




Lincoln University **A Component Unit of the** **State of Missouri**

**Independent Auditor's Reports, Financial Statements,
and Supplementary Information**

June 30, 2025 and 2024



Lincoln University
A Component Unit of the State of Missouri
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June 30, 2025 and 2024

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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, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Lincoln University as of June 30, 2025 and 2024, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 audits. 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions 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 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 GAAS. In our opinion, the Auxiliary System Revenue Fund – Schedules of Revenues and Expenses, the Athletic Facilities Revenue Fund – Schedules of Revenues and Expenses and the schedule of expenditures of federal awards 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 8, 2025, 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 Lincoln 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 Lincoln University's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Springfield, Missouri
December 8, 2025**

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024

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, 2025 and 2024, with selected comparative information for the year ended June 30, 2023. 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, a historically black, 1890 land-grant, public, comprehensive institution, provides a diverse population access to excellent educational opportunities through teaching, research, and extension services 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 2025, 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, higher education (HBCU), sociology and sociology/criminal justice; Master of Education (M.Ed.) with majors in curriculum & instruction and guidance & 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.) with majors in natural sciences and sustainable agriculture, and nursing.

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024

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 expenses in excess of revenues.

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, 2025 and 2024

Statement of Net Position

A summarized comparison of the University's assets, liabilities, and net position at June 30, 2025, 2024, and 2023, is as follows:

| | 2025 | 2024 | 2023 |
|--|---------------|---------|---------|
| | (In Millions) | | |
| Assets and Deferred Outflows of Resources | | | |
| Current assets | \$ 61.6 | \$ 58.8 | \$ 44.3 |
| Capital assets, net | 118.8 | 96.4 | 87.6 |
| Right to use assets, net | 0.9 | 1.3 | 1.6 |
| Lease receivable | 0.5 | 0.5 | 0.5 |
| Other noncurrent assets | 1.7 | 2.8 | 14.5 |
| Deferred outflows of resources | 11.7 | 11.5 | 9.4 |
| Total assets and deferred outflows of resources | 195.2 | 171.3 | 157.9 |
| Liabilities and Deferred Inflows of Resources | | | |
| Current liabilities | 24.9 | 15.9 | 11.7 |
| Noncurrent liabilities | 69.7 | 68.1 | 71.2 |
| Deferred inflows of resources related to pensions | 1.1 | 2.7 | 0.4 |
| Deferred inflows of resources related to leases | 0.4 | 0.5 | 0.5 |
| Total liabilities and deferred inflows of resources | 96.1 | 87.2 | 83.8 |
| Net Position | | | |
| Net investment in capital assets | 103.6 | 92.4 | 85.3 |
| Restricted – nonexpendable | 0.2 | 0.2 | 0.2 |
| Restricted – expendable | 5.6 | 5.8 | 5.7 |
| Unrestricted | (10.3) | (14.3) | (17.1) |
| Total net position | \$ 99.1 | \$ 84.1 | \$ 74.1 |

During the 2025 fiscal year, total assets and deferred outflows of resources increased by \$23.9 million, total liabilities and deferred inflows of resources increased by \$8.9 million. The total net position increased by \$15.0 million compared to fiscal year 2024. In fiscal year 2025, the University's current assets of \$61.6 million were sufficient to cover current liabilities of \$24.9 million. The current ratio of 2.5 decreased in 2025 as compared to 3.7 in 2024 decreased as compared to 3.8 in 2023.

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024

The University's liabilities and deferred inflows of resources totaled \$96.1 million at June 30, 2025, and \$87.2 million at June 30, 2024. Noncurrent liabilities totaled \$69.7 million in 2025 and \$68.1 million in 2024. Noncurrent liabilities are comprised of net pension liability as required by Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 71 (see *Note 9*), postemployment benefit liability as required by GASB Statement No. 75 (see *Note 10*), right to use assets including leases and subscriptions required by GASB Statements No. 87 and 96 (see *Note 7* and *Note 8*) as well as bonds and notes payable. Current liabilities increased by \$9.0 million due to an increase in liabilities associated with major construction projects and deferred revenue as it relates to grants and contracts. The \$1.6 million decrease in deferred inflows of resources related to pension is offset by an increase in net pension liability of \$2.7 million.

The unrestricted portion of net position in 2025 was a negative \$10.3 million compared to a negative \$14.3 million in 2024. Unrestricted fund balance includes the noncash adjustments for post-retirement benefits outlined under GASB No. 68 and 75. The 2025 balance was impacted by the current year purchase of capital assets in the plant fund to support the renovation of Dawson Hall and the new Health Sciences building. Below is a chart that further outlines the unrestricted net position by fund.

Unrestricted Net Position by fund

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|-------------------------------------|------------------|------------------|------------------|
| | (In Millions) | | |
| General Fund | \$ 18.2 | \$ 17.7 | \$ 19.6 |
| General Fund (GASB 68) | (43.6) | (42.6) | (44.2) |
| General Fund (GASB 75) | (0.3) | (0.4) | (0.5) |
| Auxiliary Fund | 5.5 | 5.2 | 4.9 |
| Restricted Fund | 2.3 | 2.0 | 2.0 |
| Endowment Fund | 0.4 | 0.3 | 0.3 |
| Plant Fund | 7.0 | 3.4 | 0.8 |
| Office of Institutional Advancement | <u>0.2</u> | <u>0.0</u> | <u>0.0</u> |
| Total unrestricted net position | \$ <u>(10.3)</u> | \$ <u>(14.3)</u> | \$ <u>(17.1)</u> |

The general fund unrestricted net position increased from \$17.7 million in 2024 to \$18.2 million in 2025. The increase is primarily due to the allocation of \$6.3 million in 2024 from the general unrestricted fund to net invested in capital assets to support the renovation of Dawson Hall. A similar allocation was not needed in 2025.

In 2024, the general fund unrestricted net position decreased from \$19.6 million to \$17.7 million compared to 2023. The decrease is due to the allocation of \$12.0 million from the general unrestricted fund to net invested in capital assets to support the renovation of Dawson Hall.

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.

Lincoln University
A Component Unit of the State of Missouri
Management’s Discussion and Analysis
Years Ended June 30, 2025 and 2024

A summarized comparison of the University’s revenues, expenses and changes in net assets for the years ended June 30, 2025, 2024, and 2023, is as follows:

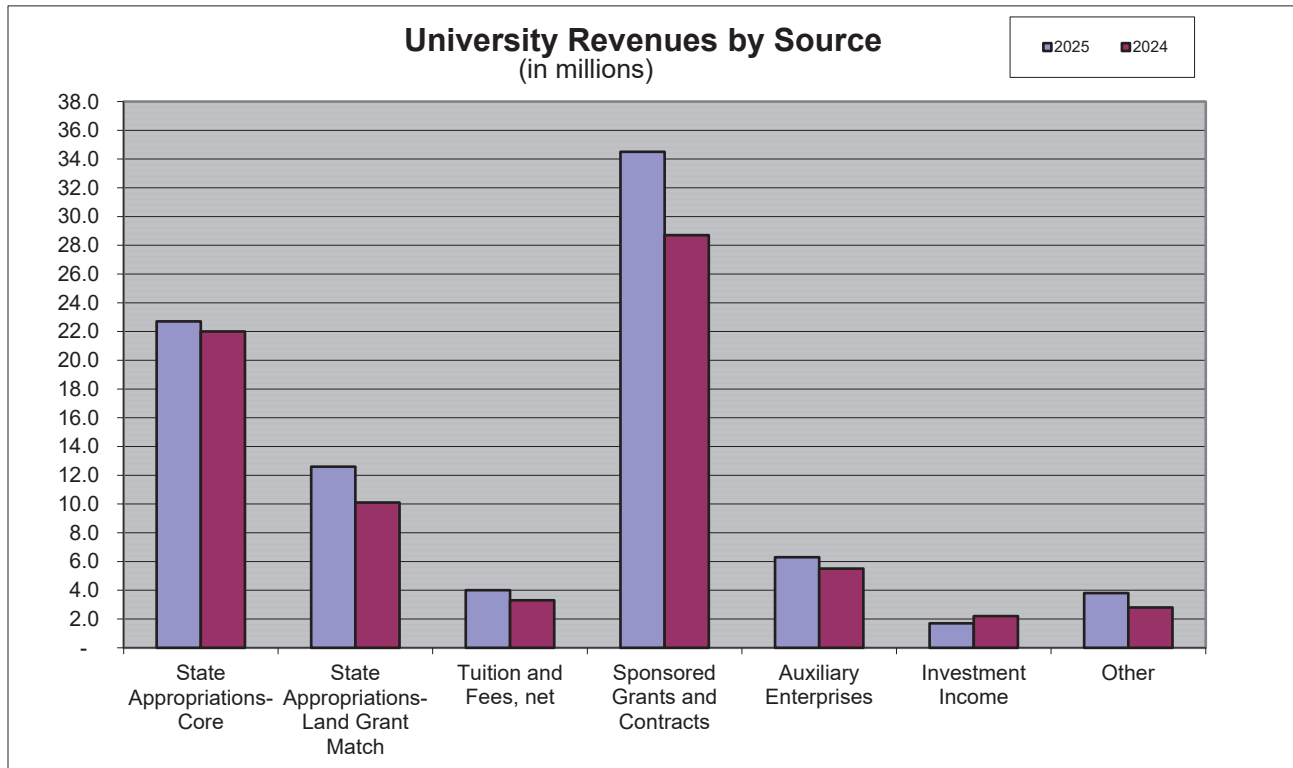
| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------|----------------|
| | <u>(In Millions)</u> | | |
| Operating revenues | \$ 10.9 | \$ 9.3 | \$ 9.9 |
| Operating expenses | <u>79.2</u> | <u>66.3</u> | <u>65.7</u> |
| Operating loss | (68.3) | (57.0) | (55.8) |
| Net nonoperating revenues | <u>70.8</u> | <u>63.8</u> | <u>51.9</u> |
| Income (loss) before other revenues, expenses, gains or losses | 2.5 | 6.8 | (3.9) |
| Capital appropriations | 4.1 | 0.5 | 0.3 |
| Capital grants and gifts | <u>8.4</u> | <u>2.7</u> | <u>0.5</u> |
| Increase (decrease) in net position | 15.0 | 10.0 | (3.1) |
| Net position, beginning of year | <u>84.1</u> | <u>74.1</u> | <u>77.2</u> |
| Net position, end of year | <u>\$ 99.1</u> | <u>\$ 84.1</u> | <u>\$ 74.1</u> |

The total operating loss for fiscal year 2025 was \$68.3 million which was offset by nonoperating revenues of \$70.8 million. The largest component of nonoperating revenues is state appropriations followed by federal grants and contracts. Although these revenues support operating expenses, GASB mandates that these revenues be recorded as nonoperating revenues. An increase in operating expenses of \$12.8 million offset by an increase in net nonoperating revenues of \$7.0 million resulted in a gain of \$2.5 million in fiscal year 2025, a decrease of \$4.3 million compared to fiscal year 2024. Operating revenues increased by \$1.6 million in fiscal year 2025 primarily due to an increase of \$0.8 million in tuition and fees net of scholarship allowances. Operating expenses increased by \$12.8 million primarily due to an increase of \$8.8 million in compensation and benefits and \$2.3 million in contractual services.

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Management’s Discussion and Analysis
Years Ended June 30, 2025 and 2024

Revenues (Operating and Nonoperating)

The following graph displays the components of the University’s revenues for fiscal years 2025 and 2024:



As shown above, the largest component of total revenues (operating and nonoperating) is sponsored grants and contracts which surpassed core state appropriations in 2025 and 2024. Historically, core state appropriations were the University’s largest revenue source, and currently making up 27 percent of University revenues in 2025 and 29 percent in 2024. For fiscal year 2025, the University was appropriated \$22.7 million, net of 3 percent reserves, compared to \$22.0 million, net of 3 percent reserves, appropriated in 2024.

For fiscal year 2025, student tuition and fees revenue of \$4.0 million is shown net of \$10.3 million in scholarship allowances, \$3.5 million in tuition discounts and \$0.5 million in bad debt expense. For fiscal year 2024, student tuition and fees revenue of \$3.3 million is shown net of \$9.1 million in scholarship allowances, \$3.7 in tuition discounts, and \$0.5 million in bad debt expense.

The following table represents the details of the University’s grants and contracts revenue for the year ended June 30, 2025:

| | |
|---|----------------------------|
| Federal sources | |
| Department of Agriculture | \$ 16,468,109 |
| Department of Education (excluding financial aid) | 9,212,533 |
| Department of Defense | 341,407 |
| Department of Health and Human Services | 477,146 |
| National Aeronautics and Space Administration | 320,629 |
| National Science Foundation | 358,907 |
| Other Federal Sources | <u>944,225</u> |
| Total federal sources | <u><u>\$28,122,956</u></u> |

Lincoln University
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Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024

Operating Revenues

The following table summarizes the University's operating revenues by source for the years ended June 30, 2025, 2024, and 2023:

| | 2025 | 2024 | 2023 |
|----------------------------|----------------------|-------------|-------------|
| | (In Millions) | | |
| Tuition and fees, net | \$ 4.1 | \$ 3.3 | \$ 3.9 |
| Grants and contracts | 0.3 | 0.3 | 0.3 |
| Auxiliary enterprises, net | 6.1 | 5.3 | 5.5 |
| Other | 0.4 | 0.4 | 0.2 |
| Total operating revenues | \$ 10.9 | \$ 9.3 | \$ 9.9 |

In fiscal year 2025, operating revenues increased from fiscal year 2024. Tuition and fees increased by \$0.8 million due to an increase in enrollment. Auxiliary enterprises increased by \$0.8 million from fiscal year 2024 due to an increase in occupancy on campus. Grants and contracts as well as other operating revenues remained the same in 2025 as compared to 2024.

In fiscal year 2024, operating revenues decreased from fiscal year 2023. Tuition and fees declined by \$0.6 million due to an increase in scholarship allowances, tuition discounts, and bad debt expense. Auxiliary enterprises decreased by \$0.2 million from fiscal year 2023.

Operating Expenses

The following table summarizes the University's operating expenses for the years ended June 30, 2025, 2024, and 2023:

| | 2025 | 2024 | 2023 |
|-------------------------------|----------------------|-------------|-------------|
| | (In Millions) | | |
| Compensation | \$ 29.8 | \$ 25.8 | \$ 23.5 |
| Benefits | 13.4 | 8.6 | 10.7 |
| Contractual services | 18.0 | 15.7 | 14.3 |
| Supplies and materials | 2.5 | 2.1 | 3.0 |
| Depreciation and amortization | 7.8 | 7.8 | 7.7 |
| Utilities/communications | 2.2 | 2.2 | 2.3 |
| Scholarships and fellowships | 0.3 | 0.3 | 0.3 |
| Other | 5.2 | 3.8 | 3.9 |
| Total operating expenses | \$ 79.2 | \$ 66.3 | \$ 65.7 |

Operating expenses in 2025 increased to \$79.2 million from \$66.3 million in 2024. The largest components of operating expenses are compensation and benefits followed by contractual services. The increase in benefits is primarily due to an increased expense associated with GASB No. 68 of \$2.5 million. Compensation and benefits were also impacted by a 3.4 percent salary increase and a one-time retention payment in 2025. Contractual services increased by \$2.3 million due to higher expenses associated with outsourced services such as marketing and communications, legal services, facilities management, and food services.

Lincoln University
A Component Unit of the State of Missouri
Management’s Discussion and Analysis
Years Ended June 30, 2025 and 2024

Operating expenses in 2024 increased to \$66.3 million from \$65.7 million in 2023. The largest components of operating expenses are compensation and contractual services. Compensation increased by \$2.3 million compared to 2023 while benefits decreased by \$2.1 million primarily due to a decreased expense associated with GASB No. 68. Contractual services increased by \$1.4 million as compared to 2023. This increase was primarily due to outsourced services including facilities management, legal services, and marketing and communications.

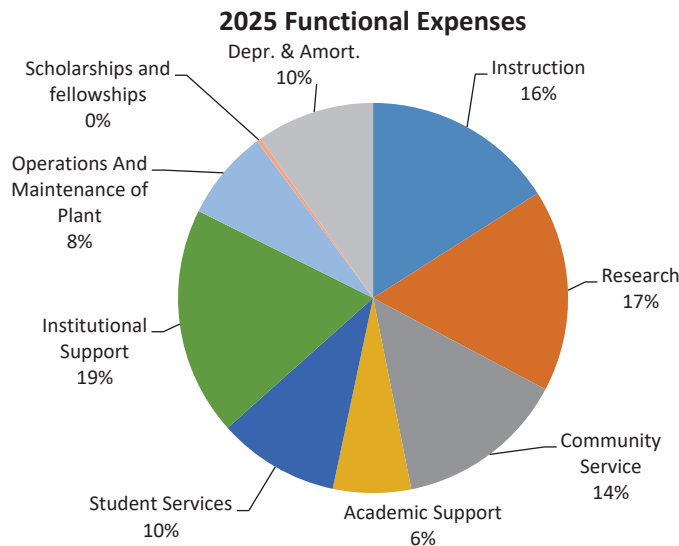
In addition to their natural (object) classification, it is also informative to review operating expenses by function. A comparative summary of the University’s expenses by functional classification for the years ended June 30, 2025, 2024, and 2023, is as follows:

Expenses by Functional Category

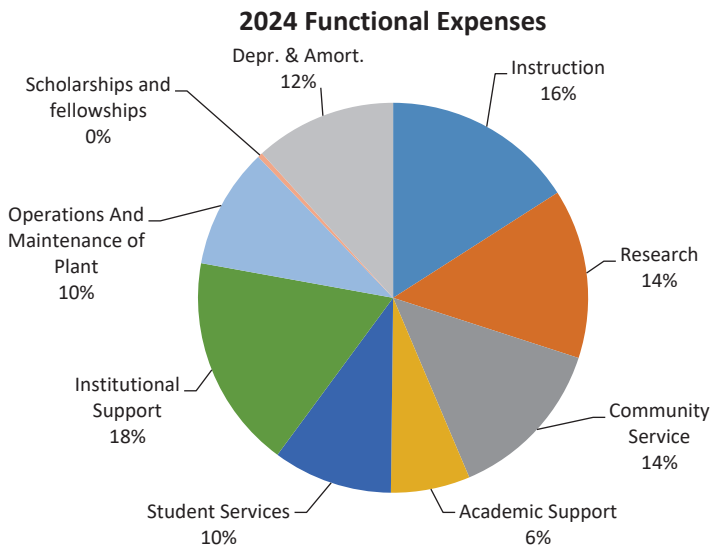
| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|-------------------------------------|-----------------------|-----------------------|-----------------------|
| | (In Millions) | | |
| Instruction | \$ 12.7 | \$ 10.6 | \$ 10.5 |
| Research | 13.3 | 9.3 | 7.5 |
| Community service | 11.2 | 9.0 | 8.4 |
| Academic support | 5.1 | 4.3 | 3.6 |
| Student services | 8.0 | 6.6 | 7.6 |
| Institutional support | 15.0 | 11.8 | 13.2 |
| Operations and maintenance of plant | 5.9 | 6.6 | 6.9 |
| Scholarships and fellowships | 0.3 | 0.3 | 0.3 |
| Depreciation and amortization | <u>7.7</u> | <u>7.8</u> | <u>7.7</u> |
| Total expenses | \$ <u>79.2</u> | \$ <u>66.3</u> | \$ <u>65.7</u> |

The University’s total operating expenses directly support the mission of the University: instruction, research and community service. In 2025, the total of these three categories was \$37.2 million or 47 percent of the total expenses compared to \$28.9 million or 44 percent of total expenses in 2024. Instruction and institutional support are the largest components of expenses by functional category. In fiscal year 2025, instruction expense increased by \$2.1 million while institutional support increased by \$3.2 million compared to fiscal year 2024. The change of \$2.2 million in community service and \$4 million in research was due to the increased utilization of land-grant funding.

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, 2025 and 2024



Nonoperating Revenues and Expenses

The following table summarizes the University’s nonoperating revenues and expenses for the years ended June 30, 2025, 2024, and 2023:

Nonoperating Revenues and Expenses

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|--|----------------------|--------------------|--------------------|
| | (In Millions) | | |
| State appropriations | \$ 31.7 | \$ 31.3 | \$ 26.6 |
| Federal grants and contracts | 30.8 | 26.8 | 21.8 |
| State grants and contracts | 3.4 | 1.6 | 0.5 |
| Interest on indebtedness | (0.6) | (0.7) | (0.7) |
| Investment income | 1.8 | 2.2 | 0.9 |
| Other | <u>3.7</u> | <u>2.6</u> | <u>2.8</u> |
| Total nonoperating revenues and expenses | <u>\$ 70.8</u> | <u>\$ 63.8</u> | <u>\$ 51.9</u> |

State appropriations are the largest component of the University’s nonoperating revenues followed by federal grants and contracts. Federal grants and contracts increased by \$4.0 million in 2025 primarily due to increased utilization of federal funds for research and programming. State grants and contracts increased by \$1.8 million primarily due to the utilization of American Rescue Plan Act (ARPA) funds.

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024

Statement of Cash Flows

The primary purpose of the statement of cash flows is to provide information about the cash receipts and disbursements of an entity during a period. This statement also aids in the assessment of an entity's ability to generate future net cash flows, ability to meet obligations as they come due and needs for external financing.

The following table summarizes the University's cash flows for the years ended June 30, 2025, 2024, and 2023:

| | 2025 | 2024 | 2023 |
|---|----------------------|----------------|----------------|
| | (In Millions) | | |
| Cash Provided by (Used in) | | | |
| Operating activities | \$ (55.1) | \$ (47.6) | \$ (45.0) |
| Noncapital financing activities | 70.1 | 57.3 | 58.5 |
| Capital and related financing activities | (24.4) | (14.1) | (7.2) |
| Investing activities | <u>34.9</u> | <u>5.5</u> | <u>(2.9)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 25.5 | 1.1 | 3.4 |
| Cash and Cash Equivalents, Beginning of the Year | <u>15.7</u> | <u>14.6</u> | <u>11.2</u> |
| Cash and Cash Equivalents, End of the Year | <u>\$ 41.2</u> | <u>\$ 15.7</u> | <u>\$ 14.6</u> |

In fiscal year 2025, cash and cash equivalents increased by \$25.5 million compared to 2024. Approximately \$55.1 million of cash was used for operating activities, offset by \$70.1 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 2025 was an overall increase in cash used of \$7.5 million. The change in operating activities relates to the increase of \$6.2 million in cash paid to employees offset by the decrease in cash received from tuition and fees of \$1.3 million.

There was an increase in cash received from noncapital financing activities in 2025 of \$12.8 million. This increase was primarily due to an increase in federal appropriations and grants of \$3.1 million, an increase of \$1.1 million in Higher Education Emergency Relief Funds (HEERF) for Dawson Hall renovations, an increase of \$1.8 million in state and local grants, and an increase of \$0.9 million in other nonoperating revenues.

The increase in cash used for capital and related financing activities in 2025 compared to 2024 was \$10.3 million due to an increase in the purchase of capital assets related to the renovation of Dawson Hall and the new Health Sciences building.

Cash provided by investing activities in fiscal year 2025 was \$34.9 million compared to \$5.5 million provided in 2024. This is an increase in cash provided of \$29.4 million. Due to large, ongoing construction projects, the University maintained larger cash on hand balances throughout 2025 to facilitate payment to suppliers. The University purchased \$32.5 million more in investments in 2025, while the sale of investments also increased by \$62.3 million; however, most of the investments were short term. Interest revenue decreased by \$0.5 million in fiscal year 2025 compared to 2024.

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In fiscal year 2024, cash and cash equivalents increased by \$1.1 million compared to 2023. Approximately \$47.6 million of cash was used for operating activities, offset by \$57.3 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 2024 was an overall increase in cash used of \$2.6 million. The change in operating activities primarily relates to the overall increase of \$4.1 million in cash used for payments to employees offset by a decrease in cash used for payments to supplies of \$1.2 million as well as an increase of \$0.2 million in cash provided by auxiliary enterprises.

There was a decrease in cash received from noncapital financing activities in 2024 of \$1.2 million. This change is a result of a decrease of \$5.7 million in gifts and grants for other than capital purposes offset by an increase of \$4.6 million in state appropriations.

Investing activities changes were based on the value of investments purchased and those maturing in 2024 compared to 2023. Cash earned by investing activities in fiscal year 2024 was \$5.5 million compared to cash used by investments of \$2.9 million in 2023. This is an increase in cash earned of \$8.4 million. In 2024 the University purchased \$33.1 million more in investments than in 2023, while the sales of investments increased by \$40.2 million. Interest revenue increased by \$1.3 million in fiscal year 2024 compared to 2023 as a result of higher interest rates and improved market conditions.

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.

Capital Assets

At June 30, 2025, the University had approximately \$118.8 million invested in capital assets, net of accumulated depreciation of approximately \$149.1 million. At June 30, 2024, the University had approximately \$96.4 million invested in capital assets, net of accumulated depreciation of approximately \$142.3 million.

Depreciation charges for the current year totaled approximately \$7.3 million. The following table summarizes the University's capital assets, net of accumulated depreciation, as of June 30, 2025, 2024, and 2023.

Capital Assets, Net

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|-----------------------------------|-----------------|----------------|----------------|
| | (In Millions) | | |
| Land and land improvements | \$ 6.4 | \$ 6.6 | \$ 6.7 |
| Buildings | 62.8 | 66.6 | 69.1 |
| Furniture, fixtures and equipment | 8.5 | 8.2 | 7.8 |
| Infrastructure | 4.3 | 3.6 | 2.9 |
| Library materials | 0.0 | 0.0 | 0.1 |
| Construction in progress | <u>36.8</u> | <u>11.4</u> | <u>1.0</u> |
| Total capital assets, net | <u>\$ 118.8</u> | <u>\$ 96.4</u> | <u>\$ 87.6</u> |

Major Projects

A major project that began in fiscal year 2024 and was completed in the early part of fiscal year 2026 was a \$24 million renovation to Dawson Hall. The largest residential hall on campus, this 10-story building with 180 total rooms can house up to 360 students - roughly half of the current residential population on campus. This project is being funded by a combination of federal funding (\$5 million) and from the University fund balance (\$19 million). Dawson Hall reopened in the Fall of 2025. Most other capital projects are grant funded such as renovations to Leslie Plaza

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for security sciences. With the planning phase completed in fiscal year 2024, the University began construction of a \$45.5 million Health Sciences building in fiscal year 2025. Construction is expected to be completed and the building open for the Fall semester in August 2026. This project includes the renovation of a majority of Elliff Hall. During fiscal year 2025, the University received permission from the City of Jefferson to close a portion of Chestnut Street that runs through campus. The authorization allowed the University to install entry gates to restrict access during regular business hours. The University also completed the design phase for renovations to the Frank Hall laboratory with construction scheduled to begin in fiscal year 2026.

Revenue Bonds

As of June 30, 2025, the University had approximately \$13.6 million in outstanding revenue bonds compared to \$14.7 million in 2024, a decrease of \$1.1 million.

Revenue Bond Debt

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|---------------|----------------|----------------|----------------|
| | (In Millions) | | |
| Revenue bonds | \$ <u>13.6</u> | \$ <u>14.7</u> | \$ <u>15.7</u> |

Student Enrollment

Following are highlights of student demographics for the fall 2024, 2023, and 2022 semesters of fiscal years 2025, 2024, and 2023, respectively.

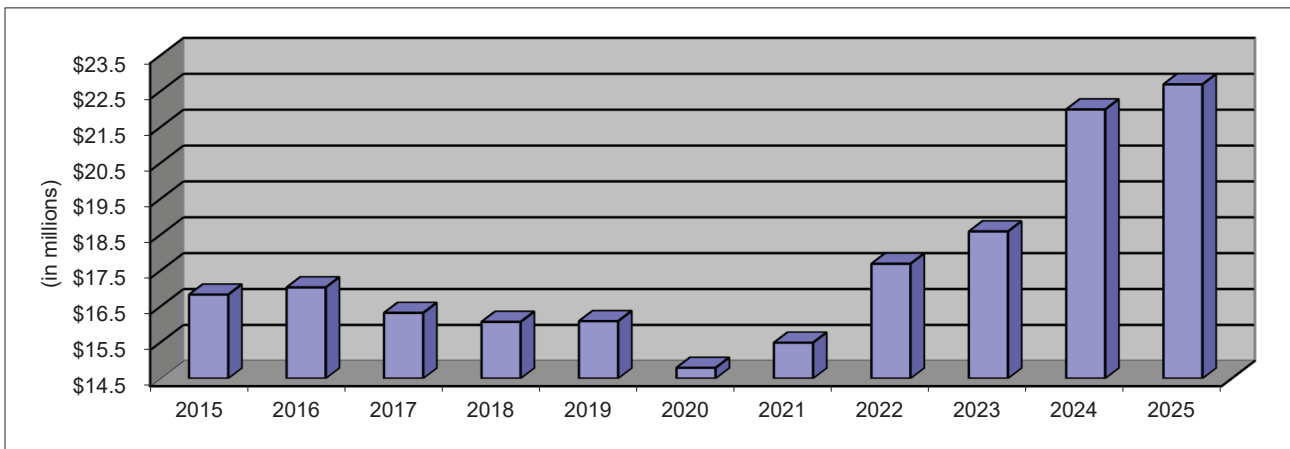
| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|---|--------------|--------------|--------------|
| Undergraduate | 1,926 | 1,707 | 1,730 |
| Graduate | <u>128</u> | <u>92</u> | <u>103</u> |
| Total students | <u>2,054</u> | <u>1,799</u> | <u>1,833</u> |
| Full-time | 1,440 | 1,244 | 1,236 |
| Part-time | 614 | 555 | 597 |
| Male | 921 | 741 | 750 |
| Female | 1,133 | 1,058 | 1,083 |
| Credit hours generated | 23,667 | 20,667 | 20,631 |
| Student full-time equivalent | 1,593 | 1,388 | 1,388 |
| Resident | 645 | 632 | 655 |
| Commuter | <u>1,409</u> | <u>1,167</u> | <u>1,178</u> |
| Total students | <u>2,054</u> | <u>1,799</u> | <u>1,833</u> |
| In-state | 1,547 | 1,338 | 1,359 |
| Out-state | 351 | 342 | 386 |
| International | <u>156</u> | <u>119</u> | <u>88</u> |
| Total students | <u>2,054</u> | <u>1,799</u> | <u>1,833</u> |
| Number of students in dual-credit courses | 403 | 320 | 402 |

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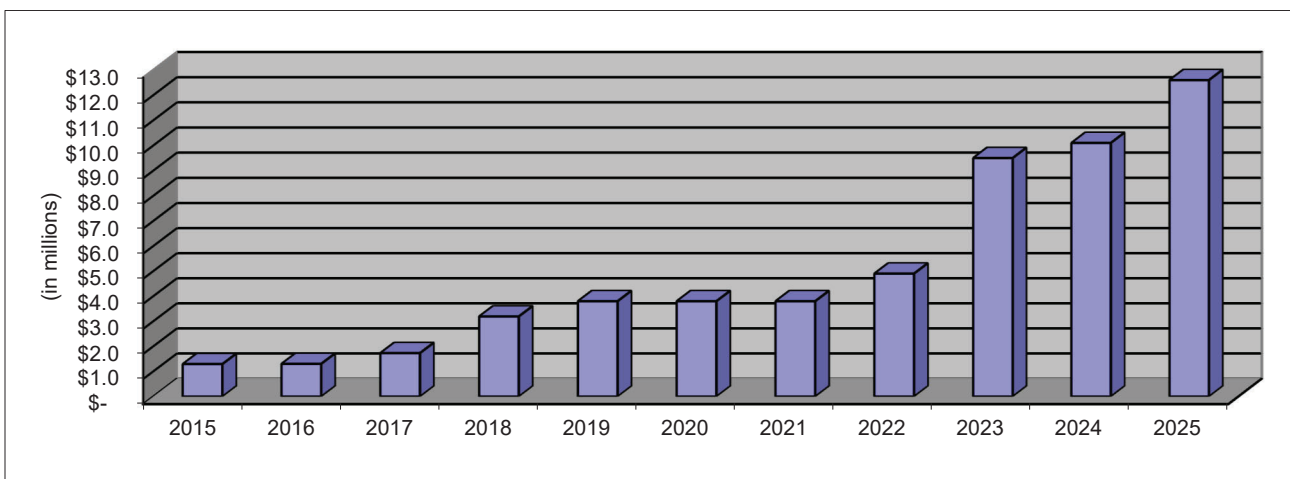
| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|-----------------------------------|------------------|------------------|------------------|
| Total number of degrees conferred | 258 | 273 | 258 |
| Certificate programs | 10 | 6 | 6 |
| Associate degree programs | 8 | 8 | 5 |
| Bachelor degree programs | 44 | 43 | 42 |
| Graduate degree programs | <u>13</u> | <u>13</u> | <u>11</u> |
| Total programs | <u><u>75</u></u> | <u><u>70</u></u> | <u><u>64</u></u> |

Trends

Core State Appropriations by Fiscal Year



Land Grant Match State Appropriations by Fiscal Year



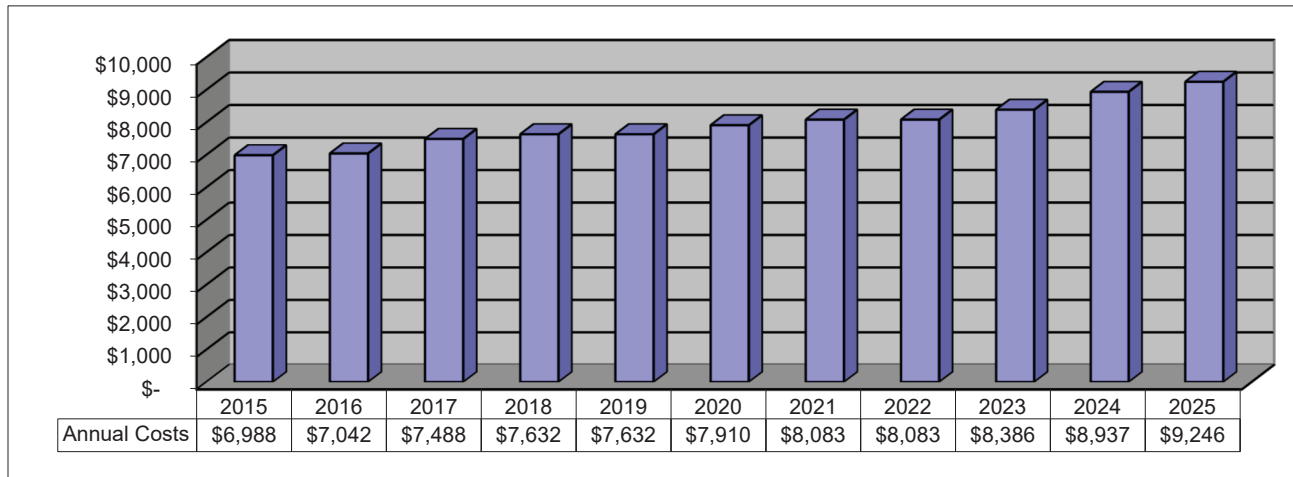
The University anticipated receiving approximately \$12.6 million in federal land grant capacity funding for fiscal year 2025. The land grant capacity funding must be matched on a dollar-for-dollar basis with state resources. Therefore, in fiscal year 2025, the university received \$12.6 million in state appropriations for the land grant mission.

The University received approximately \$11.2 million in federal land grant capacity funding for fiscal year 2024. The land grant capacity funding must be matched on a dollar-for-dollar basis with state resources.

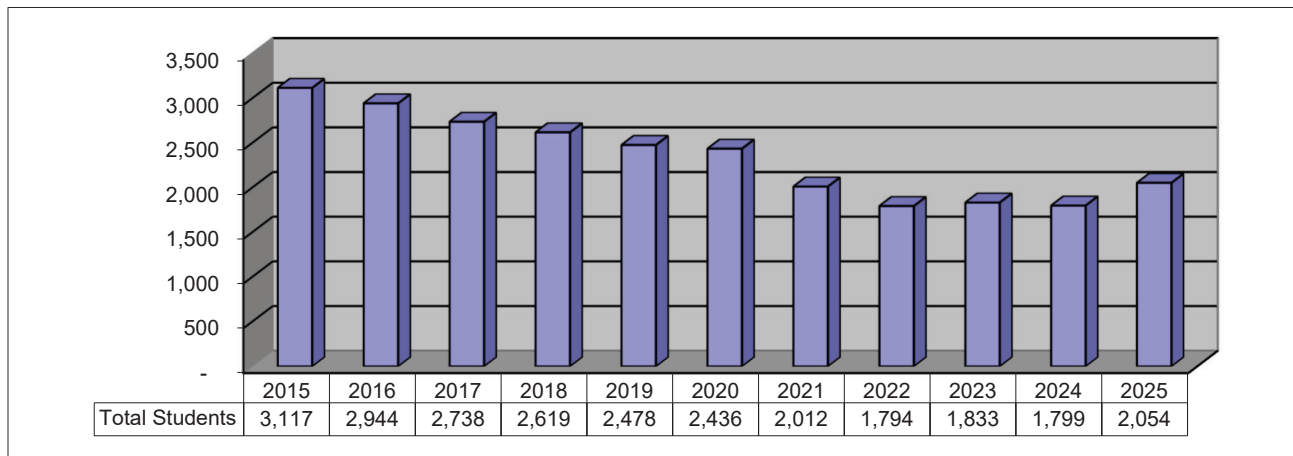
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In fiscal year 2024, the University received \$10.1 million in state appropriations for the land grant mission, leaving a match shortfall of \$1.1 million due to the increase in federal funding.

Full-Time Resident Tuition and Required Fees per Year



Student Enrollment for Fall Semesters by Fiscal Year



Fiscal Year 2026 Outlook

General Fund Operating Budget

The Lincoln University Board of Curators approved a \$43.2 million general fund operating budget and a \$7.0 million auxiliary fund operating budget for fiscal year 2026. The fiscal year 2026 budget was based on actual student enrollment for the 2024-2025 academic year. This level of enrollment, coupled with a 5 percent increase in tuition, resulted in an increase of the tuition and fee budget of \$2.6 million. State appropriations remain the largest component of the general operating budget in fiscal year 2026 with \$26.1 million from core state appropriations, an increase of \$3.4 million from fiscal year 2025.

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Management's Discussion and Analysis
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Capital Projects

The largest construction and renovation effort the University has undergone in decades is underway with the creation of the Health Sciences building combined with major renovations for Elliff Hall. This \$45.5 million construction and renovation project began construction phase in fiscal year 2025. Completion is anticipated for Summer 2026 with students and staff utilization of the facilities in the Fall of 2026. This collaborative project is supported by federal, state, county, and city funds. No University funds have been designated for this project at this time.

In fiscal year 2026 the University will undergo comprehensive, campus-wide energy improvements as well as begin the design phase for upgrades to the Richardson Fine Arts Center.

Other Significant Factors

The University completed a comprehensive evaluation with the Higher Learning Commission (HLC) in February 2023 and received notification of reaffirmation of accreditation for 10 years. Lincoln University selected to remain on HLC's Standard Pathway. The next reaffirmation of accreditation will be in 2032-2033.

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 nursing program was reviewed for reaccreditation in October 2025, and the final report will be issued in Spring 2026. The nursing program is fully approved by the Missouri State Board of Nursing. The nursing program continues to exceed the national average for the National Council Licensure Examination (NCLEX) pass rate.

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. ACBSP approved the business program reaffirmation for Lincoln University in November 2024. The next reaffirmation is scheduled for 2034.

The School of Education earned full accreditation from the Association for Advancing Quality in Education (AAQEP) in June 2025. The next reaffirmation of accreditation for AAQEP will be in 2032. The Elementary/Intermediate Classroom Teacher program has earned the International Literacy Association (ILA) National Recognition for the Preparation of Literacy Professionals for five years beginning June 2025 and is nationally recognized through June 2030.

To create a stronger focus on supporting first-year students, the University College was developed. It provides various academic resources and support services to assist freshmen with creating a college plan for success.

Lincoln University
A Component Unit of the State of Missouri
Statements of Net Position
June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---|-----------------------|-----------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 39,739,610 | \$ 14,151,772 |
| Short-term investments | 733,393 | 32,854,257 |
| Accounts receivable, net of allowance; 2025 – \$1,282,693 2024 - \$1,388,855 | 1,523,919 | 658,487 |
| Federal and state grants receivable | 14,332,665 | 10,299,208 |
| State appropriations receivable | 3,986,815 | - |
| Prepaid expenses | 758,461 | 516,876 |
| Current portion of leases receivable | 29,593 | 26,838 |
| Other | 523,245 | 344,828 |
| Total Current Assets | <u>61,627,701</u> | <u>58,852,266</u> |
| Noncurrent Assets | | |
| Restricted cash equivalents | 1,562,987 | 1,601,264 |
| Short-term endowment investments | - | 342,511 |
| Long-term investments | - | 702,948 |
| Bond insurance costs | 128,718 | 139,445 |
| Capital assets, net | 118,822,336 | 96,377,637 |
| Leases receivable | 491,304 | 520,897 |
| Lease assets, net | 551,655 | 721,625 |
| Subscription assets, net | 415,414 | 578,330 |
| Total Noncurrent Assets | <u>121,972,414</u> | <u>100,984,657</u> |
| Total Assets | <u>183,600,115</u> | <u>159,836,923</u> |
| Deferred Outflows of Resources | | |
| Loss on refunding of bonds | 228,638 | 247,691 |
| Deferred outflows of resources related to pension | 11,440,446 | 11,251,924 |
| Total Deferred Outflows of Resources | <u>11,669,084</u> | <u>11,499,615</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 195,269,199</u> | <u>\$ 171,336,538</u> |

Lincoln University
A Component Unit of the State of Missouri
Statements of Net Position
June 30, 2025 and 2024

(Continued)

| | <u>2025</u> | <u>2024</u> |
|---|-----------------------|-----------------------|
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 12,397,513 | \$ 7,103,850 |
| Accrued compensated absences | 551,559 | 870,709 |
| Unearned revenue | 10,528,092 | 6,495,114 |
| Current portion of long-term debt | 1,087,655 | 1,148,527 |
| Current portion of lease liabilities | 143,381 | 166,996 |
| Current portion of subscription liabilities | 156,591 | 169,531 |
| Other postemployment benefits liability | 36,762 | - |
| Total Current Liabilities | <u>24,901,553</u> | <u>15,954,727</u> |
| Noncurrent Liabilities | | |
| Other noncurrent liabilities | 1,268 | 1,226 |
| Accrued compensated absences | 1,070,674 | 556,683 |
| Other postemployment benefit liability | 264,068 | 400,309 |
| Long-term debt | 13,922,207 | 15,126,483 |
| Lease liabilities | 426,560 | 569,942 |
| Subscription liabilities | 96,378 | 250,616 |
| Net pension liability | 53,942,132 | 51,200,851 |
| Total Noncurrent Liabilities | <u>69,723,287</u> | <u>68,106,110</u> |
| Total Liabilities | <u>94,624,840</u> | <u>84,060,837</u> |
| Deferred Inflows of Resources | | |
| Deferred inflows of resources related to pension | 1,094,639 | 2,683,985 |
| Deferred inflows of resources related to leases | 431,361 | 468,398 |
| Total Deferred Inflows of Resources | <u>1,526,000</u> | <u>3,152,383</u> |
| Net Position | | |
| Net investment in capital assets | 103,644,150 | 92,437,660 |
| Restricted nonexpendable for endowment | 196,564 | 203,468 |
| Restricted expendable for | | |
| Research | 344,990 | 429,139 |
| Debt service | 111,473 | 154,364 |
| Term endowment | 2,469,584 | 2,426,107 |
| Other | 2,626,113 | 2,752,575 |
| Unrestricted (deficit) | <u>(10,274,515)</u> | <u>(14,279,995)</u> |
| Total Net Position | <u>99,118,359</u> | <u>84,123,318</u> |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | <u>\$ 195,269,199</u> | <u>\$ 171,336,538</u> |

Lincoln University
A Component Unit of the State of Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| Operating Revenues | | |
| Tuition and fees (net of scholarship allowances of \$10,296,329 – 2025 and \$9,078,148 – 2024 and bad debt expense of \$519,259 – 2025 and \$488,822 – 2024) | \$ 4,022,844 | \$ 3,253,161 |
| Federal grants and contracts | 341,407 | 313,600 |
| Auxiliary enterprises (net of scholarship allowances of \$436,533 – 2025 and \$410,321 – 2024 and bad debt expense of \$129,815 – 2025 and \$122,206 – 2024) | 6,143,916 | 5,308,860 |
| Other | 343,368 | 415,087 |
| Total Operating Revenues | <u>10,851,535</u> | <u>9,290,708</u> |
| Operating Expenses | | |
| Compensation and benefits | 43,294,048 | 34,457,212 |
| Contractual services | 17,980,350 | 15,698,959 |
| Travel | 2,239,850 | 1,826,412 |
| Supplies and materials | 2,428,679 | 2,071,954 |
| Scholarships and fellowships | 311,211 | 279,578 |
| Depreciation and amortization | 7,729,713 | 7,787,314 |
| Communications | 111,474 | 110,449 |
| Utilities | 2,100,538 | 2,131,442 |
| Other | 2,985,282 | 2,008,464 |
| Total Operating Expenses | <u>79,181,145</u> | <u>66,371,784</u> |
| Operating Loss | <u>(68,329,610)</u> | <u>(57,081,076)</u> |
| Nonoperating Revenues (Expenses) | | |
| State appropriations | 31,717,800 | 31,264,096 |
| Federal grants and contracts | 30,866,867 | 26,753,216 |
| Recovery of administrative costs | 6,214 | 6,162 |
| State and local grants and contracts | 3,365,129 | 1,644,776 |
| Contributions | 663,242 | 800,865 |
| Student fees for capital projects | 206,098 | 188,208 |
| Gain (loss) on disposal of capital assets | 143,665 | (156,927) |
| Gain on lease termination | 6,905 | 3,707 |
| Investment income | 1,745,356 | 2,196,957 |
| Interest on capital asset-related debt | (598,275) | (646,669) |
| Other nonoperating revenues | 2,693,851 | 1,778,297 |
| Net Nonoperating Revenues | <u>70,816,852</u> | <u>63,832,688</u> |

Lincoln University
A Component Unit of the State of Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2025 and 2024

(Continued)

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| Income Before Other Revenues, Expenses, Gains, or Losses | \$ 2,487,242 | \$ 6,751,612 |
| Other Revenues, Expenses, Gains, or Losses | | |
| Capital appropriations – state | 4,151,809 | 538,344 |
| Capital grants and gifts | <u>8,355,990</u> | <u>2,701,171</u> |
| Total Other Revenues, Expenses, Gains, or Losses | <u>12,507,799</u> | <u>3,239,515</u> |
| Increase in Net Position | 14,995,041 | 9,991,127 |
| Net Position, Beginning of Year | <u>84,123,318</u> | <u>74,132,191</u> |
| Net Position, End of Year | <u>\$ 99,118,359</u> | <u>\$ 84,123,318</u> |

Lincoln University
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| Cash Flows from Operating Activities | | |
| Tuition and fees | \$ 3,649,312 | \$ 4,942,513 |
| Grants and contracts | 341,407 | 313,600 |
| Payments to suppliers | (22,781,878) | (22,784,260) |
| Payments to employees | (42,091,002) | (35,948,812) |
| Sales and services of auxiliary enterprises | 5,624,657 | 5,441,343 |
| Other receipts and deposits | 152,039 | 373,996 |
| Net Cash Used in Operating Activities | <u>(55,105,465)</u> | <u>(47,661,620)</u> |
| Cash Flows from Noncapital Financing Activities | | |
| State appropriations | 31,717,800 | 31,264,096 |
| Gifts and grants for other than capital purposes | 35,701,525 | 24,200,698 |
| Other receipts | 2,689,323 | 1,873,445 |
| Net Cash Provided by Noncapital Financing Activities | <u>70,108,648</u> | <u>57,338,239</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Capital grants and gifts | 3,622,378 | 1,749,966 |
| Student fees for capital projects | 206,098 | 188,210 |
| Purchase of capital assets | (25,943,178) | (13,390,707) |
| Principal paid on capital debt | (1,148,527) | (1,221,305) |
| Interest paid on capital debt | (670,431) | (710,966) |
| Principal payments received on lease receivables | 26,838 | 34,902 |
| Interest received on lease receivables | 10,765 | 11,164 |
| Principal payments on subscription liabilities | (264,603) | (605,066) |
| Interest payments on subscription liabilities | (14,033) | (16,236) |
| Principal payments on lease liabilities | (166,997) | (138,078) |
| Interest payments on lease liabilities | (23,612) | (22,841) |
| Net Cash Used in Capital and Related Financing Activities | <u>(24,365,302)</u> | <u>(14,120,957)</u> |
| Cash Flows from Investing Activities | | |
| Investment income | 1,745,356 | 2,196,957 |
| Proceeds from sales and maturities of investments | 120,632,044 | 58,288,000 |
| Purchases of investments | (87,465,720) | (54,963,604) |
| Net Cash Provided by Investing Activities | <u>34,911,680</u> | <u>5,521,353</u> |
| Increase in Cash and Cash Equivalents | 25,549,561 | 1,077,015 |
| Cash and Cash Equivalents, Beginning of Year | <u>15,753,036</u> | <u>14,676,021</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 41,302,597</u> | <u>\$ 15,753,036</u> |

Lincoln University
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

(Continued)

| | <u>2025</u> | <u>2024</u> |
|--|------------------------|------------------------|
| Reconciliation of Cash and Cash Equivalents to the Statements of Net Position | | |
| Cash and cash equivalents | \$ 39,739,610 | \$ 14,151,772 |
| Restricted cash equivalents | 1,562,987 | 1,601,264 |
| Total Cash and Cash Equivalents | <u>\$ 41,302,597</u> | <u>\$ 15,753,036</u> |
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities | | |
| Operating loss | \$ (68,329,610) | \$ (57,081,076) |
| Depreciation and amortization | 7,729,713 | 7,787,314 |
| Changes in operating assets, liabilities, and deferred outflows/inflows | | |
| Receivables, net | (997,941) | 1,800,872 |
| Prepaid expenses, bond insurance costs, and other assets | (241,542) | (625,254) |
| Deferred outflows of resources related to pension | (188,522) | (2,111,323) |
| Accounts payable and accrued liabilities | 5,712,177 | 2,101,554 |
| Accrued compensated absences | 194,841 | 36,727 |
| Total other postemployment benefit liability | (99,479) | (67,954) |
| Net pension liability | 2,741,281 | (1,789,091) |
| Deferred inflows of resources related to leases | (37,037) | (44,883) |
| Deferred inflows of resources related to pension | (1,589,346) | 2,331,494 |
| Net Cash Used in Operating Activities | <u>\$ (55,105,465)</u> | <u>\$ (47,661,620)</u> |
| Noncash Investing, Capital, and Financing Activities | | |
| Accounts payable incurred for capital asset purchases | \$ 6,717,564 | \$ 3,090,870 |
| Lease assets acquired with lease liabilities | \$ - | \$ 375,476 |
| Lease assets terminated | \$ - | \$ 209,587 |
| Subscription assets acquired with subscription liabilities | \$ 264,167 | \$ 322,176 |
| Subscription assets terminated | \$ 159,838 | \$ - |

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, 2025 and 2024, cash equivalents consisted of money market treasury funds held with brokers.

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 negotiable certificates of deposit and repurchase agreements are carried at fair value.

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.

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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, 2025 and 2024.

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 to 10 years |
| Library materials | 5 years |
| Software | 4 years |

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.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at, and certain prepayments made before, the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease, and Subscription Asset Impairment

The University evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital, lease, and subscription asset has occurred. If a capital, lease, or subscription 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 or subscription 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, 2025 and 2024.

Deferred Outflows of Resources

The University reports the consumption of net assets 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.

The University adopted Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. The new accounting guidance updated the recognition and measurement guidance for compensated absences under a unified model. As part of the implementation, the University has elected to apply a Last-In, First-Out (LIFO) flows assumption to the measurement of compensated absences. Under this approach, the most recently earned leave is assumed to be used first.

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.

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.

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Deferred Inflows of Resources

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

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, including lease and SBITA assets, net of accumulated depreciation and 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

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.

Revision

Certain immaterial revisions have been made to restricted net position for the 2024 financial statements. This revision did not have a significant impact on the financial statement line items impacted.

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, 2025 and 2024, the University's bank balances were \$40,241,935 and \$14,597,544, respectively. None of these deposits were exposed to custodial credit risk at June 30, 2025 and 2024.

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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, 2025 and 2024, the University had the following investments and maturities:

| Type | June 30, 2025 | | | | |
|--|----------------------|----------------------|-------------------|-------------|--------------|
| | Fair Value | Maturities in Years | | | |
| | | Less than 1 | 1-5 | 6-10 | More than 10 |
| Certificates of deposit | \$ 245,823 | \$ 245,823 | \$ - | \$ - | \$ - |
| Money market treasury funds | 1,490,717 | 1,490,717 | - | - | - |
| Government-sponsored enterprises obligations | 487,570 | 487,570 | - | - | - |
| | <u>\$ 2,224,110</u> | <u>\$ 2,224,110</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Type | June 30, 2024 | | | | |
| | Fair Value | Maturities in Years | | | |
| | | Less than 1 | 1-5 | 6-10 | More than 10 |
| Certificates of deposit | \$ 1,217,033 | \$ 981,916 | \$ 235,117 | \$ - | \$ - |
| U.S. Treasury obligations | 26,136,414 | 26,136,414 | - | - | - |
| Money market treasury funds | 1,533,170 | 1,533,170 | - | - | - |
| Government-sponsored enterprises obligations | 6,546,269 | 6,078,439 | 467,830 | - | - |
| | <u>\$ 35,432,886</u> | <u>\$ 34,729,939</u> | <u>\$ 702,947</u> | <u>\$ -</u> | <u>\$ -</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, 2025 and 2024, 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 Aa1 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, 2025 and 2024, 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.

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Concentration of Credit Risk – The University places no limit on the amount that may be invested in any one issuer. At June 30, 2025 and 2024, the University’s investments in government-sponsored enterprises obligations of the following entities constituted the following percentages of total investments:

| | <u>2025</u> | <u>2024</u> |
|--|-------------|-------------|
| Federal Home Loan Mortgage Corporation (FHLMC) | 0% | 6% |
| Federal Home Loan Bank (FHLB) | 22% | 13% |

Summary of Carrying Values

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

| | <u>2025</u> | <u>2024</u> |
|----------------|----------------------|----------------------|
| Carrying value | | |
| Deposits | \$ 39,811,880 | \$ 14,219,866 |
| Investments | 2,224,110 | 35,432,886 |
| | <u>\$ 42,035,990</u> | <u>\$ 49,652,752</u> |

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

| | <u>2025</u> | <u>2024</u> |
|----------------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 39,739,610 | \$ 14,151,772 |
| Short-term investments | 733,393 | 32,854,257 |
| Restricted cash equivalents | 1,562,987 | 1,601,264 |
| Short-term endowment investments | - | 342,511 |
| Long-term investments | - | 702,948 |
| | <u>\$ 42,035,990</u> | <u>\$ 49,652,752</u> |

Investment Income

Investment income for the years ended June 30, 2025 and 2024, consisted of:

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| Interest and dividend income | \$ 1,001,594 | \$ 980,440 |
| Net realized and unrealized gains on investments | 743,762 | 1,216,517 |
| | <u>\$ 1,745,356</u> | <u>\$ 2,196,957</u> |

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% of the total aggregate endowment fund income related to the grant award. During each of the years ended June 30, 2025 and 2024, \$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 in the years 2024 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, 2025 and 2024, were \$26,428 and \$36,236, respectively, which includes both lease revenue and interest.

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Note 5. Capital, Lease, and Subscription Assets

Lease assets activity for the years ended June 30, 2025 and 2024, was:

| | 2025 | | | Ending Balance |
|--------------------------------------|------------------------------|---------------------|------------------|---------------------------|
| | Beginning Balance | Additions | Disposals | |
| Buildings and leasehold improvements | \$ 118,459 | \$ - | \$ - | \$ 118,459 |
| Equipment | 1,831,050 | - | - | 1,831,050 |
| | <u>1,949,509</u> | <u>-</u> | <u>-</u> | <u>1,949,509</u> |
| Less accumulated amortization | | | | |
| Buildings and leasehold improvements | 74,609 | 19,606 | - | 94,215 |
| Equipment | 1,153,275 | 150,364 | - | 1,303,639 |
| | <u>1,227,884</u> | <u>169,970</u> | <u>-</u> | <u>1,397,854</u> |
| Lease assets, net | <u>\$ 721,625</u> | <u>\$ (169,970)</u> | <u>\$ -</u> | <u>\$ 551,655</u> |
| | | | | |
| | 2024 | | | Ending Balance |
| | Beginning Balance | Additions | Disposals | |
| Buildings and leasehold improvements | \$ 59,639 | \$ 58,820 | \$ - | \$ 118,459 |
| Equipment | 1,060,814 | 316,656 | 453,580 | 1,831,050 |
| | <u>1,120,453</u> | <u>375,476</u> | <u>453,580</u> | <u>1,949,509</u> |
| Less accumulated amortization | | | | |
| Buildings and leasehold improvements | 56,639 | 17,970 | - | 74,609 |
| Equipment | 365,941 | 333,754 | 453,580 | 1,153,275 |
| | <u>422,580</u> | <u>351,724</u> | <u>453,580</u> | <u>1,227,884</u> |
| Lease assets, net | <u>\$ 697,873</u> | <u>\$ 23,752</u> | <u>\$ -</u> | <u>\$ 721,625</u> |

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Capital assets activity for the years ended June 30, 2025 and 2024, was:

| | 2025 | | | | Ending Balance |
|---------------------------------------|------------------------------|---------------------|------------------|------------------|---------------------------|
| | Beginning Balance | Additions | Disposals | Transfers | |
| Land | \$ 3,893,641 | \$ 40,000 | \$ - | \$ 136 | \$ 3,933,777 |
| Land improvements | 7,757,348 | 133,425 | - | 4,290 | 7,895,063 |
| Buildings and improvements | 164,787,625 | 38,215 | - | 341,276 | 165,167,116 |
| Infrastructure | 8,870,246 | 428,830 | - | 760,423 | 10,059,499 |
| Furniture, fixtures, and equipment | 39,802,887 | 2,532,388 | 470,323 | - | 41,864,952 |
| Library materials | 2,177,062 | 443 | - | - | 2,177,505 |
| Construction in progress | 11,389,482 | 26,559,083 | - | (1,106,125) | 36,842,440 |
| | <u>238,678,291</u> | <u>29,732,384</u> | <u>470,323</u> | <u>-</u> | <u>267,940,352</u> |
| Less accumulated depreciation | | | | | |
| Land improvements | 5,026,423 | 341,680 | - | - | 5,368,103 |
| Buildings and improvements | 98,167,417 | 4,215,189 | - | - | 102,382,606 |
| Infrastructure | 5,309,723 | 482,883 | - | - | 5,792,606 |
| Furniture, fixtures, and equipment | 31,627,038 | 2,239,206 | 464,411 | - | 33,401,833 |
| Library materials | 2,170,053 | 2,815 | - | - | 2,172,868 |
| | <u>142,300,654</u> | <u>7,281,773</u> | <u>464,411</u> | <u>-</u> | <u>149,118,016</u> |
| Net capital assets | <u>\$ 96,377,637</u> | <u>\$22,450,611</u> | <u>\$ 5,912</u> | <u>\$ -</u> | <u>\$ 118,822,336</u> |

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| | 2024 | | | | Ending Balance |
|---------------------------------------|------------------------------|---------------------|-------------------|------------------|---------------------------|
| | Beginning Balance | Additions | Disposals | Transfers | |
| Land | \$ 3,893,641 | \$ - | \$ - | \$ - | \$ 3,893,641 |
| Land improvements | 7,420,019 | 335,875 | - | 1,454 | 7,757,348 |
| Buildings and improvements | 163,057,030 | 1,326,643 | - | 403,952 | 164,787,625 |
| Infrastructure | 7,781,912 | 949,041 | - | 139,293 | 8,870,246 |
| Furniture, fixtures, and equipment | 38,069,511 | 2,557,048 | 823,672 | - | 39,802,887 |
| Library materials | 2,177,062 | - | - | - | 2,177,062 |
| Construction in progress | 1,039,141 | 10,895,040 | - | (544,699) | 11,389,482 |
| | <u>223,438,316</u> | <u>16,063,647</u> | <u>823,672</u> | <u>-</u> | <u>238,678,291</u> |
| Less accumulated depreciation | | | | | |
| Land improvements | 4,693,620 | 332,803 | - | - | 5,026,423 |
| Buildings and improvements | 93,928,545 | 4,238,872 | - | - | 98,167,417 |
| Infrastructure | 4,936,514 | 373,209 | - | - | 5,309,723 |
| Furniture, fixtures, and equipment | 30,254,796 | 2,016,909 | 644,667 | - | 31,627,038 |
| Library materials | 2,166,120 | 3,933 | - | - | 2,170,053 |
| | <u>135,979,595</u> | <u>6,965,726</u> | <u>644,667</u> | <u>-</u> | <u>142,300,654</u> |
| Net capital assets | <u>\$ 87,458,721</u> | <u>\$ 9,097,921</u> | <u>\$ 179,005</u> | <u>\$ -</u> | <u>\$ 96,377,637</u> |

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Subscription assets activity for the years ended June 30, 2025 and 2024, was:

| | 2025 | | | |
|---|------------------------------|---------------------|-------------------|---------------------------|
| | Beginning Balance | Additions | Disposals | Ending Balance |
| Subscription IT assets | \$ 2,549,642 | \$ 264,167 | \$ 383,611 | \$ 2,430,198 |
| | <u>2,549,642</u> | <u>264,167</u> | <u>383,611</u> | <u>2,430,198</u> |
| Less accumulated amortization Subscription IT assets | 1,971,312 | 267,245 | 223,773 | 2,014,784 |
| | <u>1,971,312</u> | <u>267,245</u> | <u>223,773</u> | <u>2,014,784</u> |
| Subscription assets, net | <u>\$ 578,330</u> | <u>\$ (3,078)</u> | <u>\$ 159,838</u> | <u>\$ 415,414</u> |
| | 2024 | | | |
| | Beginning Balance | Additions | Disposals | Ending Balance |
| Subscription IT assets | \$ 2,227,466 | \$ 322,176 | \$ - | \$ 2,549,642 |
| | <u>2,227,466</u> | <u>322,176</u> | <u>-</u> | <u>2,549,642</u> |
| Less accumulated amortization Subscription IT assets | 1,302,591 | 668,721 | - | 1,971,312 |
| | <u>1,302,591</u> | <u>668,721</u> | <u>-</u> | <u>1,971,312</u> |
| Subscription assets, net | <u>\$ 924,875</u> | <u>\$ (346,545)</u> | <u>\$ -</u> | <u>\$ 578,330</u> |

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Note 6. Noncurrent Liabilities

The following is a summary of noncurrent obligation transactions for the University for the years ended June 30, 2025 and 2024:

| | 2025 | | | Ending Balance | Current Portion |
|--|------------------------------|---------------------|---------------------|---------------------------|----------------------------|
| | Beginning Balance | Additions | Deductions | | |
| Long-term debt | | | | | |
| Revenue bonds payable | | | | | |
| Series 2015B | \$ 384,423 | \$ - | \$ 384,423 | \$ - | \$ - |
| Series 2017 | 725,942 | - | 255,532 | 470,410 | 257,655 |
| Series 2019 | 13,555,000 | - | 415,000 | 13,140,000 | 830,000 |
| Loan payable – DNR | | | | | |
| Energize MO | 93,572 | - | 93,572 | - | - |
| Lease liability | 736,938 | - | 166,997 | 569,941 | 143,381 |
| Subscription liability | 420,147 | 264,167 | 431,345 | 252,969 | 156,591 |
| Reoffering premium | 1,516,073 | - | 116,621 | 1,399,452 | - |
| Total long-term debt | 17,432,095 | 264,167 | 1,863,490 | 15,832,772 | 1,387,627 |
| Other noncurrent liabilities | | | | | |
| Accrued compensated absences ¹ | 1,427,392 | 194,841 | - | 1,622,233 | 551,559 |
| Deposits held in custody for others | 1,226 | 2,577 | 2,535 | 1,268 | - |
| Total other postemployment benefits liability | 400,309 | 15,659 | 115,138 | 300,830 | 36,762 |
| Net pension liability | 51,200,851 | 7,187,396 | 4,446,115 | 53,942,132 | - |
| Total other noncurrent liabilities | 53,029,778 | 7,400,473 | 4,563,788 | 55,866,463 | 588,321 |
| Total noncurrent liabilities | \$ 70,461,873 | \$ 7,664,640 | \$ 6,427,278 | \$ 71,699,235 | \$ 1,975,948 |

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| | 2024 | | | Ending Balance | Current Portion |
|---|------------------------------|---------------------|---------------------|---------------------------|----------------------------|
| | Beginning Balance | Additions | Deductions | | |
| Long-term debt | | | | | |
| Revenue bonds payable | | | | | |
| Series 2015B | \$ 812,060 | \$ - | \$ 427,637 | \$ 384,423 | \$ 384,423 |
| Series 2017 | 979,370 | - | 253,428 | 725,942 | 255,532 |
| Series 2019 | 13,895,000 | - | 340,000 | 13,555,000 | 415,000 |
| Loan payable – DNR | | | | | |
| Energize MO | 293,812 | - | 200,240 | 93,572 | 93,572 |
| Lease liability | 712,834 | 375,488 | 351,384 | 736,938 | 166,996 |
| Subscription liability | 838,997 | 186,216 | 605,066 | 420,147 | 169,531 |
| Reoffering premium | 1,632,694 | - | 116,621 | 1,516,073 | - |
| Total long-term debt | 19,164,767 | 561,704 | 2,294,376 | 17,432,095 | 1,485,054 |
| Other noncurrent liabilities | | | | | |
| Accrued compensated absences ¹ | 1,390,665 | 36,727 | - | 1,427,392 | 870,709 |
| Deposits held in custody for others | 1,075 | 151 | - | 1,226 | - |
| Total other postemployment benefits liability | 468,263 | 17,880 | 85,834 | 400,309 | - |
| Net pension liability | 52,989,942 | 2,101,469 | 3,890,560 | 51,200,851 | - |
| Total other noncurrent liabilities | 54,849,945 | 2,156,227 | 3,976,394 | 53,029,778 | 870,709 |
| Total noncurrent liabilities | \$ 74,014,712 | \$ 2,717,931 | \$ 6,270,770 | \$ 70,461,873 | \$ 2,355,763 |

¹ The change in the accrued compensated absences liability is presented as a net amount.

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% and 2.56%, respectively, beginning June 1, 2016. Principal maturities began June 1, 2016, and matured in 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.

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%, 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.

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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%, beginning December 1, 2019. Principal maturities began 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, 2025, are as follows:

| <u>Year Ending June 30,</u> | <u>Total to be Paid</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------|-----------------------------|----------------------|---------------------|
| 2026 | \$ 1,717,985 | \$ 1,087,655 | \$ 630,330 |
| 2027 | 1,663,456 | 1,082,755 | 580,701 |
| 2028 | 1,441,900 | 910,000 | 531,900 |
| 2029 | 1,446,400 | 960,000 | 486,400 |
| 2030 | 1,443,400 | 1,005,000 | 438,400 |
| 2031–2035 | 7,225,500 | 5,840,000 | 1,385,500 |
| 2036–2040 | 2,889,600 | 2,725,000 | 164,600 |
| | <u>\$ 17,828,241</u> | <u>\$ 13,610,410</u> | <u>\$ 4,217,831</u> |

Loan Payable

The University had 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%. 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 required semiannual payments equal to one-half of the annual energy savings until paid in full which occurred in 2025.

Note 7. Lease Liabilities

The University leases equipment and building space, the terms of which expire in various years through 2030. 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, 2025 and 2024, the balance of the lease liability was \$569,941 and \$736,938, respectively.

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The following is a schedule by year of payments under the leases as of June 30, 2025:

| Year Ending June, | Total to Be Paid | Principal | Interest |
|-------------------|---------------------|------------|-----------|
| 2026 | \$ 160,323 | \$ 143,381 | \$ 16,942 |
| 2027 | 162,214 | 150,706 | 11,508 |
| 2028 | 83,576 | 76,570 | 7,006 |
| 2029 | 69,470 | 64,596 | 4,874 |
| 2030 | 71,541 | 68,860 | 2,681 |
| 2031 | 66,277 | 65,828 | 449 |
| | \$ 613,401 | \$ 569,941 | \$ 43,460 |

Note 8. Subscription Liabilities

The University has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years ending through 2029. The subscriptions were measured based upon the interest rate implicit per the contract or the University's incremental borrowing rate at commencement. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance. There were no outflows of resources recognized in the reporting period for variable payments not previously recorded in the measurement of the subscription liability.

The following is a schedule by year of payments under the SBITAs as of June 30, 2025:

| Year Ending June, | Total to Be Paid | Principal | Interest |
|-------------------|---------------------|------------|-----------|
| 2026 | \$ 167,829 | \$ 156,591 | \$ 11,238 |
| 2027 | 70,823 | 66,055 | 4,768 |
| 2028 | 18,748 | 17,745 | 1,003 |
| 2029 | 13,065 | 12,578 | 487 |
| | \$ 270,465 | \$ 252,969 | \$ 17,496 |

Note 9. 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.

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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 Financial Report (ACFR), 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' ACFR starting on page 26.

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% of their annual pay. The University's required contribution rate for all plans for the year ended June 30, 2025, was 28.75% 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, 2024 and 2023, was 27.26% and 26.33%, respectively, which are the years of measurement for the net pension liability. Contributions to the pension plan from the University were \$5,182,017 and \$4,446,114 for the years ended June 30, 2025 and 2024, respectively.

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

At June 30, 2025 and 2024, the University reported a liability of \$53,942,132 and \$51,200,851, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, 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, 2024 and 2023. At June 30, 2024, the University's proportion was 0.66461%, which was a decrease of 0.0062% from its proportion measured as of June 30, 2023. At June 30, 2023, the University's proportion was 0.67078%, which was an decrease of 0.0692% from its proportion measured as of June 30, 2022.

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There were no changes in benefit terms during the MOSERS plan years ended June 30, 2024 and 2023, that affected the measurement of total pension liability.

For the years ended June 30, 2025 and 2024, the University recognized pension expense of \$6,145,431 and \$2,877,050, respectively. At June 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2025 | |
|---|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 2,620,301 | \$ - |
| Net difference between projected and actual earning on pension plan investments | 3,638,128 | - |
| Changes in University proportion and differences between the University's contributions and the University proportionate share of contributions | - | 1,094,639 |
| University's contributions subsequent to the measurement date | <u>5,182,017</u> | <u>-</u> |
| Total | <u>\$ 11,440,446</u> | <u>\$ 1,094,639</u> |
| | 2024 | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 2,398,962 | \$ - |
| Changes of assumptions | | - |
| Net difference between projected and actual earning on pension plan investments | 4,212,803 | - |
| Changes in University proportion and differences between the University's contributions and the University proportionate share of contributions | 194,045 | 2,683,985 |
| University's contributions subsequent to the measurement date | <u>4,446,114</u> | <u>-</u> |
| Total | <u>\$ 11,251,924</u> | <u>\$ 2,683,985</u> |

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At June 30, 2025 and 2024, the University reported \$5,182,017 and \$4,446,114, respectively, as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be/was recognized as a reduction of the net pension liability in the years ending June 30, 2026 and 2025, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2025, related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Amount Recognized</u> |
|-----------------------------|------------------------------|
| 2026 | \$ 1,547,095 |
| 2027 | 3,012,192 |
| 2028 | 568,207 |
| 2029 | <u>36,296</u> |
| | <u>\$ 5,163,790</u> |

Actuarial Assumptions

The total pension liability in the June 30, 2024 and 2023, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2024 and 2023: 2.25% |
| Salary increases | 2024 and 2023: 2.75 % to 10.00% including inflation |
| Wage inflation | 2024 and 2023: 2.25% |
| Investment rate of return | 2024 and 2023: 6.95%, compounded annually, net after investment expenses and including inflation |

Pre-retirement 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 75% of Scale MP-2020 for years after 2020.

Post-retirement mortality rates for retirees were based on the Pub-2010 General Members Below Median Healthy Retiree mortality table, scaled by 104%, 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% of Scale MP-2020 for years after 2020.

Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Members Below Median Contingent Survivor 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 75% of Scale MP-2020 for years after 2020.

The actuarial assumptions used in the June 30, 2024 and 2023, 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.

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Long-Term Expected Rate of Return

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, 2024, are summarized in the following table:

| Asset Class | Policy Allocation | Long-Term Expected Nominal Rate of Return* | Long-Term Expected Real Return | Weighted Average Long-Term Expected Nominal Return |
|--|--------------------------|---|---|---|
| Global public equities | 30.00% | 7.70% | 5.80% | 2.30% |
| Global private equities | 15.00% | 9.30% | 7.40% | 1.40% |
| Long treasuries | 25.00% | 3.50% | 1.60% | 0.90% |
| Core bonds | 10.00% | 3.10% | 1.20% | 0.30% |
| Commodities | 5.00% | 5.50% | 3.60% | 0.30% |
| TIPS | 25.00% | 2.70% | 0.80% | 0.70% |
| Private real assets | 5.00% | 7.10% | 5.20% | 0.30% |
| Public real assets | 5.00% | 7.70% | 5.80% | 0.40% |
| Hedge funds | 5.00% | 4.80% | 2.90% | 0.20% |
| Alternative beta | 10.00% | 5.30% | 3.40% | 0.50% |
| Private credit | 5.00% | 9.50% | 7.60% | 0.50% |
| Cash and cash equivalents** | -40.00% | 0.00% | 0.00% | 0.00% |
| | <u>100.00%</u> | | | |
| Correlation/volatility adjustment | | | | <u>(0.60%)</u> |
| Long-term expected net nominal return | | | | 7.20% |
| Less: Investment inflation assumption | | | | <u>(1.90%)</u> |
| Long-term expected geometric net real return | | | | <u>5.30%</u> |

* Long-term expected arithmetic returns of the asset classes at the time of the asset allocation study for each portfolio.

** Cash and cash equivalents policy allocation amounts are negative due to use of leverage.

Discount Rate

The discount rate used to measure the total pension liability was 6.95% at both June 30, 2024 and 2023. 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.

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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%, 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%) or 1 percentage point higher (7.95%) than the current rate:

| | <u>1% Decrease (5.95%)</u> | <u>Current Discount Rate (6.95%)</u> | <u>1% Increase (7.95%)</u> |
|---|------------------------------------|--|------------------------------------|
| University’s proportionate share of the net pension liability | \$ 66,969,991 | \$ 53,942,132 | \$ 43,060,374 |

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, 2025 and 2024, the University reported a payable of \$901,129 and \$372,520, respectively, for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2025 and 2024, 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% 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% of annual covered payroll for 2025 and 2024. The University’s contributions to the plan for the years ended June 30, 2025 and 2024, were \$391,942 and \$320,021, respectively, which equaled the required contributions for each year.

Note 10. Other Postemployment Benefit Plan

Plan Description

In addition to the pension benefits described in *Note 9*, 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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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 \$93.20 to \$113.90 per month for the years ended June 30, 2025 and 2024. Medicare Supplement premiums, which are Issue-Age rated, ranged from \$182.08 to \$349.12 per month the years ended June 30, 2025 and 2024. 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, 2025 and 2024. 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, 2025 and 2024, respectively.

The employees covered by the benefit terms at June 30, 2025 and 2024, are:

| | <u>2025</u> | <u>2024</u> |
|---|-------------|-------------|
| Professor emeritus retirees receiving health and prescription drug coverage | <u>7</u> | <u>9</u> |
| | <u>7</u> | <u>9</u> |

Total OPEB Liability

The University’s total OPEB liability of \$300,830 and \$400,309 was measured as of June 30, 2025 and 2024, respectively, and was determined by actuarial valuations as of those dates.

The total OPEB liability in the June 30, 2025 and 2024, actuarial valuations was determined using the following actuarial assumptions:

| | |
|------------------------------|---|
| Discount rate | 2025: 4.80%, 2024: 4.10% |
| Health care cost trend rates | 2025: 4.25% per year for Medicare Supplement coverage; 6.50% per year for prescription drug coverage |
| | 2024: 4.25% per year for Medicare Supplement coverage; 6.50% per year for prescription drug coverage |

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The discount rate used for the plan was the 20-year, tax-exempt general obligation 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 AA Yield Curve indexes.

Mortality rates used in the June 30, 2025, and June 30, 2024, valuations were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount weighted Teachers Mortality Tables using Scale MP-2021 Full Generational Improvement.

The actuarial assumptions used in the June 30, 2025 and 2024, valuations were based on the ongoing actuarial analysis.

Changes in Total OPEB Liability

Changes in total OPEB liability are:

| | <u>2025</u> | <u>2024</u> |
|--|-------------------|-------------------|
| Balance, beginning of year | \$ 400,309 | \$ 468,263 |
| Interest | 15,659 | 17,880 |
| Changes in assumptions and inputs | (13,708) | 659 |
| Differences between actual and expected experience | (64,668) | (43,944) |
| Benefit payments | <u>(36,762)</u> | <u>(42,549)</u> |
| Net changes | <u>(99,479)</u> | <u>(67,954)</u> |
| Balance, end of year | <u>\$ 300,830</u> | <u>\$ 400,309</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 4.80%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate:

| | <u>1% Decrease</u> | <u>Current Discount Rate (4.80%)</u> | <u>1% Increase</u> |
|-----------------------------------|--------------------|--|--------------------|
| University's total OPEB liability | \$ 320,993 | \$ 300,830 | \$ 282,808 |

The total OPEB liability of the University has been calculated using health care cost trend rates of 4.25%. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates:

| | <u>1% Decrease</u> | <u>Current Health Care Cost Trend Rates</u> | <u>1% Increase</u> |
|-----------------------------------|--------------------|---|--------------------|
| University's total OPEB liability | \$ 283,991 | \$ 300,830 | \$ 319,285 |

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

For the years ended June 30, 2025 and 2024, the University recognized a reduction in OPEB expense of \$62,717 and 25,405, respectively. At June 30, 2025 and 2024, 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 11. 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, 2025 and 2024, 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 21% and 18% of the University's employees at both June 30, 2025 and 2024, respectively.

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Note 12. Natural Classifications with Functional Classifications

For the years ended June 30, 2025 and 2024, the following tables represent operating expenses with both natural and functional classifications:

| | Compensation and Benefits | Contractual Services | Travel | 2025 Supplies and Materials | Utilities | Communication and Other | Total |
|---|--------------------------------------|---------------------------------|---------------------|--|---------------------|------------------------------------|----------------------|
| Instruction | \$ 11,741,662 | \$ 369,194 | \$ 105,412 | \$ 144,794 | \$ - | \$ 298,432 | \$ 12,659,494 |
| Research | 7,650,022 | 3,769,276 | 284,562 | 1,002,026 | 305,209 | 260,597 | 13,271,692 |
| Community service | 7,263,173 | 2,216,508 | 717,913 | 412,076 | 129,000 | 432,474 | 11,171,144 |
| Academic support | 3,319,150 | 1,305,098 | 99,115 | 98,674 | 12,904 | 280,883 | 5,115,824 |
| Student services | 5,152,917 | 1,150,651 | 755,031 | 396,871 | 24,475 | 499,525 | 7,979,470 |
| Institutional support | 7,762,762 | 5,404,619 | 271,942 | 269,390 | 16,498 | 1,284,434 | 15,009,645 |
| Operations and maintenance of plant | 404,362 | 3,765,004 | 5,875 | 104,848 | 1,612,452 | 40,411 | 5,932,952 |
| Scholarships and fellowships | - | - | - | - | - | 311,211 | 311,211 |
| Depreciation and amortization | - | - | - | - | - | 7,729,713 | 7,729,713 |
| | <u>\$ 43,294,048</u> | <u>\$ 17,980,350</u> | <u>\$ 2,239,850</u> | <u>\$ 2,428,679</u> | <u>\$ 2,100,538</u> | <u>\$ 11,137,680</u> | <u>\$ 79,181,145</u> |

| | Compensation and Benefits | Contractual Services | Travel | 2024 Supplies and Materials | Utilities | Communication and Other | Total |
|---|--------------------------------------|---------------------------------|---------------------|--|---------------------|------------------------------------|----------------------|
| Instruction | \$ 9,719,145 | \$ 370,175 | \$ 116,057 | \$ 145,206 | \$ - | \$ 235,642 | \$ 10,586,225 |
| Research | 5,552,096 | 2,159,201 | 322,974 | 701,720 | 313,782 | 273,432 | 9,323,205 |
| Community service | 6,016,354 | 1,672,061 | 519,868 | 412,900 | 131,621 | 280,565 | 9,033,369 |
| Academic support | 2,523,690 | 1,372,788 | 77,034 | 101,894 | 11,569 | 273,523 | 4,360,498 |
| Student services | 4,076,826 | 991,199 | 616,336 | 345,170 | 9,928 | 546,014 | 6,585,473 |
| Institutional support | 6,328,351 | 4,591,296 | 167,992 | 155,515 | 45,972 | 491,490 | 11,780,616 |
| Operations and maintenance of plant | 240,750 | 4,542,239 | 6,151 | 209,549 | 1,618,570 | 18,247 | 6,635,506 |
| Scholarships and fellowships | - | - | - | - | - | 279,578 | 279,578 |
| Depreciation and amortization | - | - | - | - | - | 7,787,314 | 7,787,314 |
| | <u>\$ 34,457,212</u> | <u>\$ 15,698,959</u> | <u>\$ 1,826,412</u> | <u>\$ 2,071,954</u> | <u>\$ 2,131,442</u> | <u>\$ 10,185,805</u> | <u>\$ 66,371,784</u> |

Note 13. 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, 2025 and 2024:

| Description | 2025 | | | |
|--|---------------------|---------------------|-------------------|-------------|
| | Total | Level 1 | Level 2 | Level 3 |
| Certificates of deposit | \$ 245,823 | \$ 245,823 | \$ - | \$ - |
| Money market treasury funds | 1,490,717 | 1,490,717 | - | - |
| Government-sponsored enterprises obligations | 487,570 | - | 487,570 | - |
| Total investments measured at fair value | <u>\$ 2,224,110</u> | <u>\$ 1,736,540</u> | <u>\$ 487,570</u> | <u>\$ -</u> |

| Description | 2024 | | | |
|--|----------------------|----------------------|---------------------|-------------|
| | Total | Level 1 | Level 2 | Level 3 |
| Certificates of deposit | \$ 1,217,033 | \$ 1,217,033 | \$ - | \$ - |
| Money market treasury funds | 1,533,170 | 1,533,170 | - | - |
| U.S. Treasury obligations | 26,136,414 | 26,136,414 | - | - |
| Government-sponsored enterprises obligations | 6,546,269 | - | 6,546,269 | - |
| Total investments measured at fair value | <u>\$ 35,432,886</u> | <u>\$ 28,886,617</u> | <u>\$ 6,546,269</u> | <u>\$ -</u> |

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, 2025.

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.

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 Ten Fiscal Years*

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| University's proportion of the net pension liability | 0.6646% | 0.6708% | 0.7400% | 0.7270% | 0.7444% |
| University's proportionate share of the net pension liability | \$ 53,942,132 | \$ 51,200,851 | \$ 52,989,942 | \$ 40,643,279 | \$ 47,253,976 |
| University's covered-employee payroll | \$ 18,029,687 | \$ 16,310,030 | \$ 14,776,039 | \$ 14,762,075 | \$ 14,874,862 |
| University's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 299.19% | 313.92% | 358.62% | 275.32% | 317.68% |
| Plan fiduciary net position as a percentage of the total pension liability | 52.02% | 52.86% | 53.53% | 63.00% | 55.48% |
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| University's proportion of the net pension liability | 0.7482% | 0.7438% | 0.8186% | 0.8224% | 0.8660% |
| University's proportionate share of the net pension liability | \$ 45,197,670 | \$ 41,490,650 | \$ 42,624,658 | \$ 38,177,503 | \$ 27,798,365 |
| University's covered-employee payroll | \$ 14,534,557 | \$ 14,456,872 | \$ 16,112,220 | \$ 15,928,030 | \$ 16,754,310 |
| University's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 310.97% | 287.00% | 264.55% | 239.69% | 165.92% |
| Plan fiduciary net position as a percentage of the total pension liability | 56.72% | 59.02% | 60.41% | 63.60% | 72.62% |

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

This schedule is presented to illustrate the requirements to show information for ten years.

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

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 5,182,017 | \$ 4,446,114 | \$ 3,890,704 | \$ 3,471,017 | \$ 3,352,767 |
| Contributions in relation to the contractually required contribution | <u>5,182,017</u> | <u>4,446,114</u> | <u>3,890,704</u> | <u>3,471,017</u> | <u>3,352,767</u> |
| Contribution deficiency | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| University's covered-employee payroll | \$ 18,024,260 | \$ 16,363,299 | \$ 14,776,689 | \$ 14,764,028 | \$ 14,762,075 |
| Contributions as a percentage of covered-employee payroll | 28.75% | 27.17% | 26.33% | 23.51% | 22.71% |
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| Contractually required contribution | \$ 3,238,148 | \$ 2,937,434 | \$ 2,811,886 | \$ 2,734,246 | \$ 2,702,988 |
| Contributions in relation to the contractually required contribution | <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> |
| Contribution deficiency | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| University's covered-employee payroll | \$ 14,874,862 | \$ 14,534,557 | \$ 14,456,872 | \$ 16,112,220 | \$ 15,928,030 |
| Contributions as a percentage of covered-employee payroll | 21.77% | 20.21% | 19.45% | 16.97% | 16.97% |

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

This schedule is presented to illustrate the requirements to show information for ten years.

Notes to Schedule

Benefit Changes

There were no changes to benefit terms for MOSERS for the plan years ended June 30, 2024 and 2023. 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

There were no changes to actuarial assumptions used in the June 30, 2024, valuation.

There were no changes to actuarial assumptions used in the June 30, 2023, valuation.

There were no changes to actuarial assumptions used in the June 30, 2022, valuation.

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

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

The assumed investment rate of return was reduced from 7.25% to 7.10% for the June 30, 2019, valuation. The salary increase rate was reduced from 3.00% to 2.85%. The wage inflation rate was reduced from 2.50% to 2.35%. 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% to 7.25% for the June 30, 2018, valuation. The salary increase rate was reduced from 3.25% to 3.00%. The wage inflation rate was reduced from 3.00% to 2.50%. 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% to 7.50% 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.

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 Eight Fiscal Years

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | | | | | | |
| Interest | \$ 15,659 | \$ 17,880 | \$ 17,295 | \$ 10,600 | \$ 13,911 | \$ 17,911 | \$ 25,190 | \$ 26,642 |
| Changes in assumptions and inputs | (13,708) | 659 | (3,561) | (55,784) | 43,995 | (45,284) | (91,004) | 2,016 |
| Differences between actual and expected experience | (64,668) | (43,944) | 34,666 | 4,212 | (17,797) | 16,315 | (44,081) | - |
| Benefit payments | (36,762) | (42,549) | (47,205) | (43,880) | (46,476) | (55,350) | (57,514) | (63,679) |
| Net Change in Total OPEB Liability | (99,479) | (67,954) | 1,195 | (84,852) | (6,367) | (66,408) | (167,409) | (35,021) |
| Total OPEB Liability – Beginning | 400,309 | 468,263 | 467,068 | 551,920 | 558,287 | 624,695 | 792,104 | 827,125 |
| Total OPEB Liability – Ending | \$ 300,830 | \$ 400,309 | \$ 468,263 | \$ 467,068 | \$ 551,920 | \$ 558,287 | \$ 624,695 | \$ 792,104 |
| Covered-Employee Payroll* | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | N/A | N/A | N/A | 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, 2025, 2024, 2023, 2022, 2021, 2020, 2019, or 2018.

Changes of Assumptions

The following changes were made to actuarial assumptions during the year ended June 30, 2025:

- The discount rate changed from 4.10% to 4.80%.
- The census was updated from June 30, 2024, to June 30, 2025.
- The retiree per capita costs were updated, utilizing the most recent premium costs, as part of the actuarial evaluation.

The following changes were made to actuarial assumptions during the year ended June 30, 2024:

- The discount rate changed from 4.00% to 4.10%.

The following changes were made to actuarial assumptions during the year ended June 30, 2023:

- The census was updated from June 30, 2022, to June 30, 2023.
- The discount rate changed from 3.90% to 4.00%.
- The retiree per capita costs and trend assumptions were updated as part of the actuarial evaluation. The 2023 Medical and Rx renewals resulted in actuarial losses as premium costs increased greater than assumed.

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 Eight Fiscal Years

- The assumed trend on premiums was revised from 4.5% to 4.25% for Medical coverage and from 5.5% to 6% for Rx coverage.

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% to 3.90%. Absent the change in the discount rate the liability would have been approximately \$535,000.
- 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% to 2.00% 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% – Medical and 3.5% – 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% to 2.60% 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 Eight 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% to 3.00% 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% (GASB 45) to 3.35% as of the beginning of the year and 3.30% 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, 2025 and 2024

| | 2025 | | | | | |
|--|--------------------|---------------------|------------------|----------------------|---------------------|---------------------|
| | Residence Halls | Cafeteria | Bookstore | Vending and Other | Student Union | Total |
| Revenues | | | | | | |
| Residence hall contracts | \$3,522,708 | \$ - | \$ - | \$ - | \$ - | \$ 3,522,708 |
| Housing system appropriation | 206,098 | - | - | - | - | 206,098 |
| Food service | - | 3,049,264 | - | - | - | 3,049,264 |
| Bookstore | - | - | 39,168 | - | - | 39,168 |
| Other | - | - | - | 42,394 | - | 42,394 |
| Vending | - | - | - | 56,730 | - | 56,730 |
| | <u>3,728,806</u> | <u>3,049,264</u> | <u>39,168</u> | <u>99,124</u> | <u>-</u> | <u>6,916,362</u> |
| Direct Expenses | | | | | | |
| Salaries and wages | 368,248 | - | - | 1,207 | 603 | 370,058 |
| Fringe benefits | 184,135 | - | - | (179) | (90) | 183,866 |
| Contractual services | 893,233 | 2,022,330 | 1,250 | 103 | 152,908 | 3,069,824 |
| Travel | - | - | - | - | - | - |
| Supplies, cost of sales | 24,559 | 1,260 | - | 2,625 | - | 28,444 |
| Communications | 4,443 | (6,392) | - | 720 | 1,440 | 211 |
| Utilities | 661,694 | 11,790 | - | - | - | 673,484 |
| Other operating | 650,743 | 4,231 | - | 14,432 | - | 669,406 |
| | <u>2,787,055</u> | <u>2,033,219</u> | <u>1,250</u> | <u>18,908</u> | <u>154,861</u> | <u>4,995,293</u> |
| Excess (Deficiency) of Revenues Over Direct Expenses | <u>\$ 941,751</u> | <u>\$ 1,016,045</u> | <u>\$ 37,918</u> | <u>\$ 80,216</u> | <u>\$ (154,861)</u> | <u>1,921,069</u> |
| Indirect Expenses | | | | | | |
| Bad debts | | | | | | 129,815 |
| Audit | | | | | | 12,795 |
| | | | | | | <u>142,610</u> |
| Excess of Revenues Over Expenses | | | | | | 1,778,459 |
| Transfers In | | | | | | 100,946 |
| Mandatory Transfer for Principal and Interest on Indebtedness | | | | | | (1,322,350) |
| Nonmandatory Transfer to Plant Fund | | | | | | <u>(200,000)</u> |
| Net Increase for the Year | | | | | | 357,055 |
| Net Position, Beginning of Year | | | | | | <u>5,188,630</u> |
| Net Position, End of Year | | | | | | <u>\$ 5,545,685</u> |

Lincoln University
A Component Unit of the State of Missouri
Auxiliary System Revenue Fund
Schedules of Revenues and Expenses
Years Ended June 30, 2025 and 2024

| | 2024 | | | | | |
|--|--------------------|-------------------|------------------|----------------------|---------------------|---------------------|
| | Residence Halls | Cafeteria | Bookstore | Vending and Other | Student Union | Total |
| Revenues | | | | | | |
| Residence hall contracts | \$ 3,103,152 | \$ - | \$ - | \$ - | \$ - | \$ 3,103,152 |
| Housing system appropriation | 188,208 | - | - | - | - | 188,208 |
| Food service | - | 2,621,244 | - | - | - | 2,621,244 |
| Bookstore | - | - | 17,375 | - | - | 17,375 |
| Other | - | - | - | 47,261 | - | 47,261 |
| Vending | - | - | - | 52,355 | - | 52,355 |
| | <u>3,291,360</u> | <u>2,621,244</u> | <u>17,375</u> | <u>99,616</u> | <u>-</u> | <u>6,029,595</u> |
| Direct Expenses | | | | | | |
| Salaries and wages | 308,186 | - | - | 5,252 | 2,624 | 316,062 |
| Fringe benefits | 180,394 | - | - | 3,586 | 1,793 | 185,773 |
| Contractual services | 950,184 | 1,937,295 | 1,155 | 2,944 | 160,282 | 3,051,860 |
| Travel | 5,055 | - | - | - | - | 5,055 |
| Supplies, cost of sales | 19,497 | - | - | 1,561 | - | 21,058 |
| Communications | 4,858 | (6,395) | - | 580 | 1,440 | 483 |
| Utilities | 687,415 | 9,118 | - | - | - | 696,533 |
| Other operating | 616,524 | - | - | 5,680 | - | 622,204 |
| | <u>2,772,113</u> | <u>1,940,018</u> | <u>1,155</u> | <u>19,603</u> | <u>166,139</u> | <u>4,899,028</u> |
| Excess (Deficiency) of Revenues Over Direct Expenses | <u>\$ 519,247</u> | <u>\$ 681,226</u> | <u>\$ 16,220</u> | <u>\$ 80,013</u> | <u>\$ (166,139)</u> | <u>1,130,567</u> |
| Indirect Expenses | | | | | | |
| Bad debts | | | | | | 122,206 |
| Audit | | | | | | 12,450 |
| | | | | | | <u>134,656</u> |
| Excess of Revenues Over Expenses | | | | | | 995,911 |
| Transfers in | | | | | | 677,664 |
| Mandatory Transfer for Principal and Interest on Indebtedness | | | | | | (1,393,301) |
| Nonmandatory Transfer to Plant Fund | | | | | | <u>-</u> |
| Net Increase for the Year | | | | | | 280,274 |
| Net Position, Beginning of Year | | | | | | <u>4,908,356</u> |
| Net Position, End of Year | | | | | | <u>\$ 5,188,630</u> |

Lincoln University
A Component Unit of the State of Missouri
Athletic Facilities Revenue Fund
Schedule of Revenues and Expenses
Years Ended June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|--|-------------------|-------------------|
| Revenues | | |
| Student athletic fees | | |
| Student athletic fees | \$ 407,357 | \$ 382,548 |
| Student experience expenses | - | (36,709) |
| Net student athletic fees | <u>407,357</u> | <u>345,839</u> |
| Football ticket sales | 5,390 | 35,411 |
| Facility rental fees | 560 | 1,880 |
| | <u>413,307</u> | <u>383,130</u> |
| Direct Expenses | | |
| Property insurance | 29,141 | 29,389 |
| Custodial and grounds | 135,599 | 141,689 |
| Utilities | 54,379 | 62,260 |
| Other | - | 4,399 |
| | <u>219,119</u> | <u>237,737</u> |
| Excess (Deficiency) of Revenues Over Direct Expenses | 194,188 | 145,393 |
| Transfers In | 213,169 | 200,445 |
| Transfers Out | (129,426) | (61,585) |
| Mandatory Transfer for Principal and Interest on Indebtedness | <u>(277,931)</u> | <u>(284,255)</u> |
| Net Decrease for the Year | - | (2) |
| Net Position, Beginning of Year | <u>200,653</u> | <u>200,655</u> |
| Net Position, End of Year | <u>\$ 200,653</u> | <u>\$ 200,653</u> |

This schedule presents revenues and expenses of the Athletic Facilities Revenue Fund for the years ended June 30, 2025 and 2024.

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

| 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 | N/A | \$ - | \$ 5,828,099 |
| Federal Work-Study Program | 84.033 | N/A | - | 193,676 |
| Federal Supplemental Educational Opportunity Grants | 84.007 | N/A | - | 86,815 |
| Federal Direct Student Loans | 84.268 | N/A | - | 6,866,903 |
| Teacher Education Assistance for College and Higher Education Grants | 84.379 | N/A | - | 5,772 |
| | | | <u>-</u> | <u>12,981,265</u> |
| Total Student Financial Assistance Cluster | | | | |
| Research and Development Cluster | | | | |
| U.S. Department of Agriculture | | | | |
| Cooperative Research, Education and Extension Service | 10.205 | N/A | - | 4,351,157 |
| Establish and Enhancement of Animal Science Graduate Training | 10.210 | N/A | - | 57,128 |
| Assessment of Nutritional, Bioactive Components and Human Health Benefits of Green Leaves of Quinoa | 10.216 | N/A | 97,930 | 253,574 |
| Assessments of the Impact of Cryptic E. Coli on Current Water Quality Monitoring and Management | 10.216 | N/A | - | 2,001 |
| Improving Drinking Water Safety for Small Rural Community Through Toxic Disinfection Byproduct Control by Advanced Chemical Oxidation | 10.216 | N/A | 10,419 | 42,199 |
| Evaluation of Promising Quinoa Lines in the Midwest for Enhanced Food Security and Sustainability | 10.216 | N/A | 5,581 | 5,581 |
| Building Research, Extension and Outreach/Education Capacity to Establish Industrial Hemp Production in the Midwest | 10.216 | N/A | 131,216 | 202,097 |
| Developing a Framework for Spatial Modeling of Oak Decline in the Ozark Highlands | 10.216 | N/A | 42,068 | 92,876 |
| Incorporating Geographic Information Systems into the Agribusiness Curriculum at Lincoln University | 10.216 | N/A | - | 108,790 |
| Sustainable Gastrointestinal Parasite Control in Small Ruminants | 10.216 | N/A | - | 105,740 |
| Novel Escherichia Coli Genetic Markers for Tracking Fecal Pollution of Agricultural Sources in Water | 10.216 | N/A | - | 72,296 |
| Out-Scaling a Grower-Friendly Cloud-based Monitoring System and Degree-Day Model Development to Manage the Invasive Spotted Wing Drosophila in Small Fruit Production | 10.216 | N/A | 46,457 | 138,992 |
| Building a Forest Farming Network to Support Greater Farm Diversity and Enhanced Ecosystem Services in Missouri | 10.216 | N/A | 2,210 | 167,822 |
| Building Capacity to Service Small and Medium Goat and Sheep Producers Efficiently and Effectively by Examining the Value Chain | 10.216 | N/A | 15,895 | 20,979 |
| Quantifying Crop Management Associated Variability of the Health Beneficial Glucosinolate and Nutrient Content of Collards | 10.216 | N/A | - | 49,773 |
| Sustainability of Integrated Multi-Trophic Aquaculture in Missouri | 10.216 | N/A | - | 126,893 |
| Urban Agriculture Learning Hub at Lincoln University | 10.216 | N/A | - | 36,508 |
| Recruitment/Retention at Lincoln University through Experiential Learning, Curriculum Development/Changes and Partnerships with MO High Schools | 10.216 | N/A | - | (2,870) |
| Enhancing the Capacity of Lincoln University through Expansion of Research, Extension and Area of Service and Promotion of USDA Programs | 10.216 | N/A | - | 73,537 |
| Evaluating Hempseed Cake as an Alternative Protein Source for Chickens | 10.216 | N/A | - | 5,600 |
| Cover Cropping and Crop Rotation Strategies in Organic Vegetable Production Systems to Build Soil Health and Improve Yield Profitability | 10.303 | N/A | 32,609 | 149,968 |
| Impact of Long-Term Cover Cropped Organic Farming Practices on the Development of Disease Suppressive Soils | 10.307 | N/A | 37,853 | 116,513 |
| Resilient and Sustainable Small Farm: Lessons from the COVID-19 Pandemic | 10.310 | N/A | - | 93,822 |
| Assessing Opportunities and Challenges of the Small Ruminant Industry: Consumer Preferences, Market Trends and Potential Economic Impacts | 10.310 | N/A | 29,479 | 43,048 |
| Use of Endophytic Pseudomonas SPP to Improve Food Safety of Lettuce While Eliminating the Postharvest Sanitation | 10.310 | N/A | - | 1,032 |
| Collaborative Education & Training Project to Increase Food Safety Capabilities for Missouri Small Farmers and Processors, & Their On-Farm and Direct Service Providers with Food Safety Training | 10.328 | N/A | - | 97,220 |
| 1890 Agricultural Scholarships Program | 10.524 | N/A | - | 1,393,072 |
| Expanding Markets for Climate-Smart Hemp in Missouri and Farmer Implementation & Monitoring of Climate-Smart Practices | 10.937 | N/A | 653,321 | 775,342 |
| | | | <u>1,105,038</u> | <u>8,580,690</u> |
| Total forward | | | | |

The accompanying notes are an integral part of this Schedule.

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

(Continued)

| 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 | | | \$ 1,105,038 | \$ 8,580,690 |
| Research and Development Cluster (Continued) | | | | |
| U.S. Department of Agriculture/Technical State University From the Ground Up: Using On-Farm Research and Collaboration to Accelerate Adoption of Climate-Smart Agricultural Practices in the Midwest | 10.310 | 2023-68018-39177 | - | 94,492 |
| U.S. Department of Agriculture/Ohio State University 1890 Youth Innovators Empowering Agriculture Across America | 10.310 | 20246801241752 | - | 90,038 |
| U.S. Department of Agriculture/University of Missouri Establishing a Food Safety Model Farm as a Training Center to Advance Food Safety for Hmong Farmers in Missouri | 10.328 | C00078041-1 | - | 14,417 |
| U.S. Department of Agriculture/Kansas State University Leveraging Augmented Reality Tools for Produce Safety Education and Training | 10.328 | 2024-70020-42951 | - | 5,556 |
| U.S. Department of Agriculture/Tennessee State University Latin American Legume and Systems Nutritional Security and Pest/Pathogen Biosafety for Food Security and Defense | 10.523 | 2021-38427-34838 | - | 1,583 |
| U.S. Department of Agriculture/University of Minnesota 2025-2026 MO SARE | 10.524 | 2024-38640-42989 | - | (1,675) |
| U.S. Department of Agriculture/Missouri Organic Association MO Biochar Based Climate Smart Markets | 10.937 | NR233A750004G095 | - | 66,190 |
| U.S. Department of Agriculture/University of Missouri An Integrated Approach to Scaling-Up Climate-Smart Practices for Crop, Livestock, and Agroforestry Production | 10.937 | NR233A750004G010 | - | 269,479 |
| U.S. Department of Agriculture/UMC Board of Curators USDA Urban and Innovation Agriculture | 10.971 | FSA23CPT0012862 | - | 25,936 |
| National Science Foundation Excellence in Research | 47.041 | N/A | - | 2,849 |
| Collaborative Research: A Partnership in Central MO in the Era of Multi-Messenger Astrophysics | 47.049 | N/A | - | 10,311 |
| EIR: Incorporating Attention into Computational Auditory Scene Analysis Using Spectral Clustering with Focal Templates | 47.070 | N/A | - | 84,327 |
| Unraveling the Elemental Abundances and Dust Properties of the Interstellar Medium | 47.076 | N/A | - | 33,000 |
| A Pathway to Equity: Recruiting and Retaining Underrepresented Populations in STEM Education | 47.076 | N/A | 13,206 | 173,039 |
| Catalyst Award: New Hydrazine Reagents for Late-Stage Diversification of Bioactive Molecules | 47.076 | N/A | - | 28,712 |
| National Science Foundation/Washington University Development of a Machine Learning Pipeline for Assisting Strain Design of Nonmodal Yeasts | 47.074 | 2225809 | - | 21,426 |
| National Science Foundation/University of Missouri NSF Convergence Accelerator Track J: Rapid Detection Technologies and Decision-Support Systems for Safe, Equitable Food Systems | 47.084 | C00085230-2 | - | 5,244 |
| Environmental Protection Agency/Missouri Department of Natural Resources Measuring & Modeling Subsurface Nutrient Transport Mechanisms in the Midwest U.S. | 66.436 | 780-0140-4463-3476-xxxx | - | 72,818 |
| Total Research and Development Cluster | | | <u>1,118,244</u> | <u>9,578,432</u> |
| Cooperative Extension Service | | | | |
| U.S. Department of Agriculture/University of Missouri Assistive Technology Program for Farmers with Disabilities | 10.500 | C00078172-2 | - | 12,739 |
| U.S. Department of Agriculture CES: Capital Improvements | 10.500 | N/A | - | 375,597 |
| U.S. Department of Agriculture 1890 Facilities Award: New Meat Science & Industrial Hemp Facilities | 10.500 | N/A | - | 5,663 |
| | | | <u>-</u> | <u>393,999</u> |
| Cooperative Forestry Research | | | | |
| U.S. Department of Agriculture McIntire Stennis Cooperative Forestry Act Funds | 10.202 | N/A | - | 64,765 |

The accompanying notes are an integral part of this Schedule.

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

(Continued)

| 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 Small Ruminant Grazing Prescription for Under-Story Forage, Weed and Invasive Plant Management on Woodland Pasture Systems | 10.523 | N/A | \$ - | \$ 8,750 |
| U.S. Department of Agriculture/1890 Universities Foundation Impact of Soil Micronutrient Deficiencies on the Plant Ionome and Selective Bioactive Compounds | 10.523 | 2021-38427-34836 | - | 82,389 |
| Interaction of Soil microbiome and Soil Micronutrient Availability on Plant Biochemical Pathways | 10.523 | 2021-38427-34836 | 25,895 | 46,023 |
| Provision of Excellent Learning Experience and Opportunity for Underrepresented Middle and High School Students at Lincoln University | 10.523 | 2021-38427-38437 | - | 4,081 |
| U.S. Department of Agriculture/Tuskegee University Value Added Systems and Technologies | 10.523 | 2021-38427-34839 | - | 16,237 |
| U.S. Department of Agriculture/DE State University Collaborative Network | 10.523 | 2021-38427-34838 / 21-159-Heh | - | 30,974 |
| | | | <u>25,895</u> | <u>188,454</u> |
| U.S. Department of Agriculture Agriculture Extension at 1890 Land-Grant Institutions Program | 10.512 | N/A | - | 4,445,359 |
| U.S. Department of Agriculture EFNEP – Expanded Food Nutritional Program | 10.514 | N/A | - | 108,264 |
| U.S. Department of Agriculture RREA - Renewable Resource Extension Act | 10.515 | N/A | - | 9,887 |
| U.S. Department of Agriculture/West Central Community Development Corporation Heartland USDA Regional Food Business Center | 10.186 | 25-6812-0004-100 | - | 31,776 |
| U.S. Department of Agriculture/University of Nebraska North Central Extension Risk Management Education Center | 10.520 | 2021-70027-34694 | - | 7,405 |
| North Central Extension Risk Management Education Center Meat & Poultry Processing Grants Program | 10.520 | 2022-70419-38561 | - | 24,138 |
| | | | - | 31,543 |
| U.S. Department of Agriculture HBCU-HIS-RIU Consortium: A Synergistic Paradigm for Training the Next Generation Agriculture Workforce for a Sustainable Future | 10.237 | N/A | 803,231 | 1,276,440 |
| U.S. Department of Agriculture/Animal and Plant Health Inspection Service Agriculture Discovery Summer Enrichment Program | 10.025 | AP24OAOCDRI0C017 | - | 26,638 |
| U.S. Department of Agriculture/Extension Foundation/1890 Universities Foundation Excite - Extension Collaborative on Immunization, Teaching, & Engagement | 10.229 | 2021-77041-34831 | - | 22,016 |
| U.S. Department of Agriculture/University of Missouri Moving American Elderberry into Mainstream Production and Processing | 10.309 | C00075394-3 | 21,929 | 18,950 |
| U.S. Department of Agriculture/University of Minnesota Entrepreneurial Sustainable Agriculture for Latinx and Limited Resource Producers in Missouri | 10.215 | H008917102 | - | 11,790 |
| More Than a Woodlot for Sheep & Goat Production Across Missouri | 10.215 | H009987607 | - | 4,858 |
| Sheep and Goats Master Training Programs in Missouri | 10.215 | H011114507 | - | 20,991 |
| Midwest Small Ruminant Educational Program Initiative | 10.215 | H011114516 | 16,355 | 30,148 |
| 2023-2024 NCR-SARE State Plan of Work | 10.215 | H011114516 | - | 42,732 |
| Fencing in Silvopasture for Sheep & Goat Production Across Missouri | 10.215 | 2022-38640-37486 | - | 8,726 |
| Developing Veterinary and Extension Professionals' Capacity to Support Small-scale Poultry Farming in Missouri | 10.215 | 2023-38640-39573 | - | 7,000 |
| | | | <u>16,355</u> | <u>126,245</u> |

The accompanying notes are an integral part of this Schedule.

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

(Continued)

| 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/Alcorn State University Understanding Heir's Property at the Community Level, Successful Property Succession in Missouri | 10.147 | FSA22CPT0012737 | \$ - | \$ 18,220 |
| U.S. Department of Agriculture/Columbia Center for Urban Agriculture Training Beginning and Minority Farmers at Columbia's Agriculture Park | 10.935 | NR223S75001H009 | - | 5,767 |
| U.S. Department of Agriculture/South Side Farms Southside Farm Aquaculture Project | 10.935 | NR223A750001G073 | - | 70,537 |
| | | | - | 76,304 |
| U.S. Department of Agriculture Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers | 10.443 | N/A | - | 111,343 |
| U.S. Department of Agriculture Entrepreneurship and Marketing Capacity Building to Access Specialty and High-Value Markets amongst Latino Farmers in Missouri and Nebraska | 10.311 | N/A | - | 21,320 |
| U.S. Department of Agriculture Deploying a Climate-Smart Productive Alley Cropping System (PACS) for Income Diversification and Farm Resiliency: Dr. Sougata Bardhan An Alternative Winter-Grazing System in the Solar Corridor Cropping System Will be Evaluated for Forage Yield and Nutritional Quality, Soil Health Impacts, and Economic | 10.912 | N/A | - | 25,534 |
| | 10.912 | N/A | 127,051 | 311,699 |
| | | | 127,051 | 337,233 |
| U.S. Department of Agriculture/Missouri Department of Agriculture Evaluating Native Edible Plants | 10.170 | 21SCBPM01020 | - | 68 |
| Growing Native Ferns as Specialty Crops in Missouri | 10.170 | AM22SCBPM01152 | - | 8,748 |
| | | | - | 8,816 |
| U.S. Department of Agriculture/1890 Universities Foundation Establishment and Revitalization Urban and Community Forests within Disadvantaged Communities in Jefferson City | 10.727 | 21-CA-11132544-006 | - | 3,830 |
| Department of the Treasury/State of Missouri Coronavirus State and Local Fiscal Recovery Fund (COVID-19) | 21.027 | None | - | 7,473,395 |
| 477 Cluster | | | | |
| U.S. Department of Health and Human Services/Missouri Department of Social Services Community Garden | 93.569 | AOC23380035 | - | 380,146 |
| U.S. Department of Health and Human Services/Missouri Department of Elementary and Secondary Education STEAM | 93.569 | 2401MOCOSR | - | 97,000 |
| Total 477 Cluster | | | - | 477,146 |
| U.S. Department of Education | | | | |
| Title III – Fiscal Year 17 Awards | 84.031B | N/A | - | 908,753 |
| Title III - Part F - Fiscal Year 21 Awards | 84.031E | N/A | - | 640,719 |
| Title III - Fiscal Year 23 Awards | 84.031B | N/A | - | 3,856,530 |
| | | | - | 5,406,002 |

The accompanying notes are an integral part of this Schedule.

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

(Continued)

| 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 (COVID-19) Higher Education Emergency Relief Fund (HEERF) Student Aid | 84.425E | N/A | \$ - | \$ 2,296 |
| (COVID-19) HEERF Historically Black Colleges and Universities (HBCUs) | 84.425J | N/A | - | 3,199,046 |
| U.S. Department of Education/Missouri Department of Elementary and Secondary Education (COVID-19) American Rescue Plan -Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U | 3110-2434-1977-RPF1 | - | 5,680 |
| | | | - | 3,207,022 |
| U.S. Department of Education/Missouri Department of Elementary and Secondary Education FY24 Adult Education and Literacy | 84.002A | V002A230026 | - | 5,100 |
| FY25 Adult Education and Literacy | 84.002A | V002A230026 | - | 594,410 |
| | | | - | 599,510 |
| National Aeronautics and Space Administration Using Data Science to Understand Soil, Wildfire and Social Disparity of Climate Change and Air Pollution | 43.008 | N/A | 62,851 | 240,786 |
| Digital Agriculture, Data Science, and Robotics: Applied Research and Training for Enhancing Motivation in Science | 43.008 | N/A | 10,210 | 79,819 |
| National Aeronautics and Space Administration/Missouri University of Science and Technology Missouri Space Grant Consortium | 43.008 | 80NSSC20M0100/ 00070245-01 | - | 24 |
| | | | 73,061 | 320,629 |
| U.S. Department of Defense/Office of Naval Research Cognitive Workload Assessment for Optimizing Soldier-System Performance | 12.431 | W911NF-24-2-0162 | 73,421 | 83,340 |
| U.S. Department of Defense/US Army Prime Power School | 12.630 | W912HQ21D0001 | - | 341,407 |
| U.S. Department of Defense/St. Louis University Intelligence Community Centers for Academic Excellence (IC CAE) | 12.630 | 2022-22082500005 | - | 16,658 |
| | | | - | 358,065 |
| U.S. Department of Energy Enhancing Carbon Utilization by Algal Systems via Integrated Biogas Purification, Nitrogen Reuse, and Innovative Carbon Delivery | 81.087 | N/A | - | 67,746 |
| U.S. Department of Energy Training a Diverse STEM Workforce to Measure & Model Energy, Water, and Carbon Budgets | 81.049 | N/A | - | 103,350 |
| U.S. Department of Justice OVW - Domestic and Dating Violence, Sexual Assault and Stalking Prevention and Education | 16.525 | N/A | - | 51,248 |
| Small Business Administration/University of Missouri Missouri Small Business Development Center CY24 | 59.037 | C00085065-9 | - | 22,460 |
| Missouri Small Business Development Center CY25 | 59.037 | C00088764-4 | - | 27,609 |
| | | | - | 50,069 |
| U.S. Department of Commerce LU Connects: Connecting Lincoln University Students through Enhanced Technology & Internet Access | 11.028 | N/A | - | 498,995 |
| | | | \$ 2,259,187 | \$ 48,577,616 |

The accompanying notes are an integral part of this Schedule.

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, 2025. 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 net 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 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 the 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 (*Government Auditing Standards*), 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, 2025, 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 8, 2025.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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 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 Mazars, LLP

**Springfield, Missouri
December 8, 2025**

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, 2025. 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, 2025.

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 2025-001 through 2025-007. Our opinion on each major federal program is not modified with respect to these matters.

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 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 2025-001 through 2025-007, 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 Mazars, LLP

**Springfield, Missouri
March 27, 2026**

Section II – Financial Statement Findings

| Reference Number | Finding |
|-----------------------------|----------------|
|-----------------------------|----------------|

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

| Reference Number | Finding |
|------------------|---|
| 2025-001 | <p style="text-align: center;">Student Financial Assistance Cluster Federal Pell Grant Program, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2024 - 2025</p> <p>Criteria or specific requirement - Eligibility 34 CFR Section 690.67</p> <p>Condition - Summer 2025 Pell grants were not disbursed to certain eligible students.</p> <p>Cause - Adequate processes and controls are not in place in order to identify students eligible for Pell for the Summer term.</p> <p>Effect or potential effect - Students eligible for Year-Round Pell Grants did not receive up to 150% of the scheduled Pell Grant award for the 2024-2025 award year.</p> <p>Questioned costs - \$3,697</p> <p>Context - Out of a population of 1,160 students receiving Pell or Direct Loans, a sample of 25 students were selected for testing. Our sample was not and was not intended to be statistically valid. For one student tested, the student was eligible for Year-Round Pell but aid was disbursed for Fall 2024 and Spring 2025; however, no aid was disbursed for Summer 2025. Based on enrollment intensity, cost of attendance, and student aid index, the student was eligible for a \$3,697 Pell Grant award for the Summer 2025 term.</p> <p>Identification as a repeat finding - N/A</p> <p>Recommendation - The student financial services department should review processes and controls around identifying eligible Year-Round Pell Grant recipients.</p> <p>Views of responsible officials and planned corrective actions - The Office of Student Financial Services acknowledges the finding and will implement corrective actions to ensure full compliance regarding Year-Round Pell Grant eligibility. To address the issue, enhanced processes and internal controls will be established to ensure all eligible students are accurately identified for Summer Pell Grant disbursements. The Office of Student Financial Services will implement enhanced procedures to ensure all eligible students are properly identified for Year-Round Pell Grant awards. Each term, a review report will be generated to identify summer enrollees who received Pell Grant funding during the fall and/or spring terms. Financial aid staff will assess eligibility prior to disbursement by verifying enrollment intensity, cost of attendance, and remaining annual Pell eligibility. Written procedures will be updated to require a Pell eligibility review before processing any summer disbursements. The Director of Financial Aid will review the report each term to monitor compliance with these procedures.</p> |

| Reference Number | Finding |
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| 2025-002 | <p style="text-align: center;">Student Financial Assistance Cluster Federal Pell Grant Program, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2024 - 2025</p> <p>Criteria or specific requirement - Special Tests: NSLDS Reporting 34 CFR Sections 690.83(b)(2) and 685.309</p> <p>Condition - Out of 40 students tested, there were 40 students with enrollment status changes during the year that were not properly reported to the National Student Loan Data System (NSLDS).</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>Effect or potential effect - NSLDS was not notified of student enrollment status changes for Direct Loan and Pell Grant recipients in a timely or accurate manner.</p> <p>Questioned costs - None</p> <p>Context - Out of a population of 1,013 student enrollment status changes requiring reporting to NSLDS, a sample of 40 students with status changes were selected for testing. Our sample was not, and was not intended to be statistically valid. The campus and program-level record for five students were not updated with a graduated status. As a result, the enrollment status and effective date were reported incorrectly and the enrollment records were not certified with the proper status within 60 days. For two students, campus-level enrollment effective date did not agree to institutional records. For one student, the program-level enrollment effective date did not agree to institutional records. For all 40 students in the sample, the published program length was reported in months or weeks instead of years resulting in program lengths reported to NSLDS exceeding the normal amount of time it takes a regular student to complete the program.</p> <p>Identification as a repeat finding - Repeat finding, 2024-001</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 University acknowledges the findings related to Special Tests: NSLDS Reporting. We recognize the importance of accurate and timely enrollment reporting to the National Student Loan Data System (NSLDS) to ensure proper administration of federal student aid programs. The institution reports enrollment and program information to NSLDS via the National Student Clearinghouse. The Student Clearinghouse offers a complimentary service for reviewing and correcting reporting issues for compliance. The office of the Registrar will engage the services of the Student Clearinghouse to identify where procedural errors may be causing delays or inaccuracies in the reporting data based on the findings of the 2025 audit. Recommendations made by the Student Clearinghouse consultant will be added into the documentation and standard practices for enrollment reporting. These actions are intended to correct the issues contributing to this repeat finding, strengthen reporting accuracy, and ensure continued compliance with NSLDS reporting requirements.</p> |

| Reference Number | Finding |
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| 2025-003 | <p style="text-align: center;">Student Financial Assistance Cluster Federal Pell Grant Program, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2024 - 2025</p> <p>Criteria or specific requirement - Reporting: Financial Reporting <i>Common Origination and Disbursement (COD) System</i> 34 CFR Section 690.83</p> <p>Condition - Out of 25 students tested, there were eight students with origination records incorrectly reported to COD.</p> <p>Cause - The Financial Aid department does not have adequate processes and controls around origination and disbursement records to ensure reporting to COD is accurate.</p> <p>Effect or potential effect - Incorrect origination record data was reported to COD.</p> <p>Questioned costs - None</p> <p>Context - Out of a population of 1,160 students receiving Pell Grants and/or Direct Student Loans, a sample of 25 students were selected for testing. Our sample was not, and was not intended to be statistically valid. For eight of the students tested, the enrollment date reported to COD differed from the enrollment date according to the University's academic calendar.</p> <p>Identification as a repeat finding - Repeat finding, 2024-002</p> <p>Recommendation - The Financial Aid department should review processes and controls around COD reporting and consider substantial changes to address this recurring finding.</p> <p>Views of responsible officials and planned corrective actions - The Office of Student Financial Services acknowledges the findings related to Reporting: Financial Reporting through the Common Origination and Disbursement (COD) System. We recognize the importance of accurate and timely reporting of origination data to ensure compliance with federal Pell Grant and Direct Loan requirements. The Office of Student Financial Services will implement additional controls to ensure accuracy of origination and disbursement reporting to COD. Prior to submission, staff will review enrollment dates, academic year dates, and disbursement dates against the academic calendar and student records in Colleague. A second-level review will be performed for a sample of records each term. Written procedures will be updated to document required verification steps before transmitting data to COD. Training will be provided to staff responsible for COD processing. These actions are intended to correct the issues contributing to this repeat finding, strengthen reporting accuracy, and ensure continued compliance with COD reporting requirements.</p> |

| Reference Number | Finding |
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| 2025-004 | <p style="text-align: center;">Student Financial Assistance Cluster Federal Pell Grant Program, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2024 - 2025</p> <p>Criteria or specific requirement - Special Tests: <i>Gramm-Leach-Bliley Act</i> - Student Information Security 16 CFR 314.4(c)(1) - (8), 16 CFR 314.4(e)</p> <p>Condition - The University does not have a written information security program that addresses all required elements of the <i>Gramm-Leach-Bliley Act</i>.</p> <p>Cause - The University did not update its written information security program by June 9, 2023 for the revised requirements of 16 CFR Part 314.</p> <p>Effect or potential effect - The University's written information security program does not address all required written statement elements of the <i>Gramm-Leach-Bliley Act</i>.</p> <p>Questioned costs - None</p> <p>Context - On December 9, 2021, the Federal Trade Commission issued final regulations for 16 CFR Part 314 to implement the <i>Gramm-Leach-Bliley Act</i> information safeguarding standards that institutions must implement. The regulations established minimum standards that institutions must meet. Institutions were required to be in compliance with the revised requirements no later than June 9, 2023. The University's written information security program contained one out of the 14 elements required by the revised <i>Gramm- Leach-Bliley Act</i> regulations.</p> <p>Identification as a repeat finding - N/A</p> <p>Recommendation - The University should revise its written information security program to be compliant with the current requirements of 16 CFR Part 314.</p> <p>Views of responsible officials and planned corrective actions - The University concurs with the finding that the University does not have a written information security program that addresses all required elements of the <i>Gramm-Leach-Bliley Act</i>. While the University processes defined to address GLBA are in place, the Information Security Policy does not specifically address <i>Gramm-Leach-Bliley Act</i> (GLBA) security criteria. It is now understood that the defined processes that address and support GLBA security criteria need to be put into a format that is published for access by the Lincoln community. Lincoln has started the process to create and publish the written information security program that addresses all required elements of GLBA. The corrective measures above are designed to ensure full compliance with all required elements of the GLBA.</p> |

| Reference Number | Finding |
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| 2025-005 | <p style="text-align: center;">Student Financial Assistance Cluster Federal Pell Grant Program, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2024 - 2025</p> <p>Criteria or specific requirement - Special Tests: Return of Title IV Funds 34 CFR Section 668.22</p> <p>Condition - Return of Title IV funds were not calculated correctly and funds were not returned within the required time frame.</p> <p>Cause - The Financial Aid department does not have adequate processes and controls around return of funds to ensure calculations are accurate and return of funds are timely.</p> <p>Effect or potential effect - The incorrect amount of funds were returned and funds were not returned within the required time frame.</p> <p>Questioned costs - \$1,771</p> <p>Context - Out of a population of 49 student accounts requiring return of Title IV funds, a sample of five were selected for testing. Our sample was not, and was not intended to be statistically valid. For two of the student withdrawals tested, the calculation of funds to be returned by the University was calculated incorrectly. Additionally, for these students, the funds were not returned to the lender within the required time frame and the credit to the students' accounts was not made within the required time frame.</p> <p>Identification as a repeat finding - Repeat finding, 2024-003</p> <p>Recommendation - The Financial Aid department should review processes and controls around return of Title IV funds and consider substantial changes to address this recurring finding.</p> <p>Views of responsible officials and planned corrective actions - The Office of Student Financial Services acknowledges the finding related to the Return of Title IV Funds. We recognize the importance of ensuring accurate calculations and timely return of unearned Title IV funds as part of our federal compliance obligations. The Office of Student Financial Services will strengthen procedures for Return of Title IV (R2T4) calculations. All withdrawals will be reviewed using the R2T4 calculation worksheet, and calculations will be verified by a second staff member prior to posting. A tracking log will be maintained to ensure funds are returned within required timeframes. Written procedures will be updated to include required timelines and review steps. Staff training will be conducted to ensure consistent application of federal regulations. The Director of Financial Aid will periodically review completed calculations for accuracy. These actions are intended to correct the issues that contributed to the calculation errors and delays noted during the audit and to ensure compliance with Return of Title IV Funds regulations moving forward.</p> |

| Reference Number | Finding |
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| 2025-006 | <p style="text-align: center;">Student Financial Assistance Cluster Federal Pell Grant Program, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2024 - 2025</p> <p>Criteria or specific requirement - Special Reporting ED Form 646-1, <i>Fiscal Operations Report and Application to Participate</i> (FISAP)</p> <p>Condition - Amounts reported for tuition and fees do not agree to the institution's underlying records.</p> <p>Cause - Improper data was utilized in the preparation of the FISAP.</p> <p>Effect or potential effect - The incorrect amount of tuition and fees were reported on the FISAP.</p> <p>Questioned costs - None</p> <p>Context - The University reported total undergraduate tuition and fees for the award year July 1, 2023 to June 30, 2024 as reflected on the June 30, 2024 financial statements. The tuition and fees presented in the financial statements is a net amount and includes undergraduate and graduate/professional tuition and fees; therefore, the undergraduate tuition and fees reported on the FISAP do not reflect the tuition and fees assessed by the institution for undergraduate students.</p> <p>Identification as a repeat finding - N/A</p> <p>Recommendation - The University should review and update the controls in place to gather and report information on the FISAP to ensure agreement to the underlying financial records of the institution.</p> <p>Views of responsible officials and planned corrective actions - The University acknowledges the audit finding regarding the reporting of undergraduate tuition and fees on the Fiscal Operations Report and Application to Participate (FISAP). We appreciate the auditors' review and agree that the amounts reported did not align with the institution's underlying records due to the use of net tuition and fee data that included both undergraduate and graduate/professional activity. To address the findings, Lincoln has implemented the following corrective measures:</p> <ul style="list-style-type: none"> - Procedures have been updated to ensure that only gross undergraduate tuition and fee data-consistent with FISAP reporting requirements will be used in future submissions. - Financial Aid and Finance staff will jointly review the FSAP instructions and clarify the data elements required for accurate reporting. - A cross-departmental reconciliation step between Financial Aid and Finance prior to FISAP submission. - Documentation of data sources and validation steps to ensure consistency with underlying financial records. <p>The corrective measures above are designed to ensure amounts reported for tuition and fees on the FISAP align with the institution's underlying records.</p> |

Lincoln University
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

(Continued)

| Reference Number | Finding |
|------------------|---|
| 2025-007 | <p style="text-align: center;">Higher Education Institutional Aid, ALN 84.031 U.S. Department of Education Program Year 2024 - 2025</p> <p>Criteria or specific requirement - Cash Management 2 CFR Section 200.305</p> <p>Condition - The time between the University's draw down of funds from the Department of Education and utilization of those funds was not minimized. The University drew funds for another Department of Education program against the Title III award.</p> <p>Cause - The administration and finance department does not have adequate processes and controls around cash management to ensure time elapsed between the draw down and expenditure of the grant funds is minimized. Additionally, adequate processes and controls are not in place to ensure funds are drawn from the appropriate award.</p> <p>Effect or potential effect - The University drew down \$174,553 of funds that were not substantiated by program expenditures. The University drew down \$3,772 from the Title III award for non-Title III program costs.</p> <p>Questioned costs - \$178,325</p> <p>Context - Out of a population of 15 Title III draw downs, a sample of three draws were selected for testing. Our sample was not, and was not intended to be statistically valid. For one of the draws tested, the amounts drawn exceeded the program expenditures charged to the award resulting in an excessive draw. Additionally, amounts for expenditures for a non-Title III program were drawn against the Title III award.</p> <p>Identification as a repeat finding - N/A</p> <p>Recommendation - The University should review its policies and procedures regarding draw down of grant funds to ensure they are minimizing the time between draw down and utilization of the funds and ensure draws are for the applicable award.</p> <p>Views of responsible officials and planned corrective actions - We acknowledge the auditor's finding regarding the timing of federal drawdowns and the draw down of Title III funds for expenditures related to another Department of Education program. We recognize that the drawdown of \$174,553 exceeded substantiated program expenditures and that \$3,772 was drawn down from the Title III award for non-Title III costs. The root cause of this issue was insufficient processes and controls within the administration and finance department related to cash management and award-specific drawdown procedures. These gaps contributed to delays between drawdown and expenditure, as well as the misallocation of drawdowns to the incorrect award. To address the findings, Lincoln has implemented the following corrective measures:</p> <ul style="list-style-type: none"> • Revised Cash Management Procedures: We have updated our federal drawdown procedures to ensure compliance with the requirement to minimize the time between drawdown and disbursement of funds. Drawdowns will be calculated on a reimbursement basis and tied directly to documented, allowable, and incurred expenditures. • Award-Specific Drawdown Controls: We have implemented a mandatory pre-draw review process requiring reconciliation of expenditures to the correct award prior to any drawdown request. This includes a secondary review by the Comptroller. • Staff Training: All personnel involved in grant accounting and cash management have completed refresher training on federal cash management requirements, including the distinction between awards and the importance of accurate allocation. • Monthly Internal Reconciliations: We have instituted monthly reconciliations of drawdowns to expenditures for all federal awards to ensure accuracy and timely correction of discrepancies. <p>The corrective measures above are designed to ensure full compliance with federal cash management regulations and to prevent future occurrences of excessive or misallocated drawdowns.</p> |

Lincoln University
A Component Unit of the State of Missouri
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

| Reference Number | Finding | Status |
|------------------|---|-------------------------------------|
| 2024-001 | <p style="text-align: center;">Student Financial Assistance Cluster Federal Pell Grant Program, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2023 - 2024</p> <p>Criteria or specific requirement - Special Tests: Enrollment Reporting 34 CFR Sections 690.83 (b)(2) and 685.309</p> <p>Condition - Out of 40 students tested, there were 39 students with enrollment status changes during the year that were not communicated to the National Student Loan Data System (NSLDS) or were incorrectly reported.</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>Effect or potential effect - NSLDS was not properly notified of student enrollment status changes of Direct Loan and Pell Grant recipients.</p> <p>Questioned costs - None</p> <p>Context - Out of a population of 951 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. Six student enrollment changes were not reported to NSLDS timely. Five student enrollment changes were not reported with the correct effective date. Five student enrollment changes were not reported with the correct status. Fifty-three student program lengths, program begin dates, program enrollment dates, program enrollment status, majors, or CIP codes were incorrectly reported. Four address changes were incorrectly reported.</p> <p>Identification as a repeat finding - Repeat finding, 2023-002</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>Reason for recurrence and status of action plan - The finding recurred because the corrective actions planned in FY 2025 were not fully implemented during the audit period. The University had identified the need for improved processes and coordination between the Registrar's Office, Student Financial Services, and Enrollment Management to ensure accurate and timely enrollment reporting to NSLDS. During FY 2025, the University began implementing corrective actions through the Enrollment Management reorganization, development of procedural guidance, and increased oversight of enrollment reporting. These actions are still in progress, and the University continues to monitor implementation to ensure reporting controls are fully effective.</p> | Not Resolved - See Finding 2025-002 |

Lincoln University
A Component Unit of the State of Missouri
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

(Continued)

| Reference Number | Finding | Status |
|------------------|--|---|
| 2024-002 | <p style="text-align: center;">Student Financial Assistance Cluster Federal Pell Grant Program, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2023 - 2024</p> <p>Criteria or specific requirement - Reporting: Financial Reporting 34 CFR Section 690.83</p> <p>Condition - Out of 25 students tested, there were 16 students with Pell and Direct Loan attributes incorrectly reported to COD.</p> <p>Cause - The Financial Aid department does not have adequate processes and controls around origination and disbursement records to ensure reporting to COD is accurate.</p> <p>Effect or potential effect - COD reporting was not properly completed for Direct Loan and Pell Grant recipients.</p> <p>Questioned costs - None</p> <p>Context - Out of a population of 1,078 students receiving Pell or Direct Loans and requiring reporting to COD, a sample of 25 students were selected for testing. Our sample was not and was not intended to be statistically valid. The enrollment date for 15 students, the academic start date for one student, the academic end date for 19 students, and the disbursement date for four students receiving Pell did not agree to the dates reported to COD. The academic start date for two students, the academic end date for 24 students, and the disbursement date for one student receiving Direct Loans did not agree to the dates reported to COD. The CPS transaction code for one student did not agree to the code per COD.</p> <p>Identification as a repeat finding - N/A</p> <p>Recommendation - The Financial Aid department should review processes and controls around COD reporting and consider substantial changes to address this recurring finding.</p> <p>Reason for recurrence and status of action plan - The finding recurred because the corrective actions planned in FY 2025 were still being implemented during the audit period. The University determined that stronger controls and coordination were needed between Student Financial Services and the Registrar's Office to ensure accurate reporting of Pell Grant and Direct Loan information to COD. During FY 2025, the University began implementing corrective measures through improved control of system dates, increased coordination under the Enrollment Management structure, and development of procedures to monitor changes affecting reporting. Implementation of the action plan is ongoing, and the University continues to strengthen controls to prevent future reporting errors.</p> | Not Resolved - See Finding 2025-003 |

Lincoln University
A Component Unit of the State of Missouri
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

(Continued)

| Reference Number | Finding | Status |
|------------------|---|---|
| 2024-003 | <p style="text-align: center;">Student Financial Assistance Cluster Federal Pell Grant Program, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2023 - 2024</p> <p>Criteria or specific requirement - Special Tests: Return of Title IV Funds 34 CFR Section 668.22 (a)</p> <p>Condition - Return of Title IV funds calculations were incorrectly performed during the year.</p> <p>Cause - The Financial Aid department does not have adequate processes and controls around return of funds to ensure calculations are accurate and return of funds are timely.</p> <p>Effect or potential effect - Refund calculations completed were not correct and funds were not remitted to the Department of Education properly.</p> <p>Questioned costs - None</p> <p>Context - Out of a population of 56 student accounts requiring return of Title IV funds, a sample of nine was selected for testing. Our sample was not and was not intended to be statistically valid. Two of the calculations were performed incorrectly.</p> <p>Identification as a repeat finding - Repeat finding, 2023-003</p> <p>Recommendation - The Financial Aid department should review processes and controls around return of Title IV funds and consider substantial changes to address this recurring finding.</p> <p>Reason for recurrence and status of action plan - The finding recurred because the corrective actions identified in FY 2025 were not fully in place during the audit period. The University determined that Return of Title IV calculation errors were caused by inconsistent data entry and lack of coordination between offices responsible for academic and financial aid records. During FY 2025, the University began addressing the issue through the reorganization of Enrollment Management, improved communication between the Registrar and Student Financial Services, and increased oversight of data entry and reporting processes. These corrective actions remain in progress, and the University continues working to fully implement controls to ensure accurate and timely Return of Title IV calculations.</p> | Not Resolved - See Finding 2025-005 |