

Lincoln University
A Component Unit of the State of Missouri
Independent Auditor's Reports and Financial Statements
June 30, 2022 and 2021

Lincoln University
A Component Unit of the State of Missouri
June 30, 2022 and 2021

Contents

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	4
Financial Statements	
Statements of Net Position	23
Statements of Revenues, Expenses, and Changes in Net Position	24
Statements of Cash Flows	26
Notes to Financial Statements	28
Required Supplementary Information	
Schedule of the University’s Proportionate Share of the Net Pension Liability – Missouri State Employees’ Retirement System.....	60
Schedule of University Pension Contributions – Missouri State Employees’ Retirement System ..	61
Schedule of Changes in the University’s Total OPEB Liability and Related Ratios	63
Supplementary Information	
Auxiliary System Revenue Fund – Schedules of Revenues and Expenses	66
Athletic Facilities Revenue Fund – Schedule of Revenues and Expenses	67
Schedule of Expenditures of Federal Awards	68
Notes to the Schedule of Expenditures of Federal Awards	72
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor’s Report	73
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance – Independent Auditor’s Report.....	75
Schedule of Findings and Questioned Costs.....	78
Summary Schedule of Prior Audit Findings.....	84



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Independent Auditor's Report

Board of Curators
Lincoln University
Jefferson City, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lincoln University (the "University"), a component unit of the State of Missouri, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Lincoln University as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The Auxiliary System Revenue Fund – Schedules of Revenues and Expenses, the Athletic Facilities Revenue Fund – Schedule of Revenues and Expenses, and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, on our consideration of Lincoln University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

FORVIS,LLP

Springfield, Missouri
December 1, 2022

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

The objective of management's discussion and analysis is to help readers of Lincoln University's financial statements better understand the financial position and operating activities for the years ended June 30, 2022 and 2021, with selected comparative information for the year ended June 30, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and related footnotes to the financial statements.

Lincoln University

Lincoln University is an academic institution that is part of the State of Missouri system of higher education. Founded in 1866 through the cooperative efforts of the enlisted men and officers of the 62nd and 65th Colored Infantries, Lincoln University was designed to meet the educational and social needs of freed African Americans. While remaining committed to this purpose, the University has expanded its historical mission to embrace the needs of a significantly broader higher education population. Our current mission statement further delineates the University's character and historical nature:

Lincoln University is a historically black, 1890 land-grant, public, comprehensive institution that provides excellent educational opportunities including theoretical and applied learning experiences to a diverse population within a nurturing, student-centered environment.

Academic Programs

The academic programs of the University are organized under three Colleges: the College of Arts and Sciences, the College of Professional Studies and the College of Agriculture, Environmental and Human Sciences, along with the Office of Graduate Studies. During fiscal year 2022, Lincoln University offered eight undergraduate degrees: Bachelor of Arts (B.A.), Bachelor of Liberal Studies (B.L.S.), Bachelor of Science (B.S.), Bachelor of Science in Education (B.S.Ed.), and Bachelor of Science in Nursing (B.S.N.), Associate of Arts (A.A.), Associate of Applied Science (A.A.S.), and Associate of Science (A.S.).

The Office of Graduate Studies coordinates all graduate programs. The Master of Business Administration (M.B.A.) degree programs are offered using an online modality. The University offers five graduate degrees: Master of Arts (M.A.) with majors in history, sociology, and sociology/criminal justice; Master of Education (M.Ed.) with majors in curriculum and instruction and guidance and counseling; Master of Business Administration (M.B.A.) with an emphasis in agribusiness, management, accounting, public administration/policy, and management information systems; Master of Science (M.S.) in natural sciences and integrated agricultural systems; Master of Arts (M.A.) in higher education.

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

Using the Annual Financial Report

The University's financial statements consist of a series of financial statements, which 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 the University is included in *Note 1* to the financial statements of this report.

The Statement of Net Position – This statement presents information on all University assets, deferred outflows, liabilities and deferred inflows. Assets and liabilities are generally measured using current values. One notable exception is the capital assets, which are stated at historical cost less an allowance for depreciation.

Statement of Revenues, Expenses and Changes in Net Position – This statement presents a summary of revenues and expenses classified as either operating or nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The operating deficit is primarily a result of the classification of state appropriations as nonoperating revenue. Also, this statement reflects a change in the University's net position based upon revenues in excess of expenses.

Statement of Cash Flows – This statement classifies cash inflows and outflows into the following classifications: operating activities, noncapital financing activities, capital and related financing activities, and investing activities. This information is useful in assessing the University's ability to meet maturing financial obligations.

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

Statement of Net Position

A summarized comparison of the University's assets, liabilities, and net position at June 30, 2022, 2021, and 2020, is as follows:

Net Position, End of Year

	2022	2021 (As Restated)	2020
	(In Millions)		
Assets and Deferred Outflows of Resources			
Current assets	\$ 38.5	\$ 37.3	\$ 37.0
Capital assets, net	88.9	87.8	81.5
Right to use assets, net	0.1	0.1	0.0
Lease receivable	0.7	0.6	0.0
Other noncurrent assets	20.3	12.8	3.2
Deferred outflows of resources	7.2	7.5	9.1
Total assets and deferred outflows of resources	155.7	146.1	130.8
Liabilities and Deferred Inflows of Resources			
Current liabilities	10.2	9.6	7.2
Noncurrent liabilities	59.5	67.4	66.8
Deferred inflows of resources related to pensions	8.3	1.1	1.8
Deferred inflows of resources related to leases	0.6	0.6	0.0
Total liabilities and deferred inflows of resources	78.6	78.7	75.8
Net Position			
Net investment in capital assets	75.5	71.6	66.2
Restricted – nonexpendable	0.3	0.3	0.1
Restricted – expendable	6.0	5.0	4.6
Unrestricted	(4.7)	(9.5)	(15.9)
Total net position	\$ 77.1	\$ 67.4	\$ 55.0

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

During the 2022 fiscal year, total assets and deferred outflows of resources increased by \$9.6 million, and total liabilities and deferred inflows of resources decreased by \$0.1 million. The total net position increased by \$9.7 million compared to fiscal year 2021. In fiscal year 2022, the University's current assets of \$38.5 million were sufficient to cover current liabilities of \$10.2 million. The current ratio decreased to 3.8 in 2022 from 3.9 in 2021 and 5.1 in 2020. The change in the current ratio for 2021 is due to the receipt of federal stabilization funds for capital projects that had not yet been spent as of fiscal year-end in 2021.

The University's liabilities and deferred inflows of resources totaled \$78.6 million at June 30, 2022, and \$78.7 million at June 30, 2021. Noncurrent liabilities totaled \$59.5 million in 2022 and \$67.4 million in 2021. Noncurrent liabilities are comprised of net pension liability as required by Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 71 (see *Note 8*), postemployment benefit liability as required by GASB Statement No. 75 (see *Note 9*) as well as bonds and notes payable. The change in liabilities and deferred inflows of resources in fiscal year 2022 was primarily a result of a decrease in net pension liability of \$6.6 million and a decrease of \$1.3 million in outstanding debt.

The unrestricted portion of net position in 2022 was a negative \$4.7 million compared to a negative \$9.5 million in 2021. Unrestricted fund balance includes the noncash adjustments for postretirement benefits outlined under GASB No. 68 and 75. Below is a chart that further outlines the unrestricted net position by fund.

Unrestricted Net Position by fund

	2022	2021	2020
	(In Millions)		
General Fund	\$ 29.6	\$ 24.5	\$ 15.4
General Fund (GASB 68)	(41.9)	(41.1)	(38.3)
General Fund (GASB 75)	(0.4)	(0.6)	(0.6)
Auxiliary Fund	4.6	4.1	3.8
Restricted Fund	2.6	2.5	2.4
Endowment Fund	0.2	0.3	0.3
Plant Fund	0.6	0.8	1.1
Office of Institutional Advancement	0.0	0.0	0.0
Total unrestricted net position	\$ (4.7)	\$ (9.5)	\$ (15.9)

The general fund unrestricted net position increased from \$24.5 million in 2021 to \$29.6 million in 2022. The increase is primarily due to the inflow of lost revenue associated with the COVID-19 pandemic and associated Higher Education Emergency Relief Fund (HEERF) resources.

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the University's results of financial activity for the year.

A summarized comparison of the University's revenues, expenses, and changes in net assets for the years ended June 30, 2022, 2021, and 2020, is as follows:

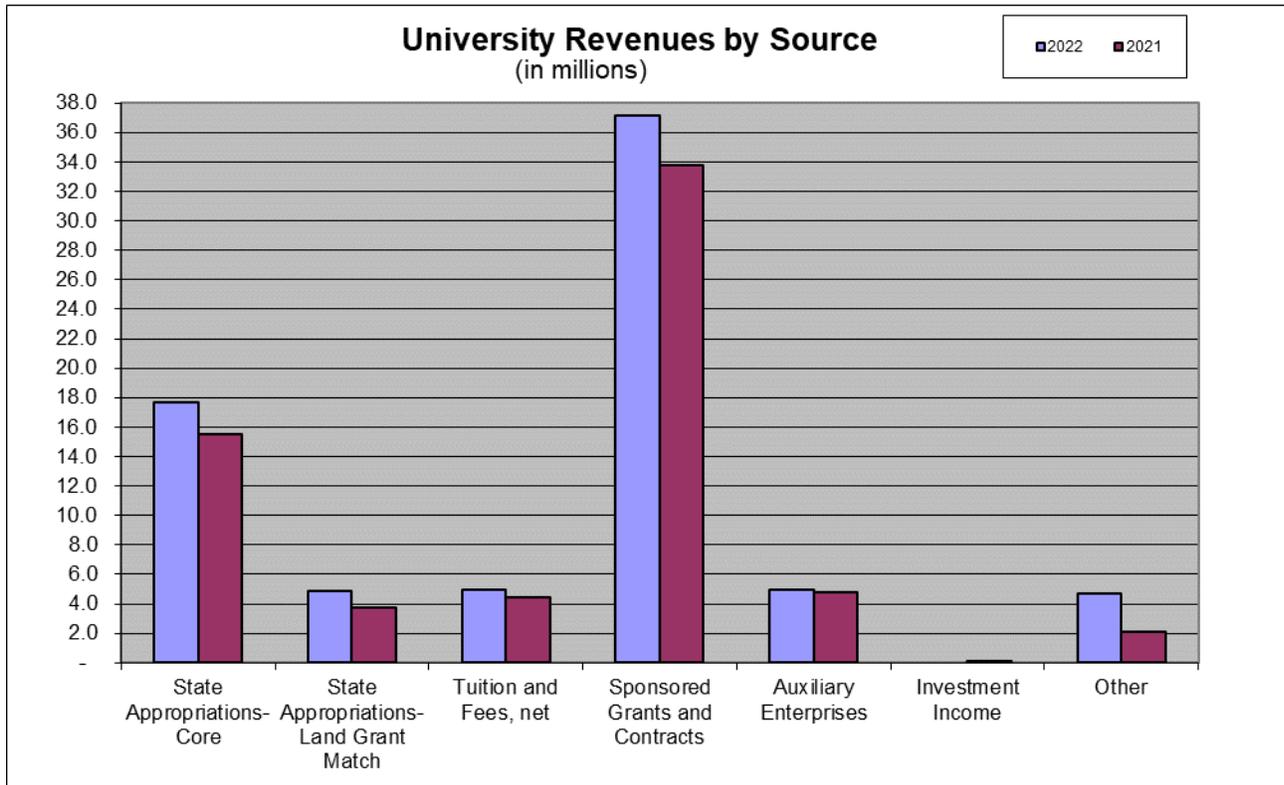
	2022	2021 (As Restated)	2020
	(In Millions)		
Operating revenues	\$ 11.3	\$ 9.9	\$ 14.0
Operating expenses	<u>62.9</u>	<u>55.1</u>	<u>57.4</u>
Operating loss	(51.6)	(45.2)	(43.4)
Net nonoperating revenues	<u>61.4</u>	<u>53.9</u>	<u>40.2</u>
Income (loss) before other revenues, expenses, gains, or losses	9.8	8.7	(3.2)
Capital appropriations	0.1	0.0	0.0
Capital grants and gifts	<u>(0.2)</u>	<u>3.7</u>	<u>1.6</u>
Increase (decrease) in net position	9.7	12.4	(1.6)
Net position, beginning of year	<u>67.4</u>	<u>55.0</u>	<u>56.6</u>
Net position, end of year	\$ <u>77.1</u>	\$ <u>67.4</u>	\$ <u>55.0</u>

The total operating loss for fiscal year 2022 was \$51.6 million which was offset by nonoperating revenues of \$61.4 million. The largest component of nonoperating revenues is federal grants and contracts which includes \$13.7 million in Higher Education Emergency Relief Fund (HEERF) allocations, followed by state appropriations. Although these revenues support operating expenses, GASB mandates that these revenues be recorded as nonoperating revenues. Despite decreased operating revenues, operating revenues in addition to net nonoperating revenues were sufficient to cover operating expenses resulting in an overall increase of \$1.1 million in fiscal year 2022 compared to fiscal year 2021. Operating revenues increased by \$1.4 million in fiscal year 2022 primarily due to an increase in tuition and fees, net of allowances and other operating revenues. Operating expenses increased by \$7.8 million in fiscal year 2022 due to an increase in scholarship expense, contractual services, and other costs compared to 2021.

Lincoln University
A Component Unit of the State of Missouri
Management’s Discussion and Analysis
Years Ended June 30, 2022 and 2021

Revenues (Operating and Nonoperating)

The following graph displays the components of the University’s revenues for fiscal years 2022 and 2021:



As shown above, the largest component of total revenues (operating and nonoperating) is sponsored grants and contracts which surpassed core state appropriations in 2022 and 2021. Historically, core state appropriations were the University’s largest revenue source, making up 24 percent of University revenues in 2022. For fiscal year 2022, the University was appropriated \$17.7 million, net of 3 percent reserves. In 2022, the University also received federal HEERF funding to offset lost revenue. The \$13.7 million in HEERF funding is recorded in sponsored grants and contracts on the above chart.

For fiscal year 2021, the University was appropriated \$15.5 million, net of 3 percent reserves. In fiscal year 2021, the University also received federal HEERF funding to offset lost revenue. The \$14.7 million in HEERF funding is recorded in sponsored grants and contracts on the above chart.

For fiscal year 2022, student tuition and fees revenue of \$5.0 million is shown net of \$7.3 million in scholarship allowances and \$2.7 in tuition discounts. For fiscal year 2021, student tuition and fees revenue of \$4.4 million is shown net of \$7.8 million in scholarship allowances, \$2.9 million in tuition discounts, and \$0.6 million in bad debt.

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

The following table represents the details of the University's grants and contracts revenue for the year ended June 30, 2022:

Federal sources	
Department of Agriculture	\$ 13,603,679
Department of Education (excluding financial aid)	18,402,610
Department of Defense	245,470
National Aeronautics and Space Administration	40,632
National Science Foundation	106,878
Other Federal Sources	<u>262,649</u>
Total federal sources	<u>\$ 32,661,918</u>

Operating Revenues

The following table summarizes the University's operating revenues by source for the years ended June 30, 2022, 2021, and 2020:

	Operating Revenues		
	2022	2021 (As Restated)	2020
	(In Millions)		
Tuition and fees, net	\$ 5.0	\$ 4.4	\$ 5.4
Grants and contracts	0.2	0.6	0.2
Sales and services of educational activities	0.1	0.1	0.1
Auxiliary enterprises, net	4.8	4.6	5.0
Other	<u>1.2</u>	<u>0.2</u>	<u>3.3</u>
Total operating revenues	<u>\$ 11.3</u>	<u>\$ 9.9</u>	<u>\$ 14.0</u>

In fiscal year 2022, operating revenues increased from fiscal year 2021. Tuition and fees grew by \$0.6 million due to a decrease in scholarship allowances and bad debt expense. Bad debt declined from utilizing HEERF funds to assist with past due student balances. Additionally, auxiliary enterprises increased by \$0.2 million from fiscal year 2021. In fiscal year 2022, other operating revenues increased by \$1.0 million due to insurance claim proceeds.

In fiscal year 2021, operating revenues decreased from fiscal year 2020. Tuition and fees declined by \$1.0 million. Auxiliary enterprises decreased by \$0.4 million from fiscal year 2020. These declines were due to a decrease in enrollment. Other operating revenues decreased by \$3.1 million in 2021 as compared to 2020 due to substantial insurance proceeds received in 2020.

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

Operating Expenses

The following table summarizes the University's operating expenses for the years ended June 30, 2022, 2021, and 2020:

	2022	2021 (As Restated)	2020
	(In Millions)		
Compensation	\$ 22.2	\$ 21.9	\$ 21.8
Benefits	8.7	10.6	12.6
Contractual services	11.0	8.8	10.1
Supplies and materials	2.1	1.9	1.7
Depreciation and amortization	6.3	5.8	5.7
Utilities/communications	2.3	1.9	1.9
Scholarships and fellowships	6.4	2.0	1.0
Other	3.9	2.2	2.6
Total operating expenses	\$ 62.9	\$ 55.1	\$ 57.4

Operating expenses in 2022 increased to \$62.9 million from \$55.1 million in 2021. The largest components of operating expenses are compensation and contractual services. Compensation increased by \$0.3 million compared to 2021 while benefits decreased by \$1.9 million primarily due to a decreased expense associated with GASB No. 68 of \$2.0 million. Contractual services increased by \$2.2 million as compared to 2021. This increase was primarily due to outsourced services including human resources, legal services, marketing, and communications as well as expenses related to the presidential search. Other expenses increased by \$1.7 million due to an increase in travel expenses and an increase in spending through the Advancement Office. Scholarships and fellowships increased by \$4.4 million primarily due to HEERF funding provided directly to the students and used toward outstanding student balances.

Operating expenses in 2021 decreased to \$55.1 million from \$57.4 million in 2020. The largest components of operating expenses are compensation and benefits followed by contractual services. Compensation remained steady while benefits decreased by \$2.0 million. This change was primarily due to a decreased expense associated with GASB No. 68 of \$2.1 million. Contractual services decreased by \$1.3 million due to lower legal and technology-related expenses. Contractual services also decreased due to the cessation of student activities on campus as a result of the pandemic as well as a reduction in services needed to serve a reduced student population.

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

In addition to their natural (object) classification, it is also informative to review operating expenses by function. A comparative summary of the University's expenses by functional classification for the years ended June 30, 2022, 2021 and 2020, is as follows:

Expenses by Functional Category

	2022	2021 (As Restated)	2020
	(In Millions)		
Instruction	\$ 9.9	\$ 9.7	\$ 12.6
Research	6.7	6.2	5.2
Community service	7.4	6.3	5.7
Academic support	3.1	4.0	3.2
Student services	6.1	5.4	6.8
Institutional support	11.8	11.4	12.4
Operations and maintenance of plant	5.2	4.3	4.8
Scholarships and fellowships	6.4	2.0	1.0
Depreciation and amortization	6.3	5.8	5.7
Total expenses	\$ 62.9	\$ 55.1	\$ 57.4

The University's total operating expenses directly support the mission of the University: instruction, research, and community service. In 2022, the total of these three categories was \$24.0 million or 38.1 percent of the total expenses compared to \$22.2 million or 40.2 percent of total expenses in 2021. Instruction and institutional support are the largest components of expenses by functional category. In fiscal year 2022, instruction expense increased by \$0.2 million while institutional support increased by \$0.4 million compared to fiscal year 2021. The increase of \$1.1 million in community service and \$0.5 million in research was due to the receipt of increased land-grant match funding from the state. Depreciation and amortization increased by \$0.5 million due to increased depreciation on new infrastructure and equipment.

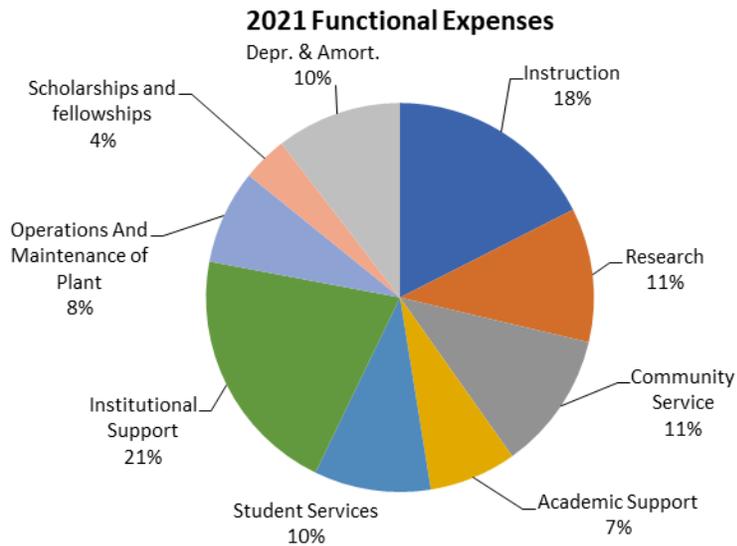
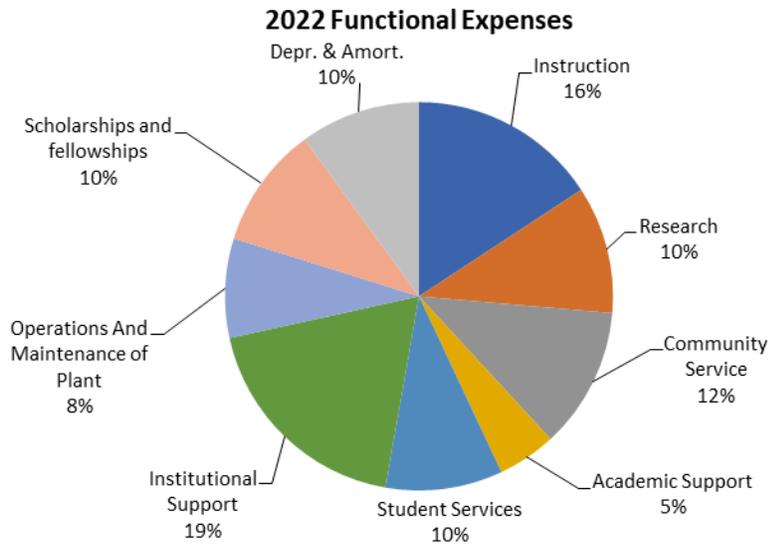
Lincoln University

A Component Unit of the State of Missouri

Management's Discussion and Analysis

Years Ended June 30, 2022 and 2021

The following graphic illustrations present total expenses by function:



Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

Nonoperating Revenues and Expenses

The following table summarizes the University's nonoperating revenues and expenses for the years ended June 30, 2022, 2021 and 2020:

Nonoperating Revenues and Expenses

	2022	2021 (As Restated)	2020
	(In Millions)		
State appropriations	\$ 22.6	\$ 19.3	\$ 18.6
Federal grants and contracts	36.7	32.6	18.3
State grants and contracts	0.2	0.6	0.3
Interest on indebtedness	(0.7)	(0.8)	(0.8)
Investment income	(0.7)	0.1	0.7
Other	3.3	2.1	3.1
Total nonoperating revenues and expenses	\$ 61.4	\$ 53.9	\$ 40.2

Federal grants and contracts is the largest component of the University's nonoperating revenues followed by state appropriations. Federal grants and contracts increased by \$4.1 million in 2022 primarily due to an increase of \$3.3 million in cooperative research federal land grant funds as well as an increase in Title III funds of \$1.0 million and a decrease of HEERF funding of \$0.9 million. State appropriations increased by \$3.3 million in 2022 as the state increased the core appropriations from 2021 by 3.7 percent and awarded an additional \$1.0 million for land grant match. Other nonoperating revenues increased by \$1.2 million in 2022 primarily due to an increase in gifts/contributions as compared to 2021. Investment income decreased by \$0.8 million in 2022. The University has increased the number of and value of long-term investments. The length of the investments and the volatile market has created fluctuations in the market value recorded as of June 30, resulting in an overall decrease in investment income which is temporary until the investments mature.

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.

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

The following table summarizes the University's cash flows for the years ended June 30, 2022, 2021, and 2020:

Cash Flows

	2022	2021 (As Restated)	2020
	(In Millions)		
Cash Provided by (Used in)			
Operating activities	\$ (42.8)	\$ (34.3)	\$ (35.1)
Noncapital financing activities	59.9	48.0	40.0
Capital and related financing activities	(9.0)	(9.6)	(22.0)
Investing activities	<u>(12.0)</u>	<u>(4.3)</u>	<u>5.8</u>
Net Decrease in Cash and Cash Equivalents	(3.9)	(0.2)	(11.3)
Cash and Cash Equivalents, Beginning of the Year	<u>15.1</u>	<u>15.3</u>	<u>26.6</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 11.2</u>	<u>\$ 15.1</u>	<u>\$ 15.3</u>

In fiscal year 2022, cash and cash equivalents decreased by \$3.9 million compared to 2021. Approximately \$42.8 million of cash was used for operating activities, offset by \$59.9 million of cash provided by noncapital financing activities. Noncapital financing activities, as defined by GASB, include state appropriations and federal and state grants and contract revenues received for other than capital purposes.

The change in operating activities in 2022 was an overall increase in cash used of \$8.5 million. The change in operating activities primarily relates to the overall increase of \$9.7 million in cash used for payments to suppliers which includes contractual services as well as scholarships, offset by an increase in cash of \$0.8 million provided by tuition and fees, net of scholarship allowances.

There was an increase in cash received from noncapital financing activities in 2022 of \$11.9 million. This change is primarily a result of an increase of \$3.3 million in state appropriations; an increase of \$5.0 million in federal appropriations and grants for other than capital purposes; and an increase of \$1.4 million in gifts and contributions.

Investing activities changes were based on the value of investments purchased and those maturing in 2022 compared to 2021. Cash used by investing activities in fiscal year 2022 was \$12.0 million compared to cash used by investments of \$4.3 million in 2021. This is an increase in cash used of \$7.7 million. The University purchased \$3.5 million less in investments in 2022, while the sales of investments decreased by \$10.4 million. Interest revenue decreased by \$0.8 million in fiscal year 2022 compared to 2021.

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

The University's investment options are restricted to United States Treasury Securities, Government Sponsored Enterprises, collateralized public deposits, bankers' acceptances, commercial paper, and bank repurchase agreements collateralized by those obligations.

In fiscal year 2021, cash and cash equivalents decreased by \$0.2 million compared to 2020. Approximately \$34.3 million of cash was used for operating activities, offset by \$48.0 million of cash provided by noncapital financing activities. Noncapital financing activities, as defined by GASB, include state appropriations and federal and state grants and contract revenues received for other than capital purposes.

The change in operating activities in 2021 was an overall decrease in cash used of \$0.8 million. The change in operating activities relates to the overall decrease in cash received from insurance proceeds offset by a decrease in cash paid to suppliers.

There was an increase in cash received from noncapital financing activities in 2021 of \$8.0 million. The change in noncapital financing activities was affected by an increase in HEERF funding offset by a decrease in gifts/contributions.

The decrease in cash used for capital and related financing activities in 2021 compared to 2020 was \$12.5 million due to the timing of the refunding of the 2007 series revenue bonds in 2020 and 2019.

Cash used by investing activities in fiscal year 2021 was \$4.3 million compared to cash provided by investments of \$5.8 million in 2020. This is an increase in cash used of \$10.1 million. The University purchased \$12.0 million more in investments in 2021, while the sales of investments increased by \$2.5 million. Interest revenue decreased by \$0.6 million in fiscal year 2021 compared to 2020.

Capital Assets

At June 30, 2022, the University had approximately \$88.9 million invested in capital assets, net of accumulated depreciation of approximately \$129.3 million. At June 30, 2021, the University had approximately \$87.8 million invested in capital assets, net of accumulated depreciation of approximately \$123.2 million.

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

Depreciation charges for the current year totaled approximately \$6.3 million. The following table summarizes the University's capital assets, net of accumulated depreciation, as of June 30, 2022, 2021, and 2020.

Capital Assets, Net

	2022	2021	2020
	(In Millions)		
Land and land improvements	\$ 6.9	\$ 7.0	\$ 7.2
Buildings	72.4	69.2	65.2
Furniture, fixtures, and equipment	7.3	6.1	5.0
Infrastructure	2.0	2.0	0.7
Library materials	0.1	0.1	0.1
Construction in progress	0.2	3.4	3.3
Total capital assets, net	\$ 88.9	\$ 87.8	\$ 81.5

Major projects that began in fiscal year 2019 that were completed in fiscal year 2022 include the repairs to the President's Residence at 601 Jackson Street due to the tornado that hit Jefferson City, Missouri, in May 2019. This project was significantly delayed due to the COVID-19 pandemic and the availability of materials.

Major projects that began in fiscal year 2021 that were completed in 2022 include the construction of greenhouse and agriculture buildings on Busby and Carver Farms. Delays in construction materials contributed to major schedule conflicts.

Revenue Bonds

As of June 30, 2022, the University had approximately \$16.7 million in outstanding revenue bonds compared to \$17.6 million in 2021, a decrease of \$0.9 million.

Revenue Bond Debt

	2022	2021	2020
	(In Millions)		
Revenue bonds	\$ 16.7	\$ 17.6	\$ 18.5

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

Student Enrollment

Following are highlights of student demographics for the fall 2021, 2020, and 2019 semesters of fiscal years 2022, 2021, and 2020, respectively.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Undergraduate	1,689	1,892	2,323
Graduate	<u>105</u>	<u>120</u>	<u>113</u>
Total students	<u>1,794</u>	<u>2,012</u>	<u>2,436</u>
Full-time	1,208	1,354	1,640
Part-time	586	658	796
Male	729	800	986
Female	1,065	1,212	1,450
Credit hours generated	21,058	23,423	27,524
Student full-time equivalent	1,415	1,575	1,848
Resident	615	692	860
Commuter	<u>1,179</u>	<u>1,320</u>	<u>1,576</u>
Total students	<u>1,794</u>	<u>2,012</u>	<u>2,436</u>
In-state	1,310	1,502	1,854
Out-state	407	442	511
International	<u>77</u>	<u>68</u>	<u>71</u>
Total students	<u>1,794</u>	<u>2,012</u>	<u>2,436</u>
Number of students in dual-credit courses	342	380	494
Total number of degrees awarded	308	312	362
Associate degree programs	5	5	5
Bachelor degree programs	41	42	42
Graduate degree programs	<u>13</u>	<u>14</u>	<u>14</u>
Total degree programs	<u>59</u>	<u>61</u>	<u>61</u>

Lincoln University

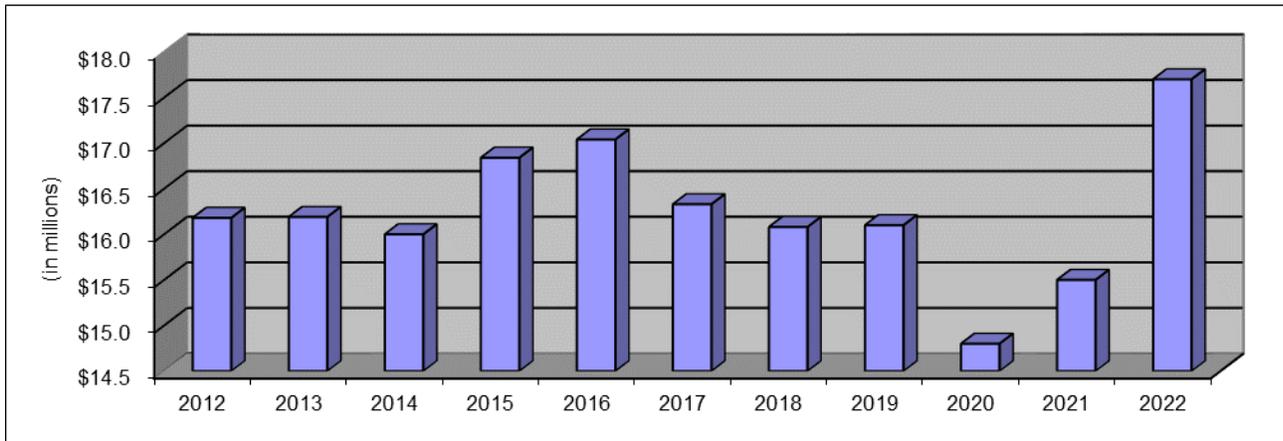
A Component Unit of the State of Missouri

Management's Discussion and Analysis

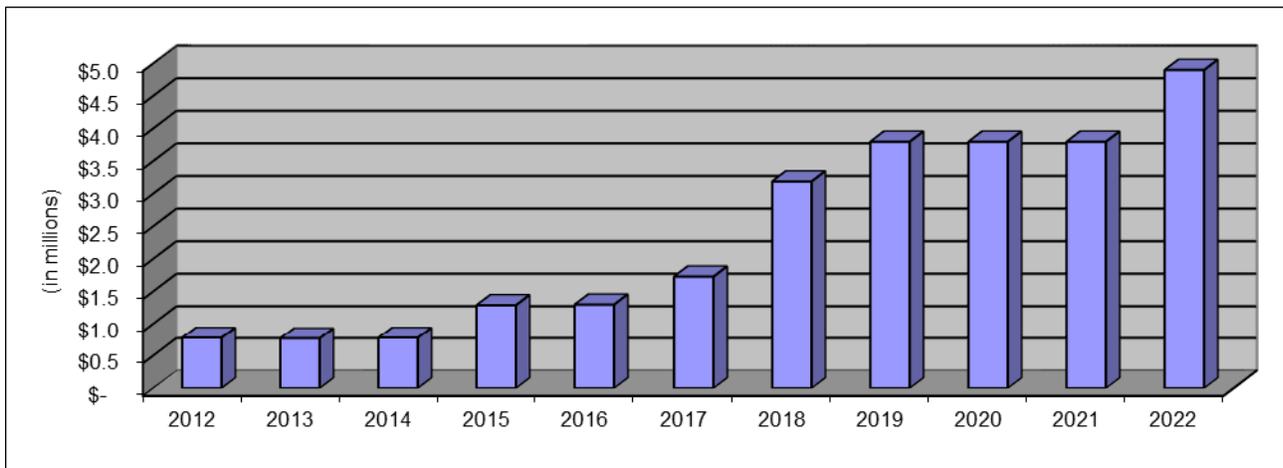
Years Ended June 30, 2022 and 2021

Trends

Core State Appropriations by Fiscal Year



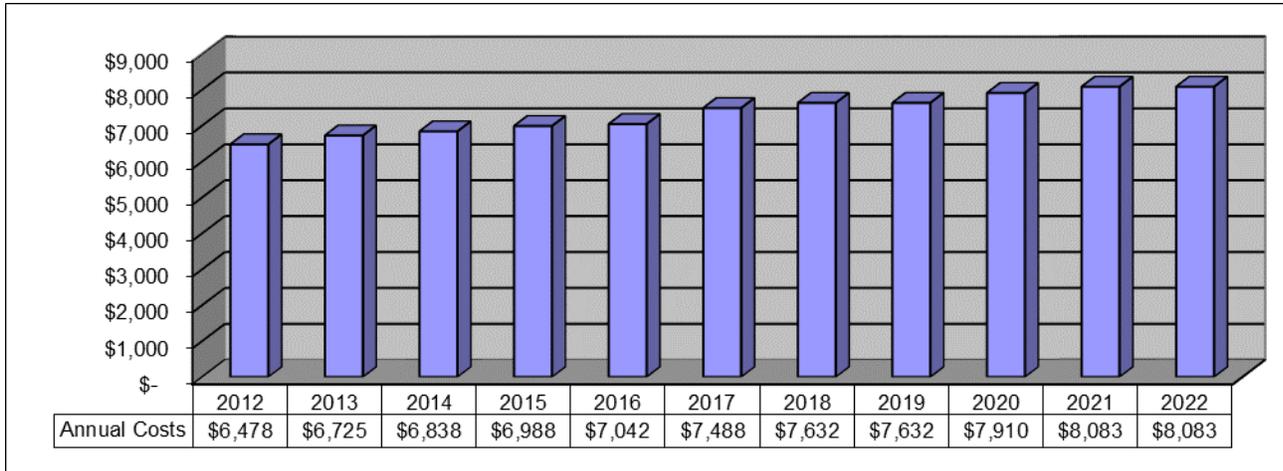
Land Grant Match State Appropriations by Fiscal Year



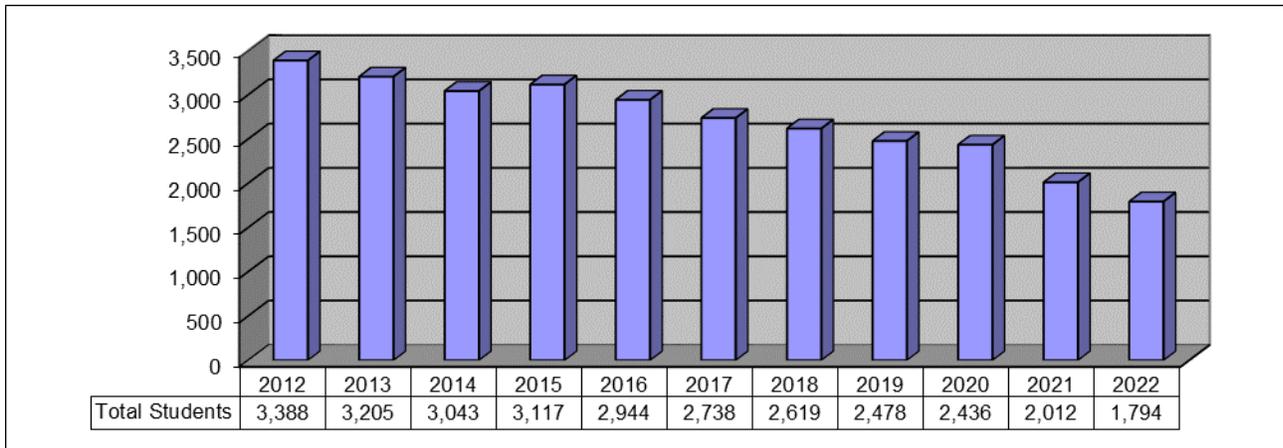
The University received approximately \$9.5 million in federal land grant capacity funding for fiscal year 2022. The land grant capacity funding must be matched on a dollar-for-dollar basis with state resources. As of 2022, the University received \$4.9 million in state appropriations for the land grant mission, leaving a match shortfall of \$4.6 million.

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

Full-Time Resident Tuition and Required Fees Per Year



Student Enrollment for Fall Semesters by Fiscal Year



Lincoln University

A Component Unit of the State of Missouri

Management's Discussion and Analysis

Years Ended June 30, 2022 and 2021

Fiscal Year 2023 Outlook

General Fund Operating Budget

The Lincoln University Board of Curators approved a \$33.0 million general fund operating budget for fiscal year 2023 in June 2022. The fiscal year 2023 budget was built on an anticipated 5.4 percent gross increase in core state appropriations, with an additional estimated \$500,000 to cover the increased cost of MOSERS retirement contributions. The budget also anticipated a decrease in enrollment for the 2022–2023 academic year. The decline in enrollment, coupled with an increase in tuition and fees of approximately 4 percent, resulted in a slight decline of the tuition and fee budget. State appropriations remains the largest component of the general operating budget in 2023. In fiscal year 2023, the budget methodology for funds associated with land grant match changed. These funds will no longer be displayed with the general operations (education and general). Separation of these funds from the display of the General Operating Budget provides a more transparent depiction of core operational revenues and expenses.

Capital Projects

Projects slated for completion in fiscal year 2023 include the KJLU renovation and the Pawley Theater renovation. Other projects include renovating the softball field and adding a new outdoor basketball court at the Linc. Upcoming projects identified for design and/or construction during fiscal year 2023 include Dawson Hall renovation, Security Sciences Institute, Health Sciences Center, Hemp Processing Facility, Small Ruminant Processing Plant, and Eliff Hall renovation. Projects are/will be funded by Title III, 1890 facilities funds, state funds, and federal grant funding.

Other Significant Factors

In January 2022, Dr. John B. Moseley was appointed as the 21st President of Lincoln University. Prior to his appointment as President, Dr. Moseley served as the interim President while an extensive, nationwide search was conducted. Dr. Moseley had previously served as the University's Athletic Director and head men's basketball coach.

The comprehensive evaluation with reaffirmation of accreditation by the Higher Learning Commission (HLC) is set for February 2023. Lincoln University is reviewed for accreditation based on HLC's Standard Pathway. The University began its internal assurance of compliance process in fall 2019 appointing necessary committees to complete the reaffirmation of accreditation.

The Accreditation Commission for Education in Nursing (ACEN) accredited the Bachelor of Science in Nursing (BSN) program after a site visit in November 2015. The entire nursing program was reviewed for reaccreditation in October 2017 leading to continuing accreditation. The next site visit for the Nursing Program is scheduled for Fall 2025. The nursing program continues to exceed the national average for the National Council Licensure Examination (NCLEX) pass rate.

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

Lincoln University's Social Work program was accredited by the Council on Social Work Education (CSWE) in 2013. The program's accreditation was reaffirmed in 2019, and the next reaffirmation is scheduled for 2026.

The School of Business was accredited by Accreditation Council for Business Schools and Programs (ACBSP) in August 2003. The first reaffirmation of accreditation occurred in August 2013. The next reaffirmation is scheduled for 2023 for the School of Business.

The University is currently reviewing all academic programs and gearing up to pursue programmatic accreditation for education programs.

Lincoln University
A Component Unit of the State of Missouri
Statements of Net Position
June 30, 2022 and 2021

Assets and Deferred Outflows of Resources

	2022	2021 (Restated – Note 1)
Current Assets		
Cash and cash equivalents	\$ 9,723,244	\$ 13,601,086
Short-term investments	14,792,537	11,061,547
Accounts receivable, net of allowance; 2022 – \$746,334 2021 – \$1,065,646	354,978	1,084,269
Federal and state grants receivable	12,995,868	11,026,527
Prepaid expenses	578	11,257
Promises to give	215,000	215,000
Current portion of leases receivable	53,093	43,870
Other	354,900	234,071
	38,490,198	37,277,627
Noncurrent Assets		
Restricted cash equivalents	1,510,719	1,509,664
Short-term endowment investments	359,006	327,695
Long-term endowment investments	2,017,526	2,219,802
Long-term investments	16,310,279	8,593,449
Bond insurance costs	160,898	171,624
Capital assets, net	88,894,381	87,817,577
Leases receivable	659,776	616,617
Lease assets, net	24,850	75,335
	109,937,435	101,331,763
Total noncurrent assets	109,937,435	101,331,763
Total assets	148,427,633	138,609,390
Deferred Outflows of Resources		
Loss on refunding of bonds	285,797	304,850
Deferred outflows of resources related to pension	6,977,747	7,209,003
	7,263,544	7,513,853
Total deferred outflows of resources	7,263,544	7,513,853
Total assets and deferred outflows of resources	\$ 155,691,177	\$ 146,123,243

Liabilities, Deferred Inflows of Resources, and Net Position

	2022	2021 (Restated – Note 1)
Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,954,856	\$ 2,788,329
Accrued compensated absences	667,887	790,967
Unearned revenue	5,350,330	4,817,127
Current portion of long-term debt	1,189,897	1,158,594
Current portion of lease liabilities	-	50,415
Total current liabilities	<u>10,162,970</u>	<u>9,605,432</u>
Noncurrent Liabilities		
Other noncurrent liabilities	1,075	9,825
Accrued compensated absences	667,886	572,769
Total other postemployment benefit liability	467,068	551,920
Long-term debt	17,729,558	19,036,076
Net pension liability	40,643,279	47,253,976
Total noncurrent liabilities	<u>59,508,866</u>	<u>67,424,566</u>
Total liabilities	<u>69,671,836</u>	<u>77,029,998</u>
Deferred Inflows of Resources		
Deferred inflows of resources related to pension	8,260,030	1,085,093
Deferred inflows of resources related to leases	644,790	613,590
Total deferred inflows of resources	<u>8,904,820</u>	<u>1,698,683</u>
Net Position		
Net investment in capital assets	75,466,662	71,573,088
Restricted nonexpendable for endowment	311,564	311,564
Restricted expendable for		
Research	469,576	427,030
Debt service	63,646	62,764
Term endowment	2,344,578	2,384,828
Other	3,116,732	2,125,378
Unrestricted (deficit)	(4,658,237)	(9,490,090)
Total net position	<u>77,114,521</u>	<u>67,394,562</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 155,691,177</u>	<u>\$ 146,123,243</u>

Lincoln University
A Component Unit of the State of Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	2021 (Restated – Note 1)
Operating Revenues		
Tuition and fees (net of scholarship allowances of \$7,332,763 –2022 and \$7,791,734 – 2021 and bad debt expense of \$44,048 – 2022 and \$552,812 – 2021)	\$ 4,983,479	\$ 4,430,654
Federal grants and contracts	245,470	584,937
Sales and services of educational activities	31,570	8,022
Auxiliary enterprises (net of scholarship allowances of \$256,605 – 2022 and \$237,561 – 2021 and bad debt expense of \$9,530 – 2022 and \$138,203 – 2021)	4,852,029	4,582,907
Other	1,201,786	292,862
Total operating revenues	11,314,334	9,899,382
Operating Expenses		
Compensation and benefits	30,860,587	32,496,962
Contractual services	11,027,773	8,848,740
Travel	1,082,258	377,755
Supplies and materials	2,100,450	1,885,330
Scholarships and fellowships	6,375,569	2,062,930
Depreciation and amortization	6,318,400	5,768,392
Communications	106,670	81,393
Utilities	2,196,422	1,801,767
Other	2,818,735	1,824,655
Total operating expenses	62,886,864	55,147,924
Operating Loss	(51,572,530)	(45,248,542)
Nonoperating Revenues (Expenses)		
State appropriations	22,566,652	19,296,804
Federal grants and contracts	36,708,329	32,601,077
Recovery of administrative costs	1,592	6,372
State and local grants and contracts	203,444	654,271
Contributions	1,888,027	708,659
Student fees for capital projects	176,471	190,445
Gain on disposal of capital assets	53,660	9,745
Investment income (loss)	(695,246)	87,467
Interest on capital asset-related debt	(686,764)	(794,477)
Other nonoperating revenues	1,201,674	1,153,984
Net nonoperating revenues	61,417,839	53,914,347

Lincoln University
A Component Unit of the State of Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	2021 (Restated – Note 1)
Income Before Other Revenues, Expenses, Gains, or Losses	\$ 9,845,309	\$ 8,665,805
Other Revenues, Expenses, Gains, or Losses		
Capital appropriations – state	11,193	-
Capital grants and gifts	(136,543)	3,690,461
Total Other Revenues, Expenses, Gains, or Losses	(125,350)	3,690,461
Increase in Net Position	9,719,959	12,356,266
Net Position, Beginning of Year	67,394,562	55,038,296
Net Position, End of Year	\$ 77,114,521	\$ 67,394,562

Lincoln University
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021 (Restated – Note 1)
Cash Flows from Operating Activities		
Tuition and fees	\$ 4,060,533	\$ 4,834,345
Grants and contracts	245,470	584,937
Payments to suppliers	(23,164,532)	(14,957,200)
Payments to employees	(30,309,864)	(29,411,481)
Sales and services of auxiliary enterprises	5,275,020	4,442,629
Sales and services of educational activities	31,570	8,022
Other receipts and deposits	1,072,634	171,051
Net cash used in operating activities	(42,789,169)	(34,327,697)
Cash Flows from Noncapital Financing Activities		
State appropriations	22,566,652	19,296,804
Gifts and grants for other than capital purposes	36,085,561	27,513,316
Other receipts	1,190,793	1,147,755
Net cash provided by noncapital financing activities	59,843,006	47,957,875
Cash Flows from Capital and Related Financing Activities		
State appropriations for capital improvements	11,193	-
Capital grants and gifts	239,115	4,357,210
Student fees for capital projects	176,471	190,445
Purchase of capital assets	(7,443,775)	(12,216,593)
Principal paid on capital debt	(1,158,594)	(1,072,001)
Interest paid on capital debt	(787,966)	(815,227)
Principal payments received on lease receivables	43,870	54,643
Interest received on lease receivables	12,047	11,128
Principal payments on lease liabilities	(50,415)	(71,222)
Interest payments on lease liabilities	(466)	(537)
Net cash used in capital and related financing activities	(8,958,520)	(9,562,154)
Cash Flows from Investing Activities		
Investment income	(695,246)	87,467
Proceeds from sales and maturities of investments	19,768,991	30,223,745
Purchases of investments	(31,045,846)	(34,609,392)
Net cash used in investing activities	(11,972,101)	(4,298,180)
Decrease in Cash and Cash Equivalents	(3,876,784)	(230,156)
Cash and Cash Equivalents, Beginning of Year	15,110,747	15,340,903
Cash and Cash Equivalents, End of Year	\$ 11,233,963	\$ 15,110,747

Lincoln University
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021 (Restated – Note 1)
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	\$ 9,723,244	\$ 13,601,086
Restricted cash equivalents	1,510,719	1,509,664
	\$ 11,233,963	\$ 15,110,750
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (51,572,530)	\$ (45,248,542)
Depreciation and amortization	6,318,400	5,768,392
Changes in operating assets, liabilities, and deferred outflows/inflows		
Receivables, net	978,132	55,838
Prepaid expenses, bond insurance costs, and other assets	10,678	(7,013)
Deferred outflows of resources related to pension	231,256	1,520,997
Accounts payable and accrued liabilities	867,272	2,302,182
Other noncurrent liabilities	(8,750)	(820)
Accrued compensated absences	(27,965)	85,678
Total other postemployment benefit liability	(84,852)	(6,367)
Net pension liability	(6,610,697)	2,056,306
Deferred inflows of resources related to leases	(65,050)	(101,540)
Deferred inflows of resources related to pension	7,174,937	(752,805)
	\$ (42,789,169)	\$ (34,327,694)
Supplemental Cash Flows Information		
Accounts payable incurred for capital asset purchases	\$ 283,101	\$ 446,544
Lease assets acquired with lease liabilities	\$ -	\$ 59,639
Lease receivables issued	\$ 96,252	\$ -
Lease receivables terminated	\$ -	\$ 18,952

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

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

Nature of Operations

Lincoln University (the “University”) is a state-assisted university with its campus located in Jefferson City, Missouri, operating under the jurisdiction of a nine-member Board of Curators that is appointed by the Governor and confirmed by the Senate of the State of Missouri. The University is a component unit of the State of Missouri. Major federally funded student financial aid programs in which the University participates include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work-Study, and Federal Direct Loan Programs. The University extends unsecured credit to students.

Basis of Accounting and Presentation

The financial statements of the University have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary 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, or voluntary nonexchange transactions. Government-mandated or voluntary 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 University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position 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, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2022 and 2021, cash equivalents consisted of money market treasury funds held with brokers.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Investments and Investment Income

Investments in U.S. Treasury, U.S. agency, and government-sponsored enterprises obligations and money market mutual funds are carried at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit and repurchase agreements are carried at cost.

Investment income consists of interest and dividend income and the net change for the year in the fair value of investments carried at fair value.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable is recorded net of estimated uncollectible amounts.

Bond Insurance Costs

Bond insurance costs incurred on the revenue bond issues have been capitalized and are being amortized over the life of the bonds using the straight-line method. Total amortization was \$10,727 for each of the years ended June 30, 2022 and 2021.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition 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

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Capital and Lease Asset Impairment

The University evaluates capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital and lease asset has occurred. If a capital or lease asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital asset historical cost and related accumulated depreciation or lease asset historical cost and related accumulated amortization are decreased proportionately such that the net decrease equals the impairment loss.

No impairment loss was recognized during the years ended June 30, 2022 and 2021.

Deferred Outflows of Resources

The University reports the consumption of net position that relates to future reporting periods as deferred outflows of resources in a separate section of its statements of net position.

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 Revenue

Unearned revenue represents student fees and advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Risk Management

The University is exposed to various risks of loss related 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. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation and natural disasters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The State of Missouri self-insures workers' compensation benefits for all state employees, including University employees. Claims are administered by the Missouri Office of Administration, Risk Management Section.

Cost-Sharing Defined Benefit Pension Plan

As a component unit of the State of Missouri, the University participates in the Missouri State Employees' Plan (MSEP), a cost-sharing multiple-employer defined benefit pension plan as defined by GASB 68. MSEP is administered by the Missouri State Employee's Retirement System (MOSERS), also a component unit of the State of Missouri. In accordance with the provision of GASB 68, the University accounts for and reports its participation in the single-employer plan as if it was a cost-sharing employer. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of MOSERS and additions to/deductions from MOSERS' fiduciary net position has been determined on the same basis as they are reported by MOSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Other Postemployment Benefit Plan

The University has a single-employer defined benefit other postemployment benefit (OPEB) plan, providing health insurance to certain retired professor emeriti. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Inflows of Resources

The University reports the acquisition of net position that relates to future reporting periods as deferred inflows of resources in a separate section of its statements of net position.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Net Position

Net position of the University is classified in four components on its statements of net position.

- Net investment in capital assets consists of capital assets net of accumulated depreciation and lease assets net of accumulated amortization and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, or donors external to the University, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the University, such as permanent endowments.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Classification of Revenues

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

Operating revenues include activities that have the characteristics of exchange transactions, such as:

- (1) student tuition and fees, net of scholarship allowances
- (2) sales and services of auxiliary enterprises
- (3) interest on student loans

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as:

- (1) gifts and contributions
- (2) other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*
- (3) GASB No. 34, such as state appropriations and investment income

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Tuition and Fees Revenue

Tuition and fees revenue is recognized in the terms to which it relates. The summer term is allocated by number of days falling within each fiscal year.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, are recorded as nonoperating revenues and other governmental grants are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance.

Tuition Discount Programs

Student tuition and fee revenues are reduced by tuition discounts awarded to qualifying students. Currently the University offers tuition discounts for participants in the Neighboring States Program and Midwest Student Exchange Program where in-state tuition rates are granted to out-of-state students. The University also offers a graduate tuition reduction to University graduates where undergraduate rates are charged for the first nine graduate hours.

Income Taxes

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

Change in Accounting Principle

In 2022, the University adopted GASB Statement No. 87, *Leases*. Under the standard, lessees will now be required to recognize substantially all long-term leases on the statement of net position as both a right-to-use asset and a lease liability. In addition, lessors will be required to recognize a lease receivable and a deferred inflow of resources. The new standard also requires leases to be evaluated for the identification of lease and nonlease components in a contract. As a result of the implementation, the following financial statement line items for fiscal year 2021 were restated:

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

	As Restated	As Previously Reported	Effect of Change
Statement of Net Position			
Current Assets			
Current portion of leases receivable	\$ 43,870	\$ -	\$ 43,870
Other	234,071	232,598	1,473
Noncurrent Assets			
Leases receivable	\$ 616,617	\$ -	\$ 616,617
Lease assets, net	75,335	-	75,335
Current Liabilities			
Accounts payable and accrued liabilities	\$ 2,788,329	\$ 2,788,199	\$ 130
Current portion of lease liabilities	50,415	-	50,415
Deferred Inflows of Resources			
Deferred inflows of resources related to leases	\$ 613,590	\$ -	\$ 613,590
Net Position			
Net investment of capital assets	\$ 71,573,088	\$ 71,499,928	\$ 73,160
Statement of Revenues, Expenses, and Changes in Net Position			
Operating Revenues			
Other operating revenues	\$ 292,862	\$ 257,094	\$ 35,768
Nonoperating Revenues (Expenses)			
Other nonoperating revenue	\$ 1,153,984	\$ 1,141,382	\$ 12,602
Interest on capital asset-related debt	(794,477)	(793,810)	(667)
Operating Expenses			
Depreciation and amortization	\$ 5,768,392	\$ 5,722,090	\$ 46,302
Contractual services	8,848,740	8,920,500	(71,760)
Statement of Cash Flows			
Cash Flows from Operating Activities			
Payments to suppliers	\$ (14,957,200)	\$ (14,622,754)	\$ (334,446)
Other receipts and deposits	171,051	236,824	(65,773)
Cash Flows from Capital and Related Financing Activities			
Principal payments received on lease receivables	\$ 54,643	\$ -	\$ 54,643
Interest received on lease receivables	11,128	-	11,128
Principal payments on lease liabilities	(71,222)	-	(71,222)
Interest on lease receivables	(537)	-	(537)
Reconciliation of Operating Loss to Net Cash Used in Operating Activities			
Operating loss	\$ (45,248,542)	\$ (45,309,768)	\$ 61,226
Depreciation and amortization	5,768,392	5,722,090	46,302
Deferred inflows of resources related to leases	(101,540)	-	(101,540)
Supplemental Cash Flows Information			
Lease assets acquired with lease liabilities	\$ 59,639	\$ -	\$ 59,639
Lease receivables terminated	18,952	-	18,952

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Revision

An immaterial revision was made to the 2021 financial statements to present HEERF expenses in operating expenses within the scholarships and fellowships line item. This revision had no effect on operating loss or change in net position.

Note 2: Deposits, Investments, and Investment Income

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. The University's deposit policy for custodial credit risk requires compliance with the provisions of state law which requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies, or instrumentalities, or the state of Missouri; bonds of any city having a population of not less than two thousand, county, school district, or special road district of the State of Missouri; bonds of any state; a surety bond having an aggregate value at least equal to the amount of the deposits; tax anticipation notes issued by any first class county; irrevocable standby letters of credit issued by a Federal Home Loan Bank; or out-of-state municipal bonds rated in the highest category by a nationally recognized statistical rating agency.

At June 30, 2022 and 2021, the University's bank balances were \$10,104,104 and \$13,990,921, respectively. None of these deposits were exposed to custodial credit risk at June 30, 2022 and 2021.

Investments

The University may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements.

The University considers money market treasury funds to be cash and cash equivalents and has included this balance in restricted cash equivalents on the statement of net position. At June 30, 2022 and 2021, the University had the following investments and maturities:

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

June 30, 2022					
Type	Fair Value	Maturities in Years			
		Less than 1	1–5	6–10	More than 10
Certificates of deposit	\$ 3,511,396	\$ 1,833,940	\$ 1,677,456	\$ -	\$ -
U.S. Treasury obligations	12,941,812	8,890,210	4,051,602	-	-
Money market treasury funds	1,447,156	1,447,156	-	-	-
Government-sponsored enterprises obligations	17,026,141	4,427,393	12,598,748	-	-
	<u>\$ 34,926,505</u>	<u>\$ 16,598,699</u>	<u>\$ 18,327,806</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2021					
Type	Fair Value	Maturities in Years			
		Less than 1	1–5	6–10	More than 10
Certificates of deposit	\$ 1,811,264	\$ 576,759	\$ 1,159,210	\$ -	\$ 75,295
U.S. Treasury obligations	3,515,780	3,515,780	-	-	-
Money market treasury funds	1,447,006	1,447,006	-	-	-
Government-sponsored enterprises obligations	16,875,449	7,296,703	9,578,746	-	-
	<u>\$ 23,649,499</u>	<u>\$ 12,836,248</u>	<u>\$ 10,737,956</u>	<u>\$ -</u>	<u>\$ 75,295</u>

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University 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 University.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2022 and 2021, the University’s investments in government-sponsored enterprises obligations not directly guaranteed by the U.S. government were rated AA+ by Standard & Poor’s and Aaa by Moody’s Investor Service.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the University’s investments in repurchase agreements at June 30, 2022 and 2021, are held by the counterparties in other than the University’s name. The University’s investment policy does not address how securities underlying repurchase agreements are to be held.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Concentration of Credit Risk – The University places no limit on the amount that may be invested in any one issuer. At June 30, 2022 and 2021, the University’s investments in government-sponsored enterprises obligations of the following entities constituted the following percentages of total investments:

	2022	2021
Federal Farm Credit Bank (FFCB)	15%	8%
Federal Home Loan Mortgage Corporation (FHLMC)	7%	20%
Federal Home Loan Bank (FHLB)	27%	41%
Federal National Mortgage Association (FNMA)	0%	2%

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the statements of net position as follows:

	2022	2021
Carrying value		
Deposits	\$ 9,786,806	\$ 13,663,744
Investments	34,926,505	23,649,499
	<u>\$ 44,713,311</u>	<u>\$ 37,313,243</u>

Deposits and investments are included in the following statements of net position captions:

	2022	2021
Cash and cash equivalents	\$ 9,723,244	\$ 13,601,086
Short-term investments	14,792,537	11,061,547
Restricted cash equivalents	1,510,719	1,509,664
Short-term endowment investments	359,006	327,695
Long-term endowment investments	2,017,526	2,219,802
Long-term investments	16,310,279	8,593,449
	<u>\$ 44,713,311</u>	<u>\$ 37,313,243</u>

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Investment Income

Investment income for the years ended June 30, 2022 and 2021, consisted of:

	2022	2021
Interest and dividend income	\$ 216,325	\$ 228,058
Net realized and unrealized losses on investments	(911,571)	(140,591)
	\$ (695,246)	\$ 87,467

Note 3: Endowment Funds

The University's endowment funds are substantially composed of term endowment funds received from the U.S. Department of Education Title III program and state matching funds of \$1,104,000. The grant provisions require the University to maintain the endowment corpus for 20 years. After the termination of the grant period, the University 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 University is allowed to spend no more than 50 percent of the total aggregate endowment fund income related to the grant award. During each of the years ended June 30, 2022 and 2021, \$0 was transferred out of the endowment fund to the operating fund.

Note 4: Leases Receivable

The University leases a portion of its property to various third parties, the terms of which expire 2022 through 2042. The leases were measured based upon the interest rate implicit per the contract or the University's incremental borrowing rate at lease commencement.

Revenue recognized under lease contracts during the years ended June 30, 2022 and 2021, were \$77,523 and \$114,142, respectively, which includes both lease revenue and interest.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 5: Capital and Lease Assets

Lease assets activity for the years ended June 30, 2022 and 2021, was:

	2022				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Buildings and leasehold improvements	\$ 59,639	\$ -	\$ -	\$ -	\$ 59,639
Equipment	61,998	-	-	-	61,998
	<u>121,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,637</u>
Less accumulated depreciation					
Buildings and leasehold improvements	4,970	29,819	-	-	34,789
Equipment	41,332	20,666	-	-	61,998
	<u>46,302</u>	<u>50,485</u>	<u>-</u>	<u>-</u>	<u>96,787</u>
Lease assets, net	<u>\$ 75,335</u>	<u>\$ (50,485)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,850</u>
	2021				Ending Balance
	Beginning Balance (As Restated)	Additions	Disposals	Transfers	
Buildings and leasehold improvements	\$ -	\$ 59,639	\$ -	\$ -	\$ 59,639
Equipment	61,998	-	-	-	61,998
	<u>61,998</u>	<u>59,639</u>	<u>-</u>	<u>-</u>	<u>121,637</u>
Less accumulated depreciation					
Buildings and leasehold improvements	-	4,970	-	-	4,970
Equipment	-	41,332	-	-	41,332
	<u>-</u>	<u>46,302</u>	<u>-</u>	<u>-</u>	<u>46,302</u>
Lease assets, net	<u>\$ 61,998</u>	<u>\$ 13,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,335</u>

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Capital assets activity for the years ended June 30, 2022 and 2021, were:

	Beginning Balance	2022			Ending Balance
		Additions	Disposals	Transfers	
Land	\$ 3,882,167	\$ -	\$ -	\$ -	\$ 3,882,167
Land improvements	7,155,156	52,750	-	121,323	7,329,229
Buildings and improvements	154,800,258	4,092,636	-	3,215,797	162,108,691
Infrastructure	6,466,529	246,633	-	-	6,713,162
Furniture, fixtures, and equipment	33,105,004	2,755,201	97,518	-	35,762,687
Library materials	2,170,377	3,673	-	-	2,174,050
Construction in progress	3,392,580	186,379	-	(3,337,120)	241,839
	<u>210,972,071</u>	<u>7,337,272</u>	<u>97,518</u>	<u>-</u>	<u>218,211,825</u>
Less accumulated depreciation					
Land improvements	4,005,039	354,975	-	-	4,360,014
Buildings and improvements	85,589,381	4,092,680	-	-	89,682,061
Infrastructure	4,435,687	234,656	-	-	4,670,343
Furniture, fixtures, and equipment	26,964,511	1,572,107	94,238	-	28,442,380
Library materials	2,159,876	2,770	-	-	2,162,646
	<u>123,154,494</u>	<u>6,257,188</u>	<u>94,238</u>	<u>-</u>	<u>129,317,444</u>
Net capital assets	<u>\$ 87,817,577</u>	<u>\$ 1,080,084</u>	<u>\$ 3,280</u>	<u>\$ -</u>	<u>\$ 88,894,381</u>

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

	Beginning Balance	2021			Ending Balance
		Additions	Disposals	Transfers	
Land	\$ 3,871,667	\$ 10,500	\$ -	\$ -	\$ 3,882,167
Land improvements	7,032,677	122,479	-	-	7,155,156
Buildings and improvements	146,845,415	5,518,486	-	2,436,357	154,800,258
Infrastructure	5,072,274	1,394,255	-	-	6,466,529
Furniture, fixtures, and equipment	31,029,540	2,508,284	432,820	-	33,105,004
Library materials	2,165,794	4,583	-	-	2,170,377
Construction in progress	3,321,822	2,507,115	-	(2,436,357)	3,392,580
	<u>199,339,189</u>	<u>12,065,702</u>	<u>432,820</u>	<u>-</u>	<u>210,972,071</u>
Less accumulated depreciation					
Land improvements	3,654,421	350,618	-	-	4,005,039
Buildings and improvements	81,655,576	3,933,805	-	-	85,589,381
Infrastructure	4,330,893	104,794	-	-	4,435,687
Furniture, fixtures, and equipment	26,068,060	1,320,224	423,773	-	26,964,511
Library materials	2,157,954	1,922	-	-	2,159,876
	<u>117,866,904</u>	<u>5,711,363</u>	<u>423,773</u>	<u>-</u>	<u>123,154,494</u>
Net capital assets	<u>\$ 81,472,285</u>	<u>\$ 6,354,339</u>	<u>\$ 9,047</u>	<u>\$ -</u>	<u>\$ 87,817,577</u>

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 6: Noncurrent Liabilities

The following is a summary of noncurrent obligation transactions for the University for the years ended June 30, 2022 and 2021:

	Beginning Balance	Additions	2022		Ending Balance	Current Portion
				Deductions		
Long-term debt						
Revenue bonds payable						
Series 2015B	\$ 1,651,220	\$ -	\$ 416,897	\$ 1,234,323	\$ 422,263	
Series 2017	1,479,980	-	249,270	1,230,710	251,340	
Series 2019	14,515,000	-	300,000	14,215,000	320,000	
Loan payable – DNR						
Energize MO	682,534	-	192,427	490,107	196,294	
Lease liability	50,415	-	50,415	-	-	
Reoffering premium	1,865,936	-	116,621	1,749,315	-	
Total long-term debt	<u>20,245,085</u>	<u>-</u>	<u>1,325,630</u>	<u>18,919,455</u>	<u>1,189,897</u>	
Other noncurrent liabilities						
Accrued compensated absences	1,363,736	642,591	670,554	1,335,773	667,887	
Deposits held in custody for others	9,825	-	8,750	1,075	-	
Total other postemployment benefits liability	551,920	14,812	99,664	467,068	-	
Net pension liability	47,253,976	-	6,610,697	40,643,279	-	
Total other noncurrent liabilities	<u>49,179,457</u>	<u>657,403</u>	<u>7,389,665</u>	<u>42,447,195</u>	<u>667,887</u>	
Total noncurrent liabilities	<u>\$ 69,424,542</u>	<u>\$ 657,403</u>	<u>\$ 8,715,295</u>	<u>\$ 61,366,650</u>	<u>\$ 1,857,784</u>	

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

	2021				
	Beginning Balance (As Restated)	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Revenue bonds payable					
Series 2015A	\$ 224,550	\$ -	\$ 224,550	\$ -	\$ -
Series 2015B	2,062,819	-	411,599	1,651,220	416,897
Series 2017	1,727,197	-	247,217	1,479,980	249,270
Series 2019	14,515,000	-	-	14,515,000	300,000
Loan payable – DNR					
Energize MO	871,169	-	188,635	682,534	192,427
Lease liability	61,998	59,639	71,222	50,415	50,415
Reoffering premium	1,982,557	-	116,621	1,865,936	-
Total long-term debt	<u>21,445,290</u>	<u>59,639</u>	<u>1,259,844</u>	<u>20,245,085</u>	<u>1,209,009</u>
Other noncurrent liabilities					
Accrued compensated absences	1,278,058	874,961	789,283	1,363,736	790,967
Deposits held in custody for others	10,645	-	820	9,825	-
Total other postemployment benefits liability	558,287	57,906	64,273	551,920	-
Net pension liability	45,197,670	5,294,564	3,238,258	47,253,976	-
Total other noncurrent liabilities	<u>47,044,660</u>	<u>6,227,431</u>	<u>4,092,634</u>	<u>49,179,457</u>	<u>790,967</u>
Total noncurrent liabilities	<u>\$ 68,489,950</u>	<u>\$ 6,287,070</u>	<u>\$ 5,352,478</u>	<u>\$ 69,424,542</u>	<u>\$ 1,999,976</u>

Revenue Bonds Payable

On November 20, 2015, the University issued \$3,610,582 of Auxiliary System Refunding Revenue Bonds, Series 2015A and \$2,513,530 of Auxiliary System Revenue Bonds, Series 2015B. The Series 2015A and Series 2015B bonds bear interest, payable semiannually, at rates of 1.94 percent and 2.56 percent, respectively, beginning June 1, 2016. Principal maturities begin June 1, 2016, and continue until 2025. Proceeds from the issuance of the Series 2015A bonds were used to pay the costs of refunding the Auxiliary System Revenue Bonds, Series 2005, and to pay certain costs of issuance related to the Series 2015A bond issue. Proceeds from the issuance of the Series 2015B bonds were used to provide funds to pay costs associated with the renovation of Martin Hall and to pay certain costs of issuance related to the Series 2015B bond issue. The Martin Hall renovation costs are paid by the University and then the University is reimbursed by disbursement of the bond proceeds.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

On February 15, 2017, the University issued \$2,500,000 of Athletic System Revenue Bonds, Series 2017. The Series 2017 bonds bear interest, payable quarterly, at a rate of 3.25 percent, beginning June 1, 2017. Principal maturities begin March 1, 2018, and continue until 2027. Proceeds from the issuance of the Series 2017 bonds were used to provide funds to pay costs associated with the improvement of certain athletic facilities and to pay certain costs of issuance related to the Series 2017 bond issue. The athletic facilities include Dwight T. Reed Stadium and Annex and the basement level of the LINC Recreation and Wellness Center.

On June 11, 2019, the University issued \$14,515,000 of Auxiliary System Refunding Revenue Bonds, Series 2019. The Series 2019 bonds bear interest, payable semiannually, at a rate of 5.00 percent, beginning December 1, 2019. Principal maturities begin June 1, 2022, and continue until 2037. Proceeds from the issuance of the Series 2019 bonds were used to pay the costs of refunding the Auxiliary System Subordinate Revenue Bonds, Series 2007.

The revenue bond issues, payable from and secured by net revenues of the Auxiliary Activity Fund, require the University to establish and fund Debt Service Reserve Funds and maintain a Debt Service Coverage Ratio of 1.15.

The revenue bond issues, payable from and secured by net revenues of the Athletic Facilities, require the University to establish and fund a Debt Service Reserve Fund and maintain a Debt Service Coverage Ratio of 1.00.

The debt service requirements as of June 30, 2022, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2023	\$ 1,734,825	\$ 993,603	\$ 741,222
2024	1,727,151	1,021,065	706,086
2025	1,724,450	1,054,954	669,496
2026	1,717,985	1,087,655	630,330
2027	1,663,457	1,082,756	580,701
2028–2032	7,220,250	5,040,000	2,180,250
2033–2037	7,226,550	6,400,000	826,550
	<u>\$ 23,014,668</u>	<u>\$ 16,680,033</u>	<u>\$ 6,334,635</u>

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Loan Payable

The University has a loan payable with the Missouri Department of Natural Resources (MDNR), dated June 14, 2012, in the maximum amount of \$1,863,000 bearing interest at 2 percent. The proceeds of the loan were used to implement the Energy Conservation Measures as designated by the MDNR and payments began in June 2015. The loan requires semiannual payments equal to one-half of the annual energy savings until paid in full. During 2015, the final loan amount was reduced to \$1,857,912 due to the return of excess proceeds in the amount of \$5,088. The semiannual principal and interest payments, in the amount of \$102,560, are due June 1 and November 1.

The debt service requirements of the loan as of June 30, 2022, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2023	\$ 205,120	\$ 196,294	\$ 8,826
2024	205,120	200,240	4,880
2025	94,509	93,573	936
	<u>\$ 504,749</u>	<u>\$ 490,107</u>	<u>\$ 14,642</u>

Note 7: Lease Liabilities

The University leases equipment and building space, the terms of which expire in various years through 2023. The leases were measured based upon the interest rate implicit per the contract or the University's incremental borrowing rate at lease commencement. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance. As of June 30, 2022 and 2021, the balance of the lease liability was \$0 and \$50,415, respectively.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 8: Pension Plans

MOSERS

Plan Description

The Missouri State Employees' Plan (MSEP) is a cost-sharing multiple-employer, defined benefit public employee retirement plan with two benefit structures known as the MSEP (closed plan) and MSEP 2000, which are administered by the Missouri State Employees' Retirement System (MOSERS or the "System") in accordance with Sections 104.010 and 104.312 to 104.1215 of the Revised Statutes of Missouri (RSMo). As established under Section 104.320, RSMo, MOSERS is a body corporate and an instrumentality of the state. In the System are vested the powers and duties specified in Sections 104.010 and 104.312 to 104.1215, RSMo and such other powers as may be necessary or proper to enable it, its officers, employees, and agents to carry out fully and effectively all the purposes of Sections 104.010 and 104.312 to 104.1215, RSMo. Responsibility for the operation and administration of the System is vested in the 11-member MOSERS Board of Trustees as defined by state law. Due to the nature of MOSERS' reliance on funding from the MState of Missouri and other state government agencies and the overall control of the plan document by the legislative and executive branches of state government, the MSEP is considered a component unit of the State of Missouri financial reporting entity and is included in the state's financial reports as a pension trust fund.

Generally, all full-time state employees hired before July 2000, who were not covered under another state-sponsored retirement plan, are eligible for membership in the MSEP (closed plan). Full-time state employees hired after July 2000, and before January 2011, are eligible for membership in the MSEP 2000. Employees hired for the first time on or after January 2011 are eligible for membership in the MSEP 2011 tier of the MSEP 2000. The MSEP provides retirement, survivor, and disability benefits. MOSERS issues an annual Comprehensive Annual Financial Reporting (CAFR), a publicly available financial report that can be obtained at www.mosers.org.

Benefits Provided

MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific funding structure in which the employee participates, which is based on the employee's hire date. Information on the three funding structures administered by MOSERS (MSEP, MSEP 2000, and MSEP 2011) and how eligibility and the benefit amount is determined for each funding structure may be found in the Notes to the Financial Statements of MOSERS' CAFR starting on page 25.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Contributions

Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. No employee contribution is required for the MSEP and MSEP 2000 plans. Employees in the MSEP 2011 plan are required to contribute 4.00 percent of their annual pay. The University's required contribution rate for all plans for the year ended June 30, 2022, was 23.51 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate for the MOSERS plan years ended June 30, 2021 and 2020, was 22.88 percent and 21.77 percent, respectively, which are the years of measurement for the net pension liability. Contributions to the pension plan from the University were \$3,471,017 and \$3,352,767 for the years ended June 30, 2022 and 2021, respectively.

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

At June 30, 2022 and 2021, the University reported a liability of \$40,643,279 and \$47,253,976, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

The University's proportion of the net pension liability was based on the University's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan years ended June 30, 2021 and 2020. At June 30, 2021, the University's proportion was 0.7270 percent, which was a decrease of 0.0174 percent from its proportion measured as of June 30, 2020. At June 30, 2020, the University's proportion was 0.7444 percent, which was a decrease of 0.0038 percent from its proportion measured as of June 30, 2019.

There were no changes in benefit terms during the MOSERS plan years ended June 30, 2021 and 2020, that affected the measurement of total pension liability.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

For the years ended June 30, 2022 and 2021, the University recognized pension expense of \$4,266,391 and \$6,177,375, respectively. At June 30, 2022 and 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 648,069	\$ 179,819
Changes of assumptions	2,842,601	-
Net difference between projected and actual earning on pension plan investments	-	7,327,549
Changes in University proportion and differences between the University's contributions and the University proportionate share of contributions	16,060	752,662
University's contributions subsequent to the measurement date	<u>3,471,017</u>	<u>-</u>
Total	<u>\$ 6,977,747</u>	<u>\$ 8,260,030</u>
	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 21,400	\$ 490,813
Changes of assumptions	1,248,968	-
Net difference between projected and actual earning on pension plan investments	2,508,741	-
Changes in University proportion and differences between the University's contributions and the University proportionate share of contributions	77,127	594,280
University's contributions subsequent to the measurement date	<u>3,352,767</u>	<u>-</u>
Total	<u>\$ 7,209,003</u>	<u>\$ 1,085,093</u>

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

At June 30, 2022 and 2021, the University reported \$3,471,017 and \$3,352,767, respectively, as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the years ending June 30, 2023 and 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2022, related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount Recognized
2023	\$ (214,695)
2024	(397,837)
2025	(1,963,219)
2026	(2,177,549)
	\$ (4,753,300)

Actuarial Assumptions

The total pension liability in the June 30, 2021 and 2020, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2021: 2.25%, 2020: 2.25%
Salary increases	2021: 2.75 % to 10.00% including inflation 2020: 2.75% to 8.25% including inflation
Wage inflation	2021: 2.25%, 2020: 2.25%
Investment rate of return	2021: 6.95%, compounded annually, net after investment expenses and including inflation 2020: 6.95%, compounded annually, net after investment expenses and including inflation

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2015, to June 30, 2020. As a result of this actuarial experience study, the MOSERS' Board made various demographic assumption changes to more closely reflect actual experience. The most significant changes include the following: subsequent changes in the unfunded actuarial accrued liability due to actuarial gains/losses or assumption changes are now amortized over a closed 25-year period instead of 30 years; mortality assumptions are now based on generational tables; and the merit component of the salary increase assumption was adjusted to partially reflect observed experience. The changes in assumptions recorded as deferred inflows and outflows of resources were due to these changes from the actuarial experience study.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2010, to June 30, 2015. As a result of this actuarial experience study, the MOSERS' Board made various demographic assumption changes to more closely reflect actual experience. The most significant changes included lowering the assumed annual investment rate from 7.10 percent to 6.95 percent and the adoption of the above mortality tables. The changes in assumptions recorded as deferred inflows and outflows of resources were due to these changes from the actuarial experience study.

Mortality rates used in the June 30, 2021 actuarial valuations for postretirement mortality are based on the Pub-2010 General Members Below Median Healthy Retiree mortality table, scaled by 104 percent, set back two years for males and set forward one year for females. Mortality projected generationally from 2010 to 2020 using Scale MP-2020 and 75 percent of Scale MP-2020 for years after 2020. Preretirement mortality rates were based on the Pub-2010 General Members Below Median Employee mortality table, set back two years for males and set forward one year for females. Mortality was projected generationally from 2010 to 2020 using Scale MP-2020 and 7 percent of Scale MP-2020 for years after 2020.

Mortality rates used in the June 30, 2020, actuarial valuations for postretirement mortality are based on the RP-2014 Healthy Annuitant mortality table, projected to 2026 with Scale MP-2015 and scaled by 120 percent. The preretirement mortality table used is the RP-2014 employee mortality table, projected to 2026 with Scale MP-2015 and scaled by 95 percent for males and 90 percent for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates rates of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in MOSERS target asset allocation as of June 30, 2021 and 2020, are summarized in the following table:

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Asset Class	Policy Allocation	Long-Term Expected Nominal Rate of Return*	Weighted Average Long-Term Expected Nominal Rate of Return
Global public equities	30.00%	7.70%	2.30%
Global private equities	15.00%	9.30%	1.40%
Long treasuries	25.00%	3.50%	0.90%
Core bonds	10.00%	3.10%	0.30%
Commodities	5.00%	5.50%	0.30%
TIPS	25.00%	2.70%	0.70%
Private real assets	5.00%	7.10%	0.30%
Public real assets	5.00%	7.70%	0.40%
Hedge funds	5.00%	4.80%	0.20%
Alternative beta	10.00%	5.30%	0.50%

Discount Rate

The discount rate used to measure the total pension liability was 6.95 percent at both June 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.95 percent) or 1 percentage point higher (7.95 percent) than the current rate:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
University's proportionate share of the net pension liability	\$ 53,569,825	\$ 40,643,279	\$ 29,851,237

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MOSERS financial report.

Payable to the Pension Plan

At June 30, 2022 and 2021, the University reported a payable of \$26,398 and \$18,270, respectively, for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2022 and 2021, respectively.

CURP

Beginning July 1, 2002, in accordance with Section 104.1200 through 104.1215 of the Revised Statutes of Missouri, employees hired who meet the criteria of an "education employee" participate in the College and University Retirement Plan (CURP). It is a noncontributory 401(a) defined contribution plan for education employees at regional colleges/universities in Missouri. The MOSERS has been given the responsibility by law to implement and oversee the administration of the plan. The TIAA-CREF group of companies is the third-party administrator for the CURP and manages the investment options under the plan. Contributions made by the University are self-directed by participants into their selected individual accounts. By law, the CURP contribution rate is equal to 1 percent less than the normal cost contribution rate of the Missouri State Employees' Plan 2000 (MSEP 2000). After participating in CURP for at least six years, a faculty member may elect to become a member of MOSERS.

The University is required to contribute at an actuarially determined rate; the rate was 6.00 percent of annual covered payroll for 2022 and 2021. The University's contributions to the plan for the years ended June 30, 2022 and 2021, were \$270,300 and \$262,644, respectively, which equaled the required contributions for each year.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 9: Other Postemployment Benefit Plan

Plan Description

In addition to the pension benefits described in *Note 8*, the University provides health care benefits, through a commercial insurance carrier, to certain retirees (the “OPEB Plan”). The plan is a single-employer defined benefit OPEB plan. The Lincoln University Board of Curators, which is appointed by the Governor with the approval of the State Legislature, has the authority to establish and amend benefit provisions of the plan. The OPEB Plan’s assets are not accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

The plan is operated as a fully insured arrangement. For retiree plan participants that have obtained professor emeritus status and retired July 1, 2008, and prior, the University pays the full amount of the health and prescription drug insurance premium for the lifetime of the retiree. To be eligible for professor emeritus status an employee must have 1) held the rank of full professor, have served the University for at least 20 years, and have made a major, positive impact on the growth, development, and/or image of the University; or 2) held the rank of associate professor, have served the University for at least 30 years, and have made a major, positive impact on the growth, development, and/or image of the University.

Retiree plan participants that have not obtained professor emeritus status are required to contribute the entire amount of the monthly premium to the plan. The University charges pre-65 retirees, that do not have professor emeritus status, a higher premium than active employees to more closely reflect market value. The factor applied to the premium rates for pre-65 retirees is based on the State of Missouri Health System’s pre-65 retiree group rate relative to its active employee rate. Medicare eligible retirees without professor emeritus status are referred for enrollment in Medicare supplement insurance independent of the University’s plan.

Benefits Provided

The OPEB Plan provides medical and prescription drug premium benefits to professor emeritus retirees. Benefits are provided through a third-party insurer. Prescription drug premiums ranged from \$92.50 to \$109.10 per month and from \$81.60 to \$102 per month for the years ended June 30, 2022 and 2021, respectively. Medicare Supplement premiums, which are Issue-Age rated, ranged from \$215.06 to \$319.67 per month and from \$163.02 to \$302.33 per month for the years ended June 30, 2022 and 2021, respectively. In addition, certain retirees receive \$5,000 of life insurance coverage through the University’s group plan. The University’s group rate is 40 cents per thousand per month for the years ended June 30, 2022 and 2021. The actuarial benefit is valued as the amount of insurance times the probability of death and the assumed age-banded rate times the probability of survival for the years ended June 30, 2022 and 2021, respectively.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

The employees covered by the benefit terms at June 30, 2022 and 2021, are:

	2022	2021
Professor emeritus retirees receiving health and prescription drug coverage	11	12
Retirees receiving group life insurance coverage	1	1
	12	13

Total OPEB Liability

The University's total OPEB liability of \$467,068 and \$551,920 was measured as of June 30, 2022 and 2021, respectively, for the years then ended, and was determined by actuarial valuations as of those dates.

The total OPEB liability in the June 30, 2022 and 2021, actuarial valuation was determined using the following actuarial assumptions:

Discount rate	2022: 3.90%, 2021: 2.00%
Health care cost trend rates	2022: 4.50% per year for Medicare Supplement coverage; 5.50% per year for prescription drug coverage
	2021: 4.50% per year for Medicare Supplement coverage; 4.50% per year for prescription drug coverage

The discount rate used for the plan was the 20-year, tax-exempt municipal bond rate as there are no assets in the plan. The rate was determined by taking the average of the published yields from the S&P Municipal Bond 20 Year High Grade and the Fidelity GO AA-20 Years indexes.

Mortality rates used in the June 30, 2022, valuation were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount weighted Teachers Mortality Tables using Scale MP-2021 Full Generational Improvement.

Mortality rates used in the June 30, 2021, valuation were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount weighted Teachers Mortality Tables using Scale MP-2020 Full Generational Improvement.

The actuarial assumptions used in the June 30, 2022 and 2021, valuations were based on the ongoing actuarial analysis.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Changes in Total OPEB Liability

Changes in total OPEB liability are:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 551,920	\$ 558,287
Interest	10,600	13,911
Changes in assumptions and inputs	(55,784)	43,995
Differences between actual and expected experience	4,212	(17,797)
Benefit payments	<u>(43,880)</u>	<u>(46,476)</u>
Net changes	<u>(84,852)</u>	<u>(6,367)</u>
Balance, end of year	<u>\$ 467,068</u>	<u>\$ 551,920</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The total OPEB liability of the University has been calculated using a discount rate of 3.90 percent. The following presents the total OPEB liability using a discount rate 1 percent higher and 1 percent lower than the current discount rate:

	1% Decrease (2.90%)	Current Discount Rate (3.90%)	1% Increase (4.90%)
University's total OPEB liability	\$ 500,933	\$ 467,068	\$ 437,039

The total OPEB liability of the University has been calculated using health care cost trend rates of 4.50 percent. The following presents the total OPEB liability using health care cost trend rates 1 percent higher and 1 percent lower than the current health care cost trend rates:

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
University's total OPEB liability	\$ 439,256	\$ 467,068	\$ 497,766

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the University recognized OPEB income of \$40,972. For the year ended June 30, 2021, the University recognized OPEB expense of \$40,019. At June 30, 2022 and 2021, the University did not report deferred outflows of resources or deferred inflows of resources related to OPEB, as the average expected service life of current retirees is zero.

Note 10: Commitments and Contingencies

Claims and Litigation

The University is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The University administration believes the ultimate disposition of the actions will not have a material effect on the financial statements of the University. At June 30, 2022 and 2021, there was no accrual recorded in the statements of net position.

Government Grants

The University is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and 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.

Labor Agreement

On August 13, 2018, the Lincoln University Board of Curators signed a collective bargaining agreement with LUMNEA/MNEA (Missouri National Education Association) which covers tenured and tenured-track academic faculty whose academic appointment is 0.75 FTE or higher excluding supervisory, managerial, and confidential employees. This agreement is in effect through December 31, 2023, and thereafter until the parties agree on a successor agreement or reach impasse. This represents 18 percent of the University's employees at both June 30, 2022 and 2021.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 11: Natural Classifications with Functional Classifications

For the years ended June 30, 2022 and 2021, the following tables represent operating expenses with both natural and functional classifications:

			2022					
	Compensation and Benefits	Contractual Services	Travel	Supplies and Materials	Utilities	Communications and Other	Total	
Instruction	\$ 9,225,800	\$ 303,688	\$ 36,264	\$ 186,151	\$ 447	\$ 158,701	\$ 9,911,051	
Research	4,109,433	1,289,703	126,690	664,725	272,744	209,843	6,673,138	
Community service	5,392,621	915,836	288,179	360,840	137,165	307,123	7,401,764	
Academic support	2,617,928	147,526	20,546	48,760	1,320	228,740	3,064,820	
Student services	3,770,390	583,089	459,606	368,248	4,389	958,146	6,143,868	
Institutional support	5,569,789	4,467,164	141,713	320,515	277,675	1,020,928	11,797,784	
Operations and maintenance of plant	174,626	3,320,767	9,260	151,211	1,502,682	41,924	5,200,470	
Scholarships and fellowships	-	-	-	-	-	6,375,569	6,375,569	
Depreciation and amortization	-	-	-	-	-	6,318,400	6,318,400	
	<u>\$ 30,860,587</u>	<u>\$ 11,027,773</u>	<u>\$ 1,082,258</u>	<u>\$ 2,100,450</u>	<u>\$ 2,196,422</u>	<u>\$ 15,619,374</u>	<u>\$ 62,886,864</u>	
			2021					
	Compensation and Benefits	Contractual Services	Travel	Supplies and Materials	Utilities	Communications and Other	Total	
Instruction	\$ 9,101,175	\$ 323,153	\$ 1,673	\$ 120,759	\$ 731	\$ 127,292	\$ 9,674,783	
Research	4,070,812	1,218,774	15,661	478,053	217,603	151,505	6,152,408	
Community service	4,770,884	689,951	76,846	401,224	117,602	276,020	6,332,527	
Academic support	3,624,288	51,690	2,892	116,100	4,735	210,933	4,010,638	
Student services	4,201,365	411,756	245,525	219,051	914	286,294	5,364,905	
Institutional support	6,511,274	3,356,084	34,836	491,875	234,591	830,667	11,459,327	
Operations and maintenance of plant	217,164	2,797,332	322	58,268	1,225,591	23,337	4,322,014	
Scholarships and fellowships	-	-	-	-	-	2,062,930	2,062,930	
Depreciation and amortization	-	-	-	-	-	5,768,392	5,768,392	
	<u>\$ 32,496,962</u>	<u>\$ 8,848,740</u>	<u>\$ 377,755</u>	<u>\$ 1,885,330</u>	<u>\$ 1,801,767</u>	<u>\$ 9,737,370</u>	<u>\$ 55,147,924</u>	

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 12: Disclosure About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022 and 2021:

Description	Total	2022		
		Level 1	Level 2	Level 3
Certificates of deposit	\$ 3,511,396	\$ 3,511,396	\$ -	\$ -
Money market treasury funds	1,447,156	1,447,156	-	-
U.S. Treasury obligations	12,941,812	12,941,812	-	-
Government-sponsored enterprises obligations	<u>17,026,141</u>	<u>-</u>	<u>17,026,141</u>	<u>-</u>
Total investments measured at fair value	<u>\$ 34,926,505</u>	<u>\$ 17,900,364</u>	<u>\$ 17,026,141</u>	<u>\$ -</u>

Description	Total	2021		
		Level 1	Level 2	Level 3
Certificates of deposit	\$ 1,811,264	\$ 1,811,264	\$ -	\$ -
Money market treasury funds	1,447,006	1,447,006	-	-
U.S. Treasury obligations	3,515,780	3,515,780	-	-
Government-sponsored enterprises obligations	<u>16,875,449</u>	<u>-</u>	<u>16,875,449</u>	<u>-</u>
Total investments measured at fair value	<u>\$ 23,649,499</u>	<u>\$ 6,774,050</u>	<u>\$ 16,875,449</u>	<u>\$ -</u>

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2022.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, the fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 13: Current Economic Conditions

As a result of the spread of the SARS-COV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the University. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 14: Subsequent Events

Subsequent events have been evaluated through December 1, 2022, which is the date the financial statements were available to be issued.

Required Supplementary Information

Lincoln University
A Component Unit of the State of Missouri
Required Supplementary Information
Schedule of the University's Proportionate Share of the Net Pension Liability
Missouri State Employees' Retirement System
Last Eight Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability	0.7270%	0.7444%	0.7482%	0.7438%	0.8186%	0.8224%	0.8660%	0.8448%
University's proportionate share of the net pension liability	\$ 40,643,279	\$ 47,253,976	\$ 45,197,670	\$ 41,490,650	\$ 42,624,658	\$ 38,177,503	\$ 27,798,365	\$ 19,918,271
University's covered-employee payroll	\$ 14,762,075	\$ 14,874,862	\$ 14,534,557	\$ 14,456,872	\$ 16,112,220	\$ 15,928,030	\$ 16,754,310	\$ 15,852,748
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	275.32%	317.68%	310.97%	287.00%	264.55%	239.69%	165.92%	125.65%
Plan fiduciary net position as a percentage of the total pension liability	63.00%	55.48%	56.72%	59.02%	60.41%	63.60%	72.62%	79.49%

*The amounts presented for each fiscal year were determined as of the end of the preceding fiscal year.

This schedule presents the information available to the University and will include ten-year trend information once available.

Lincoln University
A Component Unit of the State of Missouri
Required Supplementary Information
Schedule of University Pension Contributions
Missouri State Employees' Retirement System
Last Nine Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,471,017	\$ 3,352,767	\$ 3,238,148	\$ 2,937,434	\$ 2,811,886	\$ 2,734,246	\$ 2,702,988	\$ 2,843,875	\$ 2,757,130
Contributions in relation to the contractually required contribution	<u>3,471,017</u>	<u>3,352,767</u>	<u>3,238,148</u>	<u>2,937,434</u>	<u>2,811,886</u>	<u>2,734,246</u>	<u>2,702,988</u>	<u>2,843,875</u>	<u>2,757,130</u>
Contribution deficiency	<u>\$ -</u>								
University's covered-employee payroll	\$ 14,764,028	\$ 14,762,075	\$ 14,874,862	\$ 14,534,557	\$ 14,456,872	\$ 16,112,220	\$ 15,928,030	\$ 16,754,310	\$ 15,852,748
Contributions as a percentage of covered-employee payroll	23.51%	22.71%	21.77%	20.21%	19.45%	16.97%	16.97%	16.97%	17.39%

This schedule presents the information available to the University and will include ten-year trend information once available.

Notes to Schedule

Benefit Changes

There were no changes to benefit terms for MOSERS for the years ended June 30, 2021 or 2020. During the MOSERS plan year ended June 30, 2017, the vesting requirements were changed for the MSEP 2011 plan from 10 years of credited service to 5 years for members employed on or after January 1, 2018. There were no other changes in benefit terms during the MOSERS plan year ended June 30, 2017, that affected the measurement of total pension liability.

There were no changes to benefit terms for MOSERS for the other years presented above.

Changes of Assumptions

The assumed investment rate of return was 6.95 percent for the June 30, 2021, valuation, consistent with the June 30, 2020, valuation. The salary increase rate was 2.75 percent, consistent with the June 30, 2020, valuation. The wage inflation rate was 2.25 percent, consistent with the June 30, 2020, valuation. There were no other changes in actuarial assumptions for the June 30, 2021, valuation.

The assumed investment rate of return was reduced from 7.10 percent to 6.95 percent for the June 30, 2020, valuation. The salary increase rate was reduced from 2.85 percent to 2.75 percent. The wage inflation rate was reduced from 2.35 percent to 2.25 percent. There were no other changes in actuarial assumptions for the June 30, 2020, valuation.

Lincoln University
A Component Unit of the State of Missouri
Required Supplementary Information
Schedule of University Pension Contributions
Missouri State Employees' Retirement System
Last Nine Fiscal Years

The assumed investment rate of return was reduced from 7.25 percent to 7.10 percent for the June 30, 2019, valuation. The salary increase rate was reduced from 3.00 percent to 2.85 percent. The wage inflation rate was reduced from 2.50 percent to 2.35 percent. There were no other changes in actuarial assumptions for the June 30, 2019, valuation.

The assumed investment rate of return was reduced from 7.50 percent to 7.25 percent for the June 30, 2018, valuation. The salary increase rate was reduced from 3.25 percent to 3.00 percent. The wage inflation rate was reduced from 3.00 percent to 2.50 percent. There were no other changes in actuarial assumptions for the June 30, 2018, valuation.

The assumed investment rate of return was reduced from 7.65 percent to 7.50 percent for the June 30, 2017, valuation. There were no other changes in actuarial assumptions for the June 30, 2017, valuation.

Actuarial assumptions used in the June 30, 2016, valuation were changed as follows:

Salary increases:	3.25% to 8.75% including inflation
Wage inflation:	3.00%
Investment rate of return:	7.65%
Postretirement mortality tables:	RP-2014 Healthy Annuitant projected to 2026 with Scale MP-2015 and scaled by 120%
Preretirement mortality tables:	RP-2014 Employee projected to 2026 with Scale MP-2015 and scaled by 95% for males and 90% for females

There were no changes to actuarial assumptions used in the June 30, 2015, valuation, other than the assumption that there would be no pay increases for fiscal year ending June 30, 2016.

There were no changes to actuarial assumptions used in the June 30, 2014, valuation.

Lincoln University
A Component Unit of the State of Missouri
Required Supplementary Information
Schedule of Changes in the University's Total OPEB Liability and Related Ratios
Last Five Fiscal Years

	2022	2021	2020	2019	2018
Total OPEB Liability					
Interest	\$ 10,600	\$ 13,911	\$ 17,911	\$ 25,190	\$ 26,642
Changes in assumptions and inputs	(55,784)	43,995	(45,284)	(91,004)	2,016
Differences between actual and expected experience	4,212	(17,797)	16,315	(44,081)	-
Benefit payments	<u>(43,880)</u>	<u>(46,476)</u>	<u>(55,350)</u>	<u>(57,514)</u>	<u>(63,679)</u>
Net Change in Total OPEB Liability	(84,852)	(6,367)	(66,408)	(167,409)	(35,021)
Total OPEB Liability – Beginning	<u>551,920</u>	<u>558,287</u>	<u>624,695</u>	<u>792,104</u>	<u>827,125</u>
Total OPEB Liability – Ending	<u><u>\$ 467,068</u></u>	<u><u>\$ 551,920</u></u>	<u><u>\$ 558,287</u></u>	<u><u>\$ 624,695</u></u>	<u><u>\$ 792,104</u></u>
Covered-Employee Payroll*	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB Liability as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A

*OPEB valuation includes only current retirees.

This schedule presents the information available to the University and will include ten-year trend information once available.

Notes to Schedule

Benefit Changes

There were no changes to benefit terms for the years ended June 30, 2022, 2021, 2020, 2019, or 2018.

Changes of Assumptions

The following changes were made to actuarial assumptions during the year ended June 30, 2022:

- The census was updated from June 30, 2021, to June 30, 2022.
- The discount rate changed from 2.00 percent to 3.90 percent. Absent the change in the discount rate the liability would have been approximately \$535,000.

Lincoln University
A Component Unit of the State of Missouri
Required Supplementary Information
Schedule of Changes in the University's Total OPEB Liability and Related Ratios
Last Five Fiscal Years

- The mortality assumption was changed from Society of Actuaries Scale MP-2020 Full Generational Improvement to the Society of Actuaries Scale MP-2021 Full Generational Improvement.
- The retiree per capita costs and trend assumptions were updated as part of the actuarial evaluation. The 2022 Medical and Rx renewals resulted in actuarial losses as premium costs increased greater than assumed.

The following changes were made to actuarial assumptions during the year ended June 30, 2021:

- The retiree per capita costs and trend assumptions were updated as part of the actuarial evaluation. The 2021 Medical and Rx renewals resulted in actuarial losses as premiums increased greater than assumed.
- The mortality assumption was changed from Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted General Mortality Tables using Scale MP-2019 Full Generational Improvement to the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted Teachers Mortality Tables using Scale MP-2020 Full Generational Improvement.
- The discount rate was changed from 2.60 percent to 2.00 percent for the end of year measurement.
- Life insurance is valued as the probability of death times the amount of insurance rather than assumed age-banded rate times the probability of survival.
- The number of health insurance participants decreased by 2.

The following changes were made to actuarial assumptions during the year ended June 30, 2020:

- The retiree per capita costs and trend assumptions were updated as part of the actuarial evaluation. The 2020 renewal resulted in an average increase of 4.5 percent – Medical and 3.5 percent – Rx relative to 2019.
- The mortality assumption was changed from Society of Actuaries RPH 2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality with MP-2018 Full Generational Improvement to the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted General Mortality Tables using Scale MP-2019 Full Generational Improvement.
- The discount rate was changed from 3.00 percent to 2.60 percent for the end of year measurement.
- Life insurance is valued as the probability of death times the amount of insurance rather than assumed age-banded rate times the probability of survival.
- The number of health insurance participants decreased by 1.

Lincoln University
A Component Unit of the State of Missouri
Required Supplementary Information
Schedule of Changes in the University's Total OPEB Liability and Related Ratios
Last Five Fiscal Years

The following changes were made to actuarial assumptions during the year ended June 30, 2019:

- The per capita costs-premium rates and trend assumptions were updated as part of the ongoing actuarial analysis. Premium costs were lower than expected.
- The assumed mortality was updated to reflect the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2018 Full Generational Improvement.
- The discount was changed from 3.35 percent to 3.00 percent for the end of year measurement.
- The number of health insurance and life insurance participants decreased by 2 and 1, respectively.

The following changes were made to actuarial assumptions during the year ended June 30, 2018:

- The assumed mortality was updated to reflect the Society of Actuaries RPH-2014 Adjusted to 2006 White Collar Headcount-weighted Mortality table with MP-2017 Full Generational Improvement.
- The per capita costs and trend assumptions were updated as part of the ongoing actuarial analysis.
- The discount rate was changed from 3.50 percent (GASB 45) to 3.35 percent as of the beginning of the year and 3.30 percent as of the end of the year in accordance with GASB 75.
- The life insurance benefit for two retirees was valued and included in the results.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Supplementary Information

Lincoln University
A Component Unit of the State of Missouri
Auxiliary System Revenue Fund
Schedules of Revenues and Expenses
Years Ended June 30, 2022 and 2021

	2022					Total
	Residence Halls	Cafeteria	Bookstore	Vending and Other	Student Union	
Revenues						
Residence hall contracts	\$ 2,715,942	\$ -	\$ -	\$ -	\$ -	\$ 2,715,942
Housing system appropriation	176,471	-	-	-	-	176,471
Food service	-	2,343,792	-	-	-	2,343,792
Bookstore	-	-	13,931	-	-	13,931
Other	-	-	-	24,193	-	24,193
Vending	-	-	-	20,306	-	20,306
	<u>2,892,413</u>	<u>2,343,792</u>	<u>13,931</u>	<u>44,499</u>	<u>-</u>	<u>5,294,635</u>
Direct Expenses						
Salaries and wages	297,748	-	-	-	10,013	307,761
Fringe benefits	142,425	-	-	3,808	3,153	149,386
Equipment purchases	-	-	-	-	-	-
Contractual services	795,292	1,663,140	1,620	2,520	155,817	2,618,389
Travel	835	-	-	433	-	1,268
Supplies, cost of sales	3,908	-	-	-	2,353	6,261
Communications	5,251	(5,632)	-	240	1,440	1,299
Utilities	831,961	-	-	-	-	831,961
Other operating	386,787	-	-	6,608	192	393,587
	<u>2,464,207</u>	<u>1,657,508</u>	<u>1,620</u>	<u>13,609</u>	<u>172,968</u>	<u>4,309,912</u>
Excess (Deficiency) of Revenues Over Direct Expenses	<u>\$ 428,206</u>	<u>\$ 686,284</u>	<u>\$ 12,311</u>	<u>\$ 30,890</u>	<u>\$ (172,968)</u>	<u>984,723</u>
Indirect Expenses						
Bad debts						9,530
Audit						7,500
						<u>17,030</u>
Excess of Revenues Over Expenses						967,693
Transfers In						2,212,211
Mandatory Transfer for Principal and Interest on Indebtedness						(1,445,193)
Nonmandatory Transfer to Plant Fund						<u>(1,200,000)</u>
Net Increase for the Year						534,711
Net Position, Beginning of Year						<u>4,069,388</u>
Net Position, End of Year						<u>\$ 4,604,099</u>

Residence Halls	2021				Student Union	Total
	Cafeteria	Bookstore	Vending and Other			
\$ 2,680,649	\$ -	\$ -	\$ -	\$ -	\$ 2,680,649	
190,445	-	-	-	-	190,445	
-	2,238,694	-	-	-	2,238,694	
-	-	15,616	-	-	15,616	
-	-	-	1,949	-	1,949	
-	-	-	21,763	-	21,763	
<u>2,871,094</u>	<u>2,238,694</u>	<u>15,616</u>	<u>23,712</u>	<u>-</u>	<u>5,149,116</u>	
265,815	-	-	-	15,292	281,107	
121,127	-	-	1,373	6,988	129,488	
-	-	-	-	-	-	
885,224	1,472,232	1,620	-	149,802	2,508,878	
4,208	-	-	-	-	4,208	
13,908	7,846	-	-	-	21,754	
6,807	(6,388)	-	-	1,440	1,859	
709,082	-	-	240	365	709,687	
299,609	-	-	6,588	99	306,296	
<u>2,305,780</u>	<u>1,473,690</u>	<u>1,620</u>	<u>8,201</u>	<u>173,986</u>	<u>3,963,277</u>	
<u>\$ 565,314</u>	<u>\$ 765,004</u>	<u>\$ 13,996</u>	<u>\$ 15,511</u>	<u>\$ (173,986)</u>	<u>1,185,839</u>	
					138,203	
					11,775	
					<u>149,978</u>	
					1,035,861	
					2,347,197	
					(1,363,687)	
					<u>(1,712,196)</u>	
					307,175	
					<u>3,762,213</u>	
					<u>\$ 4,069,388</u>	

Lincoln University
A Component Unit of the State of Missouri
Athletic Facilities Revenue Fund
Schedule of Revenues and Expenses
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Student athletic fees		
Student athletic fees	\$ 494,181	\$ 488,089
Student experience expenses	(30,935)	-
Net student athletic fees	<u>463,246</u>	<u>488,089</u>
Football ticket sales	19,785	-
Facility rental fees	4,718	1,900
	<u>487,749</u>	<u>489,989</u>
 Direct Expenses		
Property insurance	2,895	1,285
Custodial and grounds	122,922	117,058
Utilities	56,207	49,053
Other	5,936	-
	<u>187,960</u>	<u>167,396</u>
 Excess of Revenues Over Direct Expenses	299,789	322,593
 Transfers In	163,458	165,496
 Transfers Out	(160,629)	(185,432)
 Mandatory Transfer for Principal and Interest on Indebtedness	<u>(296,552)</u>	<u>(302,657)</u>
 Net Increase (Decrease) for the Year	6,066	-
 Net Position, Beginning of Year	<u>200,455</u>	<u>200,455</u>
 Net Position, End of Year	<u>\$ 206,521</u>	<u>\$ 200,455</u>

This schedule presents revenues and expenses of the Athletic Facilities Revenue Fund for the years ended June 30, 2022 and 2021.

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Student Financial Assistance Cluster				
U.S. Department of Education				
Federal Pell Grant Program	84.063		\$ -	\$ 3,844,664
Federal Work-Study Program	84.033		-	273,006
Federal Supplemental Educational Opportunity Grants	84.007		-	46,045
Federal Direct Student Loans	84.268		-	5,299,340
			<u>-</u>	<u>9,463,055</u>
Total Student Financial Assistance Cluster				
Research and Development Cluster				
U.S. Department of Agriculture				
Cooperative Research, Education and Extension Service	10.205		-	7,604,241
Establish and Enhancement of Animal Science Graduate Training	10.210		-	11,303
A Circle of Green Project: Strengthening Extension, Outreach and K014 Education to Promote Green Farms & Schools	10.216		-	15,852
Assessments of the Impact of Cryptic E. Coli on Current Water Quality Monitoring and Management	10.216		25,863	96,017
Improving Drinking Water Safety for Small Rural Community Through Toxic Disinfection Byproduct Control by Advanced Chemical Oxidation	10.216		-	16,817
Evaluation of Soilless Root Support Substrates for Control of Nitrate & Phosphorus Pollution from Vegetable Production in Non-Recirculating Hydroponic Systems	10.216		-	30,908
Evaluation of Promising Quinoa Lines in the Midwest for Enhanced Food Security and Sustainability	10.216		76,548	235,288
Building Research, Extension and Outreach/Education Capacity to Establish Industrial Hemp Production in the Midwest	10.216		37,479	72,118
Efficient Nanotechnology Methodology	10.216		31,482	113,220
Spatial Variability of Soil Greenhouse Gas Emissions & Soil Microbial Diversity & Function in Conventional & Alternate Land Use Systems in Floodplain Soils	10.216		40,896	69,374
Disseminating Geospatial Information Science & Technology Knowledge to K-12 Educators & Youth	10.216		-	20,700
Developing a Framework for Spatial Modeling of Oak Decline in the Ozark Highlands	10.216		8,656	103,087
Incorporating Geographic Information Systems into the Agribusiness Curriculum at Lincoln University	10.216		-	52,054
Sustainable Gastrointestinal Parasite Control in Small Ruminants	10.216		-	7,508
Ensuring Food Safety Competency	10.328		-	2,355
Development of a Community Culinary Incubator to Improve Food Safety and Value-Added Opportunities for Small Farmers, Producers, Processors and potential entrepreneurs (FPPE)	10.328		-	93,099
Community Based Technical Assistance and Training Reaching New Audiences to Help Small Processors Reach FSMA Compliance	10.328		-	(7,198)
U.S. Department of Agriculture/University of Missouri				
Development and Implementation of a Customized and Culturally Sensitive FSMA Supplemental Training Program for Hmong Farmers	10.328		-	14,375
Scale Appropriate Strategies	10.307		-	71,169
Cover Cropping and Crop Rotation Strategies in Organic Vegetable Production Systems to Build Soil Health and Improve Yield Profitability	10.303		-	5,895
Use of Endophytic Pseudomonas SPP to Improve Food Safety of Lettuce While Eliminating the Postharvest Sanitation	10.310		-	74,424
Resilient and Sustainable Small Farm: Lessons from the COVID-19 Pandemic	10.310		-	19,455
1890 Agricultural Scholarships Program	10.524		-	699,187
			<u>220,924</u>	<u>9,421,248</u>
Total forward				

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Total forward			\$ 220,924	\$ 9,421,248
Research and Development Cluster (Continued)				
U.S. Department of Agriculture/Iowa State University				
Optimizing Mistune Systems	10.215	4104109A	-	472
National Science Foundation				
Unraveling the Elemental Abundances and Dust Properties of the Interstellar Medium	47.076		-	28,719
A Pathway to Equity: Recruiting and Retaining Underrepresented Populations in STEM Education	47.076		6,270	125,216
Building Accessible Pathways for a Broad Workforce of Mathematics and Science Teachers	47.076		2,117	4,924
Excellence in Research	47.041		14,953	68,166
EIR: Incorporating Attention into Computational Auditory Scene Analysis Using Spectral Clustering with Focal Templates	47.070		-	38,713
Total Research and Development Cluster			<u>244,264</u>	<u>9,687,458</u>
Cooperative Extension Service				
U.S. Department of Agriculture/University of Missouri				
Missouri Arability Program	10.500	C00063072-2	-	18,684
U.S. Department of Agriculture CES: Capital Improvements	10.500		-	(157,800)
			<u>-</u>	<u>(139,116)</u>
Soil and Water Conservation				
U.S. Department of Agriculture				
Promoting the Use of GIS Technology	10.902		-	81,747
Conduct Outreach Events and Activities to Promote NRCS Programs and Services and to get Farmers in SE and Central Missouri	10.902		-	6,504
Providing Soil Health Training and Workshops for Historically Underserved Landowners	10.902		-	23,552
			<u>-</u>	<u>111,803</u>
Cooperative Forestry Research				
U.S. Department of Agriculture				
McIntire Stennis Cooperative Forestry Act Funds FY19	10.202		-	23,270
McIntire Stennis Cooperative Forestry Act Funds FY20	10.202		-	27,962
McIntire Stennis Cooperative Forestry Act Funds FY21	10.202		-	18,213
			<u>-</u>	<u>69,445</u>
U.S. Department of Agriculture/1890 Universities Foundation				
Value Added Systems and Technologies in the Fifth Thrust Ares	10.523		-	18,376
U.S. Department of Agriculture/North Carolina A&T State University				
1890 Centers of Excellence to Motivate and educate for Achievement (MEA)	10.523		-	8,478
U.S. Department of Agriculture/University of Maryland Eastern Shore				
Emerging International Researchers in Addressing New and Emerging Animal and Plant Pests and Diseases to Foster Global Food Security And Defense	10.523		-	9,176
			<u>-</u>	<u>36,030</u>

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture/Michigan State University North Central Integrated Pest Management Center (NCIPMC) A Regional Approach to Pest Management Implementation FY-18 through FY-22	10.329		\$ 494	\$ 7,548
U.S. Department of Agriculture/University of Missouri IPM for Missouri Agriculture and Horticulture	10.329		-	2,031
			494	9,579
U.S. Department of Agriculture Agriculture Extension at 1890 Land-Grant Institutions Program	10.512		-	3,670,287
U.S. Department of Agriculture EFNEP – Expanded Food Nutritional Program	10.514		-	128,606
U.S. Department of Agriculture FY-20 RREA - Renewable Resource Extension Act	10.515		-	598
FY-21 RREA - Renewable Resource Extension Act	10.515		-	13,500
FY-22 RREA - Renewable Resource Extension Act	10.515		-	13,858
			-	27,956
U.S. Department of Agriculture/Animal and Plant Health Inspection Service 2021 Agriculture Discovery Summer Enrichment Program	10.025		-	13,280
U.S. Department of Agriculture/Extension Foundation/1890 Universities Foundation Excite - Extension Collaborative on Immunization, Teaching, & Engagement	10.290		-	24,591
Excite - Extension Collaborative on Immunization, Teaching, & Engagement	10.229		-	1,060
			-	25,651
U.S. Department of Agriculture/University of Missouri Moving American Elderberry into Mainstream Production and Processing	10.309		-	13,895
U.S. Department of Agriculture U.S. Department of Agriculture/University of Minnesota/University of Missouri Conference Support - Midwest	10.215	2208352	-	24,949
U.S. Department of Agriculture/University of Minnesota Entrepreneurial Sustainable Agriculture for Latinx and Limited Resource Producers in Missouri	10.215	H008917102	-	9,562
U.S. Department of Agriculture/University of Minnesota 2021-2022 NCR-SARE State Plan	10.215	H008568320	-	1,600
			-	36,111
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers	10.443		-	9,498
Entrepreneurship and Marketing Capacity Building to Access Specialty and High-Value Markets amongst Latino Farmers in Missouri and Nebraska	10.311		68,246	162,670
U.S. Department of Agriculture/MO Department of Agriculture Pest Management to Enhance the Profitability of Missouri Elderberry			-	6,263
U.S. Department of Health and Human Services/Missouri Department of Health and Senior Services Implementation of Violence Prevention Strategy	93.136	AOC16380122	-	9,089
Higher Education Institutional Aid U.S. Department of Education Title III SAFRA – Fiscal Year 15 Awards	84.031B		-	151,223
Title III – Fiscal Year 17 Awards	84.031B		-	2,919,575
Title III - Part F - Fiscal Year 21 Awards	84.031B		-	789,420
			-	3,860,218

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education/Mineral Area College Carl D Perkins Grant	84.048A	163-163 / 117-117	\$ -	\$ 10,041
Education Stabilization Fund				
U.S. Department of Education				
Higher Education Emergency Relief Fund (HEERF) - Student portion	84.425E		-	3,963,558
Higher Education Emergency Relief Fund (HEERF) - Institutional portion	84.425F		-	910,440
Higher Education Emergency Relief Fund (HEERF) - HBCU Funds	84.425J		-	8,836,406
Governor's Emergency Education Relief Fund (GEER)	84.425C		-	376,664
			-	14,087,068
U.S. Department of Education/Missouri Department of Elementary and Secondary Education				
FY22 Adult Education and Literacy	84.002		-	435,084
U.S. Department of Education/Missouri Department of Elementary and Secondary Education/Missouri Department of Corrections				
FY22 Carl D Perkins Grant - Social and Behavioral Sciences Employability and Life Skills Courses	84.191		-	10,200
NASA/Missouri University of Science and Technology				
Missouri Space Grant Consortium	43.001	NNX10A19NH/ NNX15AKD3H	-	24,292
NASA/Missouri University of Science and Technology				
Missouri Space Grant Consortium	43.008	80NSSC20M0100/ 00070245-01	-	16,339
			-	40,631
U.S. Department of Defense Office of the Secretary of Defense				
Prime Power School	12.630		-	5,406
Prime Power School	12.630		-	240,065
			-	245,471
Highway Safety Cluster				
Department of Transportation National Highway Traffic Safety Administration/University of Missouri				
PIP - Partners in Prevention	20.600		-	263
U.S. Department of Homeland Security/MO Department of Public Safety Office of Homeland Security				
FY20 PSTCP - Lincoln University	97.067		-	5,000
National Park Service				
African American Civil Rights Grants - Preservation of Mitchell Hall	15.904		-	12,771
U.S. Department of Justice/Missouri Department of Public Safety	16.607		-	871
Small Business Administration/University of Missouri				
Missouri Small Business Development Center	59.037	C00073069-4	-	36,560
KC Health IQ	93.137		-	38,536
U.S. Department of Transportation/DOTHS&T/University of Central Missouri	20.607		-	700
			\$ 313,004	\$ 42,124,974

Lincoln University
A Component Unit of the State of Missouri
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Lincoln University under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lincoln University, it is not intended to and does not present the financial position, changes in financial position, or cash flows of Lincoln University.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

Lincoln University has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Federal Loan Programs

Federal Direct Student Loan balances are not included in Lincoln University’s basic financial statements. Loans disbursed during the year are included in federal expenditures presented in the Schedule.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Curators
Lincoln University
Jefferson City, Missouri

We have audited, 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, the financial statements of Lincoln University (the "University"), a component unit of the State of Missouri, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated December 1, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

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 on a timely basis. 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 entity's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

Springfield, Missouri
December 1, 2022

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Curators
Lincoln University
Jefferson City, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lincoln University's ("the University") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2022. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lincoln University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of Lincoln University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The University's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance, described that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the University’s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor’s report. The University’s corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

FORVIS,LLP

Springfield, Missouri
December 1, 2022

Lincoln University
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) identified? Yes No

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) identified? Yes No

5. Type of auditor’s report issued on compliance for major federal program(s):

Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?

Yes No

Lincoln University
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

7. Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
	COVID-19 Higher Education Emergency Relief Fund
84.425E	Student Aid Portion
84.425F	Institutional Portion
84.425J	HBCU Portion
84.425C	Governor's Emergency Education Relief Fund
84.031B	Title III SAFRA – Fiscal Year 15 Awards
84.031B	Title III – Fiscal Year 17 Awards
84.031B	Title III – Fiscal Year 21 Awards

8. Dollar threshold used to distinguish between Type A and Type B programs: \$1,263,749.

9. Auditee qualified as a low-risk auditee? Yes No

Lincoln University
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section II – Financial Statement Findings

Reference Number	Finding
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No matters are reportable.

Lincoln University
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
2022-001	<p>Student Financial Assistance Cluster, CFDA Number 84.268 Federal Direct Student Loans, CFDA Number 84.063 Federal Pell Grant Program, U.S. Department of Education Program Year 2020-2021</p> <p>Criteria or Specific Requirement – Special Tests: Enrollment Reporting 34 CFR Sections 690.83 (b)(2) and 685.309</p> <p>Condition – Student enrollment status changes during the year were not communicated to the National Student Loan Data System (NSLDS).</p> <p>Questioned costs – None</p> <p>Context – Out of a population of 16,260 student enrollment status changes requiring notification transmitted to NSLDS, a sample of 40 student enrollment status changes was selected for testing. Our sample was not and was not intended to be statistically valid. None of the student enrollment changes tested were reported to NSLDS.</p> <p>Effect – NSLDS was not properly notified of student enrollment status changes of Direct Loan and Pell Grant recipients.</p> <p>Cause – The Registrar’s Office and the Enrollment Services Technical Coordinator do not have adequate processes and controls around enrollment reporting to ensure reporting is accurate and timely.</p> <p>Identification as a Repeat Finding – Repeat finding, 2021-001</p> <p>Recommendation – The Registrar’s Office and the Enrollment Services Technical Coordinator should review processes and controls around enrollment reporting and consider substantial changes to address this recurring finding.</p> <p>Views of Responsible Officials and Planned Corrective Actions – The Registrar's Office will create and make available a procedural guide to running and submitting reports. Redundant staff will be set to receive the notifications of upcoming and delinquent enrollment reports.</p>

Lincoln University
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Reference Number	Finding
2022-002	<p>CFDA Number 84.425 Education Stabilization Fund Under the <i>Coronavirus Aid, Relief, and Economic Security Act</i>, U.S. Department of Education Program Year 2021-2022; Higher Education Emergency Relief Fund (HEERF) Student Aid, Institutional Aid, and HBCU Portions</p> <p>Criteria or Specific Requirement – Reporting</p> <p>Condition – Section 18004(e) of the CARES Act requires each institution that received funds under HEERF I, II, and III to submit quarterly Institutional Aid and HBCU funding portion reports by July 10, 2021, October 10, 2021, January 10, 2022, and April 10, 2022. Lincoln University did not submit the quarter 2 (due July 10, 2021) or the quarter 3 (due October 10, 2021) reports within the required timeframe.</p> <p>Similarly, Lincoln University was required to post quarterly public disclosures for the Student Aid funding portion, due July 10, 2021, October 10, 2021, January 10, 2022, and April 10, 2022. Lincoln University did not post the quarter 2 (due July 10, 2021) or the quarter 3 (due October 10, 2021) information within the required timeframe.</p> <p>Of the 13 HEERF reports during the year, 6 were not submitted or posted within the required timeframe.</p> <p>Questioned costs – None</p> <p>Context – Out of a population of 13 reports required to be submitted during the fiscal year, a sample of 4 reports was selected for testing, one of each type (student, institutional, HBCU, and annual). One of the reports was not submitted within the required timeframe (HBCU report due October 10, 2021).</p> <p>Effect – The University did not submit reports or post required information timely.</p>

Lincoln University
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Reference Number	Finding
2022-002 (Continued)	<p>Cause – The University did not have strong controls in place that would trigger the posting of the information within the required timing and that included all required elements. These factors resulted in the University temporarily overlooking this requirement and posting the information past the required deadline, and excluding the number of students that had received the awards and the method of distributing the funds.</p> <p>Identification as a Repeat Finding – Repeat finding, 2021-002</p> <p>Recommendation – The University should strengthen the internal controls surrounding the HEERF reporting by establishing policies and procedures to ensure that reporting information is submitted timely and accurately.</p> <p>Views of Responsible Officials and Planned Corrective Actions – A specific timeline for inclusion of the Office of Grants and Sponsored Research, the Comptroller's Office, and the Office of Student Aid has been established to provide reports to the Vice President of Administration and Finance and Office of Information Technology for timely posting. All reports and proof of public posting will be saved for retrieval and documentation of the reporting process.</p>

Lincoln University
A Component Unit of the State of Missouri
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

Reference Number	Finding	Status
2021-001	<p>Student Financial Assistance Cluster, CFDA Number 84.268 Federal Direct Student Loans, CFDA Number 84.063 Federal Pell Grant Program, U.S. Department of Education Program Year 2020-2021</p> <p>Criteria or Specific Requirement – Special Tests: Enrollment Reporting 34 CFR Sections 690.83 (b)(2) and 685.309</p> <p>Condition – No student enrollment status changes during the year were communicated to the National Student Loan Data System (NSLDS).</p> <p>Questioned costs – None</p> <p>Context – Out of a population of 1,498 student enrollment status changes requiring notification transmitted to NSLDS, a sample of 40 student enrollment status changes was selected for testing. Our sample was not and was not intended to be statistically valid. None of the student enrollment changes were reported to NSLDS.</p> <p>Effect – NSLDS was not properly notified of student enrollment status changes of Direct Loan and Pell Grant recipients.</p> <p>Cause – The Registrar’s Office and the Enrollment Services Technical Coordinator do not have adequate processes and controls around enrollment reporting to ensure reporting is accurate and timely.</p> <p>Recommendation – The Registrar’s Office and the Enrollment Services Technical Coordinator should review processes and controls around enrollment reporting and consider substantial changes to address this recurring finding.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Reports will be provided to the Office of Grants and Sponsored Research for review by the Director of Grants and Sponsored Research on a quarterly basis. All reports and proof of public posting will be saved for retrieval and documentation of the reporting process.</p>	<p>Not Resolved – See Finding 2022-001</p>

Lincoln University
A Component Unit of the State of Missouri
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

Reference Number	Finding	Status
2021-002	<p>CFDA Number 84.425 Education Stabilization Fund Under the <i>Coronavirus Aid, Relief, and Economic Security Act</i>, U.S. Department of Education Program Year 2020-2021; Higher Education Emergency Relief Fund (HEERF) Student and Institutional Aid Portions</p> <p>Criteria or Specific Requirement – Reporting</p> <p>Condition – Section 18004(e) of the CARES Act requires each institution that received funds under HEERF I and HEERF II to submit a report to the Secretary of the U.S. Department of Education (the “Department”) “at such time and in such manner as the Secretary may require.” This was later clarified through an Electronic Announcement (EA) from the Department on May 6, 2020, to require the University to publicly post specified information on their website no later than 30 days from the date of the institution’s Certification and Agreement with the Department. The OMB Compliance Supplement Addendum implies this requirement is effective beginning May 6, 2020. Lincoln University did not post the required documentation on its website until December 7, 2020. This is 184 days late, when considering 30 days from the May 6, 2020, date of the EA. In addition, the information posted failed to include the number of students that received the grants as well as the method of distributing the funds. In addition, this information was required to be updated every 45 days thereafter. This was later revised on August 31, 2020 by decreasing the frequency of reporting after the initial 30-day period from every 45 days to every calendar quarter. Quarterly reports were due October 20, 2020; January 20, 2021; and April 20, 2021. Lincoln University did not post the required 45 day reports or the quarterly documentation for any quarter of the year.</p> <p>Similarly, Lincoln University was required to submit quarterly reports due October 10, 2020; January 10, 2021; and April 10, 2021 for the Institutional Aid and HBCU portion of funding. Lincoln University did not post the required</p> <p>An annual HEERF report was required to be submitted on February 2, 2021. Lincoln University did not submit the quarterly report before the reporting deadline.</p> <p>In addition to the above, Lincoln University did not include the number of students that actually received HEERF funding in their public posting.</p>	<p>Not Resolved See Finding 2022-002</p>

Lincoln University
A Component Unit of the State of Missouri
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

Reference Number	Finding	Status
2021-002 (Continued)	<p>Effect – The University is obligated to adhere to specified requirements as outlined in the Certification and Agreement signed and agreed to by the University. By failing to report the information in accordance with federal regulations, the University failed to comply with some requirements of the HEERF program.</p> <p>Cause – The University did not have strong controls in place that would trigger the posting of the information within the required timing and that included all required elements. These factors resulted in the University overlooking this requirement and posting the information past the required deadline, and excluding the number of students that had received the awards and the method of distributing the funds.</p> <p>Recommendation – The University should strengthen the internal controls surrounding the HEERF reporting by establishing policies and procedures to ensure that reporting information is submitted timely and accurately.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Reports will be provided to the Office of Grants and Sponsored Research for review by the Director of Grants and Sponsored Research on a quarterly basis. All reports and proof of public posting will be saved for retrieval and documentation of the reporting process.</p>	