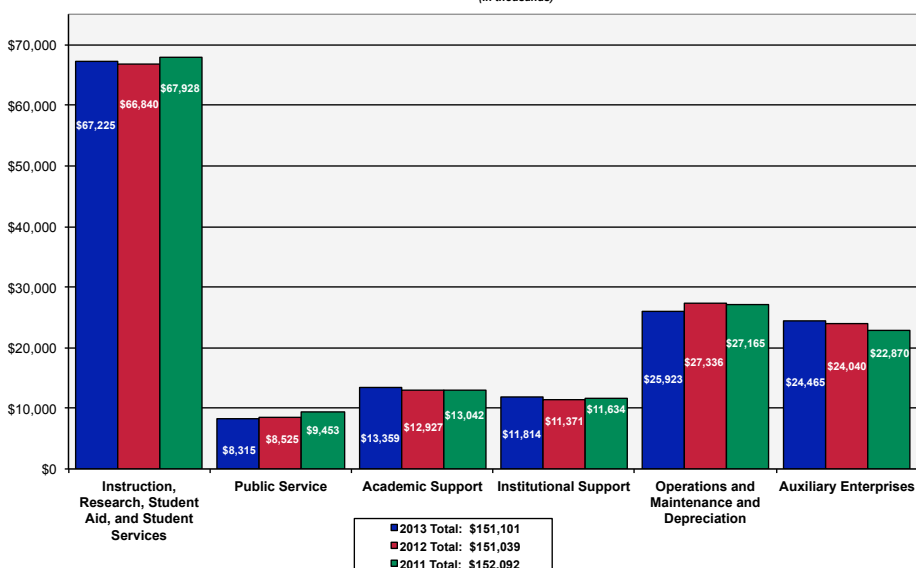
Current assets totaled \$31.4 million at June 30, 2013 and \$47.9 million at June 30, 2012. The ratio of current assets to current liabilities was 1.2 for the year ended June 30, 2013, and 1.4 for the year ended June 30, 2012 when excluding bond funds of \$0.7 million and \$10.7 million respectively. Cash and cash equivalents of \$11.7 million decreased by \$6.7 million from the prior year total of \$18.4 million as the result of the Northern Michigan University lowering the targeted amount of cash on hand for operational needs. State appropriations receivable totaled \$7.4 million at June 30, 2013 and \$7.0 million at June 30, 2012.

Long-term debt including notes and bonds payable is the largest liability totaling \$102.3 million at June 30, 2013, and \$106.3 million at June 30, 2012. Bonds and Notes Payable at June 30, 2013 included \$17.2 million of 2012 General Revenue Fixed Rate Bonds, \$86.2 million of 2008 General Revenue Fixed Rate Bonds, and remaining unamortized deferred costs and premiums of \$1.1 million.

Operating Revenues
(in thousands)



Operating Expenses by Function
(in thousands)



Condensed Statements of Revenues, Expenses and Changes in Net Position

	June 30		
	2013	2012 Restated	2011 Restated
Operating revenues			
Tuition and fees, net	\$61,835,937	\$61,114,827	\$56,047,514
Grants and contracts	5,398,959	6,238,100	7,964,124
Auxiliary enterprises, net	26,526,172	25,857,193	24,239,679
Other operating revenues	8,251,269	9,044,468	8,956,319
Total operating revenues	102,012,337	102,254,588	97,207,636
Operating expenses	(151,101,097)	(151,038,098)	(152,091,858)
Operating loss	(49,088,760)	(48,783,510)	(54,884,222)
Nonoperating revenues (expenses)			
State appropriations	40,844,960	38,357,900	45,127,868
Pell grant revenue	13,648,807	14,202,460	15,126,978
Other nonoperating revenues (expenses)-net	(15,108)	(1,543,832)	1,654,968
Net nonoperating revenues (expenses)	54,478,659	51,016,528	61,909,814
Income (loss) before other revenues	5,389,899	2,233,018	7,025,592
Capital grants and gifts	12,000	205,092	299,963
Loss on asset disposal	(729,083)	(7,631)	(1,440,086)
Total other (expenses) revenues	(717,083)	197,461	(1,140,123)
Total increase in net position	4,672,816	2,430,479	5,885,469
Net position			
Net position – beginning of the year	228,633,388	225,135,831	219,277,330
Cumulative effect of change in accounting principle	(904,643)	(521,762)	(548,730)
Prior period adjustment-correction of capital acquisition costs	(684,197)		
Net position – beginning of year, as restated	227,044,548	224,614,069	218,728,600
Net position – end of year	<u>\$231,717,364</u>	<u>\$227,044,548</u>	<u>\$224,614,069</u>

Impact

ECONOMIC IMPACT ON THE UPPER PENINSULA



Direct spending by the university, its students and university-generated visitors to the Upper Peninsula totals over \$205 million annually.

- ▶ NMU's total economic impact on the Upper Peninsula is estimated to be in excess of \$311 million, generating over 4,500 jobs in the region, which represents about 1 in 33 jobs in the U.P. and 1 in 6 in Marquette County.
- ▶ NMU students spend a total of approximately \$53 million in the U.P. each year, with an economic impact of \$74 million.
- ▶ NMU students occupy approximately 43% of Marquette City rental housing stock.
- ▶ Northern Michigan University brings approximately 123,600 visitors to the university annually, who would not otherwise visit the area.
- ▶ These visitors spend approximately \$6 million while in Marquette County, with an economic impact of over \$9 million.

The Department of Commerce, Bureau of Economic Analysis's Regional Input-Output Modeling System (RIMS II) was employed for this report to generate multipliers for a region consisting of all fifteen counties in the U.P., providing detailed data for dozens of broad industry categories. The study is for the 2010-11 fiscal year. The full report is available at www.nmu.edu/ruralcenter.

RECENT HONORS FOR NMU ALUMNI

Eugenia Wang '69 MA was awarded the **2013 Alltech Medal of Excellence** for her work using technology to explore heart disease, Alzheimer's disease and other dementias. She is a professor at the University of Louisville Biochemistry and Molecular Biology Department.

Lynnae Ruttledge '71 BS, has been **appointed by President Barack Obama to serve on the Commission on Long-Term Care**. She currently serves as co-vice-chair of the National Council on Disability.

Jeanette Flores '81 BS has been recognized on the **2014 Best Lawyers in America** outstanding attorneys list.

Tom Robinson '87 MA has been **appointed by President Barack**

Obama as a member of the Committee for Purchase from People Who are Blind or Severely Disabled. He currently serves as associate deputy assistant secretary for Headquarters U.S. Air Force.

Donald Mroz '73 BS is **president of Post University**, based in Waterbury, Conn.

Cory Johnson '94 BS received the 2013 **Michigan Department of Transportation Director's Award** for leadership and public service. This is the department's highest honor for outstanding service.

Nagib Ward '00 BS, '07 MS has been appointed as **vice president of business development** by DEINOVE, Paris, France, a clean technology

company that designs, develops and markets a new generation of industrial processes based on the *Deinococcus* bacteria, which may lead to innovations in biofuels, antibiotics and plastics remediation.



Amy Ahola '05 BS has been recognized by the vice president of Microsoft Worldwide Education as one of its **365 Heroes in Education**.

She owns and operates Child Central Station, a daycare facility in Marquette.

Leadership

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Term expires December 2016



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West Bloomfield

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Bloomfield Hills

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Term expires December 2016



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Marquette

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Term expires December 2014



Gilbert L. Ziegler, NMU '60 BS
Charlevoix

President of Alken-Ziegler
Term expires December 2014



Stephen Gulis Jr., NMU '79 BS
Rockford

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Term expires December 2018



Thomas H. Zurbuchen
Ann Arbor

Associate Dean of Entrepreneurial Programs in the University of Michigan College of Engineering and the Founding Director of the Center for Entrepreneurship
Term expires December 2020

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NMU '85 BS, '99 MPA

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Vice President, Advancement



NMU'S MISSION

Northern Michigan University challenges its students and employees to think independently and critically, develop lifelong learning habits, acquire career skills, embrace diversity and become productive citizens in the regional and global community.

NMU'S VISION

Northern Michigan University will become the university of choice in the Midwest for students seeking a quality academic program with individualized attention in a high-tech learning environment.

NMU'S COMMITMENT TO DIVERSITY

Northern Michigan University strives to be an inclusive community where differences are recognized as assets of the institution, respected attributes of the person and a valuable part of the university experience.



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NMU is an equal opportunity institution