LINCOLN UNIVERSITY
PURCHASING DEPARTMENT
REQUEST FOR PROPOSAL (RFP)

AMENDMENT NO: 001
RFP NO.: B16-1104
TITLE:  AUDITING SERVICES
ISSUE DATE: APRIL 26, 2016

RETURN PROPOSAL NO LATER THAN:  MAY 3, 2016 AT 2 P.M. CENTRAL TIME

MAILING INSTRUCTIONS:  Print or type RFP Number and Return Due Date on the lower left hand corner of the envelope or package. Delivered sealed proposals must be in the Lincoln University Purchasing Department (1002 Chestnut St, Room 101) by the return date and time.

RETURN PROPOSAL TO:  LINCOLN UNIVERSITY
1002 CHESTNUT ST
SHIPPING & RECEIVING BLDG
JEFFERSON CITY MO 65101

CONTRACT PERIOD:  JULY 1, 2016 THROUGH JUNE 30, 2017, WITH THE OPTION TO RENEW THE CONTRACT FOR FOUR (4) ADDITIONAL ONE-YEAR PERIODS.

The offeror hereby declares understanding, agreement and certification of compliance to provide the items and/or services, at the prices quoted, in accordance with all requirements and specifications contained herein and the Terms and Conditions Request for Proposal (Revised 04/23/2010). The offeror further agrees that the language of this RFP shall govern in the event of a conflict with his/her proposal. The offeror further agrees that upon receipt of an authorized purchase order from Lincoln University or when this RFP is countersigned by an authorized official of Lincoln University, a binding contract shall exist between the offeror and Lincoln University.

SIGNATURE REQUIRED

AUTHORIZED SIGNATURE                      DATE
PRINTED NAME
TITLE

DOING BUSINESS AS (DBA) NAME
LEGAL NAME OF ENTITY/INDIVIDUAL FILED WITH IRS FOR THIS TAX ID #

MAILING ADDRESS
IRS FORM 1099 MAILING ADDRESS

CITY, STATE, ZIP CODE
CITY, STATE, ZIP CODE

VENDOR NO. (IF KNOWN)

TAXPAYER ID NUMBER (TIN)
TAXPAYER ID (TIN) TYPE (CHECK ONE)

FEIN or SSN

VENDOR TAX FILING TYPE WITH IRS (CHECK ONE)

Corporation Individual State/Local Government Partnership Sole Proprietor Other

CONTACT PERSON
E-MAIL ADDRESS

PHONE NUMBER
FAX NUMBER

NOTICE OF AWARD (LINCOLN UNIVERSITY ONLY)

ACCEPTED BY LINCOLN UNIVERSITY AS FOLLOWS:

CONTRACT NO.

CONTRACT PERIOD

BUYER
DATE
PURCHASING DIRECTOR
AMENDMENT #001 TO RFP B16-1104

DATED: APRIL 26, 2016

TITLE: AUDITING SERVICES

RFP B16-1104 IS HEREBY AMENDED WITH THE FOLLOWING REVISIONS AND ADDITIONS:

Please see the additional information provided in response to questions submitted.

Q1: Does the University use a third party to process student refunds? If so, have you fully implemented the new cash management changes recently published?
   A1: The University does not use a third party to process student refunds.

Q2: Can you share a little insight on your experience of implementing GASB 68? Did you perform any type of pro-forma analysis or discussions to forecast what the impact would be to your board, interested parties, etc? If not, would you be interested in similar analysis as it relates to other future authoritative pronouncements?
   A2: The University’s current auditing firm made the University aware of the upcoming changes well in advance as well as the implications of its implementation. MOSERS, the State of Missouri retirement system, provided all required documentation as well as sample journal entries. The current auditing firm also reviewed the proposed journal entries prior to the audit and provided templates for the financial statements to reflect the changes due to implementation.

Q3: Any major transactions or events in 2015/2016 that would significantly impact the financial position of the University?
   A3: In 2015, the University did a combined refunding and new issue of a revenue bond series. The 2015 A & B Series total $6.1 million. The University currently has several major construction projects underway including the Wellness Center, the renovation of Martin Hall, the renovation of Young Hall and the President’s Residence and roof repairs on several buildings. These projects are being supported by Title III funding, a cooperative agreement with the City of Jefferson/Parks & Recreation, the 2015 B Revenue Bond Series issue, and Missouri House Bill 19 bond funding. The University’s Board of Curators approved utilizing fund balance to support the Wellness Center as well as other projects.

Q4: Has the University had any recent (within the last 2 years) compliance reviews/audits conducted by regulatory or other oversight bodies (State of Missouri, Dept. of Ed, other grantors, etc). Any audits from State auditors, IRS, Department of Education or other regulatory agencies in the past two years? If yes, what were the results of such examination(s)?
   A4: The IRS recently completed an audit of the University which resulted in adjustments and a penalty. The MO Department of Health and Senior Services has reviewed an awarded grant. The MO State Auditor’s office is currently requesting information from all state-funded higher education institutions related to tuition and fee revenue.

Q5: Do you have any classes or programs that are accounted for as non-term or nonstandard terms for Student Financial Assistance?
A5: The University does not have any non-term or nonstandard terms.

Q6: How many federal programs do you anticipate having to be audited for FY15?
   A6: The University relies on the external auditing firm to determine the type of federal programs required to be audited annually.

Q7: When is the audit of the foundation normally completed by (for purposes of planning for the inclusion of this information in the University’s report)?
   A7: The final report is generally issued by the end of September.

Q8: Has a minority and/or women-owned business historically been subcontracted to perform any functions of the annual audits?
   A8: Historically, all functions of the annual audit have been performed by the awarded firm.

Q9: What factors does the University view as being important in its relationship with a CPA firm?
   A9: The University values knowledge and experience in regards to current and upcoming pronouncements, guidance, and regulations. The University expects the awarded firm and the on-site audit team to be knowledgeable and experienced. The University also values the availability of the awarded firm to answer questions posed by the University via phone call and/or email at no additional cost.

Q10: Regarding current service provider:
   What factors would you prefer to see changed in your current service provider?
   Did the current service provider do an adequate job providing the University with updates on new GASB pronouncements and accounting standards changes?
   Did the current service provider do an adequate and timely job communicating any pricing changes due to new GASB pronouncements or accounting standards changes, if any.
   Any disagreements with your current auditor?
   Is the University satisfied with the level and commitment to diversity of the current service providers audit team?
   What was the reason for sending out request for proposal such as, rotational, best practices, issues with prior CPA firm, checking prices of current services or another reason?
   Were there any disputes with the prior auditor which resulted in the RFP or is the RFP process routinely conducted periodically? If there were any disputes, I need to know the nature of same.
   Has the incumbent firm been invited to bid on this RFP?
      A10: The University policy requires contractual services exceeding $25,000 be formally bid every five years. The last RFP for audit services was issued in 2011.

Q11: Does the University ever have a need for additional services from its service provider?
   A11: The University occasionally has need of additional services outside the scope of this award. The proposer may submit a list of additional services the firm offers for the University’s information.

Q12: In addition to the audit fees were any additional fees charged in the past and for what services?
   A12: In the last five years, the University has not engaged the external audit firm for additional services outside of the standard audit requirements listed in the RFP.
Q13: Does the current audit firm assist the University with preparing any supporting schedules, reconciliations etc. for the financial statements? Will all accounts be reconciled?
   A13: The University prepares all supporting schedules and reconciliations using Excel templates. However, if the awarded audit firm requires specific schedules, templates are preferred. The current audit firm provides templates for final financial statement format. The University reconciles all accounts.

Q14: Are all accounts required to be reconciled on a monthly basis and if so are all account reconciliations current? Are monthly financial statements provided to the board?
   A14: The University reconciles all significant accounts on a monthly basis and is up-to-date in doing so. The University prepares monthly financial statements for internal consumption only. They are not prepared on a full accrual basis. The Board of Curators meets at a minimum of five times per year. The Board is provided the most recent monthly financial statement at each regularly scheduled meeting.

Q15: Does the University have a documented financial procedures manual? Does the University have its accounting policies and procedures (system of internal controls) documented?
   A15: Each unit has a “desk manual” documenting procedures.

Q16: The University indicates that they have a quarter-time FTE internal auditor; however, the internal auditor has not assisted with external audit procedures in the past. Can you clarify what type of work the quarter-time FTE internal auditor does? What other responsibilities do they have outside of internal audit? How much time (hours) would the quarter-time internal auditor have to assist with external audit procedures and when would that availability of time occur?
   A16: The University’s internal auditor conducts audits upon request. Her primary duties are as Fiscal Affairs Specialist for the University Foundation. Dependent upon the Foundation audit schedule and her other duties, the internal auditor may be available to assist the awarded firm if advanced notice is provided.

Q17: How many auditors were on the audit team during the 2015 audit and for how many days? In prior years, what is the size of the audit team in the field? Is the University comfortable with this size team?
   A17: The following historical information has been provided for informational purposes only and is not intended to be used as a guideline for the vendor’s proposal for upcoming services. It is expected that the selected firm will assign adequate staffing to successfully complete the audit. In July for the preliminary fieldwork/student financial aid audit 2-3 auditors are on-site for one week. In August for the fieldwork/A-133 audit, 2-4 auditors are on-site for two weeks. In September for the review of financial reports/KJLU audit, 2-3 auditors are on-site for one week.

Q18: Were any audit adjustments proposed during the 6/30/15 and 6/30/14 audits? If so, what types of adjustments were proposed and what was their impact on net position each year? How many adjusting journal entries did the 2015 auditors propose as a result of audit procedures? Any passed audit adjustments identified in the past?
   A18: In FY15, the University proposed one adjusting entry while the auditors were onsite due to the late receipt of an invoice. The auditors did not propose any recommended adjustments in FY15 or FY14 for the standard audit. No audit adjustments were passed during this same period. During the FY15 KJLU radio audit, the auditors proposed adjusting entries for investments through the Foundation not notated on the information submitted to the auditors. Adjustments were made based upon recommendations.
Q19: Does the University expect any significant changes in federal grants and/or other funding sources in FY 2016? If yes, please describe.
   
   A19: The University does not expect any significant changes in federal grants in FY16.

Q20: Was any type of review of information technology controls performed under the financial statement audit? If yes, please describe.
   
   A20: The University completes an internal control questionnaire provided by the current firm for several areas including information technology.

Q21: Is the University PCI compliant?
   
   A21: The University utilizes Ellucian Colleague as the administrative accounting system. Colleague does not store credit card information. The University works with the Merchant Card Services department of our banking services provider to ensure PCI compliance.

Q22: Please describe any training, procedural changes or actions taken to conform with the new Uniformed Guidance regulations. Has the University implemented new regulatory standards and requirements under Uniform Grant Guidance?
   
   A22: The University follows federal regulations related to grant and contract administration. The Uniform Guidance, 2 CFR 200, was published in February 2016. The University is currently reviewing its policies and procedures to ensure compliance with the new regulations.

Q23: Does the University’s audit committee perform an annual risk assessment?
   
   A23: No.

Q24: What were the total fees charged in 2015 for the Audit, single audit, NCAA, radio station and housing bond audits, as well as out-of-pocket travel costs? Were any additional fees charged outside of the agreed upon scope of services? Do you mind sharing the prior year’s fees broken down as requested in the RFP? What was the cost for the 2015 audit services?
   
   A24: Audit of the University's financial statements & performance of the federal funds audit in accordance with OMB Circular A-133 $77,000; Audit of the University's CPB Radio Station $7,700; Audit of the University's NCAA (performed every three years) $16,000; Actual out-of-pocket expenses $5,600

Q25: Can you please provide us with a PDF copy of any management letter(s) issued as part of the fiscal year 2015 audit for our consideration?
   
   A25: Document(s) follows.

Q26: When the AUP for the University’s NCAA athletics program was conducted for 2015, did it identify any issues/concerns that had to be reported? If yes, can you share those issues and a copy of the report related thereto?
   
   A26: Document(s) follows.

Q27: Can you share a copy of KULU most recent audit report?
   
   A27: Document(s) follows.
Board of Curators and Management  
KJLU-FM Radio  
Jefferson City, Missouri

As part of our audit of the financial statements of KJLU-FM Radio (the “Station”) as of and for the year ended June 30, 2015, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor’s Responsibility Under Auditing Standards Generally Accepted in the United States of America

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The Station’s significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant estimates for which we are prepared to discuss management’s estimation process and our procedures for testing the reasonableness of those estimates:

- Investment valuation
Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Grant revenue
- Endowment fund

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated.

Proposed Audit Adjustments Recorded

- Investments and net position
- Capital assets and depreciation expense
- Deferred revenue, grant revenue and programming expense
- Donated facilities and administrative support

Auditor’s Judgments About the Quality of the Entity’s Accounting Principles

No matters are reportable.

Disagreements with Management

No matters are reportable.

Other Material Written Communication

Listed below is another material written communication between management and us related to the audit:

- Management representation letter (attached)

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the Station as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Station’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Station’s internal control.
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the Station's financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Station's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matter that we consider to be a material weakness.

**Material Weaknesses**

Journal entries were proposed and recorded for the financial statement presentation to be in accordance with generally accepted accounting principles. Management should continue to work closely with the University and Foundation to ensure all transactions are included in the financial statements.

This communication is intended solely for the information and use of management, the Board of Curators, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*BKD, LLP*

November 23, 2015
November 23, 2015

BKD, LLP
Certified Public Accountants
P.O. Box 1190
Springfield, MO 65801-1190

We are providing this letter in connection with your audits of our financial statements of KJLU-FM, a Public Broadcasting Entity operated by Lincoln University (the "Station") as of and for the years ended June 30, 2015 and 2014. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated August 10, 2015, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our

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*An equal opportunity institution*
financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

5. We have provided you with:

(a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.

(b) Additional information that you have requested from us for the purpose of the audit.

(c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

(d) All minutes of meetings of the governing body held through the date of this letter.

(e) All significant contracts and grants.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:

(a) Misappropriation of assets.

(b) Misrepresented or misstated assets, liabilities or net position.

8. We have no knowledge of any known or suspected:

(a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.

(b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Station received in communications from employees, customers, regulators, suppliers or others.

10. We have disclosed to you the identity of the entity’s related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component
units; and any other party with which the entity may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.

11. Except as reflected in the financial statements, there are no:

(a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

(b) Material transactions omitted or improperly recorded in the financial statements.

(c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

(d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.

(e) Agreements to purchase assets previously sold.

(f) Restrictions on cash balances or compensating balance agreements.

(g) Guarantees, whether written or oral, under which the Station is contingently liable.

12. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

13. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney’s services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigations or claims, pending or threatened, for which legal counsel should be sought.

14. Adequate provisions and allowances have been accrued for any material losses from:

(a) Uncollectible receivables.

(b) Reducing obsolete or excess inventories to estimated net realizable value.

(c) Sales commitments, including those unable to be fulfilled.
(d) Purchase commitments in excess of normal requirements or above prevailing market prices.

15. Except as disclosed in the financial statements, we have:

(a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.

(b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

16. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

17. With regard to deposit and investment activities:

(a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.

(b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

(c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

18. With respect to any nonattest services you have provided us during the year, including drafting the financial statements and footnote disclosures:

(a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.

(b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.

(c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

(d) We have evaluated the adequacy of the services performed and any findings that resulted.
19. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

20. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

21. With regard to supplementary information:

(a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.

(b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.

(c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.

(d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

(e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.

Mr. Mike Downey, General Manager  
KJLU-FM

Ms. Sandy Ketting, Chief Financial Officer

Ms. Stacey Schulte, Accountant
Board of Curators and Management  
Lincoln University  
Jefferson City, Missouri

In planning and performing our audit of the financial statements of Lincoln University (the “University”) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the University’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control. Accordingly, we do not express an opinion on the effectiveness of the University’s internal control.

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A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University’s financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matter that we consider to be a deficiency.

**Deficiency**

**Annual Leave Policy**

Each year, we are required to incorporate an element of unpredictability in our auditing procedures. In this year’s audit, we conducted an additional review of the University’s annual leave policy. We noted that the University’s current procedure for approval of an employee’s leave involves an employee being responsible for submitting a Request for Leave Form. The Human Resources Department is then responsible for adjusting the employee’s accrued leave balance. This process could allow an employee to
avoid having hours deducted from his or her accrued leave balance, by withholding the Request for Leave Form from the Human Resources Department and therefore using more leave time than would be owed to the employee. We recommend the University require an employee’s supervisor control the submission of the Request for Leave Forms to Human Resources in order to minimize the potential for abuse of the annual leave policy.

In addition, we examined supporting documentation for employees who either had taken unusually high or unusually low amounts of leave time during 2015. No employees were discovered who had used more leave time than the policy limits. There were 20 employees, who were not new employees of the University, who took less than three days of vacation time in 2015. Employees with low levels of leave time taken could indicate leave time reporting issues. Also, having employees take leave time, during which others complete their duties can be a technique to detect fraud or errors.

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructively suggestions for the consideration of management as part of the ongoing process of modifying and improving accounting controls and the financial and administrative practices and procedures.

Enrollment of Students with Outstanding Accounts Receivable

In our testing of collections of specific student accounts receivable after year end, we noted students in our sample who had outstanding balances at June 30, 2015, that were not paid off prior to registering and being billed for Fall 2015 semester charges. The University’s policy is to require students to pay in full prior to registering for the following semester, unless approved by the President of the University. It appears that the University is not consistently applying the policy. We recommend that the University continue to monitor outstanding student balances prior to allowing students to enroll in ongoing courses. Improved procedures around the extension of credit should improve the University’s ability to collect billed fees.

Fraud Hotline Implementation

In its “2014 Report to the Nation on Occupational Fraud and Abuse,” the Association of Certified Fraud Examiners estimates that 5% of revenue is lost to fraud and abuse. One of the most cost-effective strategies in combating fraud is the implementation of a third-party hotline. We recommend that management consider implementing a third-party hotline this year.

Independent studies have shown that a significant amount of fraudulent activity is discovered by way of anonymous tips; the third-party hotlines can play a key role in the facilitation of this important information. In our own experience, we also have found that third-party hotlines can be an important strategy in accelerating the discovery of inappropriate activity in the organization and thereby reducing losses relating to such activity.
In addition, the implementation of such a hotline can add to the overall control environment and "tone at the top" of the University and thereby serve as an important deterrent to fraud within the University.

**Increased Oversight through Continuous Auditing**

One way to increase oversight over routine transactions with little additional time from management personnel is the use of continuous auditing. Continuous auditing is the routine use of electronic auditing tools and methods which have the ability to effectively and efficiently analyze an entire data set, as opposed to traditional oversight methods such as manually reviewing only high dollar items. There are various software tools available that can be set up to perform automated processes at scheduled times. Continuous auditing processes and an internal audit plan can be developed to address many risks and carried out by the University's internal auditor.

Below are a few of the schemes and errors that can potentially be identified through an electronic analysis:

- Inappropriate purchase card transactions
- Fictitious vendors
- Significant alterations of hours and wages
- Ghost employees
- Duplicate payments
- Employees paid as vendors (undisclosed conflicts of interest)

Electronic data analysis does not provide assurance that irregularities will be discovered; however, it is a tool that can be effective when used in conjunction with management's other efforts to detect fraud and errors.

**Unclaimed Property Compliance**

Outstanding checks that have been outstanding for more than three years are considered to be unclaimed property by the Treasurer's Office of the State of Missouri. The University has a policy for handling unclaimed property. Once a check has been outstanding for three years, Accounts Payable will attempt to contact the vendor and verify with a letter the outstanding balance. If a response is received, the University will void the original check and issue a new check to the vendor. If no response is received, the check and voucher are voided and turned over to the State of Missouri as unclaimed property. This policy is in accordance with state guidelines. In our testing of outstanding checks, we noted that there were approximately $36,000 of checks that have been outstanding for longer than three years. We recommend the University's Comptroller's Office review unclaimed property practices to ensure they are in accordance with University policy and State of Missouri statutes.

We appreciate the opportunity to present these comments and suggestions. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.
This communication is intended solely for the information and use of management, the Board of Curators and others within the University and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Springfield, Missouri
October 26, 2015
Board of Curators and Management  
Lincoln University  
Jefferson City, Missouri

As part of our audits of the financial statements and compliance of Lincoln University as of and for the year ended June 30, 2015, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS


An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in OMB Circular A-133 that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The University’s significant accounting policies are described in Note 1 of the audited financial statements.
Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Allowance for doubtful accounts
- Compensated absences
- Postemployment benefit obligations
- Unearned revenue

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Deposits, investments and investment income
- Noncurrent liabilities
- Pension plans
- Postemployment health care plan
- Commitments and contingencies

Audit Adjustments

No matters are reportable.

Auditor's Judgments About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the University's application of accounting principles:

- The Governmental Accounting Standards Board issued its Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The University’s adoption of these Statements required recording of the University’s proportional share of the net pension liability, and related deferred outflows and inflows, of the Missouri State Employees’ Plan (MSEP). MSEP is a single-employer defined benefit public employee retirement plan administered by the Missouri State Employees’ Retirement System and accounted for as a multiple employer cost sharing plan. The University first applied GASB Statement No. 68 during the year ended June 30, 2015.
Other Material Written Communications

Listed below are other material written communications between management and us related to the audit:

- Management representation letter (attached)
- Management letter dated October 26, 2015, communicating a deficiency in internal control that is not considered a material weakness or a significant deficiency

This letter is intended solely for the information and use of the Board of Curators, management and others within the University and is not intended to be and should not be used by anyone other than these specified parties.

BKP, LLP

Springfield, Missouri
October 26, 2015
October 26, 2015

BKD, LLP
Certified Public Accountants
P.O. Box 1190
Springfield, Missouri 65801

We are providing this letter in connection with your audits of our financial statements as of and for the years ended June 30, 2015 and 2014 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended June 30, 2015. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated June 24, 2015, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

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An equal opportunity institution
4. We have provided you with:

(a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.

(b) Additional information that you have requested from us for the purpose of the audit.

(c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

(d) All minutes of meetings of the governing body held through the date of this letter.

(e) All significant contracts and grants.

5. All transactions have been recorded in the accounting records and are reflected in the financial statements.

6. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:

(a) Misappropriation of assets.

(b) Misrepresented or misstated assets, liabilities or net position.

7. We have no knowledge of any known or suspected:

(a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.

(b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the University received in communications from employees, customers, regulators, suppliers or others.

9. We have disclosed to you the identity of the entity’s related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the entity may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.
10. Except as reflected in the financial statements, there are no:

(a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

(b) Material transactions omitted or improperly recorded in the financial statements.

(c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

(d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.

(e) Agreements to purchase assets previously sold.

(f) Restrictions on cash balances or compensating balance agreements.

(g) Guarantees, whether written or oral, under which the University is contingently liable.

11. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

12. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

13. Adequate provisions and allowances have been accrued for any material losses from:

(a) Uncollectible receivables.

(b) Purchase commitments in excess of normal requirements or above prevailing market prices.

14. Except as disclosed in the financial statements, we have:

(a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.

(b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
15. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

16. With regard to deposit and investment activities:
   (a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.
   (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
   (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

17. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.

18. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.

19. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.

20. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.

21. We have a process to track the status of audit findings and recommendations.

22. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.

23. With regard to federal awards programs:
   (a) We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by
federal agencies in the form of grants, contracts, loans, loan guarantees, 
property, cooperative agreements, interest subsidies, commodities, 
insurance, direct appropriations or in any other form.

(b) We have identified the types of compliance requirements described in the
U. S. Office of Management and Budget (OMB) Circular A-133 Compliance 
Supplement regarding activities allowed or unallowed; allowable costs/cost 
principles; cash management; Davis-Bacon Act; eligibility; equipment and 
real property management; matching, level of effort, earmarking; period of 
availability of federal funds; procurement and suspension and debarment; 
program income; real property acquisition and relocation assistance; 
reporting; subrecipient monitoring; and special tests and provisions that are 
applicable to each of our federal awards programs. We have identified to 
you our interpretation of any applicable compliance requirements subject to 
varying interpretations.

c) We are responsible to understand and comply with the requirements of 
laws, regulations, contracts and grants applicable to each of our federal 
awards programs and have disclosed to you any and all instances of 
noncompliance with those requirements occurring during the period of your 
audit or subsequent thereto to the date of this letter of which we are aware. 
Except for any instances of noncompliance we have disclosed to you, we 
believe the University has complied with all applicable compliance 
requirements.

d) We are responsible for establishing and maintaining effective internal 
control over compliance to provide reasonable assurance we have 
administered each of our federal awards programs in compliance with 
requirements of laws, regulations, contracts and grants applicable to those 
programs.

e) We have made available to you all contracts and grant agreements, 
including any amendments, and any other correspondence or documentation 
relevant to each of our federal awards programs and to our compliance with 
applicable requirements of those programs.

(f) The information presented in federal awards program financial reports and 
claims for advances and reimbursements is supported by the books and 
records from which our financial statements have been prepared.

(g) The reports provided to you related to federal awards programs are true 
copies of reports submitted or electronically transmitted to the federal 
awarding agency, the applicable payment system or pass-through entity in 
the case of a subrecipient.

(h) Amounts claimed or used for matching were determined in accordance with 
the applicable OMB Circular regarding cost principles.
(i) We have monitored any subrecipients to determine that they have expended federal awards in accordance with applicable laws and regulations and have met the audit and other requirements of OMB Circular A-133.

(j) We have taken appropriate corrective action on a timely basis after receipt of any subrecipient’s auditor’s report that identified findings and questioned costs pertaining to federal awards programs passed through to the subrecipient by us.

(k) We have considered the results of any subrecipient’s audits received and made any necessary adjustments to our books and records.

(l) We have disclosed to you any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.

(m) We have identified to you any previous compliance audits, attestation engagements and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other monitoring.

(n) Except as described in the schedule of findings and questioned costs, we are in agreement with the findings contained therein and our views regarding any disagreements with such findings are consistent, as of the date of this letter, with the description thereof in that schedule.

(o) We are responsible for taking corrective action on any audit findings.

(p) The summary schedule of prior audit findings correctly states the status of all audit findings included in the OMB Circular A-133 section of the prior audit’s schedule of findings and questioned costs and any uncorrected open findings included in the prior audit’s summary schedule of prior audit findings as of the date of this letter.

24. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

25. The supplementary information required by the Governmental Accounting Standards Board, consisting of management’s discussion and analysis, pension
information and other postemployment benefit information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

26. With regard to supplementary information:

   (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.

   (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.

   (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.

   (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

   (e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor’s report are issued.

Dr. Kevin Rome, President

Dr. Jerome Offord Jr., Dean of Administration and Student Affairs

Ms. Sandy Koetting, Chief Financial Officer
KJLU-FM Radio
A Public Broadcasting Entity Operated by Lincoln University

Independent Auditor’s Report and Financial Statements

June 30, 2015 and 2014

BKD LLP
CPAs & Advisors
KJLU-FM Radio
A Public Broadcasting Entity Operated by
Lincoln University
June 30, 2015 and 2014

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Independent Auditor's Report

Board of Curators
Lincoln University
Jefferson City, Missouri

We have audited the accompanying basic financial statements, which are comprised of the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended and the related notes to the basic financial statements, as listed in the table of contents, of KJLU-FM Radio, a Public Broadcasting Entity operated by Lincoln University.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KJLU-FM Radio, a Public Broadcasting Entity operated by Lincoln University, as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 basic 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 basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Station’s basic financial statements. The functional expenses schedule listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Springfield, Missouri
November 23, 2015
KJLU-FM Radio
A Public Broadcasting Entity Operated by Lincoln University
Management's Discussion and Analysis
Years Ended June 30, 2015 and 2014

KJLU-FM Radio is a Public Broadcasting Entity operated by Lincoln University as an educational and community service vehicle. Founded in August 1973, KJLU-FM is committed to serving and promoting the University, educating Lincoln students and community volunteers and providing quality programming for Mid-Missouri. As a service of Lincoln University, KJLU-FM promotes the outstanding educational advantages of Lincoln University and supports the school's various community interests.

Quality and excellence is the foundation of our programming and of our public service offerings. As a reflection of Lincoln University, KJLU-FM emphasizes and celebrates the diversity of its listenership. Student interaction is maximized. The facilities of KJLU-FM are used to educate students seeking degrees in journalism and other fields and community volunteers in the appropriate areas of radio production.

Through its local and syndicated news broadcasts, KJLU-FM educates and informs the varied audiences within its listening area. Locally produced public affairs programming highlights issues of relevance of both national and local interest. Through its mission, KJLU-FM strives for diversity, innovation and creativity. KJLU-FM intends to make a positive difference in the lives of the people it reaches by the selection of music played, the news transmitted, the topics discussed and the issues presented.

Overview of Financial Highlights

This section of KJLU-FM Radio's financial statements presents management's discussion and analysis of KJLU-FM's financial performance during the fiscal years ended June 30, 2015 and 2014. The purpose of this section is to provide an objective and easily readable analysis of KJLU-FM's financial position based on currently known facts, decisions and opinions. It should be read in conjunction with the basic financial statements and their footnotes.

Basic Financial Statements

This report consists of three basic financial statements. The statements of net position, the statements of revenues, expenses and changes in net position and the statements of cash flows. These statements provide both long-term and short-term financial information on KJLU-FM.

KJLU-FM’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). A summary of significant accounting policies followed by KJLU-FM is included in Note 1 to the financial statements of this report.

The statements of net position and statements of revenues, expenses and changes in net position reports KJLU-FM’s net position and how they have changed. Net position—the difference between assets and liabilities—is one way to measure KJLU-FM’s financial health or position. Over time, increases or decreases in KJLU-FM’s net position is an indicator of whether its financial health is improving.
These statements include all assets and liabilities using the accrual basis in accordance with GAAP. All the current year’s revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The following table summarizes KJLU-FM’s assets, liabilities and net position as of June 30, 2015, 2014 and 2013:

<table>
<thead>
<tr>
<th>Assets</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$571.4</td>
<td>$527.7</td>
<td>$479.1</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>11.7</td>
<td>15.0</td>
<td>7.9</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>583.1</td>
<td>542.7</td>
<td>487.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td>211.9</td>
<td>193.3</td>
<td>170.0</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>211.9</td>
<td>193.3</td>
<td>170.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Position</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>11.7</td>
<td>15.0</td>
<td>7.9</td>
</tr>
<tr>
<td>Restricted -</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expendable for</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term endowment</td>
<td>21.9</td>
<td>21.7</td>
<td>21.2</td>
</tr>
<tr>
<td>Other</td>
<td>1.5</td>
<td>1.3</td>
<td>0.8</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>336.1</td>
<td>311.4</td>
<td>287.1</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$371.2</td>
<td>$349.4</td>
<td>$317.0</td>
</tr>
</tbody>
</table>

The following table summarizes KJLU-FM’s revenues, expenses and changes in net position for the years ended June 30, 2015, 2014 and 2013:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$16.3</td>
<td>$15.8</td>
<td>$15.8</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>755.4</td>
<td>712.2</td>
<td>667.2</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(739.1)</td>
<td>(696.4)</td>
<td>(651.4)</td>
</tr>
<tr>
<td>Nonoperating revenues</td>
<td>760.9</td>
<td>728.8</td>
<td>677.8</td>
</tr>
<tr>
<td>Increase before capital items</td>
<td>21.8</td>
<td>32.4</td>
<td>26.4</td>
</tr>
<tr>
<td>Capital gifts</td>
<td></td>
<td></td>
<td>2.1</td>
</tr>
<tr>
<td>Increase in net position</td>
<td>21.8</td>
<td>32.4</td>
<td>28.5</td>
</tr>
<tr>
<td>Net position, beginning of year</td>
<td>349.4</td>
<td>317.0</td>
<td>288.5</td>
</tr>
<tr>
<td>Net position, end of year</td>
<td>$371.2</td>
<td>$349.4</td>
<td>$317.0</td>
</tr>
</tbody>
</table>
Operating Revenues

For the years ended June 30, 2015, 2014 and 2013, operating revenues consists of tower rental revenue.

Operating Expenses

The following table summarizes KJLU-FM's operating expenses for the years ended June 30, 2015, 2014 and 2013:

<table>
<thead>
<tr>
<th>Operating Expenses</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programming and production</td>
<td>$149.4</td>
<td>$145.2</td>
<td>$114.2</td>
</tr>
<tr>
<td>Broadcasting</td>
<td>117.6</td>
<td>156.1</td>
<td>120.6</td>
</tr>
<tr>
<td>Program information and promotion</td>
<td>42.9</td>
<td>0.5</td>
<td>87.2</td>
</tr>
<tr>
<td>Fundraising and membership development</td>
<td>33.0</td>
<td>29.5</td>
<td>13.3</td>
</tr>
<tr>
<td>Management and general</td>
<td>412.5</td>
<td>380.9</td>
<td>331.9</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>$755.4</strong></td>
<td><strong>$712.2</strong></td>
<td><strong>$667.2</strong></td>
</tr>
</tbody>
</table>

Nonoperating Revenues (Expenses)

The following table summarizes KJLU-FM's nonoperating revenues (expenses) for the years ended June 30, 2015, 2014 and 2013:

<table>
<thead>
<tr>
<th>Nonoperating Revenues</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>General appropriations from Lincoln University</td>
<td>$310.5</td>
<td>$307.5</td>
<td>$295.3</td>
</tr>
<tr>
<td>Donated facilities and administrative support from Lincoln University</td>
<td>248.7</td>
<td>213.4</td>
<td>184.2</td>
</tr>
<tr>
<td>Corporation for Public Broadcasting station development grant</td>
<td>187.5</td>
<td>182.6</td>
<td>181.1</td>
</tr>
<tr>
<td>Investment income (loss)</td>
<td>0.3</td>
<td>1.0</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Loss on transfer of property</td>
<td>(5.0)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State grant</td>
<td>-</td>
<td>6.3</td>
<td>-</td>
</tr>
<tr>
<td>Contributions</td>
<td>16.6</td>
<td>15.4</td>
<td>15.0</td>
</tr>
<tr>
<td>Other, net</td>
<td>2.3</td>
<td>2.6</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Total Nonoperating Revenues</strong></td>
<td><strong>$760.9</strong></td>
<td><strong>$728.8</strong></td>
<td><strong>$677.8</strong></td>
</tr>
</tbody>
</table>

Statement of Cash Flows

The primary purpose of the statement of cash flows is to provide information about the cash receipts and disbursements of an entity during a period. This statement also aids in the assessment of an entity's ability to generate future net cash flows, ability to meet obligations as they come due and needs for external financing.
The following table summarizes KJLU-FM’s cash flows for the years ended June 30, 2015, 2014 and 2013:

<table>
<thead>
<tr>
<th>Cash Flows for the Year</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>(In Thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Provided By (Used In)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities</td>
<td>$487.5</td>
<td>$473.1</td>
<td>$467.6</td>
</tr>
<tr>
<td>Noncapital financing activities</td>
<td>536.0</td>
<td>530.7</td>
<td>500.8</td>
</tr>
<tr>
<td>Capital and related financing activities</td>
<td>-5.1</td>
<td>-10.0</td>
<td></td>
</tr>
<tr>
<td>Increase in Cash</td>
<td>43.4</td>
<td>47.6</td>
<td>33.2</td>
</tr>
<tr>
<td>Cash, Beginning of the Year</td>
<td>504.6</td>
<td>457.0</td>
<td>423.8</td>
</tr>
<tr>
<td>Cash, End of the Year</td>
<td>$548.0</td>
<td>$504.6</td>
<td>$457.0</td>
</tr>
</tbody>
</table>

**KJLU-FM’s Financial Position and Changes in Financial Position**

In 2015, KJLU-FM’s financial position improved from 2014. Cash increased approximately $43,400 with liabilities increasing approximately $18,600. Total revenues increased by approximately $46,000 and total expenses increased by approximately $56,600.

In 2014, KJLU-FM’s financial position improved from 2013. Cash increased approximately $47,600 with liabilities increasing approximately $23,300. Total revenues increased by approximately $48,900 and total expenses increased by approximately $45,000.

**Capital Assets**

KJLU-FM purchased approximately $5,100, $10,000 and $2,100 in new equipment during 2015, 2014 and 2013, respectively. See Note 4 for further capital asset activity information.
KJLU-FM Radio
A Public Broadcasting Entity Operated by Lincoln University
Statements of Net Position
June 30, 2015 and 2014

<table>
<thead>
<tr>
<th>Assets</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$548,072</td>
<td>$504,693</td>
</tr>
<tr>
<td>Investments</td>
<td>23,363</td>
<td>23,041</td>
</tr>
<tr>
<td></td>
<td>571,435</td>
<td>527,734</td>
</tr>
<tr>
<td>Noncurrent Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>11,729</td>
<td>14,982</td>
</tr>
<tr>
<td></td>
<td>583,164</td>
<td>542,716</td>
</tr>
<tr>
<td>Liabilities and Net Position</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued salaries</td>
<td>1,170</td>
<td>2,235</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>40,890</td>
<td>40,365</td>
</tr>
<tr>
<td>Unearned support</td>
<td>169,880</td>
<td>150,685</td>
</tr>
<tr>
<td></td>
<td>211,940</td>
<td>193,285</td>
</tr>
<tr>
<td>Net Position</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>11,729</td>
<td>14,982</td>
</tr>
<tr>
<td>Restricted -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expendable for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term endowment</td>
<td>21,895</td>
<td>21,734</td>
</tr>
<tr>
<td>Other</td>
<td>1,468</td>
<td>1,307</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>336,132</td>
<td>311,408</td>
</tr>
<tr>
<td></td>
<td>371,224</td>
<td>349,431</td>
</tr>
</tbody>
</table>

See Notes to Financial Statements
KJLU-FM Radio
A Public Broadcasting Entity Operated by Lincoln University
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2015 and 2014

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tower rental</td>
<td>$16,342</td>
<td>$15,840</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programming and production</td>
<td>149,394</td>
<td>145,185</td>
</tr>
<tr>
<td>Broadcasting</td>
<td>117,610</td>
<td>156,090</td>
</tr>
<tr>
<td>Program information and promotion</td>
<td>42,925</td>
<td>497</td>
</tr>
<tr>
<td></td>
<td>309,929</td>
<td>301,772</td>
</tr>
<tr>
<td>Support services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fundraising and membership development</td>
<td>33,000</td>
<td>29,563</td>
</tr>
<tr>
<td>Management and general</td>
<td>412,493</td>
<td>380,867</td>
</tr>
<tr>
<td></td>
<td>445,493</td>
<td>410,430</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>755,422</td>
<td>712,202</td>
</tr>
<tr>
<td>Operating Loss</td>
<td>(739,080)</td>
<td>(696,362)</td>
</tr>
<tr>
<td>Nonoperating Revenues (Expenses)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General appropriations from Lincoln University</td>
<td>310,534</td>
<td>307,529</td>
</tr>
<tr>
<td>Donated facilities and administrative support from Lincoln University</td>
<td>248,740</td>
<td>213,349</td>
</tr>
<tr>
<td>Corporation for Public Broadcasting station development grant</td>
<td>187,451</td>
<td>182,609</td>
</tr>
<tr>
<td>Investment income</td>
<td>322</td>
<td>985</td>
</tr>
<tr>
<td>Loss on transfer of property</td>
<td>(5,020)</td>
<td></td>
</tr>
<tr>
<td>State grant</td>
<td>-</td>
<td>6,312</td>
</tr>
<tr>
<td>Contributions</td>
<td>16,556</td>
<td>15,385</td>
</tr>
<tr>
<td>Underwriting</td>
<td>2,290</td>
<td>2,580</td>
</tr>
<tr>
<td></td>
<td>760,873</td>
<td>728,749</td>
</tr>
<tr>
<td>Increase in Net Position</td>
<td>21,793</td>
<td>32,387</td>
</tr>
<tr>
<td>Net Position, Beginning of Year</td>
<td>349,431</td>
<td>317,044</td>
</tr>
<tr>
<td>Net Position, End of Year</td>
<td>$371,224</td>
<td>$349,431</td>
</tr>
</tbody>
</table>

See Notes to Financial Statements
### KJLU-FM Radio
A Public Broadcasting Entity Operated by Lincoln University

**Statements of Cash Flows**

**Years Ended June 30, 2015 and 2014**

<table>
<thead>
<tr>
<th>Operating Activities</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tower rental</td>
<td>$16,342</td>
<td>$15,840</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(84,334)</td>
<td>(82,287)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(419,575)</td>
<td>(406,630)</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(487,567)</td>
<td>(473,077)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Noncapital Financing Activities</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>State grant</td>
<td>$9,125</td>
<td>$6,312</td>
</tr>
<tr>
<td>Nongovernmental grants</td>
<td>197,521</td>
<td>198,863</td>
</tr>
<tr>
<td>Contributions</td>
<td>18,306</td>
<td>15,385</td>
</tr>
<tr>
<td>Underwriting</td>
<td>540</td>
<td>2,580</td>
</tr>
<tr>
<td>General appropriation from Lincoln University</td>
<td>310,534</td>
<td>307,529</td>
</tr>
<tr>
<td><strong>Net cash provided by noncapital financing activities</strong></td>
<td>536,026</td>
<td>530,669</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital and Related Financing Activities</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of capital assets</td>
<td>(5,080)</td>
<td>(9,955)</td>
</tr>
<tr>
<td><strong>Net cash used in capital and related financing activities</strong></td>
<td>(5,080)</td>
<td>(9,955)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase in Cash</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$43,379</td>
<td>47,637</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash, Beginning of Year</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$504,693</td>
<td>457,056</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash, End of Year</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>$548,072</td>
<td>$504,693</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating loss</td>
<td>$(739,080)</td>
<td>$(696,362)</td>
</tr>
<tr>
<td>Donated facilities and administration</td>
<td>248,740</td>
<td>213,349</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>3,313</td>
<td>2,894</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>(540)</td>
<td>7,042</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>$(487,567)</td>
<td>$(473,077)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supplemental Cash Flows Information</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donated facilities and administration</td>
<td>$262,118</td>
<td>$213,349</td>
</tr>
<tr>
<td>Investment income</td>
<td>$322</td>
<td>$985</td>
</tr>
</tbody>
</table>

*See Notes to Financial Statements*
KJLU-FM Radio
A Public Broadcasting Entity Operated by Lincoln University
Notes to Financial Statements
June 30, 2015 and 2014

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

KJLU-FM Radio (Station) is operated by Lincoln University (University) located in Jefferson City, Missouri. All amounts contained in this report are included in the financial statements of the University, a component unit of the state of Missouri, or the Lincoln University Foundation, Inc. (Foundation) as of and for the years ended June 30, 2015 and 2014. As the Station is part of the University, it is exempt from federal and state income taxes.

Basis of Accounting and Presentation

The financial statements of the Station have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific (such as state appropriations), investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses. The Station first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

At June 30, 2015 and 2014, cash consists primarily of pooled cash accounts with the University and the Foundation.

Investments and Investment Income

The Station accounts for investments at fair value, as determined by quoted market prices. Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of investment income in the statements of revenues, expenses and changes in net position.
KJLU-FM Radio
A Public Broadcasting Entity Operated by Lincoln University
Notes to Financial Statements
June 30, 2015 and 2014

Accounts Receivable

Accounts receivable, if any, includes amounts due from the federal government, state and local
governments or private sources, in connection with reimbursement of allowable expenditures made
pursuant to the Station's grants and contracts. Accounts receivable are recorded net of estimated
uncollectible amounts.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if
acquired by gift. Depreciation is computed using the straight-line method over the estimated
useful life of each asset. The Station uses an estimated useful life of either six or 10 years.

Compensated Absences

University policies permit full-time employees to accumulate vacation and sick leave benefits that
may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the
related liability are recognized as vacation benefits when earned whether the employee is expected
to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time
off are recognized as expense when the time off occurs and no liability is accrued for such benefits
employees have earned but not yet realized. Compensated absence liabilities are computed using
the regular pay and termination pay rates in effect at the statement of net position date plus an
additional amount for compensation-related payments such as social security and Medicare taxes
computed using rates in effect at that date.

Unearned Support

Unearned support represents advances on Corporation for Public Broadcasting and state grants and
contracts for which the Station has not met all of the applicable eligibility requirements.

Net Position

The Station's net position is classified as follows:

Net investment in capital asset – This represents the Station's investment in capital assets.

Restricted expendable – This represents the Station's term endowment and related unspent
earnings as specified by grantors external to the Station.

Unrestricted net position – Remaining net position that does not meet the definition of net
investment in capital assets or restricted.
Classification of Revenues

The Station has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating revenues* — Operating revenues include activities that have the characteristics of exchange transactions, such as sales and services.

*Nonoperating revenues* — Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as appropriations and gift income.

In-Kind Contributions

Donated facilities from the University consist of office and studio space. These items, together with related occupancy costs, are recorded in revenues and expenses at estimated fair rental values. Administrative support from the University consists of allocated institutional costs and certain other expenses incurred by the University on behalf of the Station.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenues, expenses and changes in net position. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

Risk Management

The Station is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. The Station is covered under the University’s commercial insurance policy that is purchased for claims arising from such matters other than those related to workers’ compensation and natural disasters. The state of Missouri self-insures workers’ compensation benefits for all state employees, including University and Station employees. Claims are administered by the Missouri Office of Administration, Risk Management Section.
KJLU-FM Radio
A Public Broadcasting Entity Operated by Lincoln University
Notes to Financial Statements
June 30, 2015 and 2014

Note 2: Deposits, Investments and Investment Return

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. Deposits for the Station are held by the Foundation and the University. The Foundation is not required by state law to collateralize its deposits and amounts in excess of federally insured limits are exposed to custodial credit risk. The University’s deposit policy for custodial risk must comply with the provisions of state policy which requires all deposits placed in financial institutions to be at least 100% collateralized with securities that are acceptable to the Missouri State Governor, Missouri State Treasurer and the Missouri State Auditor. All securities, which serve as collateral against the deposits of a depository institution, must be held by a nonaffiliated custodial facility. Depository institutions pledging collateral against deposits must, in conjunction with the custodial agent, furnish the necessary custodial receipts.

At June 30, 2015 and 2014, the Station’s bank balances held by the University were $368,922 and $333,924, respectively. None of these deposits were exposed to custodial credit risk at June 30, 2015 or 2014.

Investments

Investments for the Station are held by the Foundation and managed as a pooled investment fund. The various subsidiary accounts purchase shares in the investment pool when additions are received. The investment pool is operated on a unit market basis. The investment pool includes money market funds and fixed income securities, which are carried at fair value. The Station’s investments are not classified by custodial credit risk category as they are not evidenced by securities that exist in physical or book entry form. Investment income for the years ended June 30, 2015 and 2014, includes an unrealized gain of $322 and $985, respectively.

Interest Rate Risk – Interest rate risk is the risk that changes in the interest rate will adversely affect the fair value of an investment. The University’s policy applied by the Station minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by managing the duration of the portfolio in a manner which satisfies the anticipated liquidity needs of the Station.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2015 and 2014, the Station’s investments are not rated.

Concentration of Credit Risk – The Station places no limit on the amount that may be invested in any one issuer consistent with the University’s policy.
KJLU-FM Radio
A Public Broadcasting Entity Operated by Lincoln University
Notes to Financial Statements
June 30, 2015 and 2014

Note 3:  Endowment Funds

The Station’s endowment funds are composed of term endowment funds received from the University through the U.S. Department of Education Title III program matching funds of $10,000. The Station used $10,000 of its unrestricted funds to invest in the endowment as required by the Title III program. The grant provisions require the Station to maintain the endowment corpus for 20 years. After the termination of the grant period, the Station may use the endowment fund corpus plus any endowment fund income for any educational purpose. Endowment fund income is defined as the total value of the endowment fund established minus the endowment fund corpus. Each year the Station is allowed to spend no more than 50% of the total aggregate endowment fund income related to the grant award. The total earnings on the endowment were $322 and $985 for the years ended June 30, 2015 and 2014, respectively.

Note 4:  Capital Assets

Capital assets activity for the years ended June 30, 2015 and 2014, was:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Disposals</th>
<th>Transfers</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$ 143,823</td>
<td>$ 5,080</td>
<td>$ 1,982</td>
<td>$ 17,336</td>
<td>$ 129,585</td>
</tr>
<tr>
<td>Less accumulated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>depreciation equipment</td>
<td>128,841</td>
<td>3,313</td>
<td>1,982</td>
<td>12,316</td>
<td>117,856</td>
</tr>
<tr>
<td>Net capital assets</td>
<td>$ 14,982</td>
<td>$ 1,767</td>
<td>-</td>
<td>$ 5,020</td>
<td>$ 11,729</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Disposals</th>
<th>Transfers</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$ 138,270</td>
<td>$ 9,955</td>
<td>$ 4,402</td>
<td>-</td>
<td>$ 143,823</td>
</tr>
<tr>
<td>Less accumulated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>depreciation equipment</td>
<td>130,349</td>
<td>2,894</td>
<td>4,402</td>
<td>-</td>
<td>128,841</td>
</tr>
<tr>
<td>Net capital assets</td>
<td>$ 7,921</td>
<td>$ 7,061</td>
<td>-</td>
<td>-</td>
<td>$ 14,982</td>
</tr>
</tbody>
</table>
KJLU-FM Radio
A Public Broadcasting Entity Operated by Lincoln University
Notes to Financial Statements
June 30, 2015 and 2014

Note 5: Rental Income

The Station receives rental income arising from leasing a portion of the University’s land and
tower space to Alamosa Missouri Properties. The initial lease term was five years with a renewal
option for five additional five-year terms. The lessee Alamosa Missouri Properties has exercised
the first five-year renewal option.

Future minimum rental payments to be received on noncancelable operating leases as of June 30,
2015:

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<tr>
<th>Year</th>
<th>Rental Income</th>
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<tbody>
<tr>
<td>2016</td>
<td>$ 17,424</td>
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<td>2017</td>
<td>17,424</td>
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<td>2018</td>
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<td>2019</td>
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<td>2020</td>
<td>8,712</td>
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Note 6: Operating Lease

The Station leases tower space on a year-to-year basis. The lease requires the Station to pay all
electricity and other utilities. Rental expense for the years ended June 30, 2015 and 2014, was
$24,086 for both years.

Note 7: Contingencies

Grants

The Station is currently participating in certain grants. The expenditures of grant proceeds must be
for allowable and eligible purposes. Audits by the granting department or agency may result in
requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon
notification of final approval by the granting department or agency, the grants are considered
closed.
Supplementary Information
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**Year Ended June 30, 2015**

Functional Expenses

A Public Broadcasting Entity Operated by Lincoln University

KLJU-FM Radio
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**Year Ended June 30, 2024**

**Functional Expenses**

**A Public Broadcasting Entity Operated by Lincoln University**

**KJLU-FM Radio**
Lincoln University
Intercollegiate Athletics Department

Independent Accountant’s Report on Application of Agreed-Upon Procedures

June 30, 2015
Independent Accountant’s Report on Application of Agreed-Upon Procedures

Dr. Kevin Rome, President
Lincoln University
Jefferson City, Missouri

We have performed the procedures enumerated below, which were agreed to by Lincoln University (the “University”), solely to assist the University in complying with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.16 for the year ended June 30, 2015. The managements of Lincoln University and Lincoln University Foundation are responsible for their aforementioned financial statement elements, accounts and items and internal control over financial reporting and compliance. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below for the purpose for which this report has been requested or for any other purpose.

The procedures that were performed and our findings are as follows:

For purposes of all the following agreed-upon procedures, the following guidelines and materially thresholds apply:

- The materiality threshold is set at $5,000 and only variances greater than $5,000 were noted in our report.

- If a specific reporting category is less than 0.5% of the total revenues or expenses, no procedures were performed for that specific category.

- Unless otherwise specified, all sample sizes consist of three items.

Statement of Revenues and Expenses

1. We obtained the Statement of Revenues and Expenses (Statement) of the Intercollegiate Athletics Department for the year ended June 30, 2015, for Lincoln University and its discretely presented component unit Lincoln University Foundation (collectively “the Institution”), as prepared by management. We compared and agreed each operating revenue and expense category reported in the Statement during the reporting period to supporting schedules provided by the Institution unless the category was less than 0.5% of total revenues and total expenses, respectively, without exception.
2. We compared and agreed a sample of operating revenue receipts and a sample of expense obtained from the above operating revenue and expense supporting schedules to adequate supporting documentation, noting no exceptions.

3. We compared each major revenue and expense account over $1 million and/or 10% of total revenues and expenses to prior period amounts. We obtained and documented an understanding of any significant variations over $1 million and/or 10% from the prior year. See the table in the supplemental schedules for the full analysis. Per inquiry of University personnel, the athletic department is not budgeted to the level of the Statement of Revenues and Expenses, thus comparison of each major revenue and expense account over $1 million and/or 10% of revenues and expenses to budget estimates was not performed.

**Ticket Sales**

Per review of the Statement, this category is less than 0.5% of the total revenues for the year thus steps 4 and 5 were not performed.

4. We will compare tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the Institution in the Statement and the related attendance figures.

5. We will recalculate totals.

**Student Fees**

Per review of the Statement, there were no student fees charged during the year thus steps 6 through 8 were not performed.

6. We will compare and agree student fees reported by the Institution in the statement for the reporting to student enrollments during the same reporting period.

7. We will obtain and document an understanding of the Institution’s methodology for allocating student fees to intercollegiate athletics programs.

8. We will recalculate totals.

**Direct State or Other Government Support**

Per review of the Statement, there was no direct state or other government support received during the year thus steps 9 and 10 were not performed.

9. We will compare direct state or other governmental support recorded by the Institution during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation.
10. We will recalculate totals.

**Direct Institutional Support**

11. We compared the direct institutional support recorded by the Institution during the year ended June 30, 2015, with institutional authorizations and corroborative supporting documentation, without exception.

12. We recalculated direct institutional support by sport and agreed to the Statement, without exception.

**Transfers Back to Institution**

Per review of the Statement, there were no transfers back to the Institution during the year thus steps 13 and 14 were not performed.

13. We will compare the transfers back to Institution with permanent transfers back to Institution from the athletics department.

14. We will recalculate totals.

**Indirect Institutional Support**

15. We compared the indirect institutional support recorded by the Institution during the year ended June 30, 2015, with expense payments, cost allocation detail and other corroborative supporting documentation, without exception.

16. We recalculated indirect institutional support by sport and agreed to the Statement, without exception.

**Guarantees**

17. We selected a sample of settlement reports for away games during the year ended June 30, 2015, and agreed each selection to the Institution’s general ledger and/or the Statement, without exception.

18. We selected a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the year ended June 30, 2015, and compared and agreed each selection to the Institution’s general ledger and/or the Statement, without exception.

19. We recalculated guarantees revenue by sport and agreed to the Statement, without exception.
Contributions

20. We compared each major contribution revenue account to prior period amounts. We obtained and documented an understanding of significant variations from the prior year contributions, noting a decrease of total contributions from the prior year of $11,506. This decrease in contributions was due to a decline in contributions for the women’s basketball and softball programs. Per inquiry of University personnel, the athletic department is not budgeted to the level of the Statement of Revenues and Expenses, thus comparison of contribution revenue to budget estimates was not performed.

21. We obtained and reviewed supporting documentation for any contributions of moneys, goods or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals (two or more) not included above, e.g., contributions by corporate sponsors, that constituted 10% or more in aggregate for the year ended June 30, 2015, without exception. We noted one contribution over the 10% threshold which was for the football program.

In-Kind

Per inquiry of University personnel, there was no in-kind donations received by the Institution during the year thus steps 22 and 23 were not performed.

22. We will compare the in-kind recorded by the Institution during the reporting period with a schedule of in-kind donations.

23. We will recalculate totals.

Compensation and Benefits Provided by a Third Party

Per inquiry of University personnel, there was no compensation or benefits provided by a third party during the year thus steps 24 through 27 were not performed.

24. We will obtain the summary of revenues from affiliated and outside organizations (the “Summary”) as of the end of the reporting period from the Institution.

25. We will select a sample of funds from the Summary and compare and agree each selection to supporting documentation, the Institution’s general ledger and/or the Summary.

26. We will recalculate totals.

27. If the third party was audited by independent auditors, we will obtain and review the related independent auditors’ report.
Media Rights

Per review of the Statement, this category is less than 0.5% of the total revenues for the year thus steps 28 through 31 were not performed.

28. We will obtain and inspect agreements to understand the Institution’s total media (broadcast, television, radio) rights received by the Institution or through their conference offices.

29. We will compare and agree the media right revenues recorded to a summary statement of all media rights identified.

30. We will compare and agree related revenues to the Institution’s general ledger, and/or the Statement. Ledger totals may be different for total conference distributions if media rights are not broken out separately.

31. We will recalculate totals.

NCAA Distributions

32. We compared the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents, without exception.

33. We recalculated NCAA distribution revenue by sport and agreed to the Statement, without exception.

Conference Distributions

34. We obtained and inspected agreements related to the Institution’s conference distributions and participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. Agreements were obtained for the following:

a. MIAA Institutional Grant Programs
   i. Student-Athlete Advisory Committee Enhancements
   ii. Academic Support Enhancements
   iii. Health and Safety
b. MIAA Strategic Initiative Grant Program – Professional Development

c. MIAA Strategic Initiative Grant Program – Senior Women Administrator Travel
35. We compared and agree the related revenues to the Institution’s general ledger, and/or the Statement, without exception.

36. We recalculated MIAA distribution revenue by sport and agreed to the Statement, without exception.

**Program Sales, Concessions, Novelty Sales and Parking**

37. We compared the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents for the year ended June 30, 2015, without exception.

38. We recalculated program sales, concessions, novelty sales and parking revenue by sport and agreed to the related documentation and the Statement, without exception.

**Royalties, Licensing, Advertisements and Sponsorships**

Per review of the Statement, this category is less than 0.5% of the total revenues for the year thus steps 39 through 41 were not performed.

39. We will obtain and inspect agreements related to the Institution’s participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions.

40. We will compare and agree the related revenues to the Institution’s general ledger, and/or the Statement.

41. We will recalculate totals.

**Sports Camp Revenues**

Per review of the Statement, this category is less than 0.5% of the total revenues for the year thus steps 42 through 45 were not performed.

42. We will inspect sports camp contracts between the Institution and persons conducting institutional sports camps or clinics during the reporting period to obtain an understanding of the Institution’s methodology for recording revenues from sports camps.

43. We will obtain schedules of camp participants.

44. We will select a sample of individual camp participant cash receipts from the schedule of sports camp participants and agree each selection to the Institution’s general ledger, and/or the Statement.

45. We will recalculate totals.
Dr. Kevin Rome, President  
Lincoln University  
Page 7

**Athletics Restricted Endowment and Investment Income**

Per review of the Statement, this category is less than 0.5% of the total revenues for the year thus steps 46 through 48 were not performed.

46. We will obtain and inspect endowment agreements (if any) to gain an understanding of the relevant terms and conditions.

47. We will compare and agree the classification and use of endowment and investment income reported in the Statement during the reporting period to the uses of income defined within the related endowment agreements.

48. We will recalculate totals.

**Athletic Student Aid**

49. We selected a sample of 23 students from the listing of institutional student aid recipients during the year ended June 30, 2015.

50. We obtained the individual student account detail for each selection and compared total aid allocated from the award letter to the student’s account detail, without exception.

51. We performed a check of each student selected in Step 49 to ensure their information was reported accurately in the NCAA’s Compliance Assistant software with the following criteria, noting 10 students with exceptions:

   a. The equivalency value for each student-athlete in all sports, including head-count sports, need to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the squad list as the numerator and the full grant amount which is the total cost for tuition, fees, books, room and board for an academic year as the denominator. If using the NCAA Compliance Assistant software, this equivalency value should already be calculated for you on that squad list labeled “Rev. Dist. Equivalent Award.” There were 10 students who had aid amounts that were not in agreement with the amounts reported in the NCAA Compliance Assistance Software.

   b. If an athlete participates in more than one sport, the Rev. Dist. Equivalent Award can only be included in one sport. Note: NCAA Compliance Assistant software will place an asterisk by the student athlete within the sport that is not countable towards grants-in-aid revenue distribution.
c. All equivalency calculations should be rounded to two decimal places. Note: The NCAA Compliance Assistant software and the on-line summary form will automatically round to two decimal places.

d. The full grant amount should be the full cost of tuition for an academic year, not semester.

e. If a sport is discontinued and the grant(s) are still being honored by the Institution, the grant(s) may be included in the total.

f. Student-athletes receiving athletic aid who have exhausted their athletics eligibility or are inactive due to medical reasons should be included in the grants-in-aid calculation, marked properly on the squad list and on the Grants-in-Aid submission form.

g. Only athletic grants awarded in sports in which the NCAA conducts championship competitions, emerging sports for women and football should be included in the calculations.

52. We recalculated the totals for each sport and overall, without exception.

Guarantees

Per review of the Statement, this category is less than 0.5% of the total expenses for the year thus steps 53 through 56 were not performed.

53. We will obtain and inspect visiting Institution’s away-game settlement reports received by the Institution during the reporting period and agree related expenses to the Institution’s general ledger and/or the Statement.

54. We will obtain and inspect contractual agreements pertaining to expenses recorded by the Institution from guaranteed contests during the reporting period.

55. We compare and agree the related amounts expensed by the Institution to the Institution’s general ledger and/or the Statement.

56. We will recalculate totals.

Coaching Salaries, Benefits, and Bonuses Paid by the Institution and Related Entities

57. We obtained a listing of coaches employed by the Institution and related entities during the year ended June 30, 2015.
58. We selected a sample of six coaches’ Notice of Appointment/Employment including football and men’s and women’s basketball. Contracts were obtained for the following coaches:
   a. John Moseley, Head Men’s Basketball Coach
   b. Michael Jones, Head Football Coach
   c. Nicole Collier, Head Women’s Basketball Coach
   d. Anthony Broadnax, Assistant Football Coach
   e. Alex Wiggs, Assistant Women’s Basketball Coach
   f. Ailene Smith, Assistant Men’s and Women’s Track Coach

59. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits and bonuses recorded by the Institution and related entities in the Statement during the year ended June 30, 2015, without exception.

60. We obtained and inspected payroll summary registers for the reporting year for each selection.

61. We compared and agreed payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the Institution and related entities expense recorded by the Institution in the Statement during the year ended June 30, 2015, without exception.

62. We compared and agreed the totals recorded to employment contracts executed for the sample selected, without exception.

63. We recalculated the totals of the detail of coaching salaries, benefits and bonuses and compared the recalculated totals to the Statement, without exception.

**Coaching Other Compensation and Benefits Paid by a Third Party**

Per inquiry of University personnel, there was no compensation or benefits paid by a third party to a coach during the reporting period thus steps 64 through 68 were not performed.

64. We will obtain and inspect a listing of coaches employed by third parties during the reporting period.

65. We will compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the Institution in the Statement during the reporting period.

66. We will obtain and inspect reporting period payroll summary registers for each selection.
67. We will compare and agree related payroll summary register to the coaching other compensation and benefits paid by third-party expenses recorded by the Institution in the Statement during the reporting period.

68. We will recalculate totals.

**Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the Institution and Related Entities**

69. We obtained a listing of support staff/administrative personnel employed by the Institution and related entities during the year ended June 30, 2015, and selected the following sample.

   a. Daniel Carr, Assistant Athletic Director of Media Relations
   
   b. Connie Shaw, Assistant Athletic Director
   
   c. Austin Matlock, Head Athletic Trainer

70. We obtained and inspected payroll summary registers for the reporting year for each selection.

71. We compared and agreed related summary payroll register to the related support staff/administrative salaries, benefits and bonuses paid by the Institution and related entities expense recorded by the Institution in the Statement during the year ended June 30, 2015, without exception.

72. We recalculated the totals of the detail of support staff/administrative salaries, benefits and bonuses and compared the recalculated totals to the Statement, without exception.

**Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party**

Per inquiry of University personnel, there was no compensation or benefits paid by a third party to support staff/administrative staff during the reporting period thus steps 73 through 76 were not performed.

73. We will select a sample of support staff/administrative personnel employed by the third parties during the reporting period.

74. We will obtain and inspect reporting period payroll summary registers for each selection.

75. We will compare and agree related payroll summary registers to the related support staff/administrative other compensation and benefits expense recorded by the Institution in the Statement during the reporting period.

76. We will recalculate totals.
Severance Payments

Per inquiry of University personnel, no severance payments were paid for athletics during the year thus steps 77 through 78 were not performed.

77. We will select a sample of employees receiving severance payments by the Institution during the reporting period and agreeing each severance payment to the related termination letter or employment contract.

78. We will recalculate totals.

Recruiting

79. We obtained and documented an understanding of the Institution’s recruiting expense policies.

80. We compared and agreed to existing Institution and NCAA-related policies, without exception.

81. We obtained general ledger detail and compared to the total expenses reported, without exception.

Team Travel

82. We obtained and documented an understanding of the Institution’s team travel policies.

83. We compared and agreed to existing Institution and NCAA-related policies, without exception.

84. We obtained general ledger detail and compared to the total expenses reported, without exception.

Equipment, Uniforms and Supplies

85. We obtained general ledger detail and compared to the total expenses reported, without exception. We selected a sample of transactions to validate existence of transaction and accuracy of recording, without exception.

86. We recalculated the total equipment, uniforms and supplies expenses for the reporting period and agreed to the general ledger and the Statement, without exception.

Game Expenses

87. We obtained general ledger detail and compared to the total expenses reported, without exception. We selected a sample of transactions to validate existence of transaction and accuracy of recording, without exception.

88. We recalculated the total game expenses for the reporting period and agreed to the general ledger and the Statement, without exception.
Fundraising, Marketing and Promotion

89. We obtained general ledger detail and compared to the total expenses reported, without exception. We selected a sample of transactions to validate existence of transaction and accuracy of recording, without exception.

90. We recalculated the total fundraising, marketing and promotion expenses for the reporting period and agreed to the general ledger and the Statement, without exception.

Sports Camp Expenses

Per review of the Statement, this category is less than 0.5% of the total expenses for the year thus steps 91 and 92 were not performed.

91. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of transactions to validate existence of transaction and accuracy of recording.

92. We will recalculate totals.

Spirit Groups

Per review of the Statement, this category is less than 0.5% of the total expenses for the year thus steps 93 and 94 were not performed.

93. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of transactions to validate existence of transaction and accuracy of recording.

94. We will recalculate totals.

Athletic Facility Debt Service, Leases and Rental Fees

Per review of the Statement, this category is less than 0.5% of the total expenses for the year thus steps 95 through 97 were not performed.

95. We will obtain a listing of debt service schedules, lease payments and rental fees for athletics facilities for the reporting period. We will compare a sample of facility payments including the top two highest facility payments and agreed to additional supporting documentation, e.g., debt financing agreements, leases, rental agreements.

96. We will compare amounts recorded to amounts listed in the general ledger detail.

97. We will recalculate totals.
Dr. Kevin Rome, President
Lincoln University
Page 13

*Direct Overhead and Administrative Expenses*

Per review of the Statement, this category is less than 0.5% of the total expenses for the year thus steps 98 and 99 were not performed.

98. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of transactions to validate existence of transaction and accuracy of recording.

99. We will recalculate totals.

*Medical Expenses and Medical Insurance*

100. We obtained general ledger detail and compared to the total expenses reported, without exception. We selected a sample of transactions to validate existence of transaction and accuracy of recording, without exception.

101. We recalculated the medical expenses and medical insurance expense for the reporting period and agreed to the general ledger and the Statement, without exception.

*Membership and Dues*

102. We obtained general ledger detail and compared to the total expenses reported, without exception. We selected a sample of transactions to validate existence of transaction and accuracy of recording, without exception.

103. We recalculated the membership and dues expense for the reporting period and agreed to the general ledger and the Statement, without exception.

*Other Operating Expenses and Transfers to Institution*

104. We obtained general ledger detail and compared to the total expenses reported, without exception. We selected a sample of transactions to validate existence of transaction and accuracy of recording, without exception.

105. We recalculated the other operating expenses and transfers to the Institution for the reporting period and agreed to the general ledger and the Statement, without exception.

*Additional Minimum Required Agreed-Upon Procedures*

106. We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the Institution, without exception.
We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the accompanying University Intercollegiate Athletics Department Statement of Revenues and Expenses for the year ended June 30, 2015, or the specified elements, accounts and items or internal control over financial reporting and compliance described above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Lincoln University and the National Collegiate Athletic Association and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

January 13, 2016
Lincoln University
Intercollegiate Athletics Department
Statement of Revenues and Expenses
Year Ended June 30, 2015

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<th>Operating Revenues</th>
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<th>Men’s Basketball</th>
<th>Football</th>
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<th>Women’s Basketball</th>
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<td>Other</td>
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<td>Support staff and administrative salaries, benefits and</td>
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</table>
Lincoln University
Intercollegiate Athletics Department
Notes to Statement of Revenues and Expenses
June 30, 2015

Note 1: NCAA Reporting Requirements

The National Collegiate Athletic Association (NCAA) mandates the financial reporting timeline to specify agreed-upon procedures and related reporting requirements. The primary purpose of the agreed-upon procedures report is to ensure that the president of the University is made aware of all financial activity (both internal and external) for athletics purposes and to assist the Institution in exercising control over financial activity made by or on behalf of the intercollegiate athletics program.

Note 2: Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the University:

- Land improvements: 20 years
- Buildings: 40 years
- Building improvements: 27 years
- Infrastructure: 40 years
- Furniture, fixtures and equipment: 6 - 10 years
- Library materials: 5 years
- Software: 4 years

When an asset is disposed of, the recorded value of the asset and its accumulated depreciation are removed from the capital asset general ledger account and the asset management records.
Supplemental Schedule
Lincoln University
Intercollegiate Athletics Department
Statement of Revenues and Expenses Variance Schedule
June 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>Difference</th>
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<tr>
<td>Revenues</td>
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<td>Indirect Facilities and Administrative Support</td>
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<td>$663,813</td>
<td>$87,410</td>
<td>Increase due to increase in salaries and benefits, based on which indirect facilities and administrative support is calculated.</td>
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<td>Expenses</td>
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<td>Coaching Salaries and Benefits</td>
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<td>Indirect Facilities and Administrative Support</td>
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<td>663,813</td>
<td>87,410</td>
<td>Increase due to increase in salaries and benefits, based on which indirect facilities and administrative support is calculated.</td>
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