



Lincoln University
of the
Commonwealth System of Higher Education
Lincoln University, Pennsylvania
Statement of Appropriations Earned

For the Fiscal Year Ended June 30, 2009

| | Page |
|--|------|
| Introductory Section | 1 |
| Lincoln University of the Commonwealth System of Higher Education..... | 3 |
| Financial Section | 4 |
| Independent Auditor’s Report..... | 5 |
| Statement of Appropriations Earned..... | 7 |
| Notes to the Financial Statement | 8 |
| 1. Reporting Entity..... | 8 |
| 2. Summary of Significant Accounting Policies..... | 8 |
| 3. Basis for Reporting Appropriations Earned..... | 9 |
| Audit Adjustments | 10 |
| June 30, 2009, Audit Adjustments..... | 11 |
| Audit Report Distribution List | 12 |

Introductory Section

June 21, 2012

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

and Dr. Robert R. Jennings
President
Lincoln University
Lincoln University, Pennsylvania 19352

Dear Governor Corbett and Dr. Jennings:

Enclosed is the independent auditor's report for the statement of appropriations earned for Lincoln University of the Commonwealth System of Higher Education for the fiscal year ended June 30, 2009. You will note that our opinion is dated June 11, 2012, which is the date that our audit work closed.

Sincerely,

JACK WAGNER
Auditor General

Lincoln University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Lincoln University of the Commonwealth System of Higher Education

Lincoln University of the Commonwealth System of Higher Education, referred to in this report as Lincoln University, was chartered in April 1854 as the Ashmun Institute. In 1866, the institute was renamed Lincoln University after President Abraham Lincoln. The eighth president of the university stated in his book that Lincoln University was “the first institution found anywhere in the world to provide a higher education in the arts and sciences for male youth of African descent.”

From its inception, Lincoln has attracted an interracial and international enrollment from the surrounding community and around the world. The university first admitted women in 1952 and formally associated with the Commonwealth in 1972 as a state-related university.

Lincoln University is accredited by the Middle States Association of Colleges and Schools and offers academic programs in undergraduate study in the arts and sciences. It also offers graduate programs in human services, reading, education, mathematics, and administration. For the 2008-2009 academic year, Lincoln University awarded 254 bachelor’s degrees and 206 master’s degrees.¹

Lincoln University comprises over 50 buildings located near the town of Oxford in southern Chester County, 45 miles southwest of Philadelphia. The university also has a graduate center located in West Philadelphia.

Lincoln University had 2,253 full-time and 241 part-time students enrolled during the spring term of 2009. Approximately 46.0 percent of these students, or 1,151, were residents of Pennsylvania.²

Control of Lincoln University is vested in a 39-member board of trustees that includes 18 university trustees (one being a student representative), 12 Commonwealth trustees, and 6 alumni trustees. In addition, there are three voting ex-officio members: the Governor of the Commonwealth, the Secretary of the Department of Education, and the President of Lincoln University. In addition, there are honorary trustees (up to 4) and a number of emeritus trustees that varies annually.

All state-related universities receive appropriations from the Commonwealth. According to Act 14A of 2008, Lincoln University was awarded appropriations totaling \$14,493,000 for the fiscal year ended June 30, 2009. However, due to revenue shortfalls in the Commonwealth of Pennsylvania, the appropriations were later reduced by the Commonwealth of Pennsylvania by six percent to \$13,623,420.

¹ Lincoln University Fact Book, Fall 2009.

² “Spring 2009 Enrollment Fact Sheet” obtained from Lincoln University’s Office of Institutional Research on May 20, 2011.

Financial Section

Independent Auditor's Report

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

and Dr. Robert R. Jennings
President
Lincoln University
Lincoln University, Pennsylvania 19352

Dear Governor Corbett and Dr. Jennings:

We have audited the accompanying statement of appropriations earned of Lincoln University of the Commonwealth System of Higher Education for the fiscal year ended June 30, 2009. The statement of appropriations earned is the responsibility of the University's management. Our responsibility is to express an opinion on the statement of appropriations earned based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance that the statement of appropriations earned is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of appropriations earned. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of appropriations earned. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of appropriations earned was prepared pursuant to the legislative requirements prescribed in Act 14A of 2008, as described in Note 3, and is not intended to be a complete presentation of the university's financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the accompanying statement of appropriations earned presents fairly, in all material respects, the appropriations of Lincoln University for the fiscal year ended June 30, 2009, in conformity with accounting principles generally accepted in the United States of America.

Sincerely,

JACK WAGNER
Auditor General

June 11, 2012

Lincoln University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Statement of Appropriations Earned
June 30, 2009

| | Educational and General |
|---|------------------------------------|
| Computation of Eligible Costs: | |
| Unrestricted Educational and General Expenses and Mandatory Transfers: | |
| Instruction | \$16,349,298 |
| Research | 807,326 |
| Academic Support | 4,532,848 |
| Student Services | 9,526,316 |
| Administration and Institutional Support | 11,759,796 |
| Fundraising | <u>631,397</u> |
| Total Unrestricted Educational and General Expenses and Mandatory Transfers | <u>\$43,606,981</u> |
| Computation of Appropriation Earned: | |
| Eligible Costs | \$43,606,981 |
| Maximum appropriation per Act 14A of 2008 (Note 3) | \$14,493,000 |
| Less 6 percent reduction | <u>(869,580)</u> |
| Net appropriation | <u>\$13,623,420</u> |
| Lesser of Eligible Costs or Net Appropriation | <u>\$13,623,420</u> |

Notes to the Statement of Appropriations Earned are an integral part of this report.

Lincoln University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Notes to the Financial Statement

1. Reporting Entity

The Commonwealth of Pennsylvania chartered Lincoln University on April 29, 1854. In 1972, the University formally associated with the Commonwealth thereby becoming one of four state-related universities operating within the Commonwealth System of Higher Education.

2. Summary of Significant Accounting Policies

Basis of Accounting. Lincoln University's statement of appropriations earned is 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.

Net assets, revenues, 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:

Permanently restricted: net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds.

Temporarily restricted: net assets consist of irrevocable charitable trusts, lead trusts, restricted contributions receivable, and the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unrestricted: net assets that are not subject to donor-imposed restrictions.

Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service.

Lincoln University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

3. Basis for Reporting Appropriations Earned

The appropriations are made on the basis of costs in accordance with Commonwealth law. Payments are made to Lincoln University monthly during the fiscal year.

Act 14A of 2008 provided appropriations of \$14,493,000 for educational and general expenses to Lincoln University for the fiscal year ended June 30, 2009. However, due to revenue shortfalls in the Commonwealth of Pennsylvania, the appropriations were later reduced by six percent to \$13,623,420.

Lincoln University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Audit Adjustments

Lincoln University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Lincoln University's annual appropriations act (Act 14A of 2008) provides the Auditor General with the right, in respect to the monies appropriated by the Commonwealth, to audit and disallow expenditures made for purposes inconsistent with the appropriation. Testing of Lincoln University's expenditures for the fiscal year ended June 30, 2009, consisted of selecting a sample of 93 transactions totaling \$6,497,064 to determine if expenditures were incurred to support the stated purpose of the appropriation.

June 30, 2009, Audit Adjustments

No exceptions were noted in the sample of 93 transactions totaling \$6,497,064.

Lincoln University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Audit Report Distribution List

Commonwealth of Pennsylvania

The Honorable Tom Corbett
Governor

The Honorable Robert M. McCord
State Treasurer
Pennsylvania Treasury Department

The Honorable Ronald J. Tomalis
Secretary of Education
Pennsylvania Department of Education

John Kaschak
Director of Audits
Office of Comptroller Operations
Office of the Budget

Lincoln University

Dr. Robert R. Jennings
President

This report is a matter of public record and is accessible at www.auditor.gen.state.pa.us or by contacting the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, Pennsylvania 17120. Telephone: 717-787-1381.