

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.**

**FINANCIAL STATEMENTS AND
SINGLE AUDIT COMPLIANCE REPORT**

YEARS ENDED JUNE 30, 2025 AND 2024



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**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Lincoln University of the Commonwealth System of Higher Education, Inc.
Lincoln University, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lincoln University of the Commonwealth System of Higher Education, Inc. (the University), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Board of Trustees
Lincoln University of the Commonwealth System of Higher Education, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2025, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
November 22, 2025

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

	2025	2024
ASSETS		
Cash and Cash Equivalents	\$ 4,952,178	\$ 6,606,025
Due from Foundation	-	27,644
Student Receivables, Net of Allowance of \$14,856,837 and \$14,154,997 for 2025 and 2024, Respectively.	3,031,158	4,191,962
Federal and State Government Receivables	1,116,659	846,046
Other Receivables	550,690	341,738
Pledges Receivable	320,047	430,452
Prepaid Expenses	275,237	508,140
Inventories	133,152	189,562
Loans Receivable, Net of Allowance of \$349,386 for 2025 and \$362,762 for 2024	1,906,665	1,906,663
Investments	64,843,912	48,176,849
Funds Held in Trust	970,065	913,278
Beneficial Interest	5,560,057	12,322,761
Property and Equipment, Net	265,587,069	256,993,673
Total Assets	\$ 349,246,889	\$ 333,454,793
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 3,980,292	\$ 4,084,703
Due To Foundation	91,655	-
Student Deposits	273,027	-
Deferred Revenue	2,778,335	1,536,940
Lease Liability	492,501	17,684
Line of Credit	5,065,980	-
Loans Payable	542,125	886,570
Bonds Payable, Net	29,164,019	27,319,981
Asset Retirement Obligation	671,286	651,734
Government Advances for Student Loans	1,890,749	1,906,663
Total Liabilities	44,949,969	36,404,275
NET ASSETS		
Without Donor Restrictions	41,108,438	44,873,610
With Donor Restrictions	263,188,482	252,176,908
Total Net Assets	304,296,920	297,050,518
Total Liabilities and Net Assets	\$ 349,246,889	\$ 333,454,793

See accompanying Notes to Financial Statements.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)**

	2025			2024 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING REVENUES				
Tuition and Fees	\$ 25,589,870	\$ -	\$ 25,589,870	\$ 27,951,815
Room and Board	17,066,819	-	17,066,819	17,596,509
Less: Student Aid	(16,722,247)	-	(16,722,247)	(16,246,728)
Tuition and Fees, Net	25,934,442	-	25,934,442	29,301,596
Government Appropriations	20,848,000	-	20,848,000	18,401,000
Pell Grant	7,781,080	-	7,781,080	7,110,666
Contracts and Sponsored Activities	7,204,273	-	7,204,273	7,733,659
Private Gifts	11,379,231	763,762	12,142,993	6,109,152
Other Investment Income, Net	120,760	-	120,760	79,926
Other	951,404	-	951,404	1,066,287
Net Assets Released from Restrictions	2,525,077	(2,525,077)	-	-
Total Operating Revenues	<u>76,744,267</u>	<u>(1,761,315)</u>	<u>74,982,952</u>	<u>69,802,286</u>
OPERATING EXPENSES				
Program Services:				
Instruction	19,430,881	-	19,430,881	17,962,194
Research	5,428,951	-	5,428,951	4,946,310
Student Services	10,679,842	-	10,679,842	10,465,454
Auxiliary Enterprises	22,966,332	-	22,966,332	21,879,381
Total Program Expenses	<u>58,506,006</u>	<u>-</u>	<u>58,506,006</u>	<u>55,253,339</u>
Supporting Services:				
Academic Support	3,283,440	-	3,283,440	3,046,334
Administration and Institutional Support	12,340,069	-	12,340,069	13,065,354
Fundraising	1,117,602	-	1,117,602	1,364,248
Total Supporting Expenses	<u>16,741,111</u>	<u>-</u>	<u>16,741,111</u>	<u>17,475,936</u>
Total Operating Expenses	<u>75,247,117</u>	<u>-</u>	<u>75,247,117</u>	<u>72,729,275</u>
CHANGE IN NET ASSETS FROM OPERATIONS	1,497,150	(1,761,315)	(264,165)	(2,926,989)
NONOPERATING ITEMS				
State Contribution for Capital Projects	-	14,279,309	14,279,309	19,814,651
Contributions - Endowment	-	110,877	110,877	1,117,403
Realized and Unrealized Gain on Investments	1,500,382	4,418,363	5,918,745	4,459,713
Beneficial Interest	(6,762,704)	-	(6,762,704)	(1,781,065)
Depreciation of State Contributed Assets	-	(6,035,660)	(6,035,660)	(6,279,732)
Total Nonoperating Items	<u>(5,262,322)</u>	<u>12,772,889</u>	<u>7,510,567</u>	<u>17,330,970</u>
CHANGES IN NET ASSETS	(3,765,172)	11,011,574	7,246,402	14,403,981
Net Assets - Beginning of Year	<u>44,873,610</u>	<u>252,176,908</u>	<u>297,050,518</u>	<u>282,646,537</u>
NET ASSETS - END OF YEAR	<u>\$ 41,108,438</u>	<u>\$ 263,188,482</u>	<u>\$ 304,296,920</u>	<u>\$ 297,050,518</u>

See accompanying Notes to Financial Statements.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Tuition and Fees	\$ 27,951,815	\$ -	\$ 27,951,815
Room and Board	17,596,509	-	17,596,509
Less: Student Aid	<u>(16,246,728)</u>	<u>-</u>	<u>(16,246,728)</u>
Tuition and Fees, Net	29,301,596	-	29,301,596
Government Appropriations	18,401,000	-	18,401,000
Pell Grant	7,110,666	-	7,110,666
Contracts and Sponsored Activities	7,733,659	-	7,733,659
Private Gifts	5,530,126	579,026	6,109,152
Other Investment (Expense) Income, Net	79,926	-	79,926
Other	1,066,287	-	1,066,287
Net Assets Released from Restrictions	<u>3,211,824</u>	<u>(3,211,824)</u>	<u>-</u>
Total Operating Revenues	<u>72,435,084</u>	<u>(2,632,798)</u>	<u>69,802,286</u>
OPERATING EXPENSES			
Program Services:			
Instruction	17,962,194	-	17,962,194
Research	4,946,310	-	4,946,310
Student Services	10,465,454	-	10,465,454
Auxiliary Enterprises	<u>21,879,381</u>	<u>-</u>	<u>21,879,381</u>
Total Program Expenses	55,253,339	-	55,253,339
Supporting Services:			
Academic Support	3,046,334	-	3,046,334
Administration and Institutional Support	13,065,354	-	13,065,354
Fundraising	<u>1,364,248</u>	<u>-</u>	<u>1,364,248</u>
Total Supporting Expenses	<u>17,475,936</u>	<u>-</u>	<u>17,475,936</u>
Total Operating Expenses	<u>72,729,275</u>	<u>-</u>	<u>72,729,275</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(294,191)	(2,632,798)	(2,926,989)
NONOPERATING ITEMS			
State Contribution for Capital Projects	-	19,814,651	19,814,651
Contributions - Endowment	-	1,117,403	1,117,403
Realized and Unrealized Gains on Investments	523,612	3,936,101	4,459,713
Beneficial Interest	(1,781,065)	-	(1,781,065)
Depreciation of State Contributed Assets	<u>-</u>	<u>(6,279,732)</u>	<u>(6,279,732)</u>
Total Nonoperating Items	<u>(1,257,453)</u>	<u>18,588,423</u>	<u>17,330,970</u>
CHANGES IN NET ASSETS	(1,551,644)	15,955,625	14,403,981
Net Assets - Beginning of Year	<u>46,425,254</u>	<u>236,221,283</u>	<u>282,646,537</u>
NET ASSETS - END OF YEAR	<u>\$ 44,873,610</u>	<u>\$ 252,176,908</u>	<u>\$ 297,050,518</u>

See accompanying Notes to Financial Statements.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)**

	Program Services					Supporting Services				Total	2024	
	Instruction	Research	Student Services	Auxiliary Enterprises	Academic Support	Administrative and Institutional Support	Fundraising					
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,640	\$ -	\$ -	\$ 132,640	\$ -	\$ 132,640	\$ 151,380
Advertising and Promotion	9,552	15,080	6,126	163	1,638	730,423	4,333	4,333	767,315	4,333	767,315	1,422,253
Conferences	52,066	243,981	1,040,427	370	31,729	74,105	22,641	22,641	1,465,319	22,641	1,410,245	1,410,245
Contracted Services	2,496,002	1,505,602	615,723	7,564,846	63,590	1,480,018	54,431	54,431	13,780,212	54,431	13,842,944	13,842,944
Depreciation	-	-	-	6,601,736	-	-	-	-	6,601,736	-	6,601,736	6,836,385
Information Technology	165,149	39,689	94,905	10,330	190	14,838	-	-	325,101	-	325,101	385,425
Insurance	-	-	-	-	-	1,370,089	-	-	1,370,089	-	1,370,089	1,323,647
Interest Expense	-	-	-	-	-	2,468,301	-	-	2,468,301	-	2,468,301	2,671,049
Legal	-	-	-	-	-	98,429	-	-	98,429	-	98,429	40,241
Maintenance	1,877	-	-	533,007	-	8,274	-	-	543,158	-	543,158	540,907
Meals	6,757	1,237	3,828	4,859,279	6,000	6,155	2,735	2,735	4,885,991	2,735	4,885,991	4,093,644
Occupancy	-	-	-	2,524,823	-	-	-	-	2,524,823	-	2,524,823	1,917,695
Pension Plan Contributions	1,065,607	78,151	411,102	57,410	231,590	438,673	37,176	37,176	2,319,709	37,176	2,281,755	2,281,755
Professional Development	2,894	32,570	149,732	15,678	25,211	5,265	5,265	5,265	231,350	5,265	235,838	235,838
Program Activities	29,639	207,888	401,773	32,464	28,021	1,003,193	128,898	128,898	1,831,876	128,898	2,376,697	2,376,697
Salaries and Benefits	15,203,565	2,312,213	6,990,992	713,710	2,844,202	4,428,610	839,390	839,390	33,332,682	839,390	30,615,753	30,615,753
Student Salaries	261,691	510,577	478,906	8,965	34,651	3,037	21,241	21,241	1,319,068	21,241	1,178,778	1,178,778
Supplies	133,161	481,944	196,572	59,175	23,799	48,745	1,122	1,122	944,518	1,122	946,830	946,830
Travel and Transportation	2,921	19	289,756	54	2,352	9,328	370	370	304,800	370	304,800	457,809
Total Functional Expenses	\$ 19,430,881	\$ 5,428,951	\$ 10,679,842	\$ 22,966,332	\$ 3,283,440	\$ 12,340,069	\$ 1,117,602	\$ 1,117,602	75,247,117	\$ 1,117,602	75,247,117	72,729,275
Depreciation of State Contributed Assets	-	-	-	6,035,660	-	-	-	-	6,035,660	-	6,035,660	6,279,732
Total											\$ 81,282,777	\$ 79,009,007

See accompanying Notes to Financial Statements.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	Program Services				Supporting Services			Total
	Instruction	Research	Student Services	Auxiliary Enterprises	Academic Support	Administrative and Institutional Support	Fundraising	
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,380	\$ -	\$ 151,380
Advertising and Promotion	11,834	6,337	11,273	424	1,985	1,383,798	6,602	1,422,253
Conferences	112,582	195,487	823,544	124	10,825	210,286	57,397	1,410,245
Contracted Services	2,399,354	1,663,314	918,470	7,406,599	14,453	1,418,015	22,739	13,842,944
Depreciation	-	-	-	6,836,385	-	-	-	6,836,385
Information Technology	245,949	12,773	90,583	10,229	310	25,581	-	385,425
Insurance	-	-	6,887	-	-	1,316,760	-	1,323,647
Interest Expense	-	-	-	-	-	2,671,049	-	2,671,049
Legal	-	-	-	-	-	40,241	-	40,241
Maintenance	2,537	-	13,444	518,327	652	5,947	-	540,907
Meals	7,691	42,674	46,710	3,855,505	6,706	123,969	10,389	4,093,644
Occupancy	-	-	-	1,917,695	-	-	-	1,917,695
Pension Plan Contributions	1,061,044	40,223	396,382	55,615	206,467	468,738	53,286	2,281,755
Professional Development	7,092	17,814	150,455	-	19,001	37,112	4,364	235,838
Program Activities	106,816	202,619	486,957	521,462	25,427	825,479	207,937	2,376,697
Salaries and Benefits	13,700,541	1,815,015	6,465,489	688,394	2,638,159	4,314,481	993,674	30,615,753
Student Salaries	164,062	583,020	357,816	8,402	60,681	642	4,155	1,178,778
Supplies	138,347	367,034	259,617	58,227	58,381	61,794	3,430	946,830
Travel and Transportation	4,345	-	437,827	1,993	3,287	10,082	275	457,809
Total Functional Expenses	\$ 17,962,194	\$ 4,946,310	\$ 10,465,454	\$ 21,879,381	\$ 3,046,334	\$ 13,065,354	\$ 1,364,248	\$ 72,729,275
Depreciation of State Contributed Assets	-	-	-	6,279,732	-	-	-	6,279,732
Total								\$ 79,009,007

See accompanying Notes to Financial Statements.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 7,246,402	\$ 14,403,981
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Amortization	(627,212)	(535,843)
Depreciation	12,637,396	13,116,117
Accretion	19,552	18,983
Net Realized and Unrealized Loss (Gain) on Investments	(5,918,745)	(4,459,713)
Net Loss on Funds Held in Trust by Others	(56,787)	(59,574)
Contributions Restricted for Endowment	(341,529)	(102,570)
Contributions Restricted for Capital Projects	(14,279,309)	(19,814,651)
Effects of Changes in Noncash Operating Assets and Liabilities:		
Due from Foundation	27,644	2,080,569
Student Receivables, Net	1,160,804	578,809
Federal and State Government Receivables	(270,613)	1,039,131
Other Receivables	(208,952)	(173,460)
Pledges Receivables	110,405	233,070
Prepaid Expenses	232,903	304,367
Inventories	56,410	11,827
Beneficial Interest	6,762,704	1,781,065
Accounts Payable and Accrued Expenses	(104,411)	(1,842,184)
Due to Foundation	91,655	-
Student Deposits	273,027	(837,480)
Deferred Revenue	1,241,395	(447,583)
Government Advances for Student Loans	(15,914)	186,242
Net Cash Provided by Operating Activities	<u>8,036,825</u>	<u>5,481,103</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(20,992,994)	(24,847,101)
Proceeds from Sale of Investments	13,361,227	56,939,570
Purchase of Investments	(24,405,209)	(53,147,457)
Repayments of Loans from Students	(2)	(186,240)
Net Cash Used by Investing Activities	<u>(32,036,978)</u>	<u>(21,241,228)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Endowment	341,529	102,570
Proceeds from Contributions Restricted for Capital Projects	14,279,309	19,814,651
Principal Payments on Lease Liability	474,817	(256,312)
Principal Payments on Bonds Payable	2,529,116	4,165,402
Payments on Loans Payable	(344,445)	(331,465)
Proceeds from Line of Credit, Net	5,065,980	(2,000,000)
Net Cash Provided by Financing Activities	<u>22,346,306</u>	<u>21,494,846</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,653,847)	5,734,721
Cash and Cash Equivalents - Beginning of Year	<u>6,606,025</u>	<u>871,304</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,952,178</u>	<u>\$ 6,606,025</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid	<u>\$ 1,664,359</u>	<u>\$ 1,055,626</u>

See accompanying Notes to Financial Statements.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 BACKGROUND

Nature of Operations

Lincoln University of the Commonwealth System of Higher Education, Inc. (the University) is a state-related, nonsectarian, coeducational, four-year institution of higher education with an undergraduate campus located in southern Chester County, Pennsylvania and a School of Adult Continuing Education (SACE) located in Philadelphia, Pennsylvania. Under the Lincoln University Act of the General Assembly of the Commonwealth of Pennsylvania, 12 of the University's 39 board members are appointed by elected officials of the Commonwealth of Pennsylvania.

Enrollment

Total undergraduate and graduate student billing equivalents (BE's) decreased from 1,764 in fiscal year 2024 to 1,670 in fiscal year 2025. Starting with the 2014/2015 school year, Lincoln introduced a fixed tuition policy. Incoming freshman are guaranteed no increases in tuition for four years from their start date. After four years, any remaining semesters are charged at the current rate. There was a 5.0% increase in undergraduate tuition for fiscal year 2025. Tuition for the sophomore class is fixed at the 2023/2024 tuition rate. Tuition for the junior class is fixed at the 2022/2023 rate. Tuition for the senior class is fixed at the 2021/2022 rate. Graduate tuition was increased by 5.0% for fiscal year 2025. Student tuition, and room and board revenue before student aid in fiscal year 2025 decreased by \$2,891,635 compared to fiscal year 2024.

Accreditation

Since 1922, the University has been a member of, and is accredited by, the Middle States Commission on Higher Education (MSCHE). Lincoln University was last reaffirmed on June 27, 2019.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the University have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred, without regard to the date of receipt or payment of cash.

Title IV Requirements

The University participates in Government Student Financial Assistance Programs (Title IV) administered by the U.S. Department of Education (ED) for the payment of student tuitions. Substantial portions of the revenue and collection of accounts receivable are dependent upon the University's continued participation in the Title IV programs.

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments with an original maturity of three months or less.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Credit Losses

The University records an allowance for doubtful accounts (credit losses) for long term receivables including Perkins loans and other student loans. Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio, including differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment, the level of delinquent loans, review of the default rate by category in comparison to prior years, the value of any collateral and, where, applicable, the existence of any guarantees or indemnifications. The level of the allowance is adjusted based on actual results. The University's Perkins loans receivable represents the amounts due from current and former students under the Federal Perkins Loan Program. Loans disbursed under the Federal Perkins Loan Program are able to be assigned to the Federal Government in certain nonrepayment situations. In these situations, the Federal portion of the loan balance is guaranteed. Management believes that the allowance for credit losses at June 30, 2025 and 2024 is adequate to absorb credit losses inherent in the portfolio as of that date.

Student Receivables

Student receivables are recorded net of an allowance for doubtful accounts. The allowance for doubtful accounts is projected based on the University's historical experience and periodic review of individual accounts. Student receivables are written off when they are determined to be uncollectible based on management's assessment of individual accounts.

Perkins Loans

Perkins Loans to students funded by advances to the University by the federal government under the Federal Perkins Loan Program ended on September 30, 2017 with final disbursements permitted through June 30, 2018. The outstanding loans are assignable to the federal government and during the current fiscal year a balance of \$1,890,749 was accepted. The federal government's assignable balance of Perkins Loans as of June 30, 2025, and 2024, was \$380,275 and \$382,306, respectively.

The prescribed practices for the Program do not provide for accrual of interest on student loans receivable or for a provision of allowance for doubtful loans. Accordingly, interest on loans is recorded as received and is reinvested to support additional loans. The impact of recording interest income on a cash basis is not considered significant. In addition, the credit quality of the student is not evaluated after the initial approval and calculation of the loans. Delinquent loans and the allowance for losses on loans receivable are reviewed by management.

Inventories

Inventories consist of supplies and are stated at the lower of cost or net realizable value. Additionally, the Campus Store inventories are for resale purposes and are valued at a First-In, First-Out (FIFO) basis.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Held in Trust

Fair value of the funds held in trust is based on the University's interest in the fair value of the underlying assets, which approximate the present value of estimated future cash flows to be received from the trusts.

Property and Equipment

Land, buildings, and equipment are stated at cost or, if donated, at fair market value at the date of gift less accumulated depreciation. Depreciation of buildings and equipment is computed over the estimated economic lives of the assets using the straight-line method and recorded as an operating expense. Depreciation for donated capital assets is recorded as a nonoperating expense since the related revenue is recorded as nonoperating revenue.

The estimated useful lives of depreciable assets are:

Building and Improvements	5 to 50 Years
Furniture, Fixtures, and Equipment	3 to 5 Years

Repairs and maintenance are expensed as incurred. Management's policy is to capitalize property and equipment acquisitions having a cost exceeding \$2,500.

Property and Equipment

The General State Authority of the Commonwealth of Pennsylvania (the Authority) has made available to the University, with nominal cost, certain buildings and other improvements that it has constructed on campus. In connection with such construction, the University has deeded to the Authority tracts of land as sites for certain projects. The projects have been financed by the Authority. The buildings and improvements have been recorded in the financial statements at the construction cost incurred per the Authority. The land is then returned to the University.

Collections and Works of Art

The University maintains collections of art and literature. The collections, which were acquired through purchases and contributions since the University's inception, are not recognized as assets in the statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or as net assets with donor restrictions, if the assets used to purchase the items are restricted by donors. Contributed items are not reflected in the accompanying financial statements. Proceeds from the deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Collections and Works of Art (Continued)

The University's collections are made up of artifacts of historical significance, scientific specimens and art objects that are held for educational, research, scientific and curatorial purposes. Each of the items is catalogued, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from their sales to be used to acquire other items for collections or the direct care of the existing collection. The University defines the direct care as activities to enhance the life, usefulness, and or quality of the collection, thereby ensuring that it will continue to benefit the public for years to come.

Asset Retirement Obligations

Asset Retirement Obligations (ARO) are initially recorded at fair value and the related asset retirement costs are capitalized. Uncertainty about the timing of an obligation's settlement is factored into the measurement of the liability.

Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the University records period-to-period changes in the ARO's liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The University reduces ARO liabilities when the related obligations are settled.

Bond Issuance Costs and Discounts

Costs related to the issuance of bonds and the bond discounts are amortized over the life of the related debt on a straight-line basis, which approximates the effective yield method. As of June 30, 2025 and 2024, accumulated amortization of bond issuance costs was \$49,300 and \$16,433, respectively, and are reported net of the bonds payable.

Revenue Recognition

The University revenues primarily consist of student tuition and fees, room and board charges, government appropriations, grants, sponsored activities and contributions, and other.

Tuition and Fees Revenue

Tuition and fees are recognized ratably on a straight-line basis over the academic period as the University satisfies its performance obligation (an instruction is provided to students). The University's transaction price is determined based on established fixed tuition rates for the category of student (in-state vs. out-of-state) and the academic program in which they enroll, net of financial assistance provided directly by the University. Such financial assistance is recorded as a student aid and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payment on behalf of the student.

Payment of tuition and fees for summer terms are recognized as performance obligations are met. A portion of the revenue may be included in deferred revenue.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Room and Board Revenue

The University provides dining facilities and housing services to students. The University's transaction price for housing and meal plans is determined based on established fixed rates based on the dorms students chose to live in (residence halls and room types) and the meal plan type they elect. Performance obligations for housing and dining services are satisfied over the course of an academic term. Consequently, room and board revenue is recognized ratably as the services are rendered.

Payment of housing fees for summer terms are recognized as performance obligations are met. A portion of the revenue may be included in deferred revenue.

Government Appropriations Revenue

The University receives annual operating and capital appropriations from the Commonwealth of Pennsylvania. Operating appropriations are provided to support the general operations of the University. Funds are required to be spent in accordance with applicable laws and revenue is recognized ratably over the fiscal year as the funds are expended. Capital appropriations (donated assets) are provided to fund certain approved capital projects in support of the University's mission. Revenue from Commonwealth capital funding is recognized upon receipt of the capital spend detail and is classified as "with donor restrictions" until the capital project is completed and placed in service, at such time, the net assets are released from restriction.

Grants, Sponsored Activities, and Contributions

The University receives sponsored program funding, grants, and contracts from federal, state, and private agencies for various purposes. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return, or it may be a nonreciprocal transaction in which the resourced provided are for the benefit of the University, the funding organization's mission, or the public at large. Grant receipts not yet received are accrued to the extent that unreimbursed expenses have been incurred for the purposes specified by an approved grant.

Revenues from reciprocal transactions are recognized as performance obligations are satisfied. Revenues from nonreciprocal transactions (contributions) are subject to contribution model of accounting.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Grants, Sponsored Activities, and Contributions (Continued)

Contributions, including unconditional promises to give (contributions receivable), are recognized as revenues in the period received. Contributions received for capital projects or perpetual endowment funds are reported as nonoperating revenue. All other contributions are reported as operating revenue. Contributions and other revenue with donor-imposed restrictions that are met in the same period are reported as revenue without donor restrictions. If restrictions are not met in the same period, then such revenue are reported as revenue with donor restrictions. Conditional promises to give are not recognized until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift, except that contributions of works of art, historical treasures and similar assets held as part of collections are not recognized or capitalized. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue. An allowance is made for estimated uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Expenses are reported as decreases in net assets without donor restrictions. Expiration of restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. Restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service.

Revenue from sources other than contributions and related endowment income are reported as increases in net assets without donor restrictions in the period earned. Revenue under grants, contracts and similar agreements with sponsoring organizations are recognized as allowable expenditures are incurred.

Nonoperating revenues include contributions of assets to be held in perpetuity, realized and unrealized returns on investments, and state contributions for capital assets and the corresponding depreciation.

Grants, Sponsored Activities, and Contributions (Continued)

Certain accumulated realized and unrealized gains on endowments are considered restricted based on a Pennsylvania law that limits the use of accumulated gains on endowment assets. The law permits a nonprofit organization to spend a portion of such gains on endowment under a spending formula (see Note 9).

Other Revenue

Other revenue includes various auxiliary sources of revenue for which revenue is recognized based on their classification of being a reciprocal or nonreciprocal transaction.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classifications

The University is subject to the bylaws of Lincoln University of the Commonwealth System of Higher Education adopted on November 20, 1999. Under the bylaws, the board of trustees is charged with the stewardship of all University contributions. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the University under the terms of the bylaws. The board of trustees has the ability to distribute so much of the earnings on the corpus of any trust or separate gift, devise, bequest, or fund, in its sole discretion. All contributions not classified with donor restrictions are classified as net assets without donor restrictions for financial statement purposes.

Net assets and revenue, expenses, gains and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets of the University are classified and reported as follows:

Net Assets With Donor Restrictions – Net assets with donor restrictions are those whose use by the University have been restricted by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Net assets with donor restrictions also consist of funds that are restricted by donors to be maintained by the University in perpetuity. Those assets represent endowment and scholarship funds, the principal portion of which is not available for use by the University.

Net Assets Without Donor Restrictions – Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired. Net assets without donor restrictions may be designated for specific purposes by action of the board of trustees.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or support functions of the University. The costs of providing the various programs or activities are summarized on a functional basis in the statements of functional expenses.

Functional Allocation of Expenses (Continued)

Accordingly, certain costs have been allocated among the programs and supporting services that benefit from those costs. Administrative and institutional support expenses include those expenses that are not directly identified with any other specific function, but which provide for the overall support and direction of the University. Salaries and related expenses are allocated to their corresponding departmental functions. Equipment costs, depreciation and insurance related expenses are also allocated by departmental function.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The University is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Income, which unrelated to exempt purposes, less applicable deductions, may be subject to federal and state corporate income taxes as unrelated business income

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a more likely than not recognition threshold of tax positions taken or expected to be taken in a tax return. The University performed an evaluation of uncertain tax positions for the year ended June 30, 2025, and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status.

The University's policy is to recognize interest related to unrecognized tax benefits in interest income and penalties in operating expenses.

Use of Estimates

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

Reclassifications

Certain amounts in the financial statements have been reclassified to conform with the current year presentation.

Risks and Uncertainties

Investment securities are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the value of investments in the near term would materially affect the amounts reported in the accompanying statements of financial position and the statements of activities and changes in net assets.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity and Availability of Resources

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The University has various sources of liquidity at its disposal, including cash and cash equivalents and a line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing activities of instruction as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the University operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Refer to the statements of cash flows which identifies the sources and uses of the University's cash and shows cash generated by operations for fiscal years 2025 and 2024.

As of June 30, 2025 and 2024, the following table shows the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2025</u>	<u>2024</u>
Financial Assets to Meet General Expenditures over the Next 12 Months:		
Cash and Cash Equivalents	\$ 4,952,178	\$ 6,606,025
Accounts Receivable:		
Due from Lincoln University Foundation	-	27,644
Students, Net of Allowance of \$14,154,997	3,031,158	4,191,962
Federal and State Government Receivables	1,116,659	846,046
Other	550,690	341,738
Total Financial Assets to Meet General Expenditures over the Next 12 Months	<u>\$ 9,650,685</u>	<u>\$ 12,013,415</u>

Subsequent Events

The University evaluated subsequent events through November 22, 2025, which is the date these financial statements were available for issuance.

The Commonwealth of Pennsylvania has not yet finalized appropriations for higher education for FY 2025-2026 and funding has not been remitted to the University. The delay directly impacts operations as approximately 26% of the budget is dependent on state appropriations, in addition to financial assistance to students in the form of various grants. While the budget impasse presents challenges, the university deployed austere spending measures and remains committed to serving students and the university community.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events (Continued)

Project Loan-New Residence Hall

The University has a capital project loan agreement with RICE Capital Access Program, LLC (*HBCU Program*) approved on March 6, 2025 for an amount not to exceed \$56,000,000. The proceeds of the Series A 2025-1 Bond will finance the cost of new construction of a 4-story student housing facility containing approximately 320 beds. The building is projected for completion during Fall 2026. The fixed rate financing has capitalized interest costs through April 2027 with maturity date of April 1, 2055. The university received advance requests totaling \$3,528,892.43 on November 12, 2025 for payment towards construction activities. Interest rates for the amounts range between 4.178% to 4.499% and maturity between October 1, 2036 and October 1, 2040.

No other subsequent events requiring disclosure were identified.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash equivalents are investments with an original maturity of three months or less. Short-term investments are stated at fair value, which approximates cost. Cash and cash equivalents consists of \$4,952,178 and \$6,606,025, as of June 30, 2025 and 2024, respectively.

NOTE 4 INVESTMENTS

Accounting standards for fair value measurements and disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Quoted prices in markets that are not active, quoted prices for similar securities, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported with little or no market activity).

A financial asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

During the first quarter of fiscal year 2024, the assets were held by Common Fund. Assets were transferred to the custody of Bank of America on October 1, 2024. Bank of America's portfolio is set up to mirror the setup of the portfolio of Common Fund.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 INVESTMENTS (CONTINUED)

The following is a description of the valuation methodology used for investments measured at fair value.

Bank of America equity fund, Bank of America bond fund, funds held in trust and money market fund: Valued based on underlying assets of the fund or the market of similar assets.

There have been no changes in the methodology used as of June 30, 2025. The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, while the University believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following schedule summarizes the returns on these investments:

	2025	2024
Realized and Unrealized Gain/(Loss)	\$ 5,918,745	\$ 4,459,713
Income	-	1,038,586
Purchases	24,405,209	53,147,457
Sales	(13,250,072)	(56,939,570)
Investment Fees	(111,154)	(95,110)
Total Investment Return, Net	<u>\$ 16,962,728</u>	<u>\$ 1,611,076</u>

Investment fees were \$111,115 and \$95,110 for the years ended June 30, 2025 and 2024, respectively.

For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used were as follows as of June 30:

	2025			
	Level 1	Level 2	Level 3	Total
Bank of America Equities	\$ 32,596,957	\$ -	\$ -	\$ 32,596,957
Bank of America Cash/Currency	3,966,184	-	1,110	3,967,294
Bank of America Bonds	7,807,395	5,509,953	-	13,317,348
Bank of America Real Estate / Tangible Asset	881,283	-	2,569,256	3,450,539
Goldman Sachs Investment	11,511,774	-	-	11,511,774
Funds Held in Trust	-	-	970,065	970,065
Total	<u>\$ 56,763,593</u>	<u>\$ 5,509,953</u>	<u>\$ 3,540,431</u>	<u>\$ 65,813,977</u>

	2024			
	Level 1	Level 2	Level 3	Total
Bank of America Equities	\$ 31,259,801	\$ -	\$ -	\$ 31,259,801
Bank of America Cash/Currency	517,709	-	370	518,079
Bank of America Bonds	11,206,748	4,095,400	1,096,821	16,398,969
Funds Held in Trust	-	-	913,278	913,278
Total	<u>\$ 42,984,258</u>	<u>\$ 4,095,400</u>	<u>\$ 2,010,469</u>	<u>\$ 49,090,127</u>

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 INVESTMENTS (CONTINUED)

The investment category represents the following:

The Bank of America Equity Fund is a multi-strategy program which allocates assets across a broad spectrum of public equity strategies. The majority of the program's assets generally are directly or indirectly invested in a portfolio of common stock, and securities convertible into common stock, of U.S. companies. As of June 30, 2025 and 2024, the fair value of the University's investment was \$32,572,006 and \$31,259,801, respectively. The fund has a redemption period requiring five business days prior to the end of the month, monthly redemption frequency and no unfunded commitments.

The Bank of America Bond Fund is a multi-strategy program which allocates assets across a broad spectrum of fixed income sectors. The majority of the program's assets generally are directly or indirectly invested in dollar-denominated investment grade bonds and other fixed income securities in an attempt to outperform the broad U.S. bond market. Under normal circumstances, at least 60% of the net assets of the program are invested directly or indirectly in equities. As of June 30, 2025 and 2024, the fair value of the University's investment was \$10,786,434 and \$16,398,969, respectively. The fund has a redemption period requiring five business days prior to the end of the month, monthly redemption frequency and no unfunded commitments.

Bank of America Private Bank online is an electronic cash investment platform designed to help nonprofit institutional investors manage operating reserves and working capital balances. It is a Web-based platform that enables the investor to distribute liquidity among multiple providers and to select from a menu of investment options. Options range from treasury-only funds to more diversified money funds to prime money market funds. As of June 30, 2025 and 2024, the fair value of the University's investment was \$3,967,294 and \$518,079, respectively. The fund has a redemption period requiring five business days prior to the end of the month, monthly redemption frequency and no unfunded commitments.

For assets measured on a recurring basis falling within the Level 3 in the fair value hierarchy, the activity recognized during the years ended June 30, was as follows:

	Funds Held in Trust	
	2025	2024
Balance - Beginning of Year	\$ 913,278	\$ 853,704
Unrealized (Loss) Gain	56,787	59,574
Balance - End of Year	<u>\$ 970,065</u>	<u>\$ 913,278</u>

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 INVESTMENTS (CONTINUED)

A summary of investments at cost and fair value is as follows as of June 30:

	2025	
	Cost	Fair Value
Pooled Investments	\$ 18,585,823	\$ 64,843,912
Funds Held in Trust	866,915	970,065
Total	\$ 19,452,738	\$ 65,813,977
	2024	
	Cost	Fair Value
Pooled Investments	\$ 15,513,613	\$ 48,176,849
Funds Held in Trust	866,915	913,278
Total	\$ 16,380,528	\$ 49,090,127

NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30:

	2025	2024
Land and Improvements	\$ 1,753,058	\$ 1,753,058
Building and Improvements	371,836,183	369,817,026
Furniture, Fixtures, and Equipment	25,139,681	23,791,079
Right-of-Use Assets	515,858.00	48,745
Construction in Progress	63,595,852	46,199,932
Total Property and Equipment	462,840,632	441,609,840
Less: Accumulated Depreciation	197,253,563	184,616,167
Property and Equipment Net	\$ 265,587,069	\$ 256,993,673

Depreciation expense was \$12,637,396 and \$13,116,117 for the years ended June 30, 2025 and 2024, respectively.

Main Campus Revitalization Project

The Commonwealth of Pennsylvania (the Commonwealth) has begun several projects totaling over \$34,000,000 to revitalize the Main Campus of Lincoln University over fiscal years 2025 and 2024.

Each project is considered a temporarily restricted contribution due to the restriction placed upon the asset by the Commonwealth and contributions for capital projects are recorded as non-operating revenue as appropriated. As assets are placed in service depreciation expense is recorded until the assets are fully depreciated over their useful lives. Depreciation for Commonwealth contributed capital assets is recorded as a nonoperating expense.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 5 PROPERTY AND EQUIPMENT (CONTINUED)

Main Campus Revitalization Project (Continued)

Capital project contributions appropriated during fiscal years 2025 and 2024 were as follows:

	Funded Amount	
	2025	2024
Amos Hall	\$ 360,162	\$ 1,281,710
Azikiwe-Nkrumah Hall	-	14,265
Capital Planning	241,654	589,551
Cresson Hall	6,072,848	6,970,770
Dickey Hall	66,863	141,485
Track and Basketball Courts	56,896	15,033
Tennis Courts, Soccer Field, and Bleachers	-	461,569
Manuel Rivero Hall	4,912,400	-
Vail Hall	2,568,486	10,340,268
Total	<u>\$ 14,279,309</u>	<u>\$ 19,814,651</u>

NOTE 6 LONG-TERM DEBT AND LINE OF CREDIT

A summary of the University's long-term debt and line of credit as of June 30, 2025 was as follows:

Bonds Payable

On December 21, 2023, the University issued \$25,785,000 aggregate principal amount of its Revenue Refunding Notes, Series 2023A (the 2023A Bonds) and \$3,480,000 aggregate principal amount of its Federally Taxable Revenue Refunding Notes, Series 2023B (the 2023B Bonds), together the Series 2023 Bonds. The Series 2023 Bonds were issued pursuant to a Bond Purchase and Loan Agreement by and between the University and Wilmington Trust, National Association.

The proceeds of the Series 2023 Bonds are to be used for the purpose of: (a) refunding the Term Loan, which refunded the Series 2013 Notes; (b) funding a deposit to the Debt Service Reserve Fund for the Series 2023 Bonds; and (c) paying all or a portion of the costs of issuance of the Series 2023 Bonds.

The Series 2023 Bonds are limited obligations of the University payable only out of the Gross Revenues of the University. As additional security for the Series 2023 Bonds, a Debt Service Reserve Fund was established to pay principal and interest due to the extent that monies held by Wilmington Trust are insufficient for such purpose. If the Debt Service Reserve fund falls below the Reserve Requirement, the University is required to replenish.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 6 LONG-TERM DEBT AND LINE OF CREDIT (CONTINUED)

Bonds Payable (Continued)

Future principal payments as of June 30, 2025, were as follows:

<u>Year Ending June 30,</u>	Series 2023 A Bonds	Series 2023 B Bonds	New Residence Hall	<u>Total</u>
2026	\$ -	\$ 795,000	\$ -	\$ 795,000
2027	-	850,000	-	850,000
2028	740,000	910,000	383,000	2,033,000
2029	1,025,000	230,000	436,000	1,691,000
2030	1,080,000	-	460,000	1,540,000
2031-2036	6,345,000	-	1,899,196	8,244,196
2036-2041	8,245,000	-	-	8,245,000
2041-2046	8,350,000	-	-	8,350,000
Total	<u>\$ 25,785,000</u>	<u>\$ 2,785,000</u>	<u>\$ 3,178,196</u>	31,748,196
Less: Bond Issuance Cost				(627,212)
Less: Bond Discount				(1,956,965)
Bond Interest Payable				717,945
Total				<u>\$ 29,881,964</u>

Debt Service Reserve Balances as of June 30, 2025, were as follows:

<u>Debt Service Reserve</u>	<u>Amount</u>
2023A	\$ 2,372,028
2023B	356,564
Total	<u>\$ 2,728,592</u>

Loan Payable- Energy Conservation Project (the Project)

In November 2016, the University entered into an agreement with Aramark and PNC Bank to upgrade University facilities via a performance bond. The proceeds of the performance bond were deposited into an escrow account with US Bank and remitted based upon project percentage of completion. The original loan agreement with PNC Equipment Lease was in the amount of \$3,601,959, maturing in November 2026. The loan agreement was amended in February 2019 with a new balance of \$2,524,675 and later sold to The Huntington National Bank in November 2020.

Future principal payments as of June 30, 2025, were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 357,446
2027	184,679
2028	-
Total	<u>\$ 542,125</u>

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 7 ASSET RETIREMENT OBLIGATION

The asset retirement obligation estimated by the University is based upon asbestos abatement costs of University buildings, as determined by a study completed during fiscal year 2019. The University estimated its total undiscounted asset retirement obligation to be \$671,286. Settlement of the obligations will be funded from general funds at the time of retirement or removal.

The following table provides a reconciliation of the University's total asset retirement obligation as of June 30:

	2025	2024
Balance - Beginning of Year	\$ 651,734	\$ 632,751
Accretion	19,552	18,983
Balance - End of Year	\$ 671,286	\$ 651,734

NOTE 8 NET ASSETS

Net assets with donor restrictions were available for the following purposes as of June 30:

	2025	2024
Invested in State Contributed Capital	\$ 211,173,034	\$ 202,929,386
Endowment Corpus	15,611,537	15,500,661
Endowment Earnings	31,473,033	28,317,020
Temporarily Restricted	3,923,479	4,479,230
Funds Held in Trust	1,007,399	950,611
Total With Donor Restrictions Net Assets	\$ 263,188,482	\$ 252,176,908

NOTE 9 ENDOWMENTS

The University's endowments consist of various individual funds established for a variety of purposes. Its endowments include both a donor-restricted endowment fund and a fund designated by the board of trustees to function as an endowment. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 9 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The University's policy is to require the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The University classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions available for appropriation until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by the relevant state law.

Unless specifically defined, a donor-restricted endowment fund that is required by donor stipulation to accumulate or appropriate endowment funds, the University considers the following factors:

- 1) the duration and preservation of the fund,
- 2) the purposes of the University and the donor-restricted endowment fund,
- 3) general economic conditions,
- 4) the possible effect of inflation and deflation,
- 5) the expected total return from income and appreciation of investments,
- 6) other resources of the University, and
- 7) the investment policies of the University.

Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the University to retain as a fund of perpetual duration. There were no such deficiencies reported as of June 30, 2025 and 2024.

Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Commonwealth of Pennsylvania law (Investment in Trust Funds – 15 Pa. Cons. Stat 5548) permits the University to allocate to income each year, a portion of endowment net realized gains under an endowment spending policy. The University's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 9 ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

Endowment Spending Policy and How the Investment Objectives Relate to the Spending

The spending policy calculates the amount of money annually distributed from the University's various endowed funds for scholarships and other activities. The current spending policy is to distribute an amount equal to 5% of a moving three-year average of the endowed funds balance.

Endowment net assets composition by type of fund are summarized below as of June 30:

2025				
	Without Donor Restrictions	With Donor Restrictions		Total
		Endowment Available for Appropriation	Endowment Held for Perpetuity	
Donor Designate Endowment Funds	\$ -	\$ 32,431,838	\$ 17,279,652	\$ 49,711,490
Board-Designated Endowment Funds	6,754,264	-	-	6,754,264
Total Endowment Funds	\$ 6,754,264	\$ 32,431,838	\$ 17,279,652	\$ 56,465,754
2024				
	Without Donor Restrictions	With Donor Restrictions		Total
		Endowment Available for Appropriation	Endowment Held for Perpetuity	
Donor Designate Endowment Funds	\$ -	\$ 32,526,948	\$ 17,390,528	\$ 49,917,476
Board-Designated Endowment Funds	6,407,345	-	-	6,407,345
Total Endowment Funds	\$ 6,407,345	\$ 32,526,948	\$ 17,390,528	\$ 56,324,821

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 9 ENDOWMENTS (CONTINUED)

Endowment Spending Policy and How the Investment Objectives Relate to the Spending (Continued)

Changes in endowment net assets were summarized below for the years ended June 30:

	2025			Total
	Without Donor Restrictions	With Donor Restrictions		
		Endowment Available for Appropriation	Endowment Held for Perpetuity	
Balance as of June 30, 2023	\$ 6,407,345	\$ 32,526,949	\$ 17,390,527	\$ 56,324,821
Net Investment Income	235,764	2,134,490	-	2,370,254
Contributions	-	-	(110,877)	(110,877)
Withdrawal of Spending Allocation	-	(2,229,599)	-	(2,229,599)
Transfers	111,155	-	-	111,155
Balance as June 30, 2024	\$ 6,754,264	\$ 32,431,840	\$ 17,279,650	\$ 56,465,754
	2024			
	Without Donor Restrictions	With Donor Restrictions		Total
		Endowment Available for Appropriation	Endowment Held for Perpetuity	
Balance as of June 30, 2022	\$ 5,883,736	\$ 30,957,871	\$ 17,287,957	\$ 54,129,564
Net Investment Income	428,499	3,936,101	-	4,364,600
Contributions	-	-	102,570	102,570
Withdrawal of Spending Allocation	-	(2,367,023)	-	(2,367,023)
Transfers	95,110	-	-	95,110
Balance as June 30, 2023	\$ 6,407,345	\$ 32,526,949	\$ 17,390,527	\$ 56,324,821

NOTE 10 GOVERNMENT APPROPRIATIONS

The University received the following appropriations from the Commonwealth of Pennsylvania for the years ended June 30:

	2025	2024
Operations	\$ 20,848,000	\$ 18,401,000
State Contributions for Capital Projects	14,279,309	19,814,651
Total	\$ 35,127,309	\$ 38,215,651

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 11 COMMITMENTS AND CONTINGENCIES

The University has been named in or is an indirect party to a small number of suits, alleging such matters as unfair labor practices and personal injury. The University believes that the resolution of any outstanding claims and litigation will not have a material adverse effect on the University's financial statements.

As of June 30, 2025, the University employed approximately 345 employees. Approximately 48% of the University's employees are covered by union contracts. Union employees are covered under one of three contracts. The Clerical Union (AFSCME) Contract expires July 1, 2025. The Police Union (LUPA) Contract expires July 1, 2025. The Faculty Union (LUC-AAUP) Contract expires September 1, 2025.

NOTE 12 MASTER LEASE AGREEMENT

On May 30, 2007, the University entered into a Master Lease agreement on the 3020 Market Street, Philadelphia PA property it owns. Brandywine Realty Trust is the lessee. For the 75-year term of the lease, the lessee is responsible for all renovations in the building, most taxes and insurance, most operating expenses, utilities, repairs, maintenance and property management, security, and real estate broker services for leasing to commercial tenants.

The University has retained full ownership of the land and building. There is no recourse for any of the debts or liabilities of the lessee resulting from the renovations, and the University has no liability for such improvements.

The University has the rights to occupy one entire floor and a small portion of another floor for \$1 per year for the entire lease term, to occupy a portion of another floor at commercial market rate, and to share in all common tenant expenses. For all other space in the building, the University has assigned all current and future tenants and rents to the lessee. The University has rights to a share of certain future profits, with no guaranteed or minimum amount, from sub-leases by the lessee. The University recorded \$436,762 and \$503,470 in revenue under this lease for the years ended June 30, 2025 and 2024, respectively.

The recorded asset value as of June 30 for this property was \$9,959,047 for years ended June 30, 2025 and 2024. Accumulated depreciation was \$6,620,289 and \$5,747,732 as of June 30, 2025 and 2024, respectively.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 13 RETIREMENT BENEFITS

The University participates in the Teachers' Insurance and Annuity Association (TIAA), a multi-employer defined contribution pension plan that is available to all University employees. The University contributes 5% of eligible employee gross earnings and matches employee contributions up to a maximum of 5% of eligible employee gross earnings. University employees are, upon plan participation eligibility, 100% vested in both employer and employee contributions to the plan. Retirement benefit expense for the years ended June 30, 2025 and 2024 was \$2,502,656 and \$2,282,587, respectively.

NOTE 14 RELATED-PARTY TRANSACTIONS

The University's bylaws require full disclosure of any related party matters or conflicts of interest of board members. Affected board members are prohibited from participating in such matters without approval in writing from the board on the terms of their allowed participation. The University believes that this policy is being followed, and that there are no related party transactions to report.

Foundation

Lincoln University Foundation of Pennsylvania (the Foundation) was re-established in July 2019, for the charitable and educational purposes permitted by Section 501(c) (3) of the Internal Revenue Code (IRC) to act exclusively for the benefit to carry out the purpose of the University as a supporting organization.

The University conducted related party transactions with the Foundation during fiscal year 2025 resulting in contribution revenue of \$10,987,648 without donor restrictions, \$566,921 with donor restrictions for a total of \$11,554,569, and payables of \$91,655 and \$164,178 for expenses incurred on behalf of Lincoln University Foundation as of June 30, 2025.

While the University has an economic interest in the Foundation, it does not have control. Therefore, its operations are not consolidated in the financial statements of the University. However, the University and the Foundation are financially interrelated entities therefore a beneficial interest exists. The summarized financial information for the Foundation as and for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Total Assets	\$ 6,726,534	\$ 16,480,217
Total Liabilities	<u>1,166,477</u>	<u>4,157,456</u>
Total Net Assets	<u>\$ 5,560,057</u>	<u>\$ 12,322,761</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Lincoln University of the Commonwealth
System of Higher Education, Inc.
Lincoln University, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lincoln University of the Commonwealth System of Higher Education, Inc. (the University), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
November 22, 2025



**INDEPENDENT AUDITOR' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROLS OVER
COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Lincoln University of the Commonwealth
System of Higher Education, Inc.
Lincoln University, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lincoln University of the Commonwealth System of Higher Education, Inc.'s (the University) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2025. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant*

deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the accompanying financial statements of Lincoln University of the Commonwealth System of Higher Education, Inc. (the University), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the statements of financial position comprise of the University's basic financial statements. We have issued our report thereon, dated November 22, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
January 16, 2026

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through ID or Grant Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Education				
that				
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	N/A	\$ 475,409	\$ -
Federal Work-Study	84.033	N/A	279,204	-
Federal Pell Grants	84.063	N/A	7,666,485	-
Federal Perkins Loans Outstanding	84.038	N/A	362,762	-
Federal Direct Lending	84.268	N/A	17,225,531	-
Total Student Financial Assistance Cluster			<u>26,009,391</u>	<u>-</u>
Title III - Strengthening Historically Black Colleges and Universities	84.031	N/A	3,926,112	-
HBCU FUTURE Act	84.031	N/A	1,061,167	-
Total Higher Education Institutional Aid			<u>4,987,279</u>	<u>-</u>
Fund for the Improvement of Post Secondary Education (CEEI)	84.116Z	N/A	9,212	-
Total U.S. Department of Education			31,005,882	-
Research and Development Cluster:				
National Science Foundation				
Educational and Human Resources (Bioinformatics Program)	47.076	HRD-1912104	47,824	-
Educational and Human Resources (Target Infusion Project)	47.076	HRD-1818693	(8,463)	-
Educational and Human Resources (Louis Stokes Stems Pathways LSAMP)	47.076	HRD-2008197	22,809	-
Educational and Human Resources (Louis Stokes Stems Pathways LSAMP-Prels)	47.076	920179	58,108	-
Educational and Human Resources -(Target Infusion-Forensic Science Center)	47.076	2306577	53,364	-
Equipmt: Equipment to Expand HBCU Undergraduate Instruction in Forensic Toxicology & Drug Chemistry	47.076	2434243	78,231	-
Educational and Human Resources -Mechanical Insights RXO	47.076	42-09-C13015	30,190	-
Collaborative Research HDR DSC-Delaware & MidAtlantic Data Science Corps	47.070	2855340	93,322	-
SCIFE	47.076	2417814	5,672	-
Total National Science Foundation			<u>381,057</u>	<u>-</u>
National Aeronautics and Space Administration:				
NASA (Shared Services Center -NSSC) (Food for Human Spaceflight)	43.008	80NSSC22K0872	13,357	-
National Telecommunications				
Connecting Minority Communities Pilot Program (CMC)	11.028	42-09-213015	<u>217,460</u>	<u>-</u>
Department of Health and Human Services				
National Institute of Environmental Health (NIH/DHHS)	93.113	5-P2C-ES-033428-02	64,228	-
National Institute of Allergy and Infectious Diseases/NIH/DHHS	93.855	5-P30-AI-045008-25	38,275	-
Biomedical Research and Research Training-(Penn Port)	93.859	2K12GM081259-16	81,815	-
PCCD (Pennsylvania Commission on Crime & Delinquency)	93.788	6H79T1085783-01M001	76,707	-
Lincoln University Supports Students with Substance Abuse Disorder	93.243	1H79T1085034-01	230,576	-
Total Department of Health and Human Services			<u>491,601</u>	<u>-</u>
Total Research and Development Cluster			<u>1,103,475</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 32,109,357</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lincoln University of the Commonwealth System of Higher Education, Inc. under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

NOTE 2 BASIS OF PRESENTATION

Expenditures reported on the accompanying Schedule for the year ended June 30, 2025, are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 FEDERAL PERKINS LOAN PROGRAM

The Federal Perkins Loan Program is administered directly by the University, and balances and transactions relating to this program are included in the University's basic financial statements. The Federal Perkins Loan Program ended on September 30, 2017, with final disbursements permitted through June 30, 2018. The University's portion of the loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. Federal Perkins loans outstanding as of June 30, 2025 totaled \$349,386.

NOTE 4 WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

The University participates in the Federal Direct Loan Program (ALN No. 84.268). During the year ended June 30, 2025, the University disbursed to students the following amount of new loans under the Federal Direct Loan Program:

	Amount Expended
Stafford Loans	\$ 4,532,465
Unsubsidized Loans	5,387,445
Plus Loans	7,305,621
Total	\$ 17,225,531

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025**

NOTE 5 FACILITIES AND ADMINISTRATIVE COST

The University has negotiated facilities and administrative cost rates for use on federal grants, contracts, and other agreements with the federal government. The negotiated predetermined rates are 55% on-campus and 20% off-campus, and are effective from July 1, 2016, through June 30, 2021. After June 30, 2021, the provisional rates of 55% on campus and 20% off campus will apply until amended.

NOTE 6 STUDENT FINANCIAL AID INSTITUTIONAL AND PROGRAM ELIGIBILITY METRICS

The Institution is in compliance with the following institutional and program eligibility requirements under the Higher Education Act of 1965 and Federal regulations under 34 CFR 668.23:

- Correspondence courses the institution offers under 34 CFR 600.7(b) and (g)
- Regular students that enroll in correspondence courses under 34 CFR 600.7(b) and (g)
- Institution's regular students that are incarcerated under 34 CFR 600.7(c) and (g)
- Completion rates for confined or incarcerated individuals enrolled in non-degree programs at nonprofit institutions under 34 CFR 600.7(c)(3)(ii) and (g)
- Institution's regular students that lack a high school diploma or its equivalent under 34 CFR 600.7(d) and (g)
- Completion rates for short-term programs under 34 CFR 668.8(f) and (g)
- Placement rates for short-term programs under <https://www.ecfr.gov/current/title-34/subtitle-B/chapter-VI/part-668/subpart-A/section-668.8> 34 CFR 668.8(e)(2).

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION INC.
SCHEDULE OF FINDINGS AND QUESTION COSTS
JUNE 30, 2025**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number(s)</u>
Student Financial Assistance Cluster	Various

Dollar threshold used to distinguish between Type A and Type B programs: \$963,281

Auditee qualified as low-risk auditee? x yes _____ no

**LINCOLN UNIVERSITY OF THE COMMONWEALTH
SYSTEM OF HIGHER EDUCATION INC.
SCHEDULE OF FINDINGS AND QUESTION COSTS (CONTINUED)
JUNE 30, 2025**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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Lincoln University

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LINCOLN UNIVERSITY OF THE COMMONWEALTH SYSTEM OF HIGHER EDUCATION, INC. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2025

U.S. Department of Education

Lincoln University of the Commonwealth System of Higher Education, Inc. respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2025.

Audit period: July 01, 2024 - June 30, 2025

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

None Noted

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of Education

2024-001 **Student Financial Assistance Cluster – Assistance Listing Number 84.007, 84.063, 84.268**

Condition: The University did not have an effective process in place to refund student credit balances related to federal funds within 14 days.

Status: Corrected.

2024-002 **Student Financial Assistance Cluster – Assistance Listing Number 84.007, 84.063, 84.268**

Condition: The University lacked proper procedures related to outstanding student refund checks to ensure they are being returned to the Department of Education after 240 days.

Status: Corrected.

2024-003 Student Financial Assistance Cluster – Assistance Listing Number 84.007, 84.063, 84.268

Condition: The University lacked proper procedures related to updating the Eligibility and Certification Approval Report in a timely fashion.

Status: Corrected.

2024-004 Higher Educational Aid – Title III – Assistance Listing Number 84.031

Condition: The University lacked proper procedures related to completing suspension and debarment verification of vendors.

Status: Corrected.

If the U.S. Department of Education has questions regarding this plan, please contact H. Jonas Javier.