

Lincoln University
A Component Unit of the State of Missouri

Independent Auditor's Reports and Financial Statements

June 30, 2014 and 2013

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Contents

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Financial Statements	
Statements of Net Position	19
Lincoln University Foundation, Inc. – Statements of Financial Position	20
Statements of Revenues, Expenses and Changes in Net Position	21
Lincoln University Foundation, Inc. – Statements of Activities	23
Statements of Cash Flows	24
Notes to Financial Statements	26
Required Supplementary Information	
Schedule of Funding Progress for Postemployment Health Care Plan	51
Supplementary Information	
Auxiliary Activity Fund – Schedules of Revenues and Expenses.....	52
Schedule of Expenditures of Federal Awards	53
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	59
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance	61
Schedule of Findings and Questioned Costs	64
Summary Schedule of Prior Audit Findings	68

Independent Auditor's Report

Board of Curators
Lincoln University
Jefferson City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component unit of Lincoln University, collectively a component unit of the state of Missouri, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Lincoln University's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Lincoln University Foundation, Inc., a legally separate, discretely presented tax-exempt component unit of the University, which statements reflect total assets of \$8,628,631 and \$6,950,202 as of June 30, 2014 and 2013, respectively, and total revenues of \$2,534,535 and \$1,590,509, respectively, for the years then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as it relates to the amounts included for Lincoln University Foundation, Inc., are based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Lincoln University Foundation, Inc., a component unit, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Lincoln University and of its discretely presented component unit as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, in 2014, The University changed its method of accounting for certain items previously reported as assets and liabilities in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other postemployment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility

of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audits were conducted for the purpose of forming opinions on the basic financial statements as a whole. The Auxiliary Activity Fund – Schedule of Revenues and Expenses listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2014, on our consideration of Lincoln University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

BKD, LLP

Springfield, Missouri
October 22, 2014

Lincoln University

A Component Unit of the State of Missouri

Management's Discussion and Analysis

Years Ended June 30, 2014 and 2013

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, 2014 and 2013, with selected comparative information for the year ended June 30, 2012. 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 Missouri state system of higher education. Founded in 1866 through the cooperative efforts of the enlisted men and officers of the 62nd and 65th Colored Infantries, Lincoln University was designed to meet the educational and social needs of freed African-Americans. While remaining committed to this purpose, the University has expanded its historical mission to embrace the needs of a significantly broader higher education population. Our current mission statement further delineates the University's character and historical nature:

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

Academic Programs

The academic programs of the University are organized under four Colleges: the College of Arts and Letters, the College of Professional Studies, the College of Behavioral and Technological Sciences and the College of Agricultural and Natural Sciences. Lincoln University offers nine undergraduate degrees: Bachelor of Arts (B.A.), Bachelor of Liberal Studies (B.L.S.), Bachelor of Music Education (B.M.E.), Bachelor of Science (B.S.), Bachelor of Science in Education (B.S.Ed.), 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 University offers five graduate degrees: Master of Arts (M.A.) with majors in history, sociology and sociology/criminal justice; Master of Education (M.Ed.) with majors in school teaching and guidance and counseling; Master of Business Administration (M.B.A.) with an emphasis in management, accounting, public administration/policy or management information systems; Master of Science (M.S.) in Environmental Science. A Master of Science (M.S.) in Natural Science was added in fall of 2013. The M.Ed. degree in school administration and the Specialist Degree in Educational Leadership have been placed on inactive status.

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 and liabilities. 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, which is reflected results from the classification of state appropriations as nonoperating revenue. Also, this statement reflects a change in the University's net position based upon revenues in excess of expenses.

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

Statement of Net Position

A summarized comparison of the University's assets, liabilities and net position at June 30, 2014, 2013 and 2012, is as follows:

	Net Position, End of Year		
	2014	2013 – (Restated Note 1)	2012
	(In Millions)		
Assets and Deferred Outflows of Resources			
Current assets	\$ 18.9	\$ 16.7	\$ 18.7
Capital assets, net	83.5	86.4	88.1
Other noncurrent assets	4.6	5.5	5.8
Deferred outflows of resources	<u>0.3</u>	<u>0.4</u>	<u>0.0</u>
Total assets and deferred outflows of resources	<u>\$ 107.3</u>	<u>\$ 109.0</u>	<u>\$ 112.6</u>
Liabilities			
Current liabilities	\$ 5.6	\$ 4.7	\$ 5.7
Noncurrent liabilities	<u>25.2</u>	<u>26.4</u>	<u>26.9</u>
Total liabilities	<u>\$ 30.8</u>	<u>\$ 31.1</u>	<u>\$ 32.6</u>
Net Position			
Net investment in capital assets	\$ 60.1	\$ 62.4	\$ 64.6
Restricted – nonexpendable	0.1	0.1	0.1
Restricted – expendable	2.2	2.5	2.8
Unrestricted	<u>14.1</u>	<u>12.9</u>	<u>12.5</u>
Total net position	<u>\$ 76.5</u>	<u>\$ 77.9</u>	<u>\$ 80.0</u>

In fiscal year 2014, the University adopted GASB Statement No. 65 which reclassified certain items previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources and recognized certain items that were previously reported as assets and liabilities as expenses

and revenues. For comparison purposes, fiscal year 2013 was restated to reflect the reclassification; however, fiscal year 2012 was not restated based on the immaterial impact. Therefore, we have not made comparisons between 2013 and 2012.

During the 2014 fiscal year, total assets and deferred outflows of resources decreased by \$1.7 million, total liabilities and deferred inflows of resources decreased by \$0.3 million resulting in a decrease in net assets of \$1.4 million compared to fiscal year 2013. The decrease in assets and deferred outflows of resources was a result of a decrease in capital assets net of depreciation offset by an overall \$0.8 million increase in cash and investments. The net decrease in capital assets of \$2.8 million was due to a decrease in additions to capital assets and an increase in both depreciation and disposals.

At June 30, 2014, total University assets and deferred outflows decreased from \$109.0 million in 2013 to \$107.3 million. The University's largest asset in 2014 and 2013 is its capital assets of \$83.5 million and \$86.4 million (net of depreciation), respectively.

In fiscal year 2014, the University's current assets of \$18.9 million were sufficient to cover current liabilities of \$5.6 million. The current ratio in 2014 decreased to 3.4 compared to the current ratio in 2013 of 3.6.

The University's liabilities totaled \$30.8 million at June 30, 2014, and \$31.1 million at June 30, 2013. Noncurrent liabilities of \$25.2 million in 2014 and \$26.4 million in 2013 both consisted primarily of bonds and notes payable. The change in liabilities in fiscal year 2014 was primarily a result of a reduction in the 2005 and 2007 revenue bond liability of \$1.1 million and an increase in liabilities to vendors resulting from summer construction projects.

Statement of Revenues, Expenses and Changes in Net Position

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

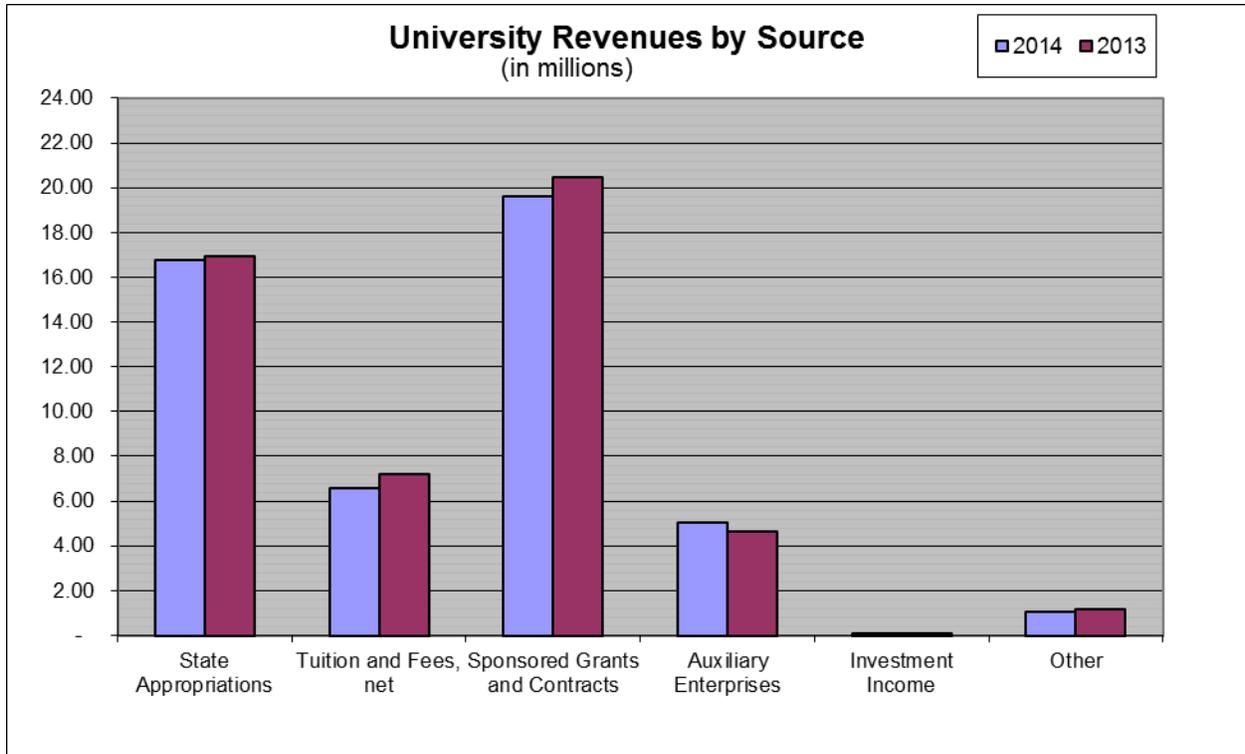
A summarized comparison of the University's revenues, expenses and changes in net assets for the years ended June 30, 2014, 2013 and 2012, is as follows:

	2014	2013 – (Restated Note 1)	2012
	(In Millions)		
Operating revenues	\$ 11.5	\$ 12.1	\$ 14.3
Operating expenses	<u>49.8</u>	<u>51.5</u>	<u>53.4</u>
Operating loss	(38.3)	(39.4)	(39.1)
Net nonoperating revenues	<u>36.3</u>	<u>37.3</u>	<u>39.8</u>
Income (loss) before other revenues, expenses, gains or losses	(2.0)	(2.1)	0.7
Capital grants and gifts	<u>0.6</u>	<u>0.4</u>	<u>2.9</u>
Increase (decrease) in net position	(1.4)	(1.7)	3.6
Net position, beginning of year	<u>77.9</u>	<u>79.6</u>	<u>76.4</u>
Net position, end of year	<u>\$ 76.5</u>	<u>\$ 77.9</u>	<u>\$ 80.0</u>

The total operating loss for fiscal year 2014 was \$38.3 million, the majority of which was offset by nonoperating revenues of \$36.3 million. The largest component of nonoperating revenues is federal grants and contracts followed by state appropriations. Although, these revenues support operating expenses, Governmental Accounting Standards Board (GASB) mandates that these revenues be recorded as nonoperating revenues.

Revenues (Operating and Nonoperating)

The following graph displays the components of the University’s revenues for fiscal years 2014 and 2013:



As shown above, the largest component of total revenues (operating and nonoperating) is grants and contracts followed by state appropriations. In fiscal year 2014, the University received a slight decrease in state appropriations compared to fiscal year 2013. In fiscal year 2013, the University received virtually no increase in state appropriations. In fiscal years 2012 and 2011, the University received reduced state appropriations resulting in an overall core reduction of \$2.4 million since fiscal year 2010. State appropriations now account for 34% of University revenues compared to 36% in fiscal year 2010.

Student tuition and fees revenue of \$6.6 million is shown net of \$8.7 million and \$0.1 million in scholarship allowances and bad debt, respectively.

The following table represents the details of the University's grants and contracts revenue for the year ended June 30, 2014:

Federal sources	
Department of Agriculture	\$ 9,425,613
Department of Education (excluding financial aid)	2,022,623
Department of Defense	251,696
Department of International Development	53,098
Department of Health and Human Services	644,856
Environmental Protection Agency	199,464
National Science Foundation	361,774
Other Federal Sources	<u>1,904,175</u>
Total federal sources	<u>14,863,299</u>
Nonfederal sources	
State, local and private	<u>795,731</u>
Total nonfederal sources	<u>795,731</u>
Total all sources	<u>\$ 15,659,030</u>

Operating Revenues

The following table summarizes the University's operating revenues by source for the years ended June 30, 2014, 2013 and 2012:

	2014	2013	2012
	(In Millions)		
Tuition and fees, net	\$ 6.6	\$ 7.2	\$ 7.5
Grants and contracts	0.2	0.6	1.2
Sales and services of educational activities	0.1	0.1	0.1
Auxiliary enterprises, net	4.3	3.9	5.2
Other	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>
Total operating revenues	<u>\$ 11.5</u>	<u>\$ 12.1</u>	<u>\$ 14.3</u>

Tuition and fees, net of allowances of \$8.7 million and bad debt of \$0.1 million, decreased in 2014 to \$6.6 million compared to \$7.2 in 2013. This net decrease in tuition and fees of \$0.6 million comes as a result of a decline in enrollment in 2014 and the reinstatement of the Neighboring States Program. In fiscal year 2014, the University increased graduate instate incidental fees by 7%, graduate out of state incidental fees and tuition by 5%, undergraduate out of state incidental fees and tuition by 3% and building and maintenance fees increased \$57 per semester.

In fiscal year 2013, tuition and fees, net of allowances of \$8.6 million and bad debt of \$0.1 million, decreased to \$7.2 million compared to \$7.5 in 2012. This net decrease in tuition and fees of \$0.3 million comes as a result of a decline in enrollment in 2013. Effective in fall 2012, the University increased in-state undergraduate tuition and fees by 3% while nonresident tuition and fees increased by approximately 6%. The University ensures compliance with Missouri Senate Bill 389 in establishing tuition and fee rates.

Operating grants and contracts decreased by \$0.4 million in 2014 compared to 2013. This decline is a result of a decrease in external grant funding from the U.S. Department of Defense.

Operating Expenses

The following table summarizes the University's operating expenses for the years ended June 30, 2014, 2013 and 2012:

Operating Expenses

	2014	2013 (Restated – Note 1)	2012
	(In Millions)		
Compensation and benefits	\$ 31.1	\$ 32.9	\$ 34.0
Contractual services	5.9	5.6	6.1
Supplies and materials	1.6	1.9	2.3
Depreciation and amortization	6.2	6.0	5.9
Utilities/communications	2.0	1.8	1.7
Scholarships and fellowships	0.3	0.4	0.4
Other	<u>2.7</u>	<u>2.9</u>	<u>3.0</u>
	<u>\$ 49.8</u>	<u>\$ 51.5</u>	<u>\$ 53.4</u>

During fiscal year 2014, operating expenses were \$49.8 million, a decrease of \$1.7 million compared to 2013. The principal operating expense remains compensation and benefits which decreased \$1.8 million from 2013 due to administrative restructuring. All other categories predominantly remained steady.

Operating expenses in 2013 decreased to \$51.5 million from \$53.4 million in 2012. The largest component of operating expenses is compensation and benefits which was reduced by \$1.1 million from 2012 despite a 2% cost of living increase for employees. Excluding depreciation and utilities, all operating expenses were reduced by \$2.1 million in total in 2013. The dip in enrollment in 2013 impacted available funds for other operating expenses. However, the University was able to reduce expenses in most areas in order to mitigate the reduction.

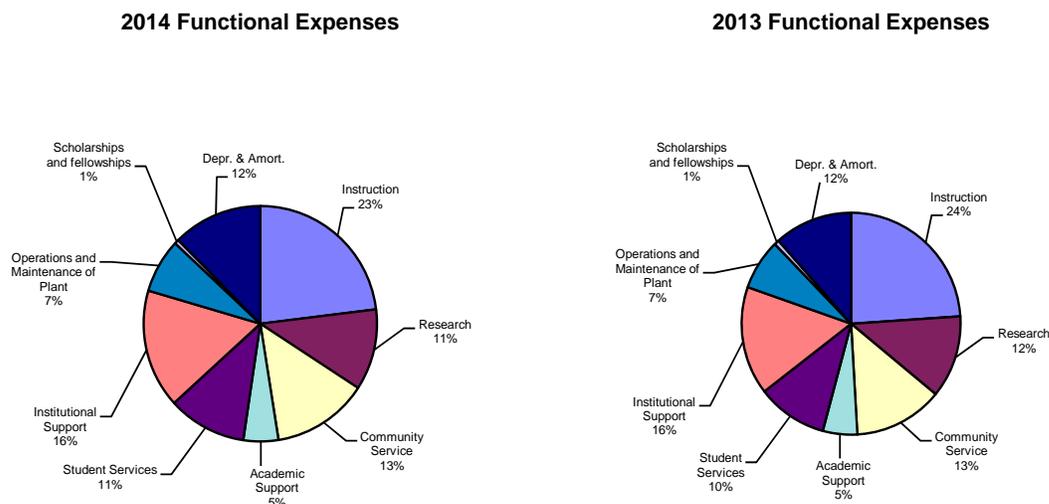
In addition to their natural (object) classification, it is also informative to review operating expenses by function. A comparative summary of the University's expenses by functional classification for the years ended June 30, 2014, 2013 and 2012, is as follows:

Expenses by Functional Category

	2014	2013 (Restated – Note 1)	2012
	(In Millions)		
Instruction	\$ 11.5	\$ 12.3	\$ 12.4
Research	5.6	6.2	6.7
Community service	6.6	6.8	7.3
Academic support	2.4	2.6	2.9
Student services	5.4	5.3	5.4
Institutional support	8.1	8.1	8.8
Operations and maintenance of plant	3.7	3.8	3.6
Scholarships and fellowships	0.3	0.4	0.4
Depreciation and amortization	<u>6.2</u>	<u>6.0</u>	<u>5.9</u>
	<u>\$ 49.8</u>	<u>\$ 51.5</u>	<u>\$ 53.4</u>

The University's total operating expenses directly support the primary mission of the University: Instruction, Research and Community Service. In 2014, the total of these three categories was \$23.7 million or 47.6% of the total expenses compared to \$25.3 million or 49.1% of total expenses in 2013.

The following graphic illustrations present total expenses by function:



Nonoperating Revenues and Expenses

The following table summarizes the University's nonoperating revenues and expenses for the years ended June 30, 2014, 2013 and 2012:

Nonoperating Revenues and Expenses

	2014	2013 – (Restated Note 1)	2012
	(In Millions)		
State appropriations	\$ 16.8	\$ 17.0	\$ 17.0
Federal grants and contracts	19.0	19.5	22.0
State grants and contracts	0.3	0.3	0.4
Interest on indebtedness	(1.2)	(1.2)	(1.3)
Investment income	0.1	0.1	0.1
Other	1.3	1.6	1.6
	<u>36.3</u>	<u>37.3</u>	<u>39.8</u>
Total nonoperating revenues and expenses	\$ <u>36.3</u>	\$ <u>37.3</u>	\$ <u>39.8</u>

Federal grants and contracts is the largest component of the University's nonoperating revenues followed by state appropriations. State appropriations decreased in 2014 slightly compared to 2013 due to the reduction of lottery appropriations. Since 2010 the University's overall state appropriations have decreased by \$3.2 million.

The federal grants and contracts decrease by \$0.5 million in 2014, largely attributable to a decrease in awards for USDA Cooperative Extension programs and a reduction in the funds received from new awards in other programs.

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, 2014, 2013 and 2012:

	2014	2013	2012
	(In Millions)		
Cash Provided by (Used in)			
Operating activities	\$ (31.8)	\$ (34.2)	\$ (31.3)
Noncapital financing activities	36.6	38.7	41.2
Capital and related financing activities	(4.1)	(4.7)	(4.2)
Investing activities	<u>(2.4)</u>	<u>(0.7)</u>	<u>(2.6)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1.7)	(0.9)	3.1
Cash and Cash Equivalents, Beginning of the Year	<u>4.4</u>	<u>5.3</u>	<u>2.2</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 2.7</u>	<u>\$ 4.4</u>	<u>\$ 5.3</u>

In fiscal year 2014, cash and cash equivalents decreased by \$1.7 million compared to 2013. Approximately \$31.8 million of cash was used for operating activities, offset by \$36.6 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 2014 was an overall decrease in cash used of \$2.4 million. The change in operating activities relates to the overall decrease in cash used for expenses, the decrease in cash provided by tuition and fees, the increase in auxiliary enterprise activities and the decrease in cash provided by operating grants.

There was a decrease in cash received from noncapital financing activities in 2014 of \$2.1 million. The change in noncapital financing activities was affected by a decrease in state appropriations of \$0.2 million and a decrease in state grant and contract revenue of \$1.8 million.

The net decrease in cash used for capital and related financing activities in 2014 compared to 2013 was \$0.6 million. The change was due to a decrease in cash from capital grants offset by the decrease in cash used for purchases of capital assets.

Cash used for investing activities in fiscal year 2014 was \$2.4 million compared to the cash used by investing activities of \$0.7 million in 2013. This is an overall change of \$1.7 million. The investment activity shows the University had purchased investments of \$18.3 million and had maturities of \$15.8 million in 2014, compared to \$12.1 million purchases and \$11.2 million in maturities in 2013.

During fiscal year 2013, cash used for operating activities increased by \$2.9 million compared to 2012. The change in operating activities relates to the overall increase in cash used for expenses, the decrease in cash provided by tuition and fees and auxiliary enterprise activities. The decrease in cash provided by operating grants is primarily due to the reduction in awards from U.S. Department of Defense.

The net cash provided by noncapital financing activities decreased in 2013 by \$2.5 million. The change in noncapital financing activities was affected by the decrease in federal and state grant and contract revenue.

Cash used for capital and related financing activities in 2013 was \$4.7 million, an increase of \$0.5 million compared to 2012. The change was due to a decrease in cash from capital grants, offset by the decrease in cash used for purchases of capital assets.

Cash used for investing activities in fiscal year 2013 was \$0.7 million compared to \$2.6 million in 2012. This is an overall change of \$1.9 million. By comparison, the University purchased \$1.0 million less in investments, while the sales of investments increased by \$0.8 million. The University employs an investment strategy to maximize investment opportunities. However, interest rates continue to be stagnant and investment opportunities are limited. 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, 2014, the University had approximately \$83.5 million invested in capital assets, net of accumulated depreciation of approximately \$90.4 million. At June 30, 2013, the University had approximately \$86.4 million invested in capital assets, net of accumulated depreciation of approximately \$84.7 million.

Depreciation charges for the current year totaled approximately \$6.2 million. The following table summarizes the University's capital assets, net of accumulated depreciation, as of June 30, 2014, 2013 and 2012.

Capital Assets, Net

	2014	2013	2012
	(In Millions)		
Land and land improvements	\$ 6.8	\$ 7.0	\$ 7.2
Buildings	70.0	71.5	71.3
Furniture, fixtures and equipment	4.8	5.7	6.3
Infrastructure	0.8	1.0	1.3
Library materials	0.1	0.1	0.1
Construction in progress	<u>1.0</u>	<u>1.1</u>	<u>1.9</u>
Total capital assets, net	<u>\$ 83.5</u>	<u>\$ 86.4</u>	<u>\$ 88.1</u>

Major construction projects that began in fiscal year 2013 and/or fiscal year 2014 and were completed in fiscal year 2014 include the Steam Plant Decentralization Project (\$1,441,119), replacement of Shipping and Receiving Building roof (\$117,747), replacement chillers for Allen Hall and Foster Hall (\$139,200), Schweich Hall roof replacement, (\$266,697), Small Animal Research Facility chiller replacement (\$48,150). These projects were funded by the Missouri Division of Energy's energy efficiency loan program, Title III funds, 1890 Facilities grant funds, a Kemper Foundation grant and local funds.

Projects that began in fiscal year 2014 and will be complete in fiscal year 2015 include the Scruggs Café Dining and Lounge renovation project (\$677,600), demolition of various houses (\$166,625), Dawson Hall electrical rewiring project (\$229,901), removal of pedestrian bridge across Chestnut Street (\$39,225), Small Animal Research Facility HVAC renovation (\$602,235), construction of ADA ramp into Founders Hall (\$116,800), Dawson Hall second floor restroom renovation project (\$119,270), new accessible bridge into Martin Luther King Hall (\$142,315), Small Animal Research Facility roof replacement (\$102,528), and Dawson Hall water heating system replacement (\$82,200). These projects are funded by local funds, the 1890 Facilities grant, funds received from Sodexo, Inc., Title III and funds received from the City of Jefferson Parks and Recreation Department.

Bonds and Capital Leases

As of June 30, 2014, the University had approximately \$23.7 million in outstanding revenue bonds compared to \$24.9 million in 2013, a decrease of \$1.2 million.

Bonds and Capital Lease Debt

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	(In Millions)		
Revenue bonds	\$ <u>23.7</u>	\$ <u>24.9</u>	\$ <u>26.0</u>

Student Enrollment

Following are highlights of student demographics for the fall 2013, 2012 and 2011 semesters of fiscal years 2014, 2013 and 2012, respectively.

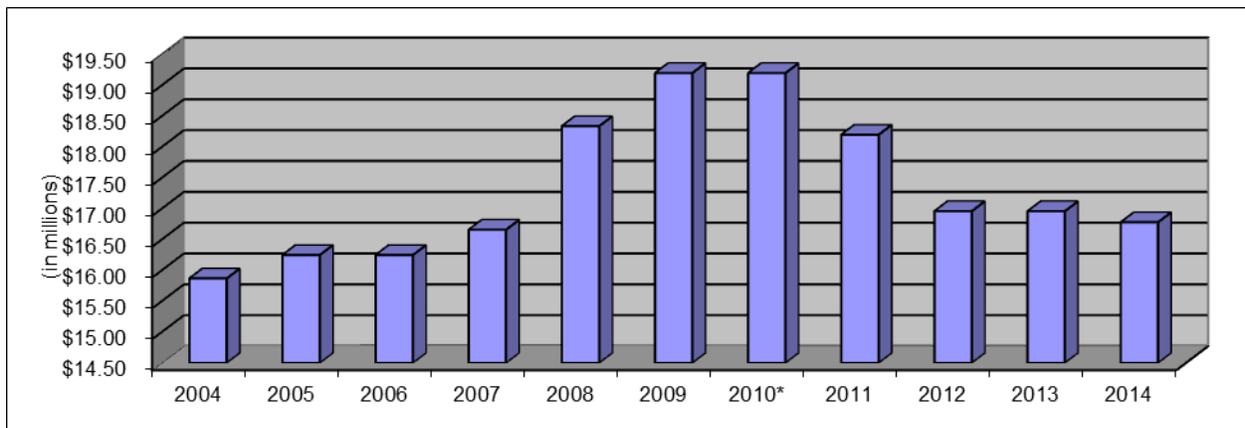
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Undergraduate	2,892	3,013	3,192
Graduate	<u>151</u>	<u>192</u>	<u>196</u>
Total students	<u>3,043</u>	<u>3,205</u>	<u>3,388</u>
Full-time	1,916	1,996	2,289
Part-time	1,127	1,209	1,099
Male	1,300	1,328	1,371
Female	1,743	1,877	2,017
Credit hours generated	32,079	33,741	37,120
Student full-time equivalent	2,155	2,271	2,498
Resident	682	652	851
Commuter	<u>2,361</u>	<u>2,553</u>	<u>2,537</u>
Total students	<u>3,043</u>	<u>3,205</u>	<u>3,388</u>
In-state	2,672	2,793	2,894
Out-state	312	345	427
International	<u>59</u>	<u>67</u>	<u>67</u>
Total students	<u>3,043</u>	<u>3,205</u>	<u>3,388</u>

	2014	2013	2012
Total number of degrees awarded	462	463	434
Number of students in dual – credit courses	563	523	421
Associate degree program	8	9	9
Undergraduate degree programs	47	47	47
Graduate degree programs	<u>13</u>	<u>11</u>	<u>11</u>
Total degree programs	<u><u>68</u></u>	<u><u>67</u></u>	<u><u>67</u></u>

In reviewing University enrollment trends, the chart above shows a decrease in total enrollment between fall 2013 and fall 2012. In 2014 the University focused on increasing resident students which is reflected in the 4.6% increase from 2013. The number of students enrolled in dual credit courses rose by 7.6%.

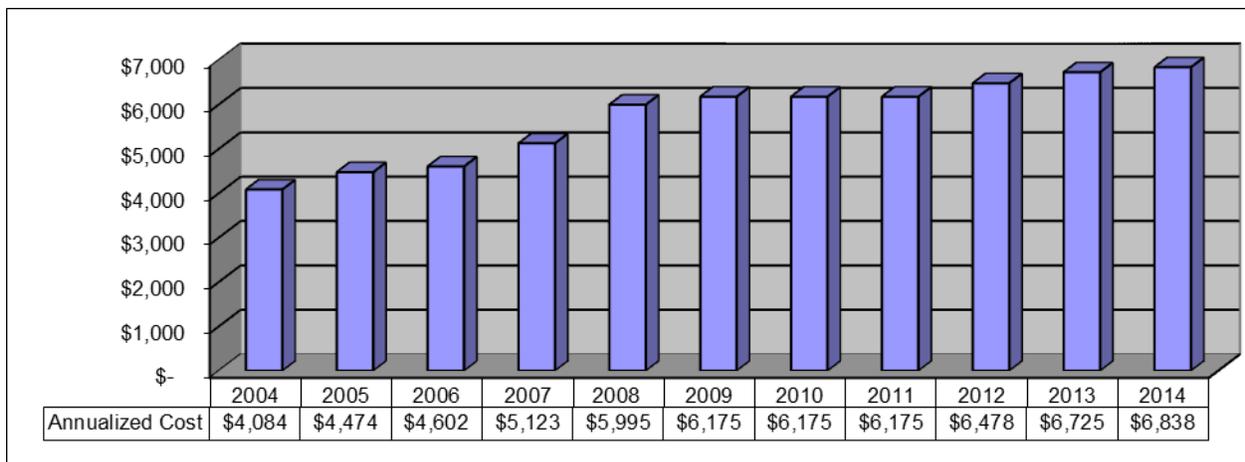
Trends

State Appropriations by Fiscal Year

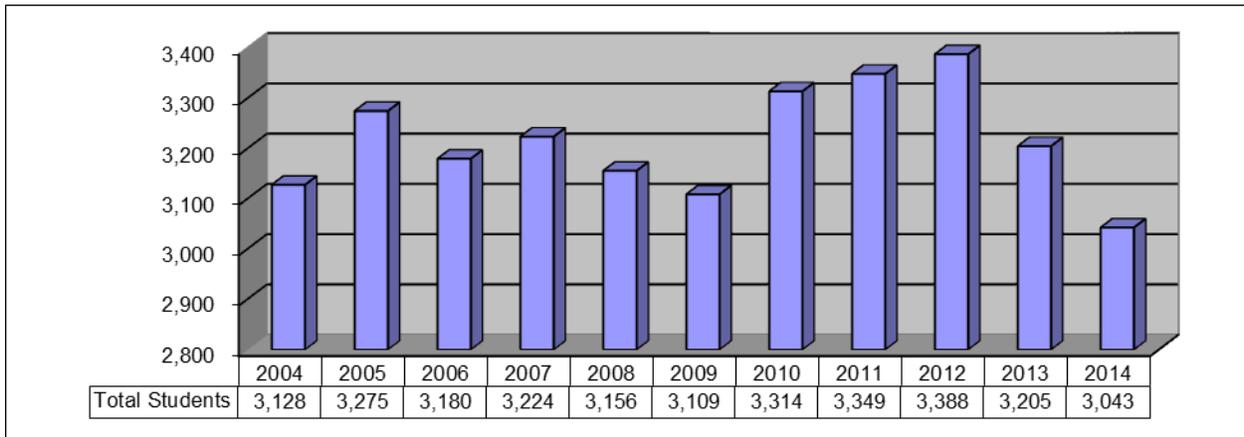


*Excludes the one-time state appropriations for the Caring for Missourian program.

Full-Time Resident Tuition and Required Fees per Year



Student Enrollment for Fall Semesters by Fiscal Year



Fiscal Year 2015 Outlook

General Fund Operating Budget

The Lincoln University Board of Curators approved a \$35.1 million general fund operating budget for fiscal year 2015. State appropriations are the largest component of the 2015 budget. In 2015, the University anticipated state appropriations of \$18,138,417, resulting in a projected increase of 6%. The anticipated increase is made up of \$529,342 in performance funding and \$500,000 in appropriations to support the Land Grant mission and matching requirement. While the University did receive the added appropriations for performance funding, the remaining funds to support the Land Grant mission are on hold by the Governor, pending assessment of the state economy.

Capital Projects

Upcoming projects identified for design and or construction during fiscal year 2015 include the Old Teaching Greenhouse renovations (currently pending approval by USDA), construction of the Small Ruminant Building at Busby Farm, addition onto Dickinson Research Center, new satellite Extension Office in Sikeston, Missouri, and the new Wellness Center/Multi-Purpose Facility. Projects will be funded by Title III, 1890 Facilities grant funds and local funds.

Technological Advancements

On June 12, 2014, the Lincoln University Board of Curators approved the recommendation to reorganize parts of Information Technology including hiring an internal University information desk to assist faculty, staff and students with technology as well as hiring two system administrators and a user support manager. This transition allowed for a reduction in support provided by Ellucian resulting in a more cost effective solution while increasing the University IT staff.

To provide continued access to University network resources the wireless network infrastructure in Scruggs University Center was upgraded to allow for improved student experience. Additionally the data network in Perry Hall was upgraded and brought back online in advance of the residence hall being reopened for fall 2014.

Other Significant Factors

On August 20, 2013, the University was notified by the Higher Learning Commission of the North Central Association of its continued accreditation. The next comprehensive evaluation will take place during the 2015-16 academic year. A second comprehensive evaluation with Reaffirmation of Accreditation is set for 2022-23. These evaluations reflect the institution's transition to the Commission's new accrediting process, Pathways. The University was required to provide the Commission with three monitoring reports: 1) a report on graduate education; 2) a report on communication; and 3) a report on planning and use of data. The reports were accepted by the Higher Learning Commission, as a result, the University has met all the requirements for full accreditation.

On July 7, 2014, the University was notified by the Commission on Accreditation that the social work program was granted accreditation by the Council on Social Work Education (CSW) through June 2018.

The stand-alone BSN degree constitutes a substantive change in the nursing program requiring a site visit by the Accreditation Commission for Education in Nursing (ACEN). The visit is scheduled for spring 2015.

The National Council for the Accreditation of Teacher Education (NCATE) conducted a site visit in November 2013. In the interim period, NCATE transitioned into Council for the Accreditation of Educator Preparation (CAEP). In May 2014, the education program received notification from the Continuous Improvement Commission of CAEP that accreditation has been continued for an additional seven years, using NCATE standards.

Executive Officers

President

Dr. Kevin D. Rome assumed the role as 19th President of Lincoln University on June 1, 2013. Rome's career has been concentrated in higher education including strategic planning, fundraising, facilities oversight, human resources and diversity with a special emphasis on student affairs. Most recently serving as Vice Chancellor for Student Affairs and Enrollment Management at North Carolina Central University, Rome has also served as Vice President for Student Services at Morehouse College, Vice President of Campus Life at Clayton College and State University and Assistant Vice Chancellor at Indiana University-Purdue University. Rome earned the Bachelor of Art degree in English from Morehouse College. He received the Master of Education in College Student Personnel with an emphasis in counseling from the University of Georgia and the Ph.D. in higher education administration from the University of Texas at Austin. President Rome serves on the Board of Directors for the Jefferson City Chamber of Commerce, the United Way of Central Missouri, Capital Region Medical Center and the Jefferson City Area YMCA and is a Board Member for Missouri Campus Compact. He is a member of the Jefferson City Rotary Club. Rome serves as Assistant Chair of the Council of 1890 Universities Executive Committee, Association of Public and Land-Grant Universities (APLU), and is a member of the APLU Commission on Access, Diversity and Excellence (CADE) and serves on the Advisory Council on HBCU Governance and Leadership for the Association of Governing Boards' (AGB). He is a life member of Phi Beta Sigma Fraternity, Incorporated. He is a husband, father and community advocate.

Provost and Vice President for Academic Affairs

Dr. Said L. Sewell assumed responsibilities as Provost and Vice President for Academic Affairs at Lincoln University on June 18, 2014. Prior to his arrival at the University, Sewell served as the Assistant Provost for Academic Affairs and Dean of Undergraduate Studies at Kent State University (Kent, Ohio). Sewell was the Executive Director of the Academic Success Center and Associate Professor of Political Science at the Fort Valley State University. He has had faculty appointments in the Social Science or

Political Science Departments at Fort Valley State, the University of West Georgia, Georgia Institute of Technology, University of Nebraska, Clark Atlanta University, Morehouse College and Albany State University. Sewell is the founding and current Executive Director of the Center for African-American Males: Research, Success and Leadership—a research and modeling center for the advancement of African-American males. Sewell entered Morehouse College at the age of 16 in 1988 as an early admission scholar and graduated in 1992 with a B.A. in political science. His formal training also includes a Ph. D. from Clark Atlanta University (CAU) in Political Science and Master of Public Administration in Public Policy from Texas Southern University. Sewell's fellowships include: the University System of Georgia Executive Fellow to Columbus State University, Harvard University Fellow at the School of Divinity and Kennedy School of Government, Visiting Faculty Fellow at the University of Nebraska at Lincoln's Department of Political Science and Research Fellow at the James (Jimmy) Earl Carter Presidential Library's Interfaith Health Program.

Chief of Staff

Dean of Library Services

Interim Dean of Students

In August 2010, Jerome Offord, Jr. was appointed the Dean of Library Services and University Archives and Assistant Professor at Lincoln University. In 2011, Offord served as Interim Provost along with Dr. Connie Hamacher, Interim President. In July 2013, Dr. Rome appointed Offord as Chief of Staff to the President. Prior to returning to Lincoln University, Offord served as the Diversity Officer and Manager of Corporate Inclusion at the Online Computer Library Center (OCLC) from 2008 to 2010. As the Manager of Corporate Inclusion, he was responsible for building and developing external relationships and strategies to attract diverse talent to OCLC, and continuing to drive an internal culture that welcomed diversity as a critical contributor to the organization's effectiveness. He also served as the Chair of the OCLC President's Inclusion Council. He was also responsible for managing the OCLC Minority Librarian Fellowship and Internship Programs. Prior to OCLC, Offord was the Director of Diversity Initiatives at the Association of Research Libraries from 2003 to 2008. As the Director of Diversity Initiatives for the ARL, Offord managed a suite of programs including the Initiative to Recruit a Diverse Workforce; the Leadership and Career Development Program; and the ARL Career Enhancement Program. Offord is currently enrolled at Simmons College in Boston, MA, where he is working on his PhD in Managerial Leadership. He has earned a Master's of Science in Library Science from Catholic University in Washington, DC; a Master's of Science in Student Affairs in Higher Education from Colorado State University, in Ft. Collins, Colorado; and a Bachelor's of Science in Agriculture from Lincoln University.

Special Assistant to the President for Fundraising

Executive Director, Lincoln University Foundation

Willie Jude II arrived at Lincoln University in August 2013. Jude, a Wisconsin native and 2002 alumnus of the University of Wisconsin – Oshkosh, received a Bachelor's degree in Exercise and Fitness Management with a minor in Business. He went on to earn his Masters' degree in Higher Education from Washington State University in 2004. His career as a fundraising professional includes service at Washington State University and North Carolina Central University. As the Special Assistant to the President for Fundraising and LU Foundation Executive Director, Jude has accountability for leading the University's fund development efforts including: major gifts, corporate and foundation giving, annual giving, and planned giving. Jude also has oversight responsibilities for the departments of University Relations and Alumni Affairs.

Chief Information Officer

Dr. Kevin Harris currently serves as the Chief Information Officer for Lincoln University having arrived in January 2014. Harris's career encompasses diverse experiences both in information technology as well as academia providing the platform for higher education leadership. He has served in several information technology roles ranging from user support to director including: Database Administrator, System Analyst and Director of Information Systems. Harris served in an academic setting as a faculty member in the information security and computer science areas at both the undergraduate and graduate levels. Most recently he served as the Program Coordinator for the Information Security and Computer Networking Technology Programs at Nashville State Community College. Harris earned his B.S. in Computer Information Systems from Lincoln University, M.S. Computer Management Information Systems from Southern Illinois University-Edwardsville and Doctorate Business Administration – Information Systems emphasis from Argosy University.

Director of Athletics

Betty Kemna became Lincoln University's Director of Athletics on July 1, 2009, after serving as Assistant Athletic Director of Compliance for four years. She has implemented several internal changes within the athletics program since being appointed to the position. A corporate sponsorship program has been developed and implemented, along with the Blue Tiger Club booster program and the Blue Tiger Kids' Club. Kemna is no stranger to Lincoln University, as her first position on campus was Head Softball Coach/Concession coordinator when she was hired in 1997. In 1999, she took on additional duties as Senior Women's Administrator within the athletic department, and in 2003 she took over as NCAA Compliance Coordinator. In 2005, Kemna was promoted to Assistant Athletic Director for Compliance. During the 2007-2008 academic year, she served as Interim Athletic Director while still conducting her duties as Assistant AD for Compliance. Kemna is a 1996 graduate of Lincoln University, earning a Bachelor of Science in Education. She earned a master's in education in athletic administration from William Woods University in 2006.

Lincoln University
A Component Unit of the State of Missouri
Statements of Net Position
June 30, 2014 and 2013

Assets and Deferred Outflows of Resources

	2014	2013 (Restated - Note 1)
Current Assets		
Cash and cash equivalents	\$ 2,680,516	\$ 4,365,093
Short-term investments	12,628,887	9,209,388
Accounts receivable, net of allowance; 2014 – \$226,257, 2013 – \$266,960	696,060	628,363
Federal and state grants receivable	2,777,806	2,462,045
Prepaid expenses	13,683	4,673
Other	57,823	9,206
Total current assets	18,854,775	16,678,768
Noncurrent Assets		
Restricted cash equivalents	28,234	31,783
Restricted investments	2,281,552	2,280,437
Long-term investments	219,000	1,116,000
Short-term endowment investments	447,000	602,288
Long-term endowment investments	1,047,916	916,895
Bond insurance costs	563,431	596,530
Capital assets, net	83,550,947	86,368,848
Total noncurrent assets	88,138,080	91,912,781
Total assets	106,992,855	108,591,549
Deferred Outflows of Resources		
Loss on refunding of bonds	368,106	418,880
Total assets and deferred outflows of resources	107,360,961	109,010,429

Liabilities

	2014	2013 (Restated - Note 1)
Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,304,612	\$ 1,640,179
Accrued compensated absences	730,264	741,612
Postemployment benefit obligation	62,767	64,143
Unearned revenue	1,308,984	1,052,005
Current portion of long-term debt	<u>1,201,231</u>	<u>1,216,333</u>
Total current liabilities	<u>5,607,858</u>	<u>4,714,272</u>
Noncurrent Liabilities		
Deposits held in custody for others	111,193	130,863
Accrued compensated absences	622,076	684,565
Postemployment benefit obligation	34,216	46,852
Long-term debt	<u>24,467,153</u>	<u>25,579,225</u>
Total noncurrent liabilities	<u>25,234,638</u>	<u>26,441,505</u>
Total liabilities	<u>30,842,496</u>	<u>31,155,777</u>
Net Position		
Net investment in capital assets	60,101,114	62,427,936
Restricted nonexpendable for endowment	56,352	56,352
Restricted expendable for		
Research	100,824	135,873
Debt service	13,861	18,527
Term endowment	1,314,015	1,302,580
Other	777,327	1,016,004
Unrestricted	<u>14,154,972</u>	<u>12,897,380</u>
Total net position	<u>\$ 76,518,465</u>	<u>\$ 77,854,652</u>

Lincoln University
A Component Unit of the State of Missouri
Lincoln University Foundation, Inc.
Statements of Financial Position
June 30, 2014 and 2013

Assets

	2014	2013
Cash and cash equivalents	\$ 621,648	\$ 501,277
Contributions receivable	39,609	23,392
Accrued investment income	3,391	2,718
Investments	7,956,807	6,414,996
Cash surrender value of life insurance	7,176	7,819
Total assets	\$ 8,628,631	\$ 6,950,202

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 52,435	\$ 6,604
Total liabilities	52,435	6,604

Net Assets

Unrestricted	221,528	128,087
Temporarily restricted	4,172,223	3,351,691
Permanently restricted	4,182,445	3,463,820
Total net assets	8,576,196	6,943,598
Total liabilities and net assets	\$ 8,628,631	\$ 6,950,202

Lincoln University
A Component Unit of the State of Missouri
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2014 and 2013

	2014	2013 (Restated - Note 1)
Operating Revenues		
Tuition and fees (net of scholarship allowances of \$8,710,604 – 2014 and \$8,633,539 - 2013 and bad debt expense of \$87,176 – 2014 and \$122,761 – 2013)	\$ 6,573,176	\$ 7,212,198
Federal grants and contracts	251,696	539,251
State grants and contracts	25,560	25,560
Sales and services of educational activities	34,015	47,997
Auxiliary enterprises (net of scholarship allowances of \$99,931 – 2014 and \$129,825 – 2013 and bad debt expense of \$21,794 – 2014 and \$30,192 – 2013)	4,333,636	3,899,027
Other	332,709	326,401
	11,550,792	12,050,434
Operating Expenses		
Compensation and benefits	31,126,618	32,853,160
Contractual services	5,920,007	5,607,699
Travel	1,303,965	1,465,335
Supplies and materials	1,641,595	1,872,635
Scholarships and fellowships	303,494	373,136
Depreciation and amortization	6,194,117	5,931,579
Communications	118,703	141,638
Utilities	1,861,380	1,665,672
Other	1,370,935	1,539,287
	49,840,814	51,450,141
	(38,290,022)	(39,399,707)
Operating Loss		
Nonoperating Revenues (Expenses)		
State appropriations	16,780,131	16,963,685
Federal grants and contracts	18,962,577	19,548,599
Recovery of administrative costs	9,748	10,712
State and local grants and contracts	346,159	349,101
Contributions	40	30
Student fees for capital projects	719,025	752,490
Gain (loss) on disposal of capital assets	(74,492)	(2,781)
Investment income	70,819	109,876
Interest on capital asset-related debt	(1,214,045)	(1,257,150)
Other nonoperating revenues	711,185	808,455
	36,311,147	37,283,017

Lincoln University
A Component Unit of the State of Missouri
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2014 and 2013

	2014	2013 (Restated - Note 1)
Loss Before Other Revenues, Expenses, Gains or Losses	\$ (1,978,875)	\$ (2,116,690)
Capital Grants and Gifts	<u>642,688</u>	<u>396,810</u>
Decrease in Net Position	(1,336,187)	<u>(1,719,880)</u>
Net Position, Beginning of Year, as Previously Reported		79,932,431
Cumulative Effect of Change in Accounting Principles		<u>(357,899)</u>
Net Position, Beginning of Year, as Restated	<u>77,854,652</u>	<u>79,574,532</u>
Net Position, End of Year	<u><u>\$ 76,518,465</u></u>	<u><u>\$ 77,854,652</u></u>

Lincoln University
A Component Unit of the State of Missouri
Lincoln University Foundation, Inc.
Statements of Activities
Years Ended June 30, 2014 and 2013

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues and Other Support				
Contributions	\$ 196,427	\$ 307,757	\$ 666,156	\$ 1,170,340
Special events	88,824	18,201	-	107,025
Investment return	8,832	1,094,849	58,393	1,162,074
Other revenue	727	94,369	-	95,096
	<u>294,810</u>	<u>1,515,176</u>	<u>724,549</u>	<u>2,534,535</u>
Net assets released from restrictions	<u>700,568</u>	<u>(694,644)</u>	<u>(5,924)</u>	<u>-</u>
Total revenues and other support	<u>995,378</u>	<u>820,532</u>	<u>718,625</u>	<u>2,534,535</u>
Expenses				
Program services				
Scholarships	242,229	-	-	242,229
Direct payments	346,358	-	-	346,358
	<u>588,587</u>	<u>-</u>	<u>-</u>	<u>588,587</u>
Support services				
Management and general	129,771	-	-	129,771
Fundraising	183,579	-	-	183,579
	<u>313,350</u>	<u>-</u>	<u>-</u>	<u>313,350</u>
Total expenses	<u>901,937</u>	<u>-</u>	<u>-</u>	<u>901,937</u>
Change in net assets	93,441	820,532	718,625	1,632,598
Net Assets, Beginning of Year	<u>128,087</u>	<u>3,351,691</u>	<u>3,463,820</u>	<u>6,943,598</u>
Net Assets, End of Year	<u>\$ 221,528</u>	<u>\$ 4,172,223</u>	<u>\$ 4,182,445</u>	<u>\$ 8,576,196</u>

See Notes to Financial Statements

2013				
Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
\$ 132,211	\$ 327,609	\$ 92,075	\$	551,895
105,345	17,490	-		122,835
8,526	760,204	42,677		811,407
344	104,028	-		104,372
246,426	1,209,331	134,752		1,590,509
505,545	(502,313)	(3,232)		-
751,971	707,018	131,520		1,590,509
178,717	-	-		178,717
324,998	-	-		324,998
503,715				503,715
124,843	-	-		124,843
127,789	-	-		127,789
252,632				252,632
756,347	-	-		756,347
(4,376)	707,018	131,520		834,162
132,463	2,644,673	3,332,300		6,109,436
\$ 128,087	\$ 3,351,691	\$ 3,463,820	\$	6,943,598

Lincoln University
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013 (Restated - Note 1)
Operating Activities		
Tuition and fees	\$ 6,600,280	\$ 7,254,460
Grants and contracts	277,256	564,811
Payments to suppliers	(12,072,778)	(13,414,884)
Payments to employees	(31,217,988)	(32,883,418)
Sales and services of auxiliary enterprises	4,320,096	3,913,062
Sales and services of educational activities	34,015	47,997
Other receipts and deposits	269,052	337,520
Net cash used in operating activities	(31,790,067)	(34,180,452)
Noncapital Financing Activities		
State appropriations	16,780,131	16,963,685
Gifts and grants for other than capital purposes	19,091,605	20,924,461
Other receipts	720,933	819,167
Net cash provided by noncapital financing activities	36,592,669	38,707,313
Capital and Related Financing Activities		
Capital grants and gifts	554,418	990,863
Student fees for capital projects	719,025	752,490
Purchase of capital assets	(3,041,372)	(4,346,054)
Principal paid on capital debt	(1,120,000)	(1,050,000)
Interest paid on capital debt	(1,174,271)	(1,217,121)
Proceeds from loan payable	-	182,592
Net cash used in capital and related financing activities	(4,062,200)	(4,687,230)
Investing Activities		
Investment income	70,819	109,876
Proceeds from sales and maturities of investments	15,826,666	11,239,217
Purchases of investments	(18,326,013)	(12,106,319)
Net cash used in investing activities	(2,428,528)	(757,226)
Decrease in Cash and Cash Equivalents	(1,688,126)	(917,595)
Cash and Cash Equivalents, Beginning of Year	4,396,876	5,314,471
Cash and Cash Equivalents, End of Year	\$ 2,708,750	\$ 4,396,876

Lincoln University
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013 (Restated - Note 1)
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	\$ 2,680,516	\$ 4,365,093
Restricted cash equivalents	28,234	31,783
Total cash and cash equivalents	\$ 2,708,750	\$ 4,396,876
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (38,290,022)	\$ (39,399,707)
Depreciation and amortization	6,194,117	5,931,579
Changes in operating assets and liabilities		
Receivables, net	(122,004)	167,688
Prepaid expenses, bond insurance costs and other assets	(13,641)	18,275
Accounts payable and accrued liabilities	534,990	(900,332)
Accrued compensated absences	(73,837)	(9,205)
Deposits held in custody for others	(19,670)	11,250
Net Cash Used in Operating Activities	\$ (31,790,067)	\$ (34,180,452)
Supplemental Cash Flows Information		
Accounts payable incurred for capital asset purchases	\$ 526,013	\$ 149,776

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

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 and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific (such as state appropriations), investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses. The 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.

Adoption of New Accounting Standard

In 2014, the University adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify certain items previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources and recognize certain items that were previously reported as assets and liabilities as expenses and revenues.

An adjustment of \$357,899 applicable to year ended June 30, 2012, and prior has been included in the restated 2013 beginning net position. The adjustment reflects the removal of bond issuance costs related to the Series 2005 and 2007 revenue bonds which were previously capitalized as an asset and amortized over the term of the respective bond issuance. Statement No. 65 requires debt issuance costs, other than insurance costs, to be expensed as incurred and retrospective application of the statement for all prior periods presented. Previously reported amortization expense for the year ended June 30, 2013, decreased by \$20,794 as a result of expensing debt issuance costs to prior years. The changes resulted in a decrease in ending net position of \$337,105 at June 30, 2013.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

GASB Statement No. 65 also requires the reclassification of the loss on refunding of bonds of \$368,106 from long-term debt to deferred outflows of resources at June 30, 2014, and \$418,880 at June 30, 2013.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, 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, 2014 and 2013, cash equivalents consisted primarily of money market funds, repurchase agreements and certificates of deposit.

Investments and Investment Income

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

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

Accounts Receivable

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

Bond Insurance Costs

Bond insurance costs incurred on the revenue bond issues have been capitalized and are being amortized over the life of the bonds using the straight-line method. Total amortization was \$33,100 for the years ended June 30, 2014 and 2013.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

Capital Assets

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

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

The University capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing. No interest was capitalized for the years ended June 30, 2014 and 2013.

Compensated Absences

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

Unearned Revenue

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

Net Position

Net position of the University is classified in four components. Net investment in capital assets consist of capital assets net of accumulated depreciation 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

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

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.

Classification of Revenues

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

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances and (2) sales and services of auxiliary enterprises.

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

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.

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.

Foundation

Lincoln University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Lincoln University (University). The Foundation acts primarily as a fundraising foundation to supplement the resources that are available to the University in support of its programs. The 20-member Board of Directors of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the years ended June 30, 2014 and 2013, the Foundation distributed \$85,149 and \$31,190 to the University for both restricted and unrestricted purposes, respectively. During 2014 and 2013, the University transferred \$0 and \$10,000, respectively, of endowment funds to the Foundation for management purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 820 Chestnut Street, Jefferson City, Missouri 65102.

The Foundation is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 financial presentation. These reclassifications had no effect on the change in net position.

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The University's deposit policy for custodial credit risk requires compliance with the provisions of state law which requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts.

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

At June 30, 2014 and 2013, the University's bank balances were \$197,190 and \$906,336, respectively. None of these deposits were exposed to custodial credit risk at June 30, 2014 and 2013.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

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.

At June 30, 2014 and 2013, the University had the following investments and maturities:

June 30, 2014					
Type	Fair Value	Less than 1	Maturities in Years		
			1-5	6-10	More than 10
Repurchase agreements	\$ 2,477,225	\$ 2,477,225	\$ -	\$ -	\$ -
Certificates of deposit	9,441,312	8,174,396	1,266,916	-	-
Money market treasury funds	28,234	28,234	-	-	-
Government-sponsored enterprises obligations	7,183,043	7,183,043	-	-	-
	<u>\$19,129,814</u>	<u>\$17,862,898</u>	<u>\$ 1,266,916</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2013					
Type	Fair Value	Less than 1	Maturities in Years		
			1-5	6-10	More than 10
Repurchase agreements	\$ 3,451,637	\$ 3,451,637	\$ -	\$ -	\$ -
Certificates of deposit	8,297,895	6,265,000	2,032,895	-	-
Money market treasury funds	31,782	31,782	-	-	-
Government-sponsored enterprises obligations	5,827,114	3,546,677	2,280,437	-	-
	<u>\$17,608,428</u>	<u>\$13,295,096</u>	<u>\$ 4,313,332</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. The repurchase agreements are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2014 and 2013, the University’s investments in government-sponsored enterprises obligations not directly guaranteed by the U.S. government were rated AA+ by Standard & Poor’s and Aaa by Moody’s Investor Service.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the University’s investments in repurchase agreements at June 30, 2014 and 2013, 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.

Concentration of Credit Risk – The University places no limit on the amount that may be invested in any one issuer. At June 30, 2014 and 2013, the University’s investments in government-sponsored enterprises obligations of the follow entities constituted the following percentages of total investments:

	2014	2013
Federal National Mortgage Association (FNMA)	14%	3%
Federal Home Loan Mortgage Corporation (FHLMC)	18%	20%
Federal Home Loan Bank (FHLB)	5%	10%

Summary of Carrying Values

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

	2014	2013
Carrying value		
Deposits	\$ 203,291	\$ 913,456
Investments	19,129,814	17,608,428
	\$ 19,333,105	\$ 18,521,884

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

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

	2014	2013
Cash and cash equivalents	\$ 2,680,516	\$ 4,365,093
Short-term investments	12,628,887	9,209,388
Restricted cash equivalents	28,234	31,783
Restricted investments	2,281,552	2,280,437
Long-term investments	219,000	1,116,000
Short-term endowment investments	447,000	602,288
Long-term endowment investments	1,047,916	916,895
	<u>\$ 19,333,105</u>	<u>\$ 18,521,884</u>

Investment Income

Investment income for the years ended June 30, 2014 and 2013, consisted of:

	2014	2013
Interest and dividend income	\$ 71,799	\$ 104,167
Net realized and unrealized losses on investments	(980)	5,709
	<u>\$ 70,819</u>	<u>\$ 109,876</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 the years ended June 30, 2014 and 2013, \$50,000 and \$0, respectively, was transferred out of the endowment fund to the operating fund.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

Note 4: Capital Assets

Capital assets activity for the years ended June 30, 2014 and 2013, were:

	Beginning Balance	2014			Ending Balance
		Additions	Disposals	Transfers	
Land	\$ 3,230,242	\$ 36,781	\$ -	\$ -	\$ 3,267,023
Land improvements	5,693,024	15,770	-	-	5,708,794
Buildings and improvements	127,685,519	1,335,639	78,274	1,052,570	129,995,454
Infrastructure	4,140,518	-	-	-	4,140,518
Furniture, fixtures and equipment	26,919,574	988,295	377,337	-	27,530,532
Library materials	2,282,327	4,361	-	-	2,286,688
Construction in progress	1,082,085	1,036,762	-	(1,052,570)	1,066,277
	<u>171,033,289</u>	<u>3,417,608</u>	<u>455,611</u>	<u>-</u>	<u>173,995,286</u>
Less accumulated depreciation					
Land improvements	1,910,413	266,784	-	-	2,177,197
Buildings and improvements	56,168,432	3,843,605	23,482	-	59,988,555
Infrastructure	3,088,088	253,126	-	-	3,341,214
Furniture, fixtures and equipment	21,253,484	1,782,003	357,637	-	22,677,850
Library materials	2,244,024	15,499	-	-	2,259,523
	<u>84,664,441</u>	<u>6,161,017</u>	<u>381,119</u>	<u>-</u>	<u>90,444,339</u>
Net capital assets	<u>\$ 86,368,848</u>	<u>\$ (2,743,409)</u>	<u>\$ 74,492</u>	<u>\$ -</u>	<u>\$ 83,550,947</u>

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

	Beginning Balance	2013			Ending Balance
		Additions	Disposals	Transfers	
Land	\$ 3,204,616	\$ 25,626	\$ -	\$ -	\$ 3,230,242
Land improvements	5,668,563	24,461	-	-	5,693,024
Buildings and improvements	123,777,502	2,028,461	-	1,879,556	127,685,519
Infrastructure	4,140,518	-	-	-	4,140,518
Furniture, fixtures and equipment	26,114,548	969,624	231,119	66,521	26,919,574
Library materials	2,276,443	5,884	-	-	2,282,327
Construction in progress	1,949,960	1,078,202	-	(1,946,077)	1,082,085
	<u>167,132,150</u>	<u>4,132,258</u>	<u>231,119</u>	<u>-</u>	<u>171,033,289</u>
Less accumulated depreciation					
Land improvements	1,642,889	267,524	-	-	1,910,413
Buildings and improvements	52,486,329	3,682,103	-	-	56,168,432
Infrastructure	2,834,962	253,126	-	-	3,088,088
Furniture, fixtures and equipment	19,805,800	1,676,022	228,338	-	21,253,484
Library materials	2,224,321	19,703	-	-	2,244,024
	<u>78,994,301</u>	<u>5,898,478</u>	<u>228,338</u>	<u>-</u>	<u>84,664,441</u>
Net capital assets	<u>\$ 88,137,849</u>	<u>\$ (1,766,220)</u>	<u>\$ 2,781</u>	<u>\$ -</u>	<u>\$ 86,368,848</u>

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

Note 5: Noncurrent Liabilities

The following is a summary of noncurrent obligation transactions for the University for the years ended June 30, 2014 and 2013:

	Beginning Balance	2014		Ending Balance	Current Portion
		Additions	Deductions		
Long-term debt					
Revenue bonds payable					
Series 2005	\$ 5,820,000	\$ -	\$ 675,000	\$ 5,145,000	\$ 645,000
Series 2007	19,030,000	-	445,000	18,585,000	460,000
Loan payable - DNR					
Energize MO	1,863,000	-	-	1,863,000	96,231
Reoffering premium	82,558	-	7,174	75,384	-
Total long-term debt	<u>26,795,558</u>	<u>-</u>	<u>1,127,174</u>	<u>25,668,384</u>	<u>1,201,231</u>
Other noncurrent liabilities					
Accrued compensated absences	1,426,177	652,582	726,419	1,352,340	730,264
Deposits held in custody for others	130,863	75,790	95,460	111,193	-
Postemployment benefit obligation	110,995	48,755	62,767	96,983	62,767
Total other noncurrent liabilities	<u>1,668,035</u>	<u>777,127</u>	<u>884,646</u>	<u>1,560,516</u>	<u>793,031</u>
Total noncurrent liabilities	<u>\$28,463,593</u>	<u>\$ 777,127</u>	<u>\$ 2,011,820</u>	<u>\$27,228,900</u>	<u>\$ 1,994,262</u>

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

	2013			Ending Balance	Current Portion
	Beginning Balance	Additions	Deductions		
Restated - (Note 1)					
Long-term debt					
Revenue bonds payable					
Series 2005	\$ 6,445,000	\$ -	\$ 625,000	\$ 5,820,000	\$ 675,000
Series 2007	19,455,000	-	425,000	19,030,000	445,000
Loan Payable - DNR					
Energize MO	1,680,408	182,592	-	1,863,000	96,333
Reoffering premium	89,731	-	7,173	82,558	-
Total long-term debt	<u>27,670,139</u>	<u>182,592</u>	<u>1,057,173</u>	<u>26,795,558</u>	<u>1,216,333</u>
Other noncurrent liabilities					
Accrued compensated absences	1,435,381	737,258	746,462	1,426,177	741,612
Deposits held in custody for others	119,613	60,983	49,733	130,863	-
Postemployment benefit obligation	116,408	58,730	64,143	110,995	64,143
Total other noncurrent liabilities	<u>1,671,402</u>	<u>856,971</u>	<u>860,338</u>	<u>1,668,035</u>	<u>805,755</u>
Total noncurrent liabilities	<u>\$29,341,541</u>	<u>\$ 1,039,563</u>	<u>\$ 1,917,511</u>	<u>\$28,463,593</u>	<u>\$ 2,022,088</u>

Revenue Bonds Payable

On September 29, 2005, the University issued \$9,800,000 of Auxiliary System Refunding Revenue Bonds, Series 2005. The bonds bear interest, payable semiannually, at rates between 3.00% to 4.10%. Principal maturities began June 1, 2007, and continue until 2021. Proceeds from the issuance of these bonds were used to pay the costs of refunding the Auxiliary System Revenue Bonds, Series 2000 and Series 2001, to fund the Debt Service Reserve Fund and to pay certain costs of issuance related to the Series 2005 bond issue. At the option of the University, bonds maturing on or after June 1, 2016, may be called for redemption prior to maturity on or after June 1, 2015, at 100% of principal plus accrued interest to the redemption date.

On July 1, 2007, the University issued \$21,000,000 of Auxiliary System Subordinate Revenue Bonds, Series 2007. These bonds bear interest, payable semiannually, at rates of 4.0% to 5.125% beginning December 1, 2007. Principal maturities began June 1, 2009, and continue until 2037. Proceeds from issuance of the these bonds were used to finance the costs of the acquisition, construction, erection, equipping and furnishing of additions and renovations to the Auxiliary System (including a new 224-

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

room student residence facility and the renovation of two other residence facilities), fund a Debt Service Reserve Fund and to pay the costs of issuing the bonds. At the option of the University, bonds maturing on or after June 1, 2018, may be called for redemption prior to maturity on or after June 1, 2017, at 100% of principal plus accrued interest to the redemption date.

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

The debt service requirements as of June 30, 2014, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2015	\$ 2,233,359	\$ 1,105,000	\$ 1,128,359
2016	2,187,779	1,105,000	1,082,779
2017	2,216,899	1,180,000	1,036,899
2018	2,187,679	1,200,000	987,679
2019	2,237,654	1,300,000	937,654
2020 - 2024	8,812,874	4,930,000	3,882,874
2025 - 2029	6,921,856	4,010,000	2,911,856
2030 - 2034	6,924,656	5,145,000	1,779,656
2035 - 2037	4,146,294	3,755,000	391,294
	<u>\$ 37,869,050</u>	<u>\$ 23,730,000</u>	<u>\$ 14,139,050</u>

Bond Defeasance

In prior years, the University defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. On June 30, 2014 and 2013, \$5,110,000 and \$5,650,000, respectively, of bonds outstanding were considered defeased.

Loan Payable

The University has a loan payable with the Missouri Department of Natural Resources (MDNR), dated June 14, 2012, in the maximum amount of \$1,863,000 which shall include principal and estimated interest costs at an annual interest rate at 2%. The proceeds of the loan shall be used to implement the Energy Conservation Measures as designated by the MDNR and payments begin when the project is deemed completed which shall be no later than 18 months after the execution date of the loan. The loan requires semiannual payments equal to one-half of the annual energy savings until paid in full. At June 30, 2014, the semiannual principal and interest payments are estimated at \$102,560 and scheduled to begin February 2015.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

The debt service requirements of the loan as of June 30, 2014, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2015	\$ 102,560	\$ 96,231	\$ 6,329
2016	205,120	170,633	34,487
2017	205,120	174,064	31,056
2018	205,120	177,562	27,558
2019	205,120	181,131	23,989
2020 - 2024	1,025,600	961,751	63,849
2025	102,560	101,628	932
	<u>\$ 2,051,200</u>	<u>\$ 1,863,000</u>	<u>\$ 188,200</u>

Note 6: Pension Plans

MOSERS

The University contributes to the Missouri State Employees' Retirement System (MOSERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by the state of Missouri. Pension expense is recorded for the amount the University is contractually required to contribute for the year. The plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. State law assigns the authority to establish and amend benefit provisions to the plan's Board of Trustees, which is appointed by the Governor with the approval of the state legislature. The plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained at www.mosers.org.

The authority to establish and amend requirements of members and the University is set forth in state law and is vested in the plan's Board of Trustees. Plan member contributions are not required nor permitted. The University is required to contribute at an actuarially determined rate; the rate was 16.98% and 14.45% of annual covered payroll for 2014 and 2013, respectively. The University's contributions to the plan for the years ended June 30, 2014, 2013 and 2012, were \$2,733,675, \$2,525,728 and \$2,556,408, respectively, which equaled the required contributions for each year. The MOSERS funded status ratio was 72.7% and 73.2% as of June 30, 2013 and 2012, respectively.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

The MOSERS funding policy provides for actuarially determined and Board approved, employer contributions using the entry-age normal cost method, consisting of normal cost and amortization of any unfunded accrued liabilities over an open 30-year period. Actuarially determined rates, expressed as percentages of annual covered payroll, provide for amounts sufficient to fund those benefits designated by state statute to be funded in advance. Any amendments to the plan are established by change in state statute.

CURP

Beginning July 1, 2002, all full-time faculty are enrolled in the College and University Retirement Plan (CURP) if they have not previously been enrolled in MOSERS. CURP is a noncontributory 401(a) defined contribution retirement plan that uses TIAA-CREF as its third-party administrator. CURP provides a retirement program that offers interstate portability, immediate vesting and no minimum service requirement. MOSERS has been given the responsibility by law to implement and oversee the administration of the plan. Contributions made by the University are self-directed by participants into their selected individual accounts. 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 6.38% and 6.80% of annual covered payroll for 2014 and 2013, respectively. The University's contributions to the plan for the years ended June 30, 2014, 2013 and 2012, were \$249,347, \$274,402 and \$275,816, respectively, which equaled the required contributions for each year.

Note 7: Postemployment Health Care Plan

Plan Description

In addition to the pension benefits described in *Note 6*, the University provides health care benefits, through a commercial insurance carrier, to its retirees and their dependents. The Lincoln University Board of Curators, which is appointed by the Governor with the approval of the State Legislature, has the authority to establish and amend benefit provisions of the plan.

The plan is operated as a fully insured arrangement. For retiree plan participants that have obtained professor emeritus status, the University contributes set amounts (annually adjusted for inflation) for health insurance and drug coverage. To be eligible for professor emeritus status an employee must hold professional rank and have served the University for at least 20 years. 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.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

Funding Policy

The contribution requirements of plan members and the University are established and may be amended by the Lincoln University Board of Curators. The required contribution is based on projected pay-as-you-go financing requirements. All participating retirees, except professors who have obtained emeritus status, are required to contribute the entire amount of the monthly premium to the plan. Premiums are determined annually on a pooled basis for the University's healthcare plan. For the years ended June 30, 2014 and 2013, the University contributed \$62,767 and \$64,143, respectively, to the plan for premiums of 24 professor emeritus retirees. The University's contributions represented approximately 74% and 63%, respectively, of total 2014 and 2013 premiums. Plan members receiving benefits contributed \$21,563 and \$37,646, or approximately 26% and 37%, respectively, of total 2014 and 2013 premiums, through their required contribution.

Annual OPEB Cost and Net OPEB Obligation

The University's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the University's net OPEB obligation to the plan:

Annual required contribution	\$	50,701
Interest on net OPEB obligation		3,885
Adjustment to the annual required contribution		(5,831)
Annual OPEB expense		48,755
Employer contributions made		62,767
Decrease in net OPEB obligation		(14,012)
Net OPEB obligation at June 30, 2013		110,995
Net OPEB obligation at June 30, 2014	\$	96,983

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2014 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 58,546	122.9%	\$ 116,408
June 30, 2013	\$ 58,730	109.2%	\$ 110,995
June 30, 2014	\$ 48,755	128.7%	\$ 96,983

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability for benefits	\$	932,499
Actuarial value of assets		-
		-
Total unfunded actuarial accrued liability (UAAL)	\$	932,499
Funded ratio		0.0%
Annual covered payroll	\$	18,802,475
Ratio of unfunded actuarial accrued liability to covered payroll		5.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

The actuarial methods and assumptions utilized in the valuation were as follows:

Actuarial cost method	Projected Unit Credit
UAAL amortization method	Level Dollar Amount
UAAL amortization period, closed/open	30 years, open
Investment return (discount) rate	3.5%
Healthcare cost trend rate	6% decreasing to 5% in 2019

Note 8: 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, 2014 and 2013, 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.

Note 9: 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.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

Note 10: Natural Classifications with Functional Classifications

For the years ended June 30, 2014 and 2013, the following tables represent operating expenses with both natural and functional classifications:

	2014						
	Compensation and Benefits	Contractual Services	Travel	Supplies and Materials	Utilities	Other	Total
Instruction	\$ 10,801,660	\$ 201,399	\$ 112,358	\$ 160,908	\$ 476	\$ 209,608	\$ 11,486,409
Research	3,684,755	946,901	148,544	439,870	197,667	136,930	5,554,667
Community service	5,029,323	660,519	360,365	319,791	95,229	167,060	6,632,287
Academic support	1,922,330	153,305	27,676	70,246	13,858	226,582	2,413,997
Student services	3,428,546	952,554	435,564	228,153	40	388,072	5,432,929
Institutional support	4,650,873	2,718,101	200,975	149,891	88,175	314,368	8,122,383
Operations and maintenance of plant	1,609,131	287,228	18,483	272,736	1,465,935	47,018	3,700,531
Scholarships and fellowships	-	-	-	-	-	-	303,494
Depreciation and amortization	-	-	-	-	-	-	6,194,117
	<u>\$ 31,126,618</u>	<u>\$ 5,920,007</u>	<u>\$ 1,303,965</u>	<u>\$ 1,641,595</u>	<u>\$ 1,861,380</u>	<u>\$ 1,489,638</u>	<u>\$ 49,840,814</u>

	2013						
	Compensation and Benefits	Contractual Services	Travel	Supplies and Materials	Utilities	Other	Total
Instruction	\$ 11,440,576	\$ 263,533	\$ 117,934	\$ 237,083	\$ 815	\$ 251,208	\$ 12,311,149
Research	4,079,368	974,954	232,162	563,678	175,959	160,871	6,186,992
Community service	5,197,529	531,441	407,643	310,825	85,936	222,817	6,756,191
Academic support	2,156,702	64,662	27,697	101,729	6,064	257,339	2,614,193
Student services	3,377,166	830,086	452,298	235,019	230	445,111	5,339,910
Institutional support	4,852,279	2,542,478	211,386	99,839	113,797	308,269	8,128,048
Operations and maintenance of plant	1,749,540	400,545	16,215	324,462	1,282,871	35,310	3,808,943
Scholarships and fellowships	-	-	-	-	-	-	373,136
Depreciation and amortization	-	-	-	-	-	-	5,931,579
	<u>\$ 32,853,160</u>	<u>\$ 5,607,699</u>	<u>\$ 1,465,335</u>	<u>\$ 1,872,635</u>	<u>\$ 1,665,672</u>	<u>\$ 1,680,925</u>	<u>\$ 51,450,141</u>

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

Note 11: Lincoln University Foundation, Inc.

Financial Statements

The financial statements of Lincoln University Foundation, Inc. are presented in accordance with the provisions of the FASB ASC. The FASB ASC requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. The FASB ASC establishes standards for external financial statements of not-for-profit organizations and requires a statement of position, a statement of activities and a statement of cash flows.

Contributions

The Foundation records pledges by donors, including unconditional promises to give, as revenues in the period in which pledges are made, at their estimated net realizable values. Pledges which are conditional promises to give are recognized as revenues at their estimated net realizable value in the period in which the conditions are met. Contributions receivable at June 30, were as follows:

	2014	2013
Contributions due within one year	\$ 52,370	\$ 34,636
Contributions due in one through five years	-	6,900
Total contributions receivable	52,370	41,536
Less discounts to net present value	-	(201)
Less allowance for uncollectible pledges	(12,761)	(17,943)
Net contributions receivable	\$ 39,609	\$ 23,392

A discount rate of 3% was used to estimate the net present value of future cash flows from collection of contributions pledged during the year ended June 30, 2013.

Under FASB ASC, contributions of services should be recognized in the financial statements if the services received create or enhance nonfinancial assets or if the services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Foundation received contributions of employee services from Lincoln University meeting the aforementioned criteria during the years ended June 30, 2014 and 2013, with an estimated value of \$159,075 and \$179,071, respectively.

Contributions are classified into net asset categories based on the existence or absence of donor-imposed restrictions, stipulations on use of a contributed asset that is more specific than broad limits resulting from the Foundation's basic mission and environment in which it operates. Temporary restrictions are donor-imposed stipulations that either expire by passage of time or can be fulfilled and

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

removed by actions of the Foundation pursuant to those stipulations. Permanent restrictions are donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. When a donor, with the Foundation's Board of Directors' approval, wants all or a portion of a prior permanently restricted gift to be released from its permanent restriction, permanently restricted net assets are reclassified to either unrestricted or temporarily restricted net assets, depending on the donor's revised request. Assets without donor-imposed restrictions, including assets designated for specific use by the Foundation's Board of Directors, are included in unrestricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Investments

The Foundation contracts with an investment manager to buy, sell and hold investment securities under the Foundation's investment policy guidelines. The Foundation's main investment strategy has been to maximize the total return to meet general endowment and operating needs.

The aggregate amount of investments summarized by major type at June 30, 2014 and 2013, was as follows:

	2014	
	Cost	Fair Value
Money market funds	\$ 68,824	\$ 68,824
Fixed income securities	1,988,149	2,016,139
Equity securities	<u>4,280,138</u>	<u>5,871,844</u>
Total investments	<u>\$ 6,337,111</u>	<u>\$ 7,956,807</u>
	2013	
	Cost	Fair Value
Money market funds	\$ 35,408	\$ 35,408
Fixed income securities	1,742,501	1,732,286
Equity securities	<u>3,984,473</u>	<u>4,647,302</u>
Total investments	<u>\$ 5,762,382</u>	<u>\$ 6,414,996</u>

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

Investment return consisted of the following for the years ended June 30, 2014 and 2013:

	2014	2013
Dividends and interest	\$ 213,589	\$ 163,364
Realized gains and losses	55,698	20,930
Unrealized gains and losses	892,787	627,113
	<u> </u>	<u> </u>
Total investment return	<u>\$ 1,162,074</u>	<u>\$ 811,407</u>

Restrictions on Net Assets

Temporarily restricted net assets at June 30, 2014 and 2013, are available for the following purposes:

	2014	2013
KJLU radio station	\$ 170,769	\$ 162,267
Lincoln University athletic programs	27,791	38,512
Lincoln University academic departments	51,247	44,878
Other Lincoln University programs	49,572	22,401
Lincoln University capital projects maintenance	16,252	9,259
General assistance for Lincoln University students	7,241	6,120
Loan funds for Lincoln University students	6,476	4,134
Promised to give in future years	-	19,647
General support of Lincoln University	45,595	62,570
Scholarships for Lincoln University students	3,797,280	2,981,903
	<u> </u>	<u> </u>
	<u>\$ 4,172,223</u>	<u>\$ 3,351,691</u>

Permanently restricted net assets consisted of the following at June 30, 2014 and 2013:

	2014	2013
Scholarships for Lincoln University students	\$ 4,172,445	\$ 3,453,820
Loan funds for Lincoln University students	10,000	10,000
	<u> </u>	<u> </u>
	<u>\$ 4,182,445</u>	<u>\$ 3,463,820</u>

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

Endowment Funds

The composition of the Foundation's endowment by net asset classification for the years ended June 30 was as follows:

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 3,380,053	\$ 4,182,445	\$ 7,562,498
	<u>\$ -</u>	<u>\$ 3,380,053</u>	<u>\$ 4,182,445</u>	<u>\$ 7,562,498</u>
	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 2,575,146	\$ 3,463,820	\$ 6,038,966
	<u>\$ -</u>	<u>\$ 2,575,146</u>	<u>\$ 3,463,820</u>	<u>\$ 6,038,966</u>

Fair Value of Financial Instruments

For assets and liabilities required to be reported at fair value, FASB ASC prescribes a framework for measuring fair value and financial statement disclosures about fair value measurements. A fair value hierarchy has been established that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The fair value hierarchy as prescribed by FASB ASC is as follows:

- Level 1** Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.
- Level 2** Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

Level 3 Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity.

The Foundation's assets measured at fair value on a recurring basis as of June 30, 2014 and 2013, aggregated by the level in the fair value hierarchy within which those measurements fall, were as follows:

Description	2014			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 68,824	\$ 68,824	\$ -	\$ -
State and municipal bonds	107,877	-	107,877	-
Fixed income mutual funds	1,908,262	1,908,262	-	-
Equity mutual funds				
Growth funds	1,666,765	1,666,765	-	-
Mid-cap blend funds	196,623	196,623	-	-
Value funds	525,191	525,191	-	-
Index funds	1,315,422	1,315,422	-	-
International funds	1,442,383	1,442,383	-	-
Emerging markets funds	725,460	725,460	-	-
Total equity mutual funds	5,871,844	5,871,844	-	-
Total investments	\$ 7,956,807	\$ 7,848,930	\$ 107,877	\$ -

Description	2013			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 35,408	\$ 35,408	\$ -	\$ -
Certificates of deposit	35,547	-	35,547	-
State and municipal bonds	107,217	-	107,217	-
Fixed income mutual funds	1,589,522	1,589,522	-	-
Equity mutual funds				
Growth funds	1,352,756	1,352,756	-	-
Mid-cap blend funds	157,612	157,612	-	-
Value funds	1,225,679	1,225,679	-	-
Index funds	304,414	304,414	-	-
International funds	1,106,416	1,106,416	-	-
Emerging markets funds	500,425	500,425	-	-
Total equity mutual funds	4,647,302	4,647,302	-	-
Total investments	\$ 6,414,996	\$ 6,272,232	\$ 142,764	\$ -

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2014 and 2013

Note 12: Accounting Pronouncements

The University will implement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015. The statement will require recording of the University's proportional share of the net pension liability of the Missouri State Employees' Retirement System, a cost-sharing, multiple-employer, defined benefit pension plan administered by the state of Missouri, and will expand required disclosures. Management has not yet determined the impact the statement will have on the University's financial statements.

Required Supplementary Information

Lincoln University
A Component Unit of the State of Missouri
Required Supplementary Information
Schedule of Funding Progress for Postemployment Health Care Plan
June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2007	\$ -	\$ 2,711,406	\$ 2,711,406	0%	\$16,177,687	16.8%
7/1/2009	\$ -	\$ 1,064,605	\$ 1,064,605	0%	\$18,048,020	5.9%
7/1/2011	\$ -	\$ 1,026,924	\$ 1,026,924	0%	\$21,298,411	4.8%
7/1/2013	\$ -	\$ 932,499	\$ 932,499	0%	\$18,802,475	5.0%

Supplementary Information

Lincoln University
A Component Unit of the State of Missouri
Auxiliary Activity Fund
Schedules of Revenues and Expenses
Years Ended June 30, 2014 and 2013

	2014					Total
	Residence Halls	Cafeteria	Bookstore	Vending and Other	Student Union	
Revenues						
Residence hall contracts	\$ 2,592,457	\$ -	\$ -	\$ -	\$ -	\$ 2,592,457
Housing system appropriation	719,025	-	-	-	-	719,025
Food service	-	1,692,072	-	-	-	1,692,072
Bookstore	-	-	122,254	-	-	122,254
Other	-	-	-	31,025	-	31,025
Vending	-	-	-	17,553	-	17,553
	<u>3,311,482</u>	<u>1,692,072</u>	<u>122,254</u>	<u>48,578</u>	<u>-</u>	<u>5,174,386</u>
Direct Expenses						
Salaries and wages	365,159	-	-	66,761	55,566	487,486
Fringe benefits	131,310	-	-	22,126	19,147	172,583
Equipment purchases	-	3,450	-	-	-	3,450
Contractual services	75,611	1,161,398	-	1,948	2,623	1,241,580
Travel	2,660	-	-	2,014	-	4,674
Supplies, cost of sales	29,777	1,620	-	2,559	6,207	40,163
Communications	6,917	1,035	(1,318)	1,607	1,870	10,111
Utilities	650,381	-	-	-	-	650,381
Other operating	138,826	1,105	-	1,738	1,076	142,745
	<u>1,400,641</u>	<u>1,168,608</u>	<u>(1,318)</u>	<u>98,753</u>	<u>86,489</u>	<u>2,753,173</u>
Excess (Deficiency) of Revenues Over Direct Expenses	<u>\$ 1,910,841</u>	<u>\$ 523,464</u>	<u>\$ 123,572</u>	<u>\$ (50,175)</u>	<u>\$ (86,489)</u>	<u>2,421,213</u>
Indirect Expenses						
Bad debts						21,794
Audit						12,195
Revenue bond trustee fees						6,307
Custodial services						241,539
						<u>281,835</u>
Excess of Revenues Over Expenses						2,139,378
Mandatory Transfer for Principal and Interest on Indebtedness						(2,279,271)
Transfer In						<u>152,731</u>
Net Increase (Decrease) for the Year						12,838
Net Position, Beginning of Year						<u>3,132,045</u>
Net Position, End of Year						<u>\$ 3,144,883</u>

2013					
Residence Halls	Cafeteria	Bookstore	Vending and Other	Student Union	Total
\$ 2,349,886	\$ -	\$ -	\$ -	\$ -	\$ 2,349,886
752,490	-	-	-	-	752,490
-	1,535,649	-	-	-	1,535,649
-	-	137,127	-	-	137,127
-	-	-	14,521	-	14,521
-	-	-	21,860	-	21,860
<u>3,102,376</u>	<u>1,535,649</u>	<u>137,127</u>	<u>36,381</u>	<u>-</u>	<u>4,811,533</u>
462,831	-	-	88,108	48,434	599,373
170,438	-	-	28,333	19,414	218,185
-	5,886	-	1,213	-	7,099
55,001	1,096,508	-	147	1,549	1,153,205
436	-	-	1,564	-	2,000
5,865	-	-	1,795	12,588	20,248
7,550	188	(881)	1,533	2,162	10,552
596,318	-	-	-	-	596,318
175,543	-	-	1,294	905	177,742
<u>1,473,982</u>	<u>1,102,582</u>	<u>(881)</u>	<u>123,987</u>	<u>85,052</u>	<u>2,784,722</u>
<u>\$ 1,628,394</u>	<u>\$ 433,067</u>	<u>\$ 138,008</u>	<u>\$ (87,606)</u>	<u>\$ (85,052)</u>	<u>2,026,811</u>
					30,192
					14,450
					5,956
					<u>223,006</u>
					<u>273,604</u>
					1,753,207
					(2,145,773)
					<u>565,000</u>
					172,434
					<u>2,959,611</u>
					<u>\$ 3,132,045</u>

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Cluster/Program	Federal Agency/ Pass-Through Entity
Student Financial Assistance Cluster	
Federal Pell Grant Program	U.S. Department of Education
Federal Work-Study Program	U.S. Department of Education
Federal Supplemental Educational Opportunity Grants	U.S. Department of Education
Federal Direct Student Loans	U.S. Department of Education
Research and Development	
Cooperative Research, Education and Extension Service	U.S. Department of Agriculture
Microalgae Based Biofuels and Byproducts	U.S. Department of Agriculture
Evaluate Newly Designed Least Cost Experimental Diets for Bluegill at Commercial Densities	U.S. Department of Agriculture/ Michigan State University
Attracting Minority Students to Environmental Science	U.S. Department of Agriculture
Analysis of the Best Practices in Organic and High Tunnel Vegetable Production	U.S. Department of Agriculture
Gardening as Therapy to Improve Physical and Mental Health	U.S. Department of Agriculture
Tracking Dissolved Organic Nitrogen in Terrestrial Aquatic Systems Using Fluorescence EEM Spectroscopy	U.S. Department of Agriculture
Climate Change, Mitigation and Adaptation in Corn-Based Cropping Systems	U.S. Department of Agriculture/ Iowa State University
Establishing 1890's Land Grant University Water Center	U.S. Department of Agriculture/ Virginia State University
Student Understanding of Price Risk Management through Experiential Learning via Distance Education Delivery	U.S. Department of Agriculture University of Missouri
Developing a Behaviorally-Based, Sustainable Integrated Pest Management Push Pull Strategy for Cucumber Beetles in Missouri	U.S. Department of Agriculture
Hydrologic Processes Controlling Stream Water Quality in a Missouri Claypan Water Shed	U.S. Department of Agriculture
LU Natural Resource Program Development, Recruitment and Retention	U.S. Department of Agriculture
Native Plant Material Program	U.S. Department of Agriculture/ U.S. Forest Service
Expanding Agriculture Production Opportunities and Controlling Invasive Species Utilizing Small Ruminant Grazing Application	U.S. Department of Agriculture
Silver Nanoparticles as Pesticide for Agricultural Applications	U.S. Department of Agriculture
Novel Escherichia Coli Genetic Markers for Water Safety	U.S. Department of Agriculture
Alternative Energy Production and Utilization on Farms: A Workshop	U.S. Department of Agriculture/ University of Minnesota
Enhanced Atrazine Removal from Water by Ordered Mesoporous Carbons	U.S. Department of Agriculture/ Virginia State University
A Practical Approach to Integrating Nanotechnology Education into Agriculture & Environmental Science Curriculum	U.S. Department of Agriculture
Mentoring Students in Natural Resources to Meet the Triple Challenge of Managing Invasive Species and Rare Species in a Changing Climate	U.S. Department of Agriculture
Cover Crop Management for Sweet Corn & Green Bean Production Workshop & Demonstration Project	U.S. Department of Agriculture
Sustainable Market Development & Resource Use for Specialty Crops	U.S. Department of Agriculture

CFDA Number	Grant or Identifying Number	Amount Expended
84.063	P063P101741	\$ 6,560,079
84.033	P033A102336	182,152
84.007	P007A102336	103,353
84.268	P268K111741	15,397,581
		<u>22,243,165</u>
10.205	CREN08911	3,060,096
10.216	2010-38821-21444	152,807
10.200	2008-38500-19157	592
10.216	2010-38821-21443	58,173
10.912, 10.902	NRCS-68-6424-10-121	51,182
10.216	2010-38821-21525	190,457
10.216	2010-38821-21558	194,053
10.310	2011-68002-30190	119,795
10.216	2010-38821-21614	1,223
20.217	2011-38411-60562	16,235
10.216	2010-38821-30867	83,612
10.216	2011-38821-30956	89,690
10.216	2011-38821-30964	41,441
None	11-CS-11090500-021	55
10.912, 10.902	69-6424-11-142	86,980
10.216	2011-38821-31034	128,544
10.216	2011-38821-31033	118,118
10.500	2011-47001-30538	17,406
10.216	2010-38821-2614	12,402
10.216	2012-38820-20039	13,417
10.216	2012-38820-20130	36,381
10.902, 10.912, 10.924	69-6424-12-150	18,745
10.216	2012-38814-20289	83,420

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Cluster/Program	Federal Agency/ Pass-Through Entity
Research and Development (Continued)	
Quantifying the Impact of Soil Health Management Practices on Soil Properties, Nutrient Cycling and Plant Growth	U.S. Department of Agriculture
Small Ruminant Grazing Workshop	U.S. Department of Agriculture
Adding Cover Crops to Corn Stover for Improved Grazing	U.S. Department of Agriculture
Socio-Economic Factor & Adoption of Energy Crops	U.S. Department of Agriculture
Integrated Management of Foliar Diseases of Watermelon in Missouri	U.S. Department of Agriculture
Safeguard Fresh & Fresh-Cut Vegetables in Situ Through Anti-pathogen Endophytic Bacillus Subtilis	U.S. Department of Agriculture
Students Training Students: Educating Tomorrow's Consumers Today	U.S. Department of Agriculture
Modeling Spatial Variations of Stream Water Quality Associated with Land Uses Using GIS for the Missouri River Watershed	U.S. Department of Agriculture/ Virginia State University
High Through-Put NanoSensor for Accurate & Sensitive Detection of E-Coli	U.S. Department of Agriculture
Hydrologic Regime & Nitrogen Cycling: Understanding the Difference Between Claypan and Loess Watersheds in Missouri	U.S. Department of Agriculture
Prediction & Control of the Performance of Anaerobic Digestion of Animal Manure through Metagenomics for Renewable Energy	U.S. Department of Agriculture
ARRA - A Time for Freshman Physics in Missouri	National Science Foundation/ University of Missouri
A Model for Achieving Success in STEM (AMASS)	National Science Foundation
Structure and Kinematics of an Accommodation Zone with the Evolving Afar Triple Junction, Central Afar (Ethiopia and Djibouti)	National Science Foundation
Applying Performance Pyramid to STEM Education	National Science Foundation
Applying Performance Pyramid to STEM Education (Participant Costs)	National Science Foundation
Improving Drinking Water Quality for Small Rural Communities in Missouri	Environmental Protection Agency
Research Assistant for the Missouri Nutrient Reduction Strategy Development Project	Environmental Protection Agency/Missouri Department of Natural Resources
Investigations of the Cumulative Effects of Vibration on Human Health & Performance	U.S. Army Research Lab/ Leonard Wood Institute
Cooperative Extension	
Cooperative Extension Programs	U.S. Department of Agriculture
Satellite & Off-Campus Enhancement & Expansion	U.S. Department of Agriculture
RREA – Renewable Resource Extension Account	U.S. Department of Agriculture
EFNEP – Expanded Food Nutritional Program	U.S. Department of Agriculture
Food & Agricultural Sciences: Preparing Future Graduate Students	U.S. Department of Agriculture/ University of Maryland Eastern Shore
Socially Disadvantaged Farmers and Ranchers	U.S. Department of Agriculture
Promoting USDA Programs & Sustainable Agriculture to Socially Disadvantaged Farmers	U.S. Department of Agriculture
Goat Industry Community of Practice	U.S. Department of Agriculture/ University of Nebraska
NCR - SARE	U.S. Department of Agriculture/ University of Minnesota
McIntire Stennis Cooperative Forestry Act Funds	U.S. Department of Agriculture

CFDA Number	Grant or Identifying Number	Amount Expended
10.912, 10.914, 10.924	69-6424-12-167	\$ 22,762
10.902, 10.912	69-6424-12-151	11,317
10.912, 10.914, 10.924	69-6424-12-166	46,977
10.310	2013-67009-20419	14,689
10.303	2012-51120-20252	5,230
10.310	2013-69003-21293	38,236
10.216	2013-38820-21539	24,124
10.216	MO13-212-14-DK	11,256
10.310	2014-67022-21596	12,668
10.216	2013-38821-21461	4,586
10.216	2013-38821-21382	76,702
47.082	DUE - 0928924	3,570
47.076	HRD-1036091	262,491
47.050	EAR-1220450	12,256
47.076	HRD-1238363	69,842
47.076	HRD-1238363	13,615
66.509	83517301	176,463
66.475	MX-977342-01	23,001
12.431	W911NF-07-2-0062	55,229
		<u>5,459,838</u>
10.500	EF4408911	2,894,080
10.500	2003-45200-01765	617,395
10.500	4600008911	14,984
10.500	4151008911	99,955
10.216	2011-38821-30948	27,585
10.443	2009-39300-20152	34,484
10.443	59-2501-11-016	79,552
10.500	2007-41595-03903	1,432
10.500		15,494
10.202	2010-32100	54,840

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Cluster/Program	Federal Agency/ Pass-Through Entity
Cooperative Extension (Continued)	
Evaluating the Performance and Grazing Behavior of Meat Goats in the Development of a Field Station in Missouri Woodlands	U.S. Department of Agriculture
Enhancing Profitability of Small and Medium Sized Farms through Interactive Decision Making Tools and Modules	U.S. Department of Agriculture/ University of Missouri
AG Discovery Summer Enrichment Program	U.S. Department of Agriculture
Regional Aquaculture Center - North Central Region	U.S. Department of Agriculture/ Michigan State University
Strengthening the Extension IPM Program at Lincoln University Missouri	U.S. Department of Agriculture
Families Integrating Nature, Conservation & Agriculture - The FINCA Model	U.S. Department of Agriculture
Continuing to Promote USDA Outreach Programs & Sustainable Agriculture through the Annual Conference	U.S. Department of Agriculture
Modeling Land Use & Stream Water Quality Using a GIS: A Case Study of Hinkson Creek Watershed	U.S. Department of Agriculture/ Virginia State University
Collaboration with K-12 Institutions & Community Colleges to Enhance Recruitment & Retention in Agriculture & Environmental Sciences	U.S. Department of Agriculture
CES: Capital Improvements	U.S. Department of Agriculture
Missouri IPM Program	U.S. Department of Agriculture/ University of Missouri
Higher Education Institutional Aid	U.S. Department of Education
Higher Education Institutional Aid	U.S. Department of Education
Higher Education Institutional Aid	U.S. Department of Education
TRIO Student Support Services	U.S. Department of Education
State Abstinence Education Primary Prevention Program	U.S. Department of Health and Human Services/Missouri Department of Health and Senior Services
IREX Cultural Exchange Services	U.S. Department of State/ International Research & Exchange
Outsourcing the Academic Phase of Training for the U.S. Army Prime Power School	U.S. Army Corps of Engineers
Missouri Space Grant Consortium	NASA/Missouri University of Science and Technology
Wildlife Initiative Program Center of Excellence in Natural Resource Management	U.S. Department of Agriculture
Missouri Energy Sector Partnership and Training Program	U.S. Department of Labor/Missouri Department of Economic Development/ University of Missouri

CFDA Number	Grant or Identifying Number	Amount Expended
10.216	2011-38821-30958	\$ 53,957
10.310	2012-68006-30180	18,422
10.025	12-1001-0835-CA	23,023
10.200	2010-38500-20929	9,106
10.500	2012-41534-20299	31,330
10.216	2012-38821-20103	23,705
10.443	59-2501-11-016S	188,900
10.216	2010-38821-21614	9,472
10.216	2013-38820-21449	25,968
10.500	2013-45200-21362	15,228
10.500	E00042368-1	21,539
		<u>4,260,451</u>
84.031B	P031B100021	410,257
84.031B	P031B120544	1,612,366
84.031B	PO31B070025	838,554
		<u>2,861,177</u>
84.042A	P042A101390	298,923
93.235	1201MOAEGP	644,856
2.500	S-ECAA-E-08-CA-033 (JY)	<u>1,013</u>
None	W912HQ-11-D-0003	<u>196,467</u>
43.001	NNX10AI92H	<u>6,173</u>
10.028	08-711-0025-CA	<u>8,781</u>
17.275	75-21-18-09	<u>303</u>

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Cluster/Program	Federal Agency/ Pass-Through Entity
CIG Demonstrating & Evaluating Cover Crop Over-Seeding Technology Using High Clearance Sprayers	U.S. Department of Agriculture
Rural Business Enterprise Grants	
Enhancing Marketing Produce Cooperatives for Small Farm Profitability & Job Creation	U.S. Department of Agriculture
Enhancing Marketing Produce Cooperatives for Small Farm Profitability & Job Creation	U.S. Department of Agriculture/ Delta Regional Authority
Cochran Fellowship Program – International Training – Foreign Participant	
How to Educate Farmers About Biotech Crops	U.S. Department of Agriculture
Croatia - Beverage Safety & Production	U.S. Department of Agriculture
ARRA - State Energy Program	U.S. Department of Energy/Missouri Department of Natural Resources
State Fiscal Stabilization Fund	
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services	U.S. Department of Education/ State of Missouri

CFDA Number	Grant or Identifying Number	Amount Expended
10.912	69-6424-13-301	<u>\$ 13,623</u>
10.769	29-072-1089-00	463
10.769	MO-0250	<u>34,699</u>
		<u>35,162</u>
10.962	CO-CR-13-007	26,026
10.962	CO-CR-13-023	<u>27,072</u>
		<u>53,098</u>
81.041	None	<u>1,863,000</u>
84.397	None	<u>39,557</u>
		<u><u>\$ 37,985,587</u></u>

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Notes to Schedule

1. This schedule includes the federal awards activity of Lincoln University and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. Of the federal expenditures presented in this schedule, Lincoln University provided federal awards to subrecipients as follows:

Program	CFDA Number	Subrecipient	Amount Provided
Microalga Based Biofuels and Bioproducts	10.216	Missouri University of Science and Technology	\$ 95,628
Tracking Dissolved Organic Nitrogen in Terrestrial Aquatic Systems Using Fluorescence EEM Spectroscopy	10.216	Old Dominion University	54,096
Tracking Dissolved Organic Nitrogen in Terrestrial Aquatic Systems Using Fluorescence EEM Spectroscopy	10.216	University of Missouri	37,115
Hydrologic Processes Controlling Stream Water Quality in a Missouri Claypan Water Shed	10.216	U.S. Department of Agriculture Research Service	7,114
Silver Nanoparticles as Pesticide for Agriculture Applications	10.216	U.S. Department of Agriculture Research Service	2,558
Silver Nanoparticles as Pesticide for Agriculture Applications	10.216	University of Missouri	23,035
Novel Escherichia Coli Genetic Markers for Water Safety	10.216	University of Missouri	43,622
Alternative Energy Production & Utilization on Farms: A Workshop	10.500	University of Missouri	13,549
Sustainable Market Development & Resource Use for Specialty Crops	10.216	University of Missouri	13,861

Lincoln University
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Program	CFDA Number	Subrecipient	Amount Provided
Socio-Economic Factor & Adoption of Energy Crops	10.310	University of Missouri	\$ 1,739
High Through-Put NanoSensor for Accurate & Sensitive Detection of E-Coli	10.310	University of Missouri	10,943
Prediction & Control of the Performance of Anaerobic Digestion of Animal Manure through Metagenomics for Renewable Energy	10.216	University of Missouri	61,520
A Model for Achieving Success in STEM (AMASS)	47.076	University of Missouri	51,777
Improving Drinking Water Quality for Small Rural Communities in Missouri	66.509	Missouri University of Science and Technology	48,527
Improving Drinking Water Quality for Small Rural Communities in Missouri	66.509	University of Missouri	86,410
Promoting USDA Programs and Sustainable Agriculture to Socially Disadvantaged Farmers	10.443	University of Missouri	12,939
Evaluating the Performance and Grazing Behavior of Meat Goats in the Development of a Field Station in Missouri Woodlands	10.216	Langston University	16,872
Evaluating the Performance and Grazing Behavior of Meat Goats in the Development of a Field Station in Missouri Woodlands	10.216	Crowder College	3,950
Continuing to Promote USDA Outreach Programs & Sustainable Agriculture through the Annual Conference	10.443	University of Missouri	<u>16,374</u>
			<u><u>\$ 601,629</u></u>

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

Board of Curators
Lincoln University
Jefferson City, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component unit of Lincoln University, which comprise the statement of net position as of June 30, 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2014, which contained an "Emphasis of Matter" paragraph regarding a change in accounting principles. Our report includes a reference to other auditors who audited the financial statements of Lincoln University Foundation, Inc., as described in our report on the University's financial statements. The financial statements of Lincoln University Foundation, Inc., a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the University's internal control to determine the 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 University'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Board of Curators
Lincoln University

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of 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 determination of financial statement amounts. 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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Springfield, Missouri
October 22, 2014

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

We have audited the compliance of Lincoln University with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lincoln University's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the University's compliance.

Basis for Qualified Opinion on Student Financial Assistance Cluster

As described in item 2014-001 in the accompanying schedule of findings and questioned costs, Lincoln University did not comply with requirements regarding special tests and provisions for reporting student status changes for its Student Financial Assistance Cluster. Compliance with such requirements is necessary, in our opinion, for Lincoln University to comply with requirements applicable to that program.

Qualified Opinion on Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Lincoln University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Lincoln University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Other Matter

The University's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Lincoln University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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 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.

Board of Curators
Lincoln University

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses and therefore, material weaknesses may exist that were not identified. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

The University's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Springfield, Missouri
October 22, 2014

Lincoln University
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

7. The University's major programs were:

Cluster/Program	CFDA Number
Student Financial Assistance Cluster:	
Federal Pell Grant Program	84.063
Federal Workstudy Program	84.033
Federal Supplemental Educational Opportunity Grants	84.007
Federal Direct Student Loans	84.268
ARRA - State Energy Program	81.041

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$472,273.

9. The University qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

Lincoln University
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
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No matters are reportable.

Lincoln University
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
2014-001	<p style="text-align: center;">Student Financial Assistance Cluster CFDA Number 84.268 Federal Direct Student Loans Federal Pell Grant Program U.S. Department of Education Program Year 2013-2014</p> <p>Criteria or Specific Requirement – Special tests and provisions related to notifying the National Student Loan Data System (NSLDS) of student enrollment status changes on a timely basis.</p> <p>Condition – Five student enrollment status changes were not communicated to NSLDS on a timely basis or were reported incorrectly.</p> <p>Context – Out of a population of 578 student enrollment status changes requiring lender notification, a sample of 40 student status changes was selected for testing.</p> <p>Effect – NSLDS was not notified of student enrollment status changes timely for three students and NSLDS was not notified timely or of the correct status for two students.</p> <p>Cause – The student enrollment status changes that were reported untimely or incorrectly related students withdrawing from eight week courses offered by the University. Status changes that involve eight week courses are not properly captured in the University’s reporting to NSLDS through the National Student Clearinghouse.</p> <p>Recommendation – The University should develop system reports that capture the student enrollment changes occurring when students withdraw from eight week courses. The reporting of withdrawal information for eight week courses should be used to properly update the Roster File submitted to the National Student Clearinghouse, which is reported to NSLDS.</p> <p>Views of Responsible Officials and Planned Corrective Actions – In coordination with the Office of the Registrar, the University will develop a system report that captures the student enrollment changes occurring when students withdraw from eight week courses.</p>	None

Lincoln University
A Component Unit of the State of Missouri
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2014

Reference Number	Summary of Finding	Status
	No matters are reportable.	